



## **THIRD QUARTER 2009 REPORT**

**CONDENSED FINANCIAL STATEMENTS**

**30 September 2009**

# EDP - Energias de Portugal

## Consolidated Income Statement for the nine months period ended 30 September 2009 and 2008

	Notes	2009	2008		
		Continuing operations	Continuing operations	Discontinued operations	Total
		(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)
Turnover	6	8,855,663	10,032,828	229,639	10,262,467
Cost of consumed electricity	6	-3,893,728	-4,879,158	-71,123	-4,950,281
Cost of consumed gas	6	-444,796	-552,913	-	-552,913
Changes in inventories and cost of raw materials and consumables used	6	-838,239	-1,075,326	-2,453	-1,077,779
		<u>3,678,900</u>	<u>3,525,431</u>	<u>156,063</u>	<u>3,681,494</u>
Other operating income / (expenses)					
Other operating income	7	156,025	154,281	2,506	156,787
Supplies and services	8	-529,772	-501,255	-28,837	-530,092
Personnel costs	9	-408,303	-418,458	-16,485	-434,943
Employee benefits	9	-110,130	-132,209	-1,854	-134,063
Other operating expenses	10	-359,597	-322,331	-46,741	-369,072
		<u>-1,251,777</u>	<u>-1,219,972</u>	<u>-91,411</u>	<u>-1,311,383</u>
		2,427,123	2,305,459	64,652	2,370,111
Provisions	11	-33,956	-24,281	-4,201	-28,482
Depreciation and amortisation expense	12	-1,003,871	-927,401	-29,891	-957,292
Compensation of amortisation and depreciation	12	<u>82,862</u>	<u>78,692</u>	<u>2,973</u>	<u>81,665</u>
		1,472,158	1,432,469	33,533	1,466,002
Gains / (losses) on the sale of financial assets	13	30,647	482,800	-	482,800
Other financial income	14	697,039	578,614	11,340	589,954
Other financial expenses	14	-1,076,374	-1,266,958	-16,687	-1,283,645
Share of profit in associates		<u>20,879</u>	<u>27,494</u>	<u>-</u>	<u>27,494</u>
Profit before income tax		1,144,349	1,254,419	28,186	1,282,605
Income tax expense	15	<u>-309,141</u>	<u>-231,813</u>	<u>-9,611</u>	<u>-241,424</u>
Profit after income tax and before gains/(losses) on sale of discontinued operations		835,208	1,022,606	18,575	1,041,181
Gains / (losses) on sale of discontinued operations	46	<u>-</u>	<u>-</u>	<u>-8,448</u>	<u>-8,448</u>
<b>Net profit for the period</b>		<u><b>835,208</b></u>	<u><b>1,022,606</b></u>	<u><b>10,127</b></u>	<u><b>1,032,733</b></u>
<b>Attributable to:</b>					
Equity holders of EDP		748,082	937,320	2,625	939,945
Minority interests	32	<u>87,126</u>	<u>85,286</u>	<u>7,502</u>	<u>92,788</u>
Net profit for the period		<u><b>835,208</b></u>	<u><b>1,022,606</b></u>	<u><b>10,127</b></u>	<u><b>1,032,733</b></u>
Earnings per share (Basic and Diluted) - Euros	29	<u><b>0.21</b></u>	<u><b>0.26</b></u>	<u><b>0.00</b></u>	<u><b>0.26</b></u>

LISBON, 29 OCTOBER 2009

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

# EDP - Energias de Portugal

## Consolidated Balance Sheet as at 30 September 2009 and 31 December 2008

	Notes	2009 (Thousands of Euros)	2008 (Thousands of Euros)
<b>Assets</b>			
Property, plant and equipment	16	22,972,401	21,176,583
Intangible assets	17	2,822,597	2,648,792
Goodwill	18	3,178,757	3,163,955
Investments in associates	20	169,865	172,754
Available for sale investments	21	451,000	350,887
Deferred tax assets	22	681,808	539,878
Trade receivables	24	121,075	112,044
Debtors and other assets	25	1,733,385	2,637,703
Total Non-Current Assets		32,130,888	30,802,596
Inventories	23	264,916	276,800
Trade receivables	24	1,583,914	1,646,613
Debtors and other assets	25	2,337,310	1,632,172
Tax receivable	26	514,810	544,740
Financial assets at fair value through profit or loss	27	94,232	83,227
Cash and cash equivalents	28	2,391,455	713,587
Assets classified as held for sale	39	12,088	30,828
Total Current Assets		7,198,725	4,927,967
Total Assets		39,329,613	35,730,563
<b>Equity</b>			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-121,305	-126,532
Share premium	29	501,992	501,992
Reserves and retained earnings	31	2,220,751	1,243,293
Net profit attributable to equity holders of EDP		748,082	1,091,529
Total Equity attributable to equity holders of EDP		7,006,058	6,366,820
Minority interests	32	2,457,534	2,191,169
Total Equity		9,463,592	8,557,989
<b>Liabilities</b>			
Financial debt	34	13,214,878	10,874,311
Employee benefits	35	1,797,032	1,833,887
Provisions	36	360,589	323,719
Hydrological correction account	33	245,599	237,822
Deferred tax liabilities	22	754,932	666,335
Trade and other payables	37	5,632,919	4,867,083
Total Non-Current Liabilities		22,005,949	18,803,157
Financial debt	34	3,660,297	3,812,014
Trade and other payables	37	3,518,678	4,153,100
Tax payable	38	681,097	388,462
Liabilities classified as held for sale	39	-	15,841
Total Current Liabilities		7,860,072	8,369,417
Total Liabilities		29,866,021	27,172,574
Total Equity and Liabilities		39,329,613	35,730,563

LISBON, 29 OCTOBER 2009

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

Consolidated Income Statement  
for the three months period from 1 July to 30 September 2009 and from 1 July to 30 September 2008

	2009	2008		
	Continuing operations	Continuing operations	Discontinued operations	Total
	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)	(Thousands of Euros)
Turnover	2,965,889	3,475,568	66,689	3,542,257
Cost of consumed electricity	-1,380,915	-1,669,711	-23,244	-1,692,955
Cost of consumed gas	-98,480	-167,234	-	-167,234
Changes in inventories and cost of raw materials and consumables used	-261,400	-445,180	-409	-445,589
	<u>1,225,094</u>	<u>1,193,443</u>	<u>43,036</u>	<u>1,236,479</u>
Other operating income / (expenses)				
Other operating income	42,195	44,475	683	45,158
Supplies and services	-176,309	-168,172	-6,694	-174,866
Personnel costs	-124,464	-129,470	-3,974	-133,444
Employee benefits	-44,100	-75,527	-671	-76,198
Other operating expenses	-105,836	-100,913	-10,640	-111,553
	<u>-408,514</u>	<u>-429,607</u>	<u>-21,296</u>	<u>-450,903</u>
	816,580	763,836	21,740	785,576
Provisions	-15,205	-9,596	-1,398	-10,994
Depreciation and amortisation expense	-337,533	-301,206	-7,984	-309,190
Compensation of amortisation and depreciation	<u>28,984</u>	<u>26,499</u>	<u>764</u>	<u>27,263</u>
	492,826	479,533	13,122	492,655
Gains / (losses) on the sale of financial assets	2,763	1,280	-	1,280
Other financial income	208,452	284,367	2,416	286,783
Other financial expenses	-300,562	-464,118	-4,918	-469,036
Share of profit in associates	<u>7,170</u>	<u>8,516</u>	<u>-</u>	<u>8,516</u>
Profit before income tax	410,649	309,578	10,620	320,198
Income tax expense	<u>-115,604</u>	<u>-53,718</u>	<u>-3,651</u>	<u>-57,369</u>
Profit after income tax and before gains/(losses) on sale of discontinued operations	295,045	255,860	6,969	262,829
Gains / (losses) on sale of discontinued operations	-	-	29	29
<b>Net profit for the period</b>	<u><u>295,045</u></u>	<u><u>255,860</u></u>	<u><u>6,998</u></u>	<u><u>262,858</u></u>
<b>Attributable to:</b>				
Equity holders of EDP	268,638	233,401	3,581	236,982
Minority interests	<u>26,407</u>	<u>22,459</u>	<u>3,417</u>	<u>25,876</u>
Net profit for the period	<u><u>295,045</u></u>	<u><u>255,860</u></u>	<u><u>6,998</u></u>	<u><u>262,858</u></u>
Earnings per share (Basic and Diluted) - Euros	<u><u>0.07</u></u>	<u><u>0.07</u></u>	<u><u>0.07</u></u>	<u><u>0.07</u></u>

LISBON, 29 OCTOBER 2009

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

**EDP - Energias de Portugal**  
**Consolidated Statement of Comprehensive Income**  
**as at 30 September 2009 and 2008**

(Thousands of Euros)

	<b>2009</b>		<b>2008</b>	
	<b>Equity holders of EDP</b>	<b>Minority Interests</b>	<b>Equity holders of EDP</b>	<b>Minority Interests</b>
<b>Net profit for the period</b>	<u>748,082</u>	<u>87,126</u>	<u>939,945</u>	<u>92,788</u>
Exchange differences arising on consolidation	212,562	197,875	-66,291	-67,494
Fair value reserve (cash flow hedge)	84,498	-6,996	10,660	2,633
Tax effect from the fair value reserve (cash flow hedge)	-18,813	2,242	-1,712	-326
Fair value reserve (available for sale investments)	123,789	-	-92,186	-
Tax effect from the fair value reserve (available for sale investments)	-7,141	-	11,981	-
Actuarial gains / (losses)	-329	1,255	-108,020	2,109
Tax effect from the actuarial gains / (losses)	<u>-1,094</u>	<u>-427</u>	<u>-1,277</u>	<u>-717</u>
<b>Other comprehensive income for the period, net of income tax</b>	<u>393,472</u>	<u>193,949</u>	<u>-246,845</u>	<u>-63,795</u>
<b>Total comprehensive income for the period</b>	<u><u>1,141,554</u></u>	<u><u>281,075</u></u>	<u><u>693,100</u></u>	<u><u>28,993</u></u>

**EDP - Energias de Portugal**  
**Statement of Changes in Consolidated Equity as at**  
**30 September 2009 and 31 December 2008**

(Thousands of Euros)

	Total Equity	Share capital	Share premium	Legal reserve	Reserves and retained earnings	Fair Value Reserve (Cash Flow Hedge)	Fair Value Reserve (AFS Investments)	Exchange differences	Treasury stock	Equity attributable to equity holders of EDP	Minority Interests
<b>Balance as at 31 December 2007</b>	<b>7,278,758</b>	<b>3,656,538</b>	<b>501,992</b>	<b>418,730</b>	<b>1,487,155</b>	<b>5,032</b>	<b>118,859</b>	<b>141,581</b>	<b>-65,741</b>	<b>6,264,146</b>	<b>1,014,612</b>
Comprehensive income:											
Net profit for the period	1,032,733	-	-	-	939,945	-	-	-	-	939,945	92,788
Changes in the fair value reserve (cash flow hedge) net of taxes	11,255	-	-	-	-	8,948	-	-	-	8,948	2,307
Changes in the fair value reserve (available for sale investments) net of taxes	-80,205	-	-	-	-	-	-80,205	-	-	-80,205	-
Actuarial gains / (losses) net of taxes	-107,905	-	-	-	-109,297	-	-	-	-	-109,297	1,392
Exchange differences arising on consolidation	-133,785	-	-	-	-	-	-	-66,291	-	-66,291	-67,494
Total comprehensive income for the period	722,093	-	-	-	830,648	8,948	-80,205	-66,291	-	693,100	28,993
Transfer to legal reserve	-	-	-	25,108	-25,108	-	-	-	-	-	-
Dividends paid	-454,937	-	-	-	-454,937	-	-	-	-	-454,937	-
Dividends attributable to minority interests	-18,450	-	-	-	-	-	-	-	-	-	-18,450
Purchase and sale of treasury stock	-68,110	-	-	-	-5,618	-	-	-	-62,492	-68,110	-
Share-based payments	1,801	-	-	-	469	-	-	-	1,332	1,801	-
Minority interests resulting from EDP Renováveis IPO	1,128,649	-	-	-	-	-	-	-	-	-	1,128,649
Purchase of treasury stock - Energias do Brasil	-50,093	-	-	-	-	-	-	-	-	-	-50,093
Assets swap - Energias do Brasil	402,025	-	-	-	18,369	-	-	-	-	18,369	383,656
Changes in minority interests resulting from acquisitions and equity increases	-20,674	-	-	-	-	-	-	-	-	-	-20,674
Other reserves arising on consolidation	206	-	-	-	678	-	-	-	-	678	-472
<b>Balance as at 30 September 2008</b>	<b>8,921,268</b>	<b>3,656,538</b>	<b>501,992</b>	<b>443,838</b>	<b>1,851,656</b>	<b>13,980</b>	<b>38,654</b>	<b>75,290</b>	<b>-126,901</b>	<b>6,455,047</b>	<b>2,466,221</b>
Comprehensive income:											
Net profit for the period	178,939	-	-	-	151,584	-	-	-	-	151,584	27,355
Changes in the fair value reserve (cash flow hedge) net of taxes	-52,261	-	-	-	-	-48,503	-	-	-	-48,503	-3,758
Changes in the fair value reserve (available for sale investments) net of taxes	7,163	-	-	-	-	-	5,384	-	-	5,384	1,779
Actuarial gains / (losses) net of taxes	-27,156	-	-	-	-23,337	-	-	-	-	-23,337	-3,819
Exchange differences arising on consolidation	-312,749	-	-	-	-	-	-	-169,308	-	-169,308	-143,441
Total comprehensive income for the period	-206,064	-	-	-	128,247	-48,503	5,384	-169,308	-	-84,180	-121,884
Dividends attributable to minority interests	-24,183	-	-	-	-	-	-	-	-	-	-24,183
Purchase and sale of treasury stock	-2,984	-	-	-	-3,353	-	-	-	369	-2,984	-
Minority interests resulting from EDP Renováveis IPO	-401	-	-	-	-	-	-	-	-	-	-401
Purchase of treasury stock - Energias do Brasil	-140,290	-	-	-	-	-	-	-	-	-	-140,290
Changes in minority interests resulting from acquisitions and equity increases	10,183	-	-	-	-	-	-	-	-	-	10,183
Other reserves arising on consolidation	460	-	-	-	-1,063	-	-	-	-	-1,063	1,523
<b>Balance as at 31 December 2008</b>	<b>8,557,989</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>2,191,169</b>
Comprehensive income:											
Net profit for the period	835,208	-	-	-	748,082	-	-	-	-	748,082	87,126
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
Exchange differences arising on consolidation	410,437	-	-	-	-	-	-	212,562	-	212,562	197,875
Total comprehensive income for the period	1,422,629	-	-	-	746,659	65,685	116,648	212,562	-	1,141,554	281,075
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/disposals 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>9,463,592</b>	<b>3,656,538</b>	<b>501,992</b>	<b>471,387</b>	<b>2,187,054</b>	<b>31,162</b>	<b>160,686</b>	<b>118,544</b>	<b>-121,305</b>	<b>7,006,058</b>	<b>2,457,534</b>

## EDP - Energias de Portugal

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

(Thousands of Euros)

	Group		Company	
	Sep 2009	Sep 2008	Sep 2009	Sep 2008
<b>Operating activities</b>				
Cash receipts from customers	8,728,894	9,124,552	1,205,370	1,412,867
Proceeds from tariff adjustments securitisation	1,204,422	-	-	-
Cash paid to suppliers	-6,003,125	-7,018,680	-1,159,175	-1,506,221
Cash paid to personnel	-543,223	-474,126	-34,944	-27,820
Concession rents paid	-178,074	-172,091	-	-
Other receipts / (payments) relating to operating activities	-114,356	-147,787	86,549	124,522
<b>Net cash from operations</b>	<b>3,094,538</b>	<b>1,311,868</b>	<b>97,800</b>	<b>3,348</b>
Income tax received / (paid)	-75,067	-97,661	-2,634	59,439
<b>Net cash from operating activities</b>	<b>3,019,471</b>	<b>1,214,207</b>	<b>95,166</b>	<b>62,787</b>
<b>Discontinued operations</b>	<b>-</b>	<b>68,898</b>		
<b>Continuing operations</b>	<b>3,019,471</b>	<b>1,145,309</b>		
<b>Investing activities</b>				
Cash receipts relating to:				
Financial assets	76,077	224,584	4,375	130,489
EDP Renováveis IPO	-	1,538,958	-	-
Property, plant and equipment and intangible assets	748	2,362	109	429
Investment grants	137,440	110,920	-	5
Interest and similar income	41,958	64,768	177,285	241,160
Dividends	30,600	4,662	699,366	413,751
	<b>286,823</b>	<b>1,946,254</b>	<b>881,135</b>	<b>785,834</b>
Cash payments relating to:				
Financial assets	-67,525	-189,829	-128,174	-2,643
Property, plant and equipment and intangible assets	-2,792,024	-3,271,713	-12,497	-26,548
	<b>-2,859,549</b>	<b>-3,461,542</b>	<b>-140,671</b>	<b>-29,191</b>
<b>Net cash from investing activities</b>	<b>-2,572,726</b>	<b>-1,515,288</b>	<b>740,464</b>	<b>756,643</b>
<b>Discontinued operations</b>	<b>-</b>	<b>-49,094</b>		
<b>Continuing operations</b>	<b>-2,572,726</b>	<b>-1,466,194</b>		
<b>Financing activities</b>				
Receipts / (payments) relating to loans and related interest	1,904,117	1,472,009	1,087,072	272,928
Interest and similar costs	-409,863	-451,786	-260,340	-336,563
Share capital and share premium increases	8,318	-	-	-
Receipts / (payments) relating to derivative financial instruments	87,405	-31,090	80,681	-13,032
Dividends paid	-507,153	-454,937	-507,153	-454,937
Treasury stock sold / (purchased)	333	-68,978	333	-62,883
Advances received from wind activity institutional partnerships - USA	112,035	168,955	-	-
<b>Net cash from financing activities</b>	<b>1,195,192</b>	<b>634,173</b>	<b>400,593</b>	<b>-594,487</b>
<b>Discontinued operations</b>	<b>-</b>	<b>12,263</b>	<b>-</b>	<b>-</b>
<b>Continuing operations</b>	<b>1,195,192</b>	<b>621,910</b>	<b>400,593</b>	<b>-594,487</b>
<b>Changes in cash and cash equivalents</b>	<b>1,641,937</b>	<b>333,092</b>	<b>1,236,223</b>	<b>224,943</b>
Effect of exchange rate fluctuations on cash held	32,642	-20,590	12	-3
<b>Changes in cash and cash equivalents resulting from perimeter variations</b>	<b>3,289</b>	<b>-29,359</b>	<b>-</b>	<b>-</b>
Cash and cash equivalents at the beginning of the period	713,587	864,711	182,879	119,609
<b>Cash and cash equivalents at the end of the period (*)</b>	<b>2,391,455</b>	<b>1,147,854</b>	<b>1,419,114</b>	<b>344,549</b>
<b>Discontinued operations</b>	<b>-</b>	<b>32,067</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents from continuing operations at the end of the period</b>	<b>2,391,455</b>	<b>1,115,787</b>	<b>1,419,114</b>	<b>344,549</b>

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



# EDP - Energias de Portugal, S.A.

## Company Income Statement for the nine months period ended 30 September 2009 and 2008

	Notes	2009	2008
		(Thousands of Euros)	(Thousands of Euros)
Turnover	6	1,199,777	1,691,053
Cost of consumed electricity	6	-859,511	-1,320,899
Changes in inventories and cost of raw materials and consumables used	6	-210,831	-321,735
		<u>129,435</u>	<u>48,419</u>
Other operating income / (expenses)			
Other operating income	7	4,889	7,121
Supplies and services	8	-65,978	-73,028
Personnel costs	9	-12,835	-7,854
Employee benefits	9	-141	-125
Other operating expenses	10	-15,682	-7,335
		<u>-89,747</u>	<u>-81,221</u>
		39,688	-32,802
Provisions	11	-3,757	-1,917
Depreciation and amortisation expense	12	-5,020	-4,230
		30,911	-38,949
Gains / (losses) on the sale of financial assets	13	-10	15,164
Other financial income	14	1,489,831	1,209,364
Other financial expenses	14	-1,173,572	-901,141
Profit before income tax		347,160	284,438
Income tax expense	15	3,446	30,757
<b>Net profit for the period</b>		<u>350,606</u>	<u>315,195</u>

LISBON, 29 OCTOBER 2009

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

# EDP - Energias de Portugal, S.A.

## Company Balance Sheet as at 30 September 2009 and 31 December 2008

	Notes	2009	2008
		(Thousands of Euros)	(Thousands of Euros)
<b>Assets</b>			
Property, plant and equipment	16	116,220	107,038
Intangible assets	17	35	41
Investments in subsidiaries	19	9,575,852	9,506,408
Investments in associates	20	45,398	49,773
Available for sale investments	21	167,712	134,159
Deferred tax assets	22	-	60,716
Debtors and other assets	25	4,756,820	5,911,157
Total Non-Current Assets		14,662,037	15,769,292
Inventories	23	10,308	27,744
Trade receivables	24	46,118	18,390
Debtors and other assets	25	2,308,452	2,830,973
Tax receivable	26	53,401	95,437
Financial assets at fair value through profit or loss	27	9,128	232
Cash and cash equivalents	28	1,419,114	182,879
Total Current Assets		3,846,521	3,155,655
Total Assets		18,508,558	18,924,947
<b>Equity</b>			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-115,210	-120,437
Share premium	29	501,992	501,992
Reserves and retained earnings	31	1,800,996	1,681,607
Net profit for the period		350,606	550,978
Total Equity		6,194,922	6,270,678
<b>Liabilities</b>			
Financial debt	34	1,963,511	2,859,631
Provisions	36	79,211	79,014
Hydrological correction account	33	245,599	237,822
Deferred tax liabilities	22	42,049	-
Trade and other payables	37	2,812,071	2,401,840
Total Non-Current Liabilities		5,142,441	5,578,307
Financial debt	34	5,880,806	5,360,236
Trade and other payables	37	999,421	1,704,896
Tax payable	38	290,968	10,830
Total Current Liabilities		7,171,195	7,075,962
Total Liabilities		12,313,636	12,654,269
Total Equity and Liabilities		18,508,558	18,924,947

LISBON, 29 OCTOBER 2009

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

## EDP - Energias de Portugal

Company Income Statement  
for the three months period from 1 July to 30 September 2009 and from 1 July to 30 September 2008

	2009	2008
	(Thousands of Euros)	(Thousands of Euros)
Turnover	406,633	567,032
Cost of consumed electricity	-286,336	-439,829
Changes in inventories and cost of raw materials and consumables used	<u>-65,892</u>	<u>-129,332</u>
	<u>54,405</u>	<u>-2,129</u>
Other operating income / (expenses)		
Other operating income	579	3,862
Supplies and services	-18,442	-27,242
Personnel costs	-3,309	-2,588
Employee benefits	-51	-67
Other operating expenses	<u>-821</u>	<u>-3,340</u>
	<u>-22,044</u>	<u>-29,375</u>
	32,361	-31,504
Provisions	-125	-613
Depreciation and amortisation expense	<u>-1,735</u>	<u>-1,436</u>
	30,501	-33,553
Gains/(losses) on the sale of financial assets	-	-
Other financial income	240,633	226,175
Other financial expenses	<u>-250,839</u>	<u>-287,119</u>
Net profit before income tax	20,295	-94,497
Income tax expense	<u>4,137</u>	<u>40,944</u>
<b>Net profit for the period</b>	<u><u>24,432</u></u>	<u><u>-53,553</u></u>

LISBON, 29 OCTOBER 2009

THE ACCOUNTANT  
N.º 17713

MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

# EDP - Energias de Portugal, S.A.

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

(Thousands of Euros)

	Total Equity	Share capital	Share premium	Legal reserve	Reserves and retained earnings	Fair Value Reserve (Cash Flow Hedge)	Fair Value Reserve (AFS Investments)	Treasury stock
<b>Balance as at 31 December 2007</b>	<b>6,263,055</b>	<b>3,656,538</b>	<b>501,992</b>	<b>418,730</b>	<b>1,711,896</b>	<b>-9,721</b>	<b>49,361</b>	<b>-65,741</b>
Comprehensive income:								
Net profit for the period	315,195	-	-	-	315,195	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	1,114	-	-	-	-	1,114	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-27,664	-	-	-	-	-	-27,664	-
Total comprehensive income for the period	288,645	-	-	-	315,195	1,114	-27,664	-
Transfer to legal reserve	-	-	-	25,108	-25,108	-	-	-
Dividends paid	-454,937	-	-	-	-454,937	-	-	-
Purchase and sale of treasury stock	-62,015	-	-	-	-5,618	-	-	-56,397
Share-based payments	1,801	-	-	-	469	-	-	1,332
<b>Balance as at 30 September 2008</b>	<b>6,036,549</b>	<b>3,656,538</b>	<b>501,992</b>	<b>443,838</b>	<b>1,541,897</b>	<b>-8,607</b>	<b>21,697</b>	<b>-120,806</b>
Comprehensive income:								
Net profit for the period	235,783	-	-	-	235,783	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-163	-	-	-	-	-163	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	1,493	-	-	-	-	-	1,493	-
Total comprehensive income for the period	237,113	-	-	-	235,783	-163	1,493	-
Purchase and sale of treasury stock	-2,984	-	-	-	-3,353	-	-	369
<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>

## 1. Economic activity of the EDP Group

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

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

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

During the nine months period ended 30 September 2009 no significant changes occurred in the economic activity of EDP Group.

## 2. Accounting policies

### a) Basis of presentation

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

EDP S.A.'s Executive Board of Directors approved the consolidated and company condensed financial statements (referred to as financial statements) on 29 October 2009. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

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

These consolidated interim financial statements were prepared in accordance with the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements for the nine months period ended 30 September 2009 do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group as of and for the year ended 31 December 2008.

In 2009, the Group adopted the standards approved by the European Union, as follows:

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

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

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

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

In accordance with IFRS 3 — Business Combinations, adjustments to the provisional fair values that result from purchase price allocations to assets, liabilities and contingent liabilities, with impact on the amount of goodwill determined 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 acquisition.

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

### b) Basis of consolidation

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

#### *Subsidiaries*

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

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

### *Associates*

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

The existence of significant influence by the Group is usually evidenced by one or more of the following ways:

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

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

### *Jointly controlled entities*

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

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

Investments in subsidiaries and associates not classified as held for sale or included in a 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.

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

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

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

The recoverable amount of the goodwill 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.

### *Purchases of minority interests and dilution*

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

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

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

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

#### *Investments in foreign operations*

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

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

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

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

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

#### *Balances and transactions eliminated on consolidation*

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

#### **c) Foreign currency transactions**

Foreign currency transactions are translated at the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates ruling at the balance sheet date. 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 ruling at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates ruling at the dates the fair value was determined.

#### **d) Derivative financial instruments and hedge accounting**

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

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

##### **Hedge accounting**

The Group uses financial instruments to hedge interest rate 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.

Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model applied by the Group. A 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*

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

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

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

#### *Net investment 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 obtained to acquire those subsidiaries. The ineffective portion of the hedging relationship is recognised in the income statement.

#### *Effectiveness*

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

### **e) Other financial assets**

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

#### *Financial assets at fair value through profit or loss*

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

#### *Available-for-sale investments*

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

#### **Initial recognition, measurement and derecognition**

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

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

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

#### **Subsequent measurement**

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

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

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

Financial 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 reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

#### **Impairment**

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

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

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



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

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

#### f) Financial liabilities

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

#### g) Equity instruments

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

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

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

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

#### h) Property, plant and equipment

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

Subsequent costs are recognised as 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.

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

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

#### *Borrowing cost and other directly attributable costs*

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

#### *Government grants*

Government grants are initially booked as deferred revenue, under non current liabilities only when there is reasonable certainty that it 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, during the same period in which the expenses are incurred. Grants that compensate the Group for assets acquisition are recognised in income statement over the related assets useful life.

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

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

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

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

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

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

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

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

*Concession rights to distribute electricity and gas*

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

*Concession rights to use the public hydric domain*

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

*Industrial property and other rights*

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

**j) Leases**

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

*Operating leases*

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

*Finance leases*

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

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

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

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

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

*Determining whether an Arrangement contains a Lease*

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

**k) Investment property**

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

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

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

**l) Inventories**

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

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

CO2 licenses held by the Group for sale in the ordinary course of business are accounted for as inventories and measured at fair value, at each balance sheet date, against the income statement.

**m) Accounts receivable**

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

Impairment losses are recorded based on the regular 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, and can be reversed if the estimated losses decrease, in a later period.

**n) Employee benefits**

**Pensions**

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

*Defined benefit plans*

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

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

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

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

The Group's pension liability for each plan is calculated annually at the balance sheet date, by independent experts, using the projected unit credit method. The discount rate used in the calculation is determined based on market interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have similar 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 net amount of (i) current service cost, (ii) interest cost, (iii) estimated return of the fund assets and (iv) the effect of early retirements.

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

*Defined contribution plans*

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

## **Other benefits**

### *Medical benefits and other plans*

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

### *Variable remuneration paid to employees*

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

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

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

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

## **p) Recognition of costs and revenues**

Costs and revenues are recognised in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding 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, realized gains and losses, as well as gains and losses on financial instruments and changes in the fair value of hedged risks.

Interest is recognised in the income statement on an accrual basis. Dividend income is recognised on the date the right to receive 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, paragraph 74, 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.

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 with banks.

#### **w) Segment reporting**

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

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

#### **x) Tariff adjustments**

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

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

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

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

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

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

#### **z) Cash Flow Statement**

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

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

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

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

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

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

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

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

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

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

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

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

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

#### **Power Purchase Agreement (PPA) early termination**

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

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

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

#### **Contractual Stability Compensation (CMEC)**

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

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

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

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

#### **Contractual Stability Compensation — Revisable mechanism**

The revisable mechanism consists in correcting on an annual basis, for a period of 10 years after termination of the PPAs, the positive and negative variations between the estimates made to calculate the initial stability compensation for a period and the actual amounts 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 assumptions defined in the Valorágua model, according to the current legislation. Consequently, the use of different assumptions from the model used, could give rise to different results from those considered.

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

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

#### **Tariff adjustments**

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

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

#### **Tariff deficit**

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

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

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

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

#### **Impairment of long term assets and Goodwill**

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

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

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

#### **Doubtful debts**

Impairment losses related to doubtful debts are estimated by the Executive Board of Directors based on the estimated recoverable amounts, the date of default, debt write offs and other factors. Certain circumstances and facts may change the estimated impairment losses of doubtful debts, namely changes in the economic environment, economic sector trends, client's credit risk and increases in the rate of defaults. The evaluation process in determining whether an impairment loss should be recorded in the income statement is subject to numerous estimates and judgement. Changes in the estimates and 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 metered, is booked based on estimates which take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations.

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

#### **Income taxes**

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

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

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

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

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

#### **Provisions for dismantling and decommissioning**

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

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

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

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

#### **Financial risk management**

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

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

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

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

#### **Exchange-rate risk management**

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



The EDP Group is exposed to the exchange rate risk in US Dollars (USD), British Pounds (GBP), Japanese Yen (JPY) and Brazilian 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 and interest rate risks on the GBP bonds issued by EDP Finance B.V. under the Medium Term Notes Program for the Issuance of Debt Instruments have been hedged as from their issuing date. The EDP Group's remaining debt, except for the debt contracted by the Brazilian subsidiaries, is denominated in Euros.

The Brazilian subsidiaries exposed to the USD/BRL 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 of debt cash flows from market fluctuations through the settlement of derivative financial instruments (swaps) and option structures.

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

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

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

#### **Counter party 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 transactions are restricted to high credit rating notation credit institutions and therefore the risk of counterparty default is not considered to be significant. Guarantees and other collateral are not required on these transactions.

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

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

#### **Liquidity risk management**

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

#### **Energy market risk management**

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

As a result of its energy management operations, EDP Group has a portfolio of operations relating to electric energy, carbon emissions (CO<sub>2</sub>) and fuel (coal, fuel and gas). The portfolio is managed through the engagement of financial and physical operations on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the positions managed and also to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, Brent and coal), options and the engagement of future operations ("forwards") to fix prices.

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

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

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

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

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

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (eg. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover which varies depending on the guarantees received or the existence of "netting" agreements.

#### **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 2009 the changes in EDP Group consolidation perimeter are described below:

Companies acquired:

- Nuevas Energías de Occidente, S.L. acquired 100% of the share capital of Mardelle, SARL and Vallée du Moulin, SARL and 49% of the share capital of Quinze Mines, SARL;
- Neo Catalunia, S.L. acquired 100% of the share capital of Parc Eólic Coll de la Garganta, SL, Bon Vent de L'Ebre, SL and Serra Voltorera, SL;
- The EDP Group acquired 100% of the share capital of CENAEEL - Central Nacional de Energia Eólica, Lda. ("CENAEEL") through its subsidiary EDP Renováveis Brasil;
- The EDP Group acquired 100% of the share capital of Elektrownia Wiatrowa Kresy I, S.P. through its subsidiary Neo Polska;
- The EDP Group acquired 100% of the share capital of Elebrás Proyectos, Ltda through its subsidiary EDP Renováveis Brasil;
- EDP Inovação, S.A. acquired 52% of the share capital of CEO-Companhia Energia Oceânica, S.A.

Companies sold and liquidated:

- Genesa sold its 50% shareholding in Ibersol E. Solar Ibérica, S.A. (see note 13);
- Hidrocentradora Explotación de Centrales sold its 100% shareholding in Ambitec Laboratorio Medioambiental, S.A. (see note 13);
- In May 2009 EDP Imobiliária dissolved and liquidated U-Call - Atendimento a Clientes e Telemarketing, S.A.;
- In April 2009 EDP Valor, S.A. dissolved and liquidated MRH - Mudança e Recursos Humanos, S.A.;
- During the first semester of 2009 Empresa Editorial Electrotecnica EDEL, Lda. was dissolved and liquidated;
- In August 2009, EDP, S.A. dissolved and liquidated EDALPRO - Imobiliária, Lda;
- Hidrocentradora Explotación de Centrales sold its 50% shareholding in Cogeneration La Espina, S.L.

Companies incorporated:

The following companies were incorporated in Neogália, S.A.S.:

- C.E. Ayssenes-Le Truel, S.A.S.;
- C.E. Beaurevoir, S.A.S.;
- C.E. Bourbriac, S.A.S.;
- C.E. Calanhel Lohuec, S.A.S.;
- Eole Service, S.A.R.L.;
- Eole 76 Developpement, S.A.R.L.;
- Le Gollot, SAS;
- Keranfouler, SAS;
- Parc Eolien Les Bles D'Or, S.A.R.L.;
- C.E. Les Vielles, SAS;
- Eole Futur Montloue 1, SAS;
- SOCPE Pieces de Vigne, S.A.R.L.;
- CE Pont d'Yeu, SAS;
- C.E. NEO Prouville, S.A.S.
- Recherches et Dével. Éoliennes, S.A.R.L.
- C.E. Saint Alban-Henansal, S.A.S.;
- SOCPE Saint Jacques, S.A.R.L.;

The following companies were incorporated in Neolica Polska:

- Zulawy Wind Park II, Sp.z.o.o.;
- Kip Wind Park II, Sp. z.o.o.;
- Relax Wind Park V, Sp. z.o.o.;
- Relax Wind Park VI, Sp. z.o.o.;
- Chodow Wind Park, Sp. z o.o.;
- Sk Wind Park, Sp. z o.o.;
- Kip Wind Park I, Sp. z.o.o.;
- Sokolowo Wind Park, Sp. z o.o.;

EDP-Powerline Infraestruturas de Comunicação, SA. was incorporated in EDP Inovação, S.A.

Companies merged:

- Empresa Hidroeléctrica do Guadiana, S.A.;
- Desarrollos Eólicos de Teruel, S.L.;
- Eólica Garcimuñoz, S.L.;
- CIDE HC Energía, S.A.;
- HC Energía Último Recurso, S.A.;
- FISIGEN - Empresa de Cogeração, S.A.;
- Horizon Wind Energy Northwest IV LLC \*;
- Horizon Wyoming Transmission LLC \*;
- Meadow Lake Windfarm III LLC \*;
- Meadow Lake Windfarm IV LLC \*;
- Black Prairie Wind Farm II LLC\*;
- Black Prairie Wind Farm III LLC\*;
- Tudela Cogeneración;
- Evrecy Participações, Lda.;
- InovGrid, A.C.E.;
- Agrupación Eólica Francia, S.L.;
- EDP - Asia Soluções Energéticas, Lda., detendo o Grupo EDP 60% do respectivo capital social.
- 2009 Vento IV, LLC;
- Horizon Wind Ventures II, LLC;
- Paulding Wind Farm, LLC\*;
- Paulding Wind Farm II, LLC\*;
- Paulding Wind Farm III, LLC\*;
- Simpson Ridge Wind Farm II, LLC\*;
- Simpson Ridge Wind Farm III, LLC\*;
- Simpson Ridge Wind Farm IV, LLC\*;
- Simpson Ridge Wind Farm V, LLC\*;

\* 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 2009 do not have any assets, liabilities, or any operating activity.

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

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

**Other changes:**

- Reduction of the shareholding in Central Termica Ciclo Combinado Soto 4 from 100% to 75% through dilution, following a share capital increase not fully subscribed by Electrica Ribera del Ebro (see note 13);
- EDP Gestão da Produção, S.A. acquired the remaining 40% of the share capital of O&M Serviços - Operação e Manutenção Industrial, S.A.;
- Genesa I S.L. acquired the remaining 10% of the share capital of Hidroeléctrica Fuentermosa, S.L.
- EDP Energias do Brasil sold ESC 90 - Telecomunicações, Ltda., a company that as at 31 December 2008 was classified under Assets held for sale;

## 6. Turnover

Turnover analysed by sector is as follows:

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
<b>Revenue by business sector:</b>				
Electricity	7,964,483	9,188,689	1,055,758	1,654,384
Gas	693,917	878,347	-	-
Steam and ashes	8,865	7,223	-	-
Other	42,761	94,999	31,942	-
	<u>8,710,026</u>	<u>10,169,258</u>	<u>1,087,700</u>	<u>1,654,384</u>
<b>Services rendered by business sector:</b>				
Associated with electricity sales	66,314	26,064	67,981	6,680
Gas	27,294	22,719	-	-
Power availability agreement	1,478	2,592	-	-
Advisory and management services	5,488	4,463	44,141	29,989
Other	45,063	37,371	-45	-
	<u>145,637</u>	<u>93,209</u>	<u>112,077</u>	<u>36,669</u>
	<u>8,855,663</u>	<u>10,262,467</u>	<u>1,199,777</u>	<u>1,691,053</u>
<b>Total turnover:</b>				
Electricity	8,030,797	9,214,753	1,123,739	1,661,064
Gas	721,211	901,066	-	-
Steam and ashes	8,865	7,223	-	-
Advisory and services	5,488	4,463	44,141	29,989
Power availability agreement	1,478	2,592	-	-
Other	87,824	132,370	31,897	-
	<u>8,855,663</u>	<u>10,262,467</u>	<u>1,199,777</u>	<u>1,691,053</u>

In 2009, on a consolidated basis, the caption Electricity in Portugal includes the net cost of 206,263 thousand Euros (September 2008: income of 813,897 thousand Euros) regarding the tariff adjustments of the period, as described under accounting policies - note 2 x).

Additionally, the caption Electricity includes on a consolidated basis 388,306 thousand Euros (30 September 2008: 235,173 thousand Euros) related to the Contractual Stability Compensation (CMEC) as a result of the Power Purchase Agreements (PPA) termination. This amount includes 135,708 thousand Euros (30 September 2008: 130,964 thousand Euros) related to the initial CMEC for the period and 252,598 thousand Euros (104,209 thousand Euros as at 30 September 2008) resulting from the revisable mechanism, as established by the current legislation in Portugal.

Turnover by geographical market is analysed as follows:

	Sep 2009				
	Portugal	Spain and other European	Brazil	U.S.A.	Group
Electricity	5,101,938	1,609,939	1,180,256	138,664	8,030,797
Gas	85,748	635,463	-	-	721,211
Steam and ashes	8,865	-	-	-	8,865
Advisory and services	4,973	515	-	-	5,488
Power availability agreement	1,478	-	-	-	1,478
Other	40,859	21,371	21,089	4,505	87,824
	<u>5,243,861</u>	<u>2,267,288</u>	<u>1,201,345</u>	<u>143,169</u>	<u>8,855,663</u>
	Sep 2008				
	Portugal	Spain and other European	Brazil	U.S.A.	Group
Electricity	6,408,943	1,288,617	1,433,052	84,141	9,214,753
Gas	85,120	815,946	-	-	901,066
Steam and ashes	7,223	-	-	-	7,223
Advisory and services	4,463	-	-	-	4,463
Power availability agreement	2,592	-	-	-	2,592
Other	57,596	64,543	10,231	-	132,370
	<u>6,565,937</u>	<u>2,169,106</u>	<u>1,443,283</u>	<u>84,141</u>	<u>10,262,467</u>

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

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
<b>Cost of consumed electricity</b>	3,893,728	4,950,281	859,511	1,320,899
<b>Cost of consumed gas</b>	444,796	552,913	-	-
<b>Changes in inventories and cost of raw materials and consumables used</b>				
Fuel, steam and ashes	362,965	337,661	-	-
Gas	386,775	662,789	172,033	321,735
Cost of consumables used	128,456	363,689	-	-
CO2 licenses				
Consumptions	216,463	247,755	38,798	-
Government grants	-173,058	-214,476	-	-
Other	105,055	102,720	-	-
Own work capitalised	-188,417	-422,359	-	-
	<u>838,239</u>	<u>1,077,779</u>	<u>210,831</u>	<u>321,735</u>
	<u>5,176,763</u>	<u>6,580,973</u>	<u>1,070,342</u>	<u>1,642,634</u>

## 7. Other operating income

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

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
Supplementary income	18,563	17,080	320	267
Operating Government grants	608	831	-	-
Gains on fixed assets	1,561	12,851	52	199
Reversal of impairment losses:				
- Doubtful debtors	13,372	8,298	-	20
- Debtors and other assets	847	533	-	312
Own work capitalised	2,214	5,960	-	-
Excess amount over customers contributions	1,462	6,896	-	-
Insurance premiums - Energia RE	6,861	7,537	-	-
Income arising from institutional partnerships - Horizon	60,422	41,278	-	-
CO2 Licenses (RDL 06/2006) - HC Energia Group	-	13,024	-	-
Amortisation of the power purchase agreements fair value - Horizon	13,528	13,235	-	-
Turbine availability bonus - Horizon	10,914	2,423	-	-
Other operating income	<u>25,673</u>	<u>26,841</u>	<u>4,517</u>	<u>6,323</u>
	<u>156,025</u>	<u>156,787</u>	<u>4,889</u>	<u>7,121</u>

Income arising from institutional partnerships - Horizon relates to revenue recognition arising from production tax credits (PTC/ITC) and tax depreciations regarding Vento I, II, III and IV projects.

## 8. Supplies and services

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

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
<b>Subcontracts</b>	2,542	6,234	-	-
<b>Supplies and services:</b>				
Water, electricity and fuel	8,080	10,128	789	589
Tools and office material	5,115	4,374	208	157
Rents and leases	66,019	69,579	7,576	6,718
Communication	29,295	27,509	1,265	1,073
Insurance	24,664	21,786	451	410
Transportation, travelling and representation	17,372	16,777	1,044	1,291
Commission and fees	2,516	3,192	68	630
Maintenance and repairs	171,023	150,837	1,638	3,234
Advertising	17,015	17,611	3,383	8,230
Surveillance and security	7,370	7,154	348	374
Specialised works:				
- Commercial activity	64,877	65,339	-	-
- IT services	23,527	30,876	833	1,072
- Legal fees	12,118	9,893	1,655	806
- Advisory fees	17,889	29,736	2,838	9,979
- Other services	36,480	32,783	15,177	12,026
Staff cession	-	-	25,410	21,485
Other supplies and services	<u>23,870</u>	<u>26,284</u>	<u>3,295</u>	<u>4,954</u>
	<u>529,772</u>	<u>530,092</u>	<u>65,978</u>	<u>73,028</u>

## 9. Personnel costs and employee benefits expense

**Personnel costs** is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
Board of Directors remuneration	10,181	11,497	4,155	4,270
Employee's remuneration	334,704	341,756	308	118
Social security charges on remuneration	79,336	83,545	189	260
Indemnities	2,107	3,655	-	-
Performance bonus	60,407	56,495	7,118	2,411
Other costs	17,133	19,319	1,065	795
Own work capitalised	-95,565	-81,324	-	-
	<u>408,303</u>	<u>434,943</u>	<u>12,835</u>	<u>7,854</u>

**Employee benefits** is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
Pension plans costs	53,564	47,924	54	56
Medical plans costs and other benefits	40,206	42,413	87	69
Cost of rationalising human resources	15,618	42,888	-	-
Other	742	838	-	-
	<u>110,130</u>	<u>134,063</u>	<u>141</u>	<u>125</u>

Pension plans costs include 43,252 thousand Euros related to defined benefit plans (see note 35) and 10,312 thousand Euros related to defined contribution plans. Medical plans costs and other benefits include 36,859 thousand Euros related to defined benefit plans (see note 35).

The cost of rationalising human resources results from the project for restructuring the hierarchy structure of EDP Brasil, which modified the structure from 5 to 3 hierarchy levels with a total cost of 5,366 thousand Euros. This plan covered 46 employees. This caption also includes 10,252 related to 44 new early retirement agreements of EDP Gestão da Produção de Energia, S.A. For the nine months period ended 30 September 2008, the cost of rationalising human resources results from the implementation of PAE Plan (Plan to Adjust the Workforce in Portugal), through which 198 employees were early retired.

## 10. Other operating expenses

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

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
Concession rents paid to local authorities	180,372	171,294	-	-
Rents from power generation units	5,807	5,556	-	-
Direct taxes	11,421	6,990	245	341
Indirect taxes	42,847	37,188	313	1,047
Impairment losses on doubtful debts	49,218	50,704	-	17
Impairment losses on debtors and other assets	3,190	2,558	65	335
Uncollectible debts	1,994	9,583	-	16
Losses on fixed assets	2,848	1,796	401	61
Regulation costs	3,033	3,780	-	-
Return of CO2 licenses (Royal Decree - Law 11/07)	15,502	62,280	-	-
Operating indemnities	447	407	-	-
Donations	7,578	6,964	6,155	3,533
Other operating costs	35,340	9,972	8,503	1,985
	<u>359,597</u>	<u>369,072</u>	<u>15,682</u>	<u>7,335</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 low tension electricity distribution concession contracts.

The caption Return of CO2 licenses (Royal Decree - Law 11/07) reflects the amount of the licenses that the Group expects to return to the Spanish Government as a result of the publication of Royal Decree - Law 11/07, which establishes that the cost relating to CO2 licenses granted free of charge by the Spanish Government will be deducted from the sector's tariff deficit in 2008. In 2009, the 15,502 thousand Euros represent the estimated cost up to 30 July 2009 (20,702 thousand Euros) and the adjustment of the 2007/2008 estimated cost amounting to 4,570 thousand Euros, as a result of the resolution by "Comisión Nacional de Energía" (CNE) concerning the decrease of the electricity generation activity remuneration. Taking Royal Decree 6/2009 effect on 1 July 2009, the Group will not support this cost from this date.

## 11. Provisions

**Provisions** is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
Charge for the period	35,327	41,885	3,757	3,025
Write-back for the period	-1,371	-13,403	-	-1,108
	<u>33,956</u>	<u>28,482</u>	<u>3,757</u>	<u>1,917</u>

## 12. Depreciation and amortisation expense

**Depreciation and amortisation expense** is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
<b>Property, plant and equipment:</b>				
Property, plant and equipment under concession DL 344-B/82	192	321	-	-
Buildings and other constructions	12,427	10,977	352	382
Plant and machinery:				
Hydroelectricity generation	105,805	102,858	6	6
Thermoelectric generation	196,122	163,556	-	-
Renewable generation	215,336	142,983	-	-
Electricity distribution	325,687	347,856	-	-
Gas distribution	29,512	29,805	-	-
Other plant and machinery	1,339	1,376	11	11
Transport equipment	7,527	7,198	508	476
Office equipment and tools	37,337	29,220	3,076	2,276
Other	2,168	1,800	1,061	1,066
	<u>933,452</u>	<u>837,950</u>	<u>5,014</u>	<u>4,217</u>
<b>Intangible assets:</b>				
Industrial property and other rights	9,884	23,555	6	13
Concession rights and impairment	60,535	95,787	-	-
	<u>70,419</u>	<u>119,342</u>	<u>6</u>	<u>13</u>
	<u>1,003,871</u>	<u>957,292</u>	<u>5,020</u>	<u>4,230</u>
<b>Compensation of amortisation and depreciation:</b>				
Partially-funded fixed assets	-82,862	-81,665	-	-
	<u>921,009</u>	<u>875,627</u>	<u>5,020</u>	<u>4,230</u>

The caption Concession rights and impairment includes in September 2008 the accelerated amortisation / impairment of the Enersul concession rights in Brazil of 49,921 thousand Euros. This accelerated amortisation represents the loss of the Enersul assets value (impairment) resulting from the regulatory changes occurred in 2008.

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

In accordance with IFRS 3 - Business combinations, the adjustments refer to the purchase price allocation performed during 2009 for the goodwill of EDP Brasil Subgroup and in 2008 for Rôdão Power, which resulted in the restatement of the comparative financial information for the depreciation and amortisation expense captions regarding property, plant and equipment and intangible assets of 157 thousand Euros and 154 thousands Euros, respectively.

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

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

	Sep 2009		Sep 2008	
	Disposal %	Amount Euro'000	Disposal %	Amount Euro'000
<b>Available for sale investments:</b>				
Banco Comercial Português, S.A.	-	-	0.01%	274
REN - Rede Eléctrica Nacional, S.A.	-	-	1.5%	16,969
Valor Sul, S.A.	-	-	15.6%	1,322
Sonaeocom, S.A.	0.392%	1,517	-	-
<b>Assets held for sale:</b>				
Edinfor - Sistemas Informáticos, S.A.	-	-	40.0%	4,819
ESC90 - Telecomunicações, Lda.	48.51%	15,911	-	-
<b>Investments in subsidiaries and associates:</b>				
Ambitec Laboratorio Medioambiental, S.A.	100.0%	-150	-	-
Central Térmica Ciclo Combinado Soto 4	25.0%	12,899	-	-
EDP Renováveis, S.A.	-	-	22.5%	405,375
Ibersol E. Solar Ibérica, S.A.	50.0%	268	-	-
Marquesado del Solar, S.A.	-	-	50.0%	2,378
Portugen - Energia, S.A.	-	-	26.7%	-1,424
Turbogás Produtora Energética, S.A.	-	-	40.0%	50,822
Cogeneration La Espina, S.L.	50.0%	367	-	-
Other	-	-165	-	2,265
		<u>30,647</u>		<u>482,800</u>

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

	Sep 2009		Sep 2008	
	Disposal %	Amount Euro'000	Disposal %	Amount Euro'000
<b>Available for sale investments:</b>				
REN - Rede Eléctrica Nacional, S.A.	-	-	1.5%	15,100
Pirites Alentejanas, S.A. *	-	-10	-	-
<b>Assets held for sale:</b>				
Edinfor - Sistema Informáticos, S.A.	-	-	40.0%	64
		<u>-10</u>		<u>15,164</u>

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

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

On 30 June 2009, the Group concluded the sale of its shareholding in ESC 90 Telecomunicações Ltda. ("ESC 90"), representing 48.51% of the respective share capital, to Net Serviços de Comunicação S.A. as agreed on the Sale and Purchase Private Agreement signed in August 2008 (see note 39). This operation generated a gain of 15,911 thousand Euros (4,004 thousand Euros net of minority interests).

During the nine months period ended 30 September 2009, EDP sold 1,434,006 shares of Sonaeocom, S.A., for 2,941 thousand Euros, which were booked by 1,424 thousand Euros, generating a gain on a consolidated basis of 1,517 thousand Euros.

On 4 June 2008, the share capital of EDP Renováveis was increased through an initial public offer (IPO) of 196,024,306 shares with a nominal value of 5 Euros. EDP Group did not participate in this share capital increase and, as a consequence, its interest in the share capital of EDP Renováveis was diluted, being reduced from 100% to 77.53%. The share capital increase was 1,566,726 thousand Euros, of which 980,122 thousand Euros corresponds to the share capital increase and 586,605 thousand Euros corresponds to the share premium. As a result of this operation, EDP Group has reduced its interest in the EDP Renováveis share capital which allowed the dilution of the capital in the public market and consequently the entry of Minority Interests. The referred dilution effect is comparable to a partial sale of an investment in a subsidiary, where the entity maintains the control after this partial sale, under the terms of the Parent Company Model, as described under accounting policies - note 2 b), being equivalent to the sale of an investment to Minority Interests.



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

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

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

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

On 6 May 2008, EDP Gestão da Produção, S.A. sold to International Power Portugal Holdings SGPS, S.A. its interests of 40% and 26.7% in the share capital of Turbogás Produtora Energética, S.A. (Turbogás) and Portugen - Energia, S.A. (Portugen), respectively. This transaction has been concluded with a price of 140,000 thousand Euros, generating a gain on a consolidated basis of 50,822 thousand Euros in Turbogás and a loss of 1,424 thousand Euros in Portugen.

On 31 March 2008, EDP, S.A. sold 1.5% of REN - Rede Eléctrica Nacional, S.A. share capital to the Pension Fund of EDP. Under the terms of this operation, 8,010,000 shares have been traded for 3.5 Euros per share (market price at this date), representing a cash inflow of 28,035 thousand Euros. This operation generated a gain in the company and consolidated financial statements of 15,100 thousand Euros and 16,969 thousand Euros, respectively.

On 7 March 2008, EDP, S.A. signed a contract to sell 40% of the share capital and credits over Edinfor for 54,964 thousand Euros, generating a gain on a consolidated basis of 4,819 thousand Euros.

#### 14. Other financial income and expenses

Other financial income and expenses is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
<b>Other financial income</b>				
Interest income from investments	32,809	39,614	267,837	281,458
Derivative financial instruments				
Interest	156,658	94,574	163,311	81,228
Fair value	316,893	189,501	338,147	318,637
Other interest income	63,745	43,246	-	-
Income from equity investments	15,139	4,662	337,716	413,751
Foreign exchange gains	35,738	137,347	379,425	113,602
CMEC	61,814	62,510	-	-
Other financial income	<u>14,243</u>	<u>18,500</u>	<u>3,395</u>	<u>688</u>
	<b>697,039</b>	<b>589,954</b>	<b>1,489,831</b>	<b>1,209,364</b>
<b>Other financial expenses</b>				
Interest expense from financial debt	510,400	559,622	304,954	393,127
Capitalised interest expense from financial debt	-86,509	-69,823	-	-
Derivative financial instruments				
Interest	118,225	91,603	135,458	70,871
Fair value	292,246	218,090	479,798	244,180
Other interest expense	8,172	10,058	10,113	10,536
Impairment of available for sale investments	29,531	197,553	-	-
Banking services	8,561	9,374	2,135	4,649
Foreign exchange losses	45,445	141,019	238,152	174,751
CMEC	19,272	23,956	-	-
Unwinding	82,641	70,213	-	-
Other financial expenses	<u>48,390</u>	<u>31,980</u>	<u>2,962</u>	<u>3,027</u>
	<b>1,076,374</b>	<b>1,283,645</b>	<b>1,173,572</b>	<b>901,141</b>
Financial income / (expenses)	<b>-379,335</b>	<b>-693,691</b>	<b>316,259</b>	<b>308,223</b>

In the nine months period ended 30 September 2009, the caption Impairment of available for sale investments, on a consolidated basis, which amounts to 29,531 thousand Euros, refers essentially to the recognition in the income statement of impairment losses in the investment held in BCP (29,274 thousand Euros) as a result of the depreciation on the market share price of this investment verified in the first quarter of 2009. During the second and third quarters of 2009, the market share price of this investment increased, being this valuation booked against fair value reserves (see note 21) according to the Group accounting policies.

The caption Other financial Income - CMEC includes 45,615 thousand Euros related to interest of the initial CMEC included in the annuity for 2009 and 16,199 thousand Euros related to the financial component of the revisable mechanism of CMEC for 2009. Other financial expenses - CMEC includes 19,272 thousand Euros related to costs on the updating of the initial CMEC, booked against Deferred Income (see note 37).

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

## 15. Income tax

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods. In Portugal and Spain the period is 4 years and in Brazil it is 5 years, the last year considered as definitively settled by the tax administration being 2003. In the United States the general Statute of Limitations for the IRS to issue additional income tax assessments for an entity is 3 years as from the date that the income tax return is filed by the taxpayer.

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

Income tax provision is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
Current tax	-258,933	-107,707	134,690	33,357
Deferred tax	-50,208	-133,717	-131,244	-2,600
	<u>-309,141</u>	<u>-241,424</u>	<u>3,446</u>	<u>30,757</u>

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

	Group		Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000	Sep 2009 Euro'000	Sep 2008 Euro'000
Profit before income tax	1,144,349	1,282,605	347,160	284,438
Income tax expense	-309,141	-241,424	3,446	30,757
Effective income tax rate	27.01%	18.82%	-0.99%	-10.81%

The change in the effective income tax rate for EDP Group by 8.19 bp in relation to 30 September 2008 derives essentially from the fact that the EDP Renováveis IPO gain in 2008 was not taxed and also from the fact that as at 30 September 2009 the impairment losses on available for sale investments were significantly lower than as at 30 September 2008.

## 16. Property, plant and equipment

This caption is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Cost:</b>				
Property, plant and equipment held under the DL 344-B/82 regime	223,420	223,420	-	-
Land and natural resources	188,743	166,902	46,502	46,502
Buildings and other constructions	682,764	602,694	25,646	25,648
Plant and machinery:				
Hydroelectric generation	7,941,659	7,761,810	254	254
Thermoelectric generation	6,645,464	6,554,723	-	-
Renewable generation	6,354,351	5,223,555	-	-
Electricity distribution	14,927,191	14,190,175	-	-
Gas distribution	1,171,596	1,134,429	-	-
Other plant and machinery	37,970	38,696	148	148
Transport equipment	83,998	78,078	3,664	3,262
Office equipment and tools	556,827	521,145	88,992	85,001
Other	75,580	92,456	14,246	14,246
Assets under construction	4,365,036	3,695,038	36,064	26,834
	<u>43,254,599</u>	<u>40,283,121</u>	<u>215,516</u>	<u>201,895</u>

**Accumulated depreciation and impairment losses:**

Depreciation charge for the period	-933,452	-1,154,043	-5,014	-5,790
Accumulated depreciation in previous periods	-19,334,092	-17,937,841	-94,282	-89,067
Impairment losses for the period	-	-2,658	-	-
Impairment losses in previous periods	-14,654	-11,996	-	-
	<u>-20,282,198</u>	<u>-19,106,538</u>	<u>-99,296</u>	<u>-94,857</u>
<b>Carrying amount</b>	<u>22,972,401</u>	<u>21,176,583</u>	<u>116,220</u>	<u>107,038</u>

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

	<b>Group</b>	
	<b>Sep 2009</b>	<b>Dec 2008</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Property, plant and equipment held under the DL 344-B/82 regime	223,420	223,420
Accumulated depreciation	<u>-222,818</u>	<u>-222,626</u>
<b>Net amount</b>	<u>602</u>	<u>794</u>

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

	<b>Balance at 1 January Euro'000</b>	<b>Acquisitions Euro'000</b>	<b>Disposals/ Write-offs Euro'000</b>	<b>Transfers Euro'000</b>	<b>Exchange differences Euro'000</b>	<b>Perimeter variations/ Regularisations Euro'000</b>	<b>Balance at 30 September Euro'000</b>
<b>Cost:</b>							
Property, plant and equipment held under the DL 344-B/82 regime	223,420	-	-	-	-	-	223,420
Land and natural resources	166,902	1,916	-92	2,503	17,601	-87	188,743
Buildings and other constructions	602,694	98	-628	6,775	73,786	39	682,764
Plant and machinery	34,903,388	77,889	-27,961	1,610,670	501,213	13,032	37,078,231
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	<u>3,695,038</u>	<u>2,303,690</u>	<u>-10,691</u>	<u>-1,647,967</u>	<u>17,355</u>	<u>7,611</u>	<u>4,365,036</u>
	<u>40,283,121</u>	<u>2,398,707</u>	<u>-68,361</u>	<u>-</u>	<u>618,912</u>	<u>22,220</u>	<u>43,254,599</u>

	<b>Balance at 1 January Euro'000</b>	<b>Charge for the period Euro'000</b>	<b>Impairment losses for the period Euro'000</b>	<b>Disposals/ Write-offs Euro'000</b>	<b>Exchange differences Euro'000</b>	<b>Perimeter variations/ Regularisations Euro'000</b>	<b>Balance at 30 September Euro'000</b>
<b>Accumulated depreciation and impairment losses:</b>							
Property, plant and equipment held under DL 344-B/82 regime	222,626	192	-	-	-	-	222,818
Buildings and other constructions	218,872	12,427	-	-243	19,729	24	250,809
Plant and machinery	18,169,865	873,801	-	-20,329	248,249	701	19,272,287
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	<u>53,323</u>	<u>2,168</u>	<u>-</u>	<u>-6,982</u>	<u>-43</u>	<u>3,937</u>	<u>52,403</u>
	<u>19,106,538</u>	<u>933,452</u>	<u>-</u>	<u>-35,806</u>	<u>276,141</u>	<u>1,873</u>	<u>20,282,198</u>

In accordance with IFRS 3 - Business combinations, the adjustments that resulted from the conclusion of the purchase price allocation performed in 2009 for the companies Investco and Rede Lajeado held by the EDP Brasil Group and for the companies Bon Vent de Corbera and Bon Vent de Vilalba held by NEO Group, resulted in the restatement of comparative financial information under Property, Plant and Equipment totalling 30,990 thousand Euros and 21,199 thousand Euros, respectively, as the purchase price allocation had been completed on the date of their acquisition.

The Perimeter variations/regularisations include, among others, the effect of the acquisition of the wind power companies CENAEEL and Elebrás, Brazilian subsidiaries included in EDP Renováveis Group, and other companies of NEO Group, mainly Mardelle, Quinze Mines, Vallée du Moulin, Bon Vent de L'Ebre, Elektrownia Wiatrowa Kresy and the portuguese CEO - Companhia da Energia Oceânica, totalling 23,923 thousand Euros.

The movement in exchange differences for the period is essentially due to the appreciation of the Brazilian Real (BRL) against the Euro and the depreciation of the American Dollar (USD) against Euro for the nine months period ended 30 September 2009.

The movements in **Property, plant and equipment, for the Company**, for the nine months 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>
	Balance at 1 January Euro'000	Charge for the period Euro'000	Impairment losses for the period 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	17,647	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 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Cost:</b>				
Industrial property, other rights and other intangibles	148,490	145,427	100	100
Concession rights	2,577,105	2,473,135	-	-
CO2 licenses	276,923	385,096	-	-
Intangible assets in progress	333,574	75,880	-	-
	<u>3,336,092</u>	<u>3,079,538</u>	<u>100</u>	<u>100</u>
<b>Accumulated amortisation and impairment:</b>				
Amortisation of concession rights during the period	-60,535	-128,406	-	-
Amortisation of industrial property and other intangibles during the period	-9,884	-21,511	-6	-15
Accumulated amortisation in previous periods	-443,076	-280,829	-59	-44
	<u>-513,495</u>	<u>-430,746</u>	<u>-65</u>	<u>-59</u>
<b>Carrying amount</b>	<u>2,822,597</u>	<u>2,648,792</u>	<u>35</u>	<u>41</u>

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
Other concession rights	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 in progress	75,880	249,394	-	-2,476	5,585	5,191	333,574
	<u>3,079,538</u>	<u>508,647</u>	<u>-372,807</u>	<u>25,917</u>	<u>116,067</u>	<u>-21,270</u>	<u>3,336,092</u>

	Balance at 1 January Euro'000	Charge for the period Euro'000	Accelerated depreciation/ Impairment Euro'000	Disposals/ Write-offs Euro'000	Exchange differences Euro'000	Perimeter variations/ Regularisations Euro'000	Balance at 30 September Euro'000
<b>Accumulated amortisation and impairment:</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
	<u>430,746</u>	<u>70,419</u>	<u>-</u>	<u>-6,918</u>	<u>21,158</u>	<u>-1,910</u>	<u>513,495</u>

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

Acquisitions of CO2 Licenses as at 30 September 2009 by 229,132 thousand Euros (385,096 thousand Euros at 31 December 2008) refers to CO2 emission licenses granted free of charge to EDP Group plants operating in Portugal and Spain. The market for CO2 licences is regulated by "Plano Nacional de Atribuição de Licenças de Emissão" (PNALE) in Portugal, and by "Plano Nacional de Assignación de Derechos de Emisión de Gases de Efecto Invernadero" (PNADE) in Spain, which covers the period 2008-2012. Disposals/Write-offs derive from the CO2 licences consumed during 2008 and delivered to the regulatory authorities of 366,115 thousand Euros. Transfers, totalling 25,917 thousand Euros, relate to CO2 licenses transferred from Inventories to Intangible assets, as a result of allocation of licences initially held for trading to the Hidrocontábrico Group, in order to cover the need for CO2 licences arising from consumptions ("own use").

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

In accordance with IFRS 3 - Business combinations, the adjustments resulting from the conclusion of the purchase price allocation performed during 2009 for the goodwill of Rôdão Power, Investco and Rede Lajeado resulted in a restatement of the comparative financial information which implied a decrease of 12,252 thousand Euros and an increase of 10,827 thousand Euros regarding Concession rights - Brazil and Other concession rights, respectively. The caption Accumulated amortisation and impairment - Concession rights was also restated in 401 thousand Euros.

## 18. Goodwill

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

	Group	
	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Electric business:</b>		
Hidrocontábrico Group	975,488	960,277
Neo Energia Group	792,981	784,887
Horizon Group	542,159	569,777
Brazil Group	60,484	57,288
EDP Renováveis Brazil Group	14,741	-
Other (Portugal Group)	35,313	34,135
	<u>2,421,166</u>	<u>2,406,364</u>
<b>Gas distribution business:</b>		
Naturgás Group	757,591	757,591
	<u>3,178,757</u>	<u>3,163,955</u>

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

	Balance at 1 January Euro'000	Increases Euro'000	Decreases Euro'000	Impairment Euro'000	Exchange differences Euro'000	Regularisations Euro'000	Balance at 30 September Euro'000
<b>Electric business:</b>							
Hidrocontábrico Group	960,277	15,211	-	-	-	-	975,488
Neo Energia Group	784,887	16,104	-8,010	-	-	-	792,981
Horizon Group	569,777	-	-	-	-27,618	-	542,159
Brazil Group	57,288	-	-	-	3,196	-	60,484
EDP Renováveis Brazil Group	-	13,191	-	-	1,550	-	14,741
Other (Portugal Group)	34,135	1,178	-	-	-	-	35,313
	<u>2,406,364</u>	<u>45,684</u>	<u>-8,010</u>	<u>-</u>	<u>-22,872</u>	<u>-</u>	<u>2,421,166</u>
<b>Gas distribution business</b>							
Naturgás Group	757,591	-	-	-	-	-	757,591
	<u>757,591</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>757,591</u>
	<u>3,163,955</u>	<u>45,684</u>	<u>-8,010</u>	<u>-</u>	<u>-22,872</u>	<u>-</u>	<u>3,178,757</u>

#### *Hidrocantábrico Group*

During the nine months period ended 30 September 2009, the goodwill from Hidrocantábrico Group increased by 15,211 thousand Euros as a result of the revaluation of the liability relating to the anticipated acquisition of minority interests from Cajastur, through the written put option held by this entity over 3% of HC Energia share capital, under the utilisation of the Parent Company Model, as described under accounting policies - note 2b).

#### *Neo Energia Group*

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

	<b>Neo Energia Group</b>	
	<b>Sep 2009</b>	<b>Dec 2008</b>
	<b>Euro'000</b>	<b>Euro'000</b>
Genesa subgroup	441,380	441,356
Ceasa subgroup	117,437	146,469
Neo Polska subgroup	33,567	25,424
Neo Galia subgroup	83,136	57,428
Romania subgroup	60,589	64,461
Neo Catalunya subgroup	11,819	4,187
Enernova subgroup	41,879	42,299
Other	3,174	3,263
	<b>792,981</b>	<b>784,887</b>

The increase in Genesa subgroup goodwill results from the acquisition of the remaining 10% of Hidroeléctrica Fuentermosa, S.L.

The decrease in Ceasa subgroup goodwill during the nine months period ended 30 September 2009 results from the decrease of the acquisition price of Parc eolic Coll de Moro, S.L. (1,555 thousand Euros), Parc eolic Torre Madrina, S.L. (1,555 thousand Euros) and Parc eolic de Vilalba des Arcs, S.L. (392 thousand Euros) and from the restructuring process that originated the transfer of French subsidiaries from Ceasa subgroup to Neo Galia subgroup (25,529 thousand Euros).

The increase in Neo Polska subgroup goodwill during the nine months period ended 30 September 2009 results from the acquisition of Elektrownia Wiatrowa Kresy I, S.P. (8,143 thousand Euros).

The provisional goodwill arising from the acquisition of Elektrownia Wiatrowa Kresy I, S.P. is analysed as follows:

	<b>Kresy</b>
	<b>Euro'000</b>
Acquisition cost	
Price paid	8,160
Total acquisition cost	8,160
Provisional fair value of net assets acquired	17
Goodwill (difference between the fair value of the net assets acquired and the acquisition cost)	8,143

The increase in Neo Galia subgroup goodwill during the nine months period ended 30 September 2009 results from the acquisition of Vallée du Molin, SARL (44 thousand Euros), Mardelle, SARL (23 thousand Euros) and Quinze Mines, SARL (22 thousand Euros) and from the restructuring process that originated the transfer of French subsidiaries from Ceasa subgroup to Neo Galia subgroup (25,619 thousand Euros).

The decrease in Romania subgroup goodwill during the nine months period ended 30 September 2009 results from the increase in the acquisition costs of Renovatio Power, SRL by 216 thousand Euros and from the decrease of the payable success fees, amounting to 4,088 thousand Euros, as pre-established contractual assumptions were not fulfilled.

The increase in Neo Catalunya subgroup goodwill during the nine months period ended 30 September 2009 results from the acquisition of 100% of the share capital of Bon Vent de L'Ebre, S.L. (7,632 thousand Euros). Additionally, following the conclusion of the purchase price allocation of Bon Vent de Corbera, S.L. (9,615 thousand Euros) and Bon Vent de Vilalba, S.L. (7,397 thousand Euros), goodwill as at 31 December 2008 was restated, which resulted in a decrease of 17,012 thousand Euros.

During the nine months period ended 30 September 2008, EDP Group acquired Bon Vent de Corbera and Bon Vent de Vilalba and booked, with effect as at the acquisition date, a goodwill of 21,199 thousand Euros. During the third quarter of 2009, following the final allocation of the fair value of assets, liabilities and contingent liabilities acquired, an adjustment to the goodwill initially booked was determined against the fair value of assets and liabilities acquired, resulting its allocation against the fair value of assets acquired. In accordance with IFRS 3, in the twelve months period subsequent to a business combination, the acquiring entity can perform adjustments to the fair value of assets, liabilities, and contingent liabilities acquired, being those adjustments booked with effect as of the date of the acquisition. Consequently, the amount of goodwill initially determined in 2008 and the fair value of property, plant and equipment under construction of Bon Vent de Corbera and Bon Vent de Vilalba of 21,199 thousand Euros were reflected with reference to the date of transaction.

#### *Horizon Group*

The decrease of 27,618 thousand Euros in Horizon Group goodwill during the nine months period ended 30 September 2009 results from exchange differences, due to the American Dollar (USD) depreciation against Euro.

#### Brazil Group

The increase of 3,196 thousand Euros in the Brazil Group goodwill during the nine months period ended 30 September 2009 results from the effect of exchange differences, following Brazilian Real appreciation in the period.

Additionally, with reference to 31 August 2008, EDP Group has allocated definitively the acquisition cost of the assets, liabilities and contingent liabilities acquired regarding Investco, Lajeado Energia and Tocantins, which originated a goodwill of 42,292 thousand BRL, corresponding to 16,440 thousand Euros.

Investco, Lajeado Energia and Tocantins			
	Book value at acquisition date	Fair value adjustments	Assets and liabilities at fair value
	Euro'000	Euro'000	Euro'000
Property, plant and equipment	537,540	209,225	746,765
Intangible assets	187,864	109,519	297,383
Debtors and other assets	31,202	1,483	32,685
Total Non-Current Assets	<u>756,606</u>	<u>320,227</u>	<u>1,076,833</u>
Debtors and other assets	43,376	-	43,376
Cash and cash equivalents	29,423	-	29,423
Total Current Assets	<u>72,799</u>	<u>-</u>	<u>72,799</u>
	<u>829,405</u>	<u>320,227</u>	<u>1,149,632</u>
Financial debt	67,058	-	67,058
Preference shares	56,602	(31,096)	25,506
Trade and other payables	89,033	78,056	167,089
Total Non-Current Liabilities	<u>212,693</u>	<u>46,960</u>	<u>259,653</u>
Total Current Liabilities	<u>110,980</u>	<u>-</u>	<u>110,980</u>
	<u>323,673</u>	<u>46,960</u>	<u>370,633</u>
Total assets and liabilities (100%)			<u>778,999</u>
Total acquired assets and liabilities (EDP Group)			<u>269,300</u>
Acquisition Cost			<u>285,740</u>
Goodwill			<u>16,440</u>
Provisional goodwill			<u>17,310</u>
Exchange differences			<u>180</u>
Variation			<u>- 690</u>

In accordance with IFRS 3, in the twelve months period subsequent to a business combination, the acquiring entity can perform adjustments to the fair value of assets, liabilities, and contingent liabilities acquired, being those adjustments booked with effect as at the date of acquisition. Consequently, the amount of goodwill initially determined in 2008, the fair value of assets, liabilities, and contingent liabilities acquired, determined in the PPA and the respective amortisation, in the amount of 690 thousand Euros, were reflected with reference to the acquisition date.

#### EDP Renováveis Brasil Group

The increase in the EDP Renováveis Brasil Group goodwill during the nine months period ended 30 September 2009 of 14,741 thousand Euros, results from the goodwill generated in the acquisition of 100% of share capital of CENAEEL (5,415 thousand Euros) and ELEBRÁS (7,776 thousand Euros) and from the foreign exchange gain (1,550 thousand Euros) generated between the acquisition date and 30 September 2009.

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

#### Other (Portugal Group)

The variation occurred during the nine months period ended 30 September 2009 of 1,178 thousand Euros results from the acquisition of the remaining 40% of the share capital of O&M Serviços - Operação e Manutenção Industrial, S.A. (48 thousand Euros) and from the acquisition of 52% of the share capital of Companhia Energia Oceânica (1,130 thousand Euros).

During the first half of 2008, EDP Group acquired Ródão Power and booked, with effect as at the acquisition date, a goodwill of 10,827 thousand Euros. During the first half of 2009, following the final allocation of the fair value of assets, liabilities and contingent liabilities acquired, an adjustment to the goodwill initially booked was determined against the fair value of assets acquired. In accordance with IFRS 3, in the twelve months period subsequent to a business combination, the acquiring entity can perform adjustments to the fair value of assets, liabilities, and contingent liabilities acquired, being those adjustments booked with effect as at the acquisition date. Consequently, the amount of goodwill initially determined in 2008, the fair value of the concession rights of Ródão Power of 10,829 thousand Euros determined in the PPA and the respective amortisation, were restated with reference to the acquisition date.

## 19. Investments in subsidiaries (Company basis)

This caption is analysed as follows:

	Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000
Historical acquisition cost	10,809,822	10,740,378
Effect of equity method (transition to IFRS)	-1,165,796	-1,165,796
Equity investments in subsidiaries	9,644,026	9,574,582
Impairment losses on equity investments in subsidiaries	-68,174	-68,174
	<u>9,575,852</u>	<u>9,506,408</u>

The variation in the caption Investments in subsidiaries (69,444 thousand Euros) results from the supplementary capital contributions granted to the subsidiaries EDP Imobiliária, S.A. and EDP Inovação, S.A. (70,000 thousand Euros and 192 thousand Euros, respectively) and the liquidation of EDALPRO - Imobiliária, Lda (748 thousand Euros).

## 20. Investments in associates

Investments in associates is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Associated companies:</b>				
Investments in associates	170,023	172,891	45,534	49,910
Adjustments to investments in associates	-158	-137	-136	-137
<b>Net book value</b>	<u>169,865</u>	<u>172,754</u>	<u>45,398</u>	<u>49,773</u>

## 21. Available for sale investments

This caption is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Ampla Energia e Serviços, S.A.	96,279	68,939	96,279	68,939
Ampla Investimentos e Serviços, S.A.	11,297	9,073	11,297	9,073
Banco Comercial Português, S.A.	153,345	122,707	-	-
EDA - Eléctrica dos Açores, S.A.	6,006	6,006	-	-
REN - Rede Eléctrica Nacional, S.A.	56,014	52,332	56,014	52,332
Sociedade Eólica de Andalucía, S.A.	10,854	10,854	-	-
Sonaecom, S.A.	55,986	28,946	-	-
Tagusparque, S.A.	2,062	1,097	-	-
Tejo Energia, S.A.	18,200	18,200	-	-
Other	40,957	32,733	4,122	3,815
	<u>451,000</u>	<u>350,887</u>	<u>167,712</u>	<u>134,159</u>

The investment in Banco Comercial Português during the nine month period ended 30 September 2009 increased by 30,638 thousand Euros, resulting from an impairment loss of 29,274 thousand Euros booked in the first quarter of 2009 against the income statement and from an appreciation of 59,912 thousand Euros, booked against reserves in the second and third quarters of 2009, according to accounting policy 2 e) (see note 31).

As at 30 September 2009, investments held in REN - Rede Eléctrica Nacional, S.A. and Ampla Energia e Serviços, S.A. increased by 3,682 thousand Euros and 27,340 thousand Euros, respectively, as a consequence of the positive evolution in the listed market price of these shares and of the exchange rate. This increase in fair value was booked against fair value reserves (see note 31).

During the same period, the listed market price of the investment in Sonaecom also presented a positive evolution (28,464 thousand Euros) which was booked against fair value reserves (see note 31). Additionally, EDP sold in the Stock Exchange 1,434,006 shares of Sonaecom, S.A. for 2,941 thousand Euros, which were booked for 1,424 thousand Euros. This operation generated a gain on a consolidated basis of 1,517 thousand Euros (see note 13).



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 as at 30 September 2009 and 31 December 2008 is analysed as follows:

	<b>Set 2009</b> <b>Euro'000</b>	<b>Dez 2008</b> <b>Euro'000</b>
Ampla Investimentos e Serviços, S.A.	5,722	3,498
Ampla Energia e Serviços, S.A.	27,340	-
Banco Comercial Português, S.A.	59,912	-
EDA - Electricidade dos Açores, S.A.	-885	-885
REN - Rede Eléctrica Nacional, S.A.	30,194	26,512
Sociedade Eólica de Andalucía, S.A.	5,968	5,968
Sonaecon, S.A.	28,464	-
Tejo Energia, S.A.	11,845	11,845
Other	2,193	26
	<u>170,753</u>	<u>46,964</u>

## 22. Deferred tax assets and liabilities

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:

	<b>Deferred tax assets</b> <b>Euro'000</b>	<b>Deferred tax liabilities</b> <b>Euro'000</b>
<b>Balance as at 1 January 2009</b>	539,878	-666,335
Tariff adjustment of the period	157,262	137,025
Provisions	18,944	-
Deferred tax over CMECs in the period	-	-76,109
Use of tax credits	-159,047	-
Financial and available for sale investments	-12,334	-866
Fair value of derivative financial instruments	-3,897	-1,377
Purchase price allocation	1,633	-31,611
Exchange differences and other	5,099	18,611
Netting of deferred tax assets and liabilities	134,270	-134,270
<b>Balance as at 30 September 2009</b>	<u>681,808</u>	<u>-754,932</u>

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

	<b>Deferred tax assets</b> <b>Euro'000</b>	<b>Deferred tax liabilities</b> <b>Euro'000</b>
<b>Balance as at 1 January 2009</b>	60,716	-
Use of tax credits	-84,589	-
Provisions	-5,659	-
Financial and available for sale investments	-3,729	4,197
Fair value of derivative financial instruments	-27,309	14,893
Other	-587	18
Netting of deferred tax assets and liabilities	61,157	-61,157
<b>Balance as at 30 September 2009</b>	<u>-</u>	<u>-42,049</u>

## 23. Inventories

This caption is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Merchandise	31,348	40,470	-	-
Advances on account of purchases	4,501	4,061	-	-
Finished and intermediate products	8,163	12,075	-	-
Sub-products, waste, residues and scrap	11,806	10,506	-	-
Raw and subsidiary materials and consumables:				
Coal	81,982	64,443	-	-
Fuel	49,668	41,153	-	-
Nuclear fuel	13,916	12,845	-	-
Other consumables				
CO2 licenses	10,308	27,744	10,308	27,744
Other	53,224	63,503	-	-
	<u>264,916</u>	<u>276,800</u>	<u>10,308</u>	<u>27,744</u>

## 24. Trade receivables

Trade receivables is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Short-term trade receivables - Current:</b>				
Resident customers:				
State and official entities	17,481	19,886	-	-
Local authorities (Municipalities)	34,732	31,316	284	284
Corporate sector and individuals	605,031	694,489	45,834	18,106
Trade accounts - Bills receivable	-	99	-	-
	<u>657,244</u>	<u>745,790</u>	<u>46,118</u>	<u>18,390</u>
Non-resident customers:				
State and official entities	4,724	1,472	-	-
Local authorities (Municipalities)	10,757	11,143	-	-
Corporate sector and individuals	911,189	888,208	-	-
	<u>926,670</u>	<u>900,823</u>	<u>-</u>	<u>-</u>
	<u>1,583,914</u>	<u>1,646,613</u>	<u>46,118</u>	<u>18,390</u>
Doubtful debts	260,874	222,008	9,935	9,941
Impairment losses	-260,874	-222,008	-9,935	-9,941
	<u>1,583,914</u>	<u>1,646,613</u>	<u>46,118</u>	<u>18,390</u>
<b>Medium and long-term trade receivables - Non-Current:</b>				
Resident customers:				
Local authorities (Municipalities)	143,682	147,140	-	-
Non-resident customers:				
Corporate sector and individuals	39,597	33,610	-	-
	<u>183,279</u>	<u>180,750</u>	<u>-</u>	<u>-</u>
Impairment losses	-62,204	-68,706	-	-
	<u>121,075</u>	<u>112,044</u>	<u>-</u>	<u>-</u>
	<u>1,704,989</u>	<u>1,758,657</u>	<u>46,118</u>	<u>18,390</u>

The variation in Impairment losses on short-term trade receivables includes the charge for the period of 19,862 thousand Euros and 14,413 thousand Euros related to regulated activities in Brazil and Portugal, respectively.

## 25. Debtors and other assets

Debtors and other assets is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Short term debtors - Current:</b>				
Loans to subsidiaries	-	-	921,590	22,957
Dividends	-	-	-	369,153
Other related companies	76,367	8,054	825	6,373
Advances to suppliers	1,131	681	250	252
Other debtors:				
- Advances to pensioners on account of the Social Security	2,263	1,889	-	3
- Receivables referring to staff	4,171	3,475	2	3
- Amounts receivable from the telecommunications business	55,640	55,640	-	-
- Amounts receivable from Brazilian tariff expenses	66	645	-	-
- Amounts receivable from Spanish tariff expenses	678,889	281,155	-	-
- Amounts receivable from Portuguese tariff adjustments	200,347	10,444	-	-
- Receivables from the State and concessioners	15,393	33,749	234	98,728
- Advances to RTP - broadcasting charge	32,125	29,140	-	-
- Receivables relating to other goods and services	99,749	71,932	19,163	154,383
- Receivables on account of the energy efficiency program (Brazil)	10,649	1,934	-	-
- Derivative financial instruments	228,806	216,670	323,557	329,278
- Subsidiaries	-	-	845,248	1,545,974
- Amounts receivable relating to gas sales operations	20,446	18,056	-	-
- Amounts receivable relating to insurance and reinsurance	17,228	11,043	-	-
- Amounts receivable relating to the renewables operation	10,636	24,948	-	-
- Expenditure on concessions	3,925	4,789	-	-
- Rents	641	1,207	-	451
- Insurance	15,689	6,808	11,402	5,198
- Other deferred costs	41,108	15,852	-	883
- Rents receivable from Energin lease	25,430	26,790	-	-
- Participation in national electric system - deviations	2,489	7,957	-	-
- Amounts receivable relating to CMEC	565,121	367,790	-	-
- Amounts to be invoiced to REN	24,456	29,098	-	-
- Tied deposits (Horizon)	15,539	43,016	-	-
- Amounts receivable relating to the sale of a substation (Hidroantábrico)	-	5,045	-	-
- Advances to Gas Natural (acquisition of assets)	10,000	-	-	-
Accrued income relating to energy services rendered	7,807	5,551	-	-
Accrued income relating to energy sales and supply activity in the market	113,759	218,582	157,667	218,582
Sundry debtors and other operations	127,071	197,713	29,476	79,652
	2,406,941	1,699,653	2,309,414	2,831,870
Impairment losses on short-term debtors - Current	-69,631	-67,481	-962	-897
	2,337,310	1,632,172	2,308,452	2,830,973
	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Medium and long term debtors - Non Current:</b>				
Other related companies	28,530	29,795	25,355	15,087
Loans to subsidiaries	-	-	4,686,650	5,784,331
Loans to participated companies	12,804	7,589	-	-
Other debtors:				
- Amounts receivable from Portuguese tariff adjustments	649,468	1,435,033	-	-
- Amounts receivable from regulatory entities	2,894	2,894	-	-
- Amounts receivable from Spanish tariff expenses	-	134,201	-	-
- Expenditure on concessions	9,608	8,222	-	-
- Guarantees and linked deposits	135,591	104,308	1,338	7,405
- Amounts receivable relating to CMEC	768,777	785,204	-	-
- Derivative financial instruments	52,936	44,197	43,477	104,334
- Receivables (Horizon)	10,980	10,678	-	-
- O&M contract valuation - Mapple Ridge I (Horizon)	7,350	7,941	-	-
Sundry debtors and other operations	57,276	70,423	-	-
	1,736,214	2,640,485	4,756,820	5,911,157
Impairment losses on medium and long term debtors - Non current	-2,829	-2,782	-	-
	1,733,385	2,637,703	4,756,820	5,911,157
	4,070,695	4,269,875	7,065,272	8,742,130

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

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 2009.

The non-current receivable relating to CMEC of 768,777 thousand Euros and the current receivable of 21,518 thousand Euros, correspond to the initial CMEC granted to EDP Produção (initial CMEC, 833,467 thousand Euros) less the receivable annuities for 2007, 2008 and 2009. The remaining current amount of 543,603 thousand Euros included in the receivable relating to CMEC corresponds to the operational revenues related to the revisability calculation, net of 75,912 thousand Euros invoiced during the period.

During the third quarter of 2009, EDP Group, through Naturgas Energia, agreed to acquire from Gas Natural SDG, S.A. its activities of low-pressure natural gas distribution and supply in the regions of Cantabria and Murcia, as well as the high-pressure natural gas distribution in the regions of the Basque country, Astúrias and Cantabria.

The purchase price will be determined on the basis of an enterprise value of 330 million Euros, after obtaining the necessary authorizations from the regulatory and competition authorities that the transaction is subject to.

At 30 September 2009, an advance was booked in an amount of 10,000 thousand Euros referring to this transaction.

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

	Current Euro'000	Non Current Euro'000
<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 (Sep 2009 to Sep 2010)	190,400	-190,400
<b>Balance as at 30 September 2009</b>	<b>200,347</b>	<b>649,468</b>

## 26. Tax receivable

Tax receivable is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
State and other public entities:				
- Income tax	129,539	111,459	12,032	33,901
- Value added tax (VAT)	293,643	347,997	41,369	54,220
- Turnover tax (Brazil)	22,855	17,899	-	-
- Social tax (Brazil)	35,932	21,643	-	-
- Other taxes	32,841	45,742	-	7,316
	<b>514,810</b>	<b>544,740</b>	<b>53,401</b>	<b>95,437</b>

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

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

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Fixed income securities:				
Listed funds	32,948	32,369	-	-
Bonds and other listed fixed income securities	57,440	47,221	9,113	-
	<b>90,388</b>	<b>79,590</b>	<b>9,113</b>	<b>-</b>
Variable income securities:				
Listed funds	3,829	3,405	-	-
Shares	15	232	15	232
	<b>3,844</b>	<b>3,637</b>	<b>15</b>	<b>232</b>
	<b>94,232</b>	<b>83,227</b>	<b>9,128</b>	<b>232</b>

## 28. Cash and cash equivalents

Cash and cash equivalents is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Cash:				
- Cash in hand	293	93	6	-
Bank deposits:				
- Current deposits	360,202	457,741	10,982	113,379
- Term deposits	474,400	49,133	-	-
- Other deposits	86,922	-	66,926	-
	921,524	506,874	77,908	113,379
Other short term investments:				
- Banks - Euros	1,384,183	122,720	1,341,200	69,500
- Banks - Other currencies	85,455	83,900	-	-
	1,469,638	206,620	1,341,200	69,500
Cash and cash equivalents (asset)	2,391,455	713,587	1,419,114	182,879
Cash equivalents (liability):	-	-	-	-
Net cash and cash equivalents	2,391,455	713,587	1,419,114	182,879

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

## 29. Share capital and share premium

EDP, S.A. is a company incorporated by shares in which the Portuguese State and other public entities have minority interests. The Company was incorporated as a State owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007 the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process. The Portuguese State now holds directly and indirectly approximately 26% of the share capital of EDP, S.A.

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

Share capital and Share premium are analysed as follows:

	Group and Company	
	Share capital Euro'000	Share premium Euro'000
Balance as at 31 December 2008	3,656,538	501,992
Movements during the period	-	-
Balance as at 30 September 2009	3,656,538	501,992

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

	Group		Company	
	Sep 2009	Sep 2008	Sep 2009	Sep 2008
Net profit attributable to the equity holders of EDP (in Euros)	748,082,245	939,945,312	350,605,754	315,194,918
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	748,082,245	937,320,031		
Weighted average number of ordinary shares outstanding	3,621,124,554	3,632,202,494	3,622,637,554	3,633,224,327
Weighted average number of diluted ordinary shares outstanding	3,622,171,981	3,633,546,471	3,623,684,981	3,634,568,304
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.21	0.26		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.21	0.26		
Basic earnings per share from continuing operations (in Euros)	0.21	0.26		
Diluted earnings per share from continuing operations (in Euros)	0.21	0.26		

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

The average number of shares was determined as follows:

	Group		Company	
	Sep 2009	Sep 2008	Sep 2009	Sep 2008
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
<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	-35,413,161	-24,335,221	-33,900,161	-23,313,388
Average number of shares during the period	3,621,124,554	3,632,202,494	3,622,637,554	3,633,224,327
Effect of stock options	1,047,427	1,343,977	1,047,427	1,343,977
Diluted average number of shares during the period	3,622,171,981	3,633,546,471	3,623,684,981	3,634,568,304

### 30. Treasury stock

This caption is analysed as follows:

	Group		Company	
	Sep 2009	Dec 2008	Sep 2009	Dec 2008
Book value of EDP, S.A. treasury stock (thousands of Euros)	121,305	126,532	115,210	120,437
Number of shares	34,650,475	35,703,591	33,137,475	34,190,591
Market value per share (in Euros)	3.130	2.695	3.130	2.695
Market value of EDP, S.A.'s treasury stock (thousands of Euros)	108,456	96,221	103,720	92,144
Operations performed from 1 January 2009 to 30 September 2009:	<b>EDP, S.A.</b>	<b>Energia RE</b>		
Volume acquired (number of shares)	1,371,981	-		
Volume sold (number of shares)	-2,425,097	-		
Final position (number of shares)	33,137,475	1,513,000		
Highest market price (in Euros)	3.14	-		
Lowest market price (in Euros)	2.21	-		
Average market price (in Euros)	2.82	-		

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

### 31. Reserves and retained earnings

This caption is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Legal reserve	471,387	443,838	471,387	443,838
Fair value reserve (cash flow hedge)	29,845	-54,653	45,447	-11,295
Tax effect of fair value reserve (cash flow hedge)	1,317	20,130	-9,843	2,525
Fair value reserve (available-for-sale investments)	170,753	46,964	58,835	25,649
Tax effect of fair value reserve (available-for-sale investments)	-10,067	-2,926	-2,673	-2,459
Exchange differences arising on consolidation	118,544	-94,018	-	-
Treasury stock reserve	115,210	120,437	115,210	120,437
Other reserves and retained earnings	1,323,762	763,521	1,122,633	1,102,912
	<b>2,220,751</b>	<b>1,243,293</b>	<b>1,800,996</b>	<b>1,681,607</b>

#### Legal reserve

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

#### Fair value reserve (cash flow hedge)

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

#### Fair value reserve (available-for-sale investments)

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

	Group	
	Increases Euro'000	Decreases Euro'000
<b>Balance as at 31 December 2007</b>	<b>329,161</b>	<b>-193,873</b>
Changes in fair value	-	-271,173
Transfer of impairment to profit or loss	-	197,553
Transfer to the income statement relating to assets sold	-18,565	-
<b>Balance as at 30 September 2008</b>	<b>310,596</b>	<b>-267,493</b>
Changes in fair value	11,969	-99,933
Transfer of impairment to profit or loss	-	91,825
<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>

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

The increase in the fair value reserve during the nine months period ended 30 September 2009 of 125,352 thousand Euros, includes 28,464 thousand Euros, 27,340 thousand Euros, 59,912 thousand Euros and 3,682 thousand Euros related with the valuations recognised on the available for sale investments held in Sonaecom, Ampla Energia e Serviços, Millenniumbcp and REN, respectively (see note 21).

#### Exchange differences on consolidation

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

Currency		Exchange rates at Sep 2009		Exchange rates at Dec 2008	
		Closing rates	Average exchange-rate	Closing rates	Average exchange-rate
Dollar	USD	1.464	1.360	1.392	1.477
Brazilian Real	BRL	2.605	2.851	3.244	2.652
Macao Pataca	MOP	11.606	10.855	11.109	11.841
Quetzal	GTQ	12.183	11.020	10.779	11.153
Zloty	PLN	4.230	4.421	4.154	3.486
Lei	RON	4.218	4.237	4.023	3.762

#### Dividends

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

### 32. Minority interests

This caption is analysed as follows:

	Group	
	Sep 2009 Euro'000	Dec 2008 Euro'000
Minority interests in income statement	87,126	120,143
Minority interests in reserves	2,370,408	2,071,026
	<u>2,457,534</u>	<u>2,191,169</u>

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

	Group	
	Sep 2009 Euro'000	Dec 2008 Euro'000
EDP Renováveis Group	1,264,293	1,245,112
EDP Energias do Brasil Group	1,137,357	895,114
Hidrocontábrico Group	34,379	28,518
Other minority interests	21,505	22,425
	<u>2,457,534</u>	<u>2,191,169</u>

During the first nine months of 2009, the EDP Group generated profit of 87,126 thousand Euros attributable to minority interests (31 December 2008: 120,143 thousand Euros).

The movement in minority interests of EDP Renováveis Group refers essentially to profits attributable to minority interests of 13,747 thousand Euros and to variations resulting from share capital increases attributable to minority interests totalling 9,055 thousand Euros.

The movement in minority interests of Energias do Brasil Group includes essentially the amount of 68,984 thousand Euros of profits attributable to minority interests, 196,503 thousand Euros from the positive exchange difference and a decrease related with the distributed dividends of 15,819 thousand Euros.

The movement in minority interests of the Hidrocontábrico Group includes essentially 2,740 thousand Euros of profits attributable to minority interests and an increase of 3,833 thousand Euros related with the subscription by Sonatrach of 25% of the share capital of Central Térmica de Ciclo Combinado Grupo 4.

The caption Other minority interests includes 21,449 thousand Euros related with the Gas subgroup subsidiaries in Portugal (31 December 2008: 20,001 thousand Euros).

As referred under accounting policies - note 2 a) 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 as of the acquisition date.

The final fair value allocation of the identifiable assets, liabilities or contingent liabilities concluded during the third quarter of 2009, related to Investco, Rede Lageado and Tocantins, determined a restatement of 9,439 thousand Euros in Minority interests, with reference to 31 December 2008.

### 33. Hydrological account

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

	Group and Company	
	Sep 2009 Euro'000	Sep 2008 Euro'000
Balance at the beginning of the period	237,822	227,686
Amounts received / (paid) during the period	-	-
Financial charges	7,777	7,567
Balance at the end of the period	<u>245,599</u>	<u>235,253</u>



### 34. Financial debt

This caption is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Short term debt and borrowings - Current</b>				
Bank loans:				
- EDP, S.A.	60,469	92,568	60,468	92,568
- EDP Finance B.V.	-	730,000	-	-
- EDP Energias do Brasil Group	296,598	256,639	-	-
- HC Energia Group	6,975	8,517	-	-
- Renewables Group	87,683	75,950	-	-
- Generation - Portugal	7,803	7,390	-	-
- Other	12,354	32,977	-	-
	<u>471,882</u>	<u>1,204,041</u>	<u>60,468</u>	<u>92,568</u>
Non convertible bond loans:				
- EDP, S.A.	1,000,000	1,000,000	1,000,000	1,000,000
- EDP Finance B.V.	522,455	22,455	-	-
- EDP Energias do Brasil Group	77,669	62,784	-	-
	<u>1,600,124</u>	<u>1,085,239</u>	<u>1,000,000</u>	<u>1,000,000</u>
Commercial paper:				
- EDP, S.A.	748,500	939,300	4,733,500	4,227,700
- EDP Energias do Brasil Group	88,292	-	-	-
- HC Energia Group	534,812	433,082	-	-
	<u>1,371,604</u>	<u>1,372,382</u>	<u>4,733,500</u>	<u>4,227,700</u>
Other loans:				
- EDP Energias do Brasil Group	4,958	3,669	-	-
- Renewables Group	2,671	3,277	-	-
- Generation - Portugal	1,039	1,208	-	-
	<u>8,668</u>	<u>8,154</u>	<u>-</u>	<u>-</u>
Accrued interest	<u>208,019</u>	<u>142,198</u>	<u>86,839</u>	<u>39,968</u>
	<u>3,660,297</u>	<u>3,812,014</u>	<u>5,880,806</u>	<u>5,360,236</u>
<b>Medium and long term debts and borrowings - Non current</b>				
Bank loans:				
- EDP, S.A.	763,011	1,672,201	763,011	1,672,201
- EDP Finance B.V.	3,199,380	2,175,000	-	-
- EDP Energias do Brasil Group	407,985	364,425	-	-
- HC Energia Group	5,154	7,076	-	-
- Renewables Group	419,345	451,062	-	-
- Generation - Portugal	186,402	174,911	-	-
- Other	69,929	78,449	-	-
	<u>5,051,206</u>	<u>4,923,124</u>	<u>763,011</u>	<u>1,672,201</u>
Non convertible bond loans:				
- EDP, S.A.	1,175,804	1,189,594	1,170,090	1,189,594
- EDP Finance B.V.	6,786,983	4,596,332	-	-
- EDP Energias do Brasil Group	186,559	202,651	-	-
	<u>8,149,346</u>	<u>5,988,577</u>	<u>1,170,090</u>	<u>1,189,594</u>
Other loans:				
- Preference shares of Investco	16,573	13,993	-	-
- EDP Energias do Brasil Group	37,430	31,382	-	-
- Renewables Group	27,152	27,834	-	-
- Generation - Portugal	6,167	6,728	-	-
	<u>87,322</u>	<u>79,937</u>	<u>-</u>	<u>-</u>
	<u>13,287,874</u>	<u>10,991,638</u>	<u>1,933,101</u>	<u>2,861,795</u>
Other liabilities:				
- Fair value of the issued debt hedged risk	-72,996	-117,327	30,410	-2,164
	<u>-72,996</u>	<u>-117,327</u>	<u>30,410</u>	<u>-2,164</u>
	<u>13,214,878</u>	<u>10,874,311</u>	<u>1,963,511</u>	<u>2,859,631</u>
	<u>16,875,175</u>	<u>14,686,325</u>	<u>7,844,317</u>	<u>8,219,867</u>

EDP - Energias de Portugal, S.A.  
Notes to the Consolidated and Company Financial Statements  
for the nine months period ended 30 September 2009

The EDP Group, at EDP, S.A. level, has short-term credit facilities of 350,410 thousand Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, of which 315,410 thousand Euros have a firm underwriting commitment, of which 288,944 thousand Euros are available; as well as Commercial Paper programs of 650,000 thousand Euros with guaranteed placement, totally available. EDP, S.A. has a medium term Revolving Credit Facility (RCF) of 1,600,000 thousand Euros, with a firm underwriting commitment, totally available. For liquidity management of the Group's USD needs, EDP, S.A. has a RCF of 1,500,000 thousand dollars with a firm underwriting commitment, which as at 30 September 2009 is totally drawn. Additionally the EDP Group, through its subsidiary Hidrocantabrico, has short term credit facilities of 62,000 thousand Euros with a firm underwriting commitment, of which 56,746 thousand Euros are available.

The Group also has project finance loans with the usual guarantees for such loans, namely pledged or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 September 2009 and 31 December 2008 these loans amounted to 721,776 thousand Euros and 742,191 thousand Euros, respectively (already included in the Group's consolidated debt).

**Bond loans issued and outstanding** , at nominal value, as at 30 September 2009 are 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)	Mai-08	Variable rate (iv)	n.a.	Mai-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.	Out-09	Fixed rate EUR 6.40%	Fair Value	Out-09	1,000,000	1,000,000
EDP, S.A.	Mar-01	Fixed rate EUR 5.875%	Fair Value	Mar-11	747,352	747,352
EDP Finance B.V. (i)	Nov-01	Zero coupon (iv)	n.a.	Nov-09	22,455	-
EDP Finance B.V.	Ago-02	Fixed rate GBP 6.625%	Fair Value	Ago-17	320,000	-
EDP Finance B.V.	Dez-02	Fixed rate EUR (iv)	n.a.	Dez-22	93,357	-
EDP Finance B.V.	Jun-05	Fixed rate EUR 3.75%	n.a.	Jun-15	500,000	-
EDP Finance B.V. (i)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	300,000	-
EDP Finance B.V.	Jun-06	Euribor 3 months + 0.15%	n.a.	Jun-10	500,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.25%	n.a.	Jun-12	500,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.625%	n.a.	Jun-16	500,000	-
EDP Finance B.V.	Nov-07	Fixed rate USD 5.375 %	Net Investment	Nov-12	682,920	-
EDP Finance B.V.	Nov-07	Fixed rate USD 6.00 %	Net Investment	Fev-18	682,920	-
EDP Finance B.V. (iii)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon (iv)	n.a.	Nov-23	160,000	-
EDP Finance B.V. (iii)	Fev-09	Fixed rate EUR 5.5%	Fair Value	Fev-14	1,000,000	-
EDP Finance B.V. (i)	Jun-09	Fixed rate JPY (iv)	n.a.	Jun-19	76,295	-
EDP Finance B.V.	Jun-09	Fixed rate EUR 4.75%	n.a.	Set-16	1,000,000	-
EDP Finance B.V.	Set-09	Fixed rate USD 4.90 %	Net Investment	Out-19	682,920	-
					<u>9,178,533</u>	<u>1,747,352</u>
<b>Issued by the Brazil Group in the Brazilian domestic market</b>						
Investco	Nov-01	IGPM + 10.5%	n.a.	Nov-11	36,717	-
Bandeirante	Abr-06	104.4% of CDI	n.a.	Mar-11	63,980	-
Escelsa	Jun-06	104.4% of CDI	n.a.	Jun-11	67,562	-
Escelsa	Jul-07	105.0% of CDI	n.a.	Jul-14	95,969	-
					<u>264,228</u>	-
					<u>9,892,761</u>	<u>2,197,352</u>

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

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

(iii) This issue has associated interest rate and currency swaps.

(iv) These issues correspond to private placements.

Loans are analysed as follows, by maturity:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Bank loans and overdrafts:</b>				
Up to 1 year	487,977	1,305,729	61,140	94,890
From 1 to 5 years	3,934,585	2,834,286	99,982	104,934
More than 5 years	1,116,621	2,088,838	663,029	1,567,267
	5,539,183	6,228,853	824,151	1,767,091
<b>Bond loans:</b>				
Up to 1 year	1,790,692	1,124,905	1,085,866	1,037,543
From 1 to 5 years	3,273,983	2,792,859	912,902	887,430
More than 5 years	4,802,367	3,078,391	287,598	300,000
	9,867,042	6,996,155	2,286,366	2,224,973
<b>Commercial paper:</b>				
Up to 1 year	1,371,905	1,372,382	4,733,800	4,227,803
	1,371,905	1,372,382	4,733,800	4,227,803
<b>Other loans:</b>				
Up to 1 year	9,723	8,998	-	-
From 1 to 5 years	31,442	26,936	-	-
More than 5 years	55,880	53,001	-	-
	97,045	88,935	-	-
	16,875,175	14,686,325	7,844,317	8,219,867

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

	Sep 2009		Dec 2008	
	Carrying amount Euro'000	Market value Euro'000	Carrying amount Euro'000	Market value Euro'000
Short term debt and borrowings - Current	3,660,297	3,511,496	3,812,014	3,824,018
Medium/Long term debt and borrowings - Non current	13,214,878	13,676,106	10,874,311	10,676,963
	16,875,175	17,187,602	14,686,325	14,500,981

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

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

	2009 Euro'000	2010 Euro'000	2011 Euro'000	2012 Euro'000	2013 Euro'000	Following years Euro'000	Total Euro'000
Medium/long term debt and borrowings	-	73,588	1,179,889	1,416,391	2,385,302	8,159,708	13,214,878
Short term debt and borrowings	2,595,005	1,065,292	-	-	-	-	3,660,297
	2,595,005	1,138,880	1,179,889	1,416,391	2,385,302	8,159,708	16,875,175

Guarantees are detailed in Note 41 to the financial statements.

### 35. Employee benefits

Employee benefits are analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Provisions for social liabilities and benefits	1,031,435	1,082,905	-	-
Provisions for medical liabilities	765,597	750,982	-	-
	1,797,032	1,833,887	-	-

Provisions for social liabilities and benefits as at 30 September 2009 include 927,861 thousand Euros relating to retirement pension defined benefit plans (31 December 2008: 973,563 thousand Euros), 89,712 thousand Euros (31 December 2008: 93,990 thousand Euros) relating to human resources rationalisation programs and liabilities similar to pensions of the HC Energia Group and 13,862 thousand Euros (31 December 2008: 15,352 thousand Euros) relating to the estimated cost of services rendered by third parties under the human resources rationalisation program.

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

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Balance at the beginning of the period	1,082,905	935,593	-	-
Charge for the period	47,209	47,196	-	-
Pre-retirements (curtailments)	10,252	46,117	-	-
Actuarial (gains)/losses	2,927	185,791	-	-
Charge-off	-111,144	-146,310	-	-
Perimeter variation - Enersul	-	15,573	-	-
Transfers, reclassifications and exchange differences	-714	-1,055	-	-
Balance at the end of the period	1,031,435	1,082,905	-	-

Pre-retirements (curtailments) as at 30 September 2009, totalling 10,252 thousand Euros, relates to the new 44 early retirement agreements for EDP Gestão da Produção de Energia, S.A.

The charge for the period includes 43,252 thousand Euros related to defined benefit plans and 3,957 thousand Euros related to human resources rationalisation programs and similar obligations of the HC Group.

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

	Sep 2009			Dec 2008		
	Portugal Euro'000	Brazil Euro'000	Group Euro'000	Portugal Euro'000	Brazil Euro'000	Group Euro'000
<b>Cost for the period</b>						
Current service cost	8,786	360	9,146	12,544	488	13,032
Interest cost	78,827	15,846	94,673	100,401	21,200	121,601
Expected return on plan assets	-45,817	-14,657	-60,474	-70,712	-21,836	-92,548
Curtailments / Settlements	10,252	-	10,252	46,117	-	46,117
Plan participants contributions	-	-686	-686	-	-1,012	-1,012
Other	-	593	593	-	698	698
<b>Net cost for the period</b>	<b>52,048</b>	<b>1,456</b>	<b>53,504</b>	<b>88,350</b>	<b>-462</b>	<b>87,888</b>

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

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Balance at the beginning of the period	750,982	779,784	-	-
Charge for the period	36,859	48,791	-	-
Pre-retirements (curtailments)	-	3,086	-	-
Actuarial (gains)/losses	-3,724	-43,842	-	-
Charge-off	-22,534	-33,318	-	-
Transfers, reclassifications and exchange differences	4,014	-3,519	-	-
Balance at the end of the period	765,597	750,982	-	-

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

	Sep 2009			Dec 2008		
	Portugal Euro'000	Brazil Euro'000	Group Euro'000	Portugal Euro'000	Brazil Euro'000	Group Euro'000
<b>Cost for the period</b>						
Current service cost	4,965	79	5,044	7,223	256	7,479
Interest cost	30,856	959	31,815	38,993	2,319	41,312
Curtailments / Settlements	-	-	-	3,086	-	3,086
<b>Net cost for the period</b>	<b>35,821</b>	<b>1,038</b>	<b>36,859</b>	<b>49,302</b>	<b>2,575</b>	<b>51,877</b>

As at 30 September 2009, current service cost, interest cost and expected return on plan assets were determined based on the estimated cost for the year in accordance with the actuarial study as of 31 December 2008 and its update as of 30 June 2009.

### 36. Provisions

Provisions are analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Provision for legal and labour matters and other contingencies	146,991	116,528	-	-
Provision for customer guarantees under the operating activity	10,945	14,993	-	-
Provision for other liabilities and charges	202,653	192,198	79,211	79,014
	<u>360,589</u>	<u>323,719</u>	<u>79,211</u>	<u>79,014</u>

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

At 27 October 2009, the EDP Group received a tax assessment regarding the 2005 taxable income for the EDP tax Group, which included an adjustment of 591 millions 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.

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 liquidation, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes, as established in article 75, no. 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law at the date of the transaction.

Consequently, EDP Group is currently using 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 it finds necessary.

### 37. Trade and other payables

Trade and other payables are analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Trade and other payables - Current:</b>				
Suppliers	779,962	956,745	91,896	125,068
Property, plant and equipment suppliers	476,373	649,475	1,202	522
Advances from customers	34,289	29,905	43	43
Group companies	-	-	393,427	-
Other payables:				
- Employees	48,560	64,286	4,918	3,496
- Supply of other goods and services	46,633	3,686	10,693	138,847
- Concession rents	16,072	11,857	-	-
- Amount payable to the regulatory entity in Brazil	15,486	11,591	-	-
- Amount to be invested in research and development (Brazil)	13,325	13,734	-	-
- Portuguese public debt securities (treasury bonds) to liquidate	-	48,206	-	-
- Amounts payable for electricity transactions in MIBEL	41,088	119,714	41,088	119,714
Payables - related companies	37,786	13,837	-	113,830
Payables from the Regulated Activity	34,074	27,127	-	-
Energetic efficiency program - Brazil	19,828	10,757	-	-
Holiday pay, bonus and other charges	86,800	90,382	824	652
Derivative financial instruments	133,870	178,473	171,587	239,948
Government grants and co-participation in investment in fixed assets	190,313	105,418	-	-
Accrued costs - Energy management business	76,407	107,885	136,406	107,885
Accrued costs - Energy purchase (PRE)	84,311	97,128	-	-
Accrued costs - Overhauls	4,386	659	-	-
Accrued costs - Gas acquisitions	14,107	5,336	-	-
Accrued costs - Supply of energy	51,030	39,251	-	-
Accrued costs relating to CMEC Revisable mechanism	83,361	84,155	-	-
Accrued costs - Network utilization tariff	17,366	6,212	-	-
Accrued costs - Fuel acquisitions	9,099	-	-	-
CO2 licenses	403,188	496,425	-	-
Accrued costs - Subcontracts (Horizon)	37,464	68,821	-	-
Deferred income	35,974	35,508	-	-
Deferred income - CMEC	103,479	131,136	-	-
OMIP futures	943	-	18,633	13,154
Amounts payable for tariff adjustments - Portugal	101,363	300,073	-	-
Amounts payable for tariff adjustments - Spain	85,999	-	-	-
Tariff adjustment payable to REN	35,739	78,584	-	-
Supplementary capital contributions payable to EDP Imobiliária	-	-	-	48,206
Payable current account with Collection Agents	3,926	11,940	-	-
Creditors - Group companies (EDP Finance BV)	-	-	101,439	768,931
Other creditors and sundry operations	396,077	354,794	27,265	24,600
	<u>3,518,678</u>	<u>4,153,100</u>	<u>999,421</u>	<u>1,704,896</u>

The caption Group companies at the Company level totalled 393,427 thousand Euros, of which 300,201 thousand Euros refers to funding obtained from Naturgas Energia Group, S.A. (see note 43).

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Trade and other payables - Non-Current</b>				
Regularisation account - (Reg. DL 344-B/82)	602	794	-	-
State participation in Multipurpose hydroelectric power stations	10,893	10,893	10,893	10,893
Deposits received from customers and other debtors	38,231	38,415	3	4
Payables to associates	119,199	64,619	-	-
Suppliers of property, plant and equipment	6,743	5,076	1,909	1,333
Government grants for investment in fixed assets	1,723,102	1,736,514	-	-
Put options over minority interests liabilities	800,888	771,641	-	-
Amounts payable for tariff adjustments - Portugal	792,153	-	-	-
Deferred income	40,078	56,789	-	-
Energy sales contracts - Horizon	99,142	119,655	-	-
Deferred income - CMEC	373,566	467,209	-	-
Liability to institutional investors in corporate partnership in wind farms in the USA	1,128,257	1,096,668	-	-
Amounts payable for concessions	253,775	228,944	-	-
Derivative financial instruments	119,224	125,965	28,310	-
Payables - Group companies (EDP Finance BV)	-	-	2,769,480	2,388,201
Amounts payable for the acquisition of Relax Wind Group	12,746	24,133	-	-
Amounts payable for the acquisition of Greenwind	252	7,114	-	-
Amounts payable for the acquisition of Vent Corbera e Vent Vilalba	6,729	-	-	-
Amounts payable for the acquisition of Vent de Lebre	5,687	-	-	-
Success fees payable for the acquisition of Relax Wind Group	18,570	16,445	-	-
Success fees payable for the acquisition of Renovatio Group	35,693	63,000	-	-
Success fees payable for the acquisition of Greenwind	5,700	5,700	-	-
Success fees payable for the acquisition of Elektrownia Wiatrowa Kresy	8,265	-	-	-
Other creditors and sundry operations	33,424	27,509	1,476	1,409
	<u>5,632,919</u>	<u>4,867,083</u>	<u>2,812,071</u>	<u>2,401,840</u>

Deferred income - CMEC current and non current includes 477,045 thousand Euros (31 December 2008: 598,345 thousand Euros) which refers to the CMEC initial amount (833,467 thousand Euros) reduced by the amortisation of the first nine months of 2009 (see note 6) and of the years 2008 and 2007, financial income related to gains arising from the revisable mechanism (16,199 thousand Euros in 2009) and financial expenses (19,272 thousand Euros in 2009) as referred in note 14. The remaining 83,361 thousand Euros refer to other accrued costs resulting from the revisable mechanism.

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

	Current Euro'000	Non-Current Euro'000
<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 (Sep 2009 - Sep 2010)	25,613	-25,613
<b>Balance as at 30 September 2009</b>	<u>101,363</u>	<u>792,153</u>

### 38. Tax payable

Tax payable is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
State and other public entities:				
- Income tax	457,112	160,615	290,784	10,533
- Withholding tax	19,441	44,923	161	278
- Social Security contributions	8,349	8,358	23	19
- Value added tax (VAT)	25,956	37,305	-	-
- Turnover tax (Brazil)	48,513	33,126	-	-
- Social tax (Brazil)	30,871	22,333	-	-
- Other taxes	90,855	81,802	-	-
	<u>681,097</u>	<u>388,462</u>	<u>290,968</u>	<u>10,830</u>

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

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

This caption is analysed as follows:

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Assets classified as held for sale</b>				
Land held for sale - Horizon	937	985	-	-
Investment held in Denerge - EDP Brasil	11,151	11,562	-	-
Investment held in ESC 90 - EDP Brasil	-	18,281	-	-
	<u>12,088</u>	<u>30,828</u>	<u>-</u>	<u>-</u>
<b>Liabilities classified as held for sale</b>				
Liabilities on ESC 90 (associated company)	-	-15,841	-	-
	<u>12,088</u>	<u>14,987</u>	<u>-</u>	<u>-</u>

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

On 30 June 2009, EDP Brasil concluded the sale of its shareholding in ESC 90 Telecomunicações Ltda. ("ESC 90"), representing 48.51% of the respective share capital, to Net Serviços de Comunicação S.A. as agreed on the Sale and Purchase Private Agreement signed in August 2008. This operation was subject to the approval from the regulatory entity Agência Nacional de Telecomunicações—ANATEL, which has been granted without any reserves on 8 June 2009. This operation generated a gain on a consolidated basis of 15,911 thousand Euros (see note 13).

#### 40. Derivative financial instruments

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

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

	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
Derivatives held for trading	-5,219	2,445	30,330	46,567
Fair value hedge	324	-31,596	90,262	147,097
Cash-flow hedge	20,591	-14,420	46,545	-
Net Investment hedge	12,952	-	-	-
	<u>28,648</u>	<u>-43,571</u>	<u>167,137</u>	<u>193,664</u>

#### 41. Commitments

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

Type	Group		Company	
	Sep 2009 Euro'000	Dec 2008 Euro'000	Sep 2009 Euro'000	Dec 2008 Euro'000
<b>Guarantees of financial nature</b>				
EDP, S.A.	411,860	407,256	411,860	407,256
Hidrocontábrico Group	39,625	65,027	-	-
Brazil Group	54,249	40,569	-	-
EDP Renováveis Group	9,414	9,574	-	-
Other	3,721	3,729	-	-
	<u>518,869</u>	<u>526,155</u>	<u>411,860</u>	<u>407,256</u>
<b>Guarantees of operating nature</b>				
EDP, S.A.	853,545	1,042,960	853,545	1,042,960
Hidrocontábrico Group	298,314	301,454	-	-
Brazil Group	94,483	66,333	-	-
EDP Renováveis Group	1,110,744	1,309,010	-	-
Other (Portugal)	16,224	9,110	-	-
	<u>2,373,310</u>	<u>2,728,867</u>	<u>853,545</u>	<u>1,042,960</u>
<b>Total</b>	<u>2,892,179</u>	<u>3,255,022</u>	<u>1,265,405</u>	<u>1,450,216</u>
<b>Real guarantees</b>	<u>11,107</u>	<u>6,313</u>	<u>-</u>	<u>-</u>

The financial guarantees engaged include, at 30 September 2009 and 31 December 2008, 468,119 thousand Euros and 466,916 thousand Euros, respectively, relating to loans obtained by Group companies and already included in the consolidated debt. These include guarantees of 373,377 thousand Euros at September 2009 for loans obtained by Brazilian companies to finance the construction of hydro electrical plants, which have counter-guarantees of 136,796 thousand Euros received by EDP from partners in these projects.

EDP and its subsidiaries are required to provide bank or corporate guarantees of operating nature for the current generation and distribution activities. The total operating guarantees outstanding include, at 30 September 2009 and 31 December 2008, 417,843 thousand Euros and 454,651 thousand Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

The Group also has project finance loans with usual guarantees for these loans, namely pledged assets or promissory pledges over shares, bank accounts and assets relating to the projects. At 30 September 2009 and 31 December 2008 these loans amounted to 721,776 thousand Euros and 742,190 thousand Euros, respectively, and are included in the Group's consolidated debt.

The commitments relating to short and medium/long term financial debt, finance lease instalments and other long term liabilities (included in the balance sheet) and other liabilities relating to purchases and operating lease instalments not yet due (not included in the balance sheet) are disclosed, as at 30 September 2009 and 31 December 2008, by maturity, as follows:

Sep 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)	20,475,940	4,102,365	2,926,272	6,094,975	7,352,328
Finance lease instalments payable	7,548	896	5,061	1,591	-
Operating lease liability	631,778	37,946	69,724	70,116	453,992
Purchase obligations	40,776,580	4,344,377	5,868,370	5,004,672	25,559,161
Other long term liabilities	2,724,007	245,542	491,701	482,756	1,504,008
	64,615,853	8,731,126	9,361,128	11,654,110	34,869,489
Dez 2008					
Capital outstanding by maturity					
Total Euro'000	Less than 1 year Euro'000	From 1 to 3 years Euro'000	From 3 to 5 years Euro'000	More than 5 years Euro'000	
Short and long term financial debt (including interest)	18,381,211	4,522,169	2,891,980	4,503,073	6,463,989
Finance lease instalments payable	6,517	2,979	3,033	505	-
Operating lease liability	493,111	35,193	60,424	54,888	342,606
Purchase obligations	32,506,448	4,201,423	5,670,470	4,700,128	17,934,427
Other long term liabilities	2,428,415	238,707	479,685	468,079	1,241,944
	53,815,702	9,000,471	9,105,592	9,726,673	25,982,966

As at 30 September 2009, the EDP Group has the following liabilities/rights arising from call and put options on investments:

- Put option of Cajastur over EDP for 3.13% of the share capital of HC Energia;
- Put option of Ente Vasco de la Energia over HC Energia for 30.4% of Naturgás, for the higher of the following amounts:
  - Initial price discounted to the put option exercise date, considering the dividends distributed up to date;
  - Fair value of the asset, determined by investment banks;
- Put option of Caja Madrid over NEO for 20% of its investment in Genesa. The option can be exercised between January 2010 and January 2011, the price of exercising the option being determined by an investment bank valuation process;
- EDP holds a put option over Mercado Electrónico and Mercado Electrónico has a call option over EDP of 34% of the investment in Central E, S.A. The price of the options will be determined based on the last 12 months invoicing and the exercise period of the options starts in June 2010 and ends in June 2015;
- EDP holds, through its subsidiary NEO, a call option over Cajastur for "Quinze Mines" share capital (51% of total share capital). Cajastur has an equivalent put option over EDP. This option can be exercised between 1 January 2012 and 1 January 2013, the price of exercising the option being determined by an investment bank valuation process;
- EDP holds, through its subsidiary NEO, a call option over Copcisa for 49% of NEO Catalunya 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 Apinell — Aplicaciones Industriales de Energias Limpas, S.L. The price of exercising the option is 900 thousand Euros and can be exercised when Jorge, S.L. obtains licences to expand Dehesa de Coscojar and El Águila windfarms, up to 30 days upon notification of suspensive conditions, with a deadline of 18 April 2014;
- The EDP Group, through its subsidiary EDP - Energias do Brasil, acquired an interest of 3.16% in Denerge following the asset swap transaction occurred in August 2008 with Rede Group. The acquisition agreement for this investment includes an option clause, valid for 2 years, to swap Denerge shares for a subscription of Rede Group shares in a potential Initial Public Offering, or an equivalent shareholding in preferred shares of Rede Energia, S.A. at a price of 5.68 BRL per share.



#### 42. Share based payments

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

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

	<b>Option activity</b>	<b>Weighted average exercise price (Euro)</b>
Balance as at 31 December 2007	1,610,333	2.21
Options exercised	492,848	
Options granted	-	
Balance as at 30 September 2008	1,117,485	2.21
Options exercised	-	
Options granted	-	
Balance as at 31 December 2008	1,117,485	2.21
Options exercised	105,088	
Options granted	-	
Balance as at 30 September 2009	1,012,397	2.21

In 2009, the EDP Group granted, during the nine months period ended 30 September 2009, treasury stock to employees (722,130 shares acquired at an average price of 2.835 Euros), totalling 2,048 thousand Euros. Additionally, it were granted 3,807 shares (14 thousand Euros) related to a previous year bonus.

During the first nine months of 2009, the Group has not approved any shared based payments.

#### 43. Related parties

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

EDP, S.A.'s shareholder structure as at 30 September 2009 is analysed as follows:

	<b>Nr. of Shares</b>	<b>% Capital</b>	<b>% Voting</b>
Parpública - Participações Públicas, SGPS, S.A.	749,323,856	20.49%	20.69%
Iberdrola - Participações, SGPS, S.A.	347,371,083	9.50%	5.00%
Caixa Geral de Depósitos, S.A.	191,468,320	5.24%	5.00%
Caja de Ahorros de Asturias	183,257,513	5.01%	5.00%
José de Mello - SGPS, S.A.	176,345,969	4.82%	4.87%
Group Banco Comercial Português and Fundo de Pensões Grupo BCP	123,079,835	3.36%	3.40%
Banco Espírito Santo, S.A.	111,586,342	3.05%	3.08%
Picket Asset Management	104,396,422	2.86%	2.88%
Sonatrach	81,713,076	2.23%	2.26%
Barclays Global Investors UK Holdings Ltd	74,159,316	2.03%	2.05%
International Petroleum Investment Company (IPIIC)	73,130,755	2.00%	2.02%
EDP (Treasury Stock)	34,650,475	0.95%	-
Other	1,406,054,753	38.46%	-
	<b>3,656,537,715</b>	<b>100.0%</b>	

## Balances and transactions with subsidiaries and associates

As at 30 September 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. Eur'000	Loans granted Eur'000	Other receivables Eur'000	Total Eur'000
<b>Companies</b>				
Balwerk	-	280 000	7 474	287,474
EDP Produção Bioelétrica	-	13 045	138	13,183
EDP Produção	23 227	3 510 466	223 372	3,757,065
EDP Distribuição	62 691	1 228 125	94 246	1,385,062
EDP Comercial	30 992	-	74 039	105,031
EDP Finance	-	35 243	530 104	565,347
EDP Gas Com	-	-	4 775	4,775
EDP Imobiliária e Participações	10 594	273 425	2 657	286,676
EDP Inovação	3 175	2 885	105	6,165
EDP Soluções Comerciais	-	-	15 284	15,284
EDP Renováveis	-	52 485	11 541	64,026
EDP Serviço Universal	-	-	136 333	136,333
EDP Gás	23 248	47 400	1 100	71,748
EDP Valor	-	-	13 426	13,426
Electrica Ribera del Ebro	-	-	11 985	11,985
Enernova	-	-	1 236	1,236
Hidroelétrica do Alqueva	18 012	-	190	18,202
Hidroelétrica del Cantábrico	108	43 189	39 492	82,789
EDP Internacional	1 184	829	44	2,057
Labelec	-	-	1 546	1,546
EDP Investimentos	-	17 000	731	17,731
Other	-	-	6 428	6,428
	<u>173,231</u>	<u>5,504,092</u>	<u>1,176,246</u>	<u>6,853,569</u>

As at 31 December 2008, the credits over subsidiaries and associates, at Company level and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Eur'000	Loans granted Eur'000	Other receivables Eur'000	Total Eur'000
<b>Companies</b>				
Balwerk	5,454	280,000	1,580	287,034
EDP Brasil	-	-	7,504	7,504
EDP Comercial	-	-	6,283	6,283
EDP Distribuição	1,030,212	1,406,215	43,034	2,479,461
EDP Finance	-	-	655,931	655,931
EDP Gás	19,207	13,150	1,060	33,417
EDP Imobiliária e Participações	5,045	343,591	4,079	352,715
EDP Inovação	-	813	383	1,196
EDP Internacional	-	661	103	764
EDP Powerline	4,201	-	97	4,298
EDP Produção	7,911	3,171,324	111,463	3,290,698
EDP Produção Bioelétrica	-	21,370	470	21,840
EDP Renováveis	-	862,817	74,646	937,463
EDP Serviço Universal	-	-	92,721	92,721
EDP Serviner	-	-	147	147
EDP Soluções Comerciais	-	3,250	19,085	22,335
EDP Valor	-	1,750	5,019	6,769
Electrica Ribera del Ebro	-	-	10,659	10,659
Enernova	-	-	1,276	1,276
Hidroelétrica del Cantábrico	675	-	79,491	80,166
Labelec	-	1,500	522	2,022
NEO	-	-	2,434	2,434
EDP Investimentos	-	17,000	3	17,003
OPTEP	-	-	571	571
Sávida	-	-	234	234
Other	-	-	5,136	5,136
	<u>1,072,705</u>	<u>6,123,441</u>	<u>1,123,931</u>	<u>8,320,077</u>

As at 30 September 2009, the **debits** from subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Eur'000	Loans obtained Eur'000	Other payables Eur'000	Total Eur'000
<b>Companies</b>				
Balwerk	7 111	-	336	7,447
EDP Produção	-	-	137 227	137,227
EDP Distribuição	-	-	15 618	15,618
EDP Comercial	-	-	1 838	1,838
EDP Estudos e Consultoria	4 762	-	3 826	8,588
EDP Finance	-	2 836 594	33 325	2,869,919
EDP Imobiliária e Participações	-	-	6 053	6,053
EDP Inovação	-	-	2 249	2,249
EDP Soluções Comerciais	26 196	-	-	26,196
EDP Renováveis	-	66 926	31 408	98,334
EDP Serviner	1 277	-	-	1,277
EDP Valor	30 787	-	1 200	31,987
Electrica Ribera del Ebro	-	-	24 429	24,429
ENERGIN	-	-	964	964
Hidrocontábrico Energia	-	-	1 178	1,178
HDC Gestão de Energia	-	26 282	-	26,282
Hidroeléctrica do Alqueva	-	-	4 308	4,308
Labelec	1 452	-	-	1,452
Naturgás	-	300 201	-	300,201
NEO	-	-	8 836	8,836
NQF Gás III SGPS	62 147	-	281	62,428
EDP Investimentos	1 925	-	-	1,925
ONI Multimédia	-	-	1 577	1,577
Sávida	9 691	-	2	9,693
Soporgen	-	-	987	987
Other	-	-	955	955
	<u>145,348</u>	<u>3,230,003</u>	<u>276,597</u>	<u>3,651,948</u>

As at 31 December 2008, the **debits** from subsidiaries and associates, **at Company level** and eliminated in the consolidated financial statements are analysed as follows:

	Intra-group financial mov. Eur'000	Loans obtained Eur'000	Other payables Eur'000	Total Eur'000
<b>Companies</b>				
Edalpro	197	-	-	197
EDP Comercial	1,497	-	2,076	3,573
EDP Distribuição	-	-	42,868	42,868
EDP Estudos e Consultoria	1,416	-	4,639	6,055
EDP Finance	-	-	3,131,528	3,131,528
EDP Gás.Com	-	-	2,258	2,258
EDP Imobiliária e Participações	-	-	48,346	48,346
EDP Inovação	1,238	-	3,871	5,109
EDP Produção	-	-	275,332	275,332
EDP Renováveis	-	-	24,352	24,352
EDP Serviner	1,443	-	55	1,498
EDP Soluções Comerciais	1,497	-	4,404	5,901
EDP Valor	29,492	-	7,078	36,570
Electrica Ribera del Ebro	-	-	848	848
Hidrocontábrico Energia	-	-	2,166	2,166
Hidroeléctrica del Cantábrico	-	-	937	937
EDP Internacional	462	-	-	462
Labelec	3,680	-	1,001	4,681
NEO	-	-	6,684	6,684
EDPGás II SGPS (NQF Energia)	62,147	-	4	62,151
EDP Investimentos	1,949	-	-	1,949
Sávida	6,775	-	353	7,128
Soporgen	-	-	1,542	1,542
Other	-	-	4,719	4,719
	<u>111,793</u>	<u>-</u>	<u>3,565,061</u>	<u>3,676,854</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 expense on loans obtained Eur'000	Other costs Eur'000	Total Eur'000
<b>Companies</b>				
EDP Produção	32	-	717 686	717,718
EDP 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
Hidrocantábrico Energia	-	-	9,989	9,989
Hidroeléctrica do Alqueva	-	-	5,337	5,337
Hidroeléctrica del Cantábrico	-	-	17,750	17,750
NEO	-	-	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>

Expenses related to intra-Group transactions as at 30 September 2008, at Company level , eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Eur'000	Interest expense on loans obtained Eur'000	Other costs Eur'000	Total Eur'000
<b>Companies</b>				
EDP Produção	78	-	781 981	782,059
EDP Distribuição	-	-	6 520	6,520
EDP Comercial	-	-	16 945	16,945
EDP Estudos e Consultoria	49	-	11 928	11,977
EDP Finance	-	119 641	-	119,641
EDP Imobiliária e Participações	-	-	2 168	2,168
EDP Inovação	107	-	750	857
EDP Serviço Universal	967	-	336	1,303
EDP Valor	739	-	2 875	3,614
Electrica Ribera del Ebro	-	-	17 442	17,442
Hidrocantábrico Energia	-	-	23 716	23,716
Hidroeléctrica del Cantábrico	-	-	39 749	39,749
Other	991	9	1 863	2,863
	<u>2,931</u>	<u>119,650</u>	<u>906,273</u>	<u>1,028,854</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. Eur'000	Interest revenue on loans granted Eur'000	Other income Eur'000	Total Eur'000
<b>Companies</b>				
2007 Vento I LLC	-	-	705	705
Balwerk	54	7,219	94	7,367
EDP Produção Bioelétrica	-	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	199	1,037	1,313	2,549
EDP Valor	-	-	6,476	6,476
Electrica Ribera del Ebro	-	-	19,936	19,936
Hidrocantábrico Distribuição Elétrica S.A.U.	-	-	1,000	1,000
Hidroelétrica 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>

**Income** related to intra-Group transactions as at 30 September 2008, **at Company level**, eliminated on consolidation are as follows:

	Interest on Intra-Group financial mov. Eur'000	revenue on loans granted Eur'000	Other income Eur'000	Total Eur'000
<b>Companies</b>				
Horizon Wind Energy, LLC	-	3,200	-	3,200
Balwerk	16	10,728	184	10,928
EDP Produção Bioelétrica	-	280	89	369
EDP Produção	6,103	108,726	92,574	207,403
EDP Brasil	-	-	2,817	2,817
EDP Distribuição	14,577	65,611	25,876	106,064
EDP Comercial	861	-	2,000	2,861
EDP Finance	-	4,278	1,121	5,399
EDP Imobiliária e Participações	218	15,509	208	15,935
EDP Soluções Comerciais	826	-	23,468	24,294
EDP Serviço Universal	2,495	-	45,828	48,323
EDP Gás	620	517	384	1,521
EDP Valor	49	-	6,725	6,774
Electrica Ribera del Ebro	-	-	12,005	12,005
Enernova	7	1,258	-	1,265
Hidrocantábrico Distribuição Elétrica S.A.U.	-	-	8,765	8,765
Hidrocantábrico Energia	-	-	2,357	2,357
Hidroelétrica del Cantábrico	-	-	2,736	2,736
NEO	-	37,819	1,123	38,942
Other	200	16	2,855	3,071
	<u>25,972</u>	<u>247,942</u>	<u>231,115</u>	<u>505,029</u>

**Assets and Liabilities** with related companies at 30 September 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	86,123	1,402	84,721
Jointly controlled entities	38,903	10,182	28,721
	<u>125,026</u>	<u>11,584</u>	<u>113,442</u>

**Assets and Liabilities** with related companies at 31 December 2008, **for the Group** and eliminated in the consolidated financial statements are analysed as follows:

	Assets Euro'000	Liabilities Euro'000	Net Value Euro'000
Associates	28,394	1,905	26,489
Jointly controlled entities	25,786	2,503	23,283
	<u>54,180</u>	<u>4,408</u>	<u>49,772</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>

**Transactions** with related companies at 30 September 2008, **for the Group** and eliminated in the consolidated financial statements are analysed as follows:

	Operating Income Euro'000	Financial Income Euro'000	Operating Expenses Euro'000	Financial Expenses Euro'000
Associates	8,243	241	-799	-473
Jointly controlled entities	1,055	646	-5,145	-5,886
	<u>9,298</u>	<u>887</u>	<u>-5,944</u>	<u>-6,359</u>

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

	Group Sep 2009			Group Dec 2008		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
<b>Financial assets</b>						
Available-for-sale investments	451,000	451,000	-	350,887	350,887	-
Trade receivables	1,704,989	1,704,989	-	1,758,657	1,758,657	-
Derivative financial instruments	281,742	281,742	-	260,867	260,867	-
Financial assets at fair value through profit or loss	94,232	94,232	-	83,227	83,227	-
Cash and cash equivalents (assets)	2,391,455	2,391,455	-	713,587	713,587	-
	<u>4,923,418</u>	<u>4,923,418</u>	<u>-</u>	<u>3,167,225</u>	<u>3,167,225</u>	<u>-</u>
<b>Financial liabilities</b>						
Loans	16,875,175	17,187,602	312,427	14,686,325	14,500,981	-185,344
Trade payables	1,256,335	1,256,335	-	1,606,220	1,606,220	-
Derivative financial instruments	253,094	253,094	-	304,438	304,438	-
	<u>18,384,604</u>	<u>18,697,031</u>	<u>312,427</u>	<u>16,596,983</u>	<u>16,411,639</u>	<u>-185,344</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 the medium/long term loans is calculated based on the discounted cash flows at market interest rates at the date of the balance sheet, increased by the best estimate, at the same date, of market conditions applicable to the Group's debt, based on its average term. Regarding short term debt, the market value does not differ substantially from the book value.

#### 45. Subsequent events

##### Sale of EDP's shareholding in Sonaecom

On 20 October 2009, following the strategy defined and announced to the market by EDP - Energias de Portugal S.A. and with the aim of divesting from non core assets, OPTOP SGPS, S.A., 100% held by EDP Imobiliária e Participações S.A., sold 26,979,748 shares of Sonaecom, SGPS, S.A. ("Sonaecom") at a price of €1.98 per share, which resulted in cash inflow of 53,420 thousand Euros.

##### Offer of secondary public distribution of common treasury shares by Energias do Brasil

On 19 October 2009, EDP — Energias do Brasil, S.A presented to Associação Nacional dos Bancos de Investimento — ANBID of Brazil a request for a prior analysis of a filing for secondary public distribution of common treasury shares issued by Energias do Brasil (booked building). The issuance price of the common shares will be set after the completion of the investment intention collection procedure. The effective value of the Offer will be set according to the market conditions at the time of pricing. The Offer will be subject to the existence of favourable conditions in the domestic and international capital markets.

#### 46. Discontinued operations

On 11 September 2008, the assets swap between EDP Energias do Brasil and Rede Group (Rede Energia S.A. and Rede Power do Brasil S.A.) was concluded. This operation consists in a swap of 100% interest in Enersul, previously held by EDP Energias do Brasil, by the shareholding control of Investco, after the purchase of the majority interests held in the share capital of the companies Lajeado Energia, S.A. and Tocantins. The EDP Group results as at 30 September 2008 include the effect of the Enersul operations, which have been identified in the column Discontinued operations in the Consolidated Income Statement for comparative purposes.

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

The Group has not early applied the following standards endorsed by the European Union, which as at 30 September 2009, are not yet mandatory:

- Amendments to IFRS 3 - Business Combinations and IAS 27 (Amended) - Consolidated and Separate Financial Statements. The Group is evaluating the impact of adopting this amendment in its consolidated financial statements.
- IFRIC 12 - Service Concession Arrangements:

The International Financial Reporting Interpretations Committee (IFRIC) issued in July 2007, IFRIC 12 — Service Concession Arrangements, which is applicable from 1 January 2008, although allowing its early adoption. The endorsement by the European Union occurred on 26 March 2009 with effect as from the first accounting year initiated after the endorsement date, which in the case of EDP Group is 1 January 2010. The IFRIC 12 applies to public-to-private service concession arrangements. This interpretation will be applicable only when the grantor (i) controls or regulates what services the operator must provide and (ii) controls any significant residual interest in the infrastructure at the end of the term of the arrangement.

Some of the activities of electricity generation and distribution and gas distribution, developed by the EDP Group in Portugal, Spain and Brazil, are public services provided through service concession arrangements with the State and other public entities holding these concession rights.

The Group is evaluating the impact in its consolidated financial statements of adopting this interpretation.

The Group has also decided against the early application of the following standards and interpretations, which are expected to be endorsed by the European Union until the end of 2009:

- IFRIC 17 - Distributions of Non-cash Assets to Owners;
- IFRIC 18 - Transfers of Assets from Customers;
- IFRS 7 (Amended) - Financial Instruments: Disclosures;
- IFRIC 9 and IAS 39 (Amended) - Embedded derivatives;
- IFRS 2 (Amended) - Share-based payments.

#### 48. EDP Branch in Spain

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and monitor the energy interests of the subsidiaries of EDP Group in Spain, being 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 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 Center of EDP, namely the Department of M&A ("Direcção de Análise de Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Spanish Tax Matters ("Direcção de Fiscalidade Espanhola"), Department of Financial Management ("Direcção de Gestão Financeira"), Department of Shared Services ("Direcção de Serviços Partilhados") and 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 2009 and 31 December 2008 is analysed as follows:

	EDP Sucursal	
	Set 2009 Euro'000	Dez 2008 Euro'000
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
Deferred tax assets	30,120	52,404
Other debtors	212	928,506
<b>Total Non Current Assets</b>	<b>4,952,079</b>	<b>5,902,657</b>
Trade receivables	7,926	2,022
Debtors and other assets	197,849	154,589
Tax receivable	9,750	7,406
Financial assets at fair value through profit or loss	15	-
Cash and cash equivalents	69,495	113,379
<b>Total Current Assets</b>	<b>285,035</b>	<b>277,396</b>
<b>Total Assets</b>	<b>5,237,114</b>	<b>6,180,053</b>
	Set 2009 Euro'000	Dez 2008 Euro'000
Equity	1,865,996	1,925,440
Financial debt	2,792,077	3,419,314
<b>Total Non Current Liabilities</b>	<b>2,792,077</b>	<b>3,419,314</b>
Financial debt	26,466	760,825
Creditors and other liabilities	552,575	74,324
Tax payable	-	150
<b>Total Current Liabilities</b>	<b>579,041</b>	<b>835,299</b>
<b>Total Liabilities</b>	<b>3,371,118</b>	<b>4,254,613</b>
<b>Total Equity and Liabilities</b>	<b>5,237,114</b>	<b>6,180,053</b>

#### 49. Segmental reporting

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

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

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

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

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

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

The segments defined by the Group are the following:

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

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



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

- EDP - Gestão da Produção de Energia, S.A.
- Pebble Hydro subgroup
- Electrica de la Ribera del Ebro, 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 Eléctricas Valencianas, S.A.
- Electra de Llobregat Energía, S.L.
- HDC Explotacion Redes
- Hidrocantábrico Distribucion Eléctrica, S.A.U.

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

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

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

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

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

- 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.
- Naturgas 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 centralized management of financial investments and the remaining activities not included in the businesses segments, namely the centralized management of human resources, logistic platforms and shared service centers.

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

#### Segment Definition

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

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

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

For comparability purposes the information as at 30 September 2008 has been restatement considering the changes which occurred in 2009.

#### 50. Explanation added for translation

These condensed financial statements are a translation of condensed financial statements originally issued in accordance with International Financial Reporting Standards as adopted by the European Union, some of which may not conform to Generally Accepted Accounting Principles in other countries. 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 2001**

Amounts in thousands of Euro

	Iberian Generation				Iberian Distribution *			Iberian Supply			Electricity				EDP Renováveis				EDP Energias do Brasil						Gas						EDP Group
	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	Other operations	Adjustments				
Turnover	1,601,236	998,925	-8,337	2,591,824	3,512,782	164,902	3,677,684	311,821	943,717	1,255,538	296,145	143,170	931	632	440,878	246,850	886,120	209,685	976	-143,980	1,199,651	169,452	763,690	-74,176	858,966	124,902	-1,293,780	8,855,663			
Revenues from external customers	1,396,775	935,616	1,761	2,334,152	3,428,699	134,947	3,563,646	309,647	851,337	1,160,984	90,023	143,170	1,694	-	234,887	136,281	884,718	178,117	535	-	1,199,651	85,990	735,141	-	821,131	-640,003	13,260	8,687,708			
Revenues from transactions with other operating segments	204,461	63,309	-10,098	257,672	84,083	29,955	114,038	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	764,905	-1,307,040	764,905	-1,307,040			
Cost of consumed electricity	-248,878	-265,005	-12,435	-526,318	-2,495,021	-19,541	-2,514,562	-272,486	-892,656	-1,165,142	-174	-704	-51	-	-929	-37,714	-539,560	-	-	143,937	-627,119	-	-104,185	-	-104,185	-24,141	1,068,668	-3,893,728			
Cost of consumed gas	-	-	-	-	-	-	-	-	-4,318	-	-	-	-	-	-	-	-	-	-	-	-	-132,297	-	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	1,008,667	145,938	1,154,605	35,273	36,776	72,049	291,062	142,466	880	632	435,040	209,232	341,411	15,903	946	-43	567,449	37,155	205,115	1,198	243,468	100,674	-129,599	3,678,900			
Other operating income / (expenses)																															
Other operating income	8,725	2,250	-	10,975	30,621	9,105	39,726	1,835	25,812	27,647	6,335	86,634	960	-881	93,048	173	7,658	23	792	-	8,646	1,288	2,683	-	3,971	51,661	-79,649	156,025			
Supplies and services	-67,718	-47,264	1,426	-113,556	-215,060	-47,710	-259,770	-14,451	-24,728	-36,719	-46,812	-47,542	-9,312	-144	-103,522	-12,226	-62,550	-174	-6,318	-	-9,643	-31,056	-94,606	-	-39,687	-201,616	-529,772	-94,606			
Personnel costs	-54,810	-24,560	-	-79,370	-124,556	-14,077	-138,633	-3,461	-4,828	-8,289	-10,840	-14,285	-5,188	-	-30,313	-8,865	-40,401	-	-3,971	-	-54,657	-3,408	-76,561	-	-20,480	-408,303	-76,561	-408,303			
Employee benefits	-26,430	-1,134	-	-27,564	-65,745	-2,142	-67,887	-125	-118	-243	862	-1,130	-68	-	-336	-1,064	-10,449	-	-187	-	-13,529	-70	-365	-	-435	-6,869	6,733	-110,130			
Other operating expenses	-9,398	-23,345	1,511	-31,232	-206,197	-6,374	-212,571	-3,888	-14,342	-18,230	-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	-3,681	-359,597			
	-149,631	-94,053	2,937	-240,747	-580,937	-58,198	-639,135	-17,090	-18,204	-35,294	-60,200	8,276	-13,968	-633	-66,525	-26,384	-132,098	-6,693	-15,324	43	-180,456	-15,041	-59,356	603	-73,794	-140,845	125,019	-1,251,777			
	751,932	251,661	-9,126	994,467	427,730	87,740	515,470	18,183	18,572	36,755	230,862	150,742	-13,088	-1	368,515	182,848	209,313	9,210	-14,378	-	386,993	22,114	145,759	1,801	169,674	-40,171	-4,580	2,427,123			
Provisions	-1,691	-6,869	-	-8,560	54	-1,989	-1,935	7,048	-1,935	2,525	144	-	-	144	-302	-2,883	-	-	-4,380	-	-7,565	-415	182	-	-233	-16,610	-1,722	-			
Depreciation and amortisation expense	-226,750	-97,649	-	-324,399	-260,627	-23,188	-283,815	-832	-1,503	-2,335	-111,386	-108,545	-694	-	-220,625	-36,277	-47,993	-56	-	-3,004	-	-87,330	-8,850	-27,821	-	-36,671	-7,587	-41,109			
Compensation of amortisation and depreciation	2,679	333	-	3,012	68,387	3,040	71,427	-	-	-	610	148	-	-	758	-	4,239	-	-	-	4,239	980	2,359	-	3,339	88	-1	82,862			
Gain from the sale of financial assets	526,170	147,476	-9,126	664,520	235,544	65,603	301,147	24,399	12,546	36,945	120,230	42,345	-13,782	-1	148,792	146,269	162,676	9,154	-21,762	-	296,337	13,829	120,479	1,801	136,109	-64,280	-47,412	1,472,158			
Other financial income	-	13,176	-	13,176	-	-	-	-	-	268	-	268	-	-	268	-	268	-	42,443	-	42,443	-	-	-	-	1,293	-26,533	30,647			
Other financial expense	383,964	39,942	-72,556	351,350	394	394	394	394	147	193	5,683	6,361	5,449	193	16,340	13,517	28,476	3,454	143,718	3,293	12,547	1,064	1,064	-657	3,660	443,824	-639,008	443,824			
Interest revenue	14,141	-	-	14,141	37,554	63	37,619	57	257	314	5,658	535	139,155	-131,459	13,889	4,347	6,798	4,239	-1,662	36,074	729	4,209	-	4,938	505,580	359,516	-359,516	505,580			
Other financial expenses	-339,806	-43,881	71,145	-312,542	-27,824	-570	-28,394	-1,734	-355	-2,089	-14,486	-46,060	-609	-378	-1,738	-26,575	-4,606	-673	-678	-	-39,601	-1,870	-609	-1,143	-3,622	-401,185	-325,504	-526,087			
Interest expense	-120,446	-22,108	-	-142,554	-64,910	-6,389	-71,299	-398	-5,710	-6,108	-118,481	2,351	-41,833	131,233	-26,730	-31,989	-31,093	-16	-8,899	-	-71,997	-3,995	-203	-	-4,198	-587,005	359,604	-550,287			
Share of profit of associates	784	270	-	1,054	-	-	-	-	-	3,128	-	-	-	-	2,908	-	-	-	-	-95	-95	1,953	198	-	2,151	20,879	94	20,879			
Profit / loss before tax	450,842	149,016	-10,537	589,321	180,760	58,707	239,467	22,370	6,885	29,255	2,200	3,980	83,639	1,511	91,330	95,506	157,374	9,670	154,371	-141,213	275,708	13,899	125,138	1	139,038	197,497	-417,267	1,144,349			
Income tax expense	-93,412	-43,668	-	-137,080	-30,999	-17,643	-48,642	-6,029	-2,770	-8,799	973	-	-21,994	-288	-21,309	-25,696	-53,777	-3,248	374	-	-82,347	-3,662	-36,082	941	-38,803	16,702	11,137	-309,141			
Net profit / loss for the period	357,430	105,348	-10,537	452,241	149,761	41,064	190,825	16,341	4,115	20,456	3,173	3,980	61,645	1,223	70,021	69,810	103,597	6,422	154,745	-141,213	193,361	10,237	89,056	942	100,235	214,199	-406,130	835,208			
Attributable to:																															
Equity holders of EDP	357,233	103,157	-10,537	449,853	149,761	39,860	189,621	16,445	3,986	20,431	3,205	3,980	61,740	1,223	70,148	69,700	103,597	6,422	154,745	-141,213	164,291	8,989	83,804	942	93,735	220,222	-460,219	748,082			
Minority interest	197	2,191	-	2,388	-	1,204	1,204	-104	129	25	-32	-	-95	-	-127	29,070	-	-	-	-	29,070	1,248	5,252	-	6,500	-6,023	54,089	54,089			
Net profit / loss for the period	357,430	105,348	-10,537	452,241	149,761	41,064	190,825	16,341	4,115	20,456	3,173	3,980	61,645	1,223	70,021	69,810	103,597	6,422	154,745	-141,213	193,361	10,237	89,056	942	100,235	214,199	-406,130	835,208			
Assets																															
Property, plant and equipment	4,030,568	1,945,351	-	5,975,919	4,286,295	674,677	4,960,972	3,668	10,225	13,893	4,287,025	3,835,361	8,696	19,059	8,150,141	1,800,153	907,276	175	8,696	-	2,716,300	311,508	523,730	-	835,238	156,014	163,924	22,972,401			
Intangible assets + Goodwill	1,627,420	594,438	-	2,221,858	-	241,633	241,633	524	4	528	802,820	540,495	104,328	(76,860)	1,370,783	323,597	68,508	398	104,328	-	494,831	78,059	656,187	-	734,246	352,781	582,694	6,001,354			
Investments in associates	-	362	-	362	-	-	-	-	-	-	38,362	1,726	-	-	40,088	-	-	-	-	8,406	28,682	1,254	-	29,936	169,865	-458,256	549,329	-458,256			
Current assets	1,024,826	1,267,006	(8,874)	2,282,958	968,992	100,096	1,069,088	178,438	336,103	514,541	889,138	101,553	118,701	(381,041)	728,351	163,568	454,034	51,500	118,701	(95,240)	692,564	112,701	569,770	(8,850)	678,621	6,758,745	-5,526,142	7,198,725			
Equity and Liabilities																															
Equity and minority interest	1,967,155	2,215,495	-	4,182,650	518,362	443,008	961,370	28,860	(139,596)	(100,736)	417,826	2,996,951	1,251,523	606,960	5,273,260	1,358,126	590,235	19,278	1,251,601	(1,041,716)	2,177,524	228,098	1,404,668	3,881	1,636,647	8,400,080	-13,057,203	9,463,592			
Current liabilities	766,952	1,415,740	(8,874)	2,173,818	1,083,072	381,439	1,464,511	152,317	273,241	425,558	863,731	214,845	103,884	(269,367)	913,089	375,203	693,703	45,215	103,884	(118,908)	159,947	175,760	3,850	331,857	6,943,874	-5,475,105	7,860,072				

EDP Group Activity by Business Segment

Information by Business Segment — nine months period ended 30 September 2008

(Amounts in thousands of Euros)

	Iberian Generation						Iberian Distribution *			Iberian Supply			Electricity						EDP Renováveis						EDP Energias do Brasil						Gas					Iberian Activity		Operations		EDP Group
	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	Other operations	Adjustments	Continued	Discontinued											
Turnover	2,315,587	735,860	-616	3,050,831	4,444,261	120,824	4,585,085	124,965	799,204	924,169	286,962	84,141	-	-	371,103	218,930	1,192,814	223,275	-	-196,677	1,438,342	198,343	926,146	-113,219	1,011,270	228,877	-1,576,849	10,032,828	229,639	10,262,467										
Revenues from external customers	1,959,811	539,534	-	2,499,345	4,403,519	99,739	4,503,258	107,848	688,372	796,220	163,845	84,141	-	-	247,986	57,593	1,192,202	193,487	-	-4,940	1,438,342	85,124	916,757	-	1,001,881	-149,351	-341,232	9,996,449	229,639	10,226,088										
Revenues from transactions with other operating segments	355,776	196,326	-616	551,486	60,742	21,085	81,827	17,117	110,832	127,949	123,117	-	-	-	123,117	161,337	612	29,788	-	-191,737	-	113,219	9,389	-113,219	9,389	378,228	-1,235,617	36,379	-	36,379										
Cost of consumed electricity	-855,140	-28,547	-	-883,687	-3,337,373	-	-3,337,373	-110,479	-751,844	-862,323	-302	-318	-	-	-620	-31,866	-707,422	-200,539	-	191,773	-748,054	-	-111,585	-	-111,585	-7,266	1,071,750	-4,879,158	-71,123	-4,950,281										
Cost of consumed gas	-	-	-	-	-	-	-	-	-	-3,715	-	-	-	-	-	-	-	-	-	-	-	-165,336	-631,577	113,219	-	-111,585	-	134,496	-552,913	-	-552,913									
Change in inventories and cost of raw materials and consumables used	-571,176	-448,906	-	-1,020,082	-8,424	361	-8,063	-4,294	-4,457	-8,751	-9,865	-	-	-	-9,865	-548	-6,934	-8	-56	-	-7,546	-	-202	-	-202	-110,051	89,234	-1,075,326	-2,453	-1,077,779										
	889,271	258,407	-616	1,147,062	1,118,464	121,185	1,239,649	10,192	39,188	49,380	276,795	83,823	-	-	360,618	186,516	478,458	22,728	-56	-4,904	682,742	33,007	182,782	-	215,789	-11,560	-281,369	3,525,431	156,063	3,681,494										
Other operating income / (expenses)																																								
Other operating income	10,798	14,659	616	26,073	35,456	13,212	48,668	2,050	24,932	26,982	2,457	58,631	-	-563	60,525	625	9,523	-	291	-	10,439	2,833	9,338	-	12,171	52,487	-83,064	2,506	156,787											
Supplies and services	-74,659	-39,886	-	-114,545	-199,862	-42,196	-242,058	-10,426	-25,860	-36,286	-39,474	-30,227	-1,104	221	-70,584	-9,772	-94,598	-1,438	-7,039	-57	-112,904	-7,562	-28,345	190	-35,717	-101,939	212,778	-501,255	-28,837	-530,092										
Personnel costs	-60,154	-25,611	-	-85,765	-128,288	-16,478	-144,766	-3,499	-4,825	-8,324	-13,893	-11,579	-2	342	-25,132	-7,173	-64,832	-1,505	-3,993	-	-77,503	-4,181	-15,758	-	-19,939	-73,514	16,485	-418,458	-16,485	-434,943										
Employee benefits	-25,451	-1,220	-	-26,671	-91,800	-1,931	-93,731	-109	-117	-226	-109	-671	-	-	-780	-406	-14,226	-61	-343	-	-15,036	-56	-340	-	-396	-6,632	11,263	-132,209	-1,854	-134,063										
Other operating expenses	-6,849	-51,699	-	-58,548	-193,764	-5,669	-199,433	-674	-7,589	-8,263	-8,786	-9,371	-	-	-18,157	-5,474	-67,587	-4,404	-653	44,311	-33,787	-3,032	-14,343	-190	-17,565	24,281	-322,331	-46,741	-389,072											
	-156,315	-103,757	616	-259,456	-578,258	-53,062	-631,320	-12,658	-13,459	-26,117	-59,805	6,783	-1,106	-	-54,128	-22,200	-231,700	-7,408	-11,737	44,254	-228,791	-11,998	-49,448	-	-61,446	-140,457	181,743	-1,219,972	-91,411	-1,311,383										
Provisions	732,956	154,650	-	887,606	540,206	68,123	608,329	-2,466	25,729	23,263	216,990	90,606	-1,106	-	306,490	164,316	246,758	15,320	-11,793	39,350	453,951	21,009	133,334	-	154,343	-28,897	-99,652	2,305,459	64,652	2,370,111										
Depreciation and amortisation expense	-208,203	-78,970	-	-287,173	-254,561	-20,836	-275,397	-742	-935	-1,677	-87,112	-60,489	-	-	-147,601	-22,724	-82,367	-84	-54,954	9,350	-150,779	-10,128	-25,250	-	-35,378	-7,806	-21,590	-927,401	-29,891	-957,292										
Compensation of amortisation and depreciation	2	337	-	3,112	64,976	2,493	67,469	-	-	-	527	-	-	-	527	-	7,177	-	-	-	7,177	1,194	2,025	-	3,219	162	-2,924	78,892	2,973	81,665										
Gain from the sale of financial assets	527,530	69,099	-	596,629	348,493	49,663	398,156	-14,518	25,100	10,582	131,296	28,831	-1,106	-	159,021	141,492	164,623	15,236	-67,270	48,700	302,781	10,033	109,984	-	120,017	-37,139	-117,578	1,432,469	33,533	1,466,002										
Other financial income	-32,997	50	-	-32,947	680	-	680	-	-	-	2,363	-	-	-	2,363	-	-	-	-	-	-	-	-	-	-	-	4,858	517,562	482,800	-	482,800									
Interest revenue	203,913	10,335	-64,066	150,182	1,551	-	1,551	153	604	757	1,289	545	21,010	-	22,844	3,975	13,441	293	115,985	-114,652	19,042	519	278	-	797	727,310	-511,751	410,732	1,787	412,519										
Interest expense	364	15,239	-	15,603	8,708	133	8,841	113	265	378	4,849	1,402	57,054	-49,454	13,851	6,479	38,270	670	6,184	-1,414	50,189	1,063	10,910	-	11,973	447,669	-380,622	167,882	9,553	177,435										
Other financial expenses	-187,008	-18,563	36,136	-169,435	-1,213	-357	-1,570	-10	-31	-41	-458	-26,412	-179	205	-26,844	-14,008	-19,584	-258	-3,060	1,414	-35,496	-615	-419	-	-1,034	-505,771	63,394	-676,797	-222	-677,019										
Interest expense	-94,597	-15,848	-	-110,445	-75,688	-9,848	-85,536	-871	-726	-1,597	-112,496	-6,062	-4,641	49,249	-73,950	-33,485	-54,798	-	-189	-	-88,472	-5,623	942	-	-6,565	-634,465	410,869	-590,161	-16,465	-606,626										
Share of profit of associates	4,989	259	-	5,248	-	-	-	-	-	-	3,155	63	-	-	3,218	-	-	-	-	-	-	1,226	171	-	-	1,397	-	17,631	27,494	-	27,494									
Profit / (loss) before tax	422,194	60,571	-27,930	454,835	282,531	39,591	322,122	-15,133	25,212	10,079	29,998	-1,633	72,138	-	100,503	104,453	141,952	15,941	51,650	-65,952	248,044	6,603	119,982	-	126,585	-7,254	-495	1,254,419	28,186	1,282,605										
Income tax expense	-111,551	-13,015	7,189	-117,377	-66,919	-11,469	-78,388	2,958	-7,452	-4,494	-14,185	-	-22,488	-	-36,673	-20,712	-61,695	-5,431	-9,793	-3,179	-100,810	-3,817	-31,538	-	-35,355	106,425	34,859	-231,813	-9,611	-241,424										
Profit after taxes and before gains/(loss) from discontinued operations	310,643	47,556	-20,741	337,458	215,612	28,122	243,734	-12,175	17,760	5,585	15,813	-1,633	49,650	-	63,830	83,741	80,257	10,510	41,857	-69,131	147,234	2,786	88,444	-	91,230	99,171	34,364	1,022,606	18,575	1,041,181										
Gains / (losses) on sale of discontinuing operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-8,448	-8,448								
Net profit / (loss) for the period	310,643	47,556	-20,741	337,458	215,612	28,122	243,734	-12,175	17,760	5,585	15,813	-1,633	49,650	-	63,830	83,741	80,257	10,510	41,857	-69,131	147,234	2,786	88,444	-	91,230	99,171	34,364	1,022,606	10,127	1,032,733										
Attributable to:																																								
Equity holders of EDP	310,772	44,986	-20,741	335,017	215,612	27,454	243,066	-12,104	17,202	5,098	12,792	-1,633	49,650	-2,012	58,797	59,102	72,755	10,510	41,857	-61,443	122,781	1,660	55,646	-	57,306	103,302	11,953	937,320	2,625	939,945										
Minority interest	-129	2,570	-	2,441	-	668	668	-71	558	487	3,021	-	-	2,012	5,033	24,639	7,502	-	-	-7,688	24,453	1,126	32,798	-	33,924	-4,131	85,286	7,502	92,788											
Net profit / (loss) for the period	310,643	47,556	-20,741	337,458	215,612	28,122	243,734	-12,175	17,760	5,585	15,813	-1,633	49,650	-	63,830	83,741	80,257	10,510	41,857	-69,131	147,234	2,786	88,444	-	91,230	99,171	34,364	1,022,606	10,127	1,032,733										
Assets																																								
Property, plant and equipment	3,954,610	1,858,595	-	5,813,205	4,249,352	632,733	4,882,085	3,261	7,170	10,431	3,136,116	2,961,866	-	-	6,097,982	1,316,944	814,638	144	643	-	2,132,369	284,222	489,161	-	773,383	144,828	223,656	al	al	20,077,939										
Intangible assets + Goodwill	1,323,924	588,767	-	1,912,691	-	235,716	235,716	1	5	6	815,609	554,456	-	12,723	1,382,788	301,441	54,564	354	81,934	56,168	494,461	5,03	629,635	624,518	-	64	5,832,760	64	5,832,824	al	al									
Investments in associates	250	566	-	816	-	-	-	-	-	-	30,954	2,050	-	(77)	32,927	-	-	176	3,622	4,098	67,059	2,922	-	-	-	69,981	577,818	-518,336	-	-										
Current assets	1,107,826	610,125	-	1,717,951	1,157,811	144,418	1,																																	