

EDP Renováveis, S.A.

Condensed Consolidated Financial Statements

30 June 2013

EDP Renováveis, S.A. and subsidiaries

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

Thousands of Euros	Notes	2013	2012
Revenues	6	685,217	602,416
Income from institutional partnerships in US wind farms	7	70,897	71,051
		756,114	673,467
Other operating income / (expenses)			
Other operating income	8	25,379	14,152
Supplies and services	9	-125,812	-119,569
Personnel costs and employee benefits	10	-35,199	-29,300
Other operating expenses	11	-60,037	-35,217
		-195,669	-169,934
		560,445	503,533
Provisions		-228	-
Depreciation and amortisation expense	12	-242,868	-229,237
Amortisation of deferred income (government grants)	12	9,373	7,571
		326,722	281,867
Gains / (losses) from the sale of financial assets		-	2,857
Financial income	13	76,346	37,587
Financial expenses	13	-206,537	-172,834
Share of profit of associates		9,599	3,626
Profit before tax		206,130	153,103
Income tax expense	14	-56,376	-47,671
Profit for the period		149,754	105,432
Attributable to:			
Equity holders of EDP Renováveis	29	128,987	99,998
Non-controlling interests	31	20,767	5,434
Profit for the period		149,754	105,432
Earnings per share basic and diluted - Euros	28	0.15	0.11

The following notes form an integral part of these Condensed Consolidated Financial Statements

EDP Renováveis, S.A. and subsidiaries

Condensed consolidated statement of comprehensive income for the
six-month period ended 30 June 2013 and 30 June 2012

Thousands of Euros	2013		2012	
	Equity holders of the parent	Non controlling Interests	Equity holders of the parent	Non controlling Interests
Profit for the period	128,987	20,767	99,998	5,434
Fair value reserve (cash flow hedge)	16,424	2,701	-14,883	-3,673
Tax effect from the fair value reserve (cash flow hedge)	-4,491	-750	4,161	1,022
Share of other comprehensive income of associates, net of taxes	3,444	-	-3,980	-
Actuarial gains / (losses)	14	-	-	-
Tax effect of actuarial gains/(losses)	-4	-	-	-
Exchange differences arising on consolidation	-10,169	-1,016	2,802	-1,173
Other comprehensive income for the period, net of income tax	5,218	935	-11,900	-3,824
Total comprehensive income for the period	134,205	21,702	88,098	1,610

EDP Renováveis, S.A. and subsidiaries

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	15	10,370,909	10,536,907
Intangible assets	16	25,540	24,915
Goodwill	17	1,287,352	1,301,930
Investments in associates	18	58,034	47,473
Available for sale financial assets	19	9,407	9,407
Deferred tax assets	20	107,470	89,378
Debtors and other assets from commercial activities	23	52,772	55,153
Other debtors and other assets	24	270,944	251,220
Collateral deposits associated to financial debt	30	109,316	48,433
Total Non-Current Assets		12,291,744	12,364,816
Inventories	21	16,770	16,209
Trade receivables	22	163,544	180,259
Debtors and other assets from commercial activities	23	99,416	104,165
Other debtors and other assets	24	524,113	334,490
Current tax assets	25	68,655	55,089
Financial assets at fair value through profit or loss		684	389
Collateral deposits associated to financial debt	30	660	719
Cash and cash equivalents	26	337,251	245,837
Total Current Assets		1,211,093	937,157
Total Assets		13,502,837	13,301,973
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-69,586	-74,385
Other reserves and Retained earnings	28	693,546	458,202
Consolidated net profit attributable to equity holders of the parent		128,987	126,266
Total Equity attributable to equity holders of the parent		5,666,523	5,423,659
Non-controlling interests	29	398,575	325,168
Total Equity		6,065,098	5,748,827
Liabilities			
Medium / Long term financial debt	30	3,638,991	3,657,083
Employee benefits		195	222
Provisions	31	67,367	63,603
Deferred tax liabilities	20	403,399	380,592
Institutional partnerships in US wind farms	32	1,632,741	1,679,753
Trade and other payables from commercial activities	33	454,981	376,503
Other liabilities and other payables	34	326,326	258,824
Total Non-Current Liabilities		6,524,000	6,416,580
Short term financial debt	30	285,768	217,237
Trade and other payables from commercial activities	33	321,507	704,610
Other liabilities and other payables	34	169,151	157,876
Current tax liabilities	35	137,313	56,843
Total Current Liabilities		913,739	1,136,566
Total Liabilities		7,437,739	7,553,146
Total Equity and Liabilities		13,502,837	13,301,973

The following notes form an integral part of these Condensed Consolidated Financial Statements

EDP Renováveis, S.A.

Condensed consolidated Statement of Changes in Equity
for the period ended at 30 June 2013 and 31 December 2012

Thousands of Euros	Total Equity	Share Capital	Share Premium	Reserves and retained earnings	Exchange Differences	Hedging reserve	Fair value reserve	Equity attributable to equity holders of EDP Renováveis	Non- controlling Interests
Balance as at 31 December 2011	5,453,725	4,361,541	552,035	454,135	-31,002	-14,118	4,575	5,327,166	126,559
Recognised income and expense for the period									
Fair value reserve (cash flow hedge) net of taxes	-13,373	-	-	-	-	-10,722	-	-10,722	-2,651
Share of other comprehensive income of associates, net of taxes	-3,980	-	-	-	254	-4,234	-	-3,980	-
Exchange differences arising on consolidation	1,629	-	-	-	2,802	-	-	2,802	-1,173
Profit for the period	105,432	-	-	99,998	-	-	-	99,998	5,434
Total recognised income and expense for the period	89,708	-	-	99,998	3,056	-14,956	-	88,098	1,610
Dividends attributable to non-controlling interests	-716	-	-	-	-	-	-	-	-716
Share capital increase in EDP Renováveis Brazil	1,380	-	-	-	-	-	-	-	1,380
Changes resulting from acquisitions / sales and equity increases	11	-	-	-	-	-	-	-	11
Balance as at 30 June 2012	5,544,108	4,361,541	552,035	554,133	-27,946	-29,074	4,575	5,415,264	128,844
Recognised income and expense for the year									
Fair value reserve (available for sale financial assets) net of taxes	-211	-	-	-	-	-	-129	-129	-82
Fair value reserve (cash flow hedge) net of taxes	-17,792	-	-	-	-	-14,990	-	-14,990	-2,802
Share of other comprehensive income of associates, net of taxes	-1,169	-	-	-	-521	-648	-	-1,169	-
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-6,643	-	-	-	-955	-	-	-955	-5,688
Profit for the period	30,618	-	-	26,268	-	-	-	26,268	4,350
Total recognised income and expense for the year	4,813	-	-	26,278	-1,476	-15,638	-129	9,035	-4,222
Dividends attributable to non-controlling interests	-4,089	-	-	-	-	-	-	-	-4,089
Share capital increase in EDP Renováveis Brazil	25,063	-	-	-	-	-	-	-	25,063
Sale without loss of control of Vento II (EDPR NA)	176,121	-	-	4,057	-3,224	-1,473	-	-640	176,761
Changes resulting from acquisitions / sales and equity increases	2,811	-	-	-	-	-	-	-	2,811
Balance as at 31 December 2012	5,748,827	4,361,541	552,035	584,468	-32,646	-46,185	4,446	5,423,659	325,168
Recognised income and expense for the period									
Fair value reserve (cash flow hedge) net of taxes	13,884	-	-	-	-	11,933	-	11,933	1,951
Share of other comprehensive income of associates, net of taxes	3,444	-	-	-	30	3,414	-	3,444	-
Actuarial gains/(losses) net of taxes	10	-	-	10	-	-	-	10	-
Exchange differences arising on consolidation	-11,185	-	-	-	-10,169	-	-	-10,169	-1,016
Profit for the period	149,754	-	-	128,987	-	-	-	128,987	20,767
Total recognised income and expense for the period	155,907	-	-	128,997	-10,139	15,347	-	134,205	21,702
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Acquisitions without changes of control	-15,987	-	-	-4,755	-	-409	-	-5,164	-10,823
Sale without loss of control of EDPR Portugal	226,429	-	-	148,715	-	-	-	148,715	77,714
Other changes resulting from acquisitions / sales and equity increases	-15,186	-	-	-	-	-	-	-	-15,186
Balance as at 30 June 2013	6,065,098	4,361,541	552,035	822,533	-42,785	-31,247	4,446	5,666,523	398,575

EDP Renováveis, S.A. and subsidiaries
Condensed Consolidated Statement of Cash Flows
for the six-month period ended 30 June 2013 and 2012

Thousands of Euros	2013	2012
Cash flows from operating activities		
Cash receipts from customers	714,567	612,504
Cash paid to suppliers	-155,957	-148,116
Cash paid to employees	-40,824	-37,014
Other receipts / (payments) relating to operating activities	-28,111	-42,964
	489,675	384,410
Income tax received / (paid)	-17,474	-23,498
Net cash flows from operating activities	472,201	360,912
Continuing activities	472,201	360,912
Cash flows from investing activities		
Cash receipts resulting from:		
Sale of assets / subsidiaries with loss of control	-	1,832
Other financial assets and investments	167	4,749
Changes in cash resulting from perimeter variations	-	1,519
Proceeds from sale of property, plant and equipment	27,038	1,274
Other proceeds related to fixed assets	263	375
Interest received	3,998	7
Dividends received	1,283	124
	32,749	9,880
Cash payments resulting from:		
Acquisition of assets / subsidiaries	-35,607	-10,400
Other financial assets and investments	-221	-
Acquisition of property, plant and equipment	-468,065	-380,369
Loans to related parties	-182,479	-
	-686,372	-390,769
Net cash flows from investing activities	-653,623	-380,889
Continuing activities	-653,623	-380,889
Cash flows from financing activities		
Sale of assets / subsidiaries without loss of control	257,371	-
Receipts/ (payments) of loans	27,581	95,268
Interest and similar costs	-25,521	-26,624
Governmental grants received	91,549	3,206
Increases in capital and share premium	-15,869	2,590
Receipts/ (payments) from derivative financial instruments	-1,287	-2,661
Dividends paid	-34,892	-727
Receipts / (Payments) from institutional partnership in US wind farms	-22,622	-6,670
Net cash flows from financing activities	276,310	64,382
Continuing activities	276,310	64,382
Net increase / (decrease) in cash and cash equivalents	94,888	44,405
Effect of exchange rate fluctuations on cash held	-3,474	-3,398
Cash and cash equivalents at the beginning of the period (*)	245,837	219,922
Cash and cash equivalents at the end of the period (*)	337,251	260,929

(*) See Note 26 of the condensed consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

Notes to the Condensed Consolidated Financial Statements

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Annex 1

1. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as “EDP Renováveis”) was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 30 June 2013 the share capital is held 62.02% by EDP S.A. - Sucursal en España (“EDP Branch”), 15.51% by Hidroelétrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext Lisbon.

As at 30 June 2013, EDP Renováveis holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (“EDPR EU”), EDP Renewables North America, L.L.C. (“EDPR NA”), EDP Renewables Canada, Ltd. (“EDPR Canada”), South África Wind & Solar Power, S.L.U. and EDP Renováveis Servicios Financieros, S.L.. Also holds a 55% stake in the share capital of EDP Renováveis Brasil, S.A. (“EDPR BR”).

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

In December 2011, China Three Gorges Corporation (CTG) sign an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 2,000 million of Euros in the assets of the EDP Renováveis Group, representing 1.5 GW of installed capacity (900 MW in operation and 600 MW under construction).

Within the agreement mentioned above, in June 2013, EDPR has completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A.

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (renewable resources electricity generation in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), EDP Renewables Romania, S.R.L. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy), EDPR UK Limited (offshore development projects) and EDPR RP PV, S.L.R. (photovoltaic solar farms in Romania).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

Regulatory framework for the activities in Spain

On December 2012, by means of Law 15/2012 of 27 December, the Spanish Government approved 7% across-the-board tax on electricity generation, as well as new taxes on nuclear and large-scale hydropower, plus a new carbon levy. The tax will be applied from 2013 onwards.

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 farm producers can voluntarily invest to obtain 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 a 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 values 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 long 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 included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2013 and changed the qualification criteria (projects can now 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 depreciation of a higher percentage of the cost of the project (less 50% of the ITC) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

Regulatory frameworks for the activities in Romania

The Emergency Government Ordinance 57/2013, was published on 7 June and effective from July, encompasses a set of modifications applicable in the renewable energy sector.

The EGO 57/2013 respects the rights of the investments made in the renewable energy sector, although re-profiling the cash-flows of the projects; and maintains unchanged the cap and floor price of the Green Certificates (GC) that will annually evolve according with the euro zone inflation.

The main changes are, as follows:

- Current wind power plants maintain its right to collect two GC per MWh generated until 31 December 2017 and one GC from 1 January 2018 until completing 15 years of operation;
- One of the GC attributed to the wind generation between 1 July 2013 and 31 March 2017, can only be sold in the 2018-2020 period;
- Current solar PV power plants maintain its right to collect six GC per MWh generated during 15 years;
- Two of the GC attributed to the solar PV generation between 1 July 2013 and 31 March 2017, period can only be sold from 1 April 2017 to 31 December 2020;
- The obligation to acquire GC is set quarterly, based on the annual mandatory quota of renewable electricity supplied to final consumers;
- GC may be traded only through the centralized market administered by the Romanian electricity market operator (OPCOM);
- The Romanian Energy Regulatory Agency (ANRE) will perform, every sixmonth, a profitability analysis to conclude if the number of GC for new assets should be adjusted. Accordingly, ANRE in the analysis already delivered to the Government proposes that i) new wind power plants should collect 1.5 GC per MWh until 31 December 2017 and one GC from 1 January 2018 until completing 15 years of operation, and ii) new solar PV power plants should collect 3 GC per MWh during 15 years;
- ANRE will limit the new yearly capacity additions to benefit from the GC scheme to the cumulative installed capacity to be set for the year by a "Government Decision" based on an updated Romanian National Renewable Action Plan.

2. ACCOUNTING POLICIES

a) Basis of preparation

The condensed consolidated financial statements presented reflect EDP Renováveis S.A. and its subsidiaries financial position as at 30 June 2013 and the results from operations and Group's interest in associated companies, consolidated cash flows and changes in consolidated equity for the six-month period ended 30 June 2013.

The Board of Directors approved these condensed consolidated financial statements on 23 July 2013. The condensed financial statements are presented in thousands of Euros, rounded to the nearest thousand.

These condensed financial statements have been prepared in accordance with the International Financial Reporting Standard IAS 34 - Interim Financial Reporting. They do not include all the information required for full annual financial statements, and should be read in conjunction with the Consolidated Financial Statements of the Group as at 31 December 2012.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in note 3 - Critical accounting estimates and judgments in applying accounting policies.

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The condensed consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control along with another company, under a contractual agreement. The condensed consolidated financial statements include the Group's proportionate share of the joint ventures' assets, liabilities, revenue and expenses, from the date the joint control begins until it ceases.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations. The change in accounting policy has been applied prospectively and has had no material impact on earnings per share.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

In business combinations achieved in stages, any excess of the consideration given, plus the fair value of the interest previously held in the acquiree, and the net assets acquired and net liabilities assumed is recognised as goodwill. Any shortfall, after measuring the consideration given to the previously held interest and identifying and measuring the net assets acquired, is recognised in profit and loss. The Group recognises the difference between the fair value of the interest previously held in the acquiree and its carrying amount in consolidated profit and loss, based on the classification of the interest. The Group also reclassifies amounts deferred in other comprehensive income in relation to the previously held interest to profit and loss or consolidated reserves, based on their nature.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010 the Group has applied IAS 27 Consolidated and Separate Financial Statements (2008) in accounting for acquisitions of non-controlling interests. The change in accounting policy has been applied prospectively and has had no impact on earnings per share.

Under the new accounting policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve. When a foreign operation is disposed of, in part or in full, the relevant amount in the translation reserve is transferred to profit or loss as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

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 condensed consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

IFRS-EU did not establish specific accounting treatment for commitments related to written put options related with investments in subsidiaries held by non-controlling interests at the date of acquisition of a business combination. Nevertheless, the EDP Renováveis Group records these written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and their subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

c) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

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 re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivatives correspond to their quoted market prices as provided by an exchange, or is determined by using net present value techniques, including discounted cash flows models and option pricing models, as appropriate.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivative financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

- (i) At the inception of the hedge, the hedge relationship is identified and documented;
- (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 a on-going basis and is considered to be highly effective over the reporting period; and
- (v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedge

Changes in the fair value of the derivative financial instruments that are designated as hedging instruments are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the risk being hedged. If the hedge no longer meets the criteria for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the period to maturity.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

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

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

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

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

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

Available-for-sale-investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

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 trade date, the date on which the Group commits to purchase or sell the assets.

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

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

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available for sale financial assets are also subsequently carried at fair value, however, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired, being the cumulative gains or losses previously recognised in equity recognised in the income statement. Foreign exchange differences arising from equity investments classified as available for sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

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

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

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

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

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

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

f) Financial liabilities

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

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

The Group considers that the terms are substantially different if the current value of cash flows discounted under the new terms, including any commission paid net of any commission received, and using the original effective interest rate to make the discount, differs by at least 10% of the current discounted value of cash flows remaining from the original financial liability.

If the exchange is recognised as a cancellation of the original financial liability, costs or commissions are taken to the consolidated income statement. Otherwise, costs or commissions adjust the book value of the liability and are amortised following the amortised cost method over the remaining term of the modified liability.

The Group recognises the difference between the carrying amount of a financial liability (or part of a financial liability which has been cancelled or transferred to a third party) and the consideration paid, which includes any asset transferred other than cash or the liability assumed, with a debit or credit to the consolidated income statement.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

The recoverable amount is determined by the highest value between the net selling price and its fair value in use, this being calculated by the present value of estimated future cash-flows obtained from the asset and after its disposal at the end of its economic useful life.

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

	Number of years
Buildings and other constructions	20 to 33
Plant and machinery:	
- Wind farm generation	25
- Hydroelectric generation	20 to 30
- Other plant and machinery	15 to 40
Transport equipment	3 to 10
Office equipment and tools	3 to 10
Other tangible fixed assets	4 to 10

i) Intangible assets

The other intangible assets of the Group are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

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

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

j) Impairment of non financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

k) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration 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 are recognised as an expense and charged to the income statement in the period to which they relate.

l) Inventories

Inventories are stated at the lower of the 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 assigned by using the weighted average method.

m) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

n) Employee benefits

Pensions

EDP Renováveis Portugal, one of the portuguese companies of EDP Renováveis Group attribute post-retirement plans to their employees under defined benefit plans and defined contribution plans, namely, pension plans that pay complementary old-age, disability and surviving-relative pension complements, as well as early retirement pensions.

Defined benefit plans

In Portugal, the defined benefits plan is financed through a restricted Pension Fund complemented by a specific provision. This Pension Fund covers liabilities for retirement pension complements as well as liabilities for early retirement.

The pension plans of the Group companies in Portugal are classified as defined benefit plans, since the criteria to determine the pension benefit to be received by employees on retirement is predefined and usually depend on factors such as age, years of service and level of salary at the age of retirement.

The liability of the Group with pensions is calculated annually, at the balance sheet date for each plan individually, by qualified actuaries using the projected unit credit method. The discount rate used in this calculation is determined by reference to interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liabilities.

Actuarial gains and losses determined annually and resulting from (i) the differences between financial and actuarial assumptions used and real values obtained 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 age of retirement) is recognised in the income statement when incurred.

Annually the Group recognises as cost in the income statement the net amount of: (i) the current service cost, (ii) the interest cost, (iii) the estimated return of the fund assets and (iv) the cost arising from early retirements.

Defined contribution plans

In Spain, Portugal and United States of America, some Group Companies have social benefit plans of defined contribution that complement those granted by the social welfare system to the companies employees, under which they pay a contribution to these plans each year, calculated in accordance with the rules established in each plan. The cost related to defined contribution plans is recognised in the results in the period in which the contribution is made.

Other benefits

Medical care and other plans

In Portugal some Group companies provide medical care during the period of retirement and early retirement, through complementary benefits to those provided by the Social Welfare System. These medical care plans are classified as defined benefit plans. The present value of the defined benefit obligation at the balance sheet date is recognised as a defined benefit liability. Measurement and recognition of the liability with healthcare benefits is similar to the measurement and recognition of the pension liability for the defined benefit plans, described above.

Variable remuneration to employees

In accordance with the by-laws of certain Group entities, annually the shareholders approve in the annual general meeting a percentage of profits to be paid to the employees (variable remuneration), following a proposal made by the Board of Directors. Payments to employees are recognised in the income statement in the period to which they relate.

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.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with wind turbines, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used are:

	EDPR EU	EDPR NA
Average cost per MW (Euros)	14,000	18,549
Salvage value per MW (Euros)	25,000	17,776
Discount rate	6.33%	5.38%
Inflation rate	2.00%	2.50%
Capitalisation (number of years)	25	25

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 revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

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

Revenue from electricity sales is recognised in the period that electricity is generated and transferred to customers.

Engineering revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue and expenses are recognised in profit or loss in proportion to the stage of completion of the contract.

Differences between estimated and actual amounts, which are normally not significant, are recorded during the subsequent periods.

q) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses and gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

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

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

The Group also classifies as non-current assets held for sale those non-current assets or disposal groups acquired exclusively with a view to its subsequent disposal, that are available for immediate sale and its sale is highly probable.

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

u) 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 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.

v) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

w) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

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

x) Institutional partnerships in US wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these financial statements.

The upfront cash payment received is recognised under "Liabilities arising from institutional partnerships" and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's delivered are recorded as generated.

After the Flip Date, the institutional investor retains a small non-controlling interest for the duration of its membership in the structure. The non-controlling interest is entitled to cash distribution and income allocation percentages varying from 2.5% to 6.0%, with the exception of Vento VI in which the institutional investor is allocated 17.0% of income. EDPR NA also has an option to purchase the institutional investor's residual interest at fair market value on the Flip Date for PTC flip structures and generally, six months after the later of the 5-year anniversary of final turbine commissioning date or the Flip Date, or ten years after the final funding date if the Flip Date has not yet occurred. The liability for residual interest is accreted on a straight line basis from the funding date through the Flip Date to reflect the institutional investors' minority interest position in the EDPR Group at the Flip Date.

The liability with institutional investors is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

z) EDPR Group concession activities (IFRIC 12)

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

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

Financial Asset Model

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

Intangible Asset Model

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

Mixed Model

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

Under the terms of the contracts in place throughout the Group business, the Management of EDPR concluded that IFRIC 12 is not applicable.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

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

Although estimates are calculated by the Company's directors based on the best information available at 30 June 2013 and 31 December 2012, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

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

Impairment of available for sale investments

The Group determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost.

This determination of what is significant or prolonged requires judgment. In making this judgment, the Group evaluates among other factors, the normal volatility in share price. In addition, valuations are generally obtained through listed market prices or valuation models that may require assumptions or judgment in making estimates of fair value.

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

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Review of the useful life of assets related to production

The Group regularly reviews the useful life of its electrical generation installations in order to bring it into line with the technical and economic measurements of the installations, taking into consideration their technological capacity and prevailing regulatory restrictions.

Impairment of non financial assets

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

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

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affect the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

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

Tax Authorities are entitled to review the EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, EDP Renováveis and those of its subsidiaries, are confident that there will be no material tax assessments within the context of the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

4. FINANCIAL RISK MANAGEMENT POLICIES

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

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. The management of financial risks of EDP Renováveis Group is outsourced to the Finance Department of EDP - Energias de Portugal, S.A., in accordance with the policies approved by the Board of Directors. The outsourcing service includes identification and evaluation of hedging mechanisms appropriate to each exposure.

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

Exchange-rate risk management

EDP Group's Financial Department is responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. dollar, resulting from the shareholding in EDPR NA. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Polish Zloty, Romanian Leu and Canadian dolar).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into two CIRS in BRL/EUR and two in PLN/EUR to hedge the investments in Brazil and Poland (see note 36).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 30 June 2013 and 2012, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

Thousands of Euros	30 Jun 2013			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	1,743	-2,130	-	-
PLN / EUR	17,871	-21,843	-	-
RON / EUR	879	-1,074	-	-
	20,493	-25,047	-	-

Thousands of Euros	30 Jun 2012			
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	-1,494	1,825	-	-
PLN / EUR	5,945	-7,267	-	-
RON / EUR	-	-	-	-
	4,451	-5,442	-	-

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

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management policies is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, the Group contracts derivative financial instruments to hedge interest rate risks.

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

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities up to 13 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 87% of EDP Renováveis Group financial debt bear interest at fixed rates, including operations with financial instruments.

Sensitivity analysis - Interest rates

The management of interest rate risk associated to activities developed by the Group is outsourced to the Financial Department of EDP Group, contracting derivative financial instruments to mitigate this risk.

Based on the debt portfolio of the EDPR EU Group and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 100 basis points in the interest rates with reference to 30 June 2013 and 2012 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

Thousands of Euros	30 Jun 2013			
	Profit or loss		Equity	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	40,721	-44,523
Unhedged debt (variable interest rates)	-2,143	2,143	-	-
	-2,143	2,143	40,721	-44,523

Thousands of Euros	30 Jun 2012			
	Profit or loss		Equity	
	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	34,324	-38,700
Unhedged debt (variable interest rates)	-3,542	3,542	-	-
	-3,542	3,542	34,324	-38,700

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

Counter-party credit-risk management in financial transactions

The EDP Renováveis Group policy in terms of the counterparty risk on financial transactions with companies outside EDP Group is managed by an analysis of the technical capacity, competitiveness, credit rating and exposure to each counter-party. Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

The EDP Renováveis Group documents financial operations according to international standards. Most derivative financial instruments contracted with credit institutions are engaged under ISDA Master Agreements.

In the specific case of the EDPR EU Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are operators and distributors in the energy market of their respective countries (OMEL and MEFF in the case of the Spanish market).

In the specific case of EDPR NA Group, credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. The Group's main customers are regulated utility companies and regional market agents in the U.S.

EDP Renováveis 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 exist that have not been recognised as such and provided for.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 30 June 2013, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain through regulated tariffs. In the remaining countries, prices are mainly determined through regulated tariffs except for Romania and Poland, where most plants are under power purchase agreements with fixed prices or floors.

For the small share of energy generated with market exposure, this risk is managed through electricity sales swaps. EDPR EU and EDPR NA have electricity sales swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2015, 2014 and 2013 (see note 36). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

5. CONSOLIDATION PERIMETER

During the six-month period ended in 30 June 2013, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables, SGPS, S.A. acquired 100% of the share capital of Gravitangle - Fotovoltaica Unipessoal, Lda.;
- South Africa 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 Dejjann 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:

- 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 subsequent loss of share interest in Eólica da Alagoa, S.A., Eólica de Montenegro, S.A., Eólica da Serra das Alturas, S.A. and Malhadizes, S.A.

This transaction was treated as a disposal of non-controlling interests not resulting in a loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 148.715 thousands of Euros, was booked against reserves under the corresponding accounting policy.

Companies incorporated:

- South África Wind & Solar Power, S.L.;
- Sustaining Power Solutions, L.L.C.;
- Green Power Offsets, L.L.C. *

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

Other changes:

- 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.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Revenues by business and geography		
Electricity in Europe	468,675	396,041
Electricity in United States of America	202,564	194,145
Electricity, other	11,216	9,707
	682,455	599,893
Other revenues	283	411
	682,738	600,304
Services rendered	2,381	2,518
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	1,324	-1,840
Changes in inventories	-1,226	1,434
	98	-406
Total Revenues	685,217	602,416

7. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

Income from institutional partnerships in US wind farms is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Income from institutional partnerships - EDPR NA	70,897	71,051
	70,897	71,051

Income from institutional partnerships - EDPR NA, includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Vento I, II, III, IV, V, VI, VII, VIII, IX and X (see note 32).

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Amortisation of deferred income related to power purchase agreements	4,227	4,900
Other income	21,152	9,252
	25,379	14,152

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 33). This liability is amortised 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).

As at 30 June 2013, Other income 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 Wind I, L.L.C) and its client.

9. SUPPLIES AND SERVICES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Rents and leases	21,930	20,216
Insurance	6,620	6,764
Maintenance and repairs	69,089	66,248
Specialised works:		
- IT Services, legal and advisory fees	8,206	5,766
- Shared services	4,138	3,719
- Other services	4,574	4,827
Other supplies and services	11,255	12,029
	125,812	119,569

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Personnel costs		
Board remuneration	248	748
Remunerations	26,696	25,606
Social charges on remunerations	4,770	3,834
Employee's variable remuneration	4,791	2,605
Other costs	611	491
Own work capitalised	-5,280	-7,571
	31,836	25,713
Employee benefits		
Costs with pension plans	1,285	1,554
Costs with medical care plans and other benefits	1,524	1,580
Other	554	453
	3,363	3,587
	35,199	29,300

As at 30 June 2013, Costs with pension plans relates to defined contribution plans (1,281 thousands of Euros) and defined benefit plans (4 thousands of Euros).

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Direct and indirect taxes	38,292	21,022
Losses on fixed assets	4,690	1,125
Lease costs related to the electricity generating centres	7,508	6,387
Other costs and losses	9,547	6,683
	60,037	35,217

The caption Direct and indirect taxes, on 30 June 2013, includes the amount of 18.5 millions of Euros related with the approval made by Spanish Government of a new Royal Decree. This law establish an additional tax for energy generators, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm.

12. DEPRECIATION, AMORTISATION EXPENSE AND DEFERRED INCOME

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Property, plant and equipment		
Buildings and other constructions	860	859
Plant and machinery	225,384	212,994
Office equipment and tools	4,617	4,481
Other	825	859
Impairment loss	10,405	8,979
	242,091	228,172
Intangible assets		
Industrial property, other rights and other intangibles	777	1,065
Amortisation of deferred income (Government grants)	-9,373	-7,571
	233,495	221,666

EDPR Group was booked an impairment loss of 10,405 thousands of Euros referring to 6,647 and 3,758 thousands of Euros in EDPR EU and in EDPR NA, respectively. The impairment loss booked in EDPR EU results from regulatory changes issued in Spain during the first quarter of 2013, and in EDPR NA results from the write-off of work in progress recognised during the second quarter of 2013 (see note 15).

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	30 Jun 2013	30 Jun 2012
Financial income		
Interest income	9,831	7,709
Derivative financial instruments:		
Interest	772	4,176
Fair value	63,396	15,765
Foreign exchange gains	2,168	9,936
Other financial income	179	1
	76,346	37,587
Financial expenses		
Interest expense	99,306	110,141
Derivative financial instruments:		
Interest	16,470	8,221
Fair value	38,736	6,553
Foreign exchange losses	22,119	17,824
Own work capitalised	-8,152	-9,233
Unwinding	33,784	36,439
Other financial expenses	4,274	2,889
	206,537	172,834
Financial income / (expenses)	-130,191	-135,247

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 36 and 38).

In accordance with the accounting policy described on note 2g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 30 June 2013 amounted to 8,152 thousands of Euros (30 June 2012: 9,233 thousands of Euros) (see note 15), and are included under Own work capitalised (financial interest).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms 1,765 thousands of Euros (30 June 2012: 1,659 thousands of Euros) and the implied return in institutional partnerships in US wind farms 31,364 thousands of Euros (30 June 2012: 34,309 thousands of Euros) (see note 32).

14. INCOME TAX EXPENSE

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Current tax	-65,339	-35,279
Deferred tax	8,963	-12,392
	-56,376	-47,671

The effective income tax rate as at 30 June 2013 and 2012 is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Profit before tax	206,130	153,103
Income tax expense	-56,376	-47,671
Effective Income Tax Rate	27.35%	31.14%

The reconciliation between the nominal and the effective income tax rate for the Group during the period of six months ended 30 June 2013 and 2012 is analysed as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
Profit before taxes	206,130	153,103
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-61,839	-45,931
Income taxes for the year	-56,376	-47,671
Difference	5,463	-1,740
Accounting revaluations, amortizations, depreciations and provisions	6,763	-135
Tax losses and tax credits	-1,510	-1,680
Financial investments in associates	2,880	1,007
Effect of tax rates in foreign jurisdictions	-5,926	-3,021
Tax benefits	1,681	627
Other	1,575	1,462
	5,463	-1,740

Accounting revaluations, amortizations, depreciations and provisions include the fiscal revaluation of EDPR assets 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 in 50.3 millions of Euros. Therefore, the Group recognised deferred tax assets of 14.2 millions of Euros benefiting from a tax credit for the six-month period ended 30 June 2013, net of an upfront fee ("gravamen único") that amounted to 2.4 millions of Euros, corresponding to 5% of the revaluation revenue.

The income tax rates in the countries in which the EDP Renováveis Group operates are as follows:

Country	Subgroup	30 Jun 2013	30 Jun 2012
Spain	EDPR EU	30.00%	30.00%
Portugal	EDPR EU	31.5%	31.5%
France	EDPR EU	33.33%	33.33%
Italy	EDPR EU	27.5%	27.5%
Poland	EDPR EU	19.00%	19.00%
Belgium	EDPR EU	33.99%	33.99%
Romania	EDPR EU	16.00%	16.00%
Canada	EDPR Canada	26.5%	26.5%
United States of America	EDPR NA	37.73%	37.22%
Brazil	EDPR BR	34.00%	34.00%

15. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Cost		
Land and natural resources	28,398	24,601
Buildings and other constructions	16,686	16,700
Plant and machinery:		
- Renewables generation	11,860,156	11,572,839
- Other plant and machinery	6,678	6,484
Office equipment and tools	57,910	62,336
Other	14,658	14,201
Assets under construction	874,615	1,080,675
	12,859,101	12,777,836
Accumulated depreciation and impairment losses		
Depreciation charge	-231,686	-447,450
Accumulated depreciation in previous years	-2,188,246	-1,735,706
Impairment losses	-10,405	-53,401
Impairment losses in previous years	-57,855	-4,372
	-2,488,192	-2,240,929
Carrying amount	10,370,909	10,536,907

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

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Land and natural resources	24,601	1,372	-153	1,270	-56	1,364	28,398
Buildings and other constructions	16,700	28	-	-	-42	-	16,686
Plant and machinery	11,579,323	1,491	-	263,352	16,094	6,574	11,866,834
Office equipment and tools	62,336	889	-605	1,662	233	-6,605	57,910
Other	14,201	364	-272	383	-18	-	14,658
Assets under construction	1,080,675	100,339	-30,979	-266,667	-16,365	7,612	874,615
	12,777,836	104,483	-32,009	-	-154	8,945	12,859,101

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals / Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Accumulated depreciation and impairment losses							
Buildings and other constructions	7,187	860	-	-	32	-	8,079
Plant and machinery	2,196,605	225,384	10,405	-	5,053	1,510	2,438,957
Office equipment and tools	27,954	4,617	-	-2	119	-1,513	31,175
Other	9,183	825	-	-46	19	-	9,981
	2,240,929	231,686	10,405	-48	5,223	-3	2,488,192

Plant and machinery includes the cost of the wind farms under operation.

The caption Changes in perimeter/Other includes mainly the effect of the acquisition of EDPR Agincourt L.L.C. and EDPR Marathon L.L.C. by EDP Renewables NA (see note 5).

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

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Land and natural resources	21,389	2,419	-51	-104	-221	-141	23,291
Buildings and other constructions	16,053	46	-	-	78	59	16,236
Plant and machinery	10,914,817	2,829	-	159,256	145,839	-2,652	11,220,089
Office equipment and tools	48,753	4,646	-53	1,116	759	-18	55,203
Other	13,675	149	-1,786	992	137	-8	13,159
Assets under construction	1,203,445	103,570	-755	-161,260	15,381	3,839	1,164,220
	12,218,132	113,659	-2,645	-	161,973	1,079	12,492,198

Thousands of Euros	Balance at 01 Jan	Charge for the period	Impairment Losses / Reverses	Disposals / Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Accumulated depreciation and impairment losses							
Buildings and other constructions	5,487	859	-	-	99	4	6,449
Plant and machinery	1,731,794	212,994	8,563	-	23,318	-1,700	1,974,969
Office equipment and tools	18,222	4,481	2	-53	308	-12	22,948
Other	8,008	859	414	-794	81	-3	8,565
	1,763,511	219,193	8,979	-847	23,806	-1,711	2,012,931

The caption Changes in perimeter/Other includes the effect of the sale of the companies holders of the mini-hydrics detained in Spain.

Assets under construction as at 30 June 2013 and 31 December 2012 are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
EDPR EU Group	642,708	842,278
EDPR NA Group	195,760	212,783
Other	36,147	25,614
	874,615	1,080,675

Assets under construction as at 30 June 2013 and 31 December 2012 for EDPR EU and EDPR NA Group are essentially related to wind farms and solar plants under construction and development.

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 37 - Commitments.

16. INTANGIBLE ASSETS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Cost		
Industrial property, other rights and other intangible assets	48,210	47,221
Intangible assets under development	477	4
	48,687	47,225
Accumulated depreciation		
Depreciation charge	-777	-1,858
Accumulated depreciation in previous years	-22,370	-20,452
	-23,147	-22,310
Carrying amount	25,540	24,915

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 31,313 thousands of Euros related to wind generation licenses of EDPR Portugal (31 December 2012: 14,035 thousands of Euros) and EDPR NA Group (31 December 2012: 30,186 thousands of Euros), respectively.

The movement in Intangible assets for the six-month period ended 30 June 2013, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Industrial property, other rights and other intangible assets	47,221	-	-	-	132	857	48,210
Intangible assets under development	4	513	-	-	-40	-	477
	47,225	513	-	-	92	857	48,687
Accumulated amortisation							
Industrial property, other rights and other intangible assets	22,310	777	-	-	60	-	23,147
	22,310	777	-	-	60	-	23,147

The movement in Intangible assets for the six-month period ended 30 June 2012, is analysed as follows:

Thousands of Euros	Balance at 01 Jan	Acquisitions / Increases	Disposals / Write-offs	Transfers	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
Cost							
Industrial property, other rights and other intangible assets	42,462	-	-	-	722	-109	43,075
Intangible assets under development	4	-	-	-	-	-	4
	42,466	-	-	-	722	-109	43,079
Accumulated amortisation							
Industrial property, other rights and other intangible assets	20,647	1,065	-	-	194	-40	21,866
	20,647	1,065	-	-	194	-40	21,866

17. GOODWILL

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousands of Euros	Functional Currency	30 Jun 2013	31 Dec 2012
Goodwill booked in EDPR EU Group:	Euro, Lei, Zloty	680,624	700,234
- EDPR Spain Group	Euro	534,610	534,610
- EDPR Portugal Group	Euro	42,890	42,588
- EDPR France Group	Euro	65,752	65,752
- EDPR Italia Group	Euro	23,044	23,044
- Other	Euro, Lei, Zloty	14,328	34,240
Goodwill booked in EDPR NA Group	US Dollar	605,424	600,302
Goodwill booked in EDPR BR Group	Brazilian Real	1,304	1,394
		1,287,352	1,301,930

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

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
EDPR EU Group:							
- EDPR Spain Group	534,610	-	-	-	-	-	534,610
- EDPR Portugal Group	42,588	302	-	-	-	-	42,890
- EDPR France Group	65,752	-	-	-	-	-	65,752
- EDPR Italia Group	23,044	-	-	-	-	-	23,044
- Other	34,240	42	-19,173	-	-	-781	14,328
EDPR NA Group	600,302	-	-	-	-	5,122	605,424
EDPR BR Group	1,394	-	-	-	-	-90	1,304
	1,301,930	344	-19,173	-	-	4,251	1,287,352

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

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 30 Jun
EDPR EU Group:							
- EDPR Spain Group	534,642	-	-24	-	-	-	534,618
- EDPR Portugal Group	42,588	-	-	-	-	-	42,588
- EDPR France Group	65,752	-	-	-	-	-	65,752
- Other	55,421	4,828	-	-	755	-	61,004
EDPR NA Group	611,882	-	-	-	16,609	-	628,491
EDPR BR Group	1,560	-	-	-	-99	-	1,461
	1,311,845	4,828	-24	-	17,265	-	1,333,914

EDPR EU Group

The goodwill movement in EDPR EU Group in 2013 includes essentially a decrease in the amount of 19,173 thousands of Euros related to the contingent prices revision of some purchase agreements signed before 1 January 2010, date of the adoption of the revised IFRS 3 (as described in accounting policy 2b) (see note 5 and 34).

During the first semester of 2013 the EDPR Group has paid an amount of 35,608 thousands of Euros (30 June 2012: 10,400 thousands of Euros) for business combinations and success fees related to acquisition of the companies of EDPR Italia Group (8,440 thousands of Euros), EDPR Solar Romania (7,721 thousands of Euros), EDPR NA Group (3,860 thousands of Euros), EDPR Poland Group (2,500 thousands of Euros) and Other (13,087 thousands of Euros with 13,078 thousands of Euros related with EDPR Belgium Group). The acquisition of Pietragalla in the first semester of 2012 generated a goodwill of 4,828 thousands of Euros.

As at 30 June 2013 existence of impairment trigger events for all countries has been revised. No relevant matters has been identified as a consequence of the revision made with effect in assumptions used in 2012 impairment test, with the exception of Spain and Rumania (see note 1).

In the case of Spain impairment test assumptions used in 2012 has been revised recording an impairment of Property, Plant and Equipment in the first half of 2013 amounting to 6.6 million of Euros (see note 12), no goodwill impairment has arisen for Spain. Furthermore, Rumania impairment test assumptions used in 2012 has been revised, and no impairment of goodwill or Property, Plant and Equipment has arisen in this country.

The analysis abovementioned have not taken into account the regulatory changes approved on 13 July 2013 that will be evaluated in the second semester (see note 40).

18. INVESTMENTS IN ASSOCIATES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Investments in associates		
Equity holdings in associates	58,034	47,473
Carrying amount	58,034	47,473

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of associated companies is presented in this caption, included in the total amount of Equity holdings in associates.

19. AVAILABLE FOR SALE FINANCIAL ASSETS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Parque Eólico Montes de las Navas, S.L.	8,636	8,636
Other	771	771
	9,407	9,407

20. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. During the six-month period ended 30 June 2013, no significant changes occurred in relation to the nature, amounts and maturity of deferred taxes assets and liabilities referring to those reported in 31 December 2012 consolidated financial statements, except for deferred tax asset related to voluntary restated of assets in Spain disclosed in Note 14.

The main variations in net deferred tax assets and liabilities for the Group during the six-months ended 30 June 2013 and 2012 are analysed as follows:

Thousands of Euros	Deferred tax assets		Deferred tax liabilities	
	30 Jun 2013	30 Jun 2012	30 Jun 2013	30 Jun 2012
Balance at the beginning of the period	89,378	55,558	-380,592	-381,468
Variation on tax losses carried forward	62,644	52,404	-	-
Variation on fair value of financial instruments	-4,651	5,067	-695	49
Variation in allocation of acquired assets and liabilities fair values	-	-	-33,765	-23,133
Variation on income from institutional partnerships in US wind farms	-	-	-35,446	-46,183
Variation on netting of deferred tax assets and liabilities	-46,993	-54,273	46,993	54,273
Other	7,092	3,164	106	137
Balance at the end of the period	107,470	61,920	-403,399	-396,325

21. INVENTORIES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Advances on account of purchases	5,671	5,547
Finished and intermediate products	2,163	3,469
Raw and subsidiary materials and consumables	8,936	7,193
	16,770	16,209

22. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Trade receivables - Current		
Europe:		
- Spain	56,289	67,141
- Romania	30,269	26,467
- Portugal	14,886	12,210
- France	8,378	10,353
- Poland	6,283	13,356
- Rest of Europe	7,786	5,445
	123,891	134,972
United States of America	37,263	42,575
Other	3,732	4,054
	164,886	181,601
Impairment losses	-1,342	-1,342
	163,544	180,259

23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

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

Thousands of Euros	30 Jun 2013	31 Dec 2012
Debtors and other assets from commercial activities - Current		
Prepaid turbine maintenance	7,550	7,140
Services rendered	11,531	10,648
Advances to suppliers	47,601	49,516
Sundry debtors and other operations	32,734	36,861
	99,416	104,165
Debtors and other assets from commercial activities - Non-current		
Deferred costs (EDPR Portugal Group)	42,408	42,809
Sundry debtors and other operations	10,364	12,344
	52,772	55,153
	152,188	159,318

Advances to suppliers include downpayment advances to equipment manufacturers and suppliers.

Deferred costs (EDPR Portugal Group) - non-current relates to up-front rents and surface rights paid to land owners and up-front network rents paid to EDP Distribuição. These costs are deferred on the balance sheet and recognised on a straight line basis over the estimated useful life of the assets.

24. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Other debtors and other assets - Current		
Loans to related parties	475,292	302,214
Derivative financial instruments	17,052	7,323
Sundry debtors and other operations	31,769	24,953
	524,113	334,490
Other debtors and other assets - Non-current		
Loans to related parties	249,860	236,196
Derivative financial instruments	12,602	5,145
Sundry debtors and other operations	8,482	9,879
	270,944	251,220
	795,057	585,710

Loans to related parties - Current mainly includes 333,777 thousands of Euros of short term loans to EDP Servicios Financieros España, S.A. (31 December 2012: 62,138 thousands of Euros) and 99,954 thousands of Euros of short term loans to EDP S.A. - Sucursal en España (31 December 2012: 189,114 thousands of Euros).

Loans to related parties - Non-current mainly includes 247,400 thousands of Euros of loans to ENEOP - Eólicas de Portugal, S.A. Group (31 December 2012: 232,200 thousands of Euros).

25. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Income tax	22,017	16,243
Value added tax (VAT)	38,985	33,610
Other taxes	7,653	5,236
	68,655	55,089

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Cash		
Cash in hand	1	2
Bank deposits		
Current deposits	332,521	240,667
Specific demand deposits in relation to institutional partnerships	65	65
Other deposits	4,664	5,103
	337,250	245,835
Cash and cash equivalents	337,251	245,837

27. CAPITAL

At 30 June 2013 and 2012, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

Earning per share attributable to the shareholders of EDPR are analysed as follows:

	30 Jun 2013	30 Jun 2012
Profit attributable to the equity holders of the parent (in thousands of Euros)	128,987	99,998
Profit from continuing operations attributable to the equity holders of the parent (in thousands of Euros)	128,987	99,998
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.15	0.11
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.15	0.11
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.15	0.11
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.15	0.11

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 30 June 2013 and 2012.

The average number of shares was determined as follows:

	30 Jun 2013	30 Jun 2012
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the period	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

28. RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Reserves		
Fair value reserve (cash flow hedge)	-31,247	-46,185
Fair value reserve (available for sale financial assets)	4,446	4,446
Exchange differences arising on consolidation	-42,785	-32,646
	-69,586	-74,385
Other reserves and retained earnings		
Retained earnings and other reserves	603,205	372,944
Additional paid in capital	60,666	60,666
Legal reserve	29,675	24,592
	693,546	458,202
	623,960	383,817

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available for sale financial assets as at the balance sheet date.

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the condensed consolidated financial statements are as follows:

		Exchange rates as at 30 June 2013		Exchange rates as at 31 December 2012	
		Closing Rate	Average Rate	Closing Rate	Average Rate
Currency					
US Dollar	USD	1.308	1.313	1.319	1.285
Zloty	PLN	4.338	4.176	4.074	4.185
Brazilian Real	BRL	2.890	2.669	2.704	2.508
New Leu	RON	4.460	4.392	4.445	4.459
Pound Sterling	GBP	0.857	0.851	0.816	0.811
Canadian Dollar	CAD	1.371	1.334	1.314	1.284

29. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Non-controlling interests in income statement	20,767	9,784
Non-controlling interests in share capital and reserves	377,808	315,384
	398,575	325,168

Non-controlling interests, by subgroup, are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
EDPR NA Group	174,879	176,825
EDPR EU Group	192,726	115,389
EDPR BR Group	30,970	32,954
	398,575	325,168

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits of the year attributable to non-controlling interests of 20,767 thousands of Euros; (ii) sale without loss of control of EDPR Portugal attributable to non-controlling interests of 77,714 thousands of Euros (see note 5); (iii) acquisitions of Relax Wind Park I and Greenwind without change of control attributable to non-controlling interests with a negative impact of 10,823 thousands of Euros (see note 5); (iv) and equity decreases in EDPR NA group attributable to non-controlling interests of 15,186 thousands of Euros.

30. FINANCIAL DEBT

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Financial debt - Current		
Bank loans:		
- EDPR EU Group	87,840	77,777
- EDPR BR Group	16,606	17,709
Loans from shareholders of group entities:		
- EDP Renováveis, S.A.	97,333	113,644
Other loans:		
- EDPR EU Group	1,763	1,763
- EDPR NA Group	1,183	1,122
Interest payable	81,043	5,222
Total Debt and borrowings - Current	285,768	217,237
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-660	-719
Total Collateral Deposits - Current	-660	-719
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	698,535	718,681
- EDPR BR Group	64,725	73,501
Loans from shareholders of group entities:		
- EDP Renováveis, S.A.	342,052	2,843,114
- EDP Renováveis Servicios Financieros, S.L.	2,513,195	-
Other loans:		
- EDPR EU Group	19,815	20,521
- EDPR NA Group	669	1,266
Total Debt and borrowings - Non-current	3,638,991	3,657,083
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-109,316	-48,433
Total Collateral Deposits - Non-Current	-109,316	-48,433
	3,814,783	3,825,168

(*) Collateral Deposits informative note

Collateral Deposits refer mainly to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (2,855,247 thousands of Euros). These loans have an average maturity of 5.5 years and bear interest at fixed market rates.

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 30 June 2013, these financings amount to 828,953 thousands of Euros (31 December 2012: 815,562 thousands of Euros), which are included in the total debt of the Group.

The breakdown of Financial debt by maturity, is as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Bank loans		
Up to 1 year	109,827	100,270
1 to 5 years	313,025	319,176
Over 5 years	450,235	473,006
	873,087	892,452
Loans from shareholders of group entities		
Up to 1 year	172,995	114,082
1 to 5 years	241,000	241,000
Over 5 years	2,614,247	2,602,114
	3,028,242	2,957,196
Other loans		
Up to 1 year	2,946	2,885
1 to 5 years	20,484	21,787
	23,430	24,672
	3,924,759	3,874,320

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

Thousands of Euros	30 Jun 2013		31 Dec 2012	
	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Current	285,768	285,768	217,237	217,237
Financial debt - Non-current	3,638,991	3,399,039	3,657,083	3,468,395
	3,924,759	3,684,807	3,874,320	3,685,632

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

As at 30 June 2013, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2013	2014	2015	2016	2017	Subsequent years
Debt and borrowings - Current	285,768	236,631	49,137	-	-	-	-
Debt and borrowings - Non-current	3,638,991	-	56,714	86,561	314,263	82,138	3,099,315
	3,924,759	236,631	105,851	86,561	314,263	82,138	3,099,315

The breakdown of guarantees is presented in note 37 to the financial statements accounts.

The breakdown of Financial debt, by currency, is as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Loans denominated in EUR	2,315,058	2,173,786
Loans denominated in USD	1,442,851	1,508,329
Loans denominated in other currencies	166,850	192,205
	3,924,759	3,874,320

31. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Dismantling and decommission provisions	66,358	63,336
Provision for other liabilities and charges	1,009	267
	67,367	63,603

Dismantling and decommission provisions refer to the costs to be incurred with dismantling wind farms and restoring sites and land to their original condition, in accordance with the accounting policy described in note 2 o). The above amount respects mainly to 39,002 thousands of Euros for wind farms in the United States of America (31 December 2012: 37,652 thousands of Euros) and 21,054 thousands of Euros for wind farms in Europe (31 December 2012: 20,055 thousands of Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

As at 30 June 2013 and 31 December 2012, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

32. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Deferred income related to benefits provided	726,832	737,598
Liabilities arising from institutional partnerships in US wind farms	905,909	942,155
	1,632,741	1,679,753

The movements in Institutional partnerships in US wind farms are analysed as follows:

Thousands of Euros	30 Jun 2013	30 June 2012
Balance at the beginning of the period	1,679,753	1,783,861
Cash paid for deferred transaction costs	-	-76
Cash paid to institutional investors	-22,622	-6,594
Income (see note 7)	-70,897	-71,051
Unwinding (see note 13)	31,364	34,309
Exchange differences	14,386	48,260
Others	757	3,454
Balance at the end of the period	1,632,741	1,792,163

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

33. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

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

Thousands of Euros	30 Jun 2013	31 Dec 2012
Trade and other payables from commercial activities - Current		
Suppliers	70,367	78,341
Property and equipment suppliers	209,735	579,540
Holiday pay, bonus and other charges with employees	8,985	14,999
Other creditors and sundry operations	32,420	31,730
	321,507	704,610
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	408,861	323,763
Electricity sale contracts - EDPR NA	42,578	49,449
Other creditors and sundry operations	3,542	3,291
	454,981	376,503
	776,488	1,081,113

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government (see note 1).

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 Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other operational income (see note 8).

34. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	3,799	11,663
Derivative financial instruments	55,878	63,079
Loans from non-controlling interests	62,000	37,700
Other creditors and sundry operations	47,474	45,434
	169,151	157,876
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	17,954	39,496
Loans from non-controlling interests	124,426	30,864
Derivative financial instruments	178,922	182,318
Other creditors and sundry operations	5,024	6,146
	326,326	258,824
	495,477	416,700

Success fees payable for the acquisition of subsidiaries current and non-current includes mainly the amounts related to the contingent prices of the acquisitions of Relax Wind Group, EDPR Romania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy, Feijão, Elebrás and solar photovoltaic companies held by EDPR-RO-PV, S.R.L. (see notes 5 and 17).

Derivative financial instruments current and non-current includes 141,705 and 44,846 thousands of Euros respectively (31 December 2012: 128,493 and 41,369 thousands of Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 36).

The increase in the caption Loans from non-controlling interests, is mainly related to EDPR Portugal loans formerly due to EDPR-EU that in the sale process of 49% of its shareholding to CTG, were transferred to CTG in the amount of 110,529 thousands of Euros (accruals included). The maturity date is December 2022, the rate is fixed of 5.5% and the interests are paid half-yearly (see note 5).

Other creditors and sundry operations - current include 40,217 thousands of Euros (31 December 2012: 35,220 thousands of Euros) related with the estimated corporate income tax.

Additionally, Other creditors and sundry operations current and non-current include the amounts of 7,257 and 4,427 thousands of Euros related with acquisition of subsidiaries, respectively (31 December 2012: 4,213 and 2,240 thousands of Euros).

35. CURRENT TAX LIABILITIES

This caption is analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Income tax	93,310	17,283
Withholding tax	16,953	18,193
Value added tax (VAT)	12,741	17,877
Other taxes	14,309	3,490
	137,313	56,843

36. DERIVATIVE FINANCIAL INSTRUMENTS

In accordance with IAS 39, the Group classifies the derivative financial instruments as a fair value hedge of an asset or liability recognised, as a cash flow hedge of recorded liabilities and forecast transactions considered highly probable or net investment hedge in foreign operations.

The fair value of the derivatives portfolio as at 30 June 2013 and 31 December 2012 is as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Net investment hedge		
Currency swaps	-175,834	-166,650
Currency forwards	142	-
Cash flow hedge		
Power price swaps	1,536	2,273
Interest rate swaps	-37,867	-54,288
Not qualifiable for hedging accounting		
Power price swaps	867	-91
Interest rate swaps	-124	-172
Cross currency rate swaps	3,462	-1,045
Currency forwards	2,672	-12,956
	-205,146	-232,929

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 34), if the fair value is positive or negative, respectively.

37. COMMITMENTS

As at 30 June 2013 and 31 December 2012, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

Thousands of Euros	30 Jun 2013	31 Dec 2012
Guarantees of financial nature		
EDPR NA Group	3,440	3,411
	3,440	3,411
Guarantees of operational nature		
EDP Renováveis, S.A.	207,520	762,197
EDPR NA Group	517,402	368,113
EDPR EU Group	18,123	69,285
EDPR BR Group	8,270	9,215
	751,315	1,208,810
Total	754,755	1,212,221
Real guarantees	18,057	14,065

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 30 June 2013, these financings amount to 828,953 thousands of Euros (31 December 2012: 815,562 thousands of Euros), which are included in the total debt of the Group.

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, willful 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, respectively are reflected in the statement of financial position under the caption Institutional Partnerships in US Wind farms.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

Thousands of Euros	30 Jun 2013				
	Debt capital by period				
	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,868,462	379,903	769,673	475,313	3,243,573
Operating lease rents not yet due	970,875	37,824	77,066	77,162	778,823
Purchase obligations	638,603	309,196	110,888	64,108	154,411
	6,477,940	726,923	957,627	616,583	4,176,807

Thousands of Euros	31 Dec 2012				
	Debt capital by period				
	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	4,881,982	278,215	537,579	735,867	3,330,321
Operating lease rents not yet due	978,488	37,759	77,249	76,600	786,880
Purchase obligations	686,894	369,037	144,244	43,511	130,102
	6,547,364	685,011	759,072	855,978	4,247,303

Purchase obligations include debts related with long-term agreements of product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 30 June 2013 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for all the shares held by Cajastur on company "Quinze Mines" (51% of share capital). Cajastur holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 17 July 2014 and 17 July 2016, inclusively;
- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over Cajastur for 51% of interest held by Cajastur in the companies Sauvageons, Le Mee and Petite Pièce. Cajastur holds an equivalent put option on these shares over EDPR EU. The price of exercising these options will be determined under an independent investment bank valuation process. This options can be exercised between 1 January 2013 and 31 December 2014, inclusively;
- EDP Renováveis, through its subsidiary EDPR EU, holds a call option over the remaining shareholders of Re Plus (WPG, Galilea and Gant 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 Renováveis, through its subsidiary EDPR EU, holds 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 Renováveis holds, through its subsidiary EDPR EU, 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 Renováveis holds, through its subsidiary South África Wind & Solar Power, S.L., a call option of a additional 42,5% of the share capital of Modderfontein Wind Energy Project, Ltd., whose exercise price corresponds to the amounts contributed by the other partner to 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.

38. RELATED PARTIES

Main shareholders and shares held by company officers:

EDP Renováveis, S.A.'s shareholder structure as at 30 June 2013 is analysed as follows:

	Nr. of Shares	% Capital	% Voting rights
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	541,027,156	62.02%	62.02%
Hidroeléctrica del Cantábrico, S.A.	135,256,700	15.51%	15.51%
Other shareholders	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2013 and 2012 were as follows:

Thousands of Euros	30 Jun 2013	30 Jun 2012
CEO	-	548,112
Board members	248,333	200,000
	248,333	748,112

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive Directors. This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDP Renováveis is due to pay an amount of 528 thousands of Euros (variable and fixed remuneration) for management services rendered by EDP during the first semester 2013 (647 thousands of Euros in 2012).

The Company has no pension or life insurance obligations with its former or current Board members in 2013 or 2012.

Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group

With the sale of 49% of EDPR Portugal equity shareholding to CTG through CITIC CWEI Renewables S.C.A, the EDPR Group has loans of CTG in the amount of 111 millions of Euros (16 millions of Euros as current and 95 millions of Euros as non-current).

Balances and transactions with EDP Group companies

As at 30 June 2013, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	23,799	6,288	17,511
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	118,334	247,389	-129,055
Hidrocantábrico Group companies (electric sector)	41,335	1,221	40,114
Associated companies	290,484	1,080	289,404
Other EDP Group companies	379,906	3,021,321	-2,641,415
	853,858	3,277,299	-2,423,441

As at 31 December 2012, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	7,027	14,500	-7,473
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	225,309	218,464	6,845
Hidrocantábrico Group companies (electric sector)	49,875	1,568	48,307
Associated companies	256,353	-	256,353
Other EDP Group companies	107,306	2,972,445	-2,865,139
	645,870	3,206,977	-2,561,107

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 2,855,247 thousands of Euros (31 December 2012: 2,956,758 thousands of Euros)

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 30 June 2013, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 186,598 thousands of Euros (31 December 2012: 169,862 thousands of Euros) (see notes 34 and 36).

Transactions with related parties for the six-month period ended 30 June 2013 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	41,867	-1,706	-26,143
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	333	-4,028	-6,004
Hidrocantábrico Group companies (electric sector)	248,094	-	-2,047	-500
Associated companies	739	7,920	-82	-2,617
Other EDP Group companies	96,553	18,763	-3,028	-90,004
	345,386	68,883	-10,891	-125,268

Operating income includes mainly the electricity sales to suppliers of last resource in Portugal due to regulatory legislation and electricity sales to HC Group that act as a commercial agent of EDPR Group.

Financial income and Financial expenses with EDP, S.A. are mainly related to derivative financial instruments, namely to a dequalification from cash flow hedge accounting of EDPR-Europe power swaps due to new regulation and to changes in market fair value.

Transactions with related parties for the six-month period ended 30 June 2012 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	3,185	423	-1,696	-5,595
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	2,572	-4,412	-1,756
Hidrocantábrico Group companies (electric sector)	212,503	-	-2,452	-447
Associated companies	459	4,822	-	-36
Other EDP Group companies	78,225	13,517	-2,461	-81,767
	294,372	21,334	-11,021	-89,601

As part of its operational activities, the EDP Renováveis Group must present guarantees in favour of certain suppliers and in connection with renewable energy contracts. Usually, these guarantees are granted by EDP, S.A., through EDP Branch. As at 30 June 2013, EDP, S.A. and Hidrocantábrico granted financial (41,781 thousands of Euros, 31 December 2012: 45,467 thousands of Euros) and operational (324,211 thousands of Euros, 31 December 2012: 375,772 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 37).

In the normal course of its activity, EDP Renováveis performs business transactions and operations with its related parties based on normal market conditions.

39. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of assets and liabilities as at 30 June 2013 and 31 December 2012 are analysed as follows:

Thousands of Euros	30 June 2013			31 December 2012		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	9,407	9,407	-	9,407	9,407	-
Trade receivables	163,544	163,544	-	180,259	180,259	-
Debtors and other assets from commercial activities	152,188	152,188	-	159,318	159,318	-
Other debtors and other assets	765,403	765,403	-	573,242	573,242	-
Derivative financial instruments	29,654	29,654	-	12,468	12,468	-
Financial assets at fair value through profit or loss	684	684	-	389	389	-
Cash and cash equivalents	337,251	337,251	-	245,837	245,837	-
	1,458,131	1,458,131	-	1,180,920	1,180,920	-
Financial liabilities						
Financial debt	3,924,759	3,684,807	-239,952	3,874,320	3,685,632	-188,688
Suppliers	280,102	280,102	-	657,881	657,881	-
Institutional partnerships in US wind farms	1,632,741	1,632,741	-	1,679,753	1,679,753	-
Trade and other payables from commercial activities	87,525	87,525	-	99,469	99,469	-
Other liabilities and other payables	260,677	260,677	-	171,303	171,303	-
Derivative financial instruments	234,800	234,800	-	245,397	245,397	-
	6,420,604	6,180,652	-239,952	6,728,123	6,539,435	-188,688

40. RELEVANT 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 significant regulatory modifications applicable to the Spanish electricity sector and affecting the wind energy assets which totally changes remuneration framework. The Board of Directors of EDPR is evaluating the impact of these modifications and waiting for further regulatory development.

41. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

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.

- 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 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.

42. SEGMENTAL REPORTING

The Group generates energy from renewable resources and has four reportable segments which are the Group's strategic business units, Portugal, Spain, Rest of Europe and USA. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different mainly as a consequence of different regulations in each zone. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

Other operations include the EDPR BR subgroup companies, the financial investments and remaining activities (biomass and mini-hydric generation plants) not included in the reportable segments. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 1. Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

A geographical segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, within a specific economic environment, and it is subject to risks and returns that can be differentiated from those that operate in other economic environments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Portugal - Includes essentially the EDPR Portugal Group companies;
- Spain - Includes the EDPR EU Group companies that operate in Spain;
- Rest of Europe - Includes the EDPR EU Group companies that operate in Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- United States of America includes the EDPR NA Group companies that operate in this country;
- Other - Includes the EDPR BR Group, EDPR Canada Group companies, the financial investments and remaining activities (Biomass and mini-hydric generation plants) not included in the business segments.

The segment "Adjustments" corresponds to the adjustments related to the consolidation of financial investments in subsidiaries of EDPR Group and to the other consolidation and intra-segment adjustments.

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 the intra-segment transactions.

The statement of financial position of each subsidiary and business unit is determined based in the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The income statement for each segment is determined based on the amounts booked directly in the subsidiaries financial statements and business units, adjusted by the intra-segments annulations.

ANNEX 1

EDP Renováveis, S.A.
Group Activity by Operating Segment
Operating Segment Information for the six-month period ended 30 June 2013

	WIND ENERGY OPERATIONS								
	EUROPE							Other and	Renováveis
Thousands of Euros	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total	U. S. A.	Adjustments	Group
Revenues	97,201	264,303	108,196	9,950	-8,255	471,395	202,565	11,257	685,217
Income from institutional partnerships in US wind farms	-	-	-	-	-	-	70,897	-	70,897
	97,201	264,303	108,196	9,950	-8,255	471,395	273,462	11,257	756,114
Other operating income / (expenses)									
Other operating income	140	1,394	600	552	106	2,792	23,043	-456	25,379
Supplies and services	-10,528	-37,642	-15,141	-8,496	8,353	-63,454	-52,257	-10,101	-125,812
Personnel costs	-1,312	-3,031	-2,255	-7,146	-	-13,744	-15,360	-6,095	-35,199
Other operating expenses	-3,780	-28,652	-5,643	-4,366	-32	-42,473	-17,306	-258	-60,037
	-15,480	-67,931	-22,439	-19,456	8,427	-116,879	-61,880	-16,910	-195,669
	81,721	196,372	85,757	-9,506	172	354,516	211,582	-5,653	560,445
Provisions	-	-	-	-	-	-	-228	-	-228
Depreciation and amortisation expense	-13,198	-77,281	-28,033	-2,285	-	-120,797	-114,857	-7,214	-242,868
Amortisation of deferred income / Government grants	378	57	153	-	-	588	8,785	-	9,373
	68,901	119,148	57,877	-11,791	172	234,307	105,282	-12,867	326,722
Gains / (losses) from the sale of financial assets	-	-	-	-	-	-	-	-	-
Other financial income	-	3	14,105	28,342	-3,665	38,785	7,238	19,721	65,744
Interest income	7,821	1,094	843	24,092	-22,552	11,298	189	-885	10,602
Other financial expenses	-533	-886	-20,875	-20,781	579	-42,496	-39,821	-16,598	-98,915
Interest expense	-20,057	-52,735	-42,996	-21,592	23,688	-113,692	30	6,040	-107,622
Share of profit of associates	8,192	1,817	-410	4,605	-	14,204	-	-4,605	9,599
Profit before tax	64,324	68,441	8,544	2,875	-1,778	142,406	72,918	-9,194	206,130
Income tax expense	-17,084	-8,121	-9,938	117	692	-34,334	-22,492	450	-56,376
Profit for the year	47,240	60,320	-1,394	2,992	-1,086	108,072	50,426	-8,744	149,754
Attributable to:									
Equity holders of EDP Renováveis	45,196	54,305	-1,514	2,993	-1,086	99,894	37,988	-8,895	128,987
Non-Controlling Interests	2,044	6,015	120	-1	-	8,178	12,438	151	20,767
Profit (loss) for the period	47,240	60,320	-1,394	2,992	-1,086	108,072	50,426	-8,744	149,754
Assets									
Property, plant and equipment	501,143	2,866,292	1,781,761	115,440	-	5,264,636	4,908,554	197,719	10,370,909
Intangible assets and Goodwill	42,349	473,201	74,043	1	92,223	681,817	615,782	15,293	1,312,892
Investments in associates	21,514	21,475	11,414	124,760	-688	178,475	1,856	-122,297	58,034
Current assets	116,433	313,966	228,585	917,882	-461,915	1,114,951	125,795	-29,653	1,211,093
Equity and Liabilities									
Equity and Non-Controlling Interest	191,154	1,323,101	244,905	2,535,884	-1,378,863	2,916,181	3,455,601	-306,684	6,065,098
Current Liabilities	75,733	774,744	985,043	123,050	-504,713	1,453,857	66,601	-606,719	913,739
Other information:									
Increase of the period									
Property, plant and equipment	5,698	2,013	76,909	-	-	84,620	7,744	12,119	104,483
Intangible assets and Goodwill	302	-	-	-	-	302	-	555	857

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom

EDP Renováveis, S.A.
Group Activity by Operating Segment
Operating Segment Information for the six-month period ended 30 June 2012

Thousands of Euros	WIND ENERGY OPERATIONS								Renováveis Group
	EUROPE						U. S. A.	Other and Adjustments	
	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total			
Revenue	77,004	226,980	91,576	6,510	-3,506	398,564	194,145	9,707	602,416
Income from institutional partnerships in US wind farms	-	-	-	-	-	-	71,051	-	71,051
	77,004	226,980	91,576	6,510	-3,506	398,564	265,196	9,707	673,467
Other operating income / (expenses)									
Other operating income	381	1,964	3,935	168	-175	6,273	9,530	-1,651	14,152
Supplies and services	-9,831	-34,508	-13,269	-6,559	6,844	-57,323	-51,988	-10,258	-119,569
Personnel costs	-1,549	-3,402	-2,095	-5,609	-	-12,655	-13,269	-3,376	-29,300
Other operating expenses	-3,511	-10,528	-4,500	-1,426	20	-19,945	-13,931	-1,341	-35,217
	-14,510	-46,474	-15,929	-13,426	6,689	-83,650	-69,658	-16,626	-169,934
	62,494	180,506	75,647	-6,916	3,183	314,914	195,538	-6,919	503,533
Provisions	-	-	-	-	-	-	-	-	-
Depreciation and amortisation expense	-13,769	-75,133	-23,679	-1,982	-	-114,563	-110,204	-4,470	-229,237
Amortisation of deferred income / Government grants	400	57	149	-	-	606	6,965	-	7,571
	49,125	105,430	52,117	-8,898	3,183	200,957	92,299	-11,389	281,867
Gains / (losses) from the sale of financial assets	-	2,857	-	-	-	2,857	-	-	2,857
Other financial income	-	-	8,363	133,051	-131,862	9,552	5,404	10,746	25,702
Interest income	4,885	1,771	1,039	80,442	-80,440	7,697	288	3,900	11,885
Other financial expenses	-608	-615	-16,317	-4,043	3,052	-18,531	-38,133	-5,856	-62,520
Interest expense	-17,956	-54,184	-35,017	-124,592	80,416	-151,333	-466	41,485	-110,314
Share of profit of associates	2,093	1,575	-41	-	-	3,627	-	-1	3,626
Profit before tax	37,539	56,834	10,144	75,960	-125,651	54,826	59,392	38,885	153,103
Income tax expense	-10,687	-17,240	-603	15,633	-918	-13,815	-21,173	-12,683	-47,671
Profit (loss) for the period	26,852	39,594	9,541	91,593	-126,569	41,011	38,219	26,202	105,432
Attributable to:									
Equity holders of EDP Renováveis	25,599	34,839	8,398	91,594	-126,569	33,861	38,219	27,918	99,998
Non-Controlling Interest	1,253	4,755	1,143	-1	-	7,150	-	-1,716	5,434
Profit (loss) for the period	26,852	39,594	9,541	91,593	-126,569	41,011	38,219	26,202	105,432
Assets									
Property, plant and equipment	521,811	3,101,705	1,379,102	44,782	-	5,047,400	5,228,381	203,486	10,479,267
Intangible assets and Goodwill	42,157	149,601	91,205	1	422,410	705,374	634,858	14,895	1,355,127
Investments in associates	-	8,567	15,219	-	23,369	47,155	1,929	-	49,084
Current assets	46,842	557,163	166,270	1,457,467	-1,496,543	731,199	137,122	175,252	1,043,573
Equity and Liabilities									
Equity and Non-Controlling Interest	85,590	931,724	228,774	211,976	-990,212	467,852	3,561,099	1,515,157	5,544,108
Current Liabilities	233,605	1,038,753	642,590	466,381	-1,429,346	951,983	216,880	-118,255	1,050,608
Other information:									
Increase of the period									
Property, plant and equipment	8,986	24,299	36,915	661	-	70,861	36,830	5,968	113,659
Intangible assets and Goodwill	-	-	4,828	-	-	4,828	-	-	4,828

* Rest of Europe includes the following countries: Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom



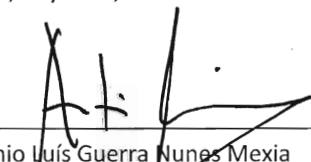
renováveis

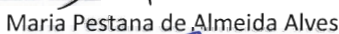
Members of the Board of Directors of the Company EDP Renováveis, S.A.


DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31 and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

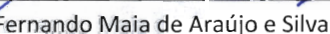
Lisbon, July 23rd, 2013.

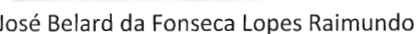

António Luís Guerra Nunes Mexia


Nuno Maria Pestana de Almeida Alves


Rui Manuel Rodrigues Lopes Teixeira


Gabriel Alonso Imaz


José Fernando Maia de Araújo e Silva


João José Belard da Fonseca Lopes Raimundo


Rafael Caldeira de Castel-Branco Valverde


António do Pranto Nogueira Leite


José António Ferreira Machado




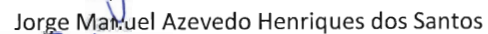
João Manuel Manso Neto


João Manuel Veríssimo Marques da Cruz


João Paulo Nogueira da Sousa Costeira


Manuel Menéndez Menéndez


João Manuel de Mello Franco


Jorge Manuel Azevedo Henriques dos Santos


Giles August


Acácio Liberado Mota Piloto