

EDP RENOVÁVEIS, S.A.

Annual Accounts and Directors' Report

31 December 2008

EDP Renováveis, S.A.

Balance sheets
at 31 December 2008

(Expressed in thousands of Euros)

<u>Assets</u>	<u>Note</u>	<u>2008</u>
Intangible assets	5	58
Property, plant and equipment	6	238
Non-current investments in group companies and associates		<u>6,256,959</u>
Equity instruments	8	3,648,347
Loans to companies	10.a	2,608,612
Investments		2
Trade and other receivables	16	<u>160</u>
Total non-current assets		<u>6,257,417</u>
Trade and other receivables		<u>16,204</u>
Trade receivables from group companies and associates – current	10.c	1,679
Other receivables	10.c	170
Public entities, other	10.c	14,355
Current investments in group companies and associates		<u>302,355</u>
Debt securities	10.a	194,978
Derivatives	11	1,527
Other financial assets	10.a	83,025
Other investments	10.a	22,825
Prepayments for current assets		91
Cash and cash equivalents		<u>16,610</u>
Cash	12	<u>16,610</u>
Total current assets		<u>335,260</u>
Total assets		<u><u>6,592,677</u></u>

The accompanying notes form an integral part of the annual accounts.

EDP Renováveis, S.A.

Balance sheets
at 31 December 2008

(Expressed in thousands of Euros)

<u>Equity and Liabilities</u>	<u>Note</u>	<u>2008</u>
Capital and reserves		
Share capital		4,361,541
Share premium		1,228,451
Reserves		(34,526)
Profit for the year		<u>74,794</u>
Total equity	13	<u>5,630,260</u>
Non-current payables		<u>65,480</u>
Derivatives	11	65,478
Other financial liabilities	15.c	2
Group companies and associates – non-current	15.a	862,817
Deferred tax liabilities	16	<u>13,123</u>
Total non-current liabilities		<u>941,420</u>
Current payables	11	1,527
Group companies and associates– current	15.a	4,813
Trade and other payables		<u>14,657</u>
Current provisions	15.c	8,069
Suppliers, group companies and associates – non-current	15.c	5,307
Personnel (salaries payable)	15.c	1,061
Public entities, other	16	<u>220</u>
Total current liabilities		<u>20,997</u>
Total equity and liabilities		<u><u>6,592,677</u></u>

The accompanying notes form an integral part of the annual accounts.

EDP Renováveis, S.A.

Income Statements
for the year ended
31 December 2008

(Expressed in thousands of Euros)

	<u>Note</u>	<u>2008</u>
CONTINUING OPERATIONS		
Other operating income	18.b	<u>1,679</u>
Non-trading and other administrative income		1,679
Personnel expense		<u>(1,723)</u>
Wages and salaries		(1,723)
Employee benefits expense	19.a	(47)
Other operating expenses		<u>(7,205)</u>
External services		(7,205)
Results from operating activities		<u>(7,249)</u>
Finance income	9	<u>127,543</u>
Other investment income		127,543
Group companies and associates		126,936
Other		607
Finance expenses	14.a	<u>(13,256)</u>
Group companies and associates		(13,249)
Other		(7)
Change in fair value of financial instruments		<u>-</u>
Exchange gains		<u>(219)</u>
Net finance income		<u>114,068</u>
Profit before income tax		<u>106,819</u>
Income tax expense	16	(32,025)
Profit from continuing operations		<u>74,794</u>
DISCONTINUED OPERATIONS		
		<u>-</u>
Profit for the year		<u>74,794</u>

The accompanying notes form an integral part of the annual accounts.

EDP Renováveis, S.A.

Statement of Total Changes in Equity for the year ended
31 de diciembre de 2008

Statement of Recognised Income and Expense
for the years ended
31 de diciembre de 2008

(Expressed in thousands of Euros)

<0}	<u>Note</u>	<u>2008</u>
Profit for the year		<u>74,794</u>
Total income and expense recognised directly in equity Equity		<u>-</u>
Total income and expense recognised in the income statement		<u>-</u>
Total non-financial assets and non-financial liabilities		<u>-</u>
Total recognised income and expense		<u>74,794</u>

The accompanying notes form an integral part of the annual accounts.

EDP Renováveis, S.A.

Statement of Total Changes in Equity for the year ended
31 December 2008

(Expressed in thousands of Euros)

Item	Share capital	Share premium	Reserves	Share capital increase costs	Profit/(Loss) for the year	Total
Balance at 31 December 2007	18,873	1,882,338	-	-	(23,520)	1,877,691
Adjustments for changes in criteria in 2007 and prior years	-	-	-	-	23,564	23,564
Adjusted balance at 1 January 2008	<u>18,873</u>	<u>1,882,338</u>	<u>-</u>	<u>-</u>	<u>44</u>	<u>1,901,255</u>
Recognised income and expense	-	-	-	-	74,794	74,794
Operations with equity holders or owners						
Share capital increases	4,342,668	(653,887)	-	(34,570)	-	3,654,211
Distribution of profit/(Application of loss) for the period						
Reserves	-	-	44	-	(44)	-
Balance at 31 December 2008	<u>4,361,541</u>	<u>1,228,451</u>	<u>44</u>	<u>(34,570)</u>	<u>74,794</u>	<u>5,630,260</u>

The accompanying notes form an integral part of the annual accounts.

EDP Renováveis, S.A.

Statement of Cash Flow
For the year ended
31 December 2008

(Expressed in thousands of Euros)

	Note	2008
Cash flows from operating activities		
Profit for the year before tax		106,819
Adjustments for:		<u>(114,068)</u>
Finance income	9	(127,543)
Finance expense	14	13,256
Exchange losses		219
Change in operating assets and liabilities		<u>4,883</u>
Trade and other receivables		(1,942)
Trade and other payables		7,365
Other current liabilities		(540)
Other cash flows from operating activities		<u>65,494</u>
Interest paid		(13,318)
Interest received		111,505
Income tax paid		<u>(32,693)</u>
Cash flows from operating activities		<u>63,128</u>
Cash flows from investing activities		
Payments for investments		<u>(2,453,121)</u>
Intangible assets	5	(58)
Property, plant and equipment	6 and 15.c	(43)
Other financial assets		(2,453,023)
Other assets		<u>3</u>
Cash flows from investing activities		<u>(2,453,121)</u>
Cash flows from financing activities		
Proceeds from and payments for equity instruments		<u>1,538,958</u>
Issue of equity instruments	13	1,538,958
Proceeds from and payments for financial liability instruments		<u>867,630</u>
Issue		1,024,420
Redemption and repayment of		<u>(156,790)</u>
Group companies and associates		
Cash flows from financing activities		<u>2,406,588</u>
Net increase in cash and cash equivalents		<u>16,595</u>
Cash and cash equivalents at beginning of year		<u>15</u>
Cash and cash equivalents at year end	12	<u>16,610</u>

La memoria adjunta forma parte de las cuentas anuales

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

31 December 2008

(1) Nature and Activities of the Company

EDP Renováveis, S.A. (hereinafter, “the Company”) was incorporated by public deed on 4 December 2007 and commenced operations on the same date. Its registered offices are at Plaza de la Gesta, 2, Oviedo.

On 18 March 2008, the shareholders agreed to change the name of the Company from EDP Renováveis, S.L. to EDP Renováveis, S.A.

According to the Company’s articles of association, the statutory activity of EDP Renováveis S.A., comprises activities related to the electrical sector, specifically the projection, construction, maintenance and management of electricity production facilities, in particular those eligible for the special arrangements for electricity generation. The Company promotes and develops projects relating to energy resources and electricity production activities as well as managing and administering other companies’ equity securities.

The Company can engage in its statutory activities directly or indirectly through ownership of shares or investments in companies or entities with identical or similar statutory activities.

On 28 January 2008, EDP Energías de Portugal, S.A. informed the market and the general public that its directors had decided to launch a public share offering in EDP Renováveis, S.L. The Company completed its initial public offering in June 2008, with 22.5% of shares in the Company quoted on the Lisbon stock exchange.

As explained in note 8 the Company holds interests in subsidiaries. Consequently, in accordance with prevailing legislation, the Company is the parent of a group of companies. In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to present fairly the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies are provided in Appendix I.

The Company belongs to the EDP Group, of which the parent company is EDP Energías de Portugal, S.A., with registered offices at Praça Marquês de Pombal, 12 – 4, Lisbon.

On 26 February 2009 the directors also prepared the consolidated annual accounts of EDP Renováveis, S.A. and subsidiaries for 2008.

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EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(2) Basis of presentation(a) Fair view

The accompanying annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. The annual accounts for 2008 have been prepared in accordance with prevailing legislation and the new Spanish General Chart of Accounts (NPGC) to present fairly the equity and financial position at 31 December 2008 and results of operations and changes in equity for the year then ended. The annual accounts for 2008 are the first the Company has prepared applying the Spanish General Chart of Accounts approved by Royal Decree 1514/2007. In accordance with section one of the fourth transitional provision of this Royal Decree, the 2008 annual accounts have been considered as the opening annual accounts and therefore, do not include comparative figures. Note 23 “Issues arising from transition to the new accounting standards” presents the balance sheet and statement of profit and loss forming part of the 2007 annual accounts approved by the shareholders at the annual general meeting held on 8 April 2008, which were prepared in accordance with the Spanish General Chart of Accounts in force during that year. This note also contains an explanation of the main differences between the accounting principles applied in the current year and those applied in the previous year, as well as a quantification of the impact of this change in accounting criteria on equity at 1 January 2008, which is the transition date and, therefore, the opening balance sheet date.

As mentioned in note 21 and the first transitional provision of Royal Decree 1514/2007, the Company has opted to measure all equity items on the opening balance sheet in accordance with principles and standards prevailing at 31 December 2007, except for financial instruments which are measured at fair value.

The directors consider that the annual accounts for 2008 prepared on 26 February 2009 will be approved without significant changes.

(b) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company’s functional and presentation currency.

(c) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates, judgements and assumptions have to be made when applying the Company’s accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts is as follows:

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

- Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment on an annual basis. An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. The Company generally uses cash flow discounting methods to calculate these values. Cash flow discounting calculations are based on the 20-year projections of the budgets approved by management. The flows take into consideration past experience and represent management's best estimate of future market performance. The key assumptions employed to calculate the fair value less costs to sell and value in use include growth rates in accordance with best estimates of rises in electricity prices in each country, the weighted average capital rate (between 6.66% and 8.53% depending on subgroup and country) and tax rates. The estimates, including the methodology employed, could have a significant impact on the values and the impairment loss.

The fair value of financial instruments is based on market quotations when available. Otherwise, fair value is based on prices applied in recent, similar transactions in market conditions or on evaluation methodologies using discounted future cash flow techniques, considering market conditions, time value, profitability curve and volatility factors. These methods may require assumptions or judgements in estimating fair value.

- Change in accounting estimate

Although estimates are calculated by the Company's directors based on the best estimate available at 31 December 2008, future events may take place requiring these estimates to be modified in subsequent years. The effect on the annual accounts of modifications which, where applicable, result from adjustments to be made in subsequent years are recognised prospectively.

(3) Distribution of Profit

The proposed distribution of 2008 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

	<u>Thousands of Euros</u>
<u>Basis of allocation</u>	
Profit for the year	74,794
<u>Distribution</u>	
Legal reserve	7,479
Voluntary reserve	<u>67,315</u>
Total	<u><u>74,794</u></u>

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(4) Significant Accounting Policies(a) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using the exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

Non-monetary assets measured at fair value have been translated into Euros at the exchange rate at the date that the fair value was determined.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

(b) Intangible assets

Software is measured at cost of acquisition and carried at cost, less any accumulated amortisation and accumulated impairment valuation allowances. Software is amortised by allocating the amortisable amount on a systematic basis over its useful life, which has been estimated at four years from the asset entering normal use.

Software maintenance costs are charged as expenses when incurred.

(c) Property, plant and equipment(i) Initial recognition

Property, plant and equipment are measured at cost of acquisition. Property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment valuation allowances.

(ii) Depreciation

Property, plant and equipment are depreciated by allocating the depreciable amount of an asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

At 31 December 2008, all property, plant and equipment are in progress and depreciation has therefore not commenced.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(d) Financial instruments(i) Transition

As mentioned in note 23 and the first transitional provision of Royal Decree 1514/2007, the Company has opted to measure all equity items on the opening balance sheet in accordance with principles and standards prevailing at 31 December 2007, except for financial instruments which are measured at fair value.

Consequently, the Company has applied the criteria for prospectively measuring financial assets and financial liabilities at amortised cost as of 1 January 2008.

(ii) Classification and separation of financial instruments

Financial instruments are classified on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, a financial asset and an equity instrument.

The Company classifies financial instruments into different categories based on the nature of the instruments and management's intentions on initial recognition.

(iii) Offsetting principles

A financial asset and a financial liability are offset only when the Company currently has the legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(iv) Financial assets and financial liabilities held for trading

Financial assets or financial liabilities held for trading are those which are classified as held for trading from initial recognition.

A financial asset or financial liability is classified as held for trading if it:

- Originates or is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- Forms part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking or
- Is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

Financial assets and financial liabilities held for trading are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is not reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

(v) Financial assets and financial liabilities at fair value through profit or loss

Upon initial recognition the Company designates financial assets and financial liabilities at fair value through profit or loss in the income statement only if:

- it eliminates or significantly reduces the measurement or recognition inconsistency between financial assets and financial liabilities or
- the performance of a group of financial assets, financial liabilities or both is managed and evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy. Information on these financial assets and financial liabilities provided internally to the Company's key management personnel is evaluated on that basis.

Financial assets and financial liabilities at fair value through profit or loss are measured following the criteria established for financial assets and financial liabilities classified as held for trading.

(vi) Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are recognised initially at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

(vii) Investments in Group companies

Investments in Group companies are initially recognised at cost, which is equivalent to the fair value of the consideration paid, including transaction costs, and are subsequently measured at cost net of any accumulated impairment losses.

(viii) Interest and dividends

Interest is recognised using the effective interest method.

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EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

(ix) Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(x) Impairment of financial assets

A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that event or events have an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The Company recognises valuation allowances for impairment of loans and receivables and debt instruments when a reduction or delay is incurred in the estimated future cash flows, due to debtor insolvency.

- Impairment of financial assets carried at amortised cost

In the case of financial assets carried at amortised cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. For variable income financial assets, the effective interest rate is used corresponding to the measurement date under the contractual conditions.

The amount of an impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. Nevertheless, the reversal may not result in a carrying amount that would exceed what the amortised cost would have been had the impairment not been recognised.

- Investments in Group companies

An asset is impaired when its carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's value in use or fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the disposal of the asset.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

The carrying amount of the investment includes any receivable or payable monetary item, the settlement of which is not contemplated or likely to occur in the foreseeable future, excluding items which are commercial in nature.

In subsequent years, reversals in impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The recognition or reversal of an impairment loss is recorded in the income statement.

The impairment allowance for an investment is limited to the amount of the investment, except when contractual, legal or implicit obligations have been assumed by the Company or payments have been made on behalf of the companies.

(xi) Financial liabilities

Financial liabilities, including trade and other payables, which are not classified as held for trading or as financial liabilities at fair value through profit or loss, are initially recognised at fair value less any transaction costs that are directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

(xii) Derecognition of financial liabilities

A financial liability, or part of it, is derecognised when the Company either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

(f) Income taxes

The income tax expense and tax income for the year comprises current tax and deferred tax.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the balance sheet date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or a business combination.

(i) Taxable temporary differences

Taxable temporary differences are recognised in all cases except where:

- They arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.
- They are associated with investments in subsidiaries, associates, jointly controlled entities and interests in joint ventures over which the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will reverse in the foreseeable future.

(ii) Deductible temporary differences

Deductible temporary differences are recognised provided that:

- it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the differences arise from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.
- The temporary differences are associated with investments in subsidiaries and associates to the extent that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

Tax planning opportunities are only considered on evaluation of the recoverability of deferred tax assets and if the Company intends to use these opportunities or it is probable that they will be utilised.

(iii) Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(iv) Offset and recognition

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

(g) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet as current and non-current. Current assets and liabilities are determined as follows:

- Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months after the reporting period or are cash or a cash equivalent, unless the assets are restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months after the reporting period or the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.
- Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorised for issue.

(h) Leases

The Company has rights to use certain assets through lease contracts.

Leases in which the Company assumes substantially all the risks and rewards incidental to ownership are classified as finance leases, otherwise they are classified as operating leases.

Lease payments under an operating lease, net of incentives received, are recognised as an expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern of the lease's benefit.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(i) Environmental informationEnvironmental assets

Long-term assets acquired by the Company to minimise the environmental impact of its activity and protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as property, plant and equipment in the balance sheet at cost of purchase or production and depreciated over their estimated useful lives.

Environmental expenses

Environmental expenses are the amounts derived from managing the environmental effects of the Company's operations and those derived from existing environmental commitments. These include expenses incurred to prevent pollution caused by current ordinary activities and for waste treatment and disposals, decontamination, restoration, environmental management or environmental audit.

Expenses derived from environmental activities are recognised as operating expenses in the period in which they are incurred.

Environmental provisions

The Company makes an environmental provision when expenses are probably or certain to arise but the amount or timing is unknown. Where necessary, a provision is also made for environmental work arising from any legal or contractual commitments and for those commitments acquired for the prevention and repair of environmental damage.

(j) Related party transactions

Transactions between Group companies, except those related to business combinations, mergers, spin-offs and non-monetary contributions mentioned in the previous sections, are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

(k) Hedge accounting

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

The Company undertakes fair value hedges, cash flow hedges and hedges of net investments in foreign operations. The Company has also opted to record hedges of foreign currency risk of a firm commitment as a cash flow hedge.

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EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis) and the actual effectiveness, which can be reliably measured, is within a range of 80%-125% (retrospective analysis).

For cash flow hedges of forecast transactions, the Company assesses whether these transactions are highly probable and if they present an exposure to variations in cash flows that could ultimately affect profit or loss.

(i) Hedges of a net investment in a foreign operation

The Company hedges the risk of changes in foreign currency exchange rates derived from investments in Group companies denominated in foreign currency. Investments include the monetary items that are accounted for as part of the net investment in accordance with section 4 (a). The hedges are classified as fair value hedges. The portion of gains or losses on the hedging instrument or on the changes in the exchange of the monetary item used as the hedging instrument are recognised as exchange gains or losses. Gains or losses on investments related with the foreign currency amount of the underlying in the annual accounts are recognised as exchange gains or losses in profit and loss with a valuation adjustment for the effective part of the hedge.

(5) Intangible Assets

Intangible assets comprise the cost of software acquired during the year.

(6) Property, Plant and Equipment

Details of property, plant and equipment and movement are as follows:

	Thousands of Euros		
	Balance at 31.12.07	Additions	Balance at 31.12.08
Cost			
Property, plant and equipment under construction	-	238	238
Carrying amount	-	238	238

The Company has contracted insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(7) Risk Management Policy(a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk and interest rate risk in fair value), credit risk, liquidity risk and interest rate risk in cash flows. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

The directors of the Company are responsible for defining general risk management principles and establishing exposure limits. The Company's financial risk management is subcontracted to the Finance Department of EDP Energias de Portugal, S.A. in accordance with the policies approved by the directors. The subcontracted service includes the identification and evaluation of hedging instruments.

All operations involving derivative financial instruments are subject to prior approval from the board of directors, which sets the parameters of each operation and approves the formal documents describing the objectives of the operation.

(i) Currency risk

The Company operates internationally and is therefore, exposed to currency risks when operating with foreign currencies, especially the US Dollar. Currency risk is associated with recognised assets and liabilities and net investments in foreign operations.

The Company holds investments in Group companies denominated in foreign currency which are exposed to currency risk. Currency risk affecting these investments in US Dollars are mitigated primarily through a derivative financial instrument and borrowings in the corresponding foreign currencies.

Details of the hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 8, 15 and 19.

As a result of the hedging policy applied to both investments in Group companies denominated in foreign currency and loans extended in foreign currency, at 31 December 2007 and at 31 December 2008, had the Euro strengthened/weakened by 10% against the US Dollar, with the other variables remaining constant, the effect on profit after income tax would have been very minor. The US Dollar is expected to depreciate 10% against the Euro in 2009, which would have a positive effect of approximately Euros 7.6 million on profit before tax. However, were the US Dollar to appreciate 10% against the Euro, profit before tax would be reduced by Euros 9.3 million.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(ii) Credit risk

The Company is not significantly exposed to credit risk as the majority of its balances and transactions are with Group companies. As the counterparties of derivative financial instruments are Group companies, and the counterparties of their derivative financial instruments are highly solvent banks, the Company is not subject to significant counterparty default risk. Guarantees or other derivatives are therefore not requested in this type of operation.

The Company has documented its financial operations in accordance with international standards. The majority of its operations with derivative financial instruments are therefore contracted under “ISDA Master Agreements”, which facilitate the transfer of instruments in the market.

Details of financial assets exposed to credit risk are provided in note 10.

(iii) Liquidity risk

Liquidity risk is the risk that the Company is unable to comply with its financial commitments on maturity. The Company’s approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company’s reputation.

The adverse conditions in debt markets could make it difficult to meet the financial requirements necessary to carry out the Company and Group’s activities.

Compliance with the liquidity policy ensures that contracted commitments are paid, maintaining sufficient credit facilities and providing access to the EDP Group’s lines of credit.

Details of financial assets and financial liabilities by contracted maturity date are provided in notes 10 and 15.

(iv) Cash flow and fair value interest rate risks

Given the Company’s activity, it has a considerable amount of remunerated assets, and most income and cash flows from operating activities are therefore affected by fluctuations in market interest rates.

The Company is subject to interest rate risk derived from loans extended to and long-term borrowings obtained from Group companies. The loans have fixed interest rates, exposing the Company to fair value interest rate risks.

Details of the hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(8) Investments in Equity Instruments of Group companies

Details of equity instruments of Group companies are as follows:

	Thousands of Euros
EDP Renováveis Brasil	-
Nuevas Energías de Occidente, S.L.	884,352
Horizon Wind Energy, LLC	2,763,995
	<hr/>
	3,648,347
	<hr/>

No impairment valuation allowances have been recognised as a result of the tests carried out.

(a) Investments in Group companies

Details of investments in Group companies are provided in Appendix I.

As described in note 13, on 25 February 2008 Hidroeléctrica del Cantábrico, S.A. shareholders subscribed a share capital increase through the non-monetary contribution of 40% of the investment held in Nuevas Energías de Occidente, S.L. for a total amount of Euros 822,054 (see note 13). This operation made the Company the sole owner of Nuevas Energías de Occidente, S.L.

EDP Renováveis Brazil was incorporated in 2008 with share capital of Euros 154. The Company owns 55% of the shares of EDP Renováveis Brazil.

At 31 December 2008, management opted to capitalise a loan of Euros 859,619 thousand (US Dollars 1,196,331 thousand) extended to the subsidiary HWE. This amount has therefore been reclassified at 31 December 2008 as an increase in the investment in HWE.

(i) Foreign currency

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled. The net investment in these operations coincides with the carrying amount of the investment.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(ii) Hedged investments

Details of investments, the fair value of which is hedged against currency risk, are as follows at 31 December 2008:

Investment	Thousands of Euros
Horizon Wind Energy, LLC. (HWE)	<u>2,763,995</u>
	<u><u>2,763,995</u></u>

To cover the exchange rate risk arising from the exposure of this investment denominated in foreign currency, Company management has contracted a hedging instrument comprising three swaps for a total notional amount of US Dollars 2,632,613 thousand, equivalent to Euros 1,826,175 thousand. The change in fair value of the financial investment in Horizon Wind Energy, LLC totals Euros 103,314 and the change in fair value of the hedging instrument totals Euros 103,472 thousand in 2008. These amounts have been recognised as exchange gains or losses in the accompanying income statement (see note 11). The fair value of the hedging instrument at 31 December 2008 totals Euros 65,478 thousand, which has been recognised in non-current payables under non-current liabilities in the accompanying balance sheet (see note 11). At 31 December 2008, the balance relating to the aforementioned net investment hedging operation totals Euros 22,825 thousand (see note 10).

The rest of this investment is mainly hedged by loans denominated in the same foreign currency (see note 15).

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(9) Financial Assets by Category

The classification of financial assets by category and class, as well as a comparison of the fair value and the carrying amount is as follows:

	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost		At fair value	Total	At amortised cost or cost		At fair value	Total
	Carrying amount	Fair value			Carrying amount	Fair value		
Assets held for trading								
Derivative financial instruments	-	-	-	-	-	-	1,527	1,527
Total	-	-	-	-	-	-	1,527	1,527
Loans and receivables								
Fixed-rate loans	2,608,612	2,802,884	-	2,608,612	194,978	194,978	-	194,978
Guarantee deposits	2	2	-	2	83,025	83,010	-	83,025
Other financial assets	-	-	-	-	22,825	22,825	-	22,825
Trade receivables	-	-	-	-	1,849	1,849	-	1,849
Total	2,608,614	2,802,886	-	2,608,614	302,677	302,662	-	302,677
Total financial assets	<u>2,608,614</u>	<u>2,802,886</u>	<u>-</u>	<u>2,608,614</u>	<u>302,677</u>	<u>302,662</u>	<u>1,527</u>	<u>304,204</u>

Net losses and gains by category of financial asset are as follows:

	Thousands of Euros		
	Group loans and receivables	Non-Group loans and receivables	Total
Finance income at amortised cost	126,936	607	127,543
Net gains/losses in profit and loss	<u>126,936</u>	<u>607</u>	<u>127,543</u>

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(10) Investments and Trade Receivables(a) Investments in Group companies

Details of investments in Group companies are as follows:

	Thousands of Euros	
	Non-current	Current
Group		
Equity instruments	3,648,347	-
Loans	2,608,612	178,940
Interest	-	16,038
Deposits	-	83,025
Derivative financial instruments	-	1,527
Other financial assets (note 8)	-	22,825
	<u>6,256,959</u>	<u>302,355</u>
Impairment valuation allowances	-	-
	<u>6,256,959</u>	<u>302,355</u>

(b) Main characteristics of loans

Details of the main characteristics of loans are as follows.

Type	Currency	Effective rate	Nominal rate	Maturity	Thousands of Euros		
					Nominal amount	Carrying amount	
					Current	Non-current	
Group	EUR	5.46%	5.46%	2027	405,414	21,338	384,076
Group	EUR	5.11%	5.11%	2018	122,086	-	122,086
Group	EUR	5.78%	5.78%	2020	12,000	-	12,000
Group	EUR	4.80%	4.80%	2016	95,059	11,882	83,177
Group	EUR	5.15%	5.15%	2023	560,652	38,666	521,986
Group	EUR	4.81%	4.81%	2022	209,737	15,536	194,201
Group	EUR	4.78%	4.78%	2021	443,857	34,143	409,714
Group	EUR	6.34%	6.34%	2023	269,242	9,284	259,958
Group	EUR	5.01%	5.01%	2022	269,854	19,989	249,865
Group	EUR	5.57%	5.57%	2023	347,644	23,975	323,669
Group	EUR	5.68%	5.68%	2023	52,007	4,127	47,880
Total Group					<u>2,787,552</u>	<u>178,940</u>	<u>2,608,612</u>
Total					<u>2,787,552</u>	<u>178,940</u>	<u>2,608,612</u>

All these loans have been extended to Nuevas Energías de Occidente, S.L. and its subsidiaries at fixed interest rates.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(c) Trade and other receivables

Details of trade and other receivables are as follows:

	Thousands of Euros	
	Non-current	Current
Group		
Trade receivables	-	1,679
Other receivables	-	170
Non-related companies		
Taxation authorities, income tax (note 16)	-	13,582
Public entities, other (note 16)	-	773
Total	-	16,204

(d) Classification by maturity

The classification of financial assets by maturity is as follows:

	Thousands of Euros							
	2009	2010	2011	2012	2013	Subsequent years	Less current portion	Total non- current
Loans and receivables								
Loans								
Fixed rate	178,940	187,518	187,518	187,518	187,518	1,858,540	(178,940)	2,608,612
Guarantee deposits	83,025	-	-	-	-	2	(83,025)	2
Other financial assets	22,825	-	-	-	-	-	(22,825)	-
Derivative financial instruments	1,527	-	-	-	-	-	(1,527)	-
Trade receivables	1,849	-	-	-	-	-	(1,849)	-
Total	288,166	187,518	187,518	187,518	187,518	1,858,542	(288,166)	2,608,614

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(11) Derivative financial instruments

Details of derivative financial instruments are as follows:

	2008			
	Thousands of Euros			
	Fair values			
	Assets		Liabilities	
Non-current	Current	Non-current	Current	
Hedging derivatives				
<i>a) Fair value hedges</i>				
Net investment hedging swaps (note 8)	-	-	65,478	-
Total	-	-	65,478	-
Derivatives held for trading and at fair value through profit and loss				
<i>b) Foreign currency derivatives</i>				
Forward exchange contracts	-	1,527	-	1,527
Total	-	1,527	-	1,527
Total hedging derivatives	-	1,527	65,478	1,527

(a) Fair value hedges

The total amount of gains and losses on hedging instruments and on items hedged under fair value hedges of net investments in Group companies is as follows:

	Thousands of Euros
	<u>Gains/(Losses)</u>
	<u>2008</u>
Forward foreign currency contracts	
- Net investment hedging swaps (note 8)	103,472
- Investments in Group companies (note 8)	<u>(103,314)</u>
	<u>158</u>

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EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(b) Forward exchange contracts

To eliminate the currency risk of a Group subsidiary, the Company has contracted a cross deal whereby it forward sells Polish Zloty to Neo Polska at a fixed price in Euros and simultaneously forward purchases Polish Zloty from EDP-Energías de Portugal, S.A. Sucursal en España. The nominal amount of these forward contracts is Euros 99 million. The Company has contracted this cross deal to hedge the exchange rate risk in the purchases of wind turbines which are payable in Polish Zloty by its subsidiary Neolica Polska SP Z.O.O.

(12) Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

	<u>Thousands of Euros</u>
Cash in hand and at banks	<u>16,610</u>
	<u><u>16,610</u></u>

(13) Equity

Details of equity and movement during the year are shown in the statement of changes in equity.

(a) Subscribed share capital

At 31 December 2008, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights and are freely transferable.

Companies which hold a direct or indirect interest of at least 10% in the share capital of the Company are as follows:

Company	2008		2007	
	Number of shares	Percentage ownership	Number of shares	Percentage ownership
EDP - Energías de Portugal, S.A. Sucursal en España	541,005,522	62.02%	1,887,298	100.00%
Hidroeléctrica del Cantábrico, S.A.	135,294,996	15.51%	-	-
Others	196,007,644	22.47%	-	-
	<u>872,308,162</u>	<u>100.00%</u>	<u>1,887,298</u>	<u>100.00%</u>

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

As agreed by the shareholders at the extraordinary general meeting on 25 February 2008, the Company increased its share capital by Euros 4,718 thousand by issuing 471,824 new ordinary registered shares of Euros 10 par value and share premium of Euros 371.94 per share. This share capital increase was fully subscribed by Hidroeléctrica del Cantábrico, S.A. through a non-monetary contribution comprising 40% of its shares in Nuevas Energías de Occidente, S.L. This agreement was executed in a public deed on 29 February 2008, making the Company the sole owner of Nuevas Energías de Occidente, S.L. However, the investment in Nuevas Energías de Occidente, S.L. and the share premium were recognised at an amount Euros 641,846 thousand higher than the aforementioned share capital increase in order to adjust the value of this contribution to the fair value of the investment when the contribution was made (see note 8). As a result of this operation, Hidroeléctrica del Cantábrico, S.A. obtained a 20% interest in the Company, which was therefore no longer solely owned.

The contributions are applicable to the special tax treatment for mergers, spin-offs, transfers of assets and conversion of securities foreseen in Chapter VIII of Section VII of Royal Decree 4 dated 5 March 2004 which approved the revised Spanish tax law. In accordance with article 93 of that Royal Decree, the balance sheet of Hidroeléctrica del Cantábrico, S.A. at 31 December 2007 accompanies these accounts (see Appendix IV).

At the extraordinary general meeting held on 12 March 2008, the shareholders agreed to increase share capital by Euros 2,057,828 thousand by issuing 205,782,806 new ordinary registered shares of Euros 10 par value each. The share capital increase was carried out with a charge to the share premium. This agreement was executed in a public deed on 12 March 2008.

At the same extraordinary general meeting, the shareholders agreed to reduce the par value of the Company's shares from Euros 10 to Euros 2 each through a share split at a ratio of 5 new shares for each old share, without any variation in share capital.

As a result of this agreement the Company's share capital was Euros 2,081,419 thousand, represented by 1,040,709,640 shares of Euros 2 par value each, subscribed and fully paid. The Company subsequently became a limited liability company by converting all of its shares into ordinary registered shares.

At the extraordinary general meeting held on 7 May 2008, the shareholders agreed to increase share capital by Euros 1,300,000 thousand by issuing 650,000,000 new ordinary registered shares of Euros 2 par value each. This increase was fully subscribed by the Company's shareholders in proportion to their interest through the following non-monetary contributions:

- EDP-Energías de Portugal, S.A. Sucursal en España subscribed 520,000,000 shares through the contribution of receivables for loans initially extended by EDP Finance B.V. to Nuevas Energías de Occidente, S.L. and subsequently conveyed to EDP-Energías de Portugal Sucursal en España on 14 December 2007. The characteristics of the contributed loans are as follows:

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EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

- Loan of Euros 289,844 thousand maturing on 30 June 2022.
- Loan of Euros 225,273 thousand maturing on 30 June 2022.
- Loan of Euros 218,000 thousand maturing on 31 December 2021.
- Loan of Euros 306,884 thousand maturing on 31 December 2027.
- Hidroeléctrica del Cantábrico, S.A. subscribed 130,000,000 shares through a non-monetary contribution comprising the principal of a loan of Euros 260,000 thousand maturing on 31 December 2021 which was initially extended by EDP Finance BV to Nuevas Energías de Occidente, S.L., the receivable balance of which was subsequently conveyed to EDP-Energías de Portugal, S.A. Sucursal en España on 14 December 2007 and finally to Hidroeléctrica del Cantábrico, S.A. on 24 April 2008.

On the same date, shareholders agreed to increase the par value of shares from Euros 2 to Euros 5 each by reducing the number of shares. The share capital of the Company was consequently represented by 676,283,856 shares of Euros 5 par value each.

At the extraordinary general meetings held on 13 May 2008, 14 May 2008, 31 May 2008 and 3 June 2008, the shareholders agreed to increase share capital by Euros 225,428 thousand by issuing 45,085,590 new ordinary registered shares of Euros 5 par value and share premium of Euros 3 euros each, with the exception of shares issued to employees which had a share premium of Euros 2.6 each. These shares were subscribed through a public share offering to EDP Group employees, EDP-Energias de Portugal, S.A. shareholders and the general public.

At the extraordinary general meetings held on 13 May 2008, 14 May 2008 and 31 May 2008, the shareholders agreed to increase share capital by Euros 754,694 thousand by issuing 150,938,716 new ordinary registered shares of Euros 5 par value and Euros 3 share premium each. These shares were subscribed through a public share offering to institutional and qualified investors.

The final share premium arising from this public offering totalled Euros 586,604 thousand.

(b) Legal reserve

The legal reserve has been appropriated in compliance with the revised Spanish Companies Act, in force since 1 January 1990, which requires that companies transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. Although the legal reserve can be used to increase share capital, until it reaches an amount equal to 20% of share capital, it can only be used to offset losses if no other reserves are available and cannot be used for any other purpose. At 31 December 2008, the Company has not appropriated to this reserve the minimum amount required by law.

(Continues)

EDP RENOVÁVEIS, S.A.

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(c) Voluntary reserve

These reserves are freely distributable.

(d) Negative reserve for costs of the public share offering

As a consequence of the public share offering, the Company has incurred a number of expenses associated with the share capital increase which have been recognised in this caption net of the tax effect.

(14) Financial Liabilities by Category

A classification of financial liabilities by category and class, and a comparison of the fair value with the carrying amount are as follows:

	Thousands of Euros							
	Non-current				Current			
	At amortised cost or cost		At fair value		At amortised cost or cost		At fair value	
Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total	
Liabilities held for trading								
Derivative financial instruments	-	-	-	-	-	-	1,527	1,527
Total	-	-	-	-	-	-	1,527	1,527
Debits and payables								
Fixed-rate payables to companies	862,817	901,553	-	862,817	-	-	-	-
	862,817	901,553	-	862,817	-	-	-	-
Other financial liabilities	2	2	-	2	4,813	4,813	-	4,813
Trade and other payables	-	-	-	-	14,438	14,438	-	14,438
Total	2	2	-	2	19,251	19,251	-	19,251
Hedging derivatives Contracted in OTC markets	-	-	65,478	65,478	-	-	-	-
Total	-	-	65,478	65,478	-	-	-	-
Total financial liabilities	862,819	901,555	65,478	928,297	19,251	19,251	1,527	20,778

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

Net gains and losses by financial liability category are as follows:

	Thousands of Euros		
	Group debits and payables	Non-Group debits and payables	Total
Finance expenses at amortised cost	13,249	7	13,256
Total	13,249	7	13,256

(15) Payables and Trade Payables(a) Group companies

Details of Group companies are as follows:

Group	Thousands of Euros	
	Non-current	Current
Group companies	862,817	-
Group trade payables	-	3,225
Current account with Group companies	-	4,813
Total	862,817	8,038

Group companies reflect a fixed-interest loan obtained from EDP-Energías de Portugal, S.A. Sucursal en España.

(b) Main characteristics of payables

The terms and conditions of loans and payables are as follows:

Type	Currency	Effective rate	Nominal rate	Maturity	Thousands of Euros		
					Nominal amount	Carrying amount	
					Current	Non-current	
Group	USD	4.41%	4.41%	2018	862,817	-	862,817
Total					862,817	-	862,817

(Continues)

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Notes to the annual accounts

(c) Trade and Other Payables

Details of trade and other payables are as follows:

	Thousands of Euros	
	Non-current	Current
Group		
Suppliers	-	3,759
	-	3,759
Related companies		
Trade payables	-	1,548
	-	1,548
Non-related companies		
Fixed asset suppliers	-	195
Trade payables	-	7,874
Others	2	1,061
Public entities, other	-	220
	2	9,350
Total	2	14,657

(d) Classification by maturity

The classification of financial liabilities by maturity is as follows:

	Thousands of Euros							Less current portion	Total non- current
	2009	2010	2011	2012	2013	Subsequent years			
Group companies	-	-	-	-	-	862,817	-	862,817	
Derivative financial instruments	1,527	-	-	-	-	65,478	1,527	65,478	
Other financial liabilities	4,813	-	-	-	-	-	4,813	-	
Trade and other payables	14,657	-	-	-	-	-	14,657	-	
Total financial liabilities	20,997	-	-	-	-	928,295	20,997	928,295	

(Continues)

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Notes to the annual accounts

(16) Taxation

Details of balances payable to public entities are as follows:

	<u>Thousands of Euros</u>	
	<u>Non-current</u>	<u>Current</u>
Assets		
Deferred tax assets	160	-
Current tax assets	-	13,582
Value added tax and similar	-	773
	<u>160</u>	<u>14,355</u>
Liabilities		
Deferred tax liabilities	13,123	-
Value added tax and similar	-	220
	<u>13,123</u>	<u>220</u>

The Company has the following main applicable taxes open to inspection by the Spanish taxation authorities:

<u>Tax</u>	<u>Years open to inspection</u>
Income tax	2007 - 08
Value added tax-	2007 - 08
Personal income tax	2007 - 08
Capital gains tax	2007 - 08
Business activities tax	2007 - 08
Social Security	2007 - 08
Non-residents	2007 - 08

Due to the different possible interpretations of prevailing tax legislation, certain additional liabilities could arise in the event of an inspection. In any event, the directors do not consider that any such contingencies that could arise would have significant effect on the annual accounts.

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EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(a) Income taxes

A reconciliation of net income and expenses for the year and the taxable income is as follows:

	Thousands of Euros		
	Income Statements		
	Increases	Decreases	Net
Profit for the year	74,794		74,794
Income tax	32,025	-	32,025
Profit before income tax	106,819	-	106,819
Permanent differences	23,612	49,386	(25,774)
Temporary differences:	-	29,768	(29,768)
Originating in current year	534	29,163	(28,629)
Originating in prior years	-	1,139	(1,139)
Offset of tax loss carryforwards		36,964	(36,964)
Taxable income			<u>14,314</u>

In the increases column, permanent differences reflect adjustments arising from conversion to the new Spanish General Chart of Accounts, mainly in relation to provisions for impairment of investments in Group companies. All permanent differences in the decreases column are derived from the costs of the public offering.

All tax loss carryforwards are offset in the current year.

Details of the income tax expense related to profit for the year are as follows:

	Thousands of Euros		
	Profit and loss	Equity	Total
Profit for the year	106,819	-	106,819
Tax at 30%	32,046)	-	32,046
Effect of differences in tax rates			
Previously unrecognised tax credits applied	(11,090)		(11,090)
Prior years' adjustments for deferred tax liabilities	4,374		4,374
Adjustment for conversion to new General Chart of Accounts that use tax credits not recognised in prior years	7,084	-	7,084
Prior years' adjustments for deferred tax assets	(389)	-	(389)
Income tax expense	<u>32,025</u>	<u>-</u>	<u>32,025</u>

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

Details of the income tax expense are as follows:

	Thousands of Euros
Current tax for the year	<u>19,062</u>
	<u>19,062</u>
Deferred tax liabilities	
Source and reversal of temporary differences	
Amortisation of HWE goodwill	13,123
Salaries payable	<u>(160)</u>
	12,963
	<u>32,025</u>

The total payment of current tax for 2008 is reduced by Euros 14,816 thousand as a result of the costs related to the public share offering recognised in equity.

Details of deferred tax assets and liabilities that are expected to be realised or reverse in periods exceeding 12 months, are as follows:

	Thousands of Euros		
	Assets	Liabilities	Net
Amortisation of HWE goodwill	-	(13,123)	(13,123)
Personnel expenses	<u>160</u>	<u>-</u>	<u>160</u>
Total assets/liabilities	<u>160</u>	<u>(13,123)</u>	<u>(12,963)</u>

Details of deferred tax assets and liabilities that are expected to be realised or reverse in periods exceeding 12 months, are as follows:

	Thousands of Euros
Amortisation of HWE goodwill	<u>(13,123)</u>
Net	<u>(13,123)</u>

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(17) Environmental Information

Given the nature of its activity, the Company does not consider it necessary to make investments to prevent or correct environmental effects of that activity or to make any environmental provisions. However, a number of required environmental studies have been carried out in accordance with prevailing legislation to obtain authorisation for wind farms developed on behalf of Group companies. These studies have been recognised as an increase in property, plant and equipment in progress.

The current annual accounts do not include any environmental costs.

The directors consider that no significant environmental contingencies exist.

(18) Balances and Transactions with Related Parties(a) Balances with related parties

Details of balances receivable from and payable to Group companies and related parties, including members of senior management and directors, and the main characteristics are disclosed in notes 10 and 15.

Details of balances by category are as follows:

	Thousands of Euros			
	Parent company	Group companies	Directors	Total
Non-current investments in Group companies	-	3,648,347	-	3,648,347
Non-current investments	-	2,608,612	-	2,608,612
Total non-current assets	-	6,256,959	-	6,256,959
Trade and other receivables	-	1,679	-	1,679
Current investments	-	302,355	-	302,355
Total current assets	-	304,034	-	304,034
Total assets	-	6,560,993	-	6,560,993
Group companies – non-current	862,817	-	-	862,817
Total non-current liabilities	862,817	-	-	862,817
Current accounts with Group companies	-	4,813	-	4,813
Current payables	-	5,307	30	5,337
Total current liabilities	-	10,120	30	10,150
Total liabilities	862,817	10,120	30	872,967

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(b) Transactions with related parties

The Company's transactions with related parties are as follows:

	Thousands of Euros		
	Group companies	Directors	Total
Revenue			
Other services rendered	1,679	-	1,679
Finance income	126,936	-	126,936
	<u>128,615</u>	<u>-</u>	<u>128,615</u>
Expenses			
Operating lease expenses	(1,500)	-	(1,500)
Other services received	(2,555)	-	(2,555)
Personnel expense			
Salaries	-	(277)	(277)
Finance expenses	(13,249)	-	(13,249)
	<u>(17,304)</u>	<u>(277)</u>	<u>(17,581)</u>
	<u>111,311</u>	<u>(277)</u>	<u>111,034</u>

(c) Information on the Company's directors and senior management personnel

During 2008 the directors of the Company have received remuneration of Euros 277 thousand and senior management have received Euros 244 thousand. Remuneration paid to directors includes Euros 235 thousand which, although it is on account of EDP Renováveis, S.A., has been paid to the chief executive officer by EDP Energias de Portugal, S.A. Transactions with group companies relating to other services received, described in section b) above, include this cost. The directors and senior management have not received any loans or advances and the Company has not extended any guarantees on their behalf. The Company has no pension or life insurance obligations with the Company's former or current directors.

(d) Transactions other than ordinary business or under terms differing from market conditions carried out by the directors of the Company

During 2008 the directors have not carried out any transactions other than ordinary business with the Company or applying terms that differ from market conditions.

(e) Investments and positions held by directors

Details of interests held by the directors of the Company in both the Company and companies with identical, similar or complementary statutory activities to those of the Parent company and positions held as well as functions and activities performed in these companies are shown in Appendix V, which forms an integral part of this note to the annual accounts.

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(19) Income and Expenses(a) Employee benefits expense and provisions

Details of employee benefits expenses and provisions are as follows:

	<u>Thousands of Euros 2008</u>
Employee benefits expense	
Social security payable by the Company	34
Other employee benefits expenses	<u>13</u>
	<u>47</u>

(b) Foreign currency transactions

Details of revenue and expenses denominated in foreign currencies are as follows:

	<u>Thousands of Euros 2008</u>
Revenue	
Financial instruments	<u>9,353</u>
Finance income	9,353
Expenses	
Financial instruments	<u>(12,958)</u>
Finance expense	<u>(12,958)</u>
Net	<u>(3,605)</u>

(20) Employee information

The average headcount of the Company during 2008, distributed by category, is as follows.

	<u>Number</u>
Management	2
Senior technicians	<u>3</u>
	<u>5</u>

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

At year end the distribution by gender of Company personnel and the members of the board of directors is as follows:

	Number	
	Male	Female
Management	9	2
Senior technicians	11	6
Technicians	1	1
	<u>21</u>	<u>9</u>

One of the fifteen members of the board of directors is female.

(21) Audit Fees

KPMG Auditores, S.L., the auditors of the individual and consolidated annual accounts of the Company, and other individuals and companies related to the auditors as defined by Audit Law 19 of 12 July 1988 have invoiced the Company the following net fees for professional services during the year ended 31 December 2008:

	Thousands of Euros
Audit services individual and consolidated annual accounts	157
Audit-related services linked to the public share offering	121
	<u>278</u>

Audit services detailed in the above table include the total fees for services rendered in 2008.

Other companies related to KPMG International have invoiced the Company as follows:

	Thousands of Euros
Audit-related services linked to the public offering	344
	<u>344</u>

(Continues)

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

(22) Subsequent Events

No events have occurred subsequent to year end which could affect these annual accounts.

(23) Issues deriving from transition to the new accounting standards

As mentioned in note 2, the annual accounts for 2008 have been considered as opening annual accounts, and therefore do not include comparative figures for the prior year. This note contains the balance sheet and statement of profit and loss included in the annual accounts for 2007 approved by the shareholders at their annual general meeting held on 8 April 2008, which were prepared in accordance with the Spanish General Chart of Accounts in force during that year. This note also includes an explanation of the main differences between the accounting principles applied in the current year and those applied in the previous year, as well as a quantification of the impact of this change in accounting criteria on equity at 1 January 2008, which is the transition date and, therefore, the opening balance sheet date.

In accordance with the first transitional provision of Royal Decree 1514/2007, the Company has opted to measure all items included in the opening balance sheet based on the accounting principles prevailing at 31 December 2007, except for financial instruments which are measured at fair value.

(a) Balance Sheet and Statement of Profit and Loss

Appendices II and III comprise the balance sheet and statement of profit and loss included in the annual accounts for 2007.

(b) Reconciliation with the opening balance sheet

The main changes deriving from the application of the new Spanish General Chart of Accounts approved by Royal Decree 1514/2007 on equity at 1 January 2008, the date of the transitional balance sheet, and at 31 December 2007, and on the loss for the year ended 31 December 2007, are as follows:

EDP RENOVÁVEIS, S.A.

Notes to the annual accounts

	<u>Share capital</u>	<u>Share premium</u>	<u>Profit/(loss) for the year</u>	<u>Total</u>
Balance at 31 December 2007	18,873	1,882,338	(23,520)	1,877,691
Effect of adjustments:				
Recognition of net hedging operation	-	-	158	158
Elimination of provision for decline in value of securities			23,454	23,454
Tax effect of adjustments				
Deferred tax	-	-	(48)	(48)
Balance at 31 December 2007 under new accounting criteria	<u>18,873</u>	<u>1,882,338</u>	<u>44</u>	<u>1,901,255</u>

(c) Exceptions to the general rules governing first-time adoption

The Company has opted to apply the exceptions to the general rules governing first-time adoption detailed below:

(i) Hedge accounting

The Company applies hedge accounting from the transition date to derivative financial instruments where the transactions meet the criteria to qualify for hedge accounting (see note 8).

(ii) Estimates

Estimates made in accordance with previously prevailing standards are coherent with those made in the opening balance sheet and the Company has not recognised any correction of errors.

(iii) Impairment

In the first-time adoption accounting entry, the Company has reversed the provision for impairment of the investment in the HWE Group company which was made at 31 December 2007 in accordance with the accounting principles prevailing at that date. The Company reversed this provision at 1 January 2008 as the recoverable amount exceeded the value of the investment. This recoverable amount was calculated as set out in notes 2 and 4 (d).

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Information in relation to in Investments in Group companies

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31 December 2008

Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
NUEVAS ENERGÍAS DE OCCIDENTE, S.L.	Oviedo, Spain	100,00%	-	KPMG	Holding	30.000	195.426	-	(31.949)	193.476
Acampo Arias, S.L.	Zaragoza, Spain	-	98,19%	KPMG	Wind	3.314	0	-	0	3.315
Agrupación Eólica, S.L.U.	Zaragoza, Spain	-	100,00%	KPMG	Wind	772	44.398	-	200	45.371
Parque Eólico Plana de Artajona, S.L.U.	Zaragoza, Spain	-	100,00%	Not audited	Wind	12	(3)	-	0	9
C.E.Bourbriac, SAS	Paris, France	-	100,00%	KPMG	Wind	50	(4)	-	4	50
Compañía Eólica Campo de Borja, S.A.	Zaragoza, Spain	-	75,83%	KPMG	Wind	858	99	-	281	1.238
Cía. Eléctrica de Energías Renovables Alternativas, S.A.L.	Zaragoza, Spain	-	100,00%	Deloitte	Wind	69	(14)	-	0	55
Ceprastur AIE	Oviedo, Spain	-	45,41%	Not Audited	Minihydraulic	361	50	-	8	418
Corporación Empresarial de Renovables Alternativas, S.L.U.	Zaragoza, Spain	-	100,00%	Not Audited	Wind	86	(2)	-	(0)	84
Parc Eòlic de Coll de Moro, S.L.	Barcelona, Spain	-	60,00%	Not audited	Wind	3	5	-	0	8
Desarrollos Eólicos Almarchal S.A.U.	Sevilla, Spain	-	80,00%	KPMG	Wind	2.061	(33)	-	1.093	3.121
Desarrollos Eólicos Buenavista, S.A.U.	Sevilla, Spain	-	80,00%	KPMG	Wind	1.712	1.449	-	1.080	4.242
Desarrollos Catalanes Del Viento, S.L.	Barcelona, Spain	-	60,00%	KPMG	Wind	794	(3)	-	(102)	688
Desarrollos Eólicos de Corme, S.A.	Sevilla, Spain	-	80,00%	KPMG	Wind	3.666	3.009	-	979	7.655
Desarrollos Eólicos Dumbría, S.A.U.	La Coruña, Spain	-	80,00%	KPMG	Wind	61	2.197	-	5.264	7.522
Desarrollos Eólicos de Galicia, S.A.	La Coruña, Spain	-	77,33%	KPMG	Wind	6.130	1.885	-	1.607	9.623
Desarrollos Eólicos de Lugo, S.A.U.	La Coruña, Spain	-	80,00%	KPMG	Wind	7.761	2.031	-	8.183	17.975
Desarrollos Eólicos Promoción S.A.U.	Sevilla, Spain	-	80,00%	KPMG	Wind	8.061	17.977	-	12.362	38.400
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	76,00%	KPMG	Wind	7.561	1.147	-	3.654	12.362
Desarrollos Eólicos, S.A.	Sevilla, Spain	-	80,00%	KPMG	Wind	1.056	17.769	-	(1.219)	17.606
Desarrollos Eólicos de Tarifa, S.A.U.	Sevilla, Spain	-	80,00%	KPMG	Wind	5.800	1.772	-	2.511	10.083
Eólica Don Quijote, S.L.	Madrid, Spain	-	80,00%	KPMG	Wind	3	1	-	5.363	5.367
Eólica Dulcinea, S.L.	Madrid, Spain	-	80,00%	KPMG	Wind	10	0	-	1.892	1.902
Eolica Alfoz, S.L.	Madrid, Spain	-	67,98%	KPMG	Wind	10	0	-	0	10

This appendix forms and integral part of Note 8.

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Information in relation to in Investments in Group companies

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Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Eólica Arlanzón, S.A.	Madrid, Spain	-	62,00%	KPMG	Wind	4.509	1.153	-	2.821	8.483
Eólica Campollano, S.A.	Madrid, Spain	-	60,00%	KPMG	Wind	6.560	2.511	-	9.351	18.422
Eólica Mare Nostrum S.A.	Valencia, Spain	-	48,00%	Not Audited	Wind	60	(102)	-	(0)	(43)
Eólica La Brújula, S.A.	Madrid, Spain	-	67,92%	KPMG	Wind	3.294	938	-	3.148	7.380
Energías Eólicas La Manchuela, S.L.U.	Albacete, Spain	-	80,00%	KPMG	Wind	1.142	228	-	1.916	3.286
Eneroliva, S.A.U.	Sevilla, Spain	-	80,00%	Not Audited	Solar	75	(7)	-	0	68
Eólica Fontesilva, S.L.U.	Sevilla, Spain	-	80,00%	Not audited	Wind	10	(0)	-	(0)	10
Hidroeléctrica Fuentermosa S.L.	Oviedo, Spain	-	71,96%	Not Audited	Minihydraulic	77	172	-	12	261
Parques de Generación Eólica, S.L.	Burgos, Spain	-	60,00%	KPMG	Wind	1.924	344	-	418	2.687
Generaciones Especiales I, S.L.	Oviedo, Spain	-	80,00%	KPMG	Holding	28.562	156.581	-	3.343	188.487
Ceasa Promociones Eólicas S.L.U.	Zaragoza, Spain	-	100,00%	Ernst&Young	Holding	1.205	(608)	-	(544)	53
Valle del Ebro Ingeniería y Consultoría SL	Zaragoza, Spain	-	80,00%	Not Audited	Holding	188	3.077	-	722	3.987
Eólica Guadalteba, S.L.	Sevilla, Spain	-	80,00%	Not Audited	Wind	10	(0)	-	(1)	9
Hidroeléctrica Gormaz S.A.	Madrid, Spain	-	60,00%	Not Audited	Minihydraulic	61	(37)	-	(59)	(36)
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza, Spain	-	100,00%	KPMG	Wind	1.919	62	-	1.014	2.995
Investigación y Desarrollo de Energías Renovables, S.L.	León, Spain	-	47,67%	KPMG	Wind	15.718	(259)	-	(2.217)	13.242
Industrias Medioambientales Río Carrión, S.A.	Madrid, Spain	-	72,00%	Not Audited	Waste	15	(610)	-	(0)	(595)
Eólica La janda, S.L.	Madrid, Spain	-	80,00%	Not Audited	Wind	10	(1)	-	14	23
Eólica La Navica, S.L.	Madrid, Spain	-	80,00%	KPMG	Wind	10	0	-	1.170	1.180
Parque Eólico Los Cantales, S.L.U.	Zaragoza, Spain	-	100,00%	KPMG	Wind	1.963	(11)	-	2.498	4.451
Parc Eolic Molinars S.L.	Girona, Spain	-	54,00%	Not audited	Wind	3	0	-	0	3
Molino de Caragüeyes, S.L.	Zaragoza, Spain	-	80,00%	KPMG	Wind	180	(43)	-	10	147
Parque Eólico Montes de Castejón, S.L.	Zaragoza, Spain	-	100,00%	Not audited	Wind	12	(3)	-	0	9
Eólica Muxia, S.L.	La Coruña, Spain	-	80,00%	Not audited	Wind	10	(0)	-	(0)	10
NEO Energía Aragón S.L.	Madrid, Spain	-	100,00%	KPMG	Wind	10	(0)	-	(1)	8

This appendix forms and integral part of Note 8.

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Information in relation to investments in Group companies

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31 December 2008

Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
NEO Catalunya S.L.	Barcelona, Spain	-	100,00%	KPMG	Wind	10	0	-	(314)	(304)
Neomai Inversiones SICAV, S.A.	Madrid, Spain	-	100,00%	PriceWaterhouseCoopers	Wind	33.358	6.448	-	(1.304)	38.503
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	46,66%	KPMG	Wind	63	8.621	-	3.399	12.083
Parque Eólico Belchite, S.L.U.	Zaragoza, Spain	-	80,00%	KPMG	Wind	3.600	720	-	3.211	7.531
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	80,00%	KPMG	Wind	9.080	10.148	-	4.127	23.355
Parque Eólico Sotonera, S.L.	Zaragoza, Spain	-	51,88%	KPMG	Wind	2.000	311	-	2.195	4.506
Eolica de Radona, S.L.U.	Madrid, Spain	-	80,00%	Not audited	Wind	10	0	-	0	10
Rasacal Cogeneración, S.A.	Madrid, Spain	-	48,00%	Not Audited	Cogeneration	60	(476)	-	0	(416)
Siesa Renovables Canarias, S.L.	Gran Canaria, Spain	-	80,00%	Not Audited	Wind	3	(2)	-	(1)	0
Renovables Castilla La Mancha, S.A.	Albacete, Spain	-	72,00%	KPMG	Wind	15	(0)	-	2.150	2.165
Hidroeléctrica del Rumblar S.L.	Madrid, Spain	-	64,00%	Not Audited	Minihydraulic	276	(149)	-	(85)	42
Eólica Sierra de Ávila, S.L.	Madrid, Spain	-	71,99%	KPMG	Wind	10	0	-	0	10
Sinae Inversiones Eólicas, S.A.	Madrid, Spain	-	80,00%	KPMG	Wind	6.010	7.670	-	5.567	19.247
Sotromal, S.A.	Soria, Spain	-	72,00%	Not Audited	Waste	113	(279)	-	(10)	(176)
Parc Eòlic de Torre Madrina, S.L.	Barcelona, Spain	-	60,00%	Not audited	Wind	3	4	-	0	7
Tratamientos Medioambientales del Norte, S.A.	Madrid, Spain	-	64,00%	Not Audited	Waste	60	4	-	(47)	17
Tratamientos Medioambientales Río Sotón, S.A.	Madrid, Spain	-	80,00%	KPMG	Waste	60	13	-	2.362	2.435
Veinco Energia Limpia S.L.	Zaragoza, Spain	-	80,00%	Not Audited	Wind	3	340	-	65	408
Bon Vent de Corbera, S.L.	Barcelona, Spain	-	100,00%	Not audited	Wind	90	(4)	-	0	86
Bon Vent de Vilalba, S.L.	Barcelona, Spain	-	100,00%	Not audited	Wind	90	(4)	-	0	86
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona, Spain	-	60,00%	Not audited	Wind	3	0	-	0	3

This appendix forms and integral part of Note 8.

31 December 2008

Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Parc Eolien D'Ardennes	Elbeuf, France	-	100,00%	Not audited	Wind	1	(119)	-	(3)	(121)
C.E. Ayssenes-Le Truel, SAS	Paris, France	-	100,00%	KPMG	Wind	150	(6)	-	(12)	132
Parc Eolien du Clos Bataille, SAS	Elbeuf, France	-	100,00%	Cabinet Exco	Wind	37	(894)	-	(398)	(1.254)
C.E. Beaurevoir, SAS	Paris, France	-	100,00%	KPMG	Wind	50	17	-	(4)	63
Eolienne des Bocages, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	1	(23)	-	(3)	(26)
C.E. Calanhel Lohuec, SAS	Paris, France	-	100,00%	KPMG	Wind	80	(8)	-	(6)	66
Eolienne de Callengeville, SAS	Elbeuf, France	-	100,00%	KPMG	Wind	37	(17)	-	(6)	14
CE Canet-Pont de Salars, SAS	Paris, France	-	100,00%	KPMG	Wind	125	(280)	-	(50)	(205)
Parc Eolien des Longs Champs, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	1	(60)	-	(6)	(66)
Eole Service, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	10	25	-	4	40
Eole 76 Developpement, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	50	(34)	-	(156)	(140)
Eolienne D'Etalondes, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	1	(22)	-	(4)	(25)
Le Gollot SAS	Carhaix, France	-	100,00%	Jean-Yves Morisset	Wind	37	(82)	-	(404)	(449)
CE Gueltas Noyal-Pontivy, SAS	Paris, France	-	100,00%	KPMG	Wind	2.261	843	-	205	3.309
Parc Eolien de La Hetroye, SAS	Elbeuf, France	-	100,00%	Cabinet Exco	Wind	37	(18)	-	(5)	14
Hollywell Investments Limited, SARL	Luxembourg	-	100,00%	Not audited	Wind	13	(341)	-	(551)	(880)
Keranfouler SAS	Carhaix, France	-	100,00%	Jean-Yves Morisset	Wind	37	(15)	-	(222)	(199)
SOCPE Le Mee S.A.R.L	Toulouse, France	-	49,00%	KPMG	Wind	1	0	-	(34)	(33)
Parc Eolien Les Bles D'Or S.A.R.L.	Toulouse, France	-	100,00%	Not Audited	Wind	1	(7)	-	(63)	(69)
C.E. Les Vieilles, SAS	Paris, France	-	100,00%	KPMG	Wind	500	(263)	-	(4)	233
Parc Eolien de Mancheville, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	1	(34)	-	(3)	(35)
Eole Futur Montloue 1, SAS	Elbeuf, France	-	100,00%	Cabinet Exco	Wind	37	(47)	-	(88)	(97)
Neo Galia , SAS	Paris, France	-	100,00%	KPMG	Wind	7.037	0	-	(1.427)	5.610

This appendix forms and integral part of Note 8.

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Information in relation to investments in Group companies

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31 December 2008

Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
C.E. Patay, SAS	Paris, France	-	100,00%	KPMG	Wind	1.640	92	-	547	2.279
Parc Eolien des Bocages, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	1	(157)	-	(4)	(160)
SOCPE Petite Piece S.A.R.L.	Toulouse, France	-	49,00%	KPMG	Wind	1	0	-	(4)	(3)
SOCPE Pieces de Vigne S.A.R.L.	Toulouse, France	-	100,00%	Not Audited	Wind	1	(6)	-	(5)	(10)
Plouvien Breiz SAS	Carhaix, France	-	100,00%	Jean-Yves Morisset	Wind	40	(785)	-	(446)	(1.191)
CE Pont d'Yeu, SAS	Paris, France	-	100,00%	KPMG	Wind	200	(142)	-	(4)	54
C.E. Prouville, S.A.S	Paris, France	-	100,00%	KPMG	Wind	38	(4)	-	5	39
Rech. et Dével. Éoliennes	Paris, France	-	100,00%	KPMG	Wind	750	536	-	(920)	366
Ridgeside Investments Limited, SARL	Luxembourg	-	100,00%	Not audited	Wind	13	(200)	-	(343)	(530)
Parc Eolien de Roman, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	1	(92)	-	(3)	(94)
CE Saint Alban-Henanal, SAS	Paris, France	-	100,00%	KPMG	Wind	50	0	-	(2)	48
C.E. Saint Barnabe, SAS	Paris, France	-	100,00%	KPMG	Wind	1.600	(226)	-	296	1.670
SOCPE Saint Jacques S.A.R.L.	Toulouse, France	-	100,00%	Not Audited	Wind	1	(3)	-	(44)	(46)
Eolienne de Saugueuse, SARL	Elbeuf, France	-	100,00%	Not audited	Wind	1	(23)	-	(2)	(24)
SOCPE Sauvageons S.A.R.L.	Toulouse, France	-	49,00%	KPMG	Wind	1	(4)	-	(16)	(18)
C.E. Segur, S.A.S.	Paris, France	-	100,00%	KPMG	Wind	1.615	(134)	-	177	1.658
Truc L'homme	Paris, France	-	100,00%	KPMG	Wind	38	(3)	-	(3)	32
Parc Eolien de Varimpre, SAS	Elbeuf, France	-	100,00%	Cabinet Exco	Wind	37	(1.133)	-	(753)	(1.849)
Parc Eolien des Vatines, SAS	Elbeuf, France	-	100,00%	Cabinet Exco	Wind	37	(1.083)	-	(670)	(1.717)
Chodow Wind Park SP.ZO.O.	Varsóvia, Poland	-	100,00%	Not Audited	Wind	14	(2)	-	(16)	(3)
KIP Wind Park I SP.ZO.O.	Warsaw, Poland	-	100,00%	Not Audited	Wind	14	(2)	-	(13)	(1)
KIP Wind Park II SP.ZO.O.	Warsaw, Poland	-	100,00%	Not Audited	Wind	22	(8)	-	131	145
Neolica Polska SP Z.O.O.	Warsaw, Poland	-	100,00%	Not audited	Holding	139	1.216	-	53	1.408

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Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Relax Wind Park I SP.ZO.O.	Warsaw, Poland	-	93,29%	Not Audited	Wind	312	(183)	-	(212)	(82)
Relax Wind Park II Sp. zoo	Warsaw	-	51,00%	Not audited	Wind	123	(32)	-	(21)	70
Relax Wind Park III SP.ZO.O.	Varsóvia, Poland	-	100,00%	Not Audited	Wind	117	(18)	-	(16)	84
Relax Wind Park IV Sp. zoo	Warsaw, Poland	-	51,00%	Not audited	Wind	109	(35)	-	(142)	(69)
Relax Wind Park V SP.ZO.O.	Warsaw, Poland	-	100,00%	Not audited	Wind	142	(21)	-	(14)	108
Relax Wind Park VI SP.ZO.O.	Warsaw, Poland	-	100,00%	Not audited	Wind	14	(1)	-	(18)	(6)
SK Wind Park SP.ZO.O.	Warsaw, Poland	-	100,00%	Not audited	Wind	14	(2)	-	(12)	0
Sokolowo Wind Park SP.ZO.O.	Warsaw, Poland	-	100,00%	Not audited	Wind	56	(38)	-	(11)	7
Zulawy Wind Park I SP.ZO.O.	Varsóvia, Poland	-	100,00%	Not audited	Wind	14	(4)	-	(6)	4
Eneraltius-Produção de Energia Eléctrica, S.A.	Lisbon, Portugal	-	100,00%	KPMG	Wind	1.505	2.230	-	1.644	5.379
Enernova-Novas Energías, S.A.	Lisbon, Portugal	-	100,00%	KPMG	Wind	7.500	35.344	-	20.754	63.598
Eólica de Alagoa, S.A.	Arcos Valdevez, Portugal	-	59,99%	KPMG	Wind	50	1.726	-	353	2.129
Eólica de Montenegro, Lda	Vila Pouca de Aguiar, Portugal	-	50,10%	KPMG	Wind	50	1.397	-	(259)	1.188
Eólica da Serra das Alturas	Porto, Portugal	-	50,10%	KPMG	Wind	50	782	-	(136)	696
Levante-Energía Eólica, Unipersonal Lda	Porto, Portugal	-	100,00%	KPMG	Wind	5	348	-	955	1.308
Malhadizes-Energía eólica, S.A.	Porto, Portugal	-	100,00%	KPMG	Wind	50	24	-	476	550
Greenwind S.A.	Louvain-la-Neuve, Belgium	-	70,00%	Not Audited	Wind	24.996	(738)	-	(510)	23.748
Tarcan BV	Amsterdamm The Netherlands	-	100,00%	KPMG	Holding	20	106	-	(758)	(633)
Cernavoda Power SRL	Bucharest, Rumania	-	85,00%	Not audited	Wind	0	(4)	-	(546)	(550)

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Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Renovatio Power SRL	Bucharest, Rumania	-	85,00%	Not audited	Wind	0	(3)	-	(409)	(412)
HORIZON WIND ENERGY, LLC	Texas, USA	100,00%		KPMG	Holding	2.751.277	(11.578)	-	(51.711)	2.687.988
Wind Turbine Prometheus, LP	California, USA	-	100,00%	KPMG	Wind	(408)	(3)	-	(1)	(412)
Dickinson County Wind Farm LLC	Minnesota, USA	-	100,00%	KPMG	Wind	0	0	-	(70)	(70)
Darlington Wind Farm, LLC	Minnesota, USA	-	100,00%	KPMG	Wind	0	0	-	(5)	(5)
Cloud County Wind Farm	Kansas, USA	-	100,00%	KPMG	Wind	235.725	(0)	-	79	235.804
Whitestone Wind Purchasing, LLC	Texas, USA	-	100,00%	KPMG	Wind	0	0	-	10.735	10.735
Blue Canyon Windpower II LLC	Oklahoma, USA	-	100,00%	KPMG	Wind	163.140	1.304	-	4.414	168.858
Blue Canyon Windpower V, LLC	Oklahoma, USA	-	100,00%	KPMG	Wind	0	0	-	(19)	(19)
Horizon Wind Energy International	Texas, USA	-	100,00%	KPMG	Wind	4.089	98	-	89	4.276
Pioneer Prairie Wind Farm I, LLC	Iowa, USA	-	100,00%	KPMG	Wind	396.570	8.961	-	595	406.126
Sagebrush Power Partners, LLC	Washington, USA	-	100,00%	KPMG	Wind	0	0	-	(13)	(13)
Telocaset Wind Power Partners, LLC	Oregon, USA	-	100,00%	KPMG	Wind	90.854	1.319	-	3.938	96.111
High Trail Wind Farm, LLC	Illionois, USA	-	100,00%	KPMG	Wind	330.107	(165)	-	4.292	334.234
Chocolate Bayou Windpower I, LP	Texas, USA	-	100,00%	KPMG	Wind	2.471	0	-	(171)	2.300
Marble River, LLC	New York, USA	-	100,00%	KPMG	Wind	13.417	(1)	-	(76)	13.340
Rail Splitter	Illionois, USA	-	100,00%	KPMG	Wind	0	0	-	(172)	(172)
Blackstone Wind Farm, LLC	Illionois, USA	-	100,00%	KPMG	Wind	0	0	-	(3)	(3)
Aroostook Wind Energy LLC	Maine, USA	-	100,00%	KPMG	Wind	904	(4)	-	(55)	845
Jericho Rise Wind Farm LLC	New York, USA	-	100,00%	KPMG	Wind	1.150	(2)	-	(23)	1.125
Madison Windpower LLC	New York, USA	-	100,00%	KPMG	Wind	7.591	31	-	(183)	7.439
Mesquite Wind, LLC	Texas, USA	-	100,00%	KPMG	Wind	201.193	1.065	-	5.972	208.231

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Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Martinsdale Wind Farm LLC	Colorado, USA	-	100,00%	KPMG	Wind	2.297	(0)	-	(2)	2.295
Post Oak Wind, LLC	Texas, USA	-	100,00%	KPMG	Wind	250.975	99	-	4.932	256.005
BC Maple Ridge Wind LLC	Texas, USA	-	100,00%	KPMG	Wind	349.610	9.721	-	(3.162)	356.169
High Prairie Wind Farm II, LLC	Minnesota, USA	-	100,00%	KPMG	Wind	91.304	768	-	793	92.865
Arlington Wind Power Project LLC	Oregon, USA	-	100,00%	KPMG	Wind	133.787	(5)	-	289	134.071
Signal Hill Wind Power Project LLC	Colorado, USA	-	100,00%	KPMG	Wind	(17)	(0)	-	(2)	(19)
Tumbleweed Wind Power Project LLC	Colorado, USA	-	100,00%	KPMG	Wind	(1)	(1)	-	(1)	(4)
Old Trail Wind Farm, LLC	Illionois, USA	-	100,00%	KPMG	Wind	208.799	3.107	-	(2.889)	209.017
Viento Grande Wind Power Project LLC	Colorado, USA	-	100,00%	KPMG	Wind	619	0	-	(68)	550
OPQ Property LLC	Illionois, USA	-	100,00%	KPMG	Wind	13	11	-	10	33
Meadow Lake Wind Farm, LLC	Indiana, USA	-	100,00%	KPMG	Wind	0	0	-	(220)	(220)
Wheatfield Wind Power Project, LLC	Oregon, USA	-	100,00%	KPMG	Wind	0	0	-	67	67
007 Vento I LLC	Texas, USA	-	100,00%	KPMG	Wind	959.982	(232)	-	1.488	961.237
007 Vento II	Texas, USA	-	100,00%	KPMG	Wind	641.931	(0)	-	(653)	641.278
008 Vento III	Texas, USA	-	100,00%	KPMG	Wind	766.082	0	-	0	766.082
Horizon Wind Ventures I LLC	Texas, USA	-	100,00%	KPMG	Wind	581.960	11.608	-	10.418	603.985
Horizon Wind Ventures II, LLC	Texas, USA	-	100,00%	KPMG	Wind	641.931	253	-	7.262	649.446
Horizon Wind Ventures III, LLC	Texas, USA	-	100,00%	KPMG	Wind	766.082	0	-	0	766.082
Clinton County Wind Farm, LLC	New York, USA	-	100,00%	KPMG	Wind	10.785	(5)	-	0	10.780
BC2 Maple Ridge Holdings LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Cloud West Wind Project, LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Five-Spot, LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Alabama Ledge Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-

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Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Antelope Ridge Wind Power Project LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Arkwright Summit Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Ashford Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Athena-Weston Wind Power Project LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Black Prairie Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Blackstone Wind Farm II LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Blackstone Wind Farm III LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Blackstone Wind Farm IV LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Blackstone Wind Farm V LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Blue Canyon Windpower III LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Blue Canyon Windpower IV LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Blue Canyon Windpower VI LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Broadlands Wind Farm II LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Broadlands Wind Farm III LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Broadlands Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Chateaugay River Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Crossing Trails Wind, Power Project LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Dairy Hills Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Diamond Power Partners LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
East Clickitat Wind Power Project LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Ford Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Freeport Windpower I, LP	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-

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Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Gulf Coast Windpower Management Company, LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Homestead Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Valley I LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind, Freeport Windpower I LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Juniper Wind Power Partners, LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Lexington Chenoa Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Machias Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Meadow Lake Wind Farm II LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
New Trail Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
North S.L.ope Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Number Nine Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Pacific Southwest Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Pioneer Prairie Wind Farm II LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Rim Rock Power Partners LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-

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Subsidiaries Companies	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Saddleback Wind Power Project LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Sardinia Windpower LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Turtle Creek Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Western Trail Wind Project I LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Whistling Wind WI Energy Center, LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Simpson Ridge Wind Farm LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Coos Curry Wind Power Project LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Horizon Wind Energy Northwest XV LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Peterson Power Partners LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Pioneer Prairie Interconnection LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
The Nook Wind Power Project LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Tug Hill Windpower LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Whiskey Ridge Power Partners LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
Wilson Creek Power Partners LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
WTP Management Company LLC	Texas, USA	-	100,00%	Not audited	Wind	-	-	-	-	-
EDP RENOVÁVEIS BRASIL	São Paulo, Brazil	55,00%	-	Not Audited	Holding	-	-	-	-61	-61

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Jointly Controlled Entities	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				
						Share Capital	Reserves	Net Profit		Total Equity
								Extraor.	Total	
Flat Rock Windpower LLC	New York, USA	-	50,00%	E&Y	Wind	377.581	(31.118)	-	5.061	351.524
Flat Rock Windpower II LLC	New York, USA	-	50,00%	E&Y	Wind	149.060	(13.155)	-	2.968	138.874
Compañía Eólica Aragonesa, S.A.	Zaragoza, Spain	-	50,00%	Deloitte	Wind	6.701	28.201	-	14.234	49.136
Desarrollos Energeticos Canarios S.A.	Las Palmas, Spain	-	39,92%	KPMG	Wind	15	(25)	-	0	(10)
Evolución 2000, S.L.	Albacete, Spain	-	39,32%	KPMG	Wind	118	8.281	-	4.066	12.465
Horta Medioambiental, S.A.	Madrid, Spain	-	40,00%	Not Audited	Waste	60	(173)	-	(0)	(113)
Ibersol E. Solar Ibérica	Almería, Spain	-	40,00%	KPMG	Solar	65	0	-	0	65
Murciasol-1 Solar Térmica	Almería, Spain	-	40,00%	KPMG	Solar	3	0	-	0	3
Tebar Eólica, S.A.	Cuenca, Spain	-	40,00%	Audit, S.L.	Wind	4.720	1.695	-	3.657	10.072

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Associate Companies.	Head Office	% Direct	% Indirect	Auditor	Activity	Thousand of Euro				Total Equity
						Share Capital	Reserves	Net Profit		
								Extraor.	Total	
Biomassas del Pirineo, S.A.	Huesca, Spain	-	24,00	Not Audited	Biomass	455	(48)	-	(169)	238
Cultivos Energéticos de Castilla, S.A.	Burgos, Spain	-	24,00	Not Audited	Biomass	300	(238)	-	191	252
Desarrollos Eólicos de Canarias, S.A.	Las Palmas, Spain	-	35,80	KPMG	Wind	4.291	3.833	-	1.388	9.512
Hidroastur, S.A.	Oviedo, Spain	-	20,00	Centium	Minihydraulic	4.808	3.275	-	367	8.449
Naturneo Energía, S.L.	Bilbao, Spain	-	49,01	Not audited	Wind	3	0	-	(1)	2
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	23,92	KPMG	Wind	120	2.413	-	2.541	5.075
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	33,60	Ernst&Young	Wind	7.194	1.812	-	3.980	12.986
Parque Eólico Altos del Voltoya, S.A.	Madrid, Spain	-	24,80	KPMG	Wind	6.445	3.009	-	2.451	11.905
Sodecoan, S.L.	Sevilla, Spain	-	40,00	Not audited	Wind	6	(9)	-	-	(3)
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	20,00	Not Audited	Solar	80	(11)	-	(7)	62
ENEOP - ÉOLICAS DE PORTUGAL, S.A.	Lisboa, Portugal	-	19,60	Mazars	Wind	5.000	28.347	-	(258)	33.089

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EDP Renováveis, S.A.

Balance sheets
at 31 December 2007

Appendix II

(Expressed in thousands of Euros)

ASSETS	31 Dec 2007
ASSETS	
Investments	3,265,090
Investments in group companies	1,901,196
Loans to Group Companies	1,387,347
Provisions	(23,453)
	3,265,090
CURRENT ASSETS	
Trade receivables	11
Public entities	11
Current investments	443,332
Loans to Group companies	438,827
Accrued interest receivable	4,505
Cash	15
	443,358
TOTAL ASSETS	3,708,448

LIABILITIES	31 Dec 2007
QUITY	
Share capital	18,873
Share premium	1,882,338
Loss for the year	(23,520)
	1,877,691
DEFERRED INCOME	
Unrealised exchange gains	37,836
	37,836
LIABILITIES – NON-CURRENT	
Group companies – non-current	1,358,604
	1,358,604
LIABILITIES - CURRENT	
Group companies - current	434,240
Trade payables	77
	434,317
TOTAL LIABILITIES	3,708,448

This appendix forms an integral part of Note 23.a.

Interest and investments in other Shareholders' companies
at 31 December 2008

EXPENSE	2007
EXPENSES	
Other operating expenses	67
External services	67
Finance expense	4,505
Group companies	4,505
Net finance income	-
Losses from investments in securities	23,453
Income tax	-

INCOME	2007
INCOME	
Operating losses	67
Finance income from loans to Group Companies	4,505
Net finance expense	-
Losses on ordinary activities	67
Net extraordinary expense	23,453
Loss before income tax	23,520
Loss for the year	23,520

This note forms an integral part of 23.a.

Interest and investments in other Shareholders' companies
at 31 December 2008

ASSETS	31 Dec 2007
ASSETS	
Intangible assets	600,977
Property, plant and equipment	1,266,318
Investments	2,408,290
	4,275,585
CURRENT ASSETS	
Inventories	54,909
Receivables	164,789
Current investments	3,990
Own shares	4,809
Cash	5,039
Prepayments	6,123
	239,659
TOTAL ASSETS	4,515,244

LIABILITIES	31 Dec 2007
EQUITY	
Share capital	421,740
Share premium	1,198,704
Reserves	30,355
Loss for the year	46,545
	1,697,344
DEFERRED INCOME	11,550
PROVISIONS FOR LIABILITIES AND CHARGES	249,346
TRADE PAYABLES – NON-CURRENT	1,760,176
TRADE PAYABLES - CURRENT	796,828
TOTAL LIABILITIES	4,515,244

This appendix forms an integral part of Note 13

Interest and investments in other Shareholders' companies
at 31 December 2008

Name of the Board member	Name of the company	Position
Antonio Luís Guerra Nunes Mexía	EDP Energías de Portugal, S.A. Energías do Brasil, S.A. EDP Energías de Portugal, S.A. Sucursal en España EDP Finance, B.V.	Chairman of the Board of Directors Chairman of the Board of Directors Representative Representative
Ana María Machado Fernandes	EDP Energías de Portugal, S.A. Energías do Brasil, S.A. Nuevas Energías de Occidente, S.L. Horizon Wind Energy, LLC EDP Energías de Portugal, S.A. Sucursal en España EDP Finance, B.V. Hidroeléctrica del Cantábrico, S.A. ENEOP – Eólicas de Portugal, S.A.	Member of the Board of Directors Member of the Board of Directors Chairman of the Board of Directors Member of the Board of Directors Representative Representative Member of the Board of Directors Chairman of the Board of Directors
Antonio Fernando Melo Martins da Costa	EDP Energías de Portugal, S.A.	Member of the Board of Directors
Nuno María Pestana de Almeida Alves	Balwerk – Consultadoria Económica e Participações, S.U. Lda. Electricidade de Portugal Finance Company Ireland, Lt. EDP – Energias de Portugal, S.A. EDP Energías de Portugal, S.A. Sucursal en España EDP – Investimentos, Gestao de Participações e Assitencia Técnica, Lda. EDP Energias do Brasil, S.A. EDP Imobiliária e Participações, S.A. Sávida Medicina Apoiada, S.A. SCS Servicios Complementares de Saúde, S.A. EDP Valor – Gestao Integrada de Serviços, S.A. Energia RE, S.A. EDP Finance, B.V. Hidroeléctrica del Cantábrico, S.A. Horizon Wind Energy, LLC	Managing Director Director Member of the Board of Directors and Chief Financial Officer Representative Member of the Board of Directors Member of the Board of Directors Chairman of the Board of Directors Representative Member of the Board of Directors Member of the Board of Directors

Interest and investments in other Shareholders' companies
at 31 December 2008

Name of the Board member	Name of the company	Position
	MRH Mudança e Recursos Humanos, S.A. EDP Estudos e Consultoria, S.A. EDP Gás III, S.G.P.S., S.A. EDP Investimentos, S.G.P.S., S.A.	Chairman of the Board of Directors Chairman of the Board of Directors Member of the Board of Directors Member of the Board of Directors
João Manuel Manso Neto	Naturgas Energía Grupo, S.A.* Eléctrica de la Ribera del Ebro, S.A.* HidroCantábrico Energía, S.A.U.* HidroCantábrico Gestión de Energía, S.A.U.* EDP Energías de Portugal, S.A.	ViceChairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Board of Directors Sole member Member of the Board of Directors
	EDPGestao da Produçaco de Energía, S.A. EDP Gás S.G.P.S., S.A. EDP Gás II S.G.P.S., S.A. EDP Gás III S.G.P.S., S.A. EDP Investimentos S.G.P.S., S.A. EDP Gás GPL - Comércio de Petróleo Liquefeito, S.A. EDP Finance, B.V. Hidroeléctrica del Cantábrico, S.A. EDP Energías de Portugal, S.A. Sucursal en España Operador del Mercado Ibérico de Energía – Polo Español, S. A.	Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Chairman of the Board of Directors Representative Chief Executive Officer and ViceChairman of the Board of Directors Representative Chairman of the Board of Directors
Antonio do Pranto Nogueira Leite	EFACEC Capital, SGPS, S.A.	Member of the Board of Directors
Manuel Menéndez Menéndez	Naturgas Energía Grupo, S.A.* Nuevas Energías de Occidente, S.L.* Hidroeléctrica del Cantábrico, S.A. Enagas, S.A.	Chairman of the Board of Directors Member of the Board of Directors Chairman of the Board of Directors Representative of an entity in the Board of Directors
João José Belard da Fonseca Lopes Raimundo	Fomentinvest, SGPS, S.A.	Member of the Board of Directors

This appendix forms and integral part of Note 18.e

Interest and investments in other Shareholders' companies
at 31 December 2008

Name of the Board Member	Company name	Number of shares
Antonio Luís Guerra Nunes Mexía	EDP Energías de Portugal, S.A.	1.000
João Manuel Manso Neto	EDP Energías de Portugal, S.A.	1.268
João José Belard da Fonseca Lopes Raimundo	REN Redes Energéticas Nacionais, SGPS, S.A.	150
Nuno María Pestana de Almeida Alves	EDP Energías de Portugal, S.A.	40
Jorge Manuel Azevedo Henriques dos Santos	EDP Energías de Portugal, S.A.	2.379

This appendix forms and integral part of Note 18.e.

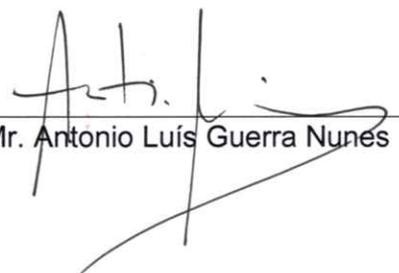
The President and the Secretary of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the best of our knowledge, the information referred to in a) of paragraph 1 of Article 245 of Decree-Law No 357-A/2007 of October 31 and other documents relating to the submission of annual accounts required by current regulations have been prepared and signed in Spanish by the members of the Board of Directors in accordance with applicable accounting standards, reflecting a true and real assets, liabilities, financial position and results of EDP Renováveis, S.A. and the management report fairly present the evolution of business performance and position of EDP Renováveis, S.A., containing a description of the principal risks and uncertainties that it faces. The board has also prepared the same documents in English and as evidence of the approval of the referred documents made in English is issued this declaration.

Lisbon, February 26, 2009.

President of the Board of Directors



Mr. Antonio Luís Guerra Nunes Mexía

Secretary of the Board of Directors



Mr. Emilio García-Conde Noriega



KPMG Auditores S.L.
Ventura Rodríguez, 2
33004 Oviedo

Auditors' Report on the Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

We have audited the annual accounts of EDP Renováveis, S.A. (the Company), which comprise the balance sheet at 31 December 2008, the related statements of income, changes in equity and cash flows for the year then ended and the notes thereto, the preparation of which is the responsibility of the Company's directors. Our responsibility is to express an opinion on the annual accounts taken as a whole, based on our audit which was conducted in accordance with generally accepted auditing standards in Spain, which require examining, on a test basis, evidence supporting the amounts in the annual accounts and assessing the appropriateness of their presentation, of the accounting principles applied and of the estimates employed.

These annual accounts for 2008 are the first the Company's directors have prepared applying the Spanish General Chart of Accounts approved by Royal Decree 1514/2007. In accordance with section one of the fourth transitional provision of Royal Decree 1514/2007, the 2008 annual accounts have been considered as the opening annual accounts and, therefore, do not include comparative figures. Note 23 to the annual accounts, "Issues deriving from transition to new accounting standards", includes the balance sheet and statement of profit and loss forming part of the authorised 2007 annual accounts, which were prepared in accordance with the Spanish General Chart of Accounts in force for that year. This note also contains an explanation of the main differences between the current and former accounting principles, as well as a quantification of the impact of this change in accounting criteria on equity at 1 January 2008, which is the transition date. We express our opinion solely on the annual accounts for 2008. On 6 March 2008 we issued our unqualified audit report on the annual accounts for 2007, which were prepared in accordance with the accounting principles prevailing that year.

In our opinion, these annual accounts for 2008 present fairly, in all material respects, the equity and financial position of EDP Renováveis, S.A. at 31 December 2008 and the results of its operations and changes in equity and cash flows for the year then ended, and contain sufficient information necessary for their adequate interpretation and understanding, in accordance with generally accepted accounting principles in Spain.

The accompanying directors' report for 2008 contains such explanations as the directors of EDP Renováveis, S.A. consider relevant to the situation of the Company, the evolution of its business and other matters, but is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2008. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

Ana Fernández Poderós
Partner

2 March 2009