first half 2013

report

index

edp

corporate governance

financial statements

auditor review report and statements of responsibility

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

edp in the world

Employees	292
Installed Capacity (MW)*	3,637
Net Generation (GWh)	5,618
Generation from renewable sources**	100%

edp renewables

Employees	34
Installed Capacity (MW)*	371
Net Generation (GWh)	408
Generation from renewable sources**	100%

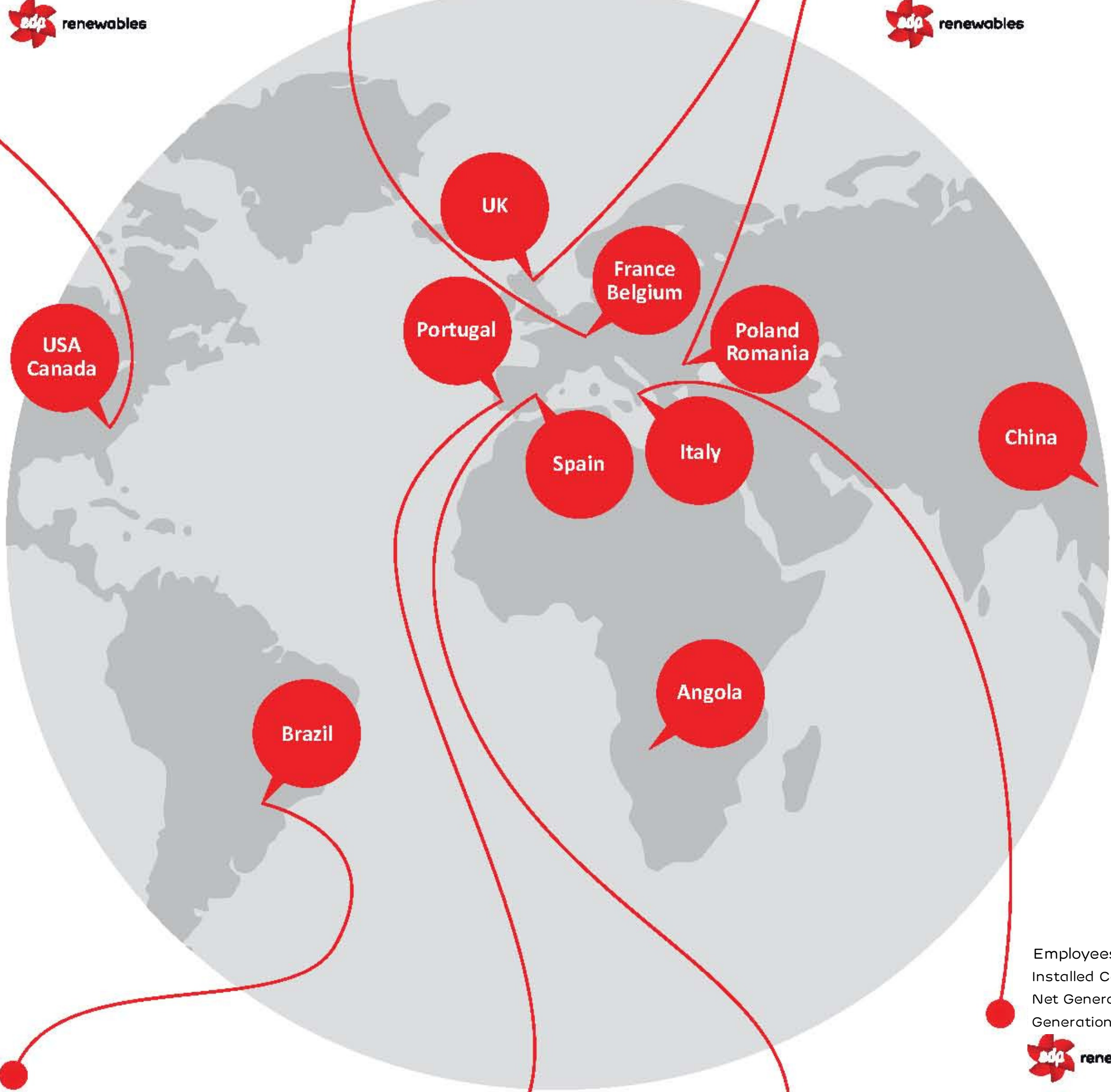
edp renewables

Employees	30

edp renewables

Employees	71
Installed Capacity (MW)*	697
Net Generation (GWh)	551
Generation from renewable sources**	100%

edp renewables



Employees	1

edp

Employees	19
Installed Capacity (MW)*	40
Net Generation (GWh)	42
Generation from renewable sources**	100%

edp renewables

Employees	2,889
Electricity Customers	2,994,212
Installed Capacity (MW)*	2,242
Net Generation (GWh)	4,615
Generation from renewable sources**	91%
Electricity Distribution (GWh)	12,856

edp

edp renewables

Employees	6,971
Electricity Customers	5,803,126
Gas Customers	335,391
Installed Capacity (MW)*	9,532
Net Generation (GWh)	13,476
Generation from renewable sources**	71%
Electricity Distribution (GWh)	21,550
Gas Distribution (GWh)	3,657

edp

edp renewables

Employees	1,934
Electricity Customers	1,092,937
Gas Customers	786,760
Installed Capacity (MW)*	6,163
Net Generation (GWh)	7,483
Generation from renewable sources**	53%
Electricity Distribution (GWh)	4,606
Gas Distribution (GWh)	28,208

edp hc energia

edp naturgas energia

edp renewables

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

vision, values and commitments

VISION

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

VALUES

Initiative

Demonstrated through behavior and attitude of our people.

Excellence

In the way we implement.

Trust

Of shareholders, customers, suppliers and other stakeholders.

Sustainability

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

Innovation

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

COMMITMENTS

Commitments with Sustainability

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

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

We actively promote energy efficiency.

Commitments with People

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

We promote the development of skills and merit.

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

Commitments with Results

We fulfil the commitments that we embraced in the presence of our shareholders.

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

We demand excellence in everything that we do.

Commitments with Clients

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

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

We surprise our Customers by anticipating their needs.

recognition

Corporate

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

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

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

Jun 24 - IR Magazine Europe Awards 2013: EDP achieved the 14th position in the general classification among 429 stock companies. In the sustainability practices category, the company obtained the first place, and the third in the CFO (large cap) category. Concerning the country and the utilities EDP achieved the first place.

Portugal

Feb 11 - "Valuing Experience" receives award from "Associação para o Desenvolvimento Económico e Social" (Association for Economic and Social Development): EDP won an award in the Senior Talent Management category in the "Excelência SEDES 2012" awards, an initiative of the SEDES Human Capital Working Group in partnership with Human Resources Portugal magazine.

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

Apr 22 - EDP wins Design Award "Meios & Publicidade" in the Rebranding category for the change in its global brand, which took place in 2011.

Apr 22 – EDP wins Kaizen Prize: EDP wins the highest award from the Kaizen Institute for the productivity gains obtained from more than 4,000 Lean initiatives developed since 2004. EDP also received an honourable mention in the "Continuous Improvement System Excellence" category for the Lean EDPWay Programme.

Apr 30 - EDP receives Retirement Responsibility Certificate: The Portuguese Association of Pension and Asset Investment Funds (APFIPP) distinguished EDP for funding pension plans, valuing the well-being of its employees after their working life has ended, and enhancing the so-called third pillar of social security.

May 31 - EDP won the "Energy" category of the Marketeer 2013 Awards: The list of nominees was drawn up for each of the 20 categories by the editorial staff and Editorial Board of Marketeer, based on the organised collection of information on the marketing and brand strategies/initiatives undertaken during 2012.

May 31 – The Corporate Safety Management System of EDP in Portugal is certified in accordance with the OHSAS 18001:2007 standard: The certification was awarded by Lloyd's Register Quality Assurance and reinforces the commitments made and safety practices of the EDP Group companies.

Spain

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

EDP Renewables

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

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

Apr 10 – EDP Renewables placed first worldwide among the utilities of the FTSE4Good index: EDPR joined the FTSE4Good index in September 2011, reaching number one among utilities in the revision of March 2013.

May 09 and 13 – EDP Renewables wins award as one of the best workplace in 2013, both in Spain and Scotland, from Great Place to Work: EDPR was recognised, in Spain and Scotland, in the category of companies with 250 to 500 employees and less than 50 employees, respectively, after an organisational culture survey that analysed equal opportunities, flexibility, integrity and work environment, among other variables.

Brazil

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

Feb 01 - EDP among the most innovative companies in the south: EDP Brasil, through EDP Renováveis Brasil, which owns the Cenaeel Wind Farm in Santa Catarina, is once again in the "Campeãs de Inovação" ranking placing it among the 50 most innovative companies in the south of the country, according to Amanhã magazine.

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

Apr 19 – EDP Brasil among the best companies in organisational human development and corporate citizenship: The company is among the 100 Best Companies of the Organisational Human Development Indicator (IDHO) and the 50 Best Companies in terms of Corporate Citizenship, meaning that it can now use those seals in its publications.

Jun 28 - Child Friendly Company Seal is awarded to EDP Brasil: EDP Escelsa, EDP Bandeirante and Enerpeixe awarded certification for developing initiatives focused on children and young people. EDP is one of the group of companies certified by the Abrinq foundation since 2004.

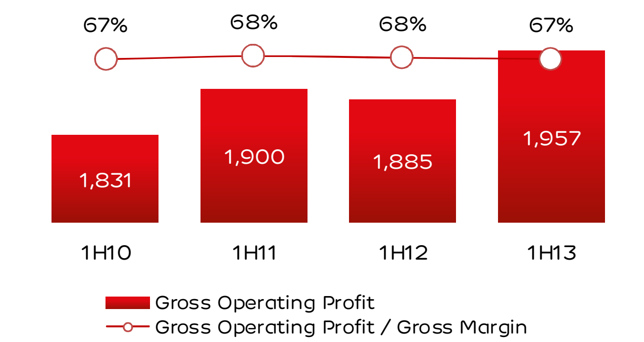
objectives and goals

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

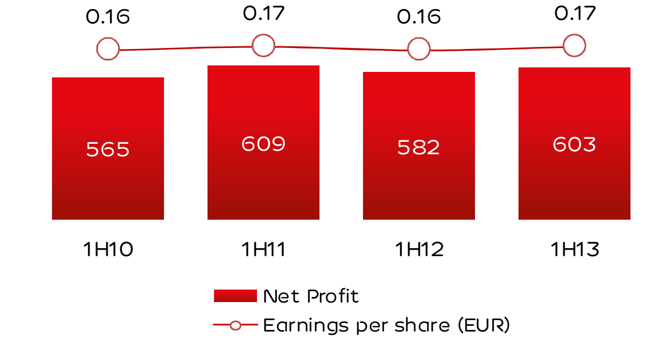
summary of key metrics

Financial Indicators	Unit	1H13	1H12	1H11	1H10
EDP Group					
Turnover	EUR thousands	8,120,755	8,213,532	7,542,984	6,762,618
Gross Operating Profit	EUR thousands	1,956,708	1,885,108	1,900,381	1,830,799
Operating Profit	EUR thousands	1,214,334	1,174,379	1,175,714	1,086,319
Net profit (1)	EUR thousands	603,219	581,768	608,662	564,791
Operating Cash-flow	EUR thousands	2,086,697	1,072,510	1,486,105	864,048
Operating investment	EUR thousands	635,145	690,230	845,058	1,311,701
Investment in renewables	%	61	50	58	71
Financial Investment /(Divestiture)	EUR thousands	-373,339	42,679	236,687	-14,807
Net assets	EUR thousands	41,664,968	40,907,483	39,011,383	40,273,297
Equity	EUR thousands	11,401,233	11,107,016	10,635,012	10,390,323
Net debt (2)	EUR thousands	17,687,843	17,953,067	16,878,631	16,107,893
Net debt/Gross Operating Profit	x	4.5	4.8	4.4	4.4
Adjusted Net debt/Gross Operating Profit	x	3.8	4.2	4.1	4.2
Net debt/Equity	%	155	162	159	155
Earnings per share	EUR	0.17	0.16	0.17	0.16
Dividend Yield	%	7.5	9.9	6.9	6.4
Payout ratio	%	66.8	60.1	57.6	55.4
Market capitalisation	EUR thousands	9,049,931	6,815,786	8,954,861	8,921,952

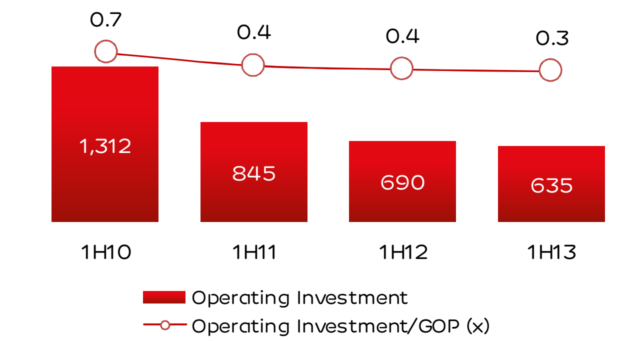
Gross Operating Profit (€M)



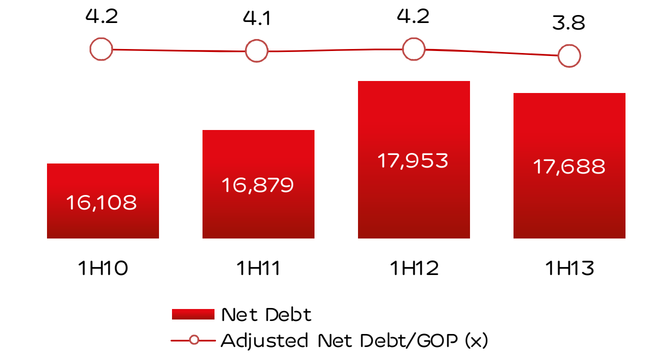
Net Profit (1) (€M)



Operating Investment (€M)



Net Debt (2) (€M)



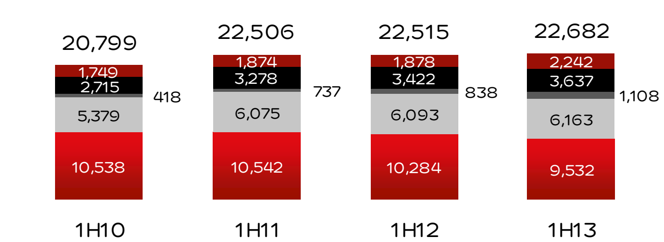
(1) Net Profit atributable to EDP Equity holders

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

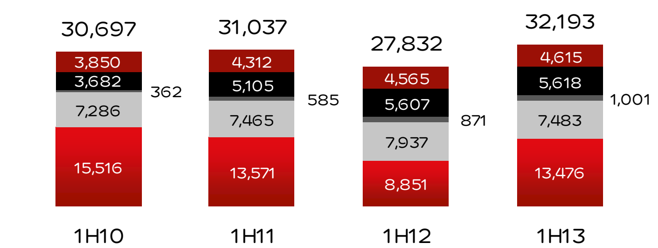
Operational Indicators (1/2)

Operational Indicators (1/2)	Unit	1H13	1H12	1H11	1H10
Installed Capacity	**MW**	**22,682**	**22,515**	**22,506**	**20,799**
Hydro	MW	7,498	7,236	6,795	6,740
Thermal	MW	7,057	7,643	8,354	7,925
Conventional Thermal (Coal and fuel)	MW	3,165	3,752	4,462	4,462
CCGT	MW	3,736	3,736	3,736	3,308
Other [1]	MW	156	156	156	156
Wind	MW	7,720	7,169	6,887	5,665
Other Renewables	MW	227	192	195	195
Other	MW	181	275	275	275
Net Electricity Generation	**GWh**	**32,193**	**27,832**	**31,037**	**30,697**
Hydro	GWh	13,120	7,246	11,824	14,445
Thermal	GWh	7,237	9,517	9,148	7,958
Conventional Thermal (Coal and fuel)	GWh	6,286	7,455	4,349	3,087
CCGT	GWh	437	1,509	4,264	4,354
Other [2]	GWh	515	553	534	516
Wind	GWh	10,700	9,918	8,790	6,940
Other Renewables	GWh	543	232	414	523
Other	GWh	593	920	861	831
Steam	*GWh*	802	1,083	1,077	1,009
Electricity Distributed	**GWh**	**39,013**	**39,436**	**40,824**	**40,568**
Portugal	GWh	21,550	22,237	23,576	23,871
Spain	GWh	4,606	4,717	4,952	4,804
Brazil	GWh	12,856	12,481	12,296	11,893
Electricity Supply Points	**'000**	**9,731,201**	**9,648,384**	**9,592,521**	**9,459,065**
Portugal	'000	6,079,049	6,116,503	6,153,574	6,131,646
Spain	'000	658,023	656,643	654,022	647,459
Brazil	'000	2,994,129	2,875,238	2,784,925	2,679,960
Installed Capacity Equivalent Interruption Time					
Portugal [3]	minutes	30	21	38	58
Spain	minutes	22	15	20	40
Brazil - Bandeirante (DEC)	hours	9.2	8.5	11.2	15.2
Brazil - Escelsa (DEC)	hours	10.7	10.1	9.7	11.4
Gas Distributed	**GWh**	**31,866**	**35,384**	**29,556**	**28,459**
Portugal	GWh	3,657	4,125	3,767	3,570
Spain	GWh	28,208	31,259	25,789	24,889
Gas Supply Points	**'000**	**1,308,381**	**1,282,321**	**1,246,229**	**1,209,183**
Portugal	'000	296,149	280,710	258,703	235,336
Spain	'000	1,012,232	1,001,611	987,526	973,847

Installed Capacity (MW)

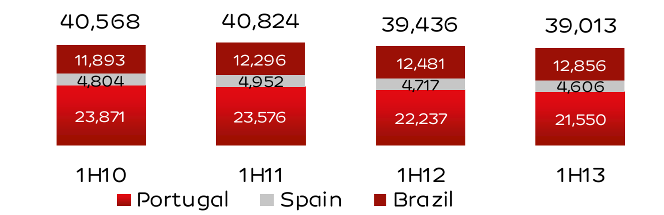


Net Generation (GWh)

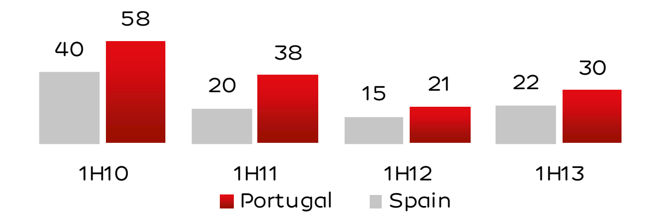


■ Portugal ■ Spain ■ Rest of Europe ■ North America ■ Brazil

Electricity Distributed (GWh)



ICEIT (minutes)

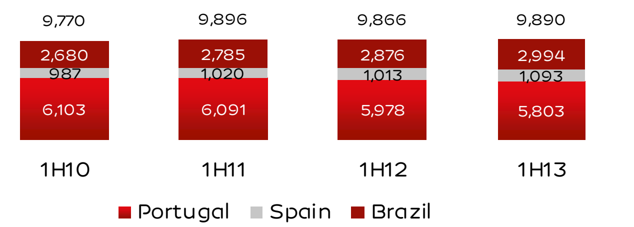


[1] [2] Nuclear powerplant Trillo in Spain [3] Installed Capacity Equivalent Interruption Time in MV grid, excluding extraordinary events

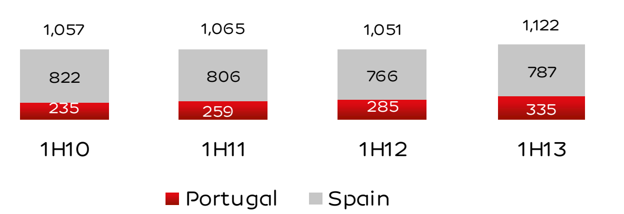
Operational Indicators (2/2)

	Unit	1H13	1H12	1H11	1H10
Electricity Supplied	**GWh**	**36,677**	**38,333**	**40,774**	**42,269**
Portugal	GWh	13,599	14,839	17,311	20,089
Free Market	GWh	6,044	4,628	4,442	4,304
Last resort supply	GWh	7,555	10,211	12,869	15,785
Spain	GWh	9,081	10,411	10,887	10,881
Free Market	GWh	8,764	10,021	10,446	10,242
Last resort supply	GWh	317	390	442	639
Brazil	GWh	13,997	13,083	12,576	11,300
Free Market	GWh	6,034	5,213	4,980	3,886
Last resort supply	GWh	7,963	7,869	7,595	7,413
Electricity Supplied - Green Tariff	**GWh**	**8,085**	**8,041**	**7,540**	**5,460**
Portugal	GWh	6	5	7	7
Spain	GWh	2,462	2,429	2,428	1,771
USA	GWh	5,618	5,607	5,105	3,682
Electricity Supplied - Special Needs	**GWh**	**0.8**	**0.6**	**0.5**	**0.7**
Electricity Supplied - Social Tariff	**GWh**	**281**	**248**	**265**	**197**
Portugal	GWh	62	84	48	n.a.
Spain	GWh	62	57	67	54
Brazil	GWh	156	107	150	143
Electricity Customers	**#**	**9,890,275**	**9,866,474**	**9,895,789**	**9,769,938**
Portugal	#	5,803,126	5,977,524	6,090,875	6,102,760
Free Market	#	1,505,130	444,855	301,475	290,588
Last resort supply	#	4,297,996	5,532,669	5,789,400	5,812,172
Spain	#	1,092,937	1,013,319	1,019,747	986,990
Free Market	#	828,956	715,921	686,236	587,509
Last resort supply	#	263,981	297,398	333,511	399,481
Brazil	#	2,994,212	2,875,631	2,785,167	2,680,188
Free Market	#	316	199	100	68
Last resort supply	#	2,993,896	2,875,432	2,785,067	2,680,120
Electricity Customers - Green Tariff	**#**	**585,841**	**519,221**	**428,121**	**377,879**
Portugal	#	4,660	4,657	5,515	5,177
Spain	#	581,181	514,564	422,606	372,702
Electricity Customers - Special Needs	**#**	**828**	**923**	**822**	**713**
Portugal	#	509	600	535	469
Brazil	#	319	323	287	244
Electricity Customers - Social Tariff	**#**	**332,699**	**268,159**	**490,548**	**415,819**
Portugal	#	65,255	88,972	77,572	7,139
Spain	#	61,302	58,204	117,521	55,556
Brazil	#	206,142	120,983	295,455	353,124
Gas Supplied	**GWh**	**18,348**	**19,400**	**19,961**	**18,330**
Portugal	GWh	3,616	3,938	4,770	3,739
Free Market	GWh	2,999	3,131	3,933	2,565
Last resort supply	GWh	617	807	838	1,175
Spain	GWh	14,733	15,462	15,191	14,591
Free Market	GWh	14,511	15,203	14,898	13,828
Last resort supply	GWh	222	259	293	763
Gas Customers	**#**	**1,122,151**	**1,050,891**	**1,064,763**	**1,056,612**
Portugal	#	335,391	284,941	258,650	234,984
Free Market	#	150,708	8,278	691	151
Last resort supply	#	184,683	276,663	257,959	234,833
Spain	#	786,760	765,950	806,113	821,628
Free Market	#	710,348	672,397	685,874	670,651
Last resort supply	#	76,412	93,553	120,239	150,977

Electricity Costumers ('000)



Gas Costumers ('000)



Sustainability Index	Unit	1H13	Base 100 [1]
Sustainability Index (SI) [2]		**101.1**	**100.0**
Main factors (SI evolution)			
Revenues from ISO 14001 certified installations	%	28.0	32.1
Specific water use	m^3/MWh	24	20
Specific production of waste	g/MWh	4.4	9.3
Investments and expenses in biodiversity preservation	%	0.4	0.2
Generation from renewable sources/Total generation	%	77	69
Pay ratio by gender		1.0	1.0
Training hours/Working hours	%	1.5	2.0
Work accidents - Severity rate	Tg	122	141

Economic Indicators	Unit	1H13	1H12	1H11	1H10
Economic Indicators					
GVA per employee [3]	**EUR**	**201,430**	**194,904**	**191,132**	**194,925**
Direct economic value generated [4]	EUR thousands	8,859,978	8,747,410	8,144,926	7,347,743
Economic value distributed [4]	EUR thousands	8,178,181	7,917,489	7,245,837	6,472,461
Economic Value Accumulated [4]	EUR thousands	681,798	829,921	899,089	875,282
Fines and penalties	EUR thousands	25,112	n.a	52	2,495
Support from Public Authorities	EUR thousands	18	280	388	1,265
Energy services revenues [5]	EUR thousands	105,601	51,892	21,821	6,728

[1] EDP's Sustainability Index was revised and the new Base 100 is related with three homologous quarters.

[2] EDP's Sustainability Index was revised, replacing the previous according to EDP Strategy 2012-2015. For more information see www.edp.pt >sustainability> approach to sustainability.

[3] The 2010 figure for the "GVA" indicator was revised according to what is stipulated in the Global Reporting Initiative.

[4] The 2010 figures for "Economic value generated, distributed and accumulated" were revised in accordance with what is stipulated in the Global Reporting Initiative.

[5] The 2012 and 2011 figures were revised due to a correction in the energy services revenues in Brazil.

Direct impacts (some)

- 11,012,426 Customers
- 70,878 GWh Energy distributed
- 54,735 GWh Energy supplied

Indirect impacts (some)

- Micro-generation, grids and energy storage and electric vehicles
- First projects of solar photovoltaic

Economic value generated *
€M 8,860

Direct impacts (some)

- €M 671 Dividend payment
- €M 5,206 Purchases of raw materials and others
- €M 290 Taxes
- €M 13 Donations

Indirect impacts (some)

- 367,183 total individual beneficiaries (LBG methodology)
- 720 number of beneficiary organizations (LBG methodology)

Economic value distributed *
€M 8,178

Economic value accumulated *
€M 682

* Economic value generated (EVG): Turnover + other operating income + gains/losses on the sale of financial assets + share of profit in associates + financial income

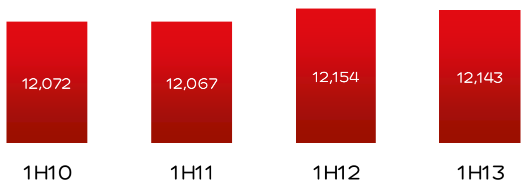
Economic value distributed (EVD): Cost of sales + operating expenses + other operating expenses + current tax + financial expenses + dividend payment

Economic value accumulated (EVA): EVG – EVD.

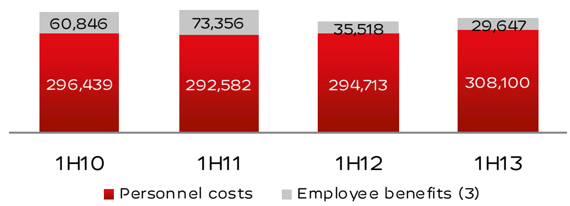
Social Indicators [1]

	Unit	1H13	1H12	1H11	1H10
Employment					
Employees [2]	#	12,143	12,154	12,067	12,072
Portugal	#	6,909	7,105	7,153	7,306
Spain	#	1,601	1,653	1,682	1,677
EDP Renewables	#	871	820	819	747
EDP Brasil	#	2,762	2,576	2,413	2,342
Female employees [2]	#	2,738	2,659	2,632	2,554
Portugal	#	1,456	1,438	1,409	1,387
Spain	#	378	380	375	358
EDP Renewables	#	266	263	269	246
EDP Brasil	#	638	578	579	563
Turnover	%	3.4	3.4	3.0	3.0
Employees' average age	years	46	46	46	46
Absenteeism rate	%	3.1	3.1	3.4	3.4
Personnel costs	EUR thousands	308,100	294,713	292,582	296,439
Employee benefits [3]	EUR thousands	29,647	35,518	73,356	60,846
Training					
Total training hours	hours	170,188	225,841	225,958	193,742
Total training rate [2]	h/p	14.0	18.6	18.7	16.0
Employees trained	%	42	71	60	71
Total training costs	EUR thousands	2,519	2,956	3,529	3,245
Work productivity	€/h	221	216	232	223
Prevention and safety					
On-duty accidents [4]	#	25	19	21	24
On-duty fatal accidents	#	2	1	1	0
Fatal accidents of contracted workers	#	4	7	2	2
EDP severity index [4]	Tg	122	136	168	120
EDP frequency index [4]	Tf	2.27	1.77	1.87	2.18
PSE frequency index [4]	Tf	5.17	5.92	3.74	7.47
EDP + PSE frequency index [4]	Tf	4.22	4.46	3.11	5.12
Total lost days due to accidents	#	1,348	1,408	1,891	1,319
Social Volunteer Contributions (LBG Model)					
Volunteer contributions / EBITDA	%	0.38	0.39	0.41	0.43

Number of employees [2]



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



EDP severity and frequency indexes [4]

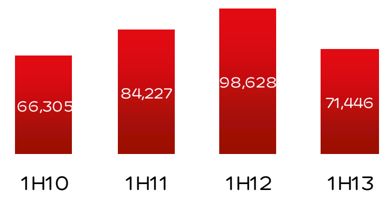
Training volume (h)

[1] Pecém Powerplant has not been considered for the purposes of detailed Human Resources information (101 employees in June 2013).
[2] The 2011 figure was revised due to changes in "headcount" methodology, so as to include Executive Governing Bodies.
[3] In September 2011, financial costs related with pension funds were reclassified.
[4] Adjustment of the value in 2012 not to include Pecém.

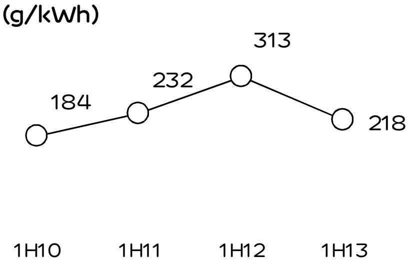
Environment Indicators [1] (1/2)

Environment Indicators [1] (1/2)	Unit	1H13	1H12	1H11	1H10
Primary energy consumption [2]	**TJ**	**71,446**	**98,628**	**84,227**	**66,305**
Total for generation, transportation and distribution [2]	TJ	71,326	98,488	84,083	66,184
Coal	TJ	53,721	68,630	38,733	27,312
Fuel-oil	TJ	284	4,102	394	819
Natural gas [2]	TJ	9,662	18,780	36,237	31,986
Diesel	TJ	50	98	46	152
Forest waste	TJ	1,840	1,366	1,890	317
Residual gases (steel plant gas, blast furnace gas, coke gas)	TJ	5,769	5,512	6,783	5,599
Fuel for vehicle fleet	TJ	120	141	144	121
Electricity consumption					
Own consumption in generation [3]	MWh	1,332,396	1,193,164	872,721	755,587
Administrative services [4]	MWh	18,568	19,289	17,211	19,084
Grid losses	%	10.6	11.5	11.3	12.1
Atmospheric emissions					
Total Emissions					
CO_2 [5]	kt	6,987	8,868	7,326	5,728
SO_2	kt	5.0	8.1	2.7	4.3
NOx	kt	6.3	7.3	5.9	4.5
Particles	kt	0.2	0.4	0.3	0.2
Overall specific emissions [6]					
CO_2	g/kWh	218	313	232	184
SO_2	g/kWh	0.16	0.28	0.09	0.14
NOx	g/kWh	0.20	0.26	0.19	0.15
Particles	g/kWh	0.01	0.01	0.01	0.01
Specific emissions from thermal power stations [6]					
CO_2	g/kWh	896	801	688	611
SO_2	g/kWh	0.64	0.73	0.26	0.45
NOx	g/kWh	0.80	0.66	0.55	0.48
Particles	g/kWh	0.03	0.03	0.03	0.02
Avoided CO_2 through the use of renewable sources [7]	kt	17,230	10,056	11,525	12,817
CO_2 intensity	g/€	860	1,080	971	847
Direct emissions (scope 1)	kt CO_2 eq	6,998	8,892	7,343	2,641
Indirect emissions (scope 2) [3] [4]	kt CO_2 eq	911	761	554	n.a.

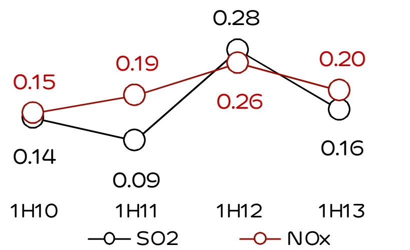
Primary energy consumption (TJ)



CO_2 specific emissions (g/kWh)



SO_2 and NOx specific emissions (g/kWh)

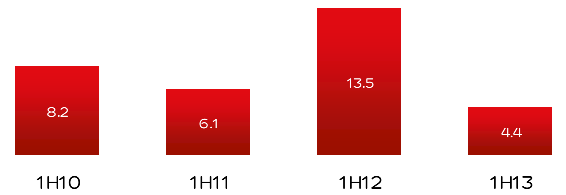


[1] Pecém Powerplant has not been considered for the purposes of detailed environment information due to the unavailability of data.
[2] Figure for 2011 was changed to include gas consumption in gas transportation and distribution activities.
[3] 2011 and 2012 figures were revised to include backfeed power.
[4] 2011 figure was revised because it did not include a set of buildings which changed their supplier. The values for 2011 and 2012 have been updated to include the administrative buildings of HC Generación.
[5] Excludes vehicle fleet.
[6] Calculated for net generation, as stipulated in the Global Reporting Initiative.
[7] The values for 2010-2012 were reviewed. The new methodology does not include nuclear powerplants in each countries emission factor.

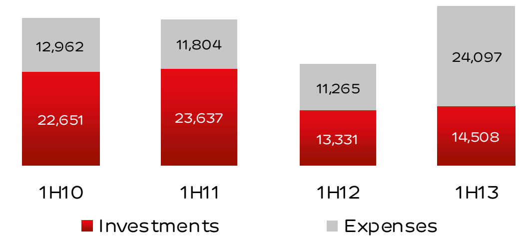
Environment Indicators (1) (2/2)

Environment Indicators (1) (2/2)	Unit	1H13	1H12	1H11	1H10
Use of Water	**m^3x10^3**	**762,575**	**774,783**	**587,622**	**426,382**
Cooling water	m^3x10^3	759,255	770,865	583,458	423,784
Raw water	m^3x10^3	3,186	3,829	3,961	2,475
Drinking water	m^3x10^3	133	90	204	123
Waste					
Total waste	t	141,348	383,913	191,490	255,275
Total hazardous waste	t	3,348	2,259	20,539	7,121
Recovered waste	%	66	45	81	71
By-products	t	189,591	164,157	153,610	n.a.
Environmental Investments and Expenses					
Environmental expenditures	EUR thousands	38,605	24,596	35,441	35,613
Environmental management expenses	EUR thousands	5,101	4,973	n.a.	n.a.
Environmental remediation expenses	EUR thousands	11,700	1,410	n.a.	n.a.
Environmental prevention expenses	EUR thousands	21,804	18,214	n.a.	n.a.
Environmental income	EUR thousands	1,753	3,326	2,463	1,410
Environmental investment as a proportion of total investment	%	2.3	1.9	2.8	1.7
Environmental fines and penalties (2)	EUR thousands	25	210	2	5
Environmental Certification (ISO 14001)					
Certified production facilities	#	243	166	106	82
Maximum net installed capacity certified	%	75	72	70	66
Certified substations	#	155	126	43	21
Installed capacity of substations certified	%	29	24	5	3
Certified gas distribution	%	100	100	100	100

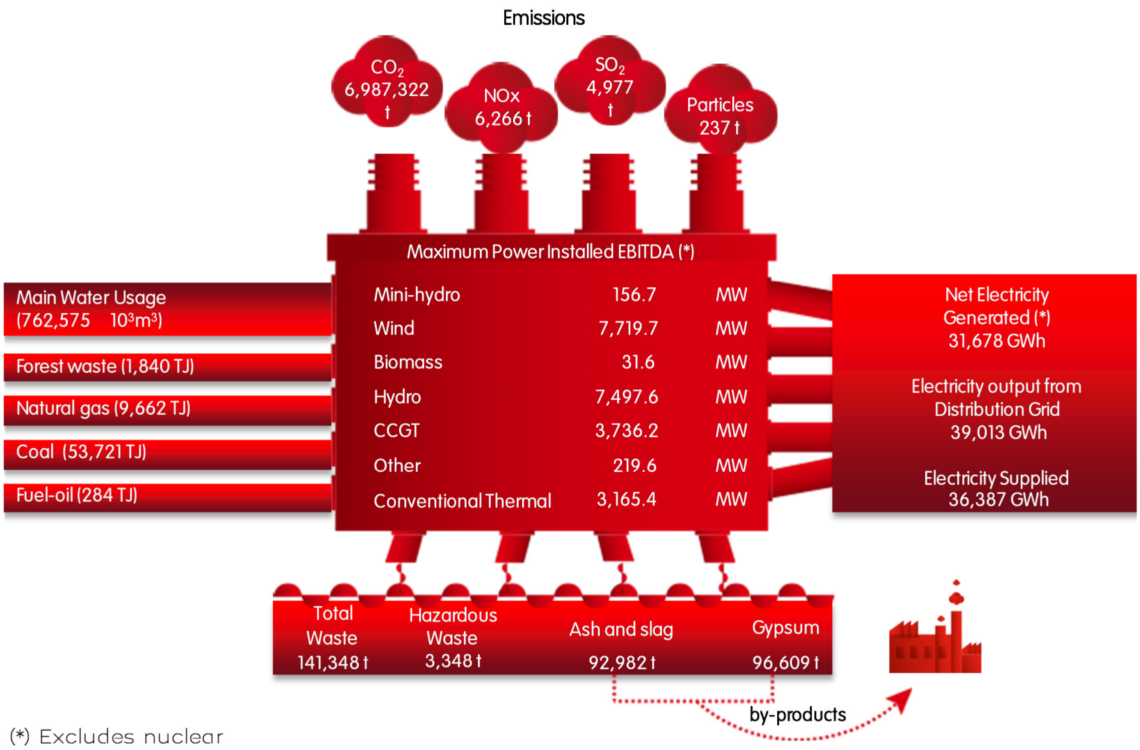
Waste per generated electricity unit (g/kWh) (3)



Environmental Expenditures (€ thousands)



(1) Pecém Powerplant has not been considered for the purposes of detailed environment information due to the unavailability of data.
(2) The value reported in 1st quarter (75 thousand euros) was suppressed due to a correction in cost allocation.
(3) The specific production was calculated with net generation.



(*) Excludes nuclear

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

corporate governance

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

performance of edp on the stock market

Main events affecting the EDP share price in 1st half of 2013

#	Date	Description	Price
1	18-Jan-13	Blackrock notifies qualified shareholding	2.412
2	25-Jan-13	Capital Research notifies qualified shareholding	2.360
3	31-Jan-13	EDP signed credit facility of €1,600,000,000	2.375
4	15-Feb-13	Conclusion of sale of gas transmission business in Spain	2.335
5	22-Feb-13	Parpública decreases its ownership interest in the share capital of EDP	2.245
6	05-Mar-13	Disclosure of the financial results for 2012	2.320
7	07-Mar-13	Oppidum notifies qualified shareholding	2.320
8	22-Mar-13	Standard & Poor's affirmed EDP at "BB+" and revises outlook to stable	2.478
9	02-Apr-13	Capital Income Builder notifies qualified shareholding	2.383
10	12-Apr-13	Resignation of Mr. Carlos Jorge Ramalho dos Santos Ferreira from member of the General and Supervisory Board	2.470
11	26-Apr-13	EDP sells €150 million of tariff deficit in Portugal	2.570
12	30-Apr-13	MFS notifies qualified shareholding	2.610
13	06-May-13	EDP's Annual General Shareholders Meeting	2.616
14	09-May-13	EDP sells €141 million of tariff deficit in Portugal	2.606
14	09-May-13	Disclosure of the financial results for the first quarter of 2013	2.606
15	10-May-13	EDP Brasil announces the beginning of the commercial operation of Pecém's second group	2.624
16	23-May-13	Payment of gross dividend of EUR 0.185 per share for the 2012 financial year	2.441
17	24-May-13	EDP receives €450 million in securitization of electricity tariff deficit in Portugal	2.490
18	21-Jun-13	Moody's affirmed EDP at "Ba1" with outlook negative	2.439
19	28-Jun-13	Conclusion of sale by EDPR of minority stakes in wind farms in Portugal	2.475

Capital Market Indicators	1H13	2012	2011	2010	2009	2008
EDP Shares on Euronext Lisbon (euros)						
Opening price	2.290	2.391	2.491	3.108	2.695	4.470
Closing price	2.475	2.290	2.391	2.491	3.108	2.695
Peak price	2.670	2.484	2.920	3.185	3.218	4.760
Minimum price	2.215	1.628	1.984	2.376	2.340	2.062
Variation in share price and reference indices						
EDP Shares	8.1%	(4.2%)	(4.0%)	(19.9%)	15.3%	(39.7%)
PS120	(1.7%)	2.9%	(27.6%)	(10.3%)	33.5%	(51.3%)
Dow Jones Eurostoxx Utilities	(5.8%)	(8.8%)	(24.8%)	(14.7%)	15.2%	(38.1%)
Euronext 100	3.4%	14.8%	(14.2%)	1.0%	25.5%	(45.2%)
Liquidity of EDP shares on the markets						
Volume on Euronext Lisbon (EUR million)	1,937.8	2,873.8	4,261.9	6,291.8	4,969.7	9,710.1
Mean daily volume (EUR million)	15.5	11.2	16.6	24.3	21.8	37.9
Number of shares traded (million)	797.6	1,389.5	1,712.8	2,367.2	1,722.3	2,761.1
Total number of shares issued (million)	3,656.5	3,656.5	3,656.5	3,656.5	3,656.5	3,656.5
Privatised shares at the end of the year (million)	3,656.5	3,505.0	2,936.2	2,936.2	2,936.2	2,936.2
% of capital already privatised	100%	96%	80%	80%	80%	80%
Number of own shares held (treasury stock) as at 31 Dec	28.7	31.9	32.4	33.3	34.2	35.7
Annual rotation of capital (privatised shares)	21.8%	39.6%	58.3%	80.6%	58.7%	94.0%
EDP Market Value (EUR million)						
Market appreciation at the end of the financial year	9,049.9	8,373.5	8,742.8	9,108.4	11,364.5	9,854.4
Total shareholder profitability						
Annual variation in share price (1)	0.19	(0.10)	(0.10)	(0.62)	0.41	(1.78)
Gross dividend distributed per share in the year	0.185	0.185	0.170	0.155	0.140	0.125
Total shareholder return	16.2%	3.5%	2.8%	(14.9%)	20.5%	(36.9%)
Dividends						
Dividend per share	0.185	0.185	0.185	0.17	0.155	0.14
Dividend yield	7.5%	8.1%	7.7%	6.8%	5.0%	5.2%

corporate bodies

1. CORPORATE GOVERNANCE STRUCTURE

1.1. Corporate Governance Model

The two-tier corporate governance model in force in EDP allows an effective separation between the exercise of supervisory and managing duties in line with the interests of EDP, its shareholders, employees and other stakeholders, thus contributing for the achievement of a degree of confidence and transparency necessary for its adequate functioning and optimization.

The EDP management and supervision structure is made up of four bodies: the General Meeting, the Executive Board of Directors, the General and Supervisory Board and the Statutory Auditor.

The EDP General Meeting of Shareholders appoints and dismisses the members of the Executive Board of Directors and the General and Supervisory Board as well as the Statutory Auditor, the latter upon proposal by the General and Supervisory Board (or by the Committee on Financial Matters/Audit Committee on its behalf). The General Meeting also appoints the members of the Environment and Sustainability Board and the Remuneration Committee, responsible for fixing the remuneration of members of the corporate bodies (with the exception of the members of the Executive Board of Directors, whose remuneration is fixed by the Remuneration Committee appointed by the General and Supervisory Board).

Separation of the functions of management and supervision is ensured by the existence of a Executive Board of Directors, which is responsible for the management of the business, and by the General and Supervisory Board, which is the maximum corporate authority in matters of supervision.

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

Additionally, the General and Supervisory Board and the Executive Board of Directors approved the "Guidelines on Corporate Governance of EDP" (Manual), which is available to shareholders and the general public in the "Website" (www.edp.pt). The primary goal of the Manual is to record and share an understanding of the two bodies with respect to recommendations of good corporate governance practices applicable to the EDP, as well as guidelines which are deemed appropriate before adopting them.

Given the requirement of EDP and ambition in terms of quality of its corporate governance practices, we tried to go beyond legal requirements and regulations in this area, particularly regarding the reporting of information. Thus, the realization of that fundamental objective, the elaboration of the Manual sought to meet the following purposes:

- Reflect critically on the recommendations of best practices defined in the Code of Corporate Governance of CMVM, to contribute actively to the improvement of the practices of EDP;
- Select the recommendations are deemed appropriate to governance model of EDP, highlighting and pointing out potential measures to implement measures towards the full adoption of best practices;
- Identify recommendations that are deemed appropriate to the interests of EDP, the reasons justifying this position, as well as pointing to other practices to achieve differently the same objectives of the recommendations of the Government Code of CMVM;
- Support the recommendations addressed in their discussions on the best governance practices to be adopted in EDP;
- Formalize a document that can assist compliance with the reporting requirements on corporate governance practices, including the annual report required by law;
- Give information about the governance practices of EDP that although not reflected in the Code of Corporate Governance, materialize the goal, shared by the General and Supervisory Board and the Executive Board of Directors, to develop and deepen the quality of governance processes in EDP.

1.2. Incompatibility rules and independence criteria

EDP's Articles of Association (Article 9 (1), Article 11 (2) (d), Article 21 (4), Article 22 (1) (a), Article 23 and Article 27) and the Internal Regulations of the General and Supervisory Board (Article 7), both available on its website (www.edp.pt) set out rules on independence and incompatibilities for positions on any of the company's corporate bodies.

The independence criteria set out in EDP's Articles of Association are in line with those established in Article 414 (5) of the Company Code. They determine that independence is the absence of any direct or indirect relationship with the company or its management body and the absence of any circumstances that may affect impartiality in analyses or decisions, for example as a result of the persons in question being holders or acting on behalf of holders of qualifying holdings of 2% (two percent) or more of EDP's share capital or having been re-elected for more than two terms of office in succession or intercalated.

Pursuant to Article 9 (1) of EDP's Articles of Association, independence "is the absence of any direct or indirect relationship with the company or its management body and the absence of any circumstances that may affect impartiality in analyses or decisions, for example as a result of the persons in question being holders or acting on behalf of holders of qualifying holdings of 2% (two percent) or more of the company's share capital or having been re-elected for more than two terms of office in succession or intercalated".

In view of the need to clarify the interpretation of Article 414 (5) of the Company Code, as there were differing doctrine positions, Associação de Emitentes de Valores Cotados em Mercado ("AEM") asked the CMVM for an opinion. The CMVM stated that there was only a loss of independent status if, "on the basis of the criterion of number of terms of office, analysis or decision, the members of the supervisory bodies of public limited companies who are elected or appointed for a first term and then re-elected in succession or intermittently for a second and third term are re-elected (i.e. for the third time) for a fourth term".

Each corporate body must assess the independence of its members in accordance with laws and regulations applicable at the time. Any divergence from criteria in non-mandatory recommendations that EDP must take into account must be justified.

In addition to applicable legal provisions on incompatibilities, as a way of safeguarding the interests of the company and its shareholders, Article 10 (1) of the company's Articles of Association lays down that occupation of a position in any corporate body at EDP is incompatible with:

- The status of a legal person that is a competitor of EDP or a company controlled by or in a group with EDP
- The status of a natural or legal person associated with a legal person that is a competitor of EDP
- Holding any office of any kind or for any purpose, through appointment to a corporate office, a work contract or a service contract, with a legal person competing with EDP or a legal person associated with any EDP rival company
- Appointment, even if only de facto, as a member of a corporate body by a rival legal person competing with EDP or by a natural or legal person associated with a legal person that is a competitor of EDP.
- In this context, in accordance with the Articles of Association:
- A legal person that directly or indirectly conducts a business activity that competes with that of EDP or of a company in which EDP has a holding of at least 50% (fifty per cent) of its capital or voting rights in Portugal or abroad, provided that, in the latter case, it is a market in which EDP, or the company it controls, carries out the activity through a permanent establishment (Article 10 (7) of the Articles of Association)
- A person associated with a legal person competing with EDP is: (i) a person whose voting rights are attributable to the latter in accordance with Article 20 of the Securities Code or any provision that amends or replaces it; (ii) a person that, directly or indirectly, holds, in a legal person competing with EDP, or in a company in a control or group relationship with it, as defined in Article 21 of the Securities Code, or in a company dependent, either directly or indirectly, on such a company, a stake of at least 10% (ten per cent) or more of the voting rights corresponding to a shareholding in that company (Article 10 (2) of the Articles of Association)
- A person that indirectly carries out a business activity in competition with EDP is a legal person that directly or indirectly holds a share of at least 10% (ten per cent) in the capital or voting rights of a company that carries out some of the same business activities as EDP or a subsidiary(Article 10 (8) of the Articles of Association)

A legal person competing with EDP is a shareholder that individually owns shares representing at least 20% (twenty per cent) of its share capital and directly or through a subsidiary has and maintains with the company a medium- or long-term strategic partnership agreement for business cooperation in the generation, distribution or supply of electricity or natural gas, approved as required by law and the Articles of Association with a favourable prior opinion from the General and Supervisory Board (Article 10 (10) of the Articles of Association).

Incompatibility for office in any EDP corporate body does not apply:

- To legal persons competing with EDP in which EDP holds 50% (fifty per cent) or more of its share capital or voting rights, nor to natural persons that hold office of any kind or for any purpose or are appointed, even if only de facto, in said competing legal persons when the appointment to the corporate office in the competing legal person or the contract with the competing legal person was made on the basis of an indication by EDP or an EDP subsidiary (Article 10 (3) of the Articles of Association).
- To the position of member of the General and Supervisory Board, where permitted by law, through prior authorisation approved by a two-thirds majority of votes at the General Meeting of Shareholders that elects him/her. The competitive relationship must be expressly referred to and identified in precise terms in the appointment proposal and the decision on authorisation may be subject to conditions, such as ownership of a shareholding in EDP representing no more than 10% (ten per cent) of its share capital (Article 10 (4) of the Articles of Association).

1.3. Rules on assessment of independence and incompatibilities of members of the General and Supervisory Board

Pursuant to its internal regulations, the General and Supervisory Board has a specific procedure for complying with the vast number of rules on incompatibilities and independence applicable to its members (Articles 6 and 7 of the Internal Regulations of the General and Supervisory Board). This procedure comprises the following:

- The position as a member of the General and Supervisory Board is accepted in a written statement that sets out specifically (i) non-existence of any incompatibility under the law or Articles of Association for the office; (ii) compliance with the independence requirements set out in its Internal Regulations if the person in question was elected as an independent member; (iii) the members' obligation to report to the Chairman of the General and Supervisory Board or the Chairman's obligation to report to the board any subsequent event that may result in incompatibility or loss of independence
- Every year, the members of the General and Supervisory Board are required to renew their statement on the non-existence of any incompatibility and, if applicable, compliance with independence requirements
- The General and Supervisory Board also performs a general assessment of compliance with the rules on its members' incompatibilities and independence every year.

At the same time, the Internal Regulations of the General and Supervisory Board stepped up the independence criteria applicable to its members and went beyond the provisions of Article 414 (5) of the Company Code and Article 9 of EDP's Articles of Association. As a result, persons who directly or in relation to their spouse or relative by direct line or affinity, and up to and including the third degree in the collateral line, may not have the status of independent if they are in any of the following situations:

- They hold, manage, have a contractual tie with or act in the name or on behalf of holders of a qualifying holding of 2% (two percent) or more of the voting rights in EDP, or the same percentage in a company that it controls
- They hold, manage, have a contractual tie with or act in the name or on behalf of holders of a qualified holding of 2% or more of the share capital or voting rights in a company that is a competitor of EDP
- They have been elected for more than two terms successively or intercalated.
- The rules of independence for members of the General and Supervisory Board is particularly important with regard to the following requirements:
- The board must be composed of a majority of independent members (Article 434 (4) of the Company Code and Article 21 (4) of EDP's Articles of Association)
- The Committee on Financial Matters/Audit Committee and the Remuneration Committee of the General and Supervisory Board must be composed of a majority of independent members (Article 444 (6) of the Company Code and Article 27 (1) (a) and (b) of the Internal Regulations of the General and Supervisory Board).

In accordance with the above-mentioned procedure, the members of the General and Supervisory Board declared at the start of their term that they were not in any situation of legal incompatibility set out in Article 414-A (1) (a) to e), g) and h) (ex vi Article 434 (4) and Article 437 (1) of the

Company Code) and in the Articles of Association and that they met the independence requirements set forth in the Internal Regulations of the General and Supervisory Board.

Members of the General and Supervisory Board renewed their statements regarding incompatibilities and independence in the beginning of 2013 and on the meeting of the General and Supervisory Board held on 5th March 2013, this corporate body assessed the application of rules on incompatibilities and independence of the respective members. These statements were equally issued by Augusto Carlos Serra Ventura Mateus and Nuno Manuel da Silva Amado following their appointment, which occurred on the General Shareholders' Meeting held on 6th May 2013.

Similar statements of compliance with the independence and incompatibility criteria for the exercise of their duties set forth in Article 414 (5) and Article 414-A (1) of the Company Code and in Articles 9 and 10 of EDP's Articles of Association were made by the Chairman and Vice-Chairman of the General Meeting of Shareholders.

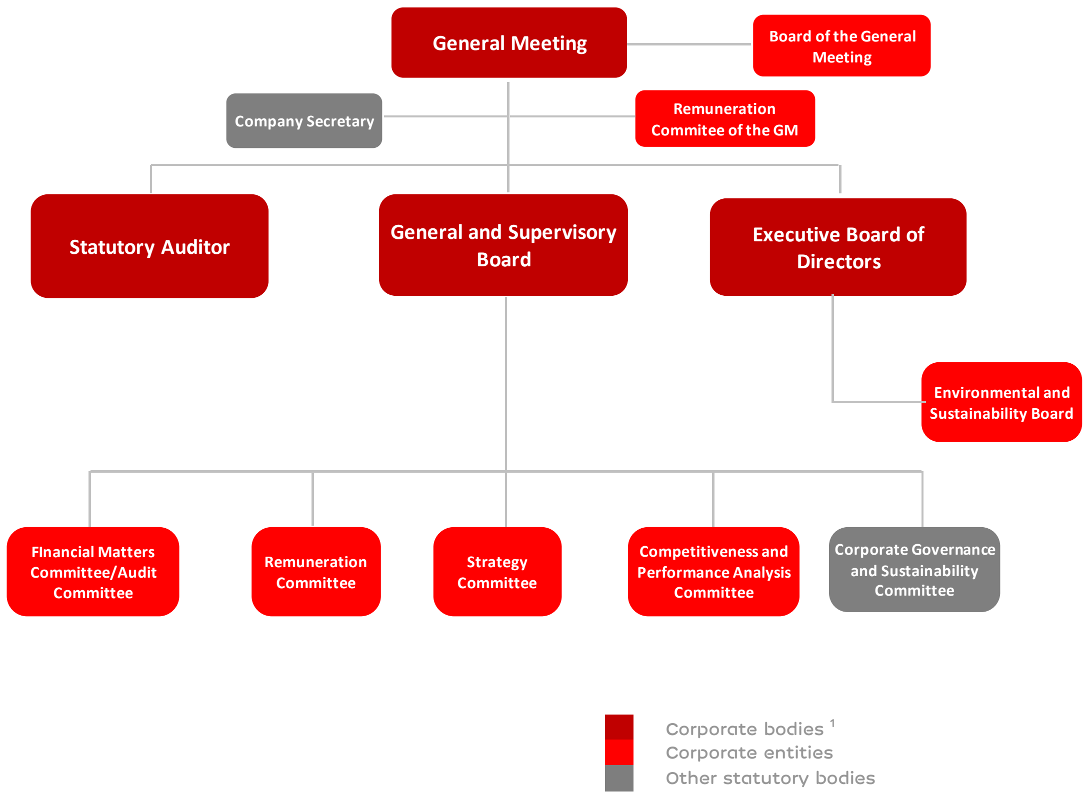
The above-mentioned statements are available on EDP's website, www.edp.pt.

1.4. Rules on assessment of independence of members of the Executive Board of Directors

In line with the independence criteria provided for in Article 9 of the company's Articles of Association, the members of the Executive Board of Directors declare upon taking office that they fully comply with the independence criteria, given that they have no direct or indirect relations with the company or its management body or with persons or groups with specific interests in the company that might affect their impartiality in analysis and decision-making and do not hold a qualifying holding in EDP representing 2% (two per cent) or more of its share capital. They also state that they have no incompatibility to hold the office in accordance with Articles 9 and 10 of the Articles of Association, as they do not hold office in EDP competing companies nor do they represent any competing company or legal person associated with EDP's competitors.

The members of the Executive Board of Directors also undertake to inform the Chairman (and the Chairman undertakes to inform the Executive Board of Directors) of the occurrence of any circumstance that might cause any incompatibility with their capacity as members of the Executive Board of Directors or of loss of the status of independent member. Their statements are available to the public on the EDP website, www.edp.pt.

2. ORGANIC CORPORATE STRUCTURE



1) Corporate entities are also corporate bodies, pursuant to Article 8/4 of EDP's Articles of Association

2.1. Corporate Bodies

Pursuant to Article 8 of EDP's Articles of Association, the corporate bodies of the company are the General Meeting, the Executive Board of Directors, the General and Supervisory Board and the Statutory Auditor. The company has also the following corporate bodies: Board of the General Meeting, the Environment and Sustainability Board, the Remuneration Committee and the Financial Matters Committee/Audit Committee.

The shareholders elected the members of the General and Supervisory Board and the Executive Board of Directors at the General Meeting of 20 February 2012, for the three year period from 2012 to 2014.

The Statutory Auditor and alternate auditor and members of the other corporate bodies, including the Board of the General Meeting, the Remuneration Committee of the General Meeting and the Sustainability and Environment Board were elected at the Annual General Meeting held on 17 April 2012 also for a 3-year term of office, for the period from 2012 to 2014.

2.1.1. General Meeting of Shareholders

The General Meeting of Shareholders is the body in which the shareholders participate or are represented. This body is attributed the following duties, pursuant to and for the purposes of Article 11 of EDP's Articles of Association:

- Assess the annual report of the Executive Board of Directors, discuss and vote on the balance sheet, accounts and opinion of the Statutory Auditor and the opinions of the General and Supervisory Board and Financial / Audit Committee and vote on proposals for the appropriation of profits;
- Elect and remove from office the members of the Board of the General Meeting, the Executive Board of Directors and the General and Supervisory Board as well as their respective chairman and vice-chairman, if any, the Statutory Auditor, on proposal of the General and Supervisory Board or, by its delegation of powers, the Committee on Financial Matters/Audit Committee, and also the members of the

Environment and Sustainability Board;

- Decide on any amendments to the Articles of Association, including share capital increases;
- Appoint a Remuneration Committee responsible for establishing the remuneration of members of the corporate bodies. The majority of this committee's members should be independent;
- Assess the annual report of the General and Supervisory Board;
- Deal with any other matters for which it has been convened;
- Perform other duties as assigned by law, in particular with regard to the general assessment of the management and supervision of EDP and approval of the remuneration policy for members of those bodies.

Board of the General Meeting

Pursuant to Article 12 of EDP's Articles of Association, the Board the General Meeting is made up of a Chairman, a Vice-Chairman and the Company Secretary, who is appointed by the Executive Board of Directors.

At the Annual General Meeting of 17 April 2012 the Chairman and Vice-Chairman of the General Meeting were elected to office for 2012-2014 trienniums. The Company Secretary was appointed to the position on 22 February 2012:

Board of the General Meeting

Chairman	Rui Eduardo Ferreira Rodrigues Pena
Vice-Chairman	Rui Pedro Costa Melo Medeiros
Company Secretary	Maria Teresa Isabel Pereira

The Chairman of the Board of the General Meeting is automatically a member of the General and Supervisory Board, pursuant to Article 21(2) of EDP's Articles of Association.

2.1.2. General and Supervisory Board

In the exercise of its duties – cf. Article 441 of the Portuguese Companies Code and Article 22 of EDP's Articles of Association - the main mission of the General and Supervisory Board is to constantly advise, monitor and supervise the management activities of EDP, cooperating with the Executive Board of Directors and the various other bodies and corporate bodies in pursuit of the company's interests, pursuant to the provisions of the Portuguese Companies Code and the company's Articles of Association. It is elected by the shareholders in the General Meeting.

The General and Supervisory Board currently have twenty three members, the majority of whom are independent. They meet the qualification and competence requirements set out in the Articles of Association and laws applicable to EDP.

The powers of the General and Supervisory Board, pursuant to Article 22 of the Articles of Association, are as follows:

- Permanently monitor the management activity of EDP and its subsidiaries and provide management advice and assistance to the Executive Board of Directors, particularly with regard to strategy, achieving goals and compliance with the law
- Issue opinions on the annual report and accounts
- Oversee, on a permanent basis, the work of the Statutory Auditor and the External Auditor of the company and, with regard to the former, issue an opinion on its respective election or appointment, removal from office, conditions of independence and other relations with the company
- Permanently monitor and assess the internal procedures for accounting and auditing matters, as well as the efficacy of the risk management system, the internal control system and the internal auditing system, including the way in which complaints and queries are received and processed, whether originating from employees or not

- Propose to the General Meeting the removal from office of any member of the Executive Board of Directors
- Monitor the definition of criteria and necessary powers in the internal structures and bodies of the company or the group, or those for which such is appropriate, and their impact on the respective composition, as well as drawing up succession plans
- Provide for, in accordance with the law, the replacement of members of the Executive Board of Directors in the event of absence or temporary incapacity
- Issue, on its own initiative or when requested by the Chairman of the Executive Board of Directors, an opinion on the annual vote of confidence in the directors referred to in Article 455 of the Portuguese Companies Code
- Monitor and assesses matters pertaining to corporate governance, sustainability, internal codes of ethics and conduct and compliance with those codes, assessment systems and solving conflicts of interest, including those concerning the company's relations with shareholders, and issue opinions on these matters
- Obtain the resources, financial or otherwise, which are reasonably considered necessary for its work and request that the Executive Board of Directors adopt the measures or corrections it deems appropriate, being authorised to contract the necessary resources to obtain independent advice, if necessary
- Receive regular information from the Executive Board of Directors on significant commercial relations between the company or subsidiaries and shareholders with a qualifying shareholding and related persons
- Appoint the Remuneration Committee and Committee on Financial Matters/Audit Committee
- Represent the company in its relations with directors
- Supervise the work of the Executive Board of Directors
- Oversee compliance with the law and Articles of Association
- Select and replace the company's external auditor, giving the Executive Board of Directors instructions to hire and dismiss the external auditor
- Monitor, when and how it deems appropriate, the bookkeeping, accounting records and supporting documents, as well as the status of any assets or securities held by the company in any capacity
- Supervise the process of preparing and disclosing financial information
- Convene the General Meeting when it deems appropriate
- Approve internal regulations, including rules on relations with the other structures and corporate bodies
- Exercise any other powers that may be conferred by law, the Articles of Association or by the General Meeting.

Under the corporate governance model in place in EDP, the General and Supervisory Board is also assigned a power of particular importance. In effect, although it has no management powers, pursuant to Article 442 (1) of the Portuguese Companies Code, Article 17 (2) of the company's Articles of Association establishes that the approval of the company's strategic plan and the conducting of the following operations by the company or by companies controlled by EDP require the approval of the General and Supervisory Board (see also Article 13 of the Rules of Procedure of the General and Supervisory Board):

- The purchase or sale of assets, rights or shareholdings of significant financial value
- Contracting financing operations of significant value
- The opening or closure of establishments, or important parts thereof, and significant increases or reductions in business activity
- Other transactions or operations of significant economic or strategic value
- The commencement or termination of strategic partnerships or other forms of lasting cooperation
- Plans for spin-offs, mergers or transformations
- Amendments to the Articles of Association, including changes of registered office and capital increases, when these are at the initiative of the Executive Board of Directors

- Approval of the draft resolution of the Executive Board of Directors in respect of raising the share capital, by conducting share capital increases on one or more occasions, up to the aggregate maximum of 10% of the current share capital, through the issue of category A shares, to be subscribed by new cash contributions
- Establishment or termination of strategic partnerships or other forms of lasting cooperation.

The Chairman of the General and Supervisory Board is granted particular competencies, and is responsible for, under the provisions of Article 18 of the Rules of Procedure of the General and Supervisory Board:

- Convene and chair meetings of the General and Supervisory Board
- Represent the General and Supervisory Board institutionally
- Coordinate the General and Supervisory Board's activities and supervise the correct functioning of its Committees, retaining the right to attend any meeting and request information on their activity
- Propose to the plenary of the General and Supervisory Board the members, the Chairman and when appropriate, the Vice-Chairman of each Committee
- Provide the information necessary, in a timely fashion, to the members of the General and Supervisory Board for them to fully perform their duties
- Request of the Executive Board of Directors the information deemed relevant for the exercise of the powers of the General and Supervisory Board and its Committees, making it available in a timely manner to the members of the General and Supervisory Board
- Take the necessary measures to ensure that the General and Supervisory Board adequately monitors the activity of EDP and the Executive Board of Directors in particular
- Control the implementation of the General and Supervisory Board budget and manage the material and human resources assigned to this body
- Ensure the correct implementation of the General and Supervisory Board's decisions.

The Chairman of the General and Supervisory Board or, in his/her absence or incapacity, a member delegated by this body for that purpose, may attend meetings of the Executive Board of Directors whenever such member deems fit and take part in the discussion of matters to be submitted to the General and Supervisory Board, without having any voting rights.

The members of the Committee on Financial Matters/Audit Committee have a duty to attend the meetings of the Executive Board of Directors when the accounts are appraised, (see Article 4 (3) (e) of the Rules of Procedure of the Committee on Financial Matters/Audit Committee.

The General and Supervisory Board shall annually, with the support of the work of the Corporate Governance and Sustainability Committee:

- Conduct a self-assessment of its activity and performance as well as its Committees, and the conclusions of this shall appear in its annual report (see Article 10 of the Rules of Procedure of the General and Supervisory Board)
- Conduct an independent assessment of the activity and performance of the Executive Board of Directors, with the conclusions submitted to the General Meeting and attached to the annual report of the General and Supervisory Board.

EDP, on the initiative of the General and Supervisory Board, continues to be one of the few listed companies in Portugal and abroad that has voluntarily established a formal and impartial process to assess the activity of this body and the activity of the Executive Board of Directors. Experience of recent years has allowed the General and Supervisory Board to introduce some changes in the process to make it more effective and efficient. The method used comprises the following stages:

- After the year's end, the Chairman of the General and Supervisory Board sends assessment questionnaires to the members of this Board. The questionnaires are answered individually and are confidential
- The General and Supervisory Board Support Office statistically processes the data received and prepares the information for consideration at the General and Supervisory Board meeting
- At the meeting, the General and Supervisory Board issues its opinions on the assessment, which are included in the annual report of that body
- At the General Meeting, the Chairman of the General and Supervisory Board presents the relevant opinion in the item of the agenda

concerning the assessment of the Executive Board of Directors.

The members of the General and Supervisory Board were elected at the Annual General Meeting held on 20 February 2012 for the term of office corresponding to the three year period from 2012 to 2014.

At the Annual General Meeting held on 6 May 2013 were elected two new members, following the resignation of Parpública – Participações Públicas (SGPS), S.A. and Carlos Jorge Ramalho dos Santos Ferreira on 18 March and 12 April e 2013, respectively.

Currently, the General and Supervisory Board have the following composition:

	General and Supervisory Board	Independent Members	First appointment date
Chairman	Eduardo de Almeida Catroga	Independent	30-03-2006
Vice-Chairman	Dingming Zhang (em representação da China Three Gorges Corporation)		20-02-2012
	Guojun Lu (em representação da China International Water & Electric Corp.)		20-02-2012
	Ya Yang (em representação da China Three Gorges New Energy Co. Ltd.)		20-02-2012
	Shengliang Wu (em representação da CWEI (Europe), S.A.)		20-02-2012
	Felipe Fernández Fernández (em representação da Cajastur Inversiones, S.A.)		02-06-2008
	Luis Filipe da Conceição Pereira (em representação da José de Mello Energia, S.A.)		14-04-2011
	Mohamed Ali Ismaeil Ali Al Fahim (em representação da Senfora SARL)		16-04-2010
	Harkat Abderezak (em representação da Sonatrach)		20-02-2012
	José Maria Espírito Santo Silva Ricciardi		30-03-2006
	Alberto João Coraceiro de Castro	Independent	30-03-2006
	António Sarmento Gomes Mota	Independent	15-04-2009
	Maria Celeste Ferreira Lopes Cardona	Independent	20-02-2012
	Fernando Masaveu Herrero		20-02-2012
	Ilídio da Costa Leite de Pinho	Independent	20-02-2012
	Jorge Braga de Macedo	Independent	20-02-2012
	Manuel Fernando de Macedo Alves Monteiro	Independent	30-03-2006
	Paulo Jorge de Assunção Rodrigues Teixeira Pinto	Independent	20-02-2012
	Vasco Joaquim Rocha Vieira	Independent	20-02-2012
	Vítor Fernando da Conceição Gonçalves	Independent	30-03-2006
	Rui Eduardo Ferreira Rodrigues Pena	Independent	12-04-2007
	Augusto Carlos Serra Ventura Mateus	Independent	06-05-2013
	Nuno Manuel da Silva Amado		06-05-2013

Members elected at the General Meeting of March 30, 2006 to hold office from June 30, 2006, date of entry into force of new Articles of Association and the two-tier corporate governance model.
The representatives of the companies China Three Gorges Corporation, China International Water & Electric Corp., China Three Gorges New Energy Co., Ltd. and China Three Gorges International (Europe) SA, initiated their term of office on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011.

Ordinary meetings of the General and Supervisory Board are held at least once every quarter and extraordinary meetings take place whenever convened by the Chairman, either on his own initiative or at the request of any member of the Executive Board of Directors or of its Chairman pursuant to Article 24 (1) of the Articles of Association and Article 19 (1) of the Internal Regulations of the General and Supervisory Board.

In first half of 2013, the General and Supervisory Board met four times. Minutes of all meetings were kept.

2.1.3. Executive Board of Directors

The Executive Board of Directors is the body responsible for the company's business activities and representing the company, in accordance with Article 431 of the Portuguese Companies Code and Article 17 of the Articles of Association. Its members are elected by the shareholders at the General Meeting. The Executive Board of Directors is currently made up of 7 members.

In the General Shareholders Meeting of February 20, 2012 were re-elected five members who held office until that date and elected two new members for the term of the triennial 2012/2014.

	Executive Board of Directors	First appointment date
Chairman	António Luís Guerra Nunes Mexia	30-03-2006
	Nuno Maria Pestana de Almeida Alves	30-03-2006
	João Manuel Manso Neto	30-03-2006
	António Manuel Barreto Pita de Abreu	30-03-2006
	António Fernando Melo Martins da Costa	30-03-2006
	João Manuel Veríssimo Marques da Cruz	20-02-2012
	Miguel Stilwell de Andrade	20-02-2012

Members elected at the General Meeting of March 30, 2006 to hold office from June 30, 2006, date of entry into force of new Articles of Association and the two-tier corporate governance model.

The Executive Board of Directors is a collegial body. Individual directors in office are only allowed to represent one absent director at each meeting. All directors have equal voting rights and the Chairman has the casting vote.

The powers of the Executive Board of Directors, in accordance with the Article 17 (1) of the Articles of Association, include:

- Establish the objectives and management policies of EDP and the EDP Group
- Draw up the annual business and financial plans
- Manage corporate business and undertake all actions and operations associated with the corporate object that do not fall within the remit of other corporate bodies of the company
- Represent the company actively and passively in the courts and extra judicially, with the power to concede, acquiesce and plead in any legal proceedings, as well as conclude arbitration agreements
- Buy, sell or by any other means dispose of, or encumber, rights or immovable assets
- Set up companies and subscribe, purchase, encumber or dispose of shareholdings
- Decide on the issue of bonds and other securities in accordance with the law and the Articles of Association, observing the annual quantity limits fixed by the General and Supervisory Board
- Establish the technical and administrative organisation of EDP and the rules of procedure, particularly in relation to personnel and their remuneration
- Establish proxies with such powers as it may deem fit, including the power to delegate
- Appoint the Company Secretary and the alternate
- Appoint and dismiss the External Auditor upon recommendation of the General and Supervisory Board
- Exercise any other powers invested in it by law or by the General Meeting
- Establish its own system for determining the rules of its internal functioning.

Moreover, the proposals to amend EDP's Articles of Association in matters of increases of share capital that are submitted by the Executive Board of Directors require the prior opinion of the General and Supervisory Board, pursuant to Article 17 (2) (g) of the Articles of Association.

The Executive Board of Directors also provides, when so requested by other members of the corporate bodies, all the required information in a timely fashion and manner appropriate to the request. In terms of the availability of the information, it should be mentioned that there is a web-portal to share information between the Executive Board of Directors and the General and Supervisory Board, available to all the members of the mentioned corporate bodies.

The Chairman of the Executive Board of Directors is granted particular powers pursuant to Article 18 of the Articles of Association. These powers are:

- Represent the Executive Board of Directors
- Coordinate the work of the Executive Board of Directors, convening and presiding over its meetings

- Strive for the proper implementation of the decisions of the Executive Board of Directors.

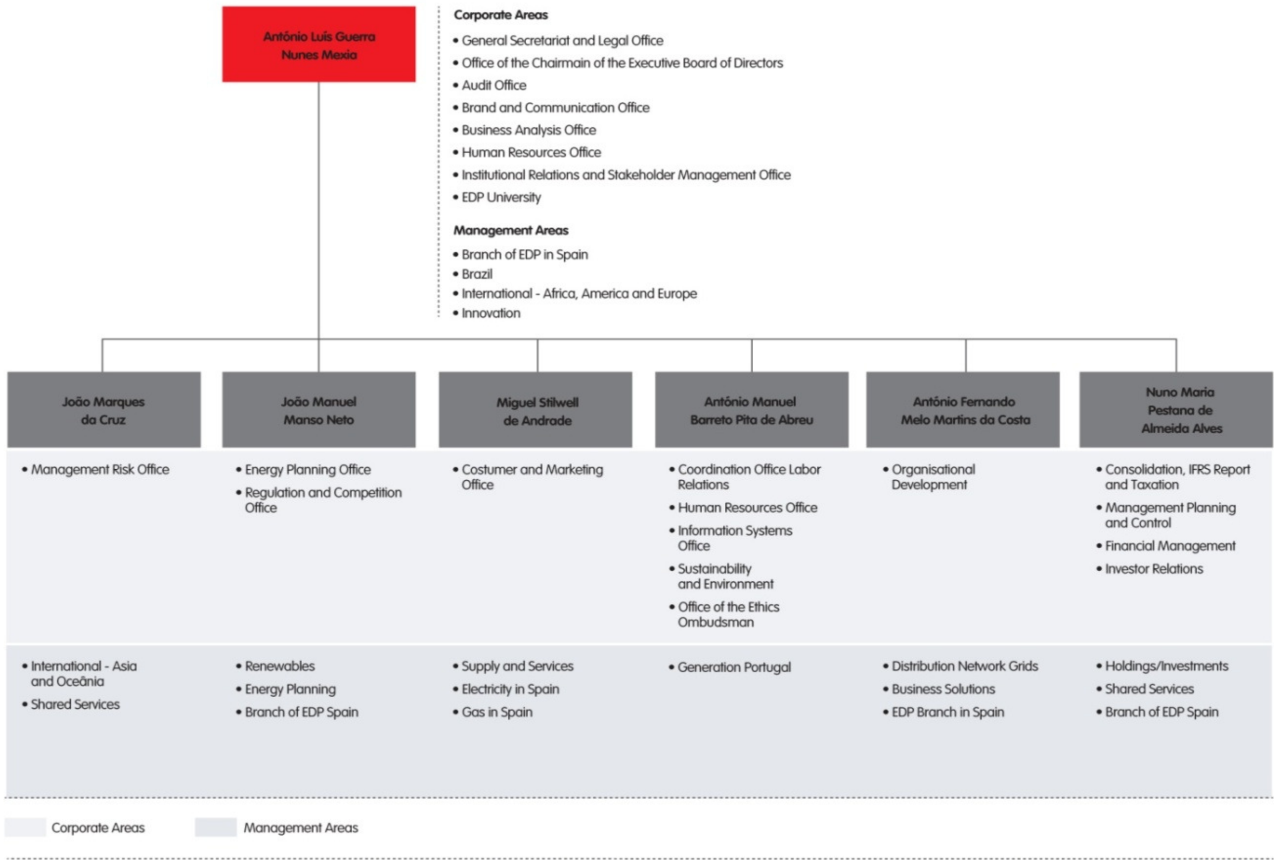
The Chairman of the Executive Board of Directors is entitled to attend, whenever considered appropriate, the meetings of the General and Supervisory Board, except when these concern decisions associated with the supervision of the work of the Executive Board of Directors and, in general, any situations which may involve a conflict of interests, pursuant to and for the purposes of Article 18 (2) of the Articles of Association.

In the Executive Board of Directors there is the functional division of areas of management to each of the members of the Executive Board of Directors. The college of directors is responsible for taking decisions on all matters within the remit of this body. Delegated powers are not conferred to directors individually, because of the very nature of the body.

The activity and performance of the Executive Board of Directors are assessed annually in a continuous and independent manner by the General and Supervisory Board.

The Executive Board of Directors met twenty times in first half of 2013. Minutes of its meetings were kept.

The Executive Board of Directors is organised, according to the following management areas and corporate themes:



2.1.4. Statutory Auditor

The Statutory Auditor is the company body responsible for the examination of the accounting documents. It is elected by the General Meeting for terms of office of three years, pursuant to and for the purposes of Article 25 of EDP's Articles of Association and Article 446 of the Portuguese Companies Code.

According to the Portuguese Companies Code and the company's Articles of Association, the Statutory Auditor is in particular responsible for (see Article 446 (3) of the Portuguese Companies Code):

- The regularity of the company's books, accounting records and the respective supporting documents
- When, and in the form it deems fitting, the cash and all assets or securities belonging to the company or received by it as a guarantee, deposit or for any other purpose
- The exactness of the account rendering documents
- Whether or not the accounting policies and valuation criteria adopted by the company lead to a correct evaluation of the assets and profits.

At the Annual General Meeting of 17 April 2012 the Statutory Auditor and alternate auditor were elected for the term of office from 2012 to 2014:

Statutory Auditor

Permanent	KPMG & Associados, SROC, S.A. Represented by Vítor Manuel da Cunha Ribeirinho, ROC
Alternate	Susana de Macedo Melim de Abreu Lopes, ROC

2.1.5. Remuneration Committee - General Meeting

The remunerations of the corporate bodies, with the exception of the members of the Executive Board of Directors, are defined by the Remuneration Committee elected by the General Meeting (Article 11 (2) (d) of EDP's Articles of Association).

Pursuant to the referred to article of the Articles of Association, the majority of the members of the Remuneration Committee of the General Meeting must be independent.

At the Annual General Meeting of 17 April 2012 the following members of the Remuneration Committee of the General Meeting were elected for the term of office from 2012 to 2014:

Remuneration Committee - General Meeting

Chairman	José Manuel Archer Galvão Teles
	José de Mello - Sociedade Gestora de Participações Sociais, S.A. (represented by Luís Eduardo Brito Freixial de Goes)
	Álvaro João Duarte Pinto Correia

2.1.6. Environment and Sustainability Board

The Environment Board was set up in 1991 as a company body. Its name was changed to Environment and Sustainability Board by decision of the Annual General Meeting of Shareholders of 30 March 2006.

The Environment and Sustainability Board is granted, as a company body, certain powers to advise the Executive Board of Directors in environment and sustainability-related matters. In particular, it provides advice and support in defining the company's environmental and sustainability strategy and in drawing up opinions and recommendations on the environmental impact of projects planned by the EDP Group (Article 28 (1) of EDP's Articles of Association).

The Environment and Sustainability Board, pursuant to Article 28 (2) of EDP's Articles of Association, is made up of persons with acknowledged competence in the field of environmental protection and sustainability.

The members of the Environment and Sustainability Board were elected at the Annual General Meeting of 17 April 2012 for the term of office from 2012 to 2014.

At the Annual General Meeting held on 6 May 2013, José Pedro Sucena Paiva was elected chairman of this body, position held by Augusto Carlos Serra Ventura Mateus until that date.

The Environment and Sustainability Board has the following composition:

Environmental and Sustainability Board

Chairman	José Pedro Sucena Paiva
	Alberto da Ponte
	António José Tomás Gomes de Pinho
	José Manuel Viegas
	Maria da Graça Madeira Martinho

2.1.7. Company Secretary

Pursuant to the provisions of Article 4 (2) (l) of the Rules of Procedure of the Executive Board of Directors and Article 17 of EDP's Articles of Association, the Company Secretary and alternate secretary are appointed by the Executive Board of Directors. The Company Secretary has the powers established by law and the term of office ends with the end of the office of the Executive Board of Directors that appointed the Company Secretary.

The company secretary and alternate secretary currently in office are:

Company Secretary

Secretary	Maria Teresa Isabel Pereira
Alternate	Ana Rita Pontífice Ferreira de Almeida Côrte-Real

2.1.8. Specialised Committees of the General and Supervisory Board

The Rules of Procedure of the General and Supervisory Board provide for the establishment of standing committees and ad hoc committees, composed of some of its members, without prejudice to keeping responsibility for the exercise of its respective duties as a corporate body. Such committees may be established whenever it deems convenient and suitable, delegating in them the performance of certain specific functions.

The standing and ad hoc committees both have the principal mission of specifically and continuously monitoring the matters entrusted to them, in order to ensure informed decision-making processes on the part of the General and Supervisory Board or it is provided information regarding certain matters.

The activity of the committees is coordinated by the Chairman of the General and Supervisory Board, who ensures the proper articulation of the committees with the full board of that body, through their respective Chairman, who shall keep him informed, including the communication of notices of meetings and the minutes of such meetings.

The Committees of the General and Supervisory Board were established at the meeting of 21 February 2012, and their composition was amended at the meetings of 18 and 22 May 2012 and 9 May 2013.

It is the understanding of the General and Supervisory Board that the committees are relevant to the regular functioning of the company, enabling the delegated performance of certain functions, especially in terms of monitoring the financial information of the company, the reflection on the governance system adopted, assessing the performance of directors and its own assessment of overall performance.

The General and Supervisory Board have five specialised committees: Committee on Financial Matters/Audit Committee, Remuneration Committee, Strategy Committee, Performance Analysis and Competitiveness Committee, and Corporate Governance and Sustainability Committee.

2.1.8.1 COMMITTEE ON FINANCIAL MATTERS / AUDIT COMMITTEE

The Committee on Financial Matters/Audit Committee is made up of three independent members with the appropriate qualifications and experience, including at least one member with a higher education degree in the area of the committee's duties and with specific knowledge of auditing and accounting, as confirmed by the CV of the respective Vice-Chairman, which can be consulted in the chapter on corporate bodies.

The Financial Matters Committee/Audit Committee is composed of the following members:

	Financial Matters Committee/Audit Committee	First appointment date
Chairman	Eduardo de Almeida Catroga	21-02-2012
Vice-Chairman	Vítor Fernando da Conceição Gonçalves	13-07-2006
	António Sarmento Gomes Mota	07-05-2009
	Manuel Fernando de Macedo Alves Monteiro	13-07-2006
	Maria Celeste Ferreira Lopes Cardona	18-04-2012

The Committee on Financial Matters/Audit Committee has the following powers in accordance with the Articles of Association, by delegation of the General and Supervisory Board, and the Rules of Procedure of the Financial Matters Committee/Audit Committee:

- To issue opinions on the annual report and accounts
- To oversee, on a permanent basis, the work of the Statutory Auditor and the External Auditor of EDP and, with regard to the former, to issue opinions on its respective election or appointment, removal from office, conditions of independence and other relations with EDP
- Permanently monitor and assess the Internal procedures for accounting and auditing matters and the efficacy of the risk-management system, internal control system and internal audit system
- Monitor, as and when it deems appropriate, the bookkeeping, accounting records and supporting documents and the status of any assets or securities held by EDP in any capacity
- Exercise the powers expressly conferred by the General and Supervisory Board
- Exercise any other powers that may be specifically conferred by law.

The Committee on Financial Matters/Audit Committee, as a specialised committee of the General and Supervisory Board, also supports the referred body in the hiring and dismissal of the External Auditor, pursuant to Article 4 (1) (i) of the Rules of Procedure of the Committee on Financial Matters/Audit Committee.

The composition, role and functioning of the Committee on Financial Matters/Audit Committee are in line with the European Commission Recommendation of 15 February 2005 (2005/162/EC), supplemented by the European Commission Recommendation of 30 April 2009 (2009/385/EC).

The Financial Matters Committee /Audit Committee met seven times in first half of 2013. Minutes of its meetings were kept.

Whistle-blowing policy

The EDP Group's activity has always been oriented by constant measures to ensure good governance of its companies including the prevention of wrongful practices, especially in the areas of accounting and finance.

EDP provides Group employees with a channel enabling them to report directly and confidentially to the Committee on Financial Matters/Audit Committee of the General and Supervisory Board any alleged illicit practice or accounting and/or financial irregularity in their company, in compliance with the provisions of CMVM Regulation 1/2010.

EDP's aim in setting up this channel for reporting irregular accounting and financial practices is:

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

The Financial Matters Committee on /Audit Committee can be contacted by e-mail, fax and post mail, and access to the information received in this context is restricted. Only the members of the committee are authorised to receive these communications.

All complaints or reports to the Financial Matters Committee /Audit Committee are treated with the strictest confidentiality. The whistle-blower remains anonymous provided that this does not prevent investigation of the complaint.

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

On 27 October 2011 the General and Supervisory Board approved new regulations, which were registered with the Portuguese Data Protection Authority. The application as approved on 6 July 2012.

2.1.8.2. REMUNERATION COMMITTEE OF THE GENERAL AND SUPERVISORY BOARD

The Remuneration Committee appointed by the General and Supervisory Board, pursuant to Article 27 of EDP's Articles of Association, has the mission of defining the remuneration of the Executive Board of Directors as well as any add-ons, notably old age or disability retirement pension supplements.

The Remuneration Committee of the General and Supervisory Board must submit to the Annual General Meeting of Shareholders for consultative purposes, and according to the Articles of Association, a declaration on the remuneration policy adopted for the members of the Executive Board of Directors and which it has approved, at least in the years in which such policy is established or amended. Given the publication of Law 28/2009 of 19 June, the Remuneration Committee will adapt its actions to comply with applicable legal provisions.

The Remuneration Committee of the General and Supervisory Board is made up of members of the General and Supervisory Board with the appropriate qualifications and experience. According with recommendation II.5.2. of the Corporate Governance Code approved by CMVM, the members of this Committee are all independent of the members of the management body. This Committee always has a representative attending the General Meetings of Shareholders.

The Remuneration Committee is composed of the following members:

Remuneration Committee of the GSB		First appointment date
Chairman	Alberto João Coraceiro de Castro	13-07-2006
	Ilídio da Costa Leite de Pinho	22-05-2012
	José Maria Espírito Santo Silva Ricciardi	22-05-2012
	Guojon Lu	11-05-2012
	Paulo Jorge de Assunção Rodrigues Teixeira Pinto	18-04-2012

The Remuneration Committee of the General and Supervisory Board met three times in first half of 2013. Minutes of its meetings were kept.

2.1.8.3. CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

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

- Corporate governance
- Strategic sustainability
- Internal codes of ethics and conduct
- Systems for assessing and resolving conflicts of interests, in particular pertaining to relations between EDP and its shareholders
- Defining appropriate criteria and responsibilities to be observed in EDP's internal structures and bodies and their impact on the composition of those structures and bodies
- Drawing up succession plans.

The role of the Corporate Governance and Sustainability Committee is to support the work of the General and Supervisory Board in the continuous evaluation of the management as well as the performance assessment of the General and Supervisory Board proper. The General and Supervisory Board undertakes such assessments annually, based on the activities undertaken by the Committee. Those assessments are published in a report. The conclusions of this assessment are included in the annual report of the General and Supervisory Board and presented to shareholders at the AGM.

Two other important roles of the Corporate Governance and Sustainability Committee are the monitoring of:

- Governance practices adopted by the company, and
- The management of human resources and succession plans.

The Corporate Governance and Sustainability Committee is made up of members of the General and Supervisory Board, the majority of which are independent, with the appropriate qualifications and experience to perform their duties.

The General and Supervisory Board changed the composition of the Corporate Governance and Sustainability Committee at the meeting held on 9 May 2013 and appointed Manuel Fernando de Macedo Alves Monteiro for chairman of this Committee, position held by Carlos Jorge Ramalho dos Santos Ferreira untl 12 April 2013, date on which he presented his resignation.

The Corporate Governance and Sustainability Committee is composed of the following members:

	Corporate Governance and Sustainability Committee	First appointment date
Chairman	Manuel Fernando de Macedo Alves Monteiro	18-04-2012
	Ilídio da Costa Leite de Pinho	18-04-2012
	Maria Celeste Lopes Cardona	18-04-2012
	Vasco Joaquim Rocha Vieira	18-04-2012
	Wu Shengliang	11-05-2012

The General and Supervisory Board appointed Manuel Fernando de Macedo Alves Monteiro for chairmar of the Committee at the meeting held on 9 May 2013

The Corporate Governance and Sustainability Committee met once in first half of 2013. Minutes of the meetings were kept.

2.1.8.4. STRATEGY COMMITTEE

Pursuant to the Rules of Procedure of the Strategy Committee, this Committee, which was established by decision of the General and Supervisory Board, is responsible for strategy, particularly in terms of investment, financing and strategic partnerships. The work of the Strategy Committee is governed by a set of internal rules (Rules of Procedure of the Strategy Committee).

The Strategy Committee was established by the General and Supervisory Board at its meeting of 18 April 2012, and its mission is to permanently monitor the following matters:

- The long-term strategies and scenarios
- Strategic implementation, and business planning and respective budgets
- Major investments and divestments
- Debt and financing
- Strategic alliances
- The evolution of markets and competitiveness
- Regulation.

The General and Supervisory Board changed the composition of the Strategy Committee at the meeting held on 9 May 2013 and appointed Augusto Carlos Serra Ventura Mateus, Nuno Manuel da Silva Amado and Wu Shengliang for members of this Committee.

The Strategy Committee has the following members:

	Strategy Committee	First appointment date
Chairman	Eduardo de Almeida Catroga	18-04-2012
Vice-Chairman	Zhang Dingming	11-05-2012
	Felipe Fernández Fernández	18-04-2012
	Harkat Abderezak	18-04-2012
	Jorge Braga de Macedo	18-04-2012
	José Maria Espírito Santo Silva Ricciardi	18-04-2012
	Mohamed Ali Al-Fahim	18-04-2012
	Augusto Carlos Serra Ventura Mateus	09-05-2013
	Nuno Manuel da Silva Amado	09-05-2013
	Wu Shengliang	09-05-2013

The Strategy Committee met two times in first half of 2013. Minutes of its meetings were kept.

2.1.8.5. PERFORMANCE ANALYSIS AND COMPETITIVENESS COMMITTEE

The Performance Analysis and Competitiveness Committee, established by decision of the General and Supervisory Board, have the responsibility of analysing the performance and competitiveness of EDP in the context of the markets in which the company operates. The work of the Performance Analysis and Competitiveness Committee is governed by the rules of procedure.

The Performance Analysis and Competitiveness Committee were established by the General and Supervisory Board at its meeting of 18 April 2012, and its mission is to permanently monitor the following matters:

- Analyse the business performance of the company
- Benchmarking the performance of EDP compared to the industry's top companies
- Assess the competitiveness of the business portfolio of EDP.

The General and Supervisory Board changed the composition of the Performance Analysis and Competitiveness Committee at the meeting held on 9 May 2013 and appointed Nuno Manuel da Silva Amado and Wu Shengliang for members of the Committee.

The committee has the following members:

	Performance Analysis and Competitiveness Committee	First appointment date
Chairman	Luís Filipe da Conceição Pereira	18-04-2012
Vice-Chairman	Yang Ya	11-05-2012
	Alberto João Coraceiro de Castro	18-04-2012
	António Sarmento Gomes Mota	18-04-2012
	Fernando Masaveu Herrero	18-04-2012
	Nuno Manuel da Silva Amado	09-05-2013
	Wu Shengliang	09-05-2013

The Performance Analysis and Competitiveness Committee met three times in first half of 2013. Minutes of its meetings were kept.

shareholder structure and management transactions

1. CAPITAL STRUCTURE

EDP's share capital of 3,656,537,715 euros is represented by 3,656,537,715 shares divided into two categories.

Ordinary (or Category A) shares are not subject to any limitation on their transferability, given that, pursuant to the Portuguese Securities Code, shares traded in the market are freely transferrable, although EDP's Articles of Association contain rules on limitations on the exercise of voting rights applicable to ordinary (Category A) shares and Category B shares.

Pursuant to Article 4 (4) of EDP's Articles of Association, Category B shares are to be reprivatised and are subject to restriction on their ownership. They may only be held by the state or public sector entities.

On 11 May 2012, the special category shares divested during the eighth phase of the reprivatisation of EDP's share capital were actually transferred. This was when these shares ceased to belong to public bodies, meaning that they were automatically converted into Category A shares, with no need for approval of the conversion by the share owners or a decision by any company body.

On 14 February, 2013, Parpública - Participações Públicas (SGPS), SA sold in the market, through a private offer via an "accelerated bookbuilding", 151,517,000 Category B shares with a face value of 1 euro each, equivalent to 4.14% of the share capital. As a result of the settlement of this transaction, since 19 February 2013, Parpública - Participações Públicas (SGPS), SA reduced to 0% its stake in EDP and Category B shares were extinguished completely by the effect of the automatic conversion to Category A shares.

After this conversion, EDP's share capital is now represented exclusively by 3,656,537,715 Category A shares, which are ordinary shares with a face value of one euro each.

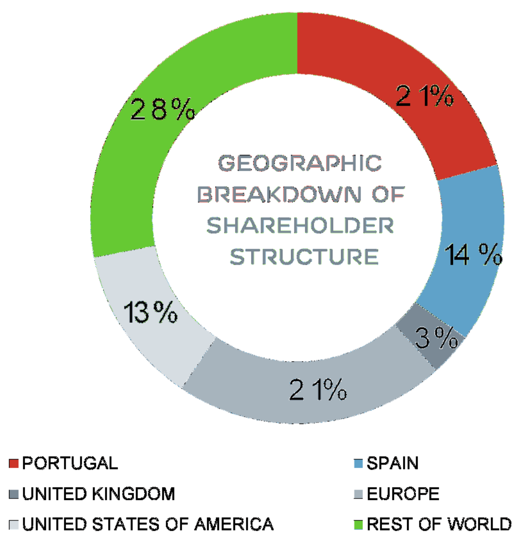
Pursuant to Article 14 (3) of EDP's current Articles of Association, consideration will not be given to votes cast by a shareholder on his own or a third party's behalf exceeding 25% (twenty-five percent) of the total number of votes in the share capital.

Furthermore, shareholders who, pursuant to Article 20 (1) of the Securities Code or any law that may amend or replace it, have a holding of 5% (five percent) or more of the voting rights or share capital, must inform the Executive Board of Directors of this fact within five days of the date on which they became holders thereof. They are not allowed to exercise their voting rights until they have done so (Article 15 (1) of EDP's Articles of Association).

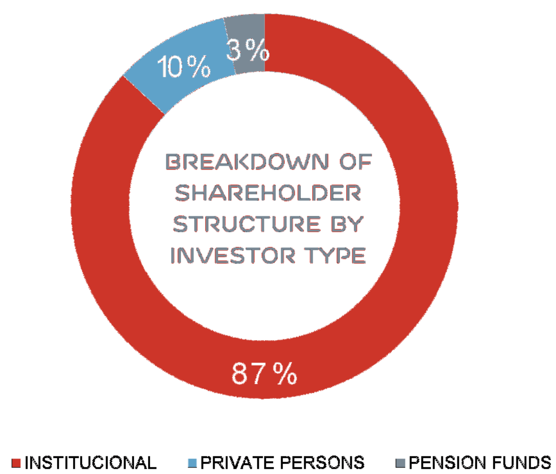
2. SHAREHOLDER STRUCTURE

The breakdown of the EDP shareholder structure by region and investor type in 30 June 2013 was as follows:

Geographic Breakdown of Shareholder Structure



Type of Investor Breakdown of Shareholder Structure



3. QUALIFYING HOLDINGS

In March 2013, Liberbank, S.A. and Masaveu S.L. notified to EDP the execution of an irrevocable agreement under which:

(i) 183,257,512 shares representing 5.01% of EDP share capital and voting rights, 1.5% of which held by Liberbank and 3.51% by Cantábrica de Inversiones de Cartera, S.L. (a subsidiary of Liberbank) were transferred to Oppidum Capital, S.L. ("Oppidum"); and

(ii) 42,789,104 shares representing 1.17% of EDP share capital and voting rights, held by Masaveu S.L., were transferred to Oppidum.

As a consequence, Oppidum hold 226,046,616 shares representing 6.18% of EDP's share capital and voting rights.

Pursuant to Article 8 (1) (b) of CMVM Regulation 5/2008 on the duty of information, the qualifying holdings held by shareholders in EDP's share capital as at 30 June 2013 and their voting rights in accordance with Article 20 (1) of the Securities Code are as follows:

Shareholder	Nº of Shares	% Capital	% Vote
CHINA THREE GORGES			
CWEI (Europe), S.A.	780,633,782	21.35%	21.35%
Total	**780,633,782**	**21.35%**	**21.35%**

CWEI (Europe), S.A. (formely China Three Gorges International (Europe) S.A.) is fully owned by CWEI (Hong Kong) Co. Ltd (formerly China Three Gorges International (Hong kong) Company Limited), which is fully owned by CWE Investment Co. Ltd (formerly China Three Gorges Corporation International Investment Co., Ltd). China Three Gorges Corporation directly holds 100% equity of CWE Investment Co. Ltd.

Shareholder	Nº of Shares	% Capital	% Vote
Iberdrola Energia S.A.U.			
Iberdrola Energia S.A.U. (Iberener)	243,395,875	6.66%	6.66%
Total	**243,395,875**	**6.66%**	**6.66%**

Iberdrola Energía, S.A.U. is fully owned by Iberdrola, S.A.

Shareholder	Nº of Shares	% Capital	% Vote
Oppidum Capital, S.L.			
Oppidum Capital, S.L.	226,046,616	6.18%	6.18%
Total	**226,046,616**	**6.18%**	**6.18%**

Oppidum Capital, S.L. is 52.9% owned by Masaveu International, S.L. and 47.1% onwed by Liberbank, S.A.

Shareholder	Nº of Shares	% Capital	% Vote
JOSÉ DE MELLO - SOC. GESTORA DE PARTICIPAÇÕES SOCIAIS, S.A.			
José de Mello Energia, S.A.	168,037,578	4.60%	4.60%
Members of the Corporate Bodies	59,456	0.00%	0.00%
Total	**168,097,034**	**4.60%**	**4.60%**

The company José de Mello Energia,S.A. Is fully owned by José de Mello Participações II, SGPS, S.A., which capital in fully owned by José de Mello - Sociedade Gestora de Participações Sociais, S.A.

Shareholder	Nº of Shares	% Capital	% Vote
Capital Group Companies, Inc.			
Capital Income Builder	75,401,327	2.06%	2.06%
Capital World Growth and Income Fund	67,980,566	1.86%	1.86%
American Funds Insurance Series - International Growth and Income fund	8,182,137	0.22%	0.22%
Capital International European Growth and Income	238,500	0.01%	0.01%
Total	**151,802,530**	**4.15%**	**4.15%**
INTERNATIONAL PETROLEUM INVESTMENT COMPANY (IPIC)			
Senfora SARL	148,431,999	4.06%	4.06%
Total	**148,431,999**	**4.06%**	**4.06%**

The company Senfora SARL, Luxembourg, is fully owned by IPIC, a company wholly owned by the Abu Dhabi Government.

Shareholder	Nº of Shares	% Capital	% Vote
GRUPO MILLENNIUM BCP + FUNDO DE PENSÕES			
Members of the Corporate Bodies	28,380	0.00%	0.00%
Fundação Millennium BCP	350,000	0.01%	0.01%
Fundo de Pensões do Grupo Millennium BCP	122,289,594	3.34%	3.34%
Total	**122,667,974**	**3.35%**	**3.35%**

The management company of the pension fund of Group Millennium BCP exercises independently their voting rights.

Shareholder	Nº of Shares	% Capital	% Vote
SONATRACH (1)			
Sonatrach	87,007,433	2.38%	2.38% (1)
Total	**87,007,433**	**2.38%**	**2.38%**
BANCO ESPÍRITO SANTO, S.A.			
Company's in a group relationship with BES or exercising control over the company	58,860,226	1.61%	1.61%
Banco Espírito Santo, S.A.	28,000,000	0.77%	0.77%
Members of the Corporate Bodies	3,375	0.00%	0.00%
Total	**86,863,601**	**2.38%**	**2.38%**

Shareholder	Nº of Shares	% Capital	% Vote
Qatar Holding LLC			
Qatar Holding Luxembourg II Sárl	82,868,933	2.27%	2.27%
Total	**82,868,933**	**2.27%**	**2.27%**
The company Qatar Holding Luxembourg II Sárl is fully owned by Qatar Holding LLC, a company wholly owned by Qatar Investment Authority.			
Massachusetts Financial Services Company			
Massachusetts Financial Services Company	75,866,572	2.07%	2.07%
MFS Institutional Advisors, Inc.	416,570	0.01%	0.01%
MFS International Ltd.	733,471	0.02%	0.02%
MFS International (UK) Ltd.	1,132,267	0.03%	0.03%
MFS Investment Management K.K.	450,482	0.01%	0.01%
Total	**78,599,362**	**2.15%**	**2.15%**
BlackRock, Inc.			
BlackRock (Netherlands) B.V.	322,768	0.01%	0.01%
BlackRock Advisors (UK) Limited	6,350,788	0.17%	0.17%
BlackRock Advisors, LLC	160,104	0.00%	0.00%
BlackRock Asset Management Australia Limited	203,075	0.01%	0.01%
BlackRock Asset Management Canada Limited	473,971	0.01%	0.01%
BlackRock Asset Management Deutschland AG	5,155,677	0.14%	0.14%
BlackRock Asset Management Ireland Limited	9,906,691	0.27%	0.27%
BlackRock Financial Management	102,299	0.00%	0.00%
BlackRock Fund Advisors	11,415,217	0.31%	0.31%
BlackRock Fund Managers Limited	780,661	0.02%	0.02%
BlackRock Institutional Trust Company, National Association	25,044,436	0.68%	0.68%
BlackRock International Limited	9,073	0.00%	0.00%
BlackRock Investment Management (Australia) Limited	145,989	0.00%	0.00%
BlackRock Investment Management (UK) Ltd	47,089	0.00%	0.00%
BlackRock Investment Management, LLC	3,311,143	0.09%	0.09%
BlackRock Japan Co Ltd	2,947,809	0.08%	0.08%
BlackRock Life Limited	6,101,003	0.17%	0.17%
iShares (DE) I InvAG mit Teilgesellschaftsvermogen	790,452	0.02%	0.02%
Total	**73,268,245**	**2.00%**	**2.00%**
EDP (TREASURY STOCK)	**28,710,246**	**0.79%**	
REMAINING SHAREHOLDERS	**1,378,144,085**	**37.68%**	
TOTAL	**3,656,537,715**	**100.00%**	

Note: In accordance with the made use once in nº 3 of the 14º of the Partnership contract of the EDP will not be considered the inherent votes to the category shares, emitted for a shareholder, in proper name or as representative of another one, that 25% of the totality of the corresponding votes to the capital stock exceeed.

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

4. EDP SHARES HELD BY MEMBERS OF THE CORPORATE BODIES

Shares held by the members of the Executive Board of Directors

The table below shows the shares held by the members of the Executive Board of Directors and any changes from 2012 to first half of 2013, pursuant to Article 447 (5) of the Company Code.

The shares held by the current members of the Executive Board of Directors were as follows:

	EDP - Energias de Portugal, S.A.				EDP Renováveis, S.A.		EDP - Energias do Brasil, S.A.	
	Nº Shares 06-30-2013	Nº Shares 12-31-2012	Nº Bonds 06-30-2013	Nº Bonds 12-31-2012	Nº Shares 06-30-2013	Nº Shares 12-31-2012	Nº Shares 06-30-2013	Nº Shares 12-31-2012
Executive Board of Directors								
António Luís Guerra Nunes Mexia	41,000	41,000	0	0	4,200	4,200	1	1
Nuno Maria Pestana de Almeida Alves	125,000	125,000	25	25	5,000	5,000	1	1
João Manuel Manso Neto	1,268	1,268	0	0	0	0	0	0
António Manuel Barreto Pita de Abreu [1]	34,549	34,549	0	0	1,810	1,810	41	41
António Fernando Melo Martins da Costa [2]	13,299	13,299	50	50	1,480	1,480	0	0
João Manuel Veríssimo Marques da Cruz	3,878	3,878	0	0	0	0	0	0
Miguel Stilwell de Andrade	111,576	111,576	0	0	2,510	2,510	0	0

Notes:
1) The shares of EDP - Energias de Portugal includes 475 shares held by his wife, Gilda Maria Pitta de Abreu;
2) The shares of EDP Renováveis includes 150 held by his wife, Anna Malgorzata Starzenska Martins da Costa;

In first half of 2013, the members of the Executive Board of Directors did not perform any operation on shares of EDP.

Shares held by members of the General and Supervisory Board

The table below shows the shares held by the members of the corporate bodies and any changes from 2012 to first half of 2013, pursuant to Article 447 (5) of the Company Code:

The shares held and attributed to the current members of the General and Supervisory Board were as follows:

	EDP - Energias de Portugal, S.A.				EDP Renováveis, S.A.		Energias do Brasil, S.A.	
	Nº Shares 06-30-2013	Nº Shares 12-31-2012	Nº Bonds 06-30-2013	Nº Bonds 12-31-2012	Nº Shares 06-30-2013	Nº Shares 12-31-2012	Nº Shares 06-30-2013	Nº Shares 12-31-2012
General and Supervisory Board								
Eduardo de Almeida Catroga	1.375	1.375	0	0	0	0	0	0
China Three Gorges Corporation	780.633.782	780.633.782	0	-	0	0	0	0
Dingming Zhang (representing China Three Gorges Corporation)	0	0	0	-	0	0	0	0
China International Water & Electric Corp.	0	0	0	-	0	0	0	0
Guojun Lu (representing China International Water & Electric Corp.)	0	0	0	-	0	0	0	0
China Three Gorges New Energy Co. Ltd.	0	0	0	-	0	0	0	0
Ya Yang (representing China Three Gorges New Energy Co. Ltd.)	0	0	0	-	0	0	0	0
CWEI (Europe) S.A. [1]	780.633.782	780.633.782	0	-	0	0	0	0
Shengliang Wu (representing CWEI (Europe) S.A.)	0	0	0	0	0	0	0	0
PARPÚBLICA - Participações Públicas (SGPS) S.A. [2]	_	151.517.000	0	0	0	0	0	0
Felipe Fernández Fernández (representing Cajastur Inversiones, S.A.)	0	0	0	0	0	0	0	0
José de Mello Energia, S.A.	168.097.034	168.097.034	0	0	0	0	0	0
Luís Filipe da Conceição Pereira (representing José de Mello Energia) (	5.701	1.459	150	150	0	0	0	0
Senfora SARL	148.431.999	148.431.999	0	0	0	0	0	0
Mohamed Al Fahim (representing Senfora SARL)	0	0	0	0	0	0	0	0
Carlos Jorge Ramalho Santos Ferreira [4]	_	40.000	_	0	_	0	_	0
Sonatrach	87.007.443	87.007.443	0	0	0	0	0	0
Harkat Abderezak (representing Sonatrach)	0	0	0	0	0	0	0	0
José Maria Espírito Santo Silva Ricciardi [5]	0	0	0	0	2.320	2.320	0	0
Alberto João Coraceiro de Castro [6]	6.917	4.578	5	5	3.080	2.460	0	0
António Sarmento Gomes Mota	0	0	0	0	0	0	0	0
Maria Celeste Ferreira Lopes Cardona	0	0	0	0	0	0	0	0
Fernando Maria Masaveu Herrero [7]	270.494.695	44.188.463		0	0	0	0	0
Ilídio da Costa Leite de Pinho	0	0	0	0	0	0	0	0
Jorge Avelino Braga de Macedo	0	0	0	0	0	0	0	0
Manuel Fernando de Macedo Alves Monteiro	0	0	60	60	0	0	0	0
Paulo Jorge de Assunção Rodrigues Teixeira Pinto	0	0	0	0	0	0	0	0
Vasco Joaquim Rocha Vieira	3.203	3.203	0	0	60	60	0	0
Vítor Fernando da Conceição Gonçalves	3.465	3.465	0	0	0	0	0	0
Rui Eduardo Ferreira Rodrigues Pena	4.541	2.945	35	35	0	0	0	0
Augusto Carlos Serra Ventura Mateus [8]	0	_	0	_	0	_	0	_
Nuno Manuel da Silva Amado	0	_	0	_	0	_	0	_

Notes:
1) Formerly China Three Gorges International (Europe), S.A.
2) Resigned on 18 March 2013.
3) In 2011, the shares of EDP - Energias de Portugal includes 18.280 shares held by his wife, Maria Manuela Casimiro Silva Pereira, who also holds all the shares of EDP Renováveis.
Were also delivered to the spouse 4,242 shares, purchase at €2,458 on June 5, 2013, as payment in kind of a part of the annual bonus granted in accordance with both the company's and the individual performances during the year 201
4) Resigned on April 12, 2013. Carlos Jorge Ramalho Santos Ferreira is a person discharging managerial responsibilities within BCP Group which held, on 31st December 2012, 122.667.974 shares of EDP - Energias de Portugal.
5) The shares of EDP Renováveis are held by his wife, Teresa Maria Belo de Morais Calheiros e Meneses Ricciardi.
6) The shares pf EDP - Energias de Portugal includes 94 and 380 shares, respectively, held by his spouse, Ana Maria Ferreira Lopes.
Inherited 2,339 shares of EDP - Energias de Portugal anad 620 shares of EDP Renováveis following the regularization of the inheritance of the ascendant Maria Odette Coraceiro.
7) The shares of EDP - Energias de Portugal includes 226.046.616 shares hold by Oppidum, which is directly 47,1 % hold by Liberbank and 52,9% by Masaveu Internacional, S.L. which, in turn, is totally hold by Corporación Masaveu, S.A., in which Fernando Masaveu has managerial responsibilities, and 2.020 shares held by his spouse Carolina Compostizo Fernández.
Fernando Masaveu as also managerial responsibilities in Flicka Forestal S.L., which holds 1.660.420 shares of EDP – Energias de Portugal, S.A.
9) Purchased, on December 21, 2012 a complex financial product related to EDP in the amount of 21,000 Euros.

The following EDP share trading operations were performed in first half of 2013:

Corporate Body	Company	Security	Date	Quantity	Operation	Avg. Purchase Price (euros)
Fernando Masaveu Herrero	EDP - Energias de Portugal	Shares	04/01/2013	6,081	Purchase	2.355
Fernando Masaveu Herrero	EDP - Energias de Portugal	Shares	07/01/2013	127,000	Purchase	2.355
Fernando Masaveu Herrero	EDP - Energias de Portugal	Shares	08/01/2013	130,000	Purchase	2.302
Vítor Fernando da Conceição Gonçalves	EDP - Energias de Portugal	Shares	17/01/2013	3,465	Sale	2.372
Rui Eduardo Ferreira Rodrigues Pena	EDP - Energias de Portugal	Shares	12/02/2013	1,596	Purchase	2.408
Rui Eduardo Ferreira Rodrigues Pena	EDP Renováveis	Shares	10/04/2013	1,120	Purchase	3.752

Other transactions with financial instruments in which EDP shares were traded as an underlying asset were also performed:

Corporate Body	Instrument	Option Type	Buy / Sell	Date	Maturity Date	Strike Price (€)	Quantity
José Maria Ricciardi	Equity Swap			28/09/2012	02/10/2013	2.142	35,492,945
José Maria Ricciardi	Equity Swap			28/09/2012	02/10/2013	2.142	35,492,945
José Maria Ricciardi	Equity OTC Options	Call	Sell	21/12/2012	15/03/2013	2.45	5,000,000
José Maria Ricciardi	Equity OTC Options	Call	Buy	21/12/2012	15/03/2013	2.45	5,000,000
José Maria Ricciardi	Equity OTC Options	Call	Buy	18/01/2013	18/07/2013	2.41	28,000,000
José Maria Ricciardi	Equity Swap			18/01/2013	15/03/2013	2.45	5,000,000

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

financial statements

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

edp group's business evolution

In the first half of 2013, the **EDP Group's net profit attributable to EDP Shareholders** reached EUR 603 million, compared with EUR 582 million in the first half of 2012.

Income Statement – EDP Group

EUR Million	1H13	1H12	Δ %
Gross Profit	**2,915**	**2,789**	**4%**
Supplies and services	451	446	1%
Personnel costs, employees benefits	338	330	2%
Other operating costs (net)	169	128	32%
Net Operating costs	**958**	**904**	**6%**
EBITDA	**1,957**	**1,885**	**4%**
Provisions	37	7	446%
Net Depreciation and amortisation	706	704	0%
EBIT	**1,214**	**1,174**	**3%**
Capital gains/(losses)	0	3	-100%
Financial Results	(333)	(353)	6%
Results from associated companies	19	10	80%
Pre-tax profit	**900**	**835**	**8%**
Income taxes	190	159	20%
Net Profit for the period	710	676	5%
Net Profit attribut. to EDP shareholders	**603**	**582**	**4%**
Non-controlling interests	107	94	14%

Consolidated EBITDA rose by 4% (+EUR 72 million), to EUR 1,957 million compared to the first half of 2012, fuelled by wind operations (+EUR 56 million) and liberalised activities (+EUR 52 million). In turn, EBITDA from long term contracted generation declined by EUR 30 million, EBITDA from Brazil dropped by EUR 26 million and EBITDA from regulated networks was flat. Forex impact on EBITDA totalled -EUR 32 million, backed by 10% BRL depreciation versus Euro and 1% depreciation of USD versus Euro.

EBITDA – EDP Group

EUR Million	1H13	1H12	Δ %
Long-Term Contracted Generation Iberia	372	402	-7%
Liberalised Activities Iberia	234	182	28%
Regulated Networks Iberia	522	520	0%
Wind Power	560	504	11%
Brazil	272	298	-9%
Other	(3)	(21)	83%
Consolidated	**1,957**	**1,885**	**4%**

EBITDA from Long Term Contracted Generation in the Iberia declined 7% year-on-year in the first half of 2013 to EUR 372 million, as the higher mini-hydro output justified by rainy weather in the first half of 2013 compared to a very dry first half of 2012 (+EUR 28 million in the first half of 2013) was more than offset by the end of Setúbal fuel oil plant PPA in December 2012 (EBITDA: EUR 53 million in first half of 2012) and lower results with CO_2 procurement costs (-EUR 8 million year-on-year). In January 2013, EDP sold its stake in Soporgen cogeneration plant in Portugal (67MW), which had an EBITDA contribution in 2012 of EUR 12 million.

Gross profit from PPA/CMEC declined EUR 62 million in the first half of 2013 to EUR 379 million, following the end of Setúbal PPA in December 2012 (EUR 56 million in first half of 2012) and losses with CO_2 procurement due to the decline of CO_2 market price (-EUR 7 million in the first half of 2013 versus +EUR 1 million in first half of 2012) which was partially compensated by higher results with fuel procurement and sales of fuel stocks due to Setúbal's shutdown (combined impact of +EUR 8 million in the first half of 2013).

Regulatory receivables related to revisibility from CMECs declined from EUR 654 million in December 2012 to EUR 608 million in June 2013 driven by EUR 162 million recovered in the first half of 2013 through tariffs and EUR 116 million of revisability created in the first half of 2013 reflecting essentially the low spot prices in the first half of 2013. This amount is due to be received in up to 24 months through TPA tariffs, paid by all Portuguese electricity consumers.

Power plants operating under CMEC in Portugal are entitled to a stable contracted gross profit and an 8.5% RoA before inflation and taxes, not adjusted by output but by the ratio of real availability against contracted availability.

Gross profit from special regime rose EUR 24 million year-on-year, to EUR 70 million in the first half of 2013, benefiting from the 2.2x increase in mini-hydro output which more than compensated the reduction in thermal following the sale of Soporgen's 67MW cogeneration plant in January 2013 (EUR 6 million gross profit in first half of 2012; EUR 12 million EBITDA in 2012).

In February 2013 the Spanish Government published a Ministerial Order which updated the thermal special regime tariffs for the second half of 2012. This update (+EUR 2 million) was registered in the first half of 2013 which justifies the strong year-on-year increase in average gross profit per MWh. On 12 July 2013, the Spanish Government approved Royal Decree 9/2013, which revokes all legislation previously issued on the energy sector remuneration model, including Royal Decree 2/2013, and includes several changes on the remuneration model applicable to the energy sector operators.

EBITDA from liberalised activities in Iberia grew 28% year-on-year to EUR 234 million in the first half of 2013, backed by (i) triple of EDP's hydro volumes year-on-year as a result of a much rainier first half of 2013 versus dry weather in first half of 2012 and the commissioning of new hydro capacity in Portugal in the period, originating a 35% drop in average generation costs; (ii) 17% decline in average costs with electricity purchases in the wholesale market due to a more efficient energy management; (iii) 1% increase in volumes sold to clients at slightly higher average selling prices; (iv) deterioration of thermal plants profitability due to very low utilisation levels and (v) suspension of capacity payments in Portugal in June 2012 (EUR 19 million in first half of 2012) and new generation taxes in Spain of EUR 29 million in the first half of 2013. In first half of 2013, our own generation met only 27% of our electricity needs (as EDP made use of its flexibility to profit from low pool prices) and hydro output accounted for 47% of own output (versus 17% in first half of 2012).

In the **electricity business**, gross profit went up 29% year-on-year to EUR 483 million in the first half of 2013, supported by a higher average unit margin which rose from €9.3/MWh in first half of 2012 to €16.7/MWh in the first half of 2013.

Average sourcing cost declined 21% year-on-year following the combined effects of lower generation costs (-35%) on higher hydro volumes and cheaper electricity purchases (-17%). Average selling price went down 1% year-on-year reflecting a different mix in volumes sold: higher weight of volumes to final clients versus volumes to wholesale markets. Average selling price to wholesale markets increased 1% on the back of the rise of sales in complementary markets.

Output from our generation plants (unadjusted for hydro pumping) went up 1% year-on-year to 6.3TWh in the first half of 2013, as the strong increase in hydro output (+1.9TWh) offset the fall in CCGT (-1.1TWh) and Coal (-0.7TWh). In December 2012, EDP started its operations at Alqueva II, a 257MW hydro repowering with pumping, which improves water efficiency management at Alqueva reservoir. The average production cost was 36% lower year-on-year, at €26/MWh in the first half of 2013, reflecting the increased generation from cheaper hydro technology. As of 1-Jan-2013 there are no CO_2 free allowances for the power sector and all emission allowances are to be bought in the market, putting upward pressure on thermal production costs.

Output from our coal plants fell 24% in the first half of 2013, as a result of the strong hydro and wind resources in Iberia in the period. The average load factor dropped 11pp, to 38% in the first half of 2013. Our Soto 3 plant operates under the terms of RDL 1221/2010 for domestic coal and on 13 February 2013, the Resolution 1736 defined a contracted margin for a total committed production in 2013 at Soto 3 of 1.1TWh. Generation from domestic coal was only 55GWh in the first half of 2013. Average production cost reached €39/MWh (+6% year-on-year), supported mostly by higher CO_2 costs due to the end of free allowances.

Output from our CCGT plants retreated by 71% in the first half of 2013, facing the combined effect of a lower demand for thermal production and low competitiveness of gas versus coal, implying a 7pp decline in average load factor year-on-year to 3% in the first half of 2013. Average production cost rose to €131/MWh in the first half of 2013, driven by higher variable gas cost and low dilution of gas procurement fixed costs.

Output from our hydro plants almost tripled in the first half of 2013 versus first half of 2012 supported by the combined impact of wet weather conditions and additional capacity (Alqueva II). Despite higher volumes of pumping (369GWh in the first half of 2013 versus 238GWh in first half of 2012) the average cost of hydro production fell 69% to €2.6/MWh due to an increase in hydro output. Pumping activity was concentrated at our Alqueva plant, implying an average discount to the pool price of c40% which compare with c25% in first half of 2012.

Nuclear average load factor went down by 5pp to 76% in the first half of 2013 due to outage for fuel recharging.

In Portugal, CCGT capacity payments were suspended as from 1 June 2012 and due to be replaced by lower incentives to be in place as from the end of Portugal's bailout: EUR 19 million in first half of 2012. In the first half of 2013, was not received any amount.

In Spain, the government in December 2012 approved several taxes aimed at granting the sustainability of the electricity sector, including a 7% tax on revenues and different taxes over gas/coal consumption, use of water and nuclear waste. Following the approval of the RDL9/2013, in July 2013 the government submitted to the Spanish Regulator a set of Royal Decrees drafts which defines namely: (i) changes in the remuneration rules for ancillary services; (ii) cut in the capacity payment from €26/kW to €10/kW although doubling the remaining payment period; (iii) change in the availability incentive mechanism and (iv) possibility of mothballing CCGT capacity by means of competitive auctions for periods of 1 year.

In the **electricity supply business in Spain**, volumes supplied to our clients in the free market fell 13% year-on-year to 8.8TWh in the first half of 2013, whereas there was a 16% rise in the number of clients supplied, translating EDP's strategy to focus on the most attractive segments. Market share went down 2pp to 10% in the first half of 2013, with EDP still maintaining a supply market share that is almost the double of its share in generation in Spain.

In the **electricity supply business in Portugal**, volumes supplied to EDP clients in the free market in Portugal climbed 31% year-on-year to 6.0TWh in the first half of 2013, supported by a strong increase of our electricity clients base (3.4x). EDP's market share in the free market rose 5pp from 38% in first half of 2012 to 43% in the first half of 2013, in line with EDP's strategy to focus on the more attractive residential/SMEs segments.

In the **gas supply business in Spain,** volumes supplied declined 5% year-on-year to 14.7TWh in the first half of 2013, despite a 3% increase in the number of clients supplied in the same period, which reflects our selective contracting policy. Market share fell from 10% in first half of 2012 to 8% in the first half of 2013.

In the **gas supply business in Portugal,** volumes supplied to EDP clients in Portugal declined 4% year-on-year to 3.0TWh in the first half of 2013, supported by lower demand and a competitive market in the B2B segment which outstood the increase of volumes in B2C segment following the gas market liberalisation. The strong pace of gas supply liberalisation, along with our successful dual offer (electricity + gas) to B2C clients, prompted a jump in the number of clients from 29 thousands in September 2012 to 151 thousands in June 2013.

EBITDA from regulated networks was stable at EUR 522 million, reflecting lower regulated revenues, namely in the electricity distribution in Portugal due to lower estimated regulated rate of return on assets (-EUR 27 million, stemming from a return on assets of 8.5% in the first half of 2013 versus 10.3% in first half of 2012) following the decline of Portuguese Republic 5-year CDS, gain booked on the sale of gas transmission assets (+EUR 56 million in February 2013); and impact from the de-consolidation of gas transmission assets in Spain (EUR 15 million of EBITDA in first half of 2012).

EBITDA from electricity distribution and last resort supply in Portugal fell 9% (-EUR 28 million) year-on-year, to EUR 294 million in the first half of 2013, largely impacted by a lower estimated regulated rate of return on assets (-EUR 27 million, derived from the decline of Portuguese Republic 5-year CDS).

In first half of 2013, distribution grid regulated revenues dropped by 3% (-EUR 20 million) year-on-year, to EUR 612 million, mainly driven by a lower preliminary return on RAB (8.5% in the first half of 2013 versus 10.3% in first half of 2012, in line with the fall in Portuguese Republic 5-year CDS), with an impact of -EUR 27 million. Although to a much lower extent, regulated revenues were also negatively impacted by the 2013 update for 'CPI-X' and by lower volumes distributed.

Last resort supplier regulated revenues decreased by 8%, to EUR 44 million in the first half of 2013, reflecting the fast consumers' switching to the free market. As part of the rules and calendar defined for the phasing out of regulated tariffs in Portugal, EDP Serviço Universal can no longer contract new clients as from 1 January 2013, while the regulator can apply quarterly tariff increases in order to encourage clients' transfer to a liberalised supplier. The volume of electricity supplied by last resort supplier fell 26% year-on-year, to 7.6TWh in the first half of 2013, reflecting a faster-than-expected clients switching. Total clients supplied declined from 5,031 thousands in December 2012 to 4,298 thousands in June 2013.

Regulatory receivables from electricity distribution and last resort supply in Portugal rose from EUR 1,503 million in December 2012 to EUR 1,645 million in June 2013 driven by: (1) -EUR 714 million following the sale without recourse of the right to receive part of the ex-ante tariff deficit created in 2012; (2) +EUR 637 million regarding the ex-ante tariff deficit for 2013 (as pre-defined by the regulator in 2013 tariffs), to be fully recovered through 2014-2017 tariffs and remunerated at 5.85% annual return; (2) +EUR 436 million of new tariff deviations created in the period; and (3) -EUR 271 million recovered through tariffs relative to negative previous years' deviations and to the recovery of past tariff deficits. The main drivers for new tariff deviations generated during the first half of 2013 were: (i) +EUR 357 million boosted by higher-than-expected special regime production (23% ahead of ERSE assumption) and from higher-than-expected overcost with special regime production (€74.9/MWh in the first half of 2013 versus €55.7/MWh assumed by ERSE in the calculation of 2013 tariffs); (ii) +EUR 111 million derived from the delay of cash proceeds from the tariff-curbing measures package (namely CO_2 auctions' revenues, to be allocated to the electricity system); (iii) +EUR 112 million mainly due to the negative tariff deviation generated in electricity distribution activity (on lower demand and change in consumption mix); (iv) -EUR 142 million (amount to return to the tariffs) mainly propelled by cheaper-than-expected electricity acquisitions.

EBITDA from electricity distribution activity in Spain was 7% lower year-on-year, at EUR 60 million in the first half of 2013, as higher regulated revenues (+EUR 4 million) were mitigated by higher operating costs as a result of the reduction of customers contributions (IFRIC 18).

On February 2013, the Spanish Government released a Ministerial Order, by mean of which regulated revenues attributable to EDP España for the year 2013 were set at EUR 163 million. On February 2013, as part of a set of urgent measures for the electricity sector, the income of the regulated electricity distribution were indexed to CPI at a constant tax rate and excluding either unprocessed foods or energy products (instead of CPI). On July 2013, the Spanish Government published RDL 9/2013 that changes the remuneration scheme for the energy distribution activity and of the distribution assets finance retribution, which will be indexed to the ten-year Government Bonds yield plus a spread (100 basis points for the second half of 2013 and 200 basis points from 2014 onwards).

Electricity distributed by EDP España (HC Energia), in the region of Asturias, declined by 2% year-on-year in the first half of 2013 mainly dragged by the industrial segment.

Regulatory receivables in Spain declined from EUR 424 million in December 2012 to EUR 365 million in the first half of 2013, the bulk of which regarding tariff deficit in 2012 (EUR 248 million) and to 2013 (EUR 117 million). In first half of 2013, a total amount of EUR 4.6 billion of the Spanish deficit was securitised by FADE (the fund in charge of the securitisation). As a result, our subsidiary in Spain cashed in EUR 249 million in the first half of 2013 (including EUR 10 million relative to a FADE's deal in December 2012).

EBITDA from gas distribution in Spain amounted to EUR 144 million in the first half of 2013 (+EUR 37 million year-on-year), supported by a EUR 56 million gain stemming from the sale of our transmission gas assets to Enagas in first quarter of 2013, -EUR 15 million derived from the de-consolidation of gas transmission assets and regulated revenues in the distribution business 1.4% lower year-on-year.

Regulated revenues (distribution and transmission business) declined by 14% (-EUR 16 million) in the first half of 2013, to EUR 101 million, largely due to the disposal of transmission operations in first quarter of 2013 (-EUR 15 million), lower volume distributed and slight increase in points of supply.

Volume of gas distributed was 10% lower year-on-year, at 28TWh, dragged by lower activity at some industrial clients. For 2013, gas distribution regulated revenues attributable to our subsidiary in Spain amounted to EUR 194 million, according to a Ministerial Order published in December 2012.

EBITDA from gas distribution in Portugal totalled EUR 25 million in first half of 2013 (-6%) reflecting in first half of 2012, a EUR 3 million positive impact from the agreement for the economic and financial balance of concession (July 2012).

Notwithstanding the 5% growth in the number of supply points prompted by the continuing effort of new client connection in the region operated by EDP, volume distributed fell by 11% year-on-year, due to the loss of one large client to the very high pressure grid and by weaker average consumption.

On 14 June 2013, ERSE published the final version of the regulatory assumptions for the regulatory period from July 2013 to June 2016. ERSE set: (i) a 3.9% increase in the average last resort supply tariff as from 1 July 2013 until 30 June 2014; (ii) regulated rate of return on assets of 9% on a preliminary basis; (iii) regulated revenues of EUR 65 million for the first regulatory year. For the new regulatory period, ERSE indexed the regulated rate of return on assets to the average of Portuguese Republic 5-year Portuguese bond yield between October 1st and September 30th prior to the beginning of each regulatory year, with a floor at 7.83% and cap at 11%).

EDP Renováveis owns and operates EDP Group wind and solar power assets and develops projects for new renewable capacity. The two main markets in which EDP Renováveis operates are USA (38% of EDP Renováveis's EBITDA in the first half of 2013) and Spain (35%). Other markets include Portugal (15%), France, Poland, Romania, Belgium, Italy and Brazil (the latter 6 representing 12% of EDP Renováveis' EBITDA in the first half of 2013).

EDP Renováveis' EBITDA rose 11% year-on-year (+EUR 56 million) to EUR 560 million in the first half of 2013 driven by higher electricity output mainly in Iberia. Installed capacity rose 8% year-on-year (+589MW) to 7.8GW by June 2013 of which 91% has low market risk with remuneration schemes with a long-term profile and only 9% exposed to US spot wholesale electricity markets (although partly covered by short-term hedges). Average load factor increased from 32% in first half of 2012 to 33% in the first half of 2013 and average selling prices went up 5% year-on-year to €64.3/MWh reflecting a different production mix breakdown with Europe representing 47% in the first half of 2013 (versus 43% in first half of 2012) and the US 52% (versus 57% in first half of 2012). EBITDA from first half of 2013 include a gain with the restructuring of a PPA contract in the US amounting to EUR 14 million. Excluding this impact, EBITDA in the first half of 2013 went up 9% year-on-year (+EUR 43 million).

In United States of America, installed capacity rose 215MW following the commissioning of Marble River in fourth quarter of 2012, to 3,637MW in the first half of 2013. Average load factor decreased 2pp to 36% in the first half of 2013, benefiting from the second quarter of 2013 wind resource (35% versus 34% in the 2Q12) which implied a flat year-on-year output since new capacity bought into operation compensated lower load factors. Average selling price (excluding revenues from PTCs) for energy sold through PPA/Hedged increased 1% year-on-year to USD52/MWh, reflecting the price escalators annual updates. Average selling price for merchant wind farms improved 24% year-on-year to USD31/MWh, following an improvement in the wholesale electricity prices. Overall, average selling price in the US increased 5% year-on-year to USD48/MWh in the first half of 2013.

In Spain, EDP Renováveis' EBITDA went up by 7% to EUR 196 million year-on-year in the first half of 2013. Average load factor improved 4pp year-on-year to 32% in the first half of 2013, while electricity generated went up by 18% year-on-year to 3.1TWh in the first half of 2013 on the back of stronger wind resource and a 5% increase of installed capacity. Average selling price reached €85/MWh, less 3% year-on-year driven by the end of the transitory regime and changes in regulation (all capacity in fixed tariff option). Addicionally, in December 2012, the Spanish Government introduced a 7% tax over electricity sales generated by all Spanish electricity producers (including special regime) starting in January 2013.

In Portugal, EDP Renováveis has 619MW of capacity remunerated under the 'old tariff regime', with tariffs set for 15 years and indexed to both CPI and annual operating hours. In September 2012, an extension to this tariff scheme was agreed, under which EDP Renováveis will annually invest EUR 4 million between 2013 and 2020 for +7 years of a new framework with cap and floor selling prices of €98/MWh and €74/MW, respectively, to be applied from the 16th year of operation of each wind farm.

In Portugal, EDP Renováveis's EBITDA increased by 31% year-on-year to EUR 82 million in the first half of 2013, corresponding to an increase of EUR 19 million year-on-year. Wind production increased 26% year-on-year to 888GWh following an increase of average load factor by 7pp to 33%. Average tariff rose 1% year-on-year to €108/MWh, reflecting inflation indexation. As of June 2013, ENEOP had an installed capacity of 978MW (391MW attributable to EDP Renováveis). In June 2013, EDP Renováveis completed the sale of a 49% equity stake in EDP Renováveis Portugal to China Three Gorges for EUR 368 million, including shareholders loans.

In European markets out of Iberia, EBITDA rose 13% year-on-year in the first half of 2013. Output rose 15% year-on-year to 1,001GWh in the first half of 2013 following a 32% or 270MW increase of installed capacity over the last 12 months. Average load factor was stable year-on-year at 25%. Average selling price rose 4% year-on-year to €111/MWh, driven by the higher weight of the wind production in Romania (35% in the first half of 2013 versus 27% in first half of 2012).

In France, EDP Renováveis has an operating installed capacity of 314MW (+8MW year-on-year). Wind power in France is sold through fixed tariffs indexed to inflation for 15 years. In first half of 2013, average tariff was €90/MWh (+3% year-on-year). As of June 2013, EDP Renováveis had 8MW under construction in France. In Belgium, our 57MW wind farm sells its power through a 5 year PPA (due in 2014) at a fixed selling price of €112/MWh.

In Italy, EDP Renováveis has an operating installed capacity of 40MW of capacity installed in June 2013, which will receive 'market price plus green certificate (GC)' until 2015 (GC price set at 0.78 x (€180/MWh - previous year avg. market price. In 2012, average market price was €77/MWh). After 2015, it will change into a 'pool + premium' scheme (premium of €180/MWh minus previous year avg. market price). Average selling tariff was €139/MWh in the first half of 2013. For capacity installed in 2013 and onwards, wind farms will be remunerated under a feed-in tariff scheme defined by tenders. As of June 2013, EDP Renováveis had 30MW under construction in Italy.

In Poland, EDP Renováveis installed 54 MW during second quarter of 2013 - Zgarzelec - which together with 76MW installed in first quarter of 2013 reached a total capacity of 320MW: i) 120MW from Margonin wind farm, which power is sold in the wholesale market and for which EDP Renováveis has a 15 years long term contract for the sale of GCs; ii) 70MW from Korsze wind farm, which output is sold through a 10 year PPA and iii) the remaining 130W, which output is sold at 'regulated electricity price + GC' (regulated price for 2013 is PLN201.36/MWh). In first half of 2013, average selling price was flat at PLN422/MWh. As of June 2013, EDP Renováveis had 60MW under construction in Poland (market price plus GC).

In Romania, EDP Renováveis has an operating installed capacity of 378MW (+93MW year-on-year), which 39MW are solar PV. Wind production is sold at 'market price plus GC', which value is subject to a floor and a cap set in Euros (for 2013, floor was set at €28.9/MWh and the cap at €58.8/MWh). In the first half of 2013, average selling price decrease 2% year-on-year to RON587/MWh, justified by lower green certificate prices driven by the uncertainty created through the approval by the Romania Government of the Emergency Government Ordinance 57/2013. As of June 2013, EDP Renováveis had 144MW of wind capacity under construction in Romania.

In Brazil, EDP Renováveis has an operating installed capacity of 84MW remunerated through long term contracts (20 years). In first half of 2013, average load factor increased by 1pp year-on-year to 27%. Average selling price went up 11% year-on-year to BRL 309/MWh.

EDP Brasil's contribution to consolidated EBITDA dropped by 9% (-EUR 26 million) year-on-year, to EUR 272 million in the first half of 2013, penalised by unfavourable Forex impact (-EUR 29 million in the wake of a 10% depreciation of BRL versus EUR). In local currency, EBITDA increased 1% year-on-year (+BRL 7 million) to BRL 727 million in the first half of 2013, on the back of a lower contribution from our generation business. EBITDA from distribution, up 32% year-on-year (+BRL 83 million), reflects less negative tariff deviations (first half of 2013: -BRL 47 million versus first half of 2012: -BRL 186 million), along with a 14% increase in operating costs, driven by higher personnel costs and by a BRL 16 million gain booked in first quarter of 2012. Generation EBITDA went down 22% year-on-year (-BRL 104 million), reflecting the first half of 2013 negative contribution from Pecém I coal plant due to the delay of start-up of the plant. Supply EBITDA, which more than doubled (+BRL 35 million), benefited from a favourable long position and higher volumes supplied at higher prices.

In electricity distribution in Brazil, the EBITDA rose 32% year-on-year (+BRL 83 million) to BRL 346 million in the first half of 2013, reflecting less negative tariff deviations on the back of the regulatory measures applied to compensate distribution companies for higher electricity costs, while operating costs went up 14% year-on-year, driven by an increase in personnel costs. Addicionally, in first quarter of 2012, was recognized a BRL 16 million gain with the sale of buildings.

Volumes of electricity sold went up 1% year-on-year in the first half of 2013, reflecting a 4% increase in the 'residential, commercial & other' segments, justified by a wider client base, higher consumption per capita and a lower average unemployment rate. Volumes sold to the industrial segment fell 8% year-on-year, due to the migration of clients to the free market. Volumes distributed to industrial clients in the free market advanced 6% year-on-year, also backed by the positive performance of the transport, auto and oil & refining industries, which supported a 3% year-on-year increase in the total volume of electricity distributed.

In January 2013, ANEEL approved an 18% decrease in tariffs for residential customers and up to a 32% decrease for industrials, on the back of a cut in electricity costs achieved through the Provisory Act No. 579, converted into Law 12.783/13 (January 2013), which translated into a drop in electricity sector charges, and lower generation costs, following concessions' renewal conditions. The subsequent mismatch between the energy procurement contracts and supply obligations led to involuntary short contracting positions at our distribution companies. In March 2013, through DL 7.945/13, the Brazilian Government approved the transfer of funds from an electricity sector account called CDE (Conta de Desenvolvimento Energético) to compensate distribution companies facing higher costs derived from the strong thermal dispatch and subsequent hike in spot prices, as well as from the short contracting position, as distribution companies had to satisfy demand through electricity purchases at high spot prices.

In electricity generation activities in Brazil, EBITDA dropped by 22% year-on-year (-BRL 104 million) to BRL 365 million in the first half of 2013, penalized by the negative contribution from Pecém I coal plant (-BRL 104 million in the first half of 2013). Excluding this impact, adjusted EBITDA stood flat at BRL 468 million, as the negative impact from energy purchases at higher market prices, driven by the poor hydro conditions, was offset by the allocation of higher volumes of electricity sold to the beginning of the year – 29% of the contracted volumes to be sold in 2013 were allocated to first quarter versus 25% in 2012.

Electricity volumes sold rose 36% year-on-year to 6TWh in the first half of 2013 on the back of Pecém I contribution. Excluding this impact, volumes sold went up 3% year-on-year, reflecting Mascarenhas hydro repowering (+8MW) as well as the mentioned seasonal concentration of hydro volumes sold in the first quarter of 2013.

Average selling price went up 12% year-on-year in the first half of 2013, following PPA prices inflation updates, as most of EDP Brasil's installed capacity is contracted under long term PPAs, the termination, in December 2012, of some contracts with a selling price well below average; and short-term contracts (for year 2013) closed at higher prices as part of our seasonality strategy.

In electricity supply activities in Brazil, EBITDA rose BRL 35 million year-on-year to BRL 65 million in the first half of 2013, reflecting a favourable long position and higher volumes supplied to clients, benefiting from higher spot prices.

EDP Group´s net controllable operating costs (supplies and services, personnel costs, employee benefits and other operating costs (net)) increased by 6% year-on-year to EUR 958 million. Operating costs (excluding other net operating costs) rose by 2% YoY, to EUR 789 million in the first half of 2013, on the back of: i) stable costs in Iberia, prompted by tight cost control from our corporate efficiency program fullfilment (even if 2014 targets have been anticipated to 2013); ii) +8% at EDP Renováveis backed by larger scale of operations; iii) +1% in Brazil as Forex impact was offset by higher maintenance costs and higher headcount. Other net operating costs in the first half of 2013 include EUR 56 million gain derived from the sale of gas transmission assets in Spain, EUR 54 million cost with the new taxes in electricity generation in Spain and EUR 25 million cost related to non-programmed outages of Pecém I.

Financial Results improved by 6% or EUR 20 million year-on-year to - EUR 333 million. Net financial interest costs rose 16% year-on-year, to EUR 400 million in the first half of 2013, reflecting an increase of 5% in average net debt and also a rise of the average cost of debt from 4.0% in first half of 2012 to 4.2% in the first half of 2013. Other financials totalling EUR 50 million in the first half of 2013 reflecting a gain of EUR 41 million with tariff securitization deals.

Results from associated companies increased EUR 9 million year-on-year to EUR 19 million in the first half of 2013 essentially due to higher contribution from our equity stake in ENEOP Portugal (+EUR 6 million in the first half of 2013).

Consolidated capex totalled EUR 635 million in the first half of 2013, down 8% year-on-year. In January 2013, EDP Renováveis cashed-in a EUR 92 million cash-grant related to Marble River wind farm in US (concluded in fourth quarter of 2012), which explains for EDP Renováveis' first half of 2013 abnormally low capex. Excluding this impact, consolidated capex went up 5% year-on-year to EUR 727 million, on the back of a 15% increase in expansion capex, driven by higher capex in our liberalised activities (new hydro plants in Portugal). Maintenance capex fell 8% year-on-year to EUR 266 million in the first half of 2013, essentially reflecting lower investment needs at our Iberian regulated networks.

EUR Million	1H13	1H12	Δ %
Long-Term Contracted Generation Iberia	19	18	6%
Liberalised Activities Iberia	264	208	27%
Regulated Networks Iberia	161	184	-13%
Wind & Solar Power	12	109	-89%
Brazil	162	159	2%
Other	17	12	40%
EDP Group	**635**	**690**	**-8%**
Expansion Capex	**369**	**402**	**-8%**
Maintenance Capex	**266**	**288**	**-8%**

Capex in new hydro capacity in Portugal totalled EUR 245 million in the first half of 2013, the bulk of which devoted to the on-going construction/repowering works of 5 hydro plants: EUR 224 million in 1,468MW of capacity due in 2014/16 – 2 repowerings (963MW) and 3 new dams (505MW).

Capex in new wind and solar capacity, at EDP Renováveis level, totalled EUR 12 million, or EUR 104 million excluding the EUR 92 million cash-grant received in January 2013, and was allocated to first half of 2013 capacity additions (+130MW in Poland, +28MW in Romania and +4MW in Portugal, all wind capacity) and to the 242MW of capacity under construction: 230MW of wind capacity (132MW in Romania, 60MW in Poland, 30MW in Italy and 8MW in France) and 12MW of solar capacity (Romania).

In Brazil, capex totalled EUR 162 million in the first half of 2013, of which EUR 34 million were invested in Pecém I, a 360MW coal plant, which group 1 was commissioned in December 2012, while group 2 started commercial operations in May 2013; and EUR 78 million were invested in new hydro capacity, the bulk of which related to Jari (373MW predated to be operational due in 2015).

EDP Group's consolidated net debt at June 2013 amounted to EUR 17,688 million, resulting from a gross nominal debt of EUR 19,634 million deducted by an amount of cash and equivalents and financial assets at fair value through profit or loss of EUR 1,736 million, which was held, mainly, at EDP S.A., EDP Finance BV and others (EUR 985 million), EDP Renewables (EUR 337 million), and the Group's Brazilian subsidiaries (EUR 408 million), and collateral deposits in the amount of (EUR 489 million).

When compared to December 2012, the Group's net debt was nearly EUR 545 million lower, mostly due to securitization of electricity tariff deficit.

EUR Million	Jun-13	Dec-12	Δ %
Debt - Current	**4,915**	**3,496**	**41%**
Bonds	1,814	640	184%
Bank loans	2,996	2,519	19%
Other loans	16	15	0%
Commercial paper	89	322	-72%
Debt - Non-Current	**14,720**	**16,580**	**-11%**
Bonds	8,662	9,771	-11%
Bank loans	5,794	6,535	-11%
Other loans	66	77	-15%
Commercial paper	198	197	0%
Nominal debt	**19,635**	**20,076**	**-2%**
Collateral Deposits	-489	-428	14%
Interest accrued	308	332	-7%
Fair value hedge adjustments	12	115	-102%
Fair Value of Hedging Derivatives	-42	-166	-82%
Total Financial Debt	**19,424**	**19,929**	**-3%**
Cash and equivalents and Other	**1,736**	**1,696**	**2%**
Net Debt	**17,688**	**18,233**	**-3%**

In terms of maturity, EDP Group's nominal debt breaks down into 25% in current and 75% in non-current, with an average maturity of 4 years.

During the first semester of 2013, EDP maintained its policy of centralizing funding at EDP S.A., EDP Finance BV and EDP Branch, which represented 86% of the Group's consolidated debt. The remainder consists of debt contracted by the Brazilian holdings (8%) and project finance debt (mainly from the subsidiaries of the EDP Renewables Group – 5%, and EDP Produção Group - 1%).

In January 2013, EDP entered into a 5 year Euro term loan in the amount of EUR 1,600 million. This new facility, involving 16 domestic and international banks, is intended to replace the existing EUR 925 million revolving credit facility maturing in April 2013 and the EUR 1,100 million revolving credit facility maturing in November 2013.

During the first half of 2013 the Group received EUR 249 million from the FADE, the Spanish Electricity Deficit Amortisation Fund, through its subsidiary HC Energia (EDP España).

In Portugal, during the second quarter of 2013, EDP sold, through three independent transactions, the right to receive part of the tariff adjustment related with the Special Regime Generators Overcost, in the total amount of EUR 714 million. In this transaction EDP has agreed on a sale without recourse of the contractual rights to receive the above mentioned amount, including the related interest. The total sale amounts to EUR 759 million and generated a gain of EUR 41 million.

In January 2013, the Group contracted a project finance in the total amount of EUR 50 million, with maturity of 14 years, through its subsidiary EDP Renewables.

Maintaining a prudent financial management policy, by June 2013 EDP S.A. had access to EUR 2,009 million of available credit lines and EUR 150 million of commercial paper with underwriting commitment, fully available. It is the Group's policy to diversify its liquidity sources through high credit standing banks.

Additionally the Group has a EUR 1,000 million Euro Commercial Paper programme (ECP) at EDP S.A. level and a EUR 500 million "Pagarés" programme at HC Energia. Both programmes are not committed, being used for the Group short term treasury management. As of 30 June 2013, the total amount issued of ECP and "Pagarés" amounted to EUR 89 million.

In the first half of 2013, the average cost of debt of the EDP Group was 4.2% per year and approximately 45% of its debt and borrowings had a fixed rate.

In terms of currencies, Euro continues to be the main funding currency of EDP at 72%. The USD financing contracted to fund the capex of the Group's US subsidiary justifies the exposure to USD of 19%.

Rating

In March 2013, following the revision of the sovereign, Standard & Poor's ("S&P") affirmed EDP's rating at "BB+" revising its outlook from negative to stable. In June 2013 Moody's affirmed EDP's rating at "Ba1" with negative Outlook.

EDP's credit rating stands as of June 2013 two notches above the Republic of Portugal by Moody's and one notch by Standard and Poor's and by Fitch.

In July 2013, Fitch placed all utilities with sizeable exposure to Spain, including EDP, on Rating Watch Negative, following the Spanish Government's announcement, on July 12th, of proposed new regulatory measures to permanently resolve the excess cost or tariff deficit generated by the Spanish electricity system.

Global scale

	S&P	Last update	Moody's	Last update	Fitch	Last update
EDP S.A. and EDP Finance BV	BB+/Stab/B	22/03/2013	Ba1/OUT-/NP	21/06/2013	BBB- / RWN / F3	16/07/2013
HC Energia			Ba1/OUT-/NP	21/06/2013	BBB- / RWN / F3	16/07/2013
Bandeirante			Ba1/Aa2.br/Stab	05/06/2013		
Escelsa	brAA+/Stab	05/06/2013	Baa3/Aa1.br/Stab	05/06/2013		
EDP Brasil	BB+/brAA+/Stab	05/06/2013	Baa3/Aa1.br/Stab	05/06/2013		

Condensed Financial Statements

30 June 2013

(Page left intentionally blank)

EDP - Energias de Portugal

Condensed Consolidated Income Statement
for the six-month period ended 30 June 2013 and 2012

Thousands of Euros	Notes	2013	2012
Turnover	6	8,120,755	8,213,532
Cost of electricity	6	-4,088,700	-4,172,342
Cost of gas	6	-659,898	-713,096
Changes in inventories and cost of raw materials and consumables used	6	-457,604	-538,852
		2,914,553	2,789,242
Revenue from assets assigned to concessions	7	167,436	178,853
Expenditure with assets assigned to concessions	7	-167,436	-178,853
		-	-
Other operating income / (expenses):			
Other operating income	8	190,963	154,369
Supplies and services	9	-451,178	-445,589
Personnel costs and employee benefits	10	-337,747	-330,231
Other operating expenses	11	-359,883	-282,683
		-957,845	-904,134
		1,956,708	1,885,108
Provisions	12	-36,850	-6,751
Depreciation, amortisation expense and impairment	13	-719,060	-717,107
Compensation of amortisation and depreciation	13	13,536	13,129
		1,214,334	1,174,379
Gains / (losses) on the sale of financial assets		12	2,857
Financial income	14	529,456	366,187
Financial expenses	14	-862,345	-719,228
Share of profit in associates		18,793	10,464
Profit before income tax		900,250	834,659
Income tax expense	15	-190,060	-158,940
Net profit for the period		710,190	675,719
Attributable to:			
Equity holders of EDP		603,219	581,768
Non-controlling Interests	32	106,971	93,951
Net profit for the period		710,190	675,719
Earnings per share (Basic and Diluted) - Euros	29	**0.17**	**0.16**

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Consolidated Statement of Comprehensive Income as at 30 June 2013 and 2012

Thousands of Euros	2013 Equity holders of EDP	2013 Non-controlling Interests	2012 Equity holders of EDP	2012 Non-controlling Interests
Net profit for the period	603,219	106,971	581,768	93,951
Items that will never be reclassified to profit or loss				
Actuarial gains / (losses)	12,848	-6,999	12,761	3,955
Tax effect from the actuarial gains / (losses)	-1,819	2,380	-2,557	-1,345
	11,029	-4,619	10,204	2,610
Items that are or may be reclassified to profit or loss				
Exchange differences arising on consolidation	-59,118	-90,211	-65,012	-106,552
Fair value reserve (cash flow hedge)	29,019	8,595	-51,549	-9,200
Tax effect from the fair value reserve (cash flow hedge)	-8,276	-2,499	14,899	2,707
Fair value reserve (available for sale investments)	8,621	-772	309	-347
Tax effect from the fair value reserve (available for sale investments)	-316	263	380	118
Share of other comprehensive income of associates, net of taxes	3,052	790	-3,067	-927
	-27,018	-83,834	-104,040	-114,201
Other comprehensive income for the period, net of income tax	-15,989	-88,453	-93,836	-111,591
Total comprehensive income for the period	587,230	18,518	487,932	-17,640

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

EDP - Energias de Portugal

Condensed Consolidated Statement of Financial Position as at 30 June 2013 and 31 December 2012

Thousands of Euros	Notes	2013	2012
Assets			
Property, plant and equipment	16	20,734,129	20,905,340
Intangible assets	17	6,281,525	6,541,862
Goodwill	18	3,313,255	3,318,457
Investments in associates	20	177,864	163,881
Available for sale investments	21	185,178	181,298
Deferred tax assets	22	421,467	340,816
Trade receivables	24	99,859	97,099
Debtors and other assets from commercial activities	25	2,915,360	2,736,902
Other debtors and other assets	26	482,199	534,573
Collateral deposits associated to financial debt	34	465,036	415,045
Total Non-Current Assets		35,075,872	35,235,273
Inventories	23	282,791	377,618
Trade receivables	24	1,893,267	2,280,104
Debtors and other assets from commercial activities	25	2,027,537	2,051,519
Other debtors and other assets	26	262,181	296,674
Current tax assets	27	363,792	435,628
Financial assets at fair value through profit or loss		5,514	390
Collateral deposits associated to financial debt	34	23,757	13,451
Cash and cash equivalents	28	1,730,257	1,695,336
Assets classified as held for sale	41	-	241,851
Total Current Assets		6,589,096	7,392,571
Total Assets		41,664,968	42,627,844
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-90,709	-103,706
Share premium	29	503,923	503,923
Reserves and retained earnings	31	3,544,903	3,123,116
Consolidated net profit attributable to equity holders of EDP		603,219	1,012,483
Total Equity attributable to equity holders of EDP		8,217,874	8,192,354
Non-controlling Interests	32	3,183,359	3,239,314
Total Equity		11,401,233	11,431,668
Liabilities			
Financial debt	34	14,735,344	16,715,725
Employee benefits	35	1,866,480	1,933,425
Provisions	36	401,606	382,866
Hydrological correction account	33	34,745	33,644
Deferred tax liabilities	22	862,046	852,054
Institutional partnerships in USA wind farms	37	1,632,741	1,679,753
Trade and other payables from commercial activities	38	1,430,284	1,262,771
Other liabilities and other payables	39	488,993	409,737
Total Non-Current Liabilities		21,452,239	23,269,975
Financial debt	34	5,218,904	3,807,503
Hydrological correction account	33	11,416	22,832
Trade and other payables from commercial activities	38	2,550,509	3,220,599
Other liabilities and other payables	39	371,862	368,143
Current tax liabilities	40	658,805	467,738
Liabilities classified as held for sale	41	-	39,386
Total Current Liabilities		8,811,496	7,926,201
Total Liabilities		30,263,735	31,196,176
Total Equity and Liabilities		41,664,968	42,627,844

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Consolidated Income Statement
for the three-month period from 1 April to 30 June 2013 and 2012

Thousands of Euros	2013	2012
Turnover	3,736,224	3,801,373
Cost of electricity	-1,803,911	-1,888,000
Cost of gas	-323,650	-322,476
Changes in inventories and cost of raw materials and consumables used	-204,885	-239,298
	1,403,778	1,351,599
Revenue from assets assigned to concessions	97,985	84,582
Expenditure with assets assigned to concessions	-97,985	-84,582
	-	-
Other operating income / (expenses):		
Other operating income	54,771	71,260
Supplies and services	-234,854	-229,309
Personnel costs and employee benefits	-167,163	-160,718
Other operating expenses	-171,721	-151,198
	-518,967	-469,965
	884,811	881,634
Provisions	-27,410	-3,752
Depreciation, amortisation expense and impairment	-359,072	-359,688
Compensation of amortisation and depreciation	6,817	6,033
	505,146	524,227
Gains / (losses) on the sale of financial assets	-	2,857
Financial income	280,742	173,743
Financial expenses	-453,776	-359,956
Share of profit in associates	10,716	6,822
Profit before income tax	342,828	347,693
Income tax expense	-41,008	-79,941
Net profit for the period	301,820	267,752
Attributable to:		
Equity holders of EDP	268,479	244,525
Non-controlling Interests	33,341	23,227
Net profit for the period	301,820	267,752
Earnings per share (Basic and Diluted) - Euros	**0.07**	**0.07**

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

EDP - Energias de Portugal

Consolidated Statement of Changes in Equity as at 30 June 2013 and 31 December 2012

Thousands of Euros	Total Equity	Share capital	Share premium	Legal reserve	Reserves and retained earnings	Fair value reserve (Cash flow hedge)	Fair value reserve (AFS investments)	Exchange differences	Treasury stock	Equity attributable to equity holders of EDP	Non-controlling Interests
Balance as at 31 December 2011	**11,386,779**	**3,656,538**	**503,923**	**539,145**	**3,385,617**	**-27,088**	**41,360**	**121,469**	**-111,430**	**8,109,534**	**3,277,245**
Comprehensive income:											
Net profit for the period	675,719	-	-	-	581,768	-	-	-	-	581,768	93,951
Changes in the fair value reserve (cash flow hedge) net of taxes	-43,143	-	-	-	-	-36,650	-	-	-	-36,650	-6,493
Changes in the fair value reserve (available for sale investments) net of taxes	460	-	-	-	-	-	689	-	-	689	-229
Share of other comprehensive income of associates, net of taxes	-3,994	-	-	-	-	-3,262	-	195	-	-3,067	-927
Actuarial gains/(losses) net of taxes	12,814	-	-	-	10,204	-	-	-	-	10,204	2,610
Exchange differences arising on consolidation	-171,564	-	-	-	-	-	-	-65,012	-	-65,012	-106,552
Total comprehensive income for the period	470,292	-	-	-	591,972	-39,912	689	-64,817	-	487,932	-17,640
Transfer to legal reserve	-	-	-	39,290	-39,290	-	-	-	-	-	-
Dividends paid	-670,549	-	-	-	-670,549	-	-	-	-	-670,549	-
Dividends attributable to non-controlling interests	-80,072	-	-	-	-	-	-	-	-	-	-80,072
Purchase and sale of treasury stock	-2,125	-	-	-	-5,072	-	-	-	2,947	-2,125	-
Share-based payments	2,051	-	-	-	35	-	-	-	2,016	2,051	-
Changes resulting from acquisitions/sales and equity increases	500	-	-	-	-	-	-	-	-	-	500
Other reserves arising on consolidation	140	-	-	-	92	-	-	-14	-	78	62
Balance as at 30 June 2012	**11,107,016**	**3,656,538**	**503,923**	**578,435**	**3,262,805**	**-67,000**	**42,049**	**56,638**	**-106,467**	**7,926,921**	**3,180,095**
Comprehensive income:											
Net profit for the period	506,436	-	-	-	430,715	-	-	-	-	430,715	75,721
Changes in the fair value reserve (cash flow hedge) net of taxes	-23,511	-	-	-	-	-17,484	-	-	-	-17,484	-6,027
Changes in the fair value reserve (available for sale investments) net of taxes	2,300	-	-	-	-	-	1,893	-	-	1,893	407
Share of other comprehensive income of associates, net of taxes	-2,863	-	-	-	-	-499	-	-2,153	-	-2,652	-211
Actuarial gains/(losses) net of taxes	-153,225	-	-	-	-120,051	-	-	-	-	-120,051	-33,174
Exchange differences arising on consolidation	-95,387	-	-	-	-	-	-	-28,300	-	-28,300	-67,087
Total comprehensive income for the period	233,750	-	-	-	310,664	-17,983	1,893	-30,453	-	264,121	-30,371
Dividends attributable to non-controlling interests	-90,282	-	-	-	-	-	-	-	-	-	-90,282
Purchase and sale of treasury stock	1,268	-	-	-	-1,493	-	-	-	2,761	1,268	-
Sale without loss of control of Vento II (EDPR NA)	176,122	-	-	-	3,113	-1,135	-	-2,470	-	-492	176,614
Changes resulting from acquisitions/sales and equity increases/decreases	3,811	-	-	-	-	-	-	553	-	553	3,258
Other reserves arising on consolidation	-17	-	-	-	-17	-	-	-	-	-17	-
Balance as at 31 December 2012	**11,431,668**	**3,656,538**	**503,923**	**578,435**	**3,575,072**	**-86,118**	**43,942**	**24,268**	**-103,706**	**8,192,354**	**3,239,314**
Comprehensive income:											
Net profit for the period	710,190	-	-	-	603,219	-	-	-	-	603,219	106,971
Changes in the fair value reserve (cash flow hedge) net of taxes	26,839	-	-	-	-	20,743	-	-	-	20,743	6,096
Changes in the fair value reserve (available for sale investments) net of taxes	7,796	-	-	-	-	-	8,305	-	-	8,305	-509
Share of other comprehensive income of associates, net of taxes	3,842	-	-	-	-	2,630	-	422	-	3,052	790
Actuarial gains/(losses) net of taxes	6,410	-	-	-	11,029	-	-	-	-	11,029	-4,619
Exchange differences arising on consolidation	-149,329	-	-	-	-	-	-	-59,118	-	-59,118	-90,211
Total comprehensive income for the period	605,748	-	-	-	614,248	23,373	8,305	-58,696	-	587,230	18,518
Transfer to legal reserve	-	-	-	41,634	-41,634	-	-	-	-	-	-
Dividends paid	-670,932	-	-	-	-670,932	-	-	-	-	-670,932	-
Dividends attributable to non-controlling interests	-79,890	-	-	-	-	-	-	-	-	-	-79,890
Purchase and sale of treasury stock	5,911	-	-	-	-5,598	-	-	-	11,509	5,911	-
Share-based payments	1,886	-	-	-	398	-	-	-	1,488	1,886	-
Sale without loss of control of EDPR Portugal	224,178	-	-	-	112,859	-	-	-	-	112,859	111,319
Changes resulting from acquisitions/sales and equity increases/decreases	-117,380	-	-	-	-11,116	-315	-	-	-	-11,431	-105,949
Other reserves arising on consolidation	44	-	-	-	-3	-	-	-	-	-3	47
Balance as at 30 June 2013	**11,401,233**	**3,656,538**	**503,923**	**620,069**	**3,573,294**	**-63,060**	**52,247**	**-34,428**	**-90,709**	**8,217,874**	**3,183,359**

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Condensed Consolidated and Company Statement of Cash Flows
as at 30 June 2013 and 2012

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Operating activities				
Cash receipts from customers	7,580,020	7,501,403	1,070,414	968,682
Proceeds from tariff adjustments securitization	1,007,823	167,936	-	-
Payments to suppliers	-5,690,709	-5,913,298	-1,013,801	-1,133,701
Payments to personnel	-423,028	-487,917	-6,996	-18,380
Concession rents paid	-142,784	-124,020	-	-
Other receipts / (payments) relating to operating activities	-171,951	-38,435	92,455	9,570
Net cash from operations	2,159,371	1,105,669	142,072	-173,829
Income tax received / (paid)	-72,674	-33,159	-8,325	16,410
Net cash from operating activities	2,086,697	1,072,510	133,747	-157,419
Investing activities				
Cash receipts relating to:				
Sale of assets / subsidiaries with loss of control	255,556	4,770	-	-
Other financial assets and investments	349	4,236	161,580	-
Property, plant and equipment and intangible assets	27,053	4,702	19	2,428
Investment grants	2,569	17,421	-	-
Interest and similar income	30,622	45,333	184,091	158,340
Dividends	11,648	10,712	676,230	688,301
	327,797	87,174	1,021,920	849,069
Cash payments relating to:				
Acquisition of assets / subsidiaries	-134,265	-50,176	-	-172
Other financial assets and investments	-5,672	-1,509	-161,508	-1,509
Changes in cash resulting from consolidation perimeter variations	-	5	-	-
Property, plant and equipment and intangible assets	-1,122,214	-1,085,796	-15,414	-8,929
	-1,262,151	-1,137,476	-176,922	-10,610
Net cash from investing activities	-934,354	-1,050,302	844,998	838,459
Financing activities				
Receipts / (payments) relating to loans	-312,575	868,727	-602,856	-65,692
Interest and similar costs including hedge derivatives	-396,421	-390,475	-136,596	-127,248
Governmental grants received	91,549	3,206	-	-
Share capital increases / (decreases) by non-controlling interests	-15,869	-	-	-
Receipts / (payments) relating to derivative financial instruments	16,350	-934	6,909	9,780
Dividends paid to equity holders of EDP	-670,932	-670,829	-671,212	-670,829
Dividends paid to non-controlling interests	-44,586	-99,641	-	-
Treasury stock sold / (purchased)	5,911	-2,125	7,797	-74
Sale of assets / subsidiaries without loss of control	257,371	-	-	-
Receipts / (payments) from wind activity institutional partnerships - USA	-22,622	-6,670	-	-
Net cash from financing activities	-1,091,824	-298,741	-1,395,958	-854,063
Changes in cash and cash equivalents	60,519	-276,533	-417,213	-173,023
Effect of exchange rate fluctuations on cash held	-25,598	-13,102	121	-38
Cash and cash equivalents at the beginning of the period	1,695,336	1,731,524	1,305,235	661,609
Cash and cash equivalents at the end of the period (*)	1,730,257	1,441,889	888,143	488,548

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

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.° 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Condensed Company Income Statement
for the six-month period ended 30 June 2013 and 2012

Thousands of Euros	Notes	2013	2012
Turnover	6	1,112,662	1,035,513
Cost of electricity	6	-890,060	-841,147
Changes in inventories and cost of raw materials and consumables used	6	-125,990	-160,980
		96,612	33,386
Other operating income / (expenses):			
Other operating income	8	5,873	7,309
Supplies and services	9	-85,987	-92,290
Personnel costs and employee benefits	10	-8,491	-6,182
Other operating expenses	11	-9,112	-9,390
		-97,717	-100,553
		-1,105	-67,167
Provisions	12	-2,775	-5,874
Depreciation, amortisation expense and impairment	13	-7,751	-6,832
		-11,631	-79,873
Gains / (losses) on the sale of financial assets		12	-
Financial income	14	1,205,241	974,802
Financial expenses	14	-567,030	-370,392
Profit before income tax		626,592	524,537
Income tax expense	15	-63,183	100,373
Net profit for the period		563,409	624,910

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Company Condensed Statement of Comprehensive Income as at 30 June 2013 and 2012

Thousands of Euros	2013	2012
Net profit for the period	563,409	624,910
Items that are or may be reclassified to profit or loss		
Fair value reserve (cash flow hedge)	3,911	-20,748
Tax effect from the fair value reserve (cash flow hedge)	-1,162	6,009
Fair value reserve (available for sale investments)	2,513	-340
Tax effect from the fair value reserve (available for sale investments)	88	496
Other comprehensive income for the period, net of income tax	5,350	-14,583
Total comprehensive income for the period	568,759	610,327

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

EDP - Energias de Portugal, S.A.

Condensed Company Statement of Financial Position as at 30 June 2013 and 31 December 2012

Thousands of Euros	Notes	2013	2012
Assets			
Property, plant and equipment	16	211,932	208,569
Intangible assets		8	8
Investments in subsidiaries	19	9,909,534	9,909,534
Investments in associates	20	-	-
Available for sale investments	21	42,795	40,461
Investment property		10,155	10,490
Deferred tax assets	22	22,273	69,799
Debtors and other assets from commercial activities		2,137	1,555
Other debtors and other assets	26	6,131,580	6,014,090
Collateral deposits associated to financial debt	34	338,348	348,713
Total Non-Current Assets		16,668,762	16,603,219
Inventories		788	103
Trade receivables	24	140,365	172,773
Debtors and other assets from commercial activities	25	238,415	269,143
Other debtors and other assets	26	2,375,396	2,294,529
Current tax assets	27	94,812	195,587
Collateral deposits associated to financial debt	34	23,097	12,732
Cash and cash equivalents	28	888,143	1,305,235
Total Current Assets		3,761,016	4,250,102
Total Assets		20,429,778	20,853,321
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-84,614	-97,611
Share premium	29	503,923	503,923
Reserves and retained earnings	31	2,152,299	1,990,679
Net profit for the period		563,409	832,682
Total Equity		6,791,555	6,886,211
Liabilities			
Financial debt	34	1,999,902	2,032,437
Provisions	36	23,747	27,882
Hydrological correction account	33	34,745	33,644
Trade and other payables from commercial activities		2,981	3,831
Other liabilities and other payables	39	3,001,029	3,017,085
Total Non-Current Liabilities		5,062,404	5,114,879
Financial debt	34	7,370,184	7,557,620
Hydrological correction account	33	11,416	22,832
Trade and other payables from commercial activities	38	482,424	488,086
Other liabilities and other payables	39	582,702	771,228
Current tax liabilities	40	129,093	12,465
Total Current Liabilities		8,575,819	8,852,231
Total Liabilities		13,638,223	13,967,110
Total Equity and Liabilities		20,429,778	20,853,321

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Company Income Statement
for the three-month period from 1 April to 30 June 2013 and 2012

Thousands of Euros	2013	2012
Turnover	509,964	474,363
Cost of electricity	-401,867	-390,088
Changes in inventories and cost of raw materials and consumables used	-60,364	-71,181
	47,733	13,094
Other operating income / (expenses):		
Other operating income	2,510	3,702
Supplies and services	-44,741	-50,960
Personnel costs and employee benefits	-4,238	-3,082
Other operating expenses	-8,071	-8,572
	-54,540	-58,912
	-6,807	-45,818
Provisions	-1,135	-2,350
Depreciation, amortisation expense and impairment	-3,885	-3,403
	-11,827	-51,571
Financial income	889,747	758,431
Financial expenses	-292,859	-183,860
Profit before income tax	585,061	523,000
Income tax expense	-62,850	21,336
Net profit for the period	522,211	544,336

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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

EDP - Energias de Portugal, S.A.

Company Condensed Statement of Changes in Equity as at 30 June 2013 and 31 December 2012

Thousands of Euros	Total Equity	Share capital	Share premium	Legal reserve	Reserves and retained earnings	Fair value reserve (Cash flow hedge)	Fair value reserve (AFS investments)	Treasury stock
Balance as at 31 December 2011	**6,736,785**	**3,656,538**	**503,923**	**539,145**	**2,129,829**	**2,468**	**10,217**	**-105,335**
Comprehensive income:								
Net profit for the period	624,910	-	-	-	624,910	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-14,739	-	-	-	-	-14,739	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	156	-	-	-	-	-	156	-
Total comprehensive income for the period	610,327	-	-	-	624,910	-14,739	156	-
Transfer to legal reserve	-	-	-	39,290	-39,290	-	-	-
Dividends paid	-670,829	-	-	-	-670,829	-	-	-
Purchase and sale of treasury stock	-2,125	-	-	-	-5,072	-	-	2,947
Share-based payments	2,051	-	-	-	35	-	-	2,016
Balance as at 30 June 2012	**6,676,209**	**3,656,538**	**503,923**	**578,435**	**2,039,583**	**-12,271**	**10,373**	**-100,372**
Comprehensive income:								
Net profit for the period	207,772	-	-	-	207,772	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	1,140	-	-	-	-	1,140	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	-178	-	-	-	-	-	-178	-
Total comprehensive income for the period	208,734	-	-	-	207,772	1,140	-178	-
Purchase and sale of treasury stock	1,268	-	-	-	-1,493	-	-	2,761
Balance as at 31 December 2012	**6,886,211**	**3,656,538**	**503,923**	**578,435**	**2,245,862**	**-11,131**	**10,195**	**-97,611**
Comprehensive income:								
Net profit for the period	563,409	-	-	-	563,409	-	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	2,749	-	-	-	-	2,749	-	-
Changes in the fair value reserve (available for sale investments) net of taxes	2,601	-	-	-	-	-	2,601	-
Total comprehensive income for the period	568,759	-	-	-	563,409	2,749	2,601	-
Transfer to legal reserve	-	-	-	41,634	-41,634	-	-	-
Dividends paid	-671,212	-	-	-	-671,212	-	-	-
Purchase and sale of treasury stock	5,911	-	-	-	-5,598	-	-	11,509
Share-based payments	1,886	-	-	-	398	-	-	1,488
Balance as at 30 June 2013	**6,791,555**	**3,656,538**	**503,923**	**620,069**	**2,091,225**	**-8,382**	**12,796**	**-84,614**

LISBON, 25 JULY 2013

THE OFFICIAL ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

NOTES TO THE CONDENSED CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

1. ECONOMIC ACTIVITY OF EDP GROUP

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

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

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

During the six-month period ended 30 June 2013 the following significant changes occurred in the economic activity of the EDP Group:

Activity in the energy sector in Portugal

Electricity

Generation

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

Activity in the energy sector in Brazil

Electricity

Several significant changes in regulation regarding the electric sector occurred during 2012, such as the Provisional Measure 579/2012, in which the Federal Government presented measures to reduce electric energy bill. The expected average reduction for Brasil amounts to 20,2% due to government actions: Concession Renewals (13%) and Sector charges (7%).

The Provisional Measure 579 of 11 September 2012, which resulted in the Law 12,783 of 11 January 2013, provides a reduction in the price of electricity to the consumer. An average reduction of 20.2% is expected, due to the government action on two fronts: sectorial charges (7%) and concessions renewal (13%).

Regarding concessions renewal, the generation concessionaires which contracts expire between 2015 and 2017 may renew their concessions and shall make available their physical energy guarantee for the quotas system to be distributed proportionally to the size of each distributor, affecting the energy acquisition.

The transmission concessionaires which contracts expire between 2015 and 2017 may renew their concessions and, considering that the assets bounded to the electricity transmission service are totally depreciated, only the operational and maintance costs will be considered for the annual allowed revenues calculation.

On 23 January 2013 was published the Provisional Measure 605, which objective is to increase the scope of application of the resources of the CDE (Energy Development Account), which began promoting resources to cover the discounts applied to the tariffs and involuntary exposure of distributors resulting from the non-adherence to the extension of the generation concessions, this measure amended tthe Law 10.438/2002 which establishes the application of CDE resources.

The Decree 7,891 of 23 January 2013, establishes more options for the implementation of CDE resources, which can be used to compensate the discount on the electricity tariffs established by law, such as the social tariff of low income, rural, water, sewage and sanitation , among others. Thus, the difference the revenue due to the discounts will no longer be reimbursed through the tariffs of other consumers.

This decree was amended on 7 March 2013, by the Decree 9,745, which increased the costs that can be accomplished with funds from the Energy Development Account - CDE.

CDE is responsible for monthly transfer to the distribution utilities the costs related to: generation allocated under the Energy Relocation Mechanism - ERM (Hydrological Risk Quotas); replacement amount not covered by quotas (Involuntary Exposure) and the additional cost of the thermal power plants activation outside the order of merit (ESS - Energy Security), occurred from January to December 2013.

On 6 March de 2013 the National Energy Policy Council (CNPE) issued the Resolution CNPE 3/2013 which determined a new methodology for sharing the costs incurred for the dispatch of thermoelectric power plants out of the order of merit, due to mechanisms of risk aversion (safety of the system), following the hydrological crisis in Brazil.

According to this temporary methodology, 50% of the above mentioned costs will be prorated among the purchase agents in the Short Term Market (MCP) and the remaining 50% will be prorated among all market agents, through the System Services Charge (ESS). Several Brazilian industry associations of electricity generators and traders interpose injuctions against this Resolution, therefore it's effects were suspended and the previous methodology is still being applied, being these costs shared and allocated to the consumers and the distribution companies, .

On 7 May 2013 a new regulation (Resolução Normativa 549/2013) was published, determining that the incremental costs with the acquisition of energy and other system charges (ESS) occurred in 2013, would be funded by the Energetic Development Account, the CDE - Conta de Desenvolvimento Energético (positive balances in "Conta de Compensação de Variação de Valores da Parcela A - CVA").

This new regulation establishes the compensation criteria and determines that ANEEL will publish in each ordinary tariff revision the amounts that should be paid by Eletrobras to the distribution companies (through CDE) and referring to the costs and "CVA" charges mentioned above.

On 29 May 2013, was published the Decree 8.020/2013 which allows the transfer in advance of seven months of the discounts applied on the distribution tariffs. This measure was taken by the government, anticipating that the Provisional Measure 605, would not be approved timely by the Senate, losing its validity. With the expiry of the Provisional Measure 605, the transfer of CDE resources that were also used to cover the Involuntary Exposure generated by quotas, ceased. The Provisional Measure 605 was included as an amendment in the Provisional Measure 609, which was already approved by the Senate and now awaits by the President approval to enter into force, and CDE return to fund these transfers.

Activity in the Renewable Energies Sector

Electricity

Generation

Regulatory framework for the activities in Spain

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

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

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

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

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

Regulatory framework for the activities in Portugal

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

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

Regulatory framework for the activities in the United States of America

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

2. ACCOUNTING POLICIES

a) Basis of presentation

The accompanying condensed consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its associated companies, for the six-month period ended 30 June 2013 and condensed consolidated and company statement of financial position as at 30 June 2013.

EDP S.A.'s Executive Board of Directors approved the condensed consolidated and company financial statements (referred to as financial statements) on 25 July 2013. The financial statements are presented in thousands of Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 35/2005 of 17 February, the company's financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's consolidated and company condensed financial statements for the six-month period ended 30 June 2013 were prepared in accordance with IFRS as adopted by the E.U. until 30 June 2013 and considering the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. These financial statements do not include all the information required to be published on the annual financial statements, and should, therefore, be read together with the consolidated financial statements of the Group as of and for the year ended 31 December 2012.

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

These financial statements also present the second quarter income statement of 2013 with comparative figures for second quarter of previous year.

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

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

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

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

b) Basis of consolidation

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

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

Subsidiaries

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

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

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

Associates

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

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

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

Jointly controlled entities

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

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

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

Goodwill

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

Business combinations that occurred after 1 January 2004 are accounted for using the purchase method of accounting. The acquisition cost corresponds to the fair value determined at the acquisition date, of the assets given and liabilities incurred or assumed including the costs directly attributable to the acquisition, for acquisitions up to 31 December 2009.

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

As from the transition date to IFRS (1 January 2004), positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation. Goodwill arising on the acquisition of subsidiaries and associates is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

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

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

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

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

Purchases of non-controlling interests and dilution

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

Until 31 December 2009, when an interest in a subsidiary was disposed, without a loss of control, the difference between the sale price and the book value of the net assets held by the Group, plus the carrying value of goodwill in that subsidiary, was recognised in the income statement of the period as a gain or loss resulting from the disposal. The dilution effect occurs when the percentage of interest in a subsidiary decreases without any sale of interest in that subsidiary, for example, if the Group does not participate proportionally in the share capital increase of that subsidiary. Until 31 December 2009, the Group recognised the gains or losses resulting from a dilution of the interest in a subsidiary following a sale or capital increase, in the income statement.

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

Investments in foreign operations

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

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

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

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

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

Balances and transactions eliminated on consolidation

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

c) Foreign currency transactions

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

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

d) Derivative financial instruments and hedge accounting

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

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

Hedge accounting

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

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

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

Fair value hedge

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

Cash flow hedge

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

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

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

Net investment hedge

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

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

Effectiveness

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

e) Other financial assets

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

Financial assets at fair value through profit or loss

This category includes: (i) financial assets at fair value through profit or loss, acquired for negotiation purposes in the short term, and (ii) other financial assets designated at fair value through profit or loss at inception (fair value option).

Available-for-sale investments

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

Initial recognition, measurement and derecognition

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

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

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

Subsequent measurement

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

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

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

Financial assets whose fair value cannot be reliably measured are stated at cost, being any impairment loss booked against the income statement.

Reclassifications between categories

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

Impairment

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

For the financial assets taht present evidence of impairment, the respective recoverable amount is determined, and the impairment losses are recognised in the income statement.

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

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

For debt instruments, if in a subsequent period the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in the income statement up to the amount of the acquisition cost, if the increase is objectively related to an event occurring after the impairment loss was recognised. For equity instruments, impairment losses can not be reversed and any subsequent event which determines a fair value increase is recognised in equity under fair value reserves.

f) Financial liabilities

An instrument is classified as a financial liability when there is a contractual obligation for the issuer to liquidate capital and/or interests, through delivering cash or other financial asset, regardless of its legal form. Financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest method; or at fair value, whenever the Group chooses, on initial recognition, to designate such instruments as at fair value through profit or loss using the fair value option.

g) Equity instruments

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

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

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

Preference shares issued by the Group are considered as an equity instrument when the there is no contractual obligation to redeem the shares and dividends are paid at the discretion of the Group. Preference shares issued by subsidiaries, classified as equity instruments and held by third parties, are recognised as non-controlling interests.

h) Property, plant and equipment

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

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

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

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

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

	Number of years
Buildings and other constructions	8 to 50
Plant and machinery:	
- Hydroelectric generation	32 to 75
- Thermoelectric generation	25 to 40
- Renewable generation	25
- Electricity distribution	10 to 40
- Other plant and machinery	5 to 10
Transport equipment	4 to 25
Office equipment and tools	4 to 10
Other property, plant and equipment	10 to 25

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

Borrowing costs and other directly attributable costs

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

Government grants

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

Transfers of assets from customers

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

IFRIC 18 is applicable for agreements in which an entity receives from a customer an item of Property, plant, and equipment that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of energy. This interpretation clarifies:

- the conditions in which an asset is under this interpretation;
- recognition of the asset and its initial measurement;
- identification of the services identified (one or more services in exchange for assets transferred);
- income recognition; and
- accounting for the transfer of money from customers.

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

i) Intangible assets

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

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

Acquisition and development of software

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

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

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

Concession rights on distribution of electricity and gas

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

Concession rights to use the public hydric domain

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

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

Industrial property and other rights

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

j) Leases

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

Operating leases

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

Finance leases

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

Lease payments include the interest charges and the amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Lease payments include the financial income and the amortisation of the outstanding principal.

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

Determining whether an Arrangement contains a Lease

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

k) Investment property

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

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

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

l) Inventories

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

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

CO_2 licenses held by the Group for trade purposes are booked as inventories and measured at fair value, at each balance sheet date, against the income statement.

m) Accounts receivable

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost less impairment losses and being presented in the statement of financial position net of impairment losses which are associated.

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

n) Employee benefits

Pensions

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

Defined benefit plans

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

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

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

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

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

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

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

The Group recognises as operational expenses, in the income statement, the current service cost and the effect of early retirements. Interest cost and estimated return of the fund assets are recognised as financial results.

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

Defined contribution plans

In Portugal, Spain and Brazil, some companies have defined contribution social benefit plans that complement those granted by the Social Security System, under which they pay an annual contribution to the plans, calculated in accordance with the rules established in each plan.

Other benefits

Medical benefits and other plans

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

Variable remuneration paid to employees

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

o) Provisions

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

Provisions for dismantling and decommissioning in electric power plants

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

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

p) Recognition of costs and revenues

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

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

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

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

q) Financial results

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

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

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

r) Income tax

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

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

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

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

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

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

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

s) Earnings per share

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

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

t) Share based payments

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

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

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

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

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

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

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

v) Cash and cash equivalents

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

w) Segment reporting

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

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

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

x) Tariff adjustments

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

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

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

y) CO_2 licenses and greenhouse gas emissions

The Group holds CO_2 licenses in order to deal with gas emissions resulting from its operational activity and licenses for trading. The CO_2 and gas emissions licenses held for own use are booked as intangible assets and are valued at the quoted price in the market on the date of the transaction.

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

z) Cash Flow Statement

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

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

aa) Group concession activities

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

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

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

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

Financial Asset Model

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

Intangible Asset Model

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

Mixed Model

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

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

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

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

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

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

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

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how its application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to these Condensed Consolidated Financial Statements.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly, in all material respects, the Group's financial position and results.

Impairment of available-for-sale investments

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

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

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

Fair value of financial instruments

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

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

Contractual Stability Compensation - CMEC

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

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

Initial compensation was recognised when the PPAs terminated as an account receivable of 833,467 thousands of Euros, booked at its net present value, against deferred income. Part of the initial compensation is recognised as operating income each year against a reduction of the deferred initial compensation. According to the applicable legislation, securitization of this amount is possible. Compensation resulting from the revisable mechanism refers to the correction of the initial compensation for each year considering the actual conditions and is recognised as a loss or gain in the year to which it relates. Final compensation will be calculated in accordance with the terms defined by the legislation relating to the termination of the PPAs, after the end of the revisable mechanism period (10 years). Interest resulting from the discount rate used is booked in the period to which it relates, based on the respective implicit rate, against income for each period.

Contractual Stability Compensation - Revisable mechanism

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

Review of the useful life of the assets

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

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

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

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

Useful lives of generation assets - Hydro independent generator in Brazil

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

Tariff adjustments

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

Considering the current legislation which establishes an unconditional right of the regulated operators to recover or return the tariff adjustments, the EDP Group booked in the caption Turnover - Electricity and network access of the period, the effects of the recognition of the tariff adjustment, against Debtors and other assets from commercial activities and Trade and other payables from commercial activities. Under the current legislation, regulated companies can also sell to a third party, in whole or in part, the right to receive the tariff adjustments through the electricity and gas tariffs.

Tariff deficit

In Portugal, the Decree-Law 237-B/2006, of 19 December 2006, recognised an unconditional right of the operators of the binding sector to recover the tariff deficit of 2006 and 2007, regardless of the form of its future payment or in situations of insolvency and cease of operations. The Decree-Law also allows the transfer of the tariff deficit collection right to a third party. In 2008, the EDP Group sold unconditionally the tariff deficit of 2006 and part of the 2007 deficit. In 2009, the tariff deficits regarding 2008 and the remaining part of 2007 were transferred, as well as the non-regular tariff adjustment regarding the estimated overcost of the special regime production for 2009. In September 2011, the EDP Group sold unconditionally tariff adjustment for the additional cost of cogeneration for the period 2009-2011. In December 2012, in accordance with the terms of Decree-Law 109/2011, EDP Distribuição sold without recourse the right to recover 2010 annual adjustment of the compensation due for early termination of the power purchase agreements. In April and May 2013, as referred in the note 25, EDP Group sold without recourse part of the tariff adjustment related to the estimated overcost for the electric energy acquisition to the special regime production for 2012.

In Spain, the Royal Decree Law 6/2009, published on 7 May 2009 establishes, among other matters: (i) the possibility to securitise the Spanish tariff deficit supported by the electric sector companies using a State guarantee through the tariff deficit amortisation fund; (ii) the calendar for the elimination of the tariff deficit, such that on 1 January 2013, access tariffs will be enough to cover regulated activities' costs, without the creation of an ex-ante tariff deficit and, in order to ease this gradual elimination, the Royal Decree Law also provides for the passage of some costs currently included in the electricity tariff to the Spanish State Budget; (iii) the revocation, as from 1 July 2009, of Royal Decree Law 11/2007, which established the obligation to return the additional revenues obtained from the incorporation of CO_2 costs in markets prices, and which was to be in force until 2012; (iv) the creation of a social subsidy, which translates to a lower tariff for low income consumers and (v) the charge to electric companies of the costs with the management and treatment of radioactive waste from nuclear power plants and fuels consumed. However, Royal Decree Law 29/2012, endorsed on 28 December 2012, abolished the regulatory requirement mentioned in paragraph (ii) above. The direct consequence of this suppression is that access tariffs will not be related to the sufficiency of the tariffs, so there may be temporary imbalances, to be recovered in a single annual fee in subsequent years.

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

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

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

Impairment of long term assets and Goodwill

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

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

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

Doubtful debts

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

Revenue recognition

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

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

Income taxes

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

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

In Portugal, the tax authorities are entitled to review the EDP, S.A. and its subsidiaries' determination of their annual taxable earnings for a period of four years. In case of tax losses carried forward, this period can be five years for annual periods starting from 2012, four years for annual periods of 2011 and 2010 and six years for previous annual periods. In Spain the period is 4 years and in Brazil it is 5 years. In the United States of America the general Statute of Limitations for the IRS can issue additional income tax assessments for an entity is 3 years since the date that the income tax return is filed by the taxpayer. As a result, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, EDP Group and its subsidiaries believe that there will be no significant corrections to the income tax booked in the financial statements.

Pensions and other employee benefits

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

Provisions for dismantling and decommissioning of power generation units

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

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

Measurement criteria of the concession financial receivables under IFRIC 12

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

4. FINANCIAL-RISK MANAGEMENT POLICIES

Financial risk management

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

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

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

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

Exchange-rate risk management

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

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

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

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

The exchange rate and interest rate risk on the GBP, CHF and JPY bonds issued by EDP Finance B.V. under the Medium Term Notes Program for the Issuance of Debt Instruments have been hedged as from their issuing date. The EDP Group's remaining debt, except for the debt contracted by the Brazilian subsidiaries, is denominated in Euros.

Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the Euro exchange rate in relation to the following currencies, as at 30 June 2013 and 2012, would lead to an increase / (decrease) in the EDP Group results and equity as follows:

	Jun 2013			
	Results		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD	32,072	-39,199	-8,623	10,540
RON	879	-1,074	-	-
PLN	17,871	-21,843	-	-
	50,822	-62,116	-8,623	10,540

	Jun 2012			
	Results		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD	24,388	-29,808	-3,247	3,969
PLN	5,945	-7,267	-	-
	30,333	-37,075	-3,247	3,969

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

Interest rate risk management

The aim of the interest rate risk management policies is to reduce the financial charges and to reduce the exposure to interest rate risk from market fluctuations through the settlement of derivative financial instruments.

In the floating rate financing context, the EDP Group engages interest rate derivative financial instruments to hedge the cash flows associated with future interest payments, which have the effect of converting floating interest rate loans into fixed interest rate loans.

Long-term loans engaged at fixed rates are, when appropriate, converted into floating rate loans through interest rate derivative financial instruments designed to reduce financial charges and to level them to market conditions. In addition to these operations, more structured collar operations are engaged, as necessary, to mitigate exposure of the debt cash flows to market rate fluctuations.

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

The EDP Group has a portfolio of interest rate derivatives with maturities up to 15 years. The Group's Financial Department undertakes sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. After the covering effect of the derivatives 45% of the Group's liabilities are fixed rate.

Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the debt portfolio engaged by the Group, except for Brazil and the related derivative financial instruments used to hedge the related interest rate risk, a 100 basis points change in the reference interest rates at 30 June 2013 and 2012 would lead to the following increases / (decreases) in equity and results of the EDP Group:

	Jun 2013			
	Results		Equity	
Thousands of Euros	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow effect:				
Hedged debt	-20,122	20,122	-	-
Unhedged debt	-78,485	78,485	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	46,502	-55,942
Trading derivatives (accounting perspective)	-4,498	-10,712	-	-
	-103,105	87,895	46,502	-55,942

	Jun 2012			
	Results		Equity	
Thousands of Euros	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Cash flow effect:				
Hedged debt	-19,082	19,082	-	-
Unhedged debt	-77,174	77,174	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	48,501	-49,581
Trading derivatives (accounting perspective)	-6,784	3,259	-	-
	-103,040	99,515	48,501	-49,581

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

Counterparty credit risk management

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

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

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

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

Liquidity risk management

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

Energy market risk management

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

As a result of its energy management operations, EDP Group has a portfolio of operations related to electric energy, carbon emissions (CO_2) and fuel (coal, fuel and gas). The portfolio is managed through the engagement of operations with financial and physical settlement on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the managed positions and also to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps and forwards of electricity and fuels to fix prices.

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

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

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

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

The principal price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the variation of the different risk factors (price of electricity and hydrological) on the following year's margin, P@R corresponding to the difference between an expected margin and a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 1 year. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are considered. In June 2013, P@R has included wholesale gas business.

	P@R Distribution by risk factor	
Thousands of Euros	Jun 2013	Dec 2012
Risk factor		
Negotiation	2,000	-
Fuel	45,000	26,000
CO_2	28,000	2,000
Electricity	26,000	18,000
Hydrological	30,000	38,000
Diversification effect	-88,000	-43,000
	43,000	41,000

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of "netting" agreements. As at 30 June 2013 and 31 December 2012 the EDP Group's exposure to credit risk rating is as follows:

	Jun 2013	Dec 2012
Credit risk rating (S&P)		
AAA to AA-	3.68%	6.63%
A+ to A-	67.96%	56.54%
BBB+ to BBB-	12.60%	33.55%
BB+ to B-	1.38%	0.59%
No rating assigned	14.38%	2.69%
	100.00%	100.00%

Brazil - Interest rate and exchange rate risk management

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

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

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

The summary of VaR on the operations of the Brazilian subsidiaries at 30 June 2013 and 31 December 2012 is as follows:

	VaR	
Thousands of Euros	Jun 2013	Dec 2012
Exchange rate risk	2,018	1,309
Interest rate risk	12,186	4,097
Covariation	-2,353	-1,993
	11,851	3,413

5. CONSOLIDATION PERIMETER

During the six-month period ended 30 June 2013, the following changes occurred in the EDP Group consolidation perimeter as described below:

Companies acquired:
- EDP Renewables, SGPS, S.A. acquired 100% of the share capital of Gravitangle - Fotovoltaica Unipessoal, Lda.;
- EDP Energias do Brasil, S.A. acquired 50% of the share capital of Mabe Construções e Administração de Projetos, Lda.;
- South África Wind & Solar Power, S.L. (which was incorporated in March 2013) acquired 42.5% of the share capital of Modderfontein Wind Energy Project, Ltd., 100% of the share capital of Dejann Trading and Investments Proprietary Ltd., and 100% of the share capital of EDP Renewables South Africa, Proprietary Ltd.;
- EDP Renewables North America L.L.C. acquired 100% of the share capital of EDPR Agincourt L.L.C. and 100% of the share capital of EDPR Marathon L.L.C.

Companies sold and liquidated:
- Millenium Energy, S.L. sold by 115,493 thousands of Euros all of its interests in the gas transmission business (Gas Transporte Span, S.L. and Naturgas Energia Transportes, S.A.U.);
- EDP Gestão da Produção de Energia, S.A. sold all of its interests in Soporgen, S.A. by the amount of 5,060 thousands of Euros;
- Arquiled - Projectos de Iluminação, S.A. liquidated Futurcompact, Lda.;
- A 49% share interest in EDP Renováveis Portugal, S.A. was sold by 257,954 thousands of Euros, as part of a transaction totalling 368,483 thousands of Euros deducted of loans totalling 110,529 thousands of Euros and pending receivable 583 thousands of Euros, with a loss of share interest held by EDP Group in Eólica de Alagoa, S.A., Eólica de Montenegrelo, S.A., Eólica da Serra das Alturas, S.A. and Malhadizes, S.A.
  This transaction was treated as a disposal of non-controlling interests without a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 112,859 thousands of Euros, was booked against reserves under the corresponding accounting policy.

Companies incorporated:
- Empresa de Energia Cachoeira Caldeirão, S.A.;
- South África Wind & Solar Power, S.L.;
- Sustaining Power Solutions, L.L.C.;
- Green Power Offsets, L.L.C. *;
- Arquiled Brasil - Projectos de Iluminação Ltda.

* EDP Group holds, through EDP Renováveis and its subsidiary EDPR NA, a set of subsidiaries in the United States legally established without share capital and that as at 30 June 2013 do not have any assets, liabilities, or any operating activity.

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

6. TURNOVER

Turnover analysed by sector is as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Electricity and network access	7,168,215	7,260,272	931,297	862,916
Gas and network access	859,758	898,896	106,831	99,926
Other	92,782	54,364	74,534	72,671
	8,120,755	8,213,532	1,112,662	1,035,513

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

	Jun 2013					
Thousands of Euros	Portugal	Spain	Brazil	U.S.A.	Other	Group
Electricity and network access	4,029,353	1,518,061	1,305,753	205,948	109,100	7,168,215
Gas and network access	139,805	719,953	-	-	-	859,758
Other	43,143	22,035	27,387	1	216	92,782
	4,212,301	2,260,049	1,333,140	205,949	109,316	8,120,755

Thousands of Euros	Jun 2012 Portugal	Spain	Brazil	U.S.A.	Other	Group
Electricity and network access	4,129,680	1,650,358	1,189,318	198,422	92,494	7,260,272
Gas and network access	132,838	766,058	-	-	-	898,896
Other	29,996	17,525	6,697	-	146	54,364
	4,292,514	2,433,941	1,196,015	198,422	92,640	8,213,532

During the first semester of 2013, on a consolidated basis, the caption Electricity and network access in Portugal includes a net revenue of 1,073,293 thousands of Euros (income in 30 June 2012: 797,392 thousands of Euros) regarding the tariff adjustments of the period (see notes 25 and 38), as described under accounting policy - note 2 x).

Additionally, the caption Electricity and network access includes on a consolidated basis 67,070 thousands of Euros (30 June 2012: 235,413 thousands of Euros) related to the Contractual Stability Compensation (CMEC) as a result of the Power Purchase Agreements (PPA) termination.

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

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

Thousands of Euros	Group Jun 2013	Group Jun 2012	Company Jun 2013	Company Jun 2012
Cost of electricity	4,088,700	4,172,342	890,060	841,147
Cost of gas	659,898	713,096	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	204,656	249,706	-	-
Gas	153,034	239,125	108,162	155,303
Cost of consumables used	12,832	7,899	-	-
CO_2 licenses	48,275	7,872	17,818	5,671
Own work capitalised	-37,071	-42,310	-	-
Other	75,878	76,560	10	6
	457,604	538,852	125,990	160,980
	5,206,202	5,424,290	1,016,050	1,002,127

On a company basis, Cost of electricity includes costs of 493,439 thousands of Euros (30 June 2012: 435,876 thousands of Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

7. REVENUE FROM ASSETS ASSIGNED TO CONCESSIONS

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

Thousands of Euros	Group Jun 2013	Group Jun 2012
Revenue from assets assigned to concessions	167,436	178,853
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-122,351	-129,795
Personnel costs capitalised (see note 10)	-41,203	-43,157
Capitalised borrowing costs (see note 14)	-3,882	-5,901
	-167,436	-178,853
	-	-

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

Thousands of Euros	Jun 2013 Portugal	Jun 2013 Brazil	Jun 2013 Total	Jun 2012 Portugal	Jun 2012 Brazil	Jun 2012 Total
Revenue from assets assigned to concessions	124,469	42,967	167,436	142,001	36,852	178,853
Expenditure with assets assigned to concessions	-124,469	-42,967	-167,436	-142,001	-36,852	-178,853
	-	-	-	-	-	-

8. OTHER OPERATING INCOME

Other operating income, for the Group, is analysed as follows:

	Group	
Thousands of Euros	Jun 2013	Jun 2012
Gains on fixed assets	762	9,434
Customers contributions	5,904	16,010
Income arising from institutional partnerships - EDPR NA	70,897	71,051
Gains on disposals	58,303	-
Other operating income	55,097	57,874
	190,963	154,369

Customers contributions includes the effect of the application of IFRIC 18 in the electricity and gas distribution activities in Spain in the amount of 5,471 thousands of Euros (30 June 2012: 14,650 thousands of Euros), as referred in accounting policy 2h).

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

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

Other operating income includes the power purchase agreements between EDPR NA and its customers which were valued based on market assumptions, at the acquisition date, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and recorded as a non-current liability (see note 38). This liability is depreciated over the period of the agreements against Other operating income. As at 30 June 2013, the amortisation for the period amounts to 4,227 thousands of Euros (30 June 2012: 4,900 thousands of Euros). This caption also includes 13,933 thousands of Euros related with the indemnity received following an amendment of the power purchase agreement between Mesquite Wind, L.L.C. (subsidiary of Vento I, L.L.C) and its client.

Other operating income, for the Company, is analysed as follows:

	Company	
Thousands of Euros	Jun 2013	Jun 2012
Gains on fixed assets	19	559
Other operating income	5,854	6,750
	5,873	7,309

9. SUPPLIES AND SERVICES

Supplies and services are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Consumables and communications	25,888	28,063	4,593	5,586
Rents and leases	58,441	56,770	22,602	23,952
Maintenance and repairs	159,166	153,785	8,783	8,889
Specialised works:				
- Commercial activity	78,256	73,051	1,877	2,682
- IT services, legal and advisory fees	42,278	42,862	9,822	15,189
- Other services	25,494	26,655	6,188	6,415
Provided personnel	-	-	24,061	22,194
Other supplies and services	61,655	64,403	8,061	7,383
	451,178	445,589	85,987	92,290

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Personnel costs				
Board of Directors remuneration	8,139	8,612	3,152	2,631
Employees' remuneration	257,342	256,324	883	664
Social charges on remuneration	64,323	62,329	237	215
Performance, assiduity and seniority bonus	37,457	35,364	3,318	1,598
Other costs	13,753	12,723	657	838
Own work capitalised:				
- Assigned to concessions (see note 7)	-41,203	-43,157	-	-
- Other	-31,711	-37,482	-	-
	308,100	294,713	8,247	5,946
Employee benefits				
Pension plans costs	13,278	14,718	141	149
Medical plans costs and other benefits	4,924	4,334	68	61
Cost of rationalising human resources	-	3,744	-	-
Other	11,445	12,722	35	26
	29,647	35,518	244	236
	337,747	330,231	8,491	6,182

Pension plans costs include 5,796 thousands of Euros (30 June 2012: 6,145 thousands of Euros) related to defined benefit plans (see note 35) and 7,482 thousands of Euros (30 June 2012: 8,573 thousands of Euros) related to defined contribution plans. Medical plans costs and other employee benefits include 4,924 thousands of Euros (30 June 2012: 4,334 thousands of Euros) related to the charge of the period. As at 30 June 2012, the cost of rationalising human resources results essentially from the project for the restructuring of EDP Brasil with a total cost of 3,690 thousands of Euros. This plan covered 65 employees of Escelsa and 55 of Bandeirante.

Other employee benefits include costs with medical services of employees in the amount of 3,293 thousands of Euros (30 June 2012: 5,039 thousands of Euros) and costs with tariff discount of active workers in the amount of 3,940 thousands of Euros (30 June 2012: 3,492 thousands of Euros).

11. OTHER OPERATING EXPENSES

Other operating expenses, for the Group, are analysed as follows:

	Group	
Thousands of Euros	Jun 2013	Jun 2012
Concession rents paid to local authorities and others	137,054	140,792
Direct and indirect taxes	111,585	51,780
Donations	12,610	12,192
Impairment losses:		
- Trade receivables	24,458	35,783
- Debtors	3,461	763
Other operating costs	70,715	41,373
	359,883	282,683

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

The caption Direct and indirect taxes, as at 30 June 2013, includes the amount of 52.6 millions of Euros related to a new tax of 7% over electricity generation in Spain from 1 January 2013, following the publication of Law 15/2012 on 27 December.

The caption Other operating costs, as at 30 June 2013, includes the amount of 24,943 thousands of Euros related to fines and penalties recognized by the delay in the start of the commercial activity of Porto de Pecém thermoelectric plant.

Other operating expenses, for the Company, are analysed as follows:

	Company	
Thousands of Euros	Jun 2013	Jun 2012
Direct and indirect taxes	504	455
Donations	7,495	7,598
Impairment losses:		
- Debtors	5	-
Other operating costs	1,108	1,337
	9,112	9,390

12. PROVISIONS

Provisions are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Charge for the period	62,718	19,762	7,344	6,650
Write-back for the period	-25,868	-13,011	-4,569	-776
	36,850	6,751	2,775	5,874

Provisions for the period, includes a net increase in provisions for labor, legal and other contingences in Brazil in the amount of 15.5 millions of Euros, as well as provisions for contractual, legal and other contingences in Spain of approximately 22.1 millions of Euros, which are classified as probable contingencies.

13. DEPRECIATION, AMORTISATION EXPENSE AND IMPAIRMENT

Depreciation, amortisation expense and impairment are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Property, plant and equipment				
Buildings and other constructions	10,446	7,395	1,422	1,453
Plant and machinery	455,248	462,545	13	13
Other	32,966	38,891	6,311	5,362
Impairment loss	10,405	8,979	-	-
	509,065	517,810	7,746	6,828
Intangible assets				
Concession rights and impairment	42,769	38,246	-	-
Intangible assets assigned to concessions - IFRIC 12	165,996	159,242	-	-
Other intangibles	1,230	1,809	5	4
	209,995	199,297	5	4
	719,060	717,107	7,751	6,832
Compensation of amortisation and depreciation				
Partially-funded property, plant and equipment	-13,536	-13,129	-	-
	705,524	703,978	7,751	6,832

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

Impairment losses of 6,647 thousands of Euros (30 June 2012: 8,563 thousands of Euros) and 3,758 thousands of Euros were booked on plant and machinery related to wind generation assets in Spain and in the United States of America, respectively. The impairment losses result from regulatory changes in Spain, following the publication of Royal Decree-Law 2/2013, and from the write-off of assets under construction in United States of America (see note 16).

14. FINANCIAL INCOME AND EXPENSES

Financial income and expenses, for the Group, are analysed as follows:

	Group	
Thousands of Euros	Jun 2013	Jun 2012
Financial income		
Interest income from bank deposits and other applications	22,060	32,363
Interest income from loans to subsidiaries and related parties	9,309	5,413
Interest from derivative financial instruments	63,087	68,865
Derivative financial instruments	258,203	106,202
Other interest income	24,893	27,835
Income from equity investments	4,006	4,910
Foreign exchange gains	16,814	33,748
CMEC	25,647	37,413
Other financial income	105,437	49,438
	529,456	366,187
Financial expenses		
Interest expense on financial debt	435,089	392,007
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	-3,882	-5,901
- Other	-64,757	-61,798
Interest from derivative financial instruments	50,905	57,832
Derivative financial instruments	254,864	116,931
Other interest expense	20,614	24,113
Impairment of available for sale financial assets	3,663	8,918
Foreign exchange losses	39,725	53,856
CMEC	9,551	9,120
Unwinding of liabilities	53,282	56,005
Unwinding of pension liabilities	15,454	23,201
Unwinding of medical liabilities and other plans	20,378	22,795
Other financial expenses	27,459	22,149
	862,345	719,228
Financial income / (expenses)	-332,889	-353,041

The caption Financial income - CMEC totalling 25,647 thousands of Euros includes 8,323 thousands of Euros related to interest on the initial CMEC (30 June 2012: 9,488 thousands of Euros) included in the annuity for 2013 and 17,324 thousands of Euros related to the financial effect considered in the calculation of the initial CMEC (30 June 2012: 27,925 thousands of Euros).

The caption Other financial income includes essentially 53,364 thousands of Euros related with interest income on tariff adjustment and tariff deficit in the national electricity system in Portugal (30 June 2012: 37,350 thousands of Euros), 4,916 thousands of Euros (30 June 2012: 3,277 thousands of Euros) related with interest income on tariff adjustment and tariff deficit in Spain and 41,225 thousands of Euros related to gains on three securitization operations of part of the 2012 electricity tariff deficit related to the 2012 over cost for the aquisition of electricity from Special Regime Generators (see note 25).

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

Financial expenses - CMEC, in the amount of 9,551 thousands of Euros (30 June 2012: 9,120 thousands of Euros), relates mainly to the unwinding of the initial CMEC, booked against Deferred Income (see note 38).

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

Financial income and expenses, for the Company, are analysed as follows:

	Company	
Thousands of Euros	Jun 2013	Jun 2012
Financial income		
Interest income from loans to subsidiaries and related parties	240,129	209,039
Derivative financial instruments	345,083	186,066
Income from equity investments	590,026	552,416
Other financial income	30,003	27,281
	1,205,241	974,802
Financial expenses		
Interest expense on financial debt	175,540	155,708
Derivative financial instruments	361,125	177,086
Other financial expenses	30,365	37,598
	567,030	370,392
Financial income / (expenses)	638,211	604,410

15. INCOME TAX

In accordance with current legislation, tax returns are subject to review and correction by the tax authorities during subsequent periods, since the date that the annual income tax return is filed. In Portugal the limit is 4 years, or 5 or 6 years if tax losses and tax benefits have been used. In Spain the period is 4 years and in Brazil it is 5 years. In the United States of America the general Statute of Limitations for the IRS can issue additional income tax assessments for an entity is 3 years since the date that the income tax return is filed by the taxpayer.

Tax losses generated in each year, which are also subject to inspection and adjustment, can be deducted from taxable income during subsequent periods (5 years in Portugal since 2012, 18 years in Spain, 20 years in the United States, without an expiry date in Belgium and France and without an expiry date in Brazil, although in Brazil it is limited to 30% of the taxable income of each period). The EDP Group companies are taxed, whenever possible, on a consolidated basis as allowed by the tax legislation of the respective countries.

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

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

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

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

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

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

On 30 December 2011, the Administrative Court of Lisbon issued a favourable decision to EDP Group regarding the municipal surcharge of 2007, which resulted in the recognition of an income of 10 millions of Euros in 2011. On 24 April 2012, an additional favourable decision was issued regarding the municipal surcharge of 2010 in the amount of 12.7 millions of Euros, which was recorded as an income in the second quarter of 2012. On 31 December 2012, the Administrative Court of Lisbon formally released a decision in favour of EDP regarding the 2008 municipal surcharge and autonomous taxation, which resulted in the recognition of an income of 7.5 millions of Euros in 2012. On 29 May 2013, an additional favourable decision was issued regarding the municipal surcharge of 2009 paid in excess in the amount of 1.6 millions of Euros, which was recorded as an income in the second quarter of 2013.

Following these decisions, as at 30 June 2013, the total amount of 2011 municipal surcharge paid in excess, for which EDP Group is still awaiting for a formal decision on the administrative and legal procedures, amounts to 11 millions of Euros.

Income tax expense is analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Current tax	-289,614	-44,638	-27,301	1,519
Deferred tax	99,554	-114,302	-35,882	98,854
	-190,060	-158,940	-63,183	100,373

The reconciliation between the nominal and the effective income tax rate for the Group, as at 30 June 2013, is analysed as follows:

	Jun 2013		
Thousands of Euros	Rate %	Tax basis	Tax
Nominal rate and income tax	26.5%	900,250	238,566
Tax losses and tax credits	4.8%	161,453	42,785
Tax benefits	-1.7%	-59,366	-15,732
Non deductible provisions and amortisations for tax purposes	1.1%	37,706	9,992
Accounting revaluations	-14.7%	-500,921	-132,744
Tax differential (includes state surcharge)	5.3%	180,023	47,706
Other adjustments and changes in estimates	-0.2%	-1,936	-513
Effective tax rate and total income tax	21.1%	717,209	190,060

Accounting revaluations include the fiscal revaluation of EDP's assets held in Spain in accordance with Law 16/2012 of 27 December, which does not have accounting impact but led to an increase of the assets' tax basis of 542 millions of Euros. Therefore, the Group recognised deferred tax assets of 160 millions of Euros, that will be recovered through the tax deduction of assets' increased depreciation charge of the year starting on 1 January 2015 and along its remaining useful life. The effect of the revaluation will be taxed in 2013 at a 5% flat rate, whose effect was recognised under current income tax, in the total amount of 27 millions of Euros. Consequently, the net effect of this revaluation in the net income for the period is approximately 133 millions of Euros, as presented in the caption Accounting revaluations.

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

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

The reconciliation between the nominal and the effective income tax rate for the Group, as at 30 June 2012, is analysed as follows:

	Jun 2012		
Thousands of Euros	Rate %	Tax basis	Tax
Nominal rate and income tax	26.5%	834,659	221,185
Dividends	1.8%	56,430	14,954
Tax benefits	-1.9%	-60,506	-16,034
Non deductible provisions and amortisations for tax purposes	-2.3%	-71,328	-18,902
Fair value of financial instruments and financial investments	1.3%	42,057	11,145
Financial investments in associates and subsidiaries	-8.4%	-265,238	-70,288
Tax differential (includes state surcharge)	3.6%	112,291	29,757
Other adjustments and changes in estimates	-1.6%	-48,593	-12,877
Effective tax rate and total income tax	19.0%	599,772	158,940

The reconciliation between the nominal and the effective income tax rate for the Company, as at 30 June 2013, is analysed as follows:

	Jun 2013		
Thousands of Euros	Rate %	Tax basis	Tax
Nominal rate and income tax	26.5%	626,592	166,047
Tax losses and tax credits	6.6%	155,275	41,148
Dividends	-25.9%	-613,543	-162,589
Tax differential (includes state surcharge)	3.1%	74,513	19,746
Other adjustments and changes in estimates	-0.2%	-4,409	-1,169
Effective tax rate and total income tax	10.1%	238,428	63,183

As a result of the changes in the economic, regulatory and tax environment in Spain, the caption Tax losses and tax credits as at 30 June 2013 includes the write-off of deferred tax assets of 27 millions of Euros and the recognition of deferred tax liabilities of 26 millions of Euros related to contingencies on tax losses carried forward in Spain.

The reconciliation between the nominal and the effective income tax rate for the Company, as at 30 June 2012, is analysed as follows:

	Jun 2012		
Thousands of Euros	Rate %	Tax basis	Tax
Nominal rate and income tax	26.5%	524,537	139,002
Tax losses and tax credits	-5.7%	-112,226	-29,740
Dividends	-29.5%	-583,600	-154,654
Tax differential (includes state surcharge)	2.3%	45,596	12,083
Financial investments in associates and subsidiaries	-12.9%	-255,181	-67,623
Other adjustments and changes in estimates	0.2%	2,109	559
Effective tax rate and total income tax	-19.1%	-378,765	-100,373

Financial investments in associates and subsidiaries include the effect of the reversal of a deferred tax liability which was accounted for following the sale of the shareholding in Oni, by virtue of the extinction of the facts which gave rise to its constitution at the transaction date.

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

	Group		Company	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Profit before tax	900,250	834,659	626,592	524,537
Income tax	-190,060	-158,940	-63,183	100,373
Effective income tax rate	21.1%	19.0%	10.1%	-19.1%

16. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

Thousands of Euros	Group Jun 2013	Group Dec 2012	Company Jun 2013	Company Dec 2012
Cost				
Land and natural resources	175,472	175,796	74,569	74,569
Buildings and other constructions	783,421	654,384	93,556	93,556
Plant and machinery:				
- Hydroelectric generation	8,609,082	8,866,085	254	254
- Thermoelectric generation	7,982,461	7,672,378	-	-
- Renewable generation	11,852,225	11,565,234	-	-
- Electricity distribution	1,381,316	1,360,638	-	-
- Gas distribution	1,140,809	1,136,865	-	-
- Other plant and machinery	124,574	121,409	182	182
Other	799,243	809,611	120,367	117,155
Assets under construction	2,597,696	2,784,191	34,081	26,747
	35,446,299	35,146,591	323,009	312,463
Accumulated depreciation and impairment losses				
Depreciation charge	-498,660	-1,030,086	-7,746	-14,000
Accumulated depreciation in previous years	-14,139,476	-13,147,618	-103,331	-89,894
Impairment losses	-10,405	-54,131	-	-
Impairment losses in previous years	-63,629	-9,416	-	-
	-14,712,170	-14,241,251	-111,077	-103,894
Carrying amount	20,734,129	20,905,340	211,932	208,569

The movements in Property, plant and equipment, for the Group, for the six-month period ended 30 June 2013 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
Cost							
Land and natural resources	175,796	1,372	-156	1,270	-4,177	1,367	175,472
Buildings and other constructions	654,384	89	-83	168,570	-39,651	112	783,421
Plant and machinery	30,722,609	7,013	-2,882	456,496	-99,362	6,593	31,090,467
Other	809,611	5,876	-18,052	8,396	29	-6,617	799,243
Assets under construction	2,784,191	530,306	-54,970	-634,732	-34,704	7,605	2,597,696
	35,146,591	544,656	-76,143	-	-177,865	9,060	35,446,299

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
Accumulated depreciation and impairment losses							
Buildings and other constructions	160,069	10,446	-83	-	-4,743	85	165,774
Plant and machinery	13,461,264	465,653	-2,629	-	-14,260	1,459	13,911,487
Other	619,918	32,966	-16,568	-	84	-1,491	634,909
	14,241,251	509,065	-19,280	-	-18,919	53	14,712,170

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

Charge / Impairment losses includes 10,405 thousands of Euros on wind generation assets in Spain and in United States of America (see note 13).

Transfers from assets under construction into operation in the first semester of 2013, refer mainly to wind farms of EDP Renováveis that became operational and to the enter into operation of second group of the thermoelectric plant of Pecém I.

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

Perimeter Variations / Regularisations includes the effect of the acquisition of 100% of the share capital of EDPR Agincourt L.L.C. and of EDPR Marathon L.L.C. (see note 5).

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

The movements in Property, plant and equipment, for the Group, for the six-month period ended 30 June 2012 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
Cost							
Land and natural resources	176,310	2,425	-505	-87	-4,628	-140	173,375
Buildings and other constructions	551,944	76	-2,469	2,892	-20,429	271	532,285
Plant and machinery	29,893,469	4,939	-107,997	271,871	48,327	-2,929	30,107,680
Other	775,526	7,353	-7,492	13,010	-787	-8	787,602
Assets under construction	2,731,386	496,038	-1,998	-289,430	-38,481	-3,175	2,894,340
	34,128,635	510,831	-120,461	-1,744	-15,998	-5,981	34,495,282

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 30 June
Accumulated depreciation and impairment losses							
Buildings and other constructions	155,315	7,395	-1,865	-	-4,345	224	156,724
Plant and machinery	12,699,358	471,108	-106,443	-	5,145	-2,256	13,066,912
Other	565,649	39,307	-6,036	-	-1,143	565	598,342
	13,420,322	517,810	-114,344	-	-343	-1,467	13,821,978

Charge / Impairment losses includes an impairment loss of 8,563 thousands of Euros on wind generation assets under construction in Spain (see note 13).

Transfers of 1,744 thousands of Euros relates with assets of the gas transmission business in Spain which were transferred to non-current assets held for sale (see note 41).

The movement in Exchange differences in the period results mainly from the depreciation of the Brazilian Real (BRL) and the appreciation of the American Dollar (USD) and Zloty (PLN) against the Euro, in the first semester of 2012.

Perimeter Variations / Regularisations includes the effect of the acquisition of Pietragalla Eolico S.R.L., the effect of the sale of the companies holders of the mini-hydrics detained in Spain, which generated a gain of 2,857 thousands of Euros recognised under Gains/ (losses) on disposal of financial assets, as well the decrease of the financial interest in Windplus, S.A. from 42% to 31% due to a share capital increase with dilution of the shareholding held by EDP Inovação, S.A. These transactions occurred during the first semester of 2012.

Disposals / Write-offs includes 88,228 thousands of Euros related with Barreiro thermal power plant due to the completion of dismantling works, during the second quarter of 2012. The accumulated depreciation associated to this thermal power plant amounts to 88,228 thousands of Euros.

The movements in Property, plant and equipment, for the Company, for the six-month period ended 30 June 2013 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Regularisations	Balance at 30 June
Cost						
Land and natural resources	74,569	-	-	-	-	74,569
Buildings and other constructions	93,556	-	-	-	-	93,556
Other	117,591	2,117	-712	1,807	-	120,803
Assets under construction	26,747	9,148	-	-1,807	-7	34,081
	312,463	11,265	-712	-	-7	323,009

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Regularisations	Balance at 30 June
Accumulated depreciation and impairment losses						
Buildings and other constructions	23,303	1,422	-	-	-	24,725
Other	80,591	6,324	-563	-	-	86,352
	103,894	7,746	-563	-	-	111,077

The movements in Property, plant and equipment, for the Company, for the six-month period ended 30 June 2012 are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals/ Write-offs	Transfers	Regularisations	Balance at 30 June
Cost						
Land and natural resources	75,026	-	-407	-	-	74,619
Buildings and other constructions	95,906	-	-2,386	-	211	93,731
Other	109,742	654	-490	118	-	110,024
Assets under construction	12,432	4,414	-	-118	-	16,728
	293,106	5,068	-3,283	-	211	295,102

Thousands of Euros	Balance at 1 January	Charge / Impairment losses	Disposals/ Write-offs	Transfers	Regularisations	Balance at 30 June
Accumulated depreciation and impairment losses						
Buildings and other constructions	22,473	1,453	-1,851	-	211	22,286
Other	69,884	5,375	-396	-	584	75,447
	92,357	6,828	-2,247	-	795	97,733

17. INTANGIBLE ASSETS

This caption is analysed as follows:

	Group	
Thousands of Euros	Jun 2013	Dec 2012
Cost		
Concession rights	15,328,839	15,443,537
CO_2 licenses	204,391	320,164
Other intangibles	100,630	101,616
Intangible assets in progress	593,772	551,038
	16,227,632	16,416,355
Accumulated depreciation and impairment losses		
Depreciation of concession rights	-208,765	-406,567
Depreciation of other intangibles	-1,230	-3,105
Accumulated depreciation in previous years	-9,736,112	-9,464,821
	-9,946,107	-9,874,493
Carrying amount	6,281,525	6,541,862

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

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

The movements in Intangible assets during the six-month period ended 30 June 2013, for the Group, are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 June
Cost							
Concession rights:							
- Distribution and generation Brazil	1,369,904	-	-	-	-42,581	-	1,327,323
- Gas Portugal	138,354	-	-	-	-	-	138,354
- Hydric Portugal	1,400,419	12,060	-	-	-	-	1,412,479
- Other concession rights	10,827	-	-	-	-	-	10,827
CO_2 licenses	320,164	29,823	-145,285	-	-	-311	204,391
Assigned to concessions (IFRIC 12):							
- Intangible assets	12,524,033	998	-33,993	96,567	-147,749	-	12,439,856
- Intangible assets in progress	160,408	166,438	-82	-136,416	-1,833	312	188,827
Other intangibles	101,616	37	-1	133	-245	-910	100,630
Other intangible assets in progress	390,630	14,235	-86	-133	-1,470	1,769	404,945
	16,416,355	223,591	-179,447	-39,849	-193,878	860	16,227,632

Thousands of Euros	Balance at 1 January	Charge	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 June
Accumulated depreciation and impairment losses							
Concession rights	740,426	42,769	-	-	-7,951	-	775,244
Intangible assets assigned to concessions (IFRIC 12)	9,102,486	165,996	-28,397	-	-101,849	-1	9,138,235
Other intangibles	31,581	1,230	-	-	-213	30	32,628
	9,874,493	209,995	-28,397	-	-110,013	29	9,946,107

Transfers of intangible assets assigned to concessions of 39,849 thousands of Euros relates to increases of financial assets under to IFRIC 12, included in Debtors and other assets from commercial activities caption (see note 25).

Acquisitions / Increases of CO_2 Licences is related to licences purchased in the market. The Disposals / write-off of CO_2 licenses include CO_2 licenses consumed during 2012 and delivered to regulatory authorities in the amount of 144,595 thousands of Euros.

The caption Hydric Portugal includes an increase of 12,002 thousands of Euros related to the power enhancement performed during the first semester of 2013 in the Alqueva hydroelectric power plant.

The movements in Intangible assets during the six-month period ended 30 June 2012, for the Group, are analysed as follows:

Thousands of Euros	Balance at 1 January	Acquisitions/ Increases	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 June
Cost							
Concession rights:							
- Distribution and generation Brazil	1,448,562	-	-	-	-46,693	-	1,401,869
- Gas Portugal	138,354	-	-	-	-	-	138,354
- Hydric Portugal	1,371,528	10,976	-	-	-	25	1,382,529
- Other concession rights	10,827	-	-	-	-	-	10,827
CO_2 licenses	359,058	130,157	-200,367	-	-	-	288,848
Assigned to concessions (IFRIC 12):							
- Intangible assets	12,493,994	12	-13,104	90,602	-157,843	-	12,413,661
- Intangible assets in progress	191,760	178,812	-142	-144,444	-4,499	-	221,487
Other intangibles	97,157	99	-11	192	184	-110	97,511
Other intangible assets in progress	371,535	9,733	-35	-192	-894	243	380,390
	16,482,775	329,789	-213,659	-53,842	-209,745	158	16,335,476

Thousands of Euros	Balance at 1 January	Charge	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 30 June
Accumulated depreciation and impairment losses							
Concession rights	675,011	38,246	-	-	-7,450	-	705,807
Intangible assets assigned to concessions (IFRIC 12)	8,978,242	159,242	-7,734	-	-106,061	-	9,023,689
Other intangibles	29,044	1,809	-	-	-56	-13	30,784
	9,682,297	199,297	-7,734	-	-113,567	-13	9,760,280

Transfers of intangible assets assigned to concessions include 53,842 thousands of Euros related to the transfer to Debtors and other assets from commercial activities of the amount corresponding to the increase of financial assets related with IFRIC 12. This amount includes the effect of the useful lives extension of assets assigned to concessions, determined by the application of the new depreciation rates on the electric sector in Brazil by "Agência de Energia Eléctrica" (ANEEL), in the amount of 13,491 thousands of Euros (32.572 thousands of Brazilian Real), during the first semester of 2012.

Acquisitions / Increases of CO_2 Licences as at 30 June 2012 include 109,026 thousands of Euros of CO_2 licences granted free of charge to the EDP Group plants operating in Portugal and in Spain and 21,131 thousands of Euros of licences purchased at market. The market for CO_2 licences is regulated by "Plano Nacional de Atribuição de Licenças de Emissão" (PNALE) in Portugal, and by "Plan Nacional de Asignación de Derechos de Emisión de Gases de Efecto Invernadero" (PNADE) in Spain, which covers the period 2008-2012. The disposals / write-off of CO_2 licenses correspond to CO_2 licenses consumed during 2011 and delivered to regulatory authorities in the amount of 199,909 thousands of Euros and 458 thousands of Euros sold in the market.

The caption Hydric Portugal includes acquisitions of 10,976 thousands of Euros related to the power enhancement performed during the first semester of 2012 of Alqueva hydroelectric plant.

18. GOODWILL

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

	Group	
Thousands of Euros	Jun 2013	Dec 2012
HC Energia Group	1,929,910	1,919,526
EDP Renováveis Group	1,286,640	1,301,218
EDP Brasil Group	54,556	55,564
Other	42,149	42,149
	3,313,255	3,318,457

The movements in Goodwill during the six-month period ended 30 June 2013, are analysed as follows:

Thousands of Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Regularisations	Balance at 30 June
HC Energia Group	1,919,526	10,384	-	-	-	-	1,929,910
EDP Renováveis Group	1,301,218	344	-19,173	-	4,251	-	1,286,640
EDP Brasil Group	55,564	-	-	-	-1,008	-	54,556
Other	42,149	-	-	-	-	-	42,149
	3,318,457	10,728	-19,173	-	3,243	-	3,313,255

The movements in Goodwill during the six-month period ended 30 June 2012, are analysed as follows:

Thousands of Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Regularisations	Balance at 30 June
HC Energia Group	1,916,548	-	-10,674	-	-	-	1,905,874
EDP Renováveis Group	1,311,133	4,828	-24	-	17,265	-	1,333,202
EDP Brasil Group	57,427	-	-	-	-1,106	-	56,321
Other	42,149	-	-	-	-	-	42,149
	3,327,257	4,828	-10,698	-	16,159	-	3,337,546

HC Energia Group

During the first semester of 2013, the goodwill held in HC Energia Group increased by 10,384 thousands of Euros (30 June 2012: decrease of 10,674 thousands of Euros) as a result of the revaluation of the liability relating to the anticipated acquisition of non-controlling interest from Cajastur, through the put option held by this entity over 3.13% of the share capital of HC Energia, as described under accounting policies - note 2b).

EDP Renováveis Group

The goodwill held in EDP Renováveis Group, with reference to 30 June 2013 and 31 December 2012, is analysed as follows:

	EDP Renováveis Group	
Thousands of Euros	Jun 2013	Dec 2012
Goodwill in EDPR Europe Group	679,912	699,522
Goodwill in EDPR North America Group	605,424	600,302
Goodwill in EDPR Brasil Group	1,304	1,394
	1,286,640	1,301,218

The goodwill movement in EDPR Europe Group in 2013 includes an increase of 302 thousands of Euros related to the acquisition of 100% of the share capital of Gravitangle - Fotovoltaica Unipessoal, Lda., and a decrease of 19,173 thousands of Euros related to the Relax Wind Group and Greenwind contingent prices revision. These purchase agreements were signed prior to 1 January 2010, date of the adoption of the revised IFRS 3 (as described in accounting policy 2b).

19. INVESTMENTS IN SUBSIDIARIES (COMPANY BASIS)

This caption is analysed as follows:

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

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

20. INVESTMENTS IN ASSOCIATES

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Investments in associates	178,001	164,018	137	137
Impairment losses in investments in associates	-137	-137	-137	-137
Carrying amount	177,864	163,881	-	-

21. AVAILABLE FOR SALE INVESTMENTS

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Banco Comercial Português, S.A.	37,165	29,653	-	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	40,931	38,408	40,931	38,408
Tejo Energia, S.A.	26,246	26,246	-	-
Others	80,836	86,991	1,864	2,053
	185,178	181,298	42,795	40,461

During the six-month period ended 30 June 2013, the financial investment held in REN - Redes Energéticas Nacionais, SGPS, S.A., increased by 2,523 thousands of Euros being the increase booked against fair value reserves (see note 31).

During the six-month period ending 30 June 2013, the financial investment held in Banco Comercial Português, S.A., increased by 7,512 thousands of Euros being the increase booked against fair value reserves (see note 31).

The caption Other includes units of participation in a fund of stocks and bonds held by Energia RE in the amount of 48,080 thousands of Euros (31 December 2012: 48,229 thousands of Euros), as a result of its reinsurance activity.

Available for sale investments are booked at fair value being the changes since the date of acquisition net of impairment losses recorded against fair value reserves (see note 31). The fair value reserve attributable to the Group as at 30 June 2013 and 31 December 2012 is analysed as follows:

Thousands of Euros	Jun 2013	Dec 2012
Banco Comercial Português	12,964	5,452
REN - Redes Energéticas Nacionais	15,111	12,588
Tejo Energia	19,891	19,891
Others	6,005	7,419
	53,971	45,350

22. DEFERRED TAX ASSETS AND LIABILITIES

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

	Net deferred tax assets		Net deferred tax liabilities	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Balance as at 1 January	340,816	511,414	-852,054	-954,002
Tariff adjustment for the period	18,997	-1,935	-56,946	-150,617
Provisions	-27,431	-13,100	-	-
Property, plant and equipment, intangible assets and accounting revaluations	156,828	-20,584	-36,620	-22,361
Deferred tax over CMECs in the period	-	-	29,064	-23,514
Tax losses and tax credits	59,176	114,679	-	-
Financial and available for sale investments	1,427	1,889	-3,112	64,481
Other temporary differences	-26,767	-25,470	-43,957	8,259
Netting of deferred tax assets and liabilities	-101,579	-179,939	101,579	179,939
Balance as at 30 June	421,467	386,954	-862,046	-897,815

On a company basis, EDP, S.A. records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

	Net deferred tax assets		Net deferred tax liabilities	
Thousands of Euros	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Balance as at 1 January	69,799	18,344	-	-
Tax losses and tax credits	-22,239	-5,167	-	-
Provisions	-729	-398	-	-
Financial and available for sale investments	2,149	976	-	67,623
Fair value of derivative financial instruments	-4,245	-2,164	3,145	8,412
Other temporary differences	34	-10	-25,641	-96
Netting of deferred tax assets and liabilities	-22,496	75,939	22,496	-75,939
Balance as at 30 June	22,273	87,520	-	-

23. INVENTORIES

This caption is analysed as follows:

	Group	
Thousands of Euros	Jun 2013	Dec 2012
Merchandise	46,733	75,307
Finished, intermediate products and sub-products	19,624	28,799
Raw and subsidiary materials and consumables (coal and fuel)	118,101	187,602
Nuclear fuel	15,707	16,905
Other consumables	82,626	69,005
	282,791	377,618

24. TRADE RECEIVABLES

Trade receivables are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Trade receivables - Current				
Corporate sector and individuals:				
- Portugal	940,289	1,050,200	150,323	182,731
- Spain	582,697	684,331	-	-
- Brazil	415,280	496,175	-	-
- U.S.A.	37,263	42,575	-	-
- Other	52,715	55,620	-	-
Public Sector:				
- Portugal	94,811	102,510	-	-
- Brazil	41,007	53,574	-	-
- Spain	39,819	91,327	-	-
	2,203,881	2,576,312	150,323	182,731
Impairment losses	-310,614	-296,208	-9,958	-9,958
	1,893,267	2,280,104	140,365	172,773
Trade receivables - Non-Current				
Corporate sector and individuals:				
- Brazil	11,015	11,281	-	-
Public Sector:				
- Portugal	124,046	126,501	-	-
- Brazil	10,172	8,571	-	-
	145,233	146,353	-	-
Impairment losses	-45,374	-49,254	-	-
	99,859	97,099	-	-
	1,993,126	2,377,203	140,365	172,773

25. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

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

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Amounts receivable from tariff expenses - Electricity - Spain	442,324	432,415	-	-
Amounts receivable from tariff adjustments - Electricity - Portugal	803,338	668,965	-	-
Receivables relating to other goods and services	66,356	75,366	6,479	43,078
Amounts receivable relating to CMEC	270,218	432,133	-	-
Accrued income relating to energy sales and purchase activity	102,228	111,116	180,215	163,640
Sundry debtors and other operations	360,380	347,439	52,657	63,356
	2,044,844	2,067,434	239,351	270,074
Impairment losses on debtors	-17,307	-15,915	-936	-931
	2,027,537	2,051,519	238,415	269,143

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

	Group	
Thousands of Euros	Jun 2013	Dec 2012
Amounts receivable from tariff adjustments - Electricity - Portugal	1,054,135	980,225
Amounts receivable relating to CMEC	1,042,689	944,167
Amounts receivable from concessions - IFRIC 12	732,031	706,480
Sundry debtors and other operations	89,856	109,335
	2,918,711	2,740,207
Impairment losses on debtors	-3,351	-3,305
	2,915,360	2,736,902

The amounts receivable from Spanish tariff expenses correspond to the accumulated amount receivable from the Spanish Government of the Spanish electricity system tariff deficit as at 30 June 2013, according to the applicable legal framework (see note 3). During 2013, the Spanish Electricity Deficit Amortisation Fund (FADE), launched ten bond issuances explicitly guaranteed by the Kingdom of Spain which allowed HC Energia Group to receive approximately 249,108 thousands of Euros related with tariff adjustments from previous years.

The caption Amounts receivable relating to CMEC totalize 1,312,907 thousands of Euros, and includes 1,042,689 thousands of Euros as non-current and 270,218 thousands of Euros as current. The amount receivable relating to the initial CMEC includes 663,375 thousands of Euros as non-current and 41,541 thousands of Euros as current, and corresponds to the initial CMEC granted to EDP Produção (833,467 thousands of Euros) deducted from the annuities for the years 2007 to 2013. The remaining 379,314 thousands of Euros as non-current and 228,677 thousands of Euros as current correspond to the receivable amounts through the revisibility calculation from 2011 to 2013.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 732,031 thousands of Euros relates to the financial asset to be received by the EDP Group regarding the electricity and gas concessions in Portugal and Brazil, resulting from the application of the mixed model (see note 2 aa). The variation in the period includes mainly the effect of the depreciation of Brazilian Real against Euro in the amount of 18,227 thousands of Euros and transfers from intangible assets assigned to concessions in the amount of 39,849 thousands of Euros (see note 17).

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

Thousands of Euros	Current	Non-Current
Balance as at 1 January 2012	374,859	424,787
Receipts through the electric energy tariff	-333,108	-
Tariff adjustment for the period	276,934	555,698
Interest income	17,047	20,303
Transfer from Non-Current to Current	347,075	-347,075
Balance as at 30 June 2012	682,807	653,713
Receipts through the electric energy tariff	-333,108	-
Tariff adjustment of 2011	987	-
Tariff adjustment for the period	342,081	424,309
Transfer from tariff adjustments payable	-9,491	-
Interest income	31,458	-
Securitisation adjustment of cogeneration	-143,566	-
Transfer from Non-Current to Current	97,797	-97,797
Balance as at 31 December 2012	668,965	980,225
Receipts through the electric energy tariff	-339,960	-
Partial securitisations of 2012 over costs for the special regime generators	-713,642	-
Tariff adjustment of 2012	901	-
Tariff adjustment for the period	417,350	799,811
Transfer to tariff adjustment payable	-8,699	-842
Interest income	47,709	5,655
Transfer from Non-Current to Current	730,714	-730,714
Balance as at 30 June 2013	803,338	1,054,135

During the second quarter of 2013, EDP sold, in three independent operations, the rights to receive part of the electricity adjustment related to the 2012 over cost for the acquisition of electricity from special regime generators, in the amount of 713,642 thousands of Euros. In these assets' sales operations, EDP sold without recourse the rights to receive the referred amounts and interests. The total sale price amounted to 758,715 thousands of Euros and generated gains of 41,225 thousands of Euros (see note 14). The first two transactions were direct sales of assets to BCP and Banco Santander Totta, in the total amount of 308,715 thousands of Euros. The third transaction was a securitization transaction carried out by Tagus - Sociedade de Titularização de Créditos, S.A. through the issuance of senior notes in the amount of 450,000 thousands of Euros.

26. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Debtors and other assets - Current				
Loans to subsidiaries	-	-	904,160	1,036,546
Dividends	-	-	-	86,204
Loans to related parties	48,911	38,348	10,924	17,167
Receivables from the State and concessors	48,934	48,349	-	-
Derivative financial instruments	92,830	129,814	142,036	127,169
Subsidiary Companies	-	-	1,314,520	1,022,077
Guarantees and tied deposits	6,868	19,548	-	-
Sundry debtors and other operations	64,638	60,615	3,756	5,366
	262,181	296,674	2,375,396	2,294,529
Debtors and other assets - Non-Current				
Loans to subsidiaries	-	-	5,983,604	5,885,502
Loans to related parties	291,780	265,542	6,266	90
Guarantees and tied deposits	69,940	72,498	5	5
Derivative financial instruments	73,575	147,026	141,705	128,493
Sundry debtors and other operations	46,904	49,507	-	-
	482,199	534,573	6,131,580	6,014,090
	744,380	831,247	8,506,976	8,308,619

27. CURRENT TAX ASSETS

Current tax assets are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Income tax	167,875	168,834	77,312	81,917
Value added tax (VAT)	165,687	207,245	14,001	110,415
Turnover tax (Brazil)	6,352	17,026	-	-
Other taxes	23,878	42,523	3,499	3,255
	363,792	435,628	94,812	195,587

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

On EDP Group, the caption Other taxes includes the amount of 11,226 thousands of Euros (31 December 2012: 30,026 thousands of Euros) related with credits from PIS and COFINS in Brazil, resulting from the interpretation provided by the Internal Revenue Service in answer to Inquiry COSIT 27/2008 corresponding to credits calculated based on expenses with materials applied or consumed in the electricity supply activity and on the depreciation of fixed assets to be offset with debits of these contributions.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Cash	243	60	14	-
Bank deposits				
Current deposits	782,909	416,038	21,057	26,345
Term deposits	888,539	1,052,822	167,096	601,914
Other deposits	50,439	29,149	-	-
	1,721,887	1,498,009	188,153	628,259
Operations pending cash settlement				
Current deposits	6,976	196,976	699,976	676,976
Other short term investments	1,151	291	-	-
	1,730,257	1,695,336	888,143	1,305,235

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

On a company basis, the caption Operations pending cash settlement relates with commercial paper issued by EDP, S.A., in the amount of 693,000 thousands of Euros, which according to the Group accounting policy is booked as financial debt at the trade date of each emission. This commercial paper was issued on 28 June 2013 and was acquired by EDP Finance B.V., but the settlement date was on 2 July 2013.

29. SHARE CAPITAL AND SHARE PREMIUM

EDP, S.A. is a company that was incorporated as a State-owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007 the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process.

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

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

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

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

Share capital and Share premium are analysed as follows:

	Group and Company	
Thousands of Euros	Share capital	Share premium
Balance as at 1 January	3,656,538	503,923
Movements during the period	-	-
Balance as at 30 June	3,656,538	503,923

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

	Group		Company	
	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Net profit attributable to the equity holders of EDP (in Euros)	603,219,381	581,768,073	563,408,599	624,909,830
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	603,219,381	581,768,073		
Weighted average number of ordinary shares outstanding	3,626,139,106	3,623,746,783	3,627,652,106	3,625,259,783
Weighted average number of diluted ordinary shares outstanding	3,626,567,470	3,624,339,501	3,628,080,470	3,625,852,501
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.17	0.16		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.17	0.16		
Basic earnings per share from continuing operations (in Euros)	0.17	0.16		
Diluted earnings per share from continuing operations (in Euros)	0.17	0.16		

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

The average number of shares was determined as follows:

	Group		Company	
	Jun 2013	Jun 2012	Jun 2013	Jun 2012
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
Average number of realised shares	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of treasury stock	-30,398, 609	-32,790, 932	-28,885, 609	-31,277, 932
Average number of shares during the period	3,626,139,106	3,623,746,783	3,627,652,106	3,625,259,783
Effect of stock options	428,364	592,718	428,364	592,718
Diluted average number of shares during the period	3,626,567,470	3,624,339,501	3,628,080,470	3,625,852,501

30. TREASURY STOCK

This caption is analysed as follows:

	Group		Company	
	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Book value of EDP, S.A. treasury stock (thousands of Euros)	90,709	103,706	84,614	97,611
Number of shares	28,710,246	31,904,523	27,197,246	30,391,523
Market value per share (in Euros)	2.475	2.290	2.475	2.290
Market value of EDP, S.A.'s treasury stock (thousands of Euros)	71,058	73,061	67,313	69,597

Operations performed from 1 January to 30 June 2013:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	250,000	-
Average purchase price (in Euros)	2.372	-
Total purchase value (thousands of Euros)	593	-
Volume sold (number of shares)	-3,444,277	-
Selling price average (in Euros)	2.437	-
Total sale value (thousands of Euros)	8,394	-
Final position (number of shares)	27,197,246	1,513,000
Highest market price (in Euros)	2.651	-
Lowest market price (in Euros)	2.210	-
Average market price (in Euros)	2.457	-

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

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

31. RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Legal reserve	620,069	578,435	620,069	578,435
Fair value reserve (cash flow hedge)	-88,937	-121,097	-12,158	-16,069
Tax effect of fair value reserve (cash flow hedge)	25,877	34,979	3,776	4,938
Fair value reserve (available for sale investments)	53,971	45,350	10,751	8,238
Tax effect of fair value reserve (available for sale investments)	-1,724	-1,408	2,045	1,957
Exchange differences arising on consolidation	-34,428	24,268	-	-
Treasury stock reserve (EDP, S.A.)	84,614	97,611	84,614	97,611
Other reserves and retained earnings	2,885,461	2,464,978	1,443,202	1,315,569
	3,544,903	3,123,116	2,152,299	1,990,679

Legal reserve

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

Fair value reserve (cash flow hedge)

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

Fair value reserve (available-for-sale investments)

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

	Group	
Thousands of Euros	Increases	Decreases
Balance as at 1 January 2012	485,789	-442,777
Changes in fair value	1,014	-7,946
Transfer of impairment to profit or loss	-	7,241
Balance as at 30 June 2012	486,803	-443,482
Changes in fair value	7,660	-5,993
Transfer of impairment to profit or loss	-	362
Transfer to the income statement relating to assets sold	-	-
Balance as at 31 December 2012	494,463	-449,113
Changes in fair value	10,035	-3,444
Transfer of impairment to profit or loss	-	2,030
Balance as at 30 June 2013	504,498	-450,527

Changes in fair value reserve attributable to the EDP Group during the six-month period ended 30 June 2013 are analysed as follows:

Thousands of Euros	Increases	Decreases
Banco Comercial Português, S.A.	7,512	-
REN - Redes Energéticas Nacionais, SGPS, S.A.	2,523	-
Others	-	-3,444
	10,035	-3,444

Exchange differences on consolidation

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

		Exchange rates at Jun 2013		Exchange rates at Dec 2012		Exchange rates at Jun 2012	
Currency		Closing rates	Average exchange-rate	Closing rates	Average exchange-rate	Closing rates	Average exchange-rate
Dollar	USD	1.308	1.313	1.319	1.285	1.259	1.296
Brazilian Real	BRL	2.890	2.669	2.704	2.508	2.579	2.414
Macao Pataca	MOP	10.452	10.493	10.533	10.062	10.059	10.119
Canadian Dollar	CAD	1.371	1.334	1.314	1.284	1.287	1.304
Zloty	PLN	4.338	4.176	4.074	4.185	4.249	4.246
Romanian Leu	RON	4.460	4.392	4.445	4.459	4.451	4.390
Pound Sterling	GBP	0.857	0.851	0.816	0.811	0.807	0.823
Rand	ZAR	13.070	12.108	-	-	-	-

Treasury stock reserve (EDP, S.A.)

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

Dividends

On 6 May 2013, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders which ocurred on 23 May 2013 of the net profit for the year 2012 in the amount of 676,459 thousands of Euros, corresponding to a dividend of 0.185 Euros per share (including the treasury stock dividend owned by EDP, S.A. in the amount of 5,527 thousands of Euros).

32. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

	Group	
Thousands of Euros	Jun 2013	Dec 2012
Non-controlling interests in income statement	106,971	169,672
Non-controlling interests in equity and reserves	3,076,388	3,069,642
	3,183,359	3,239,314

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

	Group	
Thousands of Euros	Jun 2013	Dec 2012
EDP Renováveis Group	1,647,073	1,516,865
EDP Brasil Group	1,418,592	1,604,316
Other	117,694	118,133
	3,183,359	3,239,314

During the six-month period ended 30 June 2013, EDP Group generated profits of 106,971 thousands of Euros attributable to non-controlling interests (31 December 2012: 169,672 thousands of Euros).

The movement in non-controlling interests of EDP Renováveis Group is mainly related to profits attributable to non-controlling interests of 48,966 thousands of Euros, a decrease of 8.011 thousands of Euros related to dividends paid and additional acquisitions of wind farms in Europe, without a change of control, which resulted in a decrease of non-controlling interests of 12,007 thousands of Euros. In June 2013, in accordance with the EDP / CTG strategic partnership, EDP Renováveis Group has completed the sale, without loss of control of a 49% equity shareholding in EDP Renováveis Portugal, S.A., and, as a result, the Group recognised non-controlling interests of 111,319 thousands of Euros and an impact in reserves attributable to EDP Group of 112,859 thousands of Euros.

The movement booked in non-controlling interests of EDP Brasil Group includes 53,323 thousands of Euros of profits attributable to non-controlling interests, a decrease of 69,952 thousands of Euros related to dividends paid, negative variations resulting from share capital decreases, deliberated on 3 May 2013 by Lajeado Energia General Shareholders Meeting with an effect in non-controlling interests of 74,428 thousands of Euros, and 89,838 thousands of Euros of negative exchange differences.

33. HYDROLOGICAL ACCOUNT

This caption is analysed as follows:

	Group and Company	
Thousands of Euros	Jun 2013	Dec 2012
Non-Current	34,745	33,644
Current	11,416	22,832
	46,161	56,476

The movements in the Hydrological account are analysed as follows:

Thousands of Euros	Group and Company Jun 2013	Jun 2012
Balance at the beginning of the period	56,476	69,142
Amounts received / (paid) during the period	-11,416	-7,577
Financial charges	1,101	1,320
Balance at the end of the period	46,161	62,885

34. FINANCIAL DEBT

This caption is analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A.	47,231	61,567	47,231	61,567
- EDP Finance B.V.	2,671,700	2,205,915	-	-
- EDP Brasil Group	138,896	113,666	-	-
- EDP Renováveis Group	104,446	95,486	-	-
- Others	34,036	42,116	-	-
	2,996,309	2,518,750	47,231	61,567
Non-convertible bond loans:				
- EDP, S.A.	-	150,000	-	150,000
- EDP Finance B.V.	1,525,899	348,231	-	-
- EDP Brasil Group	288,054	141,521	-	-
	1,813,953	639,752	-	150,000
Commercial paper:				
- EDP, S.A.	89,000	319,500	7,312,000	7,335,000
- HC Energia Group	-	2,192	-	-
	89,000	321,692	7,312,000	7,335,000
Other loans	15,788	15,806	-	-
Accrued interest	290,461	311,503	10,953	11,053
Other liabilities:				
- Fair value of the issued debt hedged risk	13,393	-	-	-
Total Debt and borrowings	5,218,904	3,807,503	7,370,184	7,557,620
Collateral Deposits - Current (*)				
Collateral deposit - BEI	-23,097	-12,732	-23,097	-12,732
Other collateral deposits	-660	-719	-	-
Total Collateral Deposits	-23,757	-13,451	-23,097	-12,732
	5,195,147	3,794,052	7,347,087	7,544,888

(*) Collateral Deposits informative note

Following EDP's downgrading in 2012 and in the course of negotiations with BEI, on 31 October 2012, EDP has constituted an escrow deposit in the amount of 361,445 thousands of Euros (338,348 thousands of Euros non-current and 23,097 thousands of Euros current), associated with several loans contracted in previous years with this entity. This escrow deposit will be reduced by the repayment of these loans. In addition, the Group has 127,348 thousands of Euros (126,688 thousands of Euros non-current and 660 thousands of Euros current) of other deposits constituted as collateral for financial guarantee.

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Debts and borrowings - Non-current				
Bank loans:				
- EDP, S.A.	1,062,243	1,097,196	1,062,243	1,097,196
- EDP Finance B.V.	3,039,625	3,653,295	-	-
- EDP Brasil Group	748,800	803,140	-	-
- EDP Renováveis Group	763,260	792,181	-	-
- EDP Produção	146,400	150,876	-	-
- Others	33,558	37,840	-	-
	5,793,886	6,534,528	1,062,243	1,097,196
Non-convertible bond loans:				
- EDP, S.A.	734,722	731,942	734,722	731,942
- EDP Finance B.V.	7,491,391	8,654,038	-	-
- EDP Brasil Group	435,555	385,244	-	-
	8,661,668	9,771,224	734,722	731,942
Commercial paper:				
- EDP, S.A.	197,902	196,976	197,902	196,976
	197,902	196,976	197,902	196,976

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Other loans:				
- Investco preference shares	17,185	17,263	-	-
- EDP Brasil Group	24,899	35,000	-	-
- EDP Renováveis Group	20,484	21,787	-	-
- Others	3,248	3,482	-	-
	65,816	77,532	-	-
	14,719,272	16,580,260	1,994,867	2,026,114
Accrued interest	17,918	20,056	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	-1,846	115,409	5,035	6,323
Total Debt and borrowings	14,735,344	16,715,725	1,999,902	2,032,437
Collateral Deposits - Non-current (*)				
Collateral deposit - BEI	-338,348	-348,713	-338,348	-348,713
Other collateral deposits	-126,688	-66,332	-	-
Total Collateral Deposits	-465,036	-415,045	-338,348	-348,713
	14,270,308	16,300,680	1,661,554	1,683,724

The Group has project finance loans with the usual guarantees for such loans, namely pledged or promissory pledges over shares, bank accounts and assets relating to the projects. As at 30 June 2013 and 31 December 2012 these loans amounted to 1,020,259 thousands of Euros and 1,018,578 thousands of Euros, respectively. These amounts are already included in the Group's consolidated debt (see note 43).

EDP Group has short-term credit facilities of 159,000 thousands of Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, and with a firm underwriting commitment, being totally available; as well as Commercial Paper programs of 150,000 thousands of Euros with guaranteed placement, being fully available as at 30 June 2013. In January 2013, EDP S.A. signed a 5 year term loan facility of 1,600,000 thousands of Euros, of which 645,000 thousands of Euros are available and will be used to refinance a Revolving Credit Facility of 1,100,000 thousands of Euros to be repaid at maturity in November 2013. EDP, S.A. has a medium term Revolving Credit Facility (RCF) of 2,000,000 thousands of Euros, with a firm underwriting commitment, of which 1,850,000 thousands of Euros are available. For liquidity management needs in USD, EDP, S.A. has an RCF of 1,500,000 thousands of USD with a firm underwriting commitment, which as at 30 June 2013 is totally drawn down.

Commercial Paper non-current refers to a Commercial Paper program with a firm underwriting commitment for a period up to one year in the amount of 200,000 thousands of Euros, with interests and fees paid in advance in the amount of 2,098 thousands of Euros.

The nominal value of Bond loans issued and outstanding, as at 30 June 2013, is analysed as follows:

Issuer	Date issued	Interest rate	Type of hedge	Conditions/ Redemption	Thousands of Euros Group	Thousands of Euros Company
Issued by EDP S.A.						
EDP, S.A. (ii)	May-08	Variable rate (iv)	n.a.	May-18	300,000	300,000
EDP, S.A.	Dec-11	Fixed rate EUR 6%	n.a.	Dec-14	200,000	200,000
EDP, S.A.	May-12	Fixed rate EUR 6%	n.a.	May-15	250,000	250,000
					750,000	750,000
Issued under the Euro Medium Term Notes program						
EDP Finance B.V. (i)	Aug-02	Fixed rate GBP 6.625%	Fair Value	Aug-17	320,000	-
EDP Finance B.V.	Dec-02	Fixed rate EUR (iv)	n.a.	Dec-22	93,357	-
EDP Finance B.V.	Jun-05	Fixed rate EUR 3.75%	n.a.	Jun-15	500,000	-
EDP Finance B.V. (i)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	300,000	-
EDP Finance B.V.	Jun-06	Fixed rate EUR 4.625%	n.a.	Jun-16	500,000	-
EDP Finance B.V.	Nov-07	Fixed rate USD 6.00 %	Net Investment	Feb-18	764,526	-
EDP Finance B.V. (i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iv)	n.a.	Nov-23	160,000	-
EDP Finance B.V. (iii)	Feb-09	Fixed rate EUR 5.50%	n.a.	Feb-14	1,000,000	-
EDP Finance B.V. (i)	Jun-09	Fixed rate JPY (iv)	n.a.	Jun-19	77,286	-
EDP Finance B.V.	Jun-09	Fixed rate EUR 4.75%	n.a.	Sep-16	1,000,000	-
EDP Finance B.V.	Sep-09	Fixed rate USD 4.90 %	Net Investment	Oct-19	764,526	-
EDP Finance B.V.	Feb-10	Variable Rate USD (iv)	Net Investment	Feb-15	76,453	-
EDP Finance B.V. (i)	Mar-10	Fixed Rate EUR 3.25%	Fair Value	Mar-15	1,000,000	-
EDP Finance B.V.	Feb-11	Fixed Rate EUR 5.875%	n.a.	Feb-16	750,000	-
EDP Finance B.V. (i)	Feb-11	Fixed Rate CHF 3.50%	Fair Value	Feb-14	177,911	-
EDP Finance B.V.	Sep-12	Fixed Rate EUR 5.75%	n.a.	Sep-17	750,000	-
EDP Finance B.V. (i)	Nov-12	Fixed Rate CHF 4.00%	Fair Value	Nov-18	103,922	-
EDP Finance B.V.	Dec-12	Variable Rate (iv)	n.a.	Dec-13	350,000	-
					9,098,295	-

Issuer	Date issued	Interest rate	Type of hedge	Conditions/ Redemption	Thousands of Euros Group	Company
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market						
Escelsa	Jul-07	105,0% do CDI	n.a.	Jul-14	57,675	-
Bandeirante	Jul-10	CDI + 1,50%	n.a.	Jun-14	134,953	-
CEJA	Oct-11	110,5% do CDI	n.a.	Oct-13	103,810	-
Energest	Apr-12	CDI + 0,98%	n.a.	Apr-17	41,524	-
Energias do Brasil	Sep-12	105,5% do CDI	n.a.	Feb-14	155,715	-
Cachoeira Caldeirão	Mar-13	106,30 do CDI%	n.a.	Oct-14	58,133	-
Energias do Brasil	Apr-13	CDI + 0,55%	n.a.	Apr-16	173,016	
					724,826	-
					10,573,121	750,000

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

Loans by maturity, are analysed as follows:

Thousands of Euros	Group Jun 2013	Group Dec 2012	Company Jun 2013	Company Dec 2012
Bank loans				
Up to 1 year	3,047,501	2,558,583	49,035	64,171
From 1 to 5 years	4,458,253	5,142,798	672,762	659,126
More than 5 years	1,349,547	1,407,686	389,481	438,070
	8,855,301	9,109,067	1,111,278	1,161,367
Bond loans				
Up to 1 year	2,063,174	908,935	5,748	156,537
From 1 to 5 years	6,827,140	6,952,783	739,757	456,324
More than 5 years	1,836,686	2,937,950	-	281,941
	10,727,000	10,799,668	745,505	894,802
Commercial paper				
Up to 1 year	92,401	324,089	7,315,401	7,336,912
From 1 to 5 years	197,902	196,976	197,902	196,976
	290,303	521,065	7,513,303	7,533,888
Other loans				
Up to 1 year	15,828	15,896	-	-
From 1 to 5 years	59,195	52,837	-	-
More than 5 years	6,621	24,695	-	-
	81,644	93,428	-	-
	19,954,248	20,523,228	9,370,086	9,590,057

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

Thousands of Euros	Jun 2013 Carrying amount	Jun 2013 Market value	Dec 2012 Carrying amount	Dec 2012 Market value
Debt and borrowings - Current	5,218,904	4,907,770	3,807,503	3,452,211
Debt and borrowings - Non-current	14,735,344	15,172,010	16,715,725	17,164,909
	19,954,248	20,079,780	20,523,228	20,617,120

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

As at 30 June 2013, scheduled repayments of Group's debt and borrowings including interest accrued are as follows:

Thousands of Euros	2013	2014	2015	2016	2017	Following years	Total
Debt and borrowings - Non-current	-	593,675	3,448,141	3,385,673	2,446,508	4,861,347	14,735,344
Debt and borrowings - Current	2,223,684	2,995,220	-	-	-	-	5,218,904
	2,223,684	3,588,895	3,448,141	3,385,673	2,446,508	4,861,347	19,954,248

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

35. EMPLOYEE BENEFITS

Employee benefits are analysed as follows:

Thousands of Euros	Group Jun 2013	Group Dec 2012
Provisions for social liabilities and benefits	865,395	939,399
Provisions for medical liabilities and other benefits	1,001,085	994,026
	1,866,480	1,933,425

Provisions for social liabilities and benefits as at 30 June 2013 include 859,214 thousands of Euros relating to retirement pension defined benefit plans (31 December 2012: 932,194 thousands of Euros) and 6,181 thousands of Euros related to the estimated cost of services rendered by third parties under the human resources rationalisation program (31 December 2012: 7,205 thousands of Euros).

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

Thousands of Euros	Group Jun 2013	Group Jun 2012
Balance at the beginning of the period	939,399	1,003,943
Charge for the period	21,250	29,346
Pre-retirements (curtailments)	-	54
Actuarial (gains)/losses	-15,159	-15,185
Charge-off	-73,496	-76,604
Transfers, reclassifications and exchange differences	-6,599	-2,025
Balance at the end of the period	865,395	939,529

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

	Jun 2013			
Thousands of Euros	Portugal	Spain	Brazil	Group
Current service cost	5,551	306	-61	5,796
Operational component (see note 10)	5,551	306	-61	5,796
Net interest (*)	11,454	1,386	2,614	15,454
Financial component (see note 14)	11,454	1,386	2,614	15,454
	17,005	1,692	2,553	21,250

	Jun 2012			
Thousands of Euros	Portugal	Spain	Brazil	Group
Current service cost	5,898	284	-37	6,145
Curtailments / settlements	-	-	54	54
Operational component (see note 10)	5,898	284	17	6,199
Net interest (*)	20,283	1,879	1,039	23,201
Financial component (see note 14)	20,283	1,879	1,039	23,201
	26,181	2,163	1,056	29,400

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

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

Thousands of Euros	Group Jun 2013	Group Jun 2012
Balance at the beginning of the period	994,026	819,215
Charge for the period	25,302	27,129
Actuarial (gains)/losses	9,310	-1,531
Charge-off	-21,722	-21,484
Transfers, reclassifications and exchange differences	-5,831	-3,645
Balance at the end of the period	1,001,085	819,684

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

	Jun 2013			Jun 2012		
Thousands of Euros	Portugal	Brazil	Group	Portugal	Brazil	Group
Current service cost	4,250	674	4,924	3,289	1,045	4,334
Operational component (see note 10)	4,250	674	4,924	3,289	1,045	4,334
Interest cost	13,683	6,695	20,378	18,243	4,552	22,795
Financial component (see note 14)	13,683	6,695	20,378	18,243	4,552	22,795
	17,933	7,369	25,302	21,532	5,597	27,129

As at 30 June 2013, current service cost, interest cost and expected return on plan assets were determined based on the estimated cost for the period in accordance with the actuarial study as of 31 December 2012.

36. PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Provision for legal and labour matters and other contingencies	78,551	78,495	-	-
Provision for customer guarantees under current operations	6,721	10,121	-	-
Provisions for dismantling and decommissioning	177,479	169,402	-	-
Provision for other liabilities and charges	138,855	124,848	23,747	27,882
	401,606	382,866	23,747	27,882

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

Provision for legal and labour matters and other contingencies includes provisions for litigation in progress and other labour contingencies, relates essentially to:

i) Requests for the refund of tariff increases paid by industrial consumers of the Brazilian subsidiaries Bandeirante and Escelsa of 14,245 thousands of Euros (31 December 2012: 14,722 thousands of Euros). These requests result from the application of Orders DNAEE 38 of 27 February 1986 and 45 of 4 March 1986 - Plano Cruzado, effective from March to November 1986;

ii) Lawsuit filed by "Sindicato dos Trabalhadores da Indústria Eléctrica do Estado do Espírito Santo" (SINERGIA) against Escelsa in 2007, related with changes made by the company to the Career and Salary Plan. During the first semester of 2013 Escelsa reached an agreement with SINERGIA, and recognised a provision in the amount of 7,449 thousands of Euros;

iii) Bandeirante is involved in several legal actions of a labour nature mostly related with overtime payment, life-threatening and reintegration in the amount of 7,049 thousands of Euros;

iv) The Municipal Council of Póvoa do Varzim has brought up a legal action, which estimated liability as at 31 December 2012 was 2,852 thousands of Euros to be refunded by EDP of amounts of the FEF (Fundo de Equilíbrio Financeiro - Financial Stability Fund). The action has been contested by EDP, which was absolved, and the provision was reversed during the second quarter of 2013;

v) As at 31 December 2012, the litigation with the Municipal Council of Seixal relating to differences regarding taxes and other fees in connection with the use of public space for the years 2006 to 2008 amounted to 3,852 thousands of Euros. During the second quarter of 2013, EDP Distribuição and Municipal Council of Seixal agreed the termination of the lawsuits and the payment of 1,545 thousands of Euros by EDP Distribuição, therefore the provision has been reversed;

vi) In 2012, following the decision by the arbitration court, which partially accepted Terriminas' claim, and condemned EDP Produção to pay the amount of 1,329 thousands of Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, at 30 June 2013, the estimated liability amounts to 5,000 thousands of Euros, corresponding to the initial amount updated to current prices;

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

Provisions for customer guarantees under current operations of 6,721 thousands of Euros (31 December 2012: 10,121 thousands of Euros) includes essentially provisions for commercial losses.

As at 30 June 2013, Provision for dismantling and decommissioning includes the following situations:

I) The Group holds a provision of 32,519 thousands of Euros (31 December 2012: 29,059 thousands of Euros) to cover the cost of dismantling the Trill Nuclear Plant from the final close down until its transfer to Ernes, the company that will dismantle it;

ii) Provisions for dismantling of wind farms of 66,358 thousands of Euros (31 December 2012: 63,336 thousands of Euros) to cover the costs of returning the sites to their original state, of which 39,002 thousands of Euros refer to the wind farms of the EDPR NA Group, 26,501 thousands of Euros to the wind farms of the EDPR EU Group and 855 thousands of Euros to the wind farms of the EDPR Brasil Group;

iii) Under the current and future social/economical trends and the practices followed by the EDP Group in matters of sustainability and environment, the group accounts for provisions to cover the costs with the restoring and decontaminating land where electric power plants are located. As at 30 June 2013, the provision which amounts to 57,146 thousands of Euros (31 December 2012: 56,044 thousands of Euros) and 20,705 thousands of Euros (31 December 2012: 20,194 thousands of Euros) to the electric power plants located in Portugal and Spain, respectively. According to accounting policy referred in note 2 o), these provisions are calculated at the present value of the future liability and are accounted for as part of the cost of the related asset (increase in property, plant and equipment) and are depreciated on a straight line basis over the expected average useful life of the assets.

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

The losses of these processes were considered as possible, do not require the recognition of provisions and are periodically reassessed. At 30 June 2013, the more relevant situations considered as possible contingencies are described as follows:

i) Bandeirante is involved in a lawsuit with the client White Martins, S.A. in the amount of 28,694 thousands of Euros, on the alleged existence of reflex effects of the Administrative Order 38/86 and 45/86 of the extinguished DNAEE, in the electricity tariff charged by Bandeirante, between 1986 and 2000. EDP Group classifies the risk of loss of this lawsuit as possible, considering that customer complaint has no legal basis, in accordance with existing jurisprudence with regard to such complaints;

ii) Investco is involved in a legal action of a civil nature mostly related with indemnity claims resulting from the filling of the hydroelectric reservoir, in the amount of 32,253 thousands of Euros;

iii) Escelsa is involved in several legal action of a labour nature mostly related with overtime payment, life-threatening and reintegration in the amount of 19,730 thousands of Euros.

On 27 October 2009 and 5 January 2010, the EDP Group received two tax assessments regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 millions of Euros regarding its subsidiary, EDP International SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely Escelsa and Enersul. As at 30 June 2013, the amount of this tax contingency totals 230 millions of Euros.

Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes as established in article 75 nº2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law in force at that date (actual article 81).

Bearing the above in mind, and given that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the end of the events, the Group is currently using all available legal means to contest these additional assessments. As a result of the administrative appeal dismissal, EDP presented a judicial claim, on 6 June 2012, which is still being analysed.

Bandeirante, through the Union of Power Industry of the State of São Paulo - SindiEnergia, filed two claims against the Department of Finance of the State of São Paulo, seeking the suspension of the effects of Decrees 55.421/2010 and 55.867/2010. Both claims obtained a favourable decision which was confirmed by the Court of Justice of the State of São Paulo. These decisions are still subject of appeal to higher courts. The estimated value at 30 June 2013 amounts to 49,340 thousands of Euros.

37. INSTITUTIONAL PARTNERSHIPS IN USA WIND FARMS

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

	Group	
Thousands of Euros	Jun 2013	Dec 2012
Deferred income related to benefits provided	726,832	737,598
Liabilities arising from institutional partnerships in USA wind farms	905,909	942,155
	1,632,741	1,679,753

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

38. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

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

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Suppliers	937,005	1,169,387	228,951	236,425
Accrued costs related with supplies	370,949	391,834	190,806	175,934
Property, plant and equipment suppliers and accruals	317,900	731,769	1,916	6,708
Holiday pay, bonus and other charges with employees	124,616	142,229	10,374	7,284
CO_2 emission licenses	45,211	142,084	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	140,091	144,994	-	-
Amounts payable for tariff adjustments - Electricity - Spain	77,447	8,280	-	-
Deferred income - CMEC	36,047	-	-	-
Other creditors and sundry operations	501,243	490,022	50,377	61,735
	2,550,509	3,220,599	482,424	488,086

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

	Group	
Thousands of Euros	Jun 2013	Dec 2012
Government grants for investment in fixed assets	606,008	522,551
Amounts payable for tariff adjustments - Electricity - Portugal	72,664	842
Energy sales contracts - EDPR NA	42,578	49,449
Deferred income - CMEC	407,028	392,841
Amounts payable for concessions	240,575	240,051
Other creditors and sundry operations	61,431	57,037
	1,430,284	1,262,771

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

Thousands of Euros	Current	Non-Current
Balance as at 1 January 2012	67,473	12,376
Payment through the electricity tariff	-35,089	-
Tariff adjustment of the period	-	35,240
Interest expense	1,475	426
Transfer from Non-Current to Current	6,189	-6,189
Balance as at 30 June 2012	40,048	41,853
Payment through the electricity tariff	-35,088	-
Tariff adjustment of the period	141,202	-35,240
Interest expense	2,552	-
Transfer to tariff adjustments receivable	-10,333	842
Transfer from Non-Current to Current	6,613	-6,613
Balance as at 31 December 2012	144,994	842
Payment through the electricity tariff	-69,015	-
Tariff adjustment of the period	71,934	71,934
Interest expense	877	730
Transfer of tariff adjustment to receive	-8,699	-842
Balance as at 30 June 2013	140,091	72,664

The caption CO_2 emission licenses includes the CO_2 consumptions made during 2013 in Portugal and Spain, in the amount of 22,556 thousands of Euros and 22,610 thousands of Euros, respectively. The decrease relates to the delivery in 2013 of the 2012 licences consumptions, which are returned to the regulatory authorities until April of the year following to its consumptions.

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

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

Deferred income - CMEC current and non-current in the amount of 443,075 thousands of Euros (31 December 2012: 392,841 thousands of Euros) refers to the initial CMEC amount (833,467 thousands of Euros) net of the amortisation of initial CMEC during the years 2007 to 2013 and including unwinding (see note 14).

Amounts payable for concessions refer to the non-current amounts payable related to the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA of 155,752 thousands of Euros (31 December 2012: 150,489 thousands of Euros) and to the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil of 84,823 thousands of Euros (31 December 2012: 89,562 thousands of Euros).

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

39. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Other liabilities and other payables - Current				
Loans from non-controlling interests	259,197	137,402	-	-
Derivative financial instruments	58,048	62,629	98,318	61,543
Payables - Group companies	-	-	476,156	679,503
Amounts payable for acquisitions and success fees	21,741	135,932	-	-
Other creditors and sundry operations	32,876	32,180	8,228	30,182
	371,862	368,143	582,702	771,228
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	204,141	108,850	-	-
Put options over non-controlling interest liabilities	97,287	90,371	-	-
Derivative financial instruments	142,721	145,614	-	-
Payables - Group companies	-	-	2,989,967	3,006,023
Amounts payable for acquisitions and success fees	22,381	41,735	-	-
Other creditors and sundry operations	22,463	23,167	11,062	11,062
	488,993	409,737	3,001,029	3,017,085
	860,855	777,880	3,583,731	3,788,313

The increase in the caption Loans from non-controlling interests, is mainly related to EDPR Portugal loans formerly due to EDPR-EU in the amount of 110,529 thousands of Euros that following the sale process of 49% of its shareholding in EDPR Portugal to CTG, shareholder of EDP Group, were also acquired by CTG. The maturity date of these loans is December 2022, bearing interest at a fixed rate of 5.5% and the interests are paid half-yearly (see note 5).

The caption Payables - Group companies Current on a company basis includes 375,306 thousands of Euros (31 December 2012: 462,142 thousands of Euros) related to debt financing obtained by EDP S.A. Sucursal in Spain through EDP Finance BV and with EDP Servicios Financieros España, S.A. and also 99,956 and 730 thousands of Euros, related to debt financing obtained from EDP Renováveis and EDPR Europe, respectively (see note 45).

The caption Payables - Group companies Non-Current on a company basis, of 2,989,967 thousands of Euros, corresponds to the financing obtained through EDP Finance B.V. and granted to EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España, following EDPR NA's acquisition and for the financing of the investment plan of EDP Renováveis Group.

Following Ente Vasco de la Energia decision to exercise the Naturgas put option, an agreement was signed on 28 July 2010 between EVE and HC Energia that sets up the following terms: (i) Purchase by HC Energia from EVE of 29.43% of the share capital of Naturgas; (ii) HC Energia will have a call option to acquire from EVE the remaining 5% stake of Naturgas between 1 June 2016 and 1 June 2018, at an exercise price calculated in accordance with a pre-set formula based on expected future dividends to be distributed by Naturgas; and (iii) Change of the HC Energia/EVE shareholder agreement, with the involvement of EVE in Naturgas' strategic management to be adjusted in accordance with its shareholding position. As a consequence of the agreement mentioned above, during the first semester of 2013 the Group HC paid the remaining amount of 96,003 thousands of Euros related to the acquisition of 29.43% of the Naturgas' share capital. Additionally, the caption Amounts payable for acquisitions and success fees - current includes the contingent price for the acquisition of ECE Participações, S.A. in the amount of 9,813 thousands of Euros.

The caption Put options over non-controlling interest liabilities Non-Current includes the put option of Cajastur over EDP for 3.13 % of HC Energia share capital of 93,810 thousands of Euros (31 December 2012: 83,425 thousands of Euros).

The decrease in the caption Amounts payable for acquisitions and success fees - Current refers essentially to the payment of the contigent price of the solar photovoltaic companies in Romania, in the amount of 7,721 thousands of Euros.

The Amounts payable for acquisitions and success fees Non-Current refers essentially to the contingent price payable arising from the acquisition of Relax Wind Group, EDPR Roménia, Greenwind, Elektrownia, Wiatrowa, Kresy, Feijão, Bodzanow, Starozreby, Wyszorod, Elebrás and solar photovoltaic companies held by EDPR-RO-PV, S.R.L. As at 30 June 2013, this caption includes the contingent price revision associated with the additional acquisitions of Relax Wind Park I in the amount of 17,423 thousands of Euros, and Greenwind in the amount of 1,750 thousands of Euros.

40. CURRENT TAX LIABILITIES

Current tax liabilities are analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Income tax	315,431	103,633	127,825	9,930
Withholding tax	54,295	64,763	301	256
Value added tax (VAT)	102,256	94,461	921	2,229
Turnover tax (Brazil)	41,779	52,956	-	-
Social tax (Brazil)	14,038	41,984	-	-
Other taxes	131,006	109,941	46	50
	658,805	467,738	129,093	12,465

As at 30 June 2013, for the Group, the caption Other taxes includes essentially the foreign taxes regarding HC Energia Group of 56,400 thousands of Euros, Naturgas Group of 28,817 thousands of Euros (31 December 2012: HC Energia Group of 44,512 thousands of Euros and Naturgás Group of 29,667 thousands of Euros) and EDP Brasil Group of 11,828 thousands of Euros (31 December 2012: 12,710 thousands of Euros).

41. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

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

This caption is analysed as follows:

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

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

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

42. DERIVATIVE FINANCIAL INSTRUMENTS

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

The fair value of the derivative financial instruments portfolio as at 30 June 2013 and 31 December 2012 is analysed as follows:

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Derivatives held for trading	-4,766	26,223	6,763	35,936
Fair value hedge	29,980	162,287	186,551	169,862
Cash-flow hedge	-71,439	-123,358	-7,891	-11,679
Net Investment hedge	11,861	3,445	-	-
	-34,364	68,597	185,423	194,119

43. COMMITMENTS

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

	Group		Company	
Thousands of Euros	Jun 2013	Dec 2012	Jun 2013	Dec 2012
Financial guarantees				
EDP, S.A.	284,093	312,237	284,093	312,237
HC Energia Group	4,005	37,539	-	-
EDP Brasil Group	869,034	867,623	-	-
Other	7,151	7,122	-	-
	1,164,283	1,224,521	284,093	312,237
Operating guarantees				
EDP, S.A.	679,342	745,324	679,342	745,324
HC Energia Group	354,056	334,226	-	-
EDP Brasil Group	382,531	433,613	-	-
EDP Renováveis Group	751,315	1,208,810	-	-
Other	9,225	9,272	-	-
	2,176,469	2,731,245	679,342	745,324
Total	3,340,752	3,955,766	963,435	1,057,561
Real guarantees	25,348	29,504	-	-

The financial guarantees contracted include, at 30 June 2013 and 31 December 2012, 991,148 thousands of Euros and 1,139,074 thousands of Euros, respectively, relating to loans obtained by Group companies and already included in the consolidated debt. These include guarantees of 101,776 thousands of Euros at 30 June 2013 for loans obtained by Brazilian companies to finance the construction of hydroelectrical power plants, which have counter-guarantees of 40,710 thousands of Euros received by EDP from partners in these projects.

EDP and its subsidiaries are required to provide bank or corporate operating guarantees for the current generation and distribution activities. The total operating guarantees outstanding include, at 30 June 2013 and 31 December 2012, 416,989 thousands of Euros and 397,266 thousands of Euros, respectively, of guarantees provided to market operators to enable EDP and its subsidiaries to participate in the energy markets.

Regarding the information disclosed above, the Group also has project finance loans with usual guarantees for these loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. At 30 June 2013 and 31 December 2012 these loans amounted to 1,020,259 thousands of Euros and 1,018,578 thousands of Euros, respectively, and are included in the Group's consolidated debt (see note 34).

In addition, regarding the information disclosed above, EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, wilful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 30 June 2013 and 31 December 2012, EDPR's obligations under the tax equity agreements, in the amount of 875,084 thousands of Euros and 901,301 thousands of Euros, are reflected on the balance sheet Institutional Partnerships in US Wind farms.

Real guarantees, as at 30 June 2013, include 3,416 thousands of Euros (31 December 2012: 9,615 thousands of Euros) related with guarantees provided to projects and loans obtained in Brazil.

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

The commitments relating to short and medium/long term financial debt, finance lease commitments and other long term commitments (included in the condensed consolidated statement of financial position) and other liabilities relating to purchases and future lease payments under operating leases (not included in the condensed consolidated statement of financial position) are disclosed, as at 30 June 2013 and 31 December 2012, by maturity, as follows:

	Jun 2013				
	Capital outstanding by maturity				
Thousands of Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Short and long term financial debt (including falling due interest)	23,199,609	5,721,209	6,975,921	6,713,119	3,789,360
Finance lease commitments	7,595	3,449	3,751	395	-
Operating lease commitments	994,090	52,678	83,560	77,498	780,354
Purchase obligations	21,973,222	3,255,961	4,499,861	2,964,277	11,253,123
Other long term commitments	2,144,496	248,635	473,992	432,806	989,063
	48,319,012	9,281,932	12,037,085	10,188,095	16,811,900

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

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

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

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

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

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

As at 30 June 2013, the EDP Group has the following liabilities/rights arising from call and put options on investments:

- Put option of Cajastur over EDP for 3.13% of the share capital of HC Energia, this option can be exercised until 31 December 2025;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option over Cajastur for "Quinze Mines" share capital (51% of total share capital). Cajastur has an equivalent put option over EDP. These options can be exercised between 17 July 2014 and 17 July 2016, being the price of exercising the option determined by an investment bank valuation process;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option over the shares held by Cajastur for the companies "Sauvageons", "Le Mee" and "Petite Piece" (51% of total share capital). Cajastur has an equivalent put option over EDP. These options can be exercised between 1 January 2013 and 31 December 2014, being the price of exercising the option determined by an investment bank valuation process;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option over the remain shareholders of Re Plus (WPG, Galilea and Grant Partners) for 10% of its share capital. The price of exercising these options is 7,500 thousands of Euros. The options can be exercised (i) if a change occur in the shareholding structure of the remaining shareholders of Re Plus and (ii) always before the last project starts in operation;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a put option of 15% of the share capital of Rowy, over the other shareholders. The exercise price is 80% of equity value with a cap of 5,000 thousands of Euros. The exercise period is the earlier of (i) two years following the beginning of construction date or (ii) 31 December 2019;
- EDP holds, through its subsidiary EDP - Gestão da Produção de Energia, S.A., a call option of 2.67% of the share capital of Greenvouga and their supplementary capital on Martifer Renewables, S.A. exercisable at any time. Moreover, Martifer Renewables, S.A., holds a put option of 2.67% of the share capital of Greenvouga and their supplementary capital on EDP - Gestão da Produção de Energia, S.A., that can only be exercised within one year from the date of issuance of the license of Ribeirado-Ermida hydroelectric plants. The option can be exercised until 1 February 2015. The stock price and the price of supplementary capital, in the event of exercise of the options listed, corresponds to their nominal value plus an equity component possible in the amount of 1,750 thousands of Euros;
- EDP holds, through its subsidiary EDP Renewables Europe, S.L., a call option of the remaining 40% of the share capital of J&Z Wind Farms SP. ZO.O., whose exercise price corresponds to 90% of the market value of this participation. This option can be exercised between 3 and 5 years after the start of construction works of the first park;
- EDP holds, through its subsidiary South África Wind & Solar Power, S.L., a call option of an aditional 42,5% of the share capital of Modderfontein Wind Energy Project, Ltd., which exercise price corresponds to the amounts contributed by the other partner in the Modderfontein project development. This option can be exercised from the date of the agreement until 45 calendar days before the deadline for submission of tenders for the next auction of energy.

44. SHARE BASED PAYMENTS

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

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

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

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

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

	Option activity	Weighted average exercise price (Euros)
Balance as at 31 December 2011	605,477	2.22
Options exercised	-	
Options granted	-	
Options expired	38,276	
Balance as at 30 June 2012	567,201	2.21
Options exercised	-	
Options granted	-	
Options expired	-	
Balance as at 31 December 2012	567,201	2.21
Options exercised	416,511	
Options granted	-	
Options expired	-	
Balance as at 30 June 2013	150,690	2.21

Information regarding stock options as at 30 June 2013, is analysed as follows:

Options outstanding	Weighted average exercise price	Weighted average remaining contractual life	Options exercisable	Fair value options
150,690	2.21	0.83	150,690	132,862

During the six-month period ended 30 June 2013 no stock options cost was recognised as the past service cost of granted options was recognised in prior years.

In the first semester of 2013, EDP Group granted treasury stocks to employees (760,900 shares) totalling 1,886 thousands of Euros.

45. RELATED PARTIES

Main shareholders and shares held by company officers

EDP - Energias de Portugal S.A. shareholder structure as at 30 June 2013 is analysed as follows:

	Nr. of Shares	% Capital	% Voting
China Three Gorges	780,633,782	21.35%	21.35%
Iberdrola - Participações, SGPS, S.A.	243,395,875	6.66%	6.66%
Oppidum Capital, S.L.	226,046,616	6.18%	6.18%
José de Mello - SGPS, S.A.	168,097,034	4.60%	4.60%
Capital Group Companies, Inc.	151,802,530	4.15%	4.15%
Senfora, SARL	148,431,999	4.06%	4.06%
Millennium BCP Group and Pension Fund	122,667,974	3.35%	3.35%
Sonatrach	87,007,433	2.38%	2.38%
Banco Espírito Santo Group	86,863,601	2.38%	2.38%
Qatar Holding LLC	82,868,933	2.27%	2.27%
Massachusetts Financial Services Company	78,599,362	2.15%	2.15%
BlackRock, Inc.	73,268,245	2.00%	2.00%
EDP Group (Treasury stock)	28,710,246	0.79%	
Remaining shareholders	1,378,144,085	37.68%	
	3,656,537,715	**100.00%**	

The number of shares of EDP S.A. held or attributtable to company officers as at 30 June 2013 and 31 December 2012 are as follows:

	2013 Nr. of shares	2012 Nr. of shares
General and Supervisory Board		
Eduardo de Almeida Catroga	1,375	1,375
China Three Gorges Corporation (represented by Dingming Zhang)	780,633,782	780,633,782
China International Water & Electric Corp. (represented by Guojun Lu)	-	-
China Three Gorges New Energy Co. Ltd. (represented by Ya Yang)	-	-
CWEI (Europe) S.A. (represented by Shengliang Wu)	780,633,782	780,633,782
Parpública - Participações Públicas (SGPS) S.A.	-	151,517,000
Felipe Fernández Fernández (representing Cajastur Inversiones, S.A.)	-	-
José de Mello Energia, S.A. (represented by Luís Filipe da Conceição Pereira)	168,097,034	168,097,034
Luís Filipe da Conceição Pereira	5,701	1,459
Senfora SARL (represented by Mohamed Al Fahim)	148,431,999	148,431,999
Carlos Jorge Ramalho dos Santos Ferreira	-	40,000
Sonatrach (represented by Harkat Abderezak)	87,007,443	87,007,443
José Maria Espírito Santo Silva Ricciardi	-	-
Alberto João Coraceiro de Castro	6,917	4,578
António Sarmento Gomes Mota	-	-
Maria Celeste Ferreira Lopes Cardona	-	-
Fernando Maria Masaveu Herrero	270,494,695	44,188,463
Ilídio da Costa Leite de Pinho	-	-
Jorge Avelino Braga de Macedo	-	-
Manuel Fernando de Macedo Alves Monteiro	-	-
Paulo Jorge de Assunção Rodrigues Teixeira Pinto	-	-
Vasco Joaquim Rocha Vieira	3,203	3,203
Vitor Fernando da Conceição Gonçalves	3,465	3,465
Rui Eduardo Ferreira Rodrigues Pena	4,541	2,945
Augusto Carlos Serra Ventura Mateus	-	-
Nuno Manuel da Silva Amado	-	-

	2013 Nr. of shares	2012 Nr. of shares
Executive Board of Directors		
António Luís Guerra Nunes Mexia	41,000	41,000
António Fernando Melo Martins da Costa	13,299	13,299
António Manuel Barreto Pita de Abreu	34,549	34,549
João Manuel Manso Neto	1,268	1,268
João Manuel Veríssimo Marques da Cruz	3,878	3,878
Nuno Maria Pestana de Almeida Alves	125,000	125,000
Miguel Stilwell de Andrade	111,576	111,576

Balances and transactions with companies of China Three Gorges Group

In June 2013, in accordance with the EDP / CTG strategic partnership, EDP Renováveis Group has completed the sale, without loss of control of 49% equity shareholding in EDP Renováveis Portugal, S.A., as a result, the Group recognised non-controlling interests of 111,319 thousands of Euros and an impact in reserves attributable to Group of 112,859 thousands of Euros. Following the conclusion of the sale, CTG holds loans over EDPR Group in the amount of 111 millions of Euros (16 millions of Euros as current and 95 millions of Euros as non-current). The maturity date of these loans is December 2022, bearing interest at a fixed rate of 5.5% and the interests are paid half-yearly.

Balances and transactions with subsidiaries and associates

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

Credits

	June 2013			
Thousands of Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
Balwerk	26,989	257,417	1,597	286,003
EDP Comercial	42,400	10,070	133,791	186,261
EDP Distribuição	534,120	2,386,958	4,742	2,925,820
EDP Finance BV	-	25,652	7,936	33,588
EDP Gás - SGPS	18,427	117,502	2,328	138,257
EDP Produção	466,477	3,951,488	95,071	4,513,036
EDP Imobiliária e Participações	-	96,726	76	96,802
EDP Renováveis	-	12,325	223,354	235,679
Others	100,787	38,176	219,339	358,302
	1,189,200	6,896,314	688,234	8,773,748

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

Debits

	June 2013			
Thousands of Euros	Intra-Group Financial Mov.	Loans and payable	Other Debits	Total
EDP Finance BV	-	10,238,326	5,056	10,243,382
EDP Servicios Financieros (España)	-	186,947	785	187,732
EDP Produção	-	-	257,675	257,675
EDP Renováveis	-	99,956	9,846	109,802
EDP Serviço Universal	49,742	-	22,181	71,923
Others	18,081	163,730	92,351	274,162
	67,823	10,688,959	387,894	11,144,676

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

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

Expenses

	June 2013			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Expenses	Total
EDP Finance BV	-	130,499	4,687	135,186
EDP Produção	-	-	521,519	521,519
Empresa Hidroeléctrica do Guadiana	-	-	26,025	26,025
EDP Renewables Europe	-	-	23,356	23,356
Others	211	5,299	82,028	87,538
	211	135,798	657,615	793,624

	June 2012			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Expenses	Total
EDP Finance BV	-	92,214	2,407	94,621
EDP Produção	587	-	459,257	459,844
Hidroeléctrica del Cantábrico	-	-	12,261	12,261
Others	72	4,264	66,095	70,431
	659	96,478	540,020	637,157

Income

	June 2013			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Income	Total
EDP Comercial	410	204	348,967	349,581
EDP Distribuição	8,327	77,858	209,309	295,494
EDP Gás.Com	121	-	93,944	94,065
EDP Produção	2,575	135,895	371,246	509,716
Others	972	13,709	213,143	227,824
	12,405	227,666	1,236,609	1,476,680

	June 2012			
Thousands of Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Income	Total
EDP Comercial	1,028	821	268,864	270,713
EDP Distribuição	5,103	64,758	19,274	89,135
EDP Gás.Com	-	-	102,755	102,755
EDP Produção	257	118,896	22,923	142,076
Others	662	17,360	184,011	202,033
	7,050	201,835	597,827	806,712

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

Assets and liabilities

	June 2013		
Thousands of Euros	Assets	Liabilities	Net Value
Associates	304,738	1,755	302,983
Jointly controlled entities	59,373	16,124	43,249
	364,111	17,879	346,232

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

Transactions

Thousands of Euros	June 2013 Operating Income	Financial Income	Operating Expenses	Financial Expenses
Associates	8,340	8,192	-3,504	-86
Jointly controlled entities	61,295	2,320	-20,656	-252
	69,635	10,512	-24,160	-338

Thousands of Euros	June 2012 Operating Income	Financial Income	Operating Expenses	Financial Expenses
Associates	9,299	5,192	-2,158	-37
Jointly controlled entities	27,749	2,615	-12,357	-234
	37,048	7,807	-14,515	-271

46. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial assets and liabilities as at 30 June 2013 and 31 December 2012 is analysed as follows:

	Group Mar 2013			Group Dec 2012		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	185,178	185,178	-	181,298	181,298	-
Trade receivables	1,993,126	1,993,126	-	2,377,203	2,377,203	-
Debtors and other assets from commercial activities	4,942,897	4,942,897	-	4,788,421	4,788,421	-
Other debtors and other assets	577,975	577,975	-	554,407	554,407	-
Derivative financial instruments	166,405	166,405	-	276,840	276,840	-
Financial assets at fair value through profit or loss	5,514	5,514	-	390	390	-
Collateral deposits associated to financial debt	488,793	488,793	-	428,496	428,496	-
Cash and cash equivalents	1,730,257	1,730,257	-	1,695,336	1,695,336	-
	10,090,145	10,090,145	-	10,302,391	10,302,391	-
Financial liabilities						
Financial debt	19,954,248	20,079,780	125,532	20,523,228	20,617,120	93,892
Suppliers and accruals	1,254,905	1,254,905	-	1,901,156	1,901,156	-
Institutional partnerships in USA wind farms	1,632,741	1,632,741	-	1,679,753	1,679,753	-
Trade and other payables from commercial activities	2,119,880	2,119,880	-	2,059,663	2,059,663	-
Other liabilities and other payables	660,086	660,086	-	569,637	569,637	-
Derivative financial instruments	200,769	200,769	-	208,243	208,243	-
	25,822,629	25,948,161	125,532	26,941,680	27,035,572	93,892

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

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

47. RELEVANT OR SUBSEQUENT EVENTS

Regulatory modifications applicable to the Spanish electricity sector

On 13 July 2013, the Spanish Government published in the Official State Gazette the Royal Decree-Law 9/2013 that includes a set of regulatory changes applicable to the Spanish electricity sector and affecting the energy assets. As at 30 June 2013, the Board of Directors of EDP is evaluating the impact of these regulatory changes.

Fitch places several utilities with significant exposure to Spain on rating watch negative

On 16 July, Fitch Ratings ("Fitch") has placed the ratings of several utilities with significant exposure to Spain on Rating Watch Negative ("RWN"), among which the "BBB-" rating of EDP, its finance subsidiary EDP Finance B.V. and its Spanish subsidiary, HC Energia (Hidroeléctrica del Cantábrico S.A.).

The RWN placement follows the Spanish Government's announcement, on 12 July, of proposed new regulatory measures to permanently resolve the excess cost or tariff deficit generated by the Spanish electricity system that could have significant impacts on companies' future cash flows and their expected credit metrics.

Fitch expects to resolve the RWN after reviewing the impact on metrics, rating guidelines and changes to investment plans of individual companies.

48. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED

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

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

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

• IFRS 13 - Fair Value Measurement

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

• IAS 1 (Amended) - Presentation of Financial Statements

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

• IAS 19 (Amended) - Employee Benefits

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

• Improvements to IFRSs (2009-2011)

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

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

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

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

• IFRS 9 - Financial Instruments;
• Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27;
• IAS 36 (Amended) - Impairment of Assets : Recoverable Amount Disclosures for Non-Financial Assets;
• IAS 39 (Amended) - Financial Instruments: Novation of Derivatives and Continuation of Hedge Accounting;
• IFRIC 21 - Levies.

49. EDP BRANCH IN SPAIN

The aim of "EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España" is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, the majority interests in EDP Renováveis, S.A., EDP Servicios Financieros España, S.A. and HC Energia (Hidroeléctrica del Cantábrico S.A.), as well as the indirect majority interest in NG Energia (Naturgás Energia Grupo S.A.), are directly allocated to the assets of EDP Sucursal.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed of an Executive Committee, a Management Committee and direct representation on Iberian ambit EDP Management Committee.

The Executive Committee is composed essentially of five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP, namely the Department of M&A ("Direcção de Análise de Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Spanish Tax Matters ("Direcção de Fiscalidade Espanhola"), Department of Financial Management ("Direcção de Gestão Financeira"), Department of Commercial Shared Services ("Direcção de Serviços Partilhados Comerciais"), Department of Corporate Shared Services ("Direcção de Serviços Partilhados Corporativos") and IT Department ("Direcção de Sistemas de Informação") and "Share EDP Project" ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory. Lastly, the Spanish branch of EDP has direct representation on Iberian ambit EDP Management Committee particularly the Energy Planning Committees, Price and Volume, Markets, Distribution Networks, Commercial and Production.

The condensed statement of financial position of the Branch as at 30 June 2013 and 31 December 2012 is analysed as follows:

	EDP Branch	
Thousands of Euros	Jun 2013	Dec 2012
Investments in subsidiaries:		
- EDP Renováveis, S.A.	2,939,889	2,939,889
- Hidroeléctrica del Cantábrico, S.A.	1,981,798	1,981,798
- EDP Servicios Financieros España, S.A.	482,695	482,695
- EDP Investments and Services, S.L.	281,854	281,854
- Other	60	60
Deferred tax assets	1,752	54,636
Other debtors and others assets	142,191	129,006
Total Non-Current Assets	5,830,239	5,869,938
Trade receivables	14,347	10,985
Debtors and other assets	211,251	325,212
Tax receivable	26,734	43,943
Cash and cash equivalents	4,763	361
Total Current Assets	257,095	380,501
Total Assets	**6,087,334**	**6,250,439**
Equity	2,570,522	2,515,135
Trade and other payables	2,989,967	3,006,023
Total Non-Current Liabilities	2,989,967	3,006,023
Trade and other payables	503,887	726,998
Tax payable	22,958	2,283
Total Current Liabilities	526,845	729,281
Total Liabilities	**3,516,812**	**3,735,304**
Total Equity and Liabilities	**6,087,334**	**6,250,439**

50. SEGMENTAL REPORTING

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

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

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

The Group manages its activities based on several business segments, which includes the activities in Iberia. Moreover, the EDP Group also makes a separate analysis of the electricity generation business through renewable power sources, which is achieved in a specific segment (EDP Renováveis). Finally, taking into consideration the specificity of the Brazilian market, the Group also makes a separate analysis of the electricity generation, distribution and supply businesses in Brazil (EDP Brasil).

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

The segments defined by the Group are the following:

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

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

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

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

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

The Regulated Networks segment in Iberia corresponds to the activities of electricity and gas distribution in Portugal and Spain and last resort supplier. This segment includes, namely, the following companies:

- EDP Distribuição de Energia, S.A.;
- EDP Serviço Universal, S.A.;
- Electra de Llobregat Energía, S.L.;
- Hidrocantábrico Distribucion Eléctrica, S.A.U.;
- Portgás - Soc. de Produção e Distribuição de Gás, S.A.;
- EDP Gás Serviço Universal, S.A.;
- Naturgás Energia Distribución, S.A.U.

The EDP Renováveis segment corresponds to the power generation activity through renewable energy resources and includes all the companies of EDPR Europe, EDPR North America, EDPR Canada and EDPR Brasil subgroups. This segment also includes the holding company EDP Renováveis, S.A., and all the adjustments between the companies composing this segment, including consolidation adjustments.

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

The column Corporate Activities segment includes the centralised management of financial investments, namely the centralised management of human resources, logistic platforms and shared service centres.

The column Adjustments segment includes the adjustments related to the elimination of financial investments in the EDP Group subsidiaries and the remaining consolidation adjustments and intra-segments eliminations.

Segment Definition

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

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

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

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

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

51. EXPLANATION ADDED FOR TRANSLATION

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

ANNEX I

EDP Group Activity by Business Segment
30 June 2013

	Iberia								
Thousands of Euros	LT Contracted Generation	Liberalised Activities	Regulated Networks	EDP Renováveis	EDP Brasil	Other Activities	Corporate Activities	Adjustments	EDP Group
Turnover									
Electricity and network accesses	642,400	3,089,178	3,063,401	689,747	1,294,126	363	-	(1,611,000)	7,168,215
Gas and network accesses	-	856,923	174,071	-	-	-	-	(171,236)	859,758
Other	36,559	99,465	7,966	2,622	27,387	11,279	134,722	(227,218)	92,782
	678,959	4,045,566	3,245,438	692,369	1,321,513	11,642	134,722	(2,009,454)	8,120,755
Cost of electricity	(23,629)	(2,514,987)	(2,318,574)	(7,250)	(833,034)	(364)	-	1,609,138	(4,088,700)
Cost of gas	(53)	(744,106)	(27,488)	-	-	-	-	111,749	(659,898)
Change in inventories and cost of raw materials and consumables used	(206,627)	(293,342)	(4,030)	98	(20,862)	(3,311)	-	70,470	(457,604)
	(230,309)	(3,552,435)	(2,350,092)	(7,152)	(853,896)	(3,675)	-	1,791,357	(5,206,202)
	448,650	493,131	895,346	685,217	467,617	7,967	134,722	(218,097)	2,914,553
Other operating income / (expenses)									
Other operating income	6,615	2,877	78,543	96,276	10,398	6,183	18,699	(28,628)	190,963
Supplies and services	(36,782)	(137,488)	(210,391)	(125,812)	(88,191)	(5,548)	(83,710)	236,744	(451,178)
Personnel costs and employee benefits	(32,453)	(56,203)	(87,660)	(35,199)	(64,685)	(4,994)	(69,540)	12,987	(337,747)
Other operating expenses	(13,615)	(68,739)	(153,463)	(60,037)	(52,851)	(2,945)	(10,730)	2,497	(359,883)
	(76,235)	(259,553)	(372,971)	(124,772)	(195,329)	(7,304)	(145,281)	223,600	(957,845)
	372,415	233,578	522,375	560,445	272,288	663	(10,559)	5,503	1,956,708
Provisions	(901)	(17,641)	5,282	(228)	(15,372)	1	(7,991)	-	(36,850)
Depreciation, amortisation and impairment	(86,971)	(116,409)	(167,394)	(242,868)	(75,927)	(477)	(9,632)	(19,382)	(719,060)
Compensation of amortisation and depreciation	979	172	1,372	9,373	1,523	121	10	(14)	13,536
	285,522	99,700	361,635	326,722	182,512	308	(28,172)	(13,893)	1,214,334
Gain/(losses) on the sale of financial assets	-	-	-	-	-	-	12	-	12
Financial results	(34,156)	(78,392)	(14,747)	(130,191)	(65,342)	(1,039)	698,455	(707,477)	(332,889)
Share of profit in associates	710	-	66	9,599	321	7,316	-	781	18,793
Profit/(loss) before income tax	252,076	21,308	346,954	206,130	117,491	6,585	670,295	(720,589)	900,250
Current tax	(113,685)	(1,106)	(19,087)	(65,339)	(59,805)	591	(26,919)	(4,264)	(289,614)
Deferred tax	36,595	66,662	(15,034)	8,963	21,568	(849)	(38,107)	19,756	99,554
Net profit/(loss) for the period	**174,986**	**86,864**	**312,833**	**149,754**	**79,254**	**6,327**	**605,269**	**(705,097)**	**710,190**
Equity holders of EDP	174,487	92,439	312,864	128,987	41,728	6,364	612,278	(765,928)	603,219
Non-controlling interests	499	(5,575)	(31)	20,767	37,526	(37)	(7,009)	60,831	106,971
Net profit/(loss) for the period	**174,986**	**86,864**	**312,833**	**149,754**	**79,254**	**6,327**	**605,269**	**(705,097)**	**710,190**
Total assets	6,630,217	5,230,766	8,232,363	13,502,837	5,200,160	137,772	20,032,408	(17,301,555)	41,664,968
Total liabilities	3,422,702	5,049,783	6,674,718	7,437,739	3,094,708	108,850	13,515,558	(9,040,323)	30,263,735
Increase of the period:									
Property, plant and equipment	18,326	246,815	45,156	104,483	113,847	234	15,748	47	544,656
Intangible assets	8,375	42,347	122,803	513	48,589	-	345	619	223,591
Goodwill	-	-	-	344	-	-	-	10,384	10,728

EDP Group Activity by Business Segment
30 June 2012

Thousands of Euros	Iberia: LT Contracted Generation	Iberia: Liberalised Activities	Iberia: Regulated Networks	EDP Renováveis	EDP Brasil	Other Activities	Corporate Activities	Adjustments	EDP Group
Turnover									
Electricity and network accesses	738,844	3,142,893	3,067,079	608,374	1,178,852	354	-	(1,476,124)	7,260,272
Gas and network accesses	-	889,135	199,790	-	-	-	-	(190,029)	898,896
Other	25,161	97,905	8,503	2,929	6,697	8,085	138,707	(233,623)	54,364
	764,005	4,129,933	3,275,372	611,303	1,185,549	8,439	138,707	(1,899,776)	8,213,532
Cost of electricity	(28,010)	(2,575,538)	(2,301,889)	(8,481)	(726,271)	(361)	-	1,468,208	(4,172,342)
Cost of gas	-	(788,822)	(34,749)	-	-	-	-	110,475	(713,096)
Change in inventories and cost of raw materials and consumables used	(248,987)	(365,940)	(4,495)	(406)	(73)	(1,196)	(55)	82,300	(538,852)
	(276,997)	(3,730,300)	(2,341,133)	(8,887)	(726,344)	(1,557)	(55)	1,660,983	(5,424,290)
	487,008	399,633	934,239	602,416	459,205	6,882	138,652	(238,793)	2,789,242
Other operating income / (expenses)									
Other operating income	5,941	3,284	42,965	85,203	17,929	7,940	19,036	(27,929)	154,369
Supplies and services	(39,293)	(132,785)	(209,564)	(119,569)	(87,353)	(4,858)	(95,960)	243,793	(445,589)
Personnel costs and employee benefits	(36,516)	(52,133)	(90,970)	(29,300)	(63,414)	(4,767)	(64,933)	11,802	(330,231)
Other operating expenses	(14,809)	(35,914)	(156,688)	(35,217)	(28,437)	(2,330)	(9,823)	535	(282,683)
	(84,677)	(217,548)	(414,257)	(98,883)	(161,275)	(4,015)	(151,680)	228,201	(904,134)
	402,331	182,085	519,982	503,533	297,930	2,867	(13,028)	(10,592)	1,885,108
Provisions	(1,044)	1,801	(75)	-	(1,570)	1	(11,901)	6,037	(6,751)
Depreciation, amortisation and impairment	(100,238)	(130,215)	(158,121)	(229,237)	(74,011)	(451)	(9,297)	(15,537)	(717,107)
Compensation of amortisation and depreciation	1,103	139	1,329	7,571	2,963	35	7	(18)	13,129
	302,152	53,810	363,115	281,867	225,312	2,452	(34,219)	(20,110)	1,174,379
Gain/(losses) on the sale of financial assets	-	-	-	2,857	-	-	-	-	2,857
Financial results	(19,362)	(93,476)	(66,694)	(135,247)	(48,741)	(1,238)	733,940	(722,223)	(353,041)
Share of profit in associates	488	-	75	3,626	(1,716)	4,639	-	3,352	10,464
Profit/(loss) before income tax	283,278	(39,666)	296,496	153,103	174,855	5,853	699,721	(738,981)	834,659
Current tax	(49,656)	(1,227)	74,093	(35,279)	(55,641)	694	(7,707)	30,085	(44,638)
Deferred tax	(35,419)	5,837	(170,360)	(12,392)	(4,653)	(1,131)	99,963	3,853	(114,302)
Net profit/(loss) for the period	**198,203**	**(35,056)**	**200,229**	**105,432**	**114,561**	**5,416**	**791,977**	**(705,043)**	**675,719**
Equity holders of EDP	198,854	(28,360)	200,267	99,998	74,113	5,436	807,256	(775,796)	581,768
Non-controlling interests	(651)	(6,696)	(38)	5,434	40,448	(20)	(15,279)	70,753	93,951
Net profit/(loss) for the period	**198,203**	**(35,056)**	**200,229**	**105,432**	**114,561**	**5,416**	**791,977**	**(705,043)**	**675,719**
Total assets	6,981,962	5,582,783	8,319,316	13,301,973	5,308,419	118,170	20,305,393	(17,290,172)	42,627,844
Total liabilities	3,550,191	5,314,601	6,758,443	7,553,146	2,941,590	88,378	14,076,241	(9,086,414)	31,196,176
Increase of the period:									
Property, plant and equipment	17,741	188,408	58,825	113,659	121,887	309	10,569	(567)	510,831
Intangible assets	57,657	93,317	141,310	-	37,092	2	3,381	(2,970)	329,789
Goodwill	-	-	-	4,828	-	-	-	-	4,828

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

auditor review report and statements of responsibility

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11°
1069-006 Lisboa
Portugal

Telephone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

LIMITED REVIEW REPORT ON CONSOLIDATED INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR REGISTERED IN CMVM

(This report is a free translation to English from the Portuguese version)

Introduction

1 In accordance with the requirements of the 'Código dos Valores Mobiliários' (CVM), we hereby present our limited review report on the interim consolidated financial information for the six month period ended 30 June 2013, of EDP – Energias de Portugal, S.A. which includes: the condensed consolidated statement of financial position (with a total assets of Euros 41,664,968 thousand and total equity attributable to the shareholders of Euros 8,217,874 thousand including a consolidated net profit of Euros 603,219 thousand) and the condensed consolidated statements of income, cash flows, changes in equity and comprehensive income for the six month period then ended and the corresponding notes to the financial statements.

2 The amounts included in the condensed consolidated financial statements and the additional financial information were extracted from the accounting records.

Responsibilities

3 The Executive Board of Directors is responsible for:

a) the preparation of consolidated financial information which gives a true and fair view of the consolidated financial position of the Group and the consolidated result of its operations, the consolidated cash-flows, the consolidated changes in equity and the consolidated comprehensive income;

b) the preparation of historical financial information in accordance with IAS 34 – Interim Financial Reporting and that is complete, true, current, clear, objective and lawful as established by CVM;

c) the adoption of adequate accounting policies and criteria;

d) the maintenance of an appropriate internal control system; and

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

4 Our responsibility is to verify the above mentioned consolidated financial information, namely if it is complete, true, current, clear, objective and fair as required by the CVM, and issue an independent report based on our work.

Scope

5 The work that we have performed was conducted with the objective of obtaining a moderate level of assurance about whether the consolidated financial information mentioned above is free of material misstatements. Our work was performed based on the Technical Standards and Review/Audit Guidelines issued by the 'Ordem de Revisores Oficiais de Contas', and planned in accordance with that objective and included the following procedures:

a) mainly, inquiries and analytical procedures performed to review:

- the reliability of the assertions included in the interim consolidated financial information;
- the adequacy of the accounting policies adopted, considering the circumstances and the consistency of their application;
- applicability of the going concern principle;
- the presentation of the interim consolidated financial information;
- if the interim consolidated financial information is complete, true, current, clear, objective and fair; and

b) substantive tests on material non usual significant transactions.

6 Our review also included the verification that the consolidated financial information included in the Management Report is consistent with the documents mentioned above.

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

Conclusion

8 Based on our review, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information for the six month period ended 30 June 2013, is not free of material misstatements that affect its compliance with IAS 34 – Interim Financial Reporting and that is not complete, true, current, clear, objective and lawful.

Lisbon, 25 July 2013

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

KPMG

KPMG & Associados - Sociedade de Revisores Oficiais de Contas, S.A.
Edifício Monumental
Av. Praia da Vitória, 71 - A, 11°
1069-006 Lisboa
Portugal

Telephone: +351 210 110 000
Fax: +351 210 110 121
Internet: www.kpmg.pt

LIMITED REVIEW REPORT ON INTERIM FINANCIAL INFORMATION PREPARED BY INDEPENDENT AUDITOR REGISTERED IN CMVM

(This report is a free translation to English from the Portuguese version)

Introduction

1 In accordance with the requirements of the 'Código dos Valores Mobiliários' (CVM), we hereby present our limited review report on the interim financial information for the six month period ended 30 June 2013, of EDP – Energias de Portugal, S.A. which includes: the condensed statement of financial position (with a total assets of Euros 20,429,778 thousand and total equity of Euros 6,791,255 thousand including a net profit of Euros 563,409 thousand) and the condensed statements of income, cash flows, changes in equity and comprehensive income for the six month period then ended and the corresponding notes to the financial statements.

2 The amounts included in the condensed financial statements and the additional financial information were extracted from the accounting records.

Responsibilities

3 The Executive Board of Directors is responsible for:

a) the preparation of financial information which gives a true and fair view of the financial position of EDP, the result of its operations, the cash-flows, the changes in equity and the comprehensive income;

b) the preparation of historical financial information in accordance with IAS 34 – Interim Financial Reporting and that is complete, true, current, clear, objective and lawful as established by CVM;

c) the adoption of adequate accounting policies and criteria;

d) the maintenance of an appropriate internal control system; and

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

4 Our responsibility is to verify the above mentioned financial information, namely if it is complete, true, current, clear, objective and fair as required by the CVM, and issue an independent report based on our work.

Scope

5 The work that we have performed was conducted with the objective of obtaining a moderate level of assurance about whether the financial information mentioned above is free of material misstatements. Our work was performed based on the Technical Standards and Review/Audit Guidelines issued by the 'Ordem de Revisores Oficiais de Contas', and planned in accordance with that objective and included the following procedures:

a) mainly, inquiries and analytical procedures performed to review:

- the reliability of the assertions included in the interim financial information;
- the adequacy of the accounting policies adopted, considering the circumstances and the consistency of their application;
- applicability of the going concern principle;
- the presentation of the interim financial information;
- if the interim financial information is complete, true, current, clear, objective and fair; and

b) substantive tests on material non usual significant transactions.

6 Our review also included the verification that the financial information included in the Management Report is consistent with the documents mentioned above.

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

Conclusion

8 Based on our review, which was performed with the objective of obtaining moderate assurance, nothing has come to our attention that causes us to believe that the accompanying interim financial information for the six month period ended 30 June 2013, is not free of material misstatements that affect its compliance with IAS 34 – Interim Financial Reporting and that is not complete, true, current, clear, objective and lawful.

Lisbon, 25 July 2013

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

EDP – Energias de Portugal, S.A.
Executive Board of Directors

STATEMENT

With reference to the first half of 2013 financial year, and according to nº 1, item c) of article 246º of the Portuguese Securities Code, the signers hereby, acting as members of the Executive Board of Directors, declare that, to the best of their knowledge, the condensed set of financial statements, was prepared according to the applicable accounting standards, presenting a fairly position of the assets, liabilities, financial position and results of EDP – Energias de Portugal, S.A. and its subsidiaries companies included in the consolidation perimeter, and that the Interim Management Report includes a fair review of the information required pursuant to n.º 2 of the aforementioned article.

Lisbon, 25th of July 2013

____
António Luís Guerra Nunes Mexia, Chairman

____
Nuno Maria Pestana de Almeida Alves

____
João Manuel Manso Neto

____
António Manuel Barreto Pita de Abreu

____
António Fernando Melo Martins da Costa

____
João Manuel Veríssimo Marques da Cruz

____
Miguel Stilwell de Andrade

EDP – Energias de Portugal, S.A.

Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira

Senior Accounting Officer

Corporate Centre

STATEMENT

With reference to the first half of 2013 financial year, and according to nº 1, item c) of article 246º of the Portuguese Securities Code, I hereby declare that, to the best of my knowledge, the condensed set of financial statements, was prepared according to the applicable accounting standards, presenting a fairly position of the assets, liabilities, financial position and results of EDP – Energias de Portugal, S.A. and its subsidiaries companies included in the consolidation perimeter, and that the Interim Management Report includes a fair review of the information required pursuant to n.º 2 of the aforementioned article.

Lisbon, 25th of July 2013

Conselho Geral e de Supervisão

STATEMENT

Pursuant article 246º of Securities Code (CVM), to the best knowledge of each of the signatories, the information referred in article 246º, n.º 1, paragraph a) of CVM, on **2013 first semester**, has been prepared in accordance with the accounting standards applicable, gives a true and fair view of the assets and liabilities, financial position and results of **EDP – Energias de Portugal, S.A.** and subsidiaries included in the consolidation perimeter, and that the interim management report includes a fair review of the information required pursuant to article 246º, n.º 2 of CVM, including an indication of important events that have occurred during **2013 first semester**, and the impact on the respective financial statements, together with a description of the principal risks and uncertainties for the **remaining six months of 2013.**

Lisbon, 25th July 2013

Eduardo de Almeida Catroga – *Chairman*

Dingming Zhang – *Vice-Chairman (as representative of China Three Gorges Co.)*

Alberto João Coraceiro de Castro

António Sarmento Gomes Mota

Augusto Carlos Serra Ventura Mateus

Felipe Fernández Fernández *(as representative of Liberbank)*

Fernando María Masaveu Herrero

Harkat Abderezak *(as representative of Sonatrach)*

Guojun Lu *(as representative of China International Water&Electric Co.)*

Jorge Braga de Macedo

Ilídio da Costa Leite de Pinho

José Maria Espírito Santo Silva Ricciardi

Luís Filipe da Conceição Pereira *(as representative of José de Mello Energia, S.A.)*

Manuel Fernando de Macedo Alves Monteiro

Maria Celeste Ferreira Lopes Cardona

Mohamed Al Fahim *(as representative of Senfora Sarl)*

Nuno Manuel da Silva Amado

Paulo Jorge de Assunção Rodrigues Teixeira Pinto

Rui Eduardo Ferreira Rodrigues Pena

Shengliang Wu *(as representative of China Three Gorges International Co.)*

Vasco Joaquim Rocha Vieira

Vítor Fernando da Conceição Gonçalves

Ya Yang *(as representative of China Three Gorges New Energy Co.)*

The Executive Board of Directors

António Luís Guerra Nunes Mexia (Chairman)

Nuno Maria Pestana de Almeida Alves

João Manuel Manso Neto

António Manuel Barreto Pita de Abreu

António Fernando Melo Martins da Costa

João Marques da Cruz

Miguel Stilwell de Andrade

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