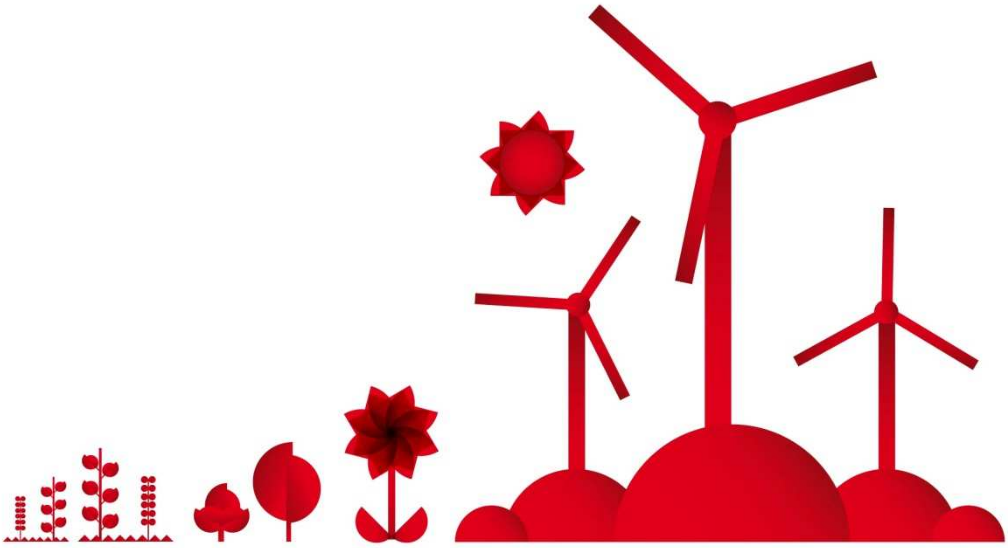

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
EDP Renováveis Group
JUNE 2012

EDP Renováveis, S.A.

Condensed Consolidated Financial Statements

30 June 2012

EDP Renováveis, S.A. and subsidiaries

Condensed Consolidated Income Statement
for the six months period ended 30 June 2012 and 30 June 2011

Thousands of Euros	Notes	2012	2011 *
Revenues	6	602,416	485,631
Income from institutional partnerships in US wind farms	7	71,051	60,951
		673,467	546,582
Other operating income / (expenses)			
Other operating income	8	14,152	21,948
Supplies and services	9	-119,569	-107,388
Personnel costs and employee benefits	10	-29,300	-25,390
Other operating expenses	11	-35,217	-26,509
		-169,934	-137,339
		503,533	409,243
Provisions		-	285
Depreciation and amortisation expense	12	-229,237	-219,222
Amortisation of deferred income (government grants)	12	7,571	7,948
		281,867	198,254
Gains / (losses) from the sale of financial assets		2,857	10,139
Financial income	13	37,587	27,832
Financial expenses	13	-172,834	-125,798
Share of profit of associates		3,626	3,375
Profit before tax		153,103	113,802
Income tax expense	14	-47,671	-23,477
Profit for the period		105,432	90,325
Attributable to:			
Equity holders of EDP Renováveis	27	99,998	89,509
Non-controlling interests	29	5,434	816
Profit for the period		105,432	90,325
Earnings per share basic and diluted - Euros	27	**0.11**	**0.10**

* Unaudited figures for 30 June 2011

EDP Renováveis, S.A. and subsidiaries

Condensed consolidated statement of comprehensive income for the six months period ended 30 June 2012 and 30 June 2011

	2012		2011 *	
Thousands of Euros	Equity holders of the parent	Non controlling Interests	Equity holders of the parent	Non controlling Interests
Profit for the period	99,998	5,434	89,509	816
Fair value reserve (cash flow hedge)	-20,598	-3,673	879	687
Tax effect from the fair value reserve (cash flow hedge)	5,642	1,022	-1,031	-211
Fair value reserve (available for sale investments)	-	-	-8,993	-
Actuarial gains / (losses)	-	-	-	-
Tax effect of actuarial gains/(losses)	-	-	-	-
Exchange differences arising on consolidation	3,056	-1,173	-2,576	-236
Other comprehensive income for the period, net of income tax	-11,900	-3,824	-11,721	240
Total comprehensive income for the period	88,098	1,610	77,788	1,056

* Unaudited figures for 30 June 2011

EDP Renováveis, S.A. and subsidiaries

Condensed Consolidated Statement of Financial Position
as at 30 June 2012 and 31 December 2011

Thousands of Euros	Notes	2012	2011
Assets			
Property, plant and equipment	15	10,479,267	10,454,621
Intangible assets	16	21,213	21,819
Goodwill	17	1,333,914	1,311,845
Investments in associates	18	49,084	51,381
Available for sale financial assets	19	9,619	9,618
Deferred tax assets	20	61,920	55,558
Debtors and other assets from commercial activities	23	57,976	64,211
Other debtors and other assets	24	254,940	185,324
Total Non-Current Assets		12,267,933	12,154,377
Inventories	21	24,597	23,751
Trade receivables	22	150,010	146,105
Debtors and other assets from commercial activities	23	130,346	80,029
Other debtors and other assets	24	416,746	379,246
Current tax assets	25	60,754	41,288
Financial assets at fair value through profit or loss		191	211
Cash and cash equivalents	26	260,929	219,922
Total Current Assets		1,043,573	890,552
Total Assets		13,311,506	13,044,929
Equity			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-52,445	-40,545
Other reserves and Retained earnings	28	454,135	365,531
Consolidated net profit attributable to equity holders of the parent		99,998	88,604
Total Equity attributable to equity holders of the parent		5,415,264	5,327,166
Non-controlling interests	29	128,844	126,559
Total Equity		5,544,108	5,453,725
Liabilities			
Medium / Long term financial debt	30	3,836,016	3,691,068
Employee benefits	31	195	163
Provisions	32	60,933	57,982
Deferred tax liabilities	20	396,325	381,468
Institutional partnerships in US wind farms	33	1,792,163	1,783,861
Trade and other payables from commercial activities	34	405,098	404,233
Other liabilities and other payables	35	226,060	189,250
Total Non-Current Liabilities		6,716,790	6,508,025
Short term financial debt	30	291,835	135,054
Trade and other payables from commercial activities	34	457,220	707,590
Other liabilities and other payables	35	238,676	189,119
Current tax liabilities	36	62,877	51,416
Total Current Liabilities		1,050,608	1,083,179
Total Liabilities		7,767,398	7,591,204
Total Equity and Liabilities		13,311,506	13,044,929

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 2012 and 31 December 2011

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 2010	**5,393,511**	**4,361,541**	**552,035**	**363,643**	**-15,316**	**-4,913**	**10,980**	**5,267,970**	**125,541**
Recognised income and expense for the period									
Fair value reserve (available for sale financial assets) net of taxes	-8,993	-	-	-1,268	-	-	-7,725	-8,993	-
Fair value reserve (cash flow hedge) net of taxes	324	-	-	-	-	-152	-	-152	476
Exchange differences arising on consolidation	-2,812	-	-	-	-2,576	-	-	-2,576	-236
Profit for the period	90,325	-	-	89,509	-	-	-	89,509	816
Total recognised income and expense for the period	78,844	-	-	88,241	-2,576	-152	-7,725	77,788	1,056
Dividends attributable to non-controlling interests	-411	-	-	-	-	-	-	-	-411
Changes resulting from acquisitions / sales and equity increases	-353	-	-	3,134	-	-	-	3,134	-3,487
Balance as at 30 June 2011 *	**5,471,591**	**4,361,541**	**552,035**	**455,018**	**-17,892**	**-5,065**	**3,255**	**5,348,892**	**122,699**
Recognised income and expense for the period									
Fair value reserve (available for sale financial assets) net of taxes	2,164	-	-	-	-	-	1,320	1,320	844
Fair value reserve (cash flow hedge) net of taxes	-10,438	-	-	-	-	-9,053	-	-9,053	-1,385
Actuarial gains/(losses) net of taxes	12	-	-	12	-	-	-	12	-
Exchange differences arising on consolidation	-14,231	-	-	-	-13,110	-	-	-13,110	-1,121
Profit for the period	299	-	-	-905	-	-	-	-905	1,204
Total recognised income and expense for the period	-22,194	-	-	-893	-13,110	-9,053	1,320	-21,736	-458
Dividends attributable to non-controlling interests	-3,008	-	-	-	-	-	-	-	-3,008
Share capital increase in EDP Renovaveis Brazil	1,493	-	-	-	-	-	-	-	1,493
Changes resulting from acquisitions / sales and equity increases	5,568	-	-	-324	-	-	-	-324	5,892
Other	275	-	-	334	-	-	-	334	-59
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	-17,607	-	-	-	-	-14,956	-	-14,956	-2,651
Exchange differences arising on consolidation	1,883	-	-	-	3,056	-	-	3,056	-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 Renovaveis 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**

* Unaudited figures for 30 June 2011

EDP Renováveis, S.A. and subsidiaries

Condensed Consolidated Statement of Cash Flows
for the six months period ended 30 June 2012 and 30 June 2011

Thousands of Euros	2012	2011 *
Cash flows from operating activities		
Cash receipts from customers	612,504	518,694
Cash paid to suppliers	-148,116	-130,915
Cash paid to employees	-37,014	-31,974
Other receipts / (payments) relating to operating activities	-42,964	17,472
	384,410	373,277
Income tax received / (paid)	-23,498	-20,407
Net cash flows from operating activities	360,912	352,870
Continuing activities	360,912	352,870
Cash flows from investing activities		
Cash receipts resulting from:		
Proceeds from sale of financial assets	8,100	25,979
Proceeds from sale of property, plant and equipment	1,274	39,279
Other proceeds related to fixed assets	375	-
Interest received	7	2,670
Dividends received	124	-
	9,880	67,928
Cash payments resulting from:		
Acquisition of subsidiaries (net of cash acquired) and other investments	-10,400	-250,012
Acquisition of property, plant and equipment	-380,369	-627,030
	-390,769	-877,042
Net cash flows from investing activities	-380,889	-809,114
Continuing activities	-380,889	-809,114
Cash flows from financing activities		
Receipts/ (payments) of loans	95,268	227,815
Interest and similar costs	-26,624	-50,428
Governmental grants received	3,206	1,574
Increases in capital and share premium	2,590	3,720
Receipts/ (payments) from derivative financial instruments	-2,661	-3,034
Dividends paid	-727	-2,673
Receipts / (Payments) from institutional partnership in US wind farms	-6,670	-7,343
Net cash flows from financing activities	64,382	169,631
Continuing activities	64,382	169,631
Net increase / (decrease) in cash and cash equivalents	44,405	-286,613
Effect of exchange rate fluctuations on cash held	-3,398	-7,615
Cash and cash equivalents at the beginning of the period (**)	219,922	500,639
Cash and cash equivalents at the end of the period (**)	260,929	206,411

* Unaudited figures for 30 June 2011

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

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

Notes to the Condensed Consolidated Financial Statements

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 2012 the share capital is held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. and 22.47% of the share capital is free-float in the NYSE Euronext Lisbon.

As at 30 June 2012, EDP Renováveis holds a 100% stake in the share capital of EDP Renewables Europe, S.L. ("EDPR EU"), a 100% stake in the share capital of EDP Renewables North America, L.L.C. ("EDPR NA") and 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.

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, SA (wind farms in Portugal), Genesa (renewable resources electricity generation in Spain), Agrupación Eólica (wind farms in Spain and France), Greenwind, SA (wind farms in Belgium - partnership with local investors), EDP Renewables Polska, SPZOO (wind farms in Poland), EDP Renewables Romania, SRL (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy) and EDPR UK (offshore development projects).

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

The purpose of EDP Renováveis Brasil is to establish a new business unit to aggregate all the investments in the renewable energy market of Brazil.

During the six months period ended 30 June 2012 no significant changes occured in the economic activity of EDP Renováveis.

2. ACCOUNTING POLICIES

a) Basis of preparation

The condensed consolidated financial statements presented reflect EDP Renováveis and its subsidiaries results from operations and Group's interest in associated companies for the six months period ended 30 June 2012 and the financial position as at 30 June 2012 and 31 December 2011.

The Board of Directors approved these condensed consolidated financial statements on 24 July 2012. 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 2011.

The preparation of financial statements in accordance with the EU-IFRS 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).

In 2011 financial statements, in order to increase the fair view of the revenues / income and expense / costs, the Management of EDPR has further disclosed in the consolidated income statement what are in fact the core business revenues and income.

Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of non-current Other debtors and other assets. In 2012, EDP Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. For consistency purposes, this presentation has been applied to all statements of financial position presented (see note 33).

b) Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statments 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 c 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

Until 31 December 2009 EU-IFRS 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 there 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 derivate 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:

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 that a financial asset or group of financial assets is impaired, namely when losses may occur in future estimated cash-flows of the financial asset or group of financial assets, and it can be reliably measured.

If there is objective evidence of impairment, the recoverable amount of the financial assets is determined, the impairment losses being recognised through the income statement.

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

If there is objective evidence that an impairment loss on available for sale financial assets has been incurred, the cumulative loss recognised in equity, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asse previously recognised in the income statement, is taken to the income statement.

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

In the second quarter of 2011 EDPR Group, based on a study performed by an independent entity, has changed the useful life of the wind farms from 20 to 25 years, with effect from 1 April 2011 (see note 3).

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, revised on 16 December 2004.

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.

With the change of the useful life of the wind farms from 20 to 25 years (see note 2 h) the capitalisation rate (number of years) of the dismantling and decommissioning provisions has changed to 25 years, with a prospective application from 1 April 2011.

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. They also include other short-term, highly liquid investments that are 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 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 (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 Condensed 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. Also includes the value of the tax benefits delivered, primarily accelerated depreciation and ITC and is recognized as Revenue on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of PTC 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 percentages varying from 2.5% to 6.0% and income allocation percentages of 5.0%, 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, the earlier of the flip date or ten years for cash grant flip structures. 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 Commitee (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 2012 and 31 December 2011, 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 condensed financial statments 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 condensed financial statments 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.

In the second quarter of 2011 EDPR Group has changed the useful life of the wind farms from 20 to 25 years (see note 2 h). The redefinition of the useful life of the wind generation assets was made based on a technical study performed by an independent entity which has considered the technical availability for an additional period of 5 years of useful life of these assets. The referred study has covered 95% of wind installed capacity of EDPR Group, in the different geographies (Europe and North America), considering assumptions and estimates that requires judgements. The estimated impact of this change was approximately 25 millions of Euros (pre-tax).

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.

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 affects 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 annual accounts.

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 and Romanian Leu).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch (see note 37) and also uses financial debt expressed in USD.

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 30 June 2012 and 30 June 2011, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

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

	30 Jun 2011			
	Profit or loss		Equity	
Thousands of Euros	+10%	-10%	+10%	-10%
USD / EUR	4,830	-5,903	-	-
PLN / EUR	-	-	3,642	-4,451
	4,830	-5,903	3,642	-4,451

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 between 1 and 14 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 2012 and 30 June 2011 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

	30 Jun 2012			
	Profit or loss		Equity	
Thousands of Euros	+ 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

	30 Jun 2011			
	Profit or loss		Equity	
Thousands of Euros	+ 100 bp	- 100 bp	+ 100 bp	- 100 bp
Cash flow hedge derivatives	-	-	27,134	-29,428
Unhedged debt (variable interest rates)	-2,104	2,104	-	-
	-2,104	2,104	27,134	-29,428

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

Counter-party credit-rate 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 2012, market price risk affecting the EDP Renovavéis 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 directly or the daily market at spot prices plus a pre-defined premium (regulated). Nevertheless, EDPR EU has an option of selling the power through regulated tariffs, granting minimum prices. In the remaining countries, prices are mainly determined through regulated tariffs.

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 year 2013 and 2012 (see note 37). 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 months period ended in 30 June 2012, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDPR Group, through its subsidiary EDPR EU, acquired 100% of the share capital of Pietragalla Eolico S.R.L.;
- EDPR Group, through its subsidiary EDPR Canada acquired 100% of the share capital of the following companies:
  - Eolia Renewable Energy Canada Ltd.;
  - 0867242 BC Ltd.;
  - South Branch Wind Farm Inc.

Companies sold and liquidated:

- EDPR Group, through its subsidiary EDPR NA, liquidated Horizon Wind Energy International, L.L.C.

Companies incorporated:

- Central Eólica Baixa do Feijão I, S.A.;
- Central Eólica Baixa do Feijão II, S.A.;
- Central Eólica Baixa do Feijão III, S.A.;
- Central Eólica Baixa do Feijão IV, S.A.;
- MFW Gryf SP. ZO.O.;
- MFW Neptun SP. ZO.O.;
- MFW Pomorze SP. ZO.O.
- EDP Renewables Canada LP Ltd.;
- EDP Renewables Canada GP Ltd.;
- SBWFI GP Inc;
- South Dundas Wind Farm LP.

Other changes:

- Generaciones Especiales I, S.L. sold by 5,531 thousands of Euros all of its interests in the following companies:
  - Hidroeléctrica Fuentermosa S.L.;
  - Hidroastur S.A.;
  - Hidroeléctrica Gormaz S.A.;
  - Hidroeléctrica del Rumblar S.L.

6. REVENUES

Revenues are analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Revenues by business and geography:		
Electricity in Europe	396,041	321,481
Electricity in United States of America	194,145	161,095
Electricity, other	9,707	3,342
	599,893	485,918
Other revenues	411	41
	600,304	485,959
Services rendered	2,518	2,633
Changes in inventories and cost of raw material and consumables used:		
Cost of consumables used	-1,840	-53,995
Changes in inventories	1,434	51,034
	-406	-2,961
Total Revenues	602,416	485,631

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 2012	30 Jun 2011
Income from institutional partnerships - EDPR NA	71,051	60,951
	71,051	60,951

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 33).

8. OTHER OPERATING INCOME

Other operating income is analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Amortisation of deferred income related to power purchase agreements	4,900	5,125
Other income	9,252	16,823
	14,152	21,948

The power purchase agreements between EDPR NA and its customers were valued, at the acquisition date, using discounted cash flow techniques. At that date, these agreements were valued based on market assumptions by approximately 120 million of Euros (190.4 million of USD) and recorded as a non-current liability (note 34). This liability is amortised over the period of the agreements against other operating income. As at 30 June 2012, the amortisation for the period amounts to 4,900 thousands of Euros (30 June 2011: 5,125 thousands of Euros).

9. SUPPLIES AND SERVICES

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Supplies and services:		
Leases and rents	20,216	16,984
Insurance	6,764	6,080
Maintenance and repairs	66,248	58,324
Specialised works		
Advisory fees	2,231	4,922
Shared services	3,719	2,848
Other services	8,362	5,294
Other supplies and services	12,029	12,936
	119,569	107,388

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs is analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Personnel costs		
Management remuneration	748	640
Remunerations	25,606	25,355
Social charges on remunerations	3,834	3,751
Employee's variable remuneration	2,605	4,259
Other costs	491	2,553
Own work capitalised	-7,571	-12,372
	25,713	24,186
Employee benefits		
Costs with pension plans	1,554	1,073
Costs with medical care plans and other benefits	1,580	131
Other	453	-
	3,587	1,204
	29,300	25,390

As at 30 June 2012, Costs with pension plans relate to defined contribution plans (1,523 thousands of Euros) and defined benefit plans (31 thousands of Euros), see also note 31.

11. OTHER OPERATING EXPENSES

Other operating expenses are analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Direct operating taxes	10,731	10,118
Indirect taxes	10,291	6,216
Losses on fixed assets	1,125	1,224
Lease costs related to the electricity generating centres	6,387	4,209
Other costs and losses	6,683	4,742
	35,217	26,509

12. DEPRECIATION, AMORTISATION EXPENSE AND DEFERRED INCOME

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Property, plant and equipment:		
Buildings and other constructions	859	747
Plant and machinery:		
Wind generation	212,985	213,500
Other plant and machinery	9	48
Office equipment and tools	4,481	2,909
Other tangible fixed assets	859	921
Impairment	8,979	9
	228,172	218,134
Other intangible assets:		
Industrial property, other rights and other intangibles	1,065	1,088
	229,237	219,222
Amortisation of deferred income:		
Government grants	-7,571	-7,948
	-7,571	-7,948
	221,666	211,274

During the first half of 2012 an impairment of 8,563 thousands of Euros was booked on fixed assets in progress related to wind generation assets in Spain, considering management's decision to postpone the operation start up of those assets, as a result of the recently regulatory changes issued in Spain.

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

	30 Jun 2012	30 Jun 2011
Financial income		
Interest income	7,709	4,540
Derivative financial instruments		
Interest	4,176	8,246
Fair value	15,765	4,855
Foreign exchange gains	9,936	9,544
Other financial income	1	647
	37,587	27,832
Financial expenses		
Interest expense	118,362	103,281
Derivative financial instruments		
Fair value	6,553	3,014
Foreign exchange losses	17,824	5,154
Own work capitalised	-9,233	-22,970
Unwinding	36,439	33,565
Other financial expenses	2,889	3,754
	172,834	125,798
Financial income / (expenses)	-135,247	-97,966

Derivative financial instruments - Interest, relates to the interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 37 and 39).

In accordance with the accounting policy described on note 2g), of the 30 June 2012 condensed financial statements, the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 30 June 2012 amounted to 9,233 thousands of Euros (30 June 2011: 22,970 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 1,659 thousands of Euros (30 June 2011: 1,579 thousands of Euros) (see note 32), to the financial update of the liability related with put option of EDPR Italia 103 thousands of Euros (30 June 2011: 996 thousands of Euros related with put option of Genesa Group) (see note 35) and the implied return in institutional partnerships in US wind farms 34,309 thousands of Euros (30 June 2011: 30,329 thousands of Euros) (see note 33).

14. INCOME TAX EXPENSE

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Current tax	-35,279	-32,539
Deferred tax	-12,392	9,062
	-47,671	-23,477

The effective income tax rate as at 30 June 2012 and 2011 is analysed as follows

Thousands of Euros	30 Jun 2012	30 Jun 2011
Profit before tax	153,103	113,802
Income tax	-47,671	-23,477
Effective Income Tax Rate	31.14%	20.63%

The reconciliation between the nominal and the effective income tax rate for the Group during the period of six months ended 30 June 2012 and 2011 is analysed as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
Profit before taxes	153,103	113,802
Nominal income tax rate	30.00%	30.00%
Expected income taxes	-45,931	-34,141
Income taxes for the period	-47,671	-23,477
Difference	-1,740	10,664
Tax effect of operations with institutional partnerships	-	18,232
Capitalisation of deferred tax assets related to tax losses from previous periods	465	3,000
Unrecognised deferred tax assets related to tax losses generated in the period	-2,145	-7,572
Difference between gains and accounting gains and losses	-	3,975
Non deductible expenses	-147	-2,810
Effect of tax rates in foreign jurisdictions	-3,021	-2,333
Other	3,108	-1,828
	-1,740	10,664

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

Country	Subgroup	Tax rate 2012 and subsequent years
Spain	EDPR EU	30.00%
Portugal	EDPR EU	31.50%
France	EDPR EU	33.33%
Poland	EDPR EU	19.00%
Belgium	EDPR EU	33.99%
Romania	EDPR EU	16.00%
Canada	EDPR NA	26.50%
United States	EDPR NA	37.22%
Brazil	EDPR BR	34.00%

15. PROPERTY, PLANT AND EQUIPMENT

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Cost:		
Land and natural resources	23,291	21,389
Buildings and other constructions	16,236	16,053
Plant and machinery:		
Wind generation	11,213,497	10,905,666
Other plant and machinery	6,592	9,151
Office equipment and tools	55,203	48,753
Other tangible fixed assets	13,159	13,675
Assets under construction	1,164,220	1,203,445
	12,492,198	12,218,132
Accumulated depreciation:		
Depreciation and amortisation expense for the period	-219,193	-425,827
Impairment for the period	-8,979	-5,058
Accumulated depreciation	-1,784,759	-1,332,626
	-2,012,931	-1,763,511
Carrying amount	10,479,267	10,454,621

The movement in Property, plant and equipment from 31 December 2011 to 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 June
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:							
Wind generation	10,905,666	2,829	-	159,195	145,839	-32	11,213,497
Other plant and machinery	9,151	-	-	61	-	-2,620	6,592
Office equipment and tools	48,753	4,646	-53	1,116	759	-18	55,203
Other tangible fixed assets	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 June
Accumulated depreciation and impairment losses:							
Buildings and other constructions	5,487	859	-	-	99	4	6,449
Plant and machinery:							
Wind generation	1,723,783	212,985	8,563	-	23,318	-8	1,968,641
Other plant and machinery	8,011	9	-	-	-	-1,692	6,328
Office equipment and tools	18,222	4,481	2	-53	308	-12	22,948
Other tangible fixed assets	8,008	859	414	-794	81	-3	8,565
	1,763,511	219,193	8,979	-847	23,806	-1,711	2,012,931

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

The caption Changes in perimeter/Other includes the effect of the sale of the companies holders of the mini-hydrics detained in Spain, which generated a gain of 2,857 thousands of Euros recognised against Gains/ (Loses) on disposal of financial assets (see note 5).

The movement in Property, plant and equipment from 31 December 2010 to 30 June 2011, 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 June
Cost:							
Land and natural resources	18,867	1,689	-	-	-402	53	20,207
Buildings and other constructions	13,896	18	-24	-	-512	-117	13,261
Plant and machinery:							
Wind generation	9,536,702	72,494	-8,521	659,612	-385,214	251	9,875,324
Other plant and machinery	8,917	16	-	-	-	-	8,933
Office equipment and tools	29,186	1,478	-1,800	5,678	-1,232	-233	33,077
Other tangible fixed assets	13,846	2,208	-1,790	777	-378	-1,583	13,080
Assets under construction	1,666,957	259,780	-481	-666,067	-23,743	1,708	1,238,154
	11,288,371	337,683	-12,616	-	-411,481	79	11,202,036

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 June
Accumulated depreciation and impairment losses:							
Buildings and other constructions	3,787	747	-	-24	-137	-11	4,362
Plant and machinery:							
Wind generation	1,274,124	213,500	-	-	-41,117	25	1,446,532
Other plant and machinery	7,870	48	-	-	-	-8	7,910
Office equipment and tools	13,454	2,909	-	-1,799	-510	1	14,055
Other tangible fixed assets	7,365	921	9	-1,012	-170	50	7,163
	1,306,600	218,125	9	-2,835	-41,934	57	1,480,022

The caption Changes in perimeter/Other includes the effect of the sale of SubgroupVeinco made by EDPR EU during the first semester of 2011 (see note 5).

During 2011, EDPR Group changed the useful life of wind farms based on a study performed by an independent entity with prospective effect from 1 April of 2011 as described on the note 3 - Critical accounting estimates and judgements in preparing the consolidated financial statements.

Assets under construction as at 31 June 2012 and 31 December 2011 are analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Electricity business:		
EDPR EU Group	680,129	757,921
EDPR NA Group	473,027	433,240
Other	11,064	12,284
	1,164,220	1,203,445

Assets under construction as at 30 June 2012 and 31 December 2011 for EDPR EU and EDPR NA Group are essentially related to wind farms under construction and development.

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 38 - Commitments.

16. INTANGIBLE ASSETS

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Cost:		
Industrial property, other rights and other intangible assets	43,075	42,462
Intangible assets under development	4	4
	43,079	42,466
Accumulated amortisation:		
Depreciation and amortisation expense for the period	-1,065	-2,120
Accumulated depreciation	-20,801	-18,527
	-21,866	-20,647
Carrying amount	21,213	21,819

Industrial property, other rights and other intangible assets include 14,035 thousands of Euros and 26,207 thousands of Euros related to wind generation licenses of Portuguese companies (31 December 2011: 14,035 thousands of Euros) and EDPR NA Group (31 December 2011: 25,500 thousands of Euros), respectively.

The movement in Intangible assets from 31 December 2011 to 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 June
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

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 June
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

The caption Changes in perimeter/Other includes the effect of the sale of the companies holders of the mini-hydrics detained in Spain (see note 5).

The movement in Intangible assets from 31 December 2010 to 30 June 2011, 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 June
Cost:							
Industrial property, other rights and other intangible assets	41,069	5	-	-	-1,870	-	39,204
Intangible assets under development	-	3	-	-	-	-	3
	41,069	8	-	-	-1,870	-	39,207

Thousands of Euros	Balance at 01 Jan	Charge for the year	Impairment	Disposals/ Write-offs	Exchange Differences	Changes in perimeter / Other	Balance at 30 June
Accumulated amortisation:							
Industrial property, other rights and other intangible assets	18,342	1,088	-	-	-367	-	19,063
	18,342	1,088	-	-	-367	-	19,063

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 2012	31 Dec 2011
Electricity business:			
Goodwill booked in EDPR EU Group	Euro	703,962	698,403
EDPR Spain Group	Euro	534,618	534,642
EDPR Portugal Group	Euro	42,588	42,588
EDPR France Group	Euro	65,752	65,752
Other	Euro	61,004	55,421
Goodwill booked in EDPR NA Group	US Dollar	628,491	611,882
Goodwill booked in EDPR BR Group	Brasilian Real	1,461	1,560
		1,333,914	1,311,845

The movements in Goodwill, by subgroup, from 31 December 2011 to 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 June
Electricity Business							
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

The movements in Goodwill, by subgroup, from 31 December 2010 to 30 June 2011, are analysed as follows:

Thousands of Euros	Balance at 01 Jan	Increases	Decreases	Impairment	Exchange Differences	Changes in perimeter / Other	Balance at 30 June
Electricity Business							
EDPR EU Group							
EDPR Spain Group	547,488	-	-12,846	-	-	-	534,642
EDPR Portugal Group	42,588	-	-	-	-	-	42,588
EDPR France Group	66,504	-	-	-	-	-	66,504
Other	92,812	-	-	-	-49	-	92,763
EDPR NA Group	592,915	-	-	-	-43,796	-	549,119
EDPR BR Group	1,699	-	-	-	-32	-	1,667
	1,344,006	-	-12,846	-	-43,877	-	1,287,283

In the six months period ended 30 June 2011, the decrease in EDPR Spain Group goodwill of 12,846 thousands of Euros is related with the final price of the liability related with the put option of Caja Madrid over the non-controlling interests held by this entity over Genesa (3,363 thousands of Euros) and the sale of Subgroup Veinco (9,483 thousands of Euros). This shareholding was sold by 15,8 million of Euros generating a gain of 732 thousands of Euros (see note 13).

During the first semester of 2012 the EDPR Group has paid an amount of 10,400 thousands of Euros (30 June 2011: 250,551 thousands of Euros) for business combinations and success fees related to acquisition of the companies of EDPR Canada group (3,467 thousands of Euros), Bon Vent de L'Ebre, S.L. (2,325 thousands of Euros), Pietragalla Eolico S.R.L. (2,000 thousands of Euros), Masovia Wind Farm I, S.P. ZO.O. (1,685 thousands of Euros), EDP Renewables Romania, S.R.L. (753 thousands of Euros) and Elektrownia Wiatrowa Kresy I, S.P. ZO.O (170 thousands of Euros). The acquisition of Pietragalla generated a goodwill of 4,828 thousands of Euros.

EDPR has revised the sensitivity analyses results of the impairment tests performed in 2011 and the conclusions do not lead into any imparity in EDPR Group.

18. INVESTMENTS IN ASSOCIATES

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Investments in associates:		
Equity holdings in associates	49,084	51,381
Carrying amount	49,084	51,381

19. AVAILABLE FOR SALE FINANCIAL ASSETS

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Parque Eólico Montes de las Navas, S.L.	8,847	8,847
Other	772	771
	9,619	9,618

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 months period ended 30 June 2012, 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 2011 consolidated financial statements.

The main variations in net deferred tax assets and liabilities for the Group during the six months ended 30 June 2012 and 2011 are analysed as follows:

	30 Jun 2012		30 Jun 2011	
Thousands of Euros	Net deferred tax assets	Net deferred tax liabilities	Net deferred tax assets	Net deferred tax liabilities
Balance as at 1 January	55,558	-381,468	38,519	-371,600
Variation on tax losses carried forward	52,404	-	69,345	-
Variation on fair value of financial instruments	5,067	49	-1,320	43
Variation in allocation of acquired assets and liabilities fair values	-	-23,133	-	-29,698
Variation on income from institutional partnerships in US wind farms	-	-46,183	-	-33,119
Variation on netting of deferred tax assets and liabilities	-54,273	54,273	-69,983	69,983
Other	3,164	137	2,418	-869
Balance as at 30 June	61,920	-396,325	38,979	-365,260

21. INVENTORIES

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Advances on account of purchases	5,489	8,344
Finished and intermediate products	13,712	12,194
Raw and subsidiary materials and consumables:		
Other consumables	5,396	3,213
	24,597	23,751

The Finished and intermediate products are essentially related with wind farms construction in progress.

22. TRADE RECEIVABLES

Trade receivables are analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Trade receivables - Current:		
Europe:		
Spain	44,900	63,082
Romania	27,815	5,440
Portugal	17,117	11,708
Poland	9,557	12,420
Rest of Europe	11,181	15,451
	110,570	108,101
United States of America	34,912	31,660
Other	4,528	6,344
	150,010	146,105
Doubtful debts	1,342	1,437
Impairment losses	-1,342	-1,437
	150,010	146,105

23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

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

Thousands of Euros	30 Jun 2012	31 Dec 2011
Debtors and other assets from commercial activities - Current:		
Prepaid turbine maintenance	8,071	6,775
Services rendered	5,866	5,167
Advances to suppliers	94,262	45,445
Sundry debtors and other operations	22,147	22,642
	130,346	80,029
Debtors and other assets from commercial activities - Non-current:		
Deferred costs (EDP Renováveis Portugal Group)	44,395	44,715
Sundry debtors and other operations	13,581	19,496
	57,976	64,211
	188,322	144,240

Deferred costs (EDP Renováveis 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 2012	31 Dec 2011
Other debtors and other assets - Current:		
Loans to related parties	347,942	324,242
Derivative financial instruments	19,823	9,430
Guarantees and tied deposits	15,016	14,943
Sundry debtors and other operations	33,965	30,631
	416,746	379,246
Other debtors and other assets - Non-current:		
Loans to related parties	192,575	123,560
Guarantees and tied deposits	46,275	45,828
Derivative financial instruments	3,380	8,650
Sundry debtors and other operations	12,710	7,286
	254,940	185,324
	671,686	564,570

Loans to related parties - Current includes mainly 228,095 thousands of Euros of loans granted by EDP Renováveis, S.A. to EDP Servicios Financieros España, S.A., 105,754 thousands of Euros (31 December 2011: 198,713 thousands of Euros) of loans granted by EDP Renováveis, S.A. to EDP S.A. - Sucursal en España and 1,129 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to ENEOP Group (31 December 2011: 99,324 thousands of Euros).

Loans to related parties - Non-current includes mainly 187,000 thousands of Euros of loans granted by EDP Renováveis Portugal, S.A. to Eneop Group (31 December 2011: 117,880 thousands of Euros).

Guarantees and tied deposits - Non-current are related to project finance agreements, that EDPR EU Group companies are obliged to hold as collateral.

25. CURRENT TAX ASSETS

Tax receivable is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
State and other public entities:		
Income tax	23,689	15,163
Value added tax (VAT)	32,731	21,738
Other taxes	4,334	4,387
	60,754	41,288

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Cash:		
Cash in hand	1	2
Bank deposits:		
Current deposits	257,667	188,607
Specific demand deposits in relation to institutional partnerships	2,970	24,636
Other deposits	291	6,677
	260,928	219,920
Cash and cash equivalents	260,929	219,922

27. CAPITAL

At 30 June 2012 and 2011, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights. These shares are freely transferable.

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

	30 Jun 2012	30 Jun 2011
Profit attributable to the equity holders of the parent in thousands of Euros	99,998	89,509
Profit from continuing operations attributable to the equity holders of the parent in thousands of Euros	99,998	89,509
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	0.11	0.10
Earnings per share (diluted) attributable to equity holders of the parent in Euros	0.11	0.10
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent in Euros	0.11	0.10
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent in Euros	0.11	0.10

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 2012 and 2011.

The average number of shares was determined as follows:

	30 Jun 2012	30 Jun 2011
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the year	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the year	872,308,162	872,308,162
Diluted average number of shares during the year	872,308,162	872,308,162

28. RESERVES AND RETAINED EARNINGS

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Reserves		
Fair value reserve (cash flow hedge)	-29,074	-14,118
Fair value reserve (available for sale financial assets)	4,575	4,575
Exchange differences arising on consolidation	-27,946	-31,002
	-52,445	-40,545
Other reserves and retained earnings:		
Retained earnings	368,877	286,175
Additional paid in capital	60,666	60,666
Legal reserve	24,592	18,690
	454,135	365,531
	401,690	324,986

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 statments 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 2012		Exchange rates as at 31 December 2011	
Currency		Closing Rate	Average Rate	Closing Rate	Average Rate
US Dollar	USD	1.259	1.296	1.294	1.392
Zloty	PLN	4.249	4.246	4.458	4.121
Brazilian Real	BRL	2.579	2.414	2.416	2.327
New Leu	RON	4.451	4.390	4.323	4.239
Pound Sterling	GBP	0.807	0.823	0.835	0.868
Canadian Dollar	CAD	1.287	1.304	1.322	1.376

29. NON-CONTROLLING INTERESTS

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Non-controlling interests in income statement	5,434	2,020
Non-controlling interests in share capital and reserves	123,410	124,539
	128,844	126,559

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

Thousands of Euros	30 Jun 2012	31 Dec 2011
EDPR EU Group	119,207	115,937
EDPR BR Group	9,637	10,622
	128,844	126,559

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:(i) profits attributable to non-controlling interests of 5,434 thousands of Euros; (ii) variations resulting from share capital increases attributable to non-controlling interests of EDP Renováveis Brasil, S.A. totalling 1,380 thousands of Euros ; (iii) dividends from EDPR EU amount to 716 thousands of Euros; (iv) a negative efect due to Exchange differences arising on consolidation attributable to non-controlling interests totalling 1,173; (v) and a negative variation of the fair value reserve attributable to non-controlling interests amounting 2,651 thousands of Euros.

30. FINANCIAL DEBT

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Financial debt - Current		
Bank loans:		
EDPR EU Group	70,281	66,876
EDPR BR Group	55,470	59,165
EDPR NA Group	14,218	-
EDP Renováveis , S.A.	8,407	-
Loans from shareholders of group entities:		
EDP Renováveis , S.A.	52,080	-
Other loans:		
EDPR EU Group	1,763	2,061
EDPR NA Group	1,127	1,050
Interest payable	88,489	5,902
	291,835	135,054
Financial debt - Non-current		
Bank loans:		
EDPR EU Group	702,360	588,353
EDPR BR Group	81,550	91,997
Loans from shareholders of group entities:		
EDP Renováveis , S.A.	3,028,994	2,986,433
Other loans:		
EDPR EU Group	21,231	21,893
EDPR NA Group	1,881	2,392
	3,836,016	3,691,068
	4,127,851	3,826,122

Financial debt non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV (3,028,994 thousands of Euros). These loans have an average maturity of 6.6 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 2012, these financings amount to 791,335 thousands of Euros (670,840 thousands of Euros as at 31 December 2011), 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 2012	31 Dec 2011
Bank loans:		
Up to 1 year	153,612	129,512
1 to 5 years	301,902	295,382
Over 5 years	482,008	384,968
	937,522	809,862
Loans from shareholders of group entities:		
Up to 1 year	134,733	2,431
1 to 5 years	241,000	241,000
Over 5 years	2,787,994	2,745,433
	3,163,727	2,988,864
Other loans:		
Up to 1 year	3,490	3,111
1 to 5 years	22,459	24,285
Over 5 years	653	-
	26,602	27,396
	4,127,851	3,826,122

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

	30 Jun 2012		31 Dec 2011	
Thousands of Euros	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Current	291,835	291,835	135,054	135,054
Financial debt - Non current	3,836,016	3,485,361	3,691,068	3,262,999
	4,127,851	3,777,196	3,826,122	3,398,053

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 equivalent to the market value.

As at 30 June 2012, the scheduled repayments of Group's debt are as follows:

Thousands of Euros	Total	2012	2013	2014	2015	2016	Subsequent years
Debt and borrowings - Current	291,835	241,528	50,307	-	-	-	-
Debt and borrowings - Non current	3,836,016	-	44,147	80,806	78,957	325,207	3,306,899
	4,127,851	241,528	94,454	80,806	78,957	325,207	3,306,899

The breakdown of guarantees is presented in note 38 to the condensed financial statments accounts.

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

Thousands of Euros	30 Jun 2012	31 Dec 2011
Loans denominated in EUR	2,289,635	2,035,563
Loans denominated in USD	1,603,584	1,538,832
Loans denominated in other currencies	234,632	251,727
	4,127,851	3,826,122

31. EMPLOYEE BENEFITS

Employee benefits balance are analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Provisions for social liabilities and benefits	132	103
Provisions for healthcare liabilities	63	60
	195	163

32. PROVISIONS

Provisions are analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Dismantling and decommission provisions	60,663	57,694
Provision for other liabilities and charges	270	288
	60,933	57,982

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 to 36,433 thousands of Euros for wind farms in the United States of America (31 December 2011: 34,523 thousands of Euros), 15,151 thousands of Euros for wind farms in Spain (31 December 2011: 14,507 thousands of Euros), 3,920 thousands of Euros for wind farms in Portugal (31 December 2011: 3,768 thousands of Euros), 877 thousands of Euros for wind farms in Brazil (31 December 2011: 896 thousands of Euros), 1,730 thousands of Euros for wind farms in France (31 December 2011: 1,622 thousands of Euros), 1,296 thousands of Euros for wind farms in Romania (31 December 2011: 1,165 thousands of Euros), 929 thousands of Euros for wind farms in Poland (31 December 2011: 886 thousands of Euros) and 327 thousands of Euros for wind farms in Belgium (31 December 2011: 327 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 2012 and 31 December 2011, the EDP Renováveis Group does not have any significant tax-related contingent liabilities or contingent assets related to unresolved disputes with the tax authorities.

33. INSTITUTIONAL PARTNERSHIPS IN US WIND FARMS

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Deferred income related to benefits provided	783,335	773,252
Liabilities arising from institutional partnerships in US wind farms	1,008,828	1,010,609
	1,792,163	1,783,861

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

Thousands of Euros	30 Jun 2012	30 Jun 2011
Balance at the beginning of the year	1,783,861	1,644,048
Cash paid for deferred transaction costs	-76	-
Cash paid to institutional investors	-6,594	-7,229
Income (see note 7)	-71,051	-60,951
Unwinding (see note 13)	34,309	30,329
Exchange differences	48,260	-123,112
Others	3,454	-
Balance at the end of the period	1,792,163	1,483,085

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.

As referred in the note 2 a), EDPR Group change the presentation of Deferred tax equity costs to be deducted to the caption Institutional partnerships in US wind farms. Prior to 2012, amounts included in transaction costs related to institutional partnerships were included as a component of non-current Other debtors and other assets. In 2012, EDPR Group included these transaction costs as a reduction of Institutional partnerships in USA wind farms instead of an asset. In accordance with IAS 1, the Group has retrospectively reclassified amounts within 2011 comparative figures to conform to this change in presentation. The Group reclassified 12,948 thousands of Euros as at 31 December 2011 from Other debtors and other assets — Non-current - Sundry debtors and other operations to Institutional partnerships in US wind farms.

34. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

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

Thousands of Euros	30 Jun 2012	31 Dec 2011
Trade and other payables from commercial activities - Current:		
Suppliers	64,837	82,972
Property and equipment suppliers	353,596	582,280
Holiday pay, bonus and other charges with employees	13,480	20,584
Other creditors and sundry operations	25,307	21,754
	457,220	707,590
Trade and other payables from commercial activities — Non-current:		
Government grants / subsidies for investments in fixed assets	344,311	339,209
Electricity sale contracts - EDPR NA	57,597	61,663
Other creditors and sundry operations	3,190	3,361
	405,098	404,233
	862,318	1,111,823

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).

Electricity sales contracts - EDPR NA relates to the fair value of the contracts entered into by EDPR NA with its customers, determined under Power purchase agreements (see note 8).

35. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Other liabilities and other payables - Current:		
Derivative financial instruments	169,863	129,582
Other operations with related parties	33,512	37,891
Other creditors and sundry operations	35,301	21,646
	238,676	189,119
Other liabilities and other payables — Non-current:		
Success fees payable for the acquisition of subsidiaries	43,117	48,053
Payables - Group companies	36,238	31,103
Derivative financial instruments	140,826	106,115
Other creditors and sundry operations	5,879	3,979
	226,060	189,250
	464,736	378,369

Success fees payable for the acquisition of subsidiaries - Non-Current include the amounts related to the contingent prices of the acquisitions of the EDPR Italy, Relax Wind Group , EDPR Romania, Greenwind, Bodzanow, Starozreby, Wyszorod, Elektrownia Wiatrowa Kresy and Elebrás.

As at 30 June 2012, Derivative financial instruments current and non-current includes 164,253 and 100,607 thousands of Euros respectively (December 2011: 129,276 and 79,184 thousands of Euros respectively) related to a hedge instrument of USD and Euros 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 37).

36. CURRENT TAX LIABILITIES

This balance is analysed as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
State and other public entities:		
Income tax	27,694	8,838
Withholding tax	17,283	24,026
Value added tax (VAT)	11,996	15,320
Other taxes	5,904	3,232
	62,877	51,416

37. 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 2012 and 31 December 2011 is as follows:

Thousands of Euros	30 Jun 2012	31 Dec 2011
Net investment hedge		
Currency swaps	-261,902	-200,653
Cash flow hedge		
Power price swaps	-49	5,932
Interest rate swaps	-39,300	-26,926
Not qualifiable for hedging accounting		
Power price swaps	3,918	1,974
Interest rate swaps	-141	
Currency forwards	9,988	2,056
	-287,486	-217,617

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 35), if the fair value is positive or negative, respectively.

38. COMMITMENTS

As at 30 June 2012 and 31 December 2011, 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 Type	30 Jun 2012	31 Dec 2011
Guarantees of financial nature		
EDPR BR Group	46,549	-
EDPR EU Group	-	2,178
EDPR NA Group	3,574	3,478
	50,123	5,656
Guarantees of operational nature		
EDP Renováveis, S.A.	419,468	655,213
EDPR BR Group	9,250	100
EDPR EU Group	54,876	36,954
EDPR NA Group	1,582,702	1,740,516
	2,066,296	2,432,783
Total	2,116,419	2,438,439
Real guarantees	8,175	16,512

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 2012, these financings amount to 791,335 thousands of Euros (31 December 2011: 670,840 thousands of Euros), which are included in the total debt of the Group.

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

	30 Jun 2012				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	5,327,900	344,586	571,708	761,218	3,650,388
Operating lease rents not yet due	954,731	36,528	75,831	74,041	768,331
Purchase obligations	1,740,055	1,126,788	473,154	41,430	98,683
	8,022,686	1,507,902	1,120,693	876,689	4,517,402

	31 Dec 2011				
	Debt capital by period				
Thousands of Euros	Total	Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Financial debt (including interests)	5,184,933	326,786	545,454	515,460	3,797,233
Operating lease rents not yet due	918,874	35,694	72,745	70,520	739,915
Purchase obligations	1,619,040	906,488	669,351	23,917	19,284
	7,722,847	1,268,968	1,287,550	609,897	4,556,432

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 2012 the Group has the following contingent liabilities/rights related with call and put options on investments:

- EDP Renováveis, through its subsidiary EDPR FR, 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 FR. 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 FR, 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 FR. 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 holds, through its subsidiary EDPR EU, a call option of remaining 6.48% of the share capital of EDPR Itália, with an exercise price based on an independent process evaluation conducted by an independent expert. Energia in Natura, S.r.l. holds a put option for 6.48% of the share capital of EDPR Itália, whose exercise price over 85% of market value of participation. The exercise period of the options is 2 years after occurrence of one of the following events:

- Fifth anniversary of the execution of the shareholders agreement (27 January 2015);
- When EDP Renováveis Italy is able to build, develop and operate 350 MW in Italy.

- 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.

39. RELATED PARTIES

Main shareholders and shares held by company officers:

EDP Renováveis, S.A.'s shareholder structure as at 30 June 2012 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 2012 and 2011 were as follows:

Thousands of Euros	30 Jun 2012	30 Jun 2011
CEO	548,112	359,362
Board members	200,000	280,833
	748,112	**640,195**

As at 30 June 2012, the remuneration paid to the CEO includes the bonus for the period of 2009-2010 paid to the former CEO. The new CEO will is to paid under the Executive Management Services Agreement between EDPR and EDP.

Balances and transactions with related parties

As at 30 June 2012, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	9	8,154	-8,145
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	137,162	91,214	45,948
EDP Group companies	286,993	3,117,334	-2,830,341
Hidrocantábrico Group companies	36,160	1,634	34,526
Associated companies	201,480	2,341	199,139
Other	5,067	2,614	2,453
	666,871	3,223,291	-2,556,420

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 3,028,994 thousands of Euros.

As at 31 December 2011, assets and liabilities with related parties, are analysed as follows:

Thousands of Euros	Assets	Liabilities	Net
EDP Energias de Portugal, S.A.	10,025	5,574	4,451
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch	247,999	108,110	139,889
EDP Group companies	42,862	2,994,639	-2,951,777
Hidrocantábrico Group companies	46,370	1,746	44,624
Associated companies	224,114	2,169	221,945
Other	5,030	1,431	3,599
	576,400	3,113,669	-2,537,269

Transactions with related parties for the six months 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
EDP Group companies	75,862	11,060	-2,151	-81,767
Hidrocantábrico Group companies	212,503	-	-2,452	-447
Associated companies	459	4,822	-	-36
Jointly controlled entities	533	2,457	-	-
Other	1,830	-	-310	-
	294,372	21,334	-11,021	-89,601

Transactions with related parties for the year ended 30 June 2011 are analysed as follows:

Thousands of Euros	Operating income	Financial income	Operating expenses	Financial expenses
EDP Energias de Portugal, S.A.	-	746	-2,961	-1,563
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	6,032	-4,100	-2,067
EDP Group companies	70,871	343	-1,639	-70,855
Hidrocantábrico Group companies	183,279	-	-2,383	-360
Associated companies	896	2,663	-	-
Jointly controlled entities	413	3,645	-	-
Other	234	-	-216	-1,674
	255,693	13,429	-11,299	-76,519

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 Euros 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 2012, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 264,860 thousands of Euros (31 December 2011: 208,460 thousands of Euros -payable) (see note 35 and 37).

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 2012, EDP, S.A. and Hidrocantábrico granted financial (81,899 thousands of Euros, 31 December 2011: 57,272 thousands of Euros) and operational (431,700 thousands of Euros, 31 December 2011: 393,130 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 38).

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

The Company has no pension or life insurance obligations with its former or current directors in 2012 or 2011.

40. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of assets and liabilities as at 30 June 2012 and 31 December 2011 are analysed as follows:

	30 June 2012			31 December 2011		
Thousands of Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available for sale investments	9,619	9,619	-	9,618	9,618	-
Trade receivables	150,010	150,010	-	146,105	146,105	-
Debtors and other assets from commercial activities	188,322	188,322	-	144,240	144,240	-
Other debtors and other assets	648,483	648,483	-	546,490	546,490	-
Derivative financial instruments	23,203	23,203	-	18,080	18,080	-
Financial assets at fair value through profit or loss	191	191	-	211	211	-
Cash and cash equivalents (assets)	260,929	260,929	-	219,922	219,922	-
	1,280,757	1,280,757	-	1,084,666	1,084,666	-
Financial liabilities						
Financial debt	4,127,851	3,777,196	-350,655	3,826,122	3,398,053	-428,069
Suppliers	418,433	418,433	-	665,252	665,252	-
Institutional partnerships in US wind farms	1,792,163	1,792,163	-	1,783,861	1,783,861	-
Trade and other payables from commercial activities	443,885	443,885	-	446,571	446,571	-
Other liabilities and other payables	154,047	154,047	-	142,672	142,672	-
Derivative financial instruments	310,689	310,689	-	235,697	235,697	-
	7,247,068	6,896,413	-350,655	7,100,175	6,672,106	-428,069

41. RELEVANT SUBSEQUENT EVENTS

No relevant subsequent events occurred until 24 July 2012.

42. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

The new standards and interpretation that have been issued and are already effective and that the Group has applied on its consolidated financial statements are the following:

• IFRS 7 - Financial instruments: Disclosures for transfer transactions of financial assets.

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

The Group has also decided against the early application of the following standards and interpretations endorsed by the European Union:

• IAS 1 (Amended) - Presentation of Financial Statements, effective from 1 July 2012;
• IAS 19 (Amended) - Employee Benefits, effective from 1 January 2013.

Standards, amendments and interpretations issued but not yet effective for the Group:

• IFRS 7 (Amendment) - Financial Instruments: Disclosures - Offseting Financial Assets;
• IFRS 9 - Financial Instruments;
• IFRS 10 - Consolidated Financial Statements;
• IFRS 11 - Joint Arrangements;
• IFRS 12 - Disclosure of Interests in Other Entities;
• IFRS 13 - Fair Value Measurement;
• IAS 27 (Amended) - Separate Financial Statements;
• IAS 28 (Amended) - Investments in Associates and Joint Ventures;
• IAS 32 (Amended) - Financial Instruments: Presentation;
• Improvements to IFRSs (2009-2011).

43. 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 2012 or 2011.

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 2. 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 EDP Renováveis 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, with exception of Canada;
- Other - Includes the EDPR BR 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 annullations.

ANNEX 1

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the six months period ended 30 June 2012

	WIND ENERGY OPERATIONS								
	EUROPE								
Thousands of Euros	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
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 and employee benefits	-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 Interests	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

EDP Renováveis, S.A.

Group Activity by Operating Segment

Operating Segment Information for the six months period ended 30 June 2011

Thousands of Euros	WIND ENERGY OPERATIONS								
	EUROPE								
	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
Revenue	**72,380**	**195,260**	**55,651**	**5,391**	**-7,489**	**321,193**	**161,095**	**3,343**	**485,631**
Income from institutional partnerships in US wind farms						-	60,951		60,951
	72,380	195,260	55,651	5,391	-7,489	321,193	222,046	3,343	546,582
Other operating income / (expenses)									
Other operating income	1,146	1,231	642	3,095	-276	5,838	10,755	5,355	21,948
Supplies and services	-9,619	-31,508	-8,882	-5,176	6,031	-49,154	-48,930	-9,304	-107,388
Personnel costs and employee benefits	-1,523	-3,049	-1,465	-4,185	-	-10,222	-10,745	-4,423	-25,390
Other operating expenses	-2,644	-5,145	-3,717	-50	10	-11,546	-13,441	-1,522	-26,509
	-12,640	-38,471	-13,422	-6,316	5,765	-65,084	-62,361	-9,894	-137,339
	59,740	156,789	42,229	-925	-1,724	256,109	159,685	-6,551	409,243
Provisions	19	266	-	-	-	285	-	-	285
Depreciation and amortisation expense	-15,347	-70,488	-20,785	-1,110	-	-107,730	-109,264	-2,228	-219,222
Amortisation of deferred income / Government grants	493	82	170	2	-	747	7,201	-	7,948
	44,905	86,649	21,614	-2,033	-1,724	149,411	57,622	-8,779	198,254
Gains / (losses) from the sale of financial assets	-	10,139	-	-	-	10,139	-	-	10,139
Other financial income	-	257	2,179	937	-922	2,451	5,068	7,527	15,046
Interest income	2,794	2,209	490	86,926	-86,843	5,576	501	6,709	12,786
Other financial expenses	-170	-556	-3,960	-4,806	1,763	-7,729	-36,755	-361	-44,845
Interest expense	-16,806	-53,550	-29,184	-123,662	89,498	-133,704	-314	53,065	-80,953
Share of profit of associates	2,547	838	-10	-	-	3,375	-	-	3,375
Profit before tax	33,270	45,986	-8,871	-42,638	1,772	29,519	26,122	58,161	113,802
Income tax expense	-8,746	-11,435	-1,208	15,446		-5,943	-	-17,534	-23,477
Profit (loss) for the period	**24,524**	**34,551**	**-10,079**	**-27,192**	**1,772**	**23,576**	**26,122**	**40,627**	**90,325**
Attributable to:									
Equity holders of EDP Renováveis	23,647	33,307	-9,458	-27,188	1,772	22,080	26,122	41,307	89,509
Non-Controlling Interests	877	1,244	-621	-4	-	1,496	-	-680	816
Profit (loss) for the period	**24,524**	**34,551**	**-10,079**	**-27,192**	**1,772**	**23,576**	**26,122**	**40,627**	**90,325**

Operating Segment Information - 31 December 2011

	Portugal	Spain	Rest of Europe *	Others	Adjustments	Total	U. S. A.	Other and Adjustments	Renováveis Group
Assets									
Property, plant and equipment	526,275	3,152,540	1,356,113	47,049	-	5,081,977	5,162,441	210,203	10,454,621
Intangible assets and Goodwill	42,494	97,172	90,416	69	470,034	700,185	618,437	15,042	1,333,664
Investments in associates	-	9,381	14,700	-	25,423	49,504	1,877	-	51,381
Current assets	133,706	445,113	144,866	1,430,075	-1,496,724	657,036	137,865	95,651	890,552
Equity and Liabilities									
Equity and Non-Controlling Interest	97,953	936,440	223,278	121,189	-935,817	443,043	3,332,379	1,678,303	5,453,725
Current Liabilities	229,146	1,005,260	554,386	463,909	-1,371,231	881,470	396,278	-194,569	1,083,179
Other Information at June 2011:									
Increase of the period									
Property, plant and equipment	850	51,631	106,606	-7,572	-	151,515	123,242	62,926	337,683
Intangible assets and Goodwill	-	-	5	-	-	5	-	3	8

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