



Financial Results

1H2004

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1H2004 Financial Results - Summary



Financial Results Summary (€ m)	1H2004	1H2003	Δ%
Operating Revenues	3,532.0	3,345.7	5.6%
Operating Costs	2,545.4	2,468.0	3.1%
EBITDA	986.6	877.7	12.4%
Operating Results	551.6	406.8	35.6%
Financial Results	(181.5)	(182.5)	0.6%
Extraordinary Results	(20.1)	59.4	-
Net Profit	274.9	182.0	51.0%
Earnings per share	0.092	0.061	51.0%
Capex	447.1	337.0	32.6%

Financial Debt (€ m)	1H2004	YE2003	Δ
Financial Debt	7,459.9	7,492.7	(32.8)
Net Debt	7,256.4	7,205.2	51.2

General Indicators	1H2004	1H2003	Δ%
Number of electricity clients			
Portugal	5,775,815	5,688,924	1.5%
Hidrocantábrico ⁽¹⁾	569,531	557,686	2.1%
Brazil	2,951,534	2,797,941	5.5%
Electricity sales (GWh)			
Portugal	19,413	18,875	2.8%
Hidrocantábrico ⁽¹⁾	6,052	5,805	4.3%
Brazil	9,864	9,950	-0.9%
No. of employees (core business)			
Portugal	8,202	8,959	-8.4%
Hidrocantábrico ⁽¹⁾	1,590	1,383	15.0%
Brazil	3,732	3,889	-4.0%

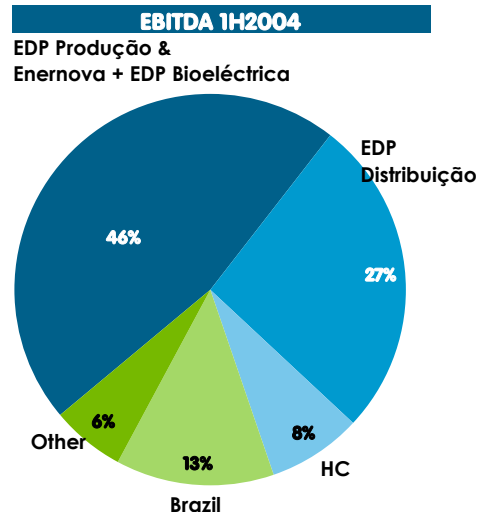
- The EDP Group reported **strong growth** at the operating level in 1H2004. **EBITDA was up 12.4%** while EBIT increased 35.6%.
- The good performance at the Consolidated EBITDA is thanks to:
 - (i) the **healthy growth in electricity consumption** in the markets where EDP operates: Portugal up 5.2%, Spain and EDP's concession areas in Brazil up 4.1%;
 - (ii) **TER's entry into industrial service** contributing with an extra 400 MW of installed capacity and 1,155 GWh of electricity emission;
 - (iii) **tariff revisions in Bandeirante and Enersul** granted by the regulator last year;
 - (iv) the **contribution of Naturcorp** for the 1H2004 results, following the acquisition of a 56.8% stake by Hidrocantábrico in July 2003;
 - (v) **strong focus on cost control and efficiency improvements** at the electricity business in Iberia. Consolidated supplies and services were down 7.9%⁽²⁾, while personnel costs fell 5.9% following the introduction of the HR Restructuring Program.
- EBIT was positively influenced by a change in the compensation of subsidised assets' amortisation. Stripping this out, **EBIT was up 25.6%**.
- Financial results posted a slight improvement, partly benefiting from the 4.0% year-on-year **decrease in financial interest charges** following the reduction in financial debt.
- **Net profit** at €274.9 million **was up 51.0%** year-on-year. The main contributors were the generation business and Brazil.

⁽¹⁾ Hidrocantábrico is proportionally consolidated in accordance with EDP's stake in Hidrocantábrico (40%). Figures presented above correspond to Hidrocantábrico 100%.

Note: The accounts presented in this document are non-audited.

⁽²⁾ Adjusting for Oni's direct costs which are accounted for as S&S at EDP's consolidated accounts.

EBITDA (€ m)	1H2004	1H2003	Δ%
EDP Produção	450.8	405.1	11.3%
EDP Energia	(1.3)	32.6	-
Enernova & EDP Bioeléctrica	8.9	3.9	130.8%
EDP Distribuição	262.1	265.1	-1.2%
Hidrocantábrico	77.0	61.9	24.4%
Brazil	129.7	86.8	49.5%
Oni	12.8	(2.5)	-
Information Technology	21.6	21.1	2.2%
Other & Adjustments	25.0	3.7	-
Consolidated	986.6	877.7	12.4%



- **EDP Produção's** EBITDA was up 11.3% following the beginning of TER's operations and the transfer of the energy management activity to EDPP. EDPP also benefited from an efficient fuel procurement (+€9.7 million savings vs. 1H2003).

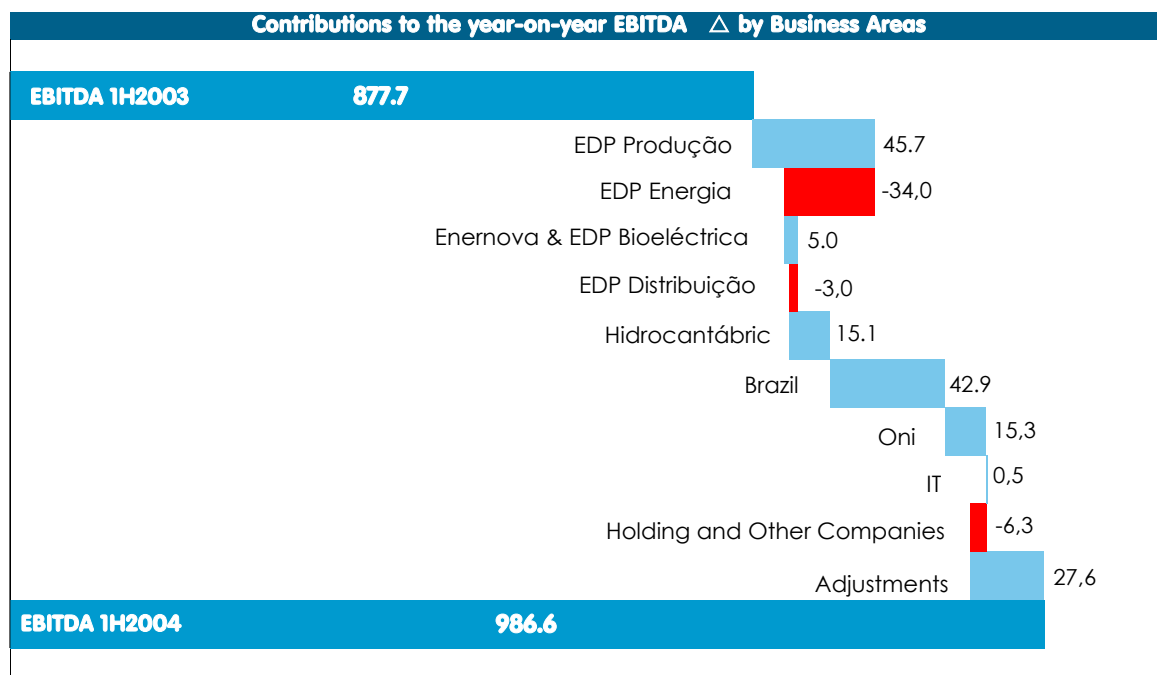
- **EDP Distribuição** benefited from a 5.2% increase in electricity consumption, which despite a fall in the UDGr tariffs, resulted in a €8.9 million increase in allowed revenues from the UDGr activity. Additionally, the HR Restructuring Program, which started last year, resulted in a reduction of 649 employees at EDP Distribuição until the 1H2004. This already contributed to a 7.3% decrease in personnel costs.

- **Hidrocantábrico** continues to be negatively influenced by the price increase of imported coal and low pool prices. EBITDA was up thanks to the acquisition of the Basque gas business Naturcorp (middle 2003), which contributed approximately €45 million to EBITDA.

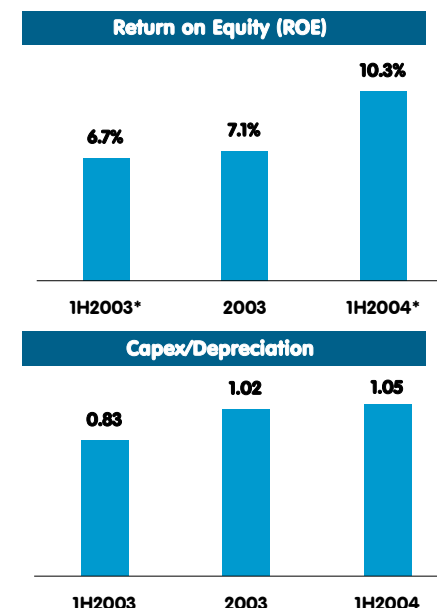
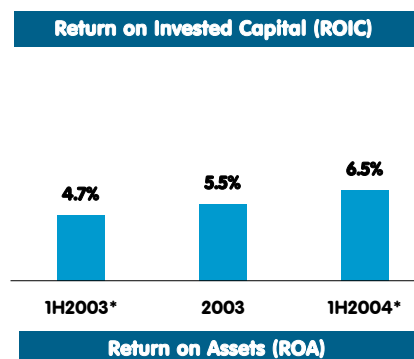
- The 4.1% consumption increase at EDP's concession areas in **Brazil** and last year's tariff revisions at Bandeirante (+18.08% in October) and Enersul (+42.26% in April) were the engine behind the Brazilian operation's remarkable performance at the EBITDA level (+50% vis-à-vis 1H2003).

- **ONI's** EBITDA increased by €15.3 million year-on-year, following a 15.6% reduction in operating costs.

- All in all, **Consolidated EBITDA** was up 12.4% amounting to €986.6 million in the 1H2004 as a result of healthy growth in demand and a tight cost control. The core business and the operations in Brazil were the main contributors to this improvement.



CAPEX (€ m)	1H2004	2003	1H2003
EDP Produção	99.9	236.1	79.3
Enernova & EDP Bioelétrica	31.4	39.7	7.0
EDP Distribuição	157.4	343.6	141.2
(-) Edinfor asset transfer	-	12.0	-
(-) Subsidies in cash	34.6	59.7	28.5
(=) EDPD cash investments	122.8	271.9	112.7
Hidrocantábrico (40%)	50.8	71.0	29.4
Brazil	114.0	125.8	66.8
Telecoms	13.5	46.2	18.3
Information Technology	7.3	55.5	18.1
Other	7.3	14.1	5.4
Total	447.1	860.4	337.0



• The EDP Group's capital expenditure totalled €447.1 million in the 1H2004, up 33% year-on-year. Note that the figures presented correspond to the EDP Group's cash out flow on operating investments, considering the consolidation method of each subsidiary.

• EDPP's investment rose 26% year-on-year, following the investment in the second 400 MW group of TER (€80.6 million). The first TER unit started industrial service on the 14th February 2004 and the second unit is forecasted to start operations in October 2004. EDP will build a third 400 MW unit in TER for an extra €197.0 million until 2006 when it should start operations. The investment in this third unit should start in the 2H2004.

• During the 1H2004, the bulk of Enernova's investment was in 3 new wind farms (Alto do Talefe, Fonte da Quelha and Padrela) with a total installed capacity of 31.5 MW. The wind farms under construction are expected to provide a 12% IRR. Enernova plans to invest €196.0 million in an extra 262 MW by 2006.

• Investment at HC increased 72.8% due to €65.6 million of investments made at the Albacete wind farm (124 MW), which is forecasted to start operating in the 4Q2004. Total investment by Hidroncantábrico in the project is estimated at €117 million, of which €83 million were already invested. The expected IRR for this project is 10.6%.

• The bulk of investment at EDPD was in the distribution network to improve quality of service. Investments in the distribution grid increased 21.6% year-on-year and led to a drop in the equivalent interruption time, from 161 min in 1H2003 to 100 min in the 1H2004. The regulator remunerates these investments at a 9% pre-tax nominal rate.

• Capex in Brazil increased 71% associated with the investment in the Peixe Angical hydro power plant (450 MW), which amounted to R\$313.3 million in the 1H2004. Peixe Angical should start operating during 2006.

• ONI's operating investment fell 26.0% year-on-year, following a decrease in ONI's investment needs as the major investments required for the expansion of the network have been completed.

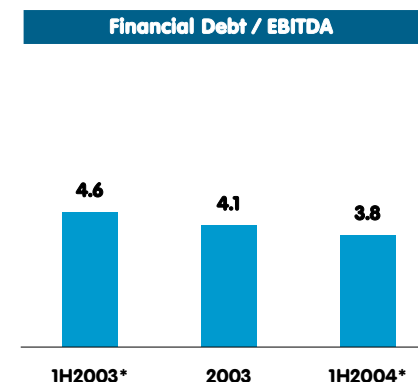
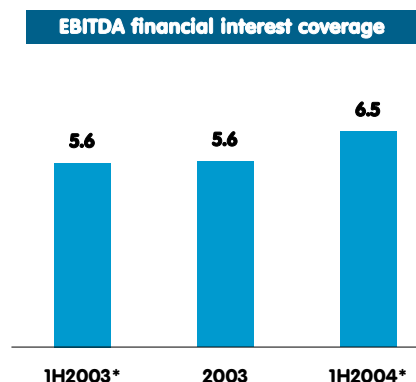
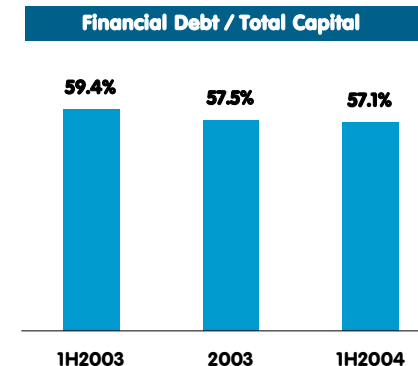
* Annualised for the 1H2003 and 1H2004.

Cash Flow (€ m)	1H2004
Net Income	274.9
Operating Cash Flow Before Working Capital and Capex	881.3
Change in Working Capital and Capex	(476.4)
Net Operating Cash Flow	404.9
Non-Operating Cash Flow	(372.1)
Decrease / (Increase) in Financial Debt	32.8

See page 27 for a detailed cash flow statement

Financial Debt (€ m)	1H2004	YE2003	1H2003
Holding and EDP Finance BV	5,319.8	5,356.2	5,825.3
EDP Produção	36.3	38.8	67.6
Enernova & EDP Bioelétrica	17.6	18.7	-
EDP Distribuição	-	-	-
EDP Energia	0.1	-	16.5
Hidrocantábrico (40%)	728.2	786.1	805.8
Brazil ⁽¹⁾	618.8	547.3	631.4
Telecoms	688.2	685.5	675.0
Information Technology	22.6	23.6	22.6
Other	28.4	36.5	(41.2)
Total Financial Debt	7,459.9	7,492.7	8,003.1
Cash and cash equivalents	203.5	287.5	142.8
Net Debt	7,256.4	7,205.2	7,860.3

Debt Ratings	
S&P	
Rating	A
Outlook	Negative
Moody's	
Rating	A3
Outlook	Stable



- The EDP Group's total financial debt fell by €32.8 million to €7,459.9 million following a reduction at the EDP S.A. level (€36.4 million) and Hidrocantábrico (€57.9 million), and an increase in Brazil (€71.5 million). Net debt, however, increased slightly following Group's capital expenditures of €447.1 million and the payment of €268.0 million in dividends.

- Debt reduction at EDP S.A. was achieved principally from cash flow from operations in our domestic core business. EDP Produção generated €320.1 million of net operating cash flow, which includes the effect of the entry into production of the first group of CCGT-TER; the €135.2 million operating cash flow from EDP Distribuição reflects the 5.2% increase in electricity consumption in Portugal (see page 32). The reduction in Hidrocantábrico's financial debt was achieved through improved working capital management as well as cash flow from operations.

- In the 1H2004, the Brazilian subsidiaries and Oni, accounted for 18% or €1,307.0 million of the EDP Group's consolidated debt. The increase in the Brazilian subsidiaries' financial debt vis-à-vis YE2003 is partially due to the funding obtained from BNDES relating to the re-start of the construction of the Peixe Angical hydropower plant (R\$174.1 million).

- Overall, as a result of a good operating performance, credit ratios improved at all levels.

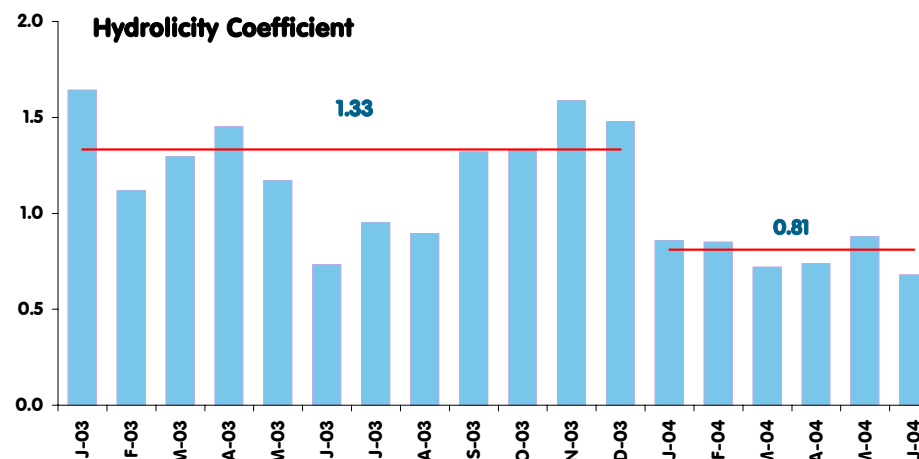
⁽¹⁾ Netted against €293 million of Escelsa's Senior Notes in 1H2004

* Annualised for the 1H2003 and 1H2004.

Electricity Emission in Portugal

Energy emission (GWh)	1H2004	1H2003	Δ%
Hydroelectric (PES)	5,335	8,709	-38.7%
Thermoelectric (PES)	5,440	5,459	-0.3%
Binding Generation	10,775	14,168	-23.9%
Hydroelectric (NBES)	230	429	-46.4%
TER CCGT (NBES)	1,155	-	-
Non-Binding Generation	1,385	429	222.8%
Biomass	24	19	23.1%
Wind Farms	96	58	66.3%
Cogeneration	358	346	3.4%
Small Hydro	83	128	-35.0%
Special Regime Producers	561	551	1.8%
Total EDP emission	12,721	15,148	-16.0%
Pego thermal power station (PES)	1,974	1,812	8.9%
Tapada thermal power station (PES)	3,049	2,112	44.3%
Alqueva hydroelectric power station (PES)	34	-	-
Auto-producers (IES)	1,882	1,633	15.3%
Import / (Export) net	3,351	940	256.4%
Direct sales to Ind. Clients (incl. in Cogen.)	(268)	(261)	-2.9%
Pumping	(176)	(211)	16.2%
Gross demand	22,567	21,174	6.6%
Synchronous compensation	(22)	(20)	-12.4%
Own consumption - generation	(6)	(2)	-256.8%
Own consumption - transmission grid	(5)	(5)	1.5%
Losses	(340)	(398)	14.5%
Energy delivered to distribution	22,193	20,749	7.0%
Hydrolicity Coefficient	0.81	1.30	-

Thermal emission (GWh)	1H2004	1H2003	Δ%	Fuel	MW
Tapada do Outeiro	-	-	-	Coal/Fuel oil	46.9
Carregado	165	290	-43.0%	Fuel oil/Nat Gas	710.2
Barreiro	70	75	-5.9%	Fuel oil	56.0
Setúbal	313	699	-55.2%	Fuel oil	946.4
Sines	4,887	4,390	11.3%	Coal	1,192.0
Alto de Mira + Tunes	5	6	-6.3%	Gas oil	197.0 ⁽¹⁾
EDP thermal emiss. (PES)	5,440	5,459	-0.3%		3,148.5



• EDP's total emission, amounting to 12,721 GWh, was down 16% in the period due to lower rainfall, and thus a lower utilization of our hydroelectric power plants (44% vs 61% in 1H2003). The hydro coefficient was 0.81 vs. 1.30 in the 1H2003. Given that EDP owns nearly all the hydroelectric generation capacity in Portugal, its contribution to the total energy delivered to the system fell from 73% to 57% year-on-year.

• The first TER CCGT unit, which started industrial service on the 14th February 2004, contributed 1,155 GWh to total emissions to the network, of which 367 GWh were test emissions. During the 2Q2004 the second TER CCGT unit initiated test emissions (17GWh) and is expected to start industrial service in October 2004.

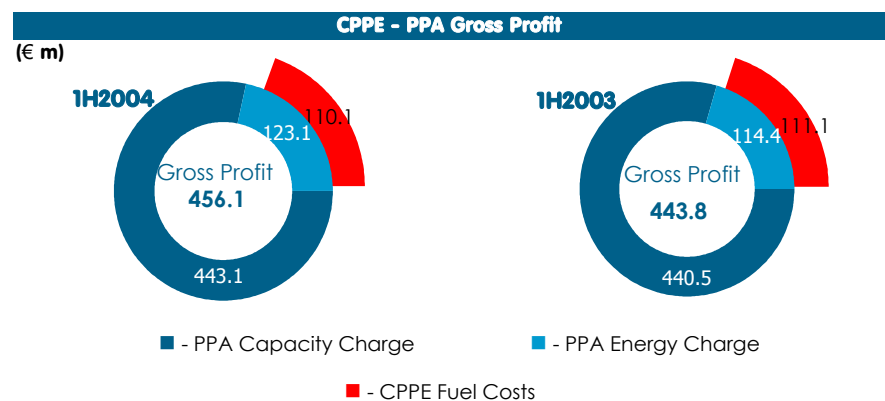
• Sines, which is a base load, coal fired power station, increased generation by 497 GWh in 1H2004 because during the first semester of 2003 there were programmed maintenance works that lowered its availability to produce energy. These works are foreseen in the PPA contract with REN and therefore had no influence on the PPA capacity charge.

⁽¹⁾ The Alto de Mira (132 MW) power plant was shut down on June 30, 2003

Electricity revenues (€ m)	1H2004	1H2003	Δ%
PPA Capacity Charge	443.1	440.5	0.6%
PPA Energy Charge	123.1	114.4	7.6%
CPPE (PES)	566.2	554.9	2.0%
TER / Trading (NBES)	75.6	35.8	111.3%
Cogeneration (Soporgen & Energin)	20.3	20.5	-1.0%
Small Hydro ⁽²⁾	5.9	9.0	-34.0%
Total EDP Produção	668.0	620.2	7.7%

Fuel Costs (€ m)	1H2004	1H2003	Δ%
Coal	80.7	59.7	35.3%
Fuel-oil	21.4	45.0	-52.4%
Natural Gas	7.4	5.8	27.6%
Diesel	0.6	0.7	-15.3%
CPPE (PES)	110.1	111.1	-0.9%
Natural Gas (TER, Soporgen & Energin)	52.0	18.9	174.9%
Total EDP Produção	162.0	130.0	24.7%

Electricity purchases (€ m)	1H2004	1H2003	Δ%
Trading, Autoconsumption & Cogeneration	18.0	30.4	-40.8%



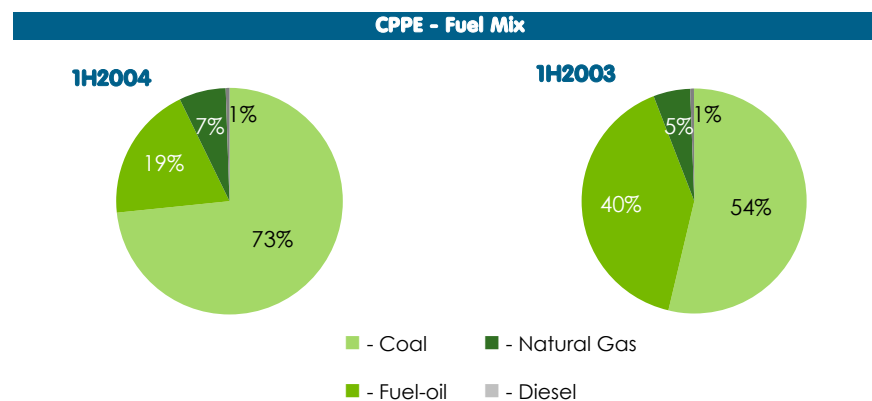
- The PPA energy charge rose 7.6% due to a higher utilisation of the Sines power station in a period in which coal prices escalated. CPPE's coal and fuel consumption costs were lower than the index reference it receives through the PPA energy charge (€110.1 million vs. €123.1 million). EDPP benefited from the purchase of coal under long-term contracts that were negotiated before the rise in coal prices, as well as from the use of coal stocks in the 1Q2004 at lower prices.

- In 1H2003, the programmed maintenance agreed with REN for Sines resulted in lower availability of that coal fired power station than the one recorded in 1H2004. Programmed maintenance is foreseen in the PPAs with REN, hence it did not affect the PPA Capacity charge.

- The higher coal costs accounted for in 1H2004 vis-à-vis 1H2003 is related to both the higher availability of Sines (programmed maintenance in 1H2003) and the consumption of more expensive coal stocks (namely in 2Q2004).

- The energy management activity, which was transferred from EDP Energia to EDPP, is responsible for the dispatch, management of energy sales and fuel procurement for EDPP's power station. Electricity sales from the "TER / Trading (NBES)" item mentioned above relate mostly to TER (including test emissions) and EDPP's hydro power plants in the NBES (HDN and Hidrocelnel).

- Special regime generation's gross profit decreased because of the 35% lower emission at our small hydro power stations.



⁽¹⁾ The Special Regime Producers (SRP) Enernova and EDP Bioelétrica (Renewable Energy) were excluded from EDPP consolidation perimeter from July 2003. For analysis purposes these two companies were excluded from EDPP in both periods.

⁽²⁾ Only includes sales from the hydroelectric power plants with installed capacity <10 MW (>10 MW are dispatch by the energy management department).

Personnel costs (€ m)	1H2004	1H2003	Δ%
Total Personnel Costs	60.0	60.1	-0.2%
Pension Premiums	5.7	5.9	-3.2%
Early Retirement Correction	6.7	6.6	1.2%
Social benefits with early retirees	0.7	0.7	1.2%
Medical care with inactive	1.5	1.5	0.2%
Adjusted Personnel Costs	45.4	45.4	0.0%

Number of employees	1,944	2,087	-6.9%
Generation activity	1,166	1,139	2.4%
Maintenance and Engineering activity	499	634	-21.3%
Energy Management activity	29	-	-
Sub-Holding	250	314	-20.4%
MW/Employee	4.00	3.60	11.1%

Non-Group Supplies & Services (€ m)	1H2004	1H2003	Δ%
Maintenance and specialised works	8.2	8.8	-6.8%
Insurance costs	4.5	4.3	3.6%
Surveillance and security	1.1	1.1	-1.6%
Building rentals	1.4	1.3	7.5%
Other	6.6	4.4	51.3%
Total Non-Group S&S	21.8	19.9	9.5%

Group Supplies & Services (€ m)	1H2004	1H2003	Δ%
Specialised works	6.8	4.4	54.5%
Building rentals	1.4	1.5	-6.7%
Electricity	0.8	0.7	14.2%
Maintenance	0.2	0.1	41.2%
Other	0.4	0.4	-0.9%
Total Group S&S	9.6	7.1	34.3%

- The Human Resources restructuring plan that EDP initiated in 2003 continued to be implemented in the 1H2004. Headcount was down by 143 YoY and gross reduction in personnel includes 100 flexible retirements, 5 lay-offs and 104 pre-retirements in the 2H2003 and 56 flexible retirements, 3 lay-offs and 18 pre-retirements in the 1H2004. Total headcount now amounts to 1,944 employees, including 29 from the energy management activity. This HR restructuring is reflected in the 0.2% decrease in Personnel costs despite a 2.8% average salary increase for 2004.

- Pension premiums decreased as a result of the flexible retirement program, a component of the Human Resources restructuring plan. Under this program in 2003, 100 early-retirees (whose salaries are accounted for as "early retirement correction") accepted flexible retirement and are now remunerated by the Portuguese Social Security system thus reducing EDP's pension liabilities. In the 1H2004 the number of flexible retirements amounted to 56. During this period the average restructuring cost per early-retiree and dismissals at EDPP amounted to €305 thousand.

- "Maintenance and specialised works" decreased 6.8% due to a greater use of Group maintenance and engineering companies and the fact that Sines's maintenance stoppages in 1H2003 inflated last year's figures.

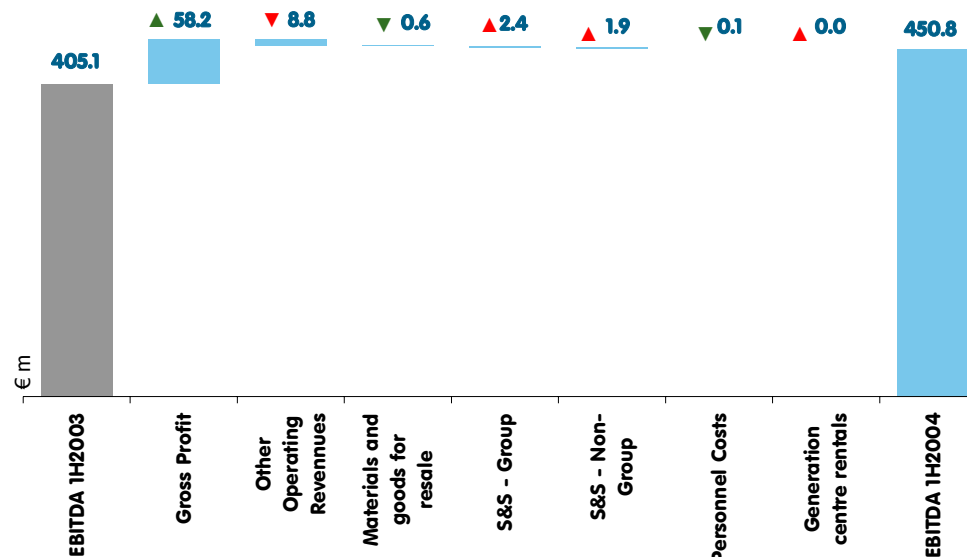
- Other Non-Group Supplies and Services increased because of the higher activity level at O&M Serviços (maintenance services) and because of higher telecommunications costs associated with the power plants' remote control.

- Group Supplies & Services increased 34% mainly due to higher charges in 1H2004 from EDP Valor, EDP's shared services company.

⁽¹⁾ The Special Regime Producers (SRP) Enernova and EDP Bioelétrica (Renewable Energy) were excluded from EDPP consolidation perimeter from July 2003. For analysis purposes these two companies were excluded from EDPP in both periods.

Operating Income Statement (€ m)	1H2004	1H2003	Δ%
Electricity Sales	668.0	620.2	7.7%
Services Provided	35.7	6.5	-
Other Sales	10.4	9.6	8.3%
Operating Revenues	714.1	636.2	12.2%
Electricity	18.0	30.4	-40.8%
Fuel for electricity generation	162.0	130.0	24.7%
Direct Activity Costs	180.0	160.4	12.3%
Gross Profit	534.1	475.9	12.2%
Gross Profit/Revenues	74.8%	74.8%	0.0 p.p.
Sundry materials and goods for resale	1.4	2.0	-27.8%
Supplies and services - Group	9.6	7.1	34.3%
Supplies and services - Non-Group	21.8	19.9	9.5%
Personnel costs	60.0	60.1	-0.2%
Generation centre rentals	1.8	1.8	1.4%
Other operating costs (or revenues)	(3.9)	(2.0)	-100.7%
Own work capitalised	(7.4)	(18.2)	59.3%
Operating Costs	83.2	70.7	17.7%
EBITDA	450.8	405.1	11.3%
EBITDA / Revenues	63.1%	63.7%	-0.5 p.p.
Depreciation and amortisation	116.2	116.2	0.0%
Compensation of subsidised assets' depre	(0.0)	-	-
Provisions	5.7	4.9	16.2%
EBIT	329.0	284.0	15.8%
EBIT / Revenues	46.1%	44.6%	1.4 p.p.

Operating Investment (€ m)	1H2004	1H2003	Δ%
Binding Generation	10.7	24.0	-55.4%
Non-Binding Generation	80.7	39.3	105.5%
Other investments	1.9	4.1	-52.8%
Financial costs (capitalised)	6.6	11.9	-45.0%
Total operating investment	99.9	79.3	26.0%
Recurring investment	5.9	10.0	-41.7%
Non-recurring investment	94.0	69.2	35.8%



• The "services provided" line, includes mostly intra-group transactions between EDPP and "EDP Energia" related with the purchase of electricity in the Spanish electricity pool for the supply of electricity to non-binding customers.

• EDPP's EBITDA was up 11.3% following the transfer of the energy management activity to EDPP, once TER began operations and also thanks to efficient fuel procurement.

• Electricity purchases decrease because in 1H2004 the energy management department is acting as intermediary in the Spanish pool at the service of our electricity supplier, thus replacing purchases made in 1H2003 by HDN and Hidrocel. In 2004 most of the purchases are accounted for in EDP Energia's books and the energy management department only records the difference between the pool price and the price agreed with EDP Energia (see page 9 for more detail).

• Provisions increased mostly due to higher provisioning related to medical benefits following the 2004 actuarial study, which used a lower discount rate than in 2003 and an updated mortality table.

⁽¹⁾ The Special Regime Producers (SRP) Enernova and EDP Bioeléctrica (Renewable Energy) were excluded from EDPP consolidation perimeter from July 2003. For analysis purposes these two companies were excluded from EDPP in both periods.

Operating Income Statement (€ m)	1H2004	1H2003	Δ%
Operating Revenues	156.3	60.0	160.5%
Direct Activity Costs	150.7	20.4	638.8%
Gross Profit	5.5	39.6	-86.0%
Gross Profit/Revenues	3.5%	66.0%	-62.4 p.p.
Supplies and services	2.9	3.2	-9.4%
Personnel costs	1.6	1.8	-8.5%
Generation centre rentals	0.0	0.0	-4.5%
Other operating costs (or revenues)	2.5	2.5	-0.2%
Own work capitalised	(0.2)	(0.5)	71.2%
Operating Costs	6.9	6.9	-1.1%
EBITDA	(1.3)	32.6	-
EBITDA / Revenues	-0.8%	54.4%	-55.3 p.p.
Depreciation and amortisation	1.7	1.7	0.9%
Compensation subsidised assets' deprec.	-	-	-
Provisions	0.1	0.0	126.1%
EBIT	(3.1)	30.9	-
EBIT / Revenues	-2.0%	51.5%	-53.5 p.p.

Supply - Clients and Sales	1H2004	1H2003	Δ%
Number of Clients	1,906	913	108.8%
Market Share (# of Clients)	73%	73%	0.0%
Market Share (Consumption)	69%	67%	2.1%
Sales (GWh)	2,177	1,026	112.2%

Number of Employees	1H2004	1H2003	Δ%
Number of Employees	68	53	28.3%

Operating Investment (€ m)	1H2004	1H2003	Δ%
Operating Investment	1.6	1.7	-6.8%

- EDP Energia is the Group's company that supplies electricity to the Portuguese liberalised market.
- EDP Energia's Gross Profit is not comparable with the same period last year because the energy management department, previously in EDP Energia, was meanwhile transferred to EDPP. Currently EDP Energia has a fixed price contract (reviewed periodically) with EDPP's energy management department which procures electricity (namely in the Spanish pool) on behalf of EDP Energia. Purchases at the Pool price are charged directly to EDP Energia's books and the difference vis-à-vis the transfer price in the contract is charged or received. Through this mechanism, EDP Energia is isolated from short-term pool price volatility and the associated risks can be better managed by the specialised personnel of the energy management activity at EDPP.
- In the 1H2004 EDP Energia had contracts with 73% of the facilities being supplied in the non-binding system (a total of 2,602 facilities) and maintained its market share vs. June 2003 (when 1,244 facilities were being supplied in the non-binding system).
- As a result of the increased number of facilities being supplied by EDP Energia, Electricity sales in GWh more than doubled from 1H2003 levels.
- Supplies and Services and Personnel costs together decreased 9.1%, namely due to the delay in the roll-out of the information systems.
- In order to illustrate the effect of the elimination of the intra-group transactions between EDP Energia and EDPP, following the transfer of the energy management activity, we present below the consolidated EBITDA of the two companies.

EBITDA - EDPP & EDP Energia	1H2004	1H2003	Δ%
Electricity Sales & Services Provided	806.9	667.9	20.8%
Other Sales	10.4	9.6	8.2%
Operating Revenues	817.3	677.5	20.6%
Electricity	118.5	35.7	232.1%
Fuel for electricity generation	162.0	130.0	24.7%
Direct Activity Costs	280.5	165.7	69.3%
Gross Profit	536.8	511.8	4.9%
Supplies and services	33.2	29.2	13.9%
Personnel costs	61.6	61.8	-0.4%
Other operating costs (or revenues)	(0.7)	1.8	-
Own work capitalised	(6.8)	(18.7)	63.7%
EBITDA	449.5	437.8	2.7%
EBITDA / Revenues	55.0%	64.6%	-14.9%

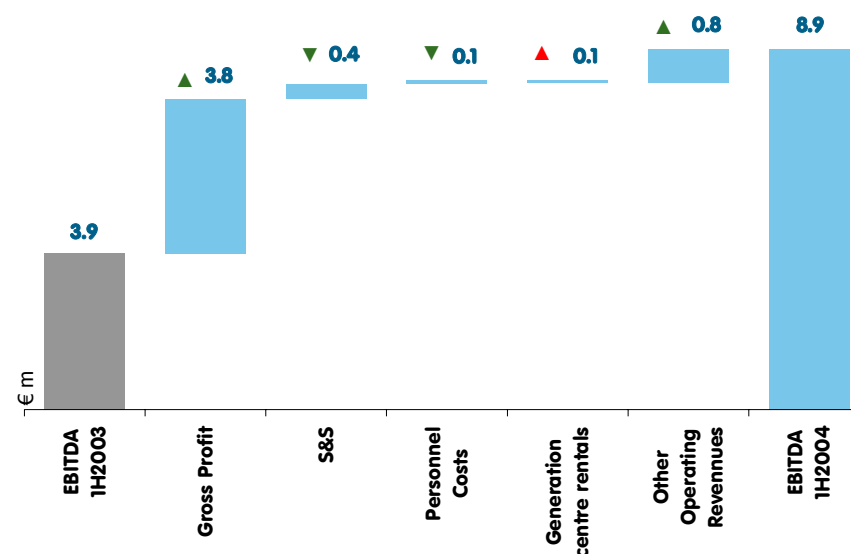
Installed Capacity - MW	1H2004	1H2003	△ MW
Wind	96	47	50
Biomass	9	9	0
Total	105	56	50

Generation - GWh	1H2004	1H2003	△%
Enernova	96	58	66.3%
EDP Bioelétrica	24	19	23.1%
Total	120	77	55.5%

Operating Income Statement (€ m)	1H2004	1H2003	△%
EDP Bioelétrica	1.7	1.3	27.6%
Enernova	8.5	5.0	70.0%
Electricity Sales	10.2	6.3	61.1%
Direct Activity Costs	1.1	1.0	4.9%
Gross Profit	9.2	5.3	71.9%
Gross Profit/Revenues	89.5%	83.9%	5.6 p.p.
Supplies and services	0.8	1.1	-32.2%
Personnel costs	0.5	0.6	-16.9%
Generation centre rentals	0.2	0.1	58.8%
Other operating costs (or revenues)	(0.1)	0.1	-
Own work capitalised	(1.1)	(0.5)	-136.4%
Operating Costs	0.2	1.5	-83.4%
EBITDA	8.9	3.9	130.8%
EBITDA / Revenues	87.1%	60.8%	26.3 p.p.
Depreciation and amortisation	2.3	1.9	19.7%
Compensation subsidised assets' deprec.	(0.1)	-	-
Provisions	0.0	0.0	62.1%
EBIT	6.6	1.9	241.7%
EBIT / Revenues	64.5%	30.4%	34.1 p.p.

Number of Employees	1H2004	1H2003	△%
Number of Employees	14	12	16.7%

Operating Investment (€ m)	1H2004	1H2003	△%
Operating Investment	31.4	7.0	347.0%



- As from July 2003, Special Regime Producers Enernova and EDP Bioelétrica were excluded from EDP Produção's consolidation perimeter.

- Installed capacity at Enernova increased by 50 MW year-on-year and as a result emissions rose 66.3% year-on-year to 96 GWh in the 1H2004.

- Enernova and EDP Bioelétrica contributed €8.9 million to the EDP Group's EBITDA, up from €3.9 million in the 1H2003.

- During the 1H2004, the bulk of Enernova's investment was in 3 new wind farms (Alto do Talefe, Fonte da Quelha and Padrela) with a total installed capacity of 31.5 MW. The wind farms under construction are expected to provide a 12% IRR. The EDP Group plans to invest approximately €196 million in an additional 262 MW of wind capacity which will start operating by 2006.

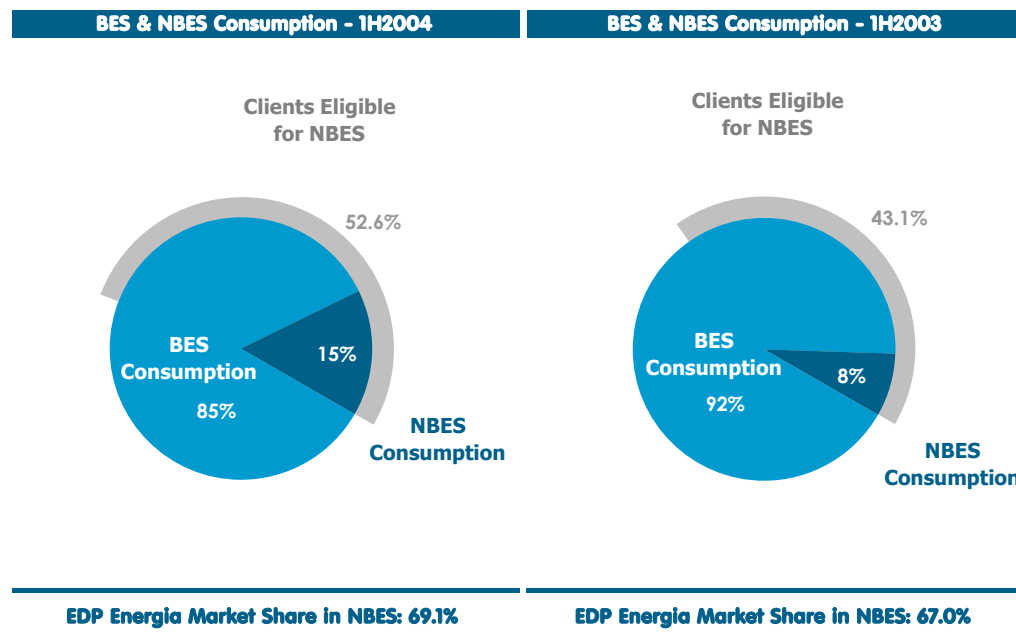
Electricity Sales (GWh)	1H2004	1H2003	Δ%
Energy delivered to Distribution	22,193	20,749	7.0%
Own consumption - distribution	(16)	(12)	-35.4%
Distribution losses	(1,791)	(1,357)	-32.0%
Total electricity sales ⁽¹⁾	20,385	19,380	5.2%
Electricity sales - BES ⁽²⁾	17,236	17,849	-3.4%
VHV (Very high voltage)	606	554	9.3%
HV (High voltage)	2,037	1,718	18.6%
MV (Medium voltage)	3,378	4,558	-25.9%
SLV (Special low voltage)	1,555	1,490	4.4%
LV (Low voltage)	8,995	8,929	0.7%
PL (Public lighting)	664	600	10.7%
Electricity sales - NBES ⁽³⁾	3,149	1,531	105.7%
EDP	2,177	1,026	112.2%
HV (High voltage)	17	30	-43.9%
MV (Medium voltage)	2,161	996	116.8%
Non-EDP	972	505	92.6%
HV (High voltage)	10	35	-70.7%
MV (Medium voltage)	962	470	104.7%

Electricity Clients	1H2004	1H2003	Δ
Binding consumers	5,773,909	5,688,011	85,898
VHV (Very high voltage)	18	13	5
HV (High voltage)	142	123	19
MV (Medium voltage)	18,516	19,315	(799)
SLV (Special low voltage)	28,691	27,676	1,015
LV (Low voltage)	5,683,413	5,599,139	84,274
PL (Public lighting)	43,129	41,745	1,384
Non-binding consumers	2,602	1,244	1,358
EDP	1,906	913	993
HV (High voltage)	1	2	(1)
MV (Medium voltage)	1,905	911	994
Non-EDP	696	331	365
HV (High voltage)	1	2	(1)
MV (Medium voltage)	695	329	366
Total electricity consumers	5,776,511	5,689,255	87,256
% Growth			1.5%

⁽¹⁾ Figures presented include Sales to the EDP Group.

⁽²⁾ BES - Binding Electricity System.

⁽³⁾ NBES - Non-Binding Electricity System.



- Demand for electricity was up 5.2% year-on-year with total electricity distributed amounting to 20,385 GWh.

- Electricity sales in the binding system (BES), which accounted for 85% of total energy distributed in Portugal, decreased 3.4% year-on-year due to the continued transfer of some MV customers to the non-binding system (NBES). However, EDP did gain 5 industrial clients and 19 HV clients that explain the 9.3% and 18.6% growth in VHV and HV energy sales, respectively.

- By the end of the 1H2004, electricity customers totalled 5,776,511, up 1.5% year-on-year. The number of clients with non-binding status totalled 3,485, out of which 2,602 were actually acquiring energy in the liberalised market. Between the 1H2003 and the 1H2004, EDP Energia, the Group's company operating in the non-binding segment, achieved a 69.1% market share in the liberalised market with 2,177 GWh of energy sold to its 1,906 clients.

- The full liberalisation expected to occur in June 2004 did not take place because of a delay in the publication of the decree-law. Until December 2003, the eligibility threshold for the non-binding system included all consumers except the low voltage ones. The threshold was extended to SLV clients in April 2004.

• EDPD's "Electricity Gross Profit" (Regulated Revenues) increased 7.8% year-on-year, from €587.2 million in the 1H2003 to €632.9 million in the 1H2004. This is the result of: (i) a 2.0% increase in allowed revenues for the Use of the Distribution Grid Activity (UDGr), which accounted for 73% of EDPD's total allowed revenues for the 1H2004; (ii) a 1.4% increase in allowed revenues for the Network Services' Activity (NS); (iii) a 10.2% increase in allowed revenues for the Supply in the Public System Activity (SPS); (iv) a €7.5 million decrease in t-2 tariff adjustments for UDGr, NS and SPS activities; and (v) a €38.6 million increase in tariff adjustments for Energy Acquisition Activity.

• Allowed Revenues for the UDGr reflect: (i) a 3.7% and 2.8% decrease, from 2003 to 2004, in unit revenues for HV/MV and LV segments, respectively (in accordance with the 'CPI - X' formula) and (ii) a 5.2% increase in consumption.

• Electricity Purchases, which are a pass-through to final tariffs, reflect the decrease in energy sales to the BES and lower estimated fuel costs used by ERSE when establishing 2004 tariffs.

Regulated Revenues (€ m)	1H2004	1H2003*
Unit revenue for the UDGr: HV and MV (€ / MWh)	9.48	9.84
Electricity delivered to BES/NBES consumers: HV and MV (GWh)	20,547	19,136
Unit revenue for the UDGr: LV (€ / MWh)	23.87	24.55
Electricity delivered to BES/NBES consumers: LV (GWh)	11,215	10,796
URD total allowed revenues	462.4	453.4
Allowed revenues for the NS activity: VHV; HV and MV	10.8	11.7
Allowed revenues for the NS activity: SLV	5.0	4.6
Allowed revenues for the NS activity: LV	64.8	63.2
CRedes total allowed revenues	80.6	79.5
Allowed revenues for the SPS activity: VHV; HV and MV	7.9	4.2
Allowed revenues for the SPS activity: SLV	2.3	1.2
Allowed revenues for the SPS activity: LV	39.1	39.4
CSEP total allowed revenues	49.3	44.8
t-2 tariff adjustment for UDGr activity	(3.6)	(7.0)
t-2 tariff adjustment for CSEP activity	0.3	-
t-2 tariff adjustment for CRedes activity	0.2	11.4
t-2 tariff adjustments for UDGr, CSEP and CREDES	(3.1)	4.4
t-2 tariff adjustment for Energy Acquisition activity	33.0	-
t-1 tariff adjustment for Energy Acquisition activity	10.6	5.1
Allowed Revenues for Energy Aquisition Activity	43.7	5.1
Total allowed revenues after tariff adjustment	632.9	587.2

* Allowed Revenues for the 1H2003 were calculated on the basis of an estimated Energy Balance.

Electricity Sales & Gross Profit (€ m)	1H2004	1H2003	Δ%
VHV (Very High Voltage)	25.0	24.4	2.7%
HV (High Voltage)	96.4	83.7	15.1%
MV (Medium Voltage)	251.6	337.8	-25.5%
SLV (Special Low Voltage)	152.1	142.9	6.5%
LV (Low Voltage)	1,221.0	1,113.5	9.7%
Public lighting	55.2	49.2	12.4%
Interruptibility discounts	(14.3)	(12.9)	-10.9%
Tariff correction discounts	(0.2)	(0.8)	68.4%
Invoiced Sales - BES	1,786.9	1,737.8	2.8%
Invoiced Sales - NBES	58.3	26.1	123.0%
Distribution 1H01 Reposition	-	(3.4)	-
Distribution 1H02 Reposition	(28.8)	(5.1)	-
Distribution 2002	-	17.8	-
Distribution 1H03	-	5.5	-
Distribution 1H03 Reposition	(10.6)	-	-
Distribution 1H04	(78.9)	-	-
Tariff Adjustments	(118.3)	15.0	-
Electricity Revenues	1,726.8	1,778.8	-2.9%
(-) Tariff adjustments' reposition	(39.5)	9.4	-
Sales to customers before reposition	1,766.3	1,769.4	-0.2%
Electricity purchases	1,133.4	1,182.2	-4.1%
Electricity Gross Profit	632.9	587.2	7.8%

• Allowed Revenues for the Energy Acquisition Activity are related to: (i) a €25.0 million t-2 tariff adjustment that reflects the recovery of the 2002 differences between EDPD's estimated and real costs with energy acquisition in the non-binding system; (ii) a €10.6 million t-1 tariff adjustment that reflects the 2003 differences between estimated and real fuel costs for the LV segments; (iii) a €6.9 million t-2 tariff adjustment that relates to 2002 differences between the tariff invoiced to final clients (estimated and settled by ERSE) and the amounts really paid to REN for energy acquisition and (iv) a €1.1 million tariff adjustment related to costs with the tariff convergence mechanism.

• The -€118.3 million tariff adjustment recognised in the 1H2004 is made up as follows: (i) -€28.8 million from the reposition of half of the positive tariff adjustment relative to year 2002; (ii) -€10.6 million from the reposition of half of the 2003 positive adjustment related to the recovery of variations between estimated and real fuel costs regarding energy acquisition for the LV segments; and (iii) -€78.9 million from the 1H2004 tariff adjustment for the period, partly related to the fact that real consumption for the BES came 1.5% above ERSE's estimate and to differences between estimated and real fuel costs for the LV segments.

Sundry Materials (€ m)	1H2004	1H2003	Δ%
Own Work Capitalised	46.0	43.7	5.3%
Maintenance Works	7.4	7.7	-3.0%
Sundry Materials	53.4	51.3	4.0%

Supplies & Services (€ m)	1H2004	1H2003	Δ%
Supplies&Services - Group	48.9	42.8	14.3%
Supplies&Services - Non-Group	56.6	52.7	7.5%
Maintenance costs	16.5	14.0	17.5%
Specialised works	17.0	17.0	0.2%
Communications	7.9	8.2	-4.0%
Insurance costs	3.2	2.7	17.5%
Others	12.1	10.8	12.1%
Total Supplies&Services	105.5	95.5	10.5%

Personnel costs (€ m)	1H2004	1H2003	Δ%
Total Personnel Costs	187.7	202.5	-7.3%
Pension premiums	23.1	28.0	-17.8%
Early retirement correction	31.3	38.2	-18.1%
Social benefits with early retirees	5.7	5.6	1.6%
Medical care with inactive	6.9	6.7	2.4%
Adjusted Personnel Costs	120.8	123.9	-2.5%
Number of employees	6,176	6,807	-9.3%

• The 4.0% year-on-year increase in sundry materials relates mostly to investment made at EDPD's distribution grid, which was capitalised and accounted for as "own work capitalised".

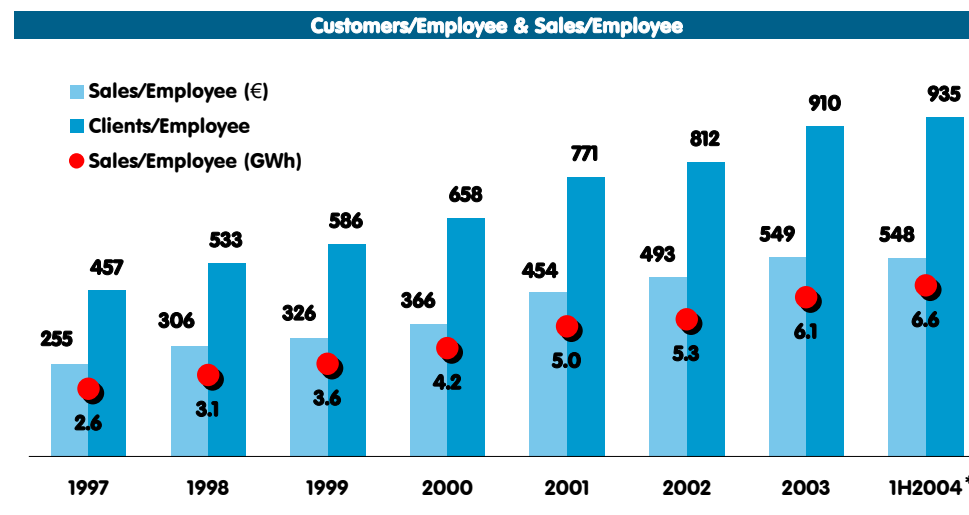
• Group supplies and services increased 14.3% year-on-year to €48.9 million in the 1H2004 mostly due to: (i) an increase in management fees from EDP, S.A. and EDP Valor; and (ii) an increase in IT-Log services from the Edinfor Group.

• Non-group supplies and services totalled €56.6 million, up 7.5% year-on-year. This increase is explained by the fact that 1H2003 figures are lower than normal due to late invoicing.

• Personnel costs decreased 7.3% during the period, reflecting the HR Restructuring Program implemented last year. Remunerations paid to early retirees within the scope of the HR Restructuring Program amounted to €6.9 million in the 1H2004. Nevertheless, this cost was compensated with the amortisation of the Deferred Income created for this purpose.

• The 17.8% decrease in Pension Premiums following the 2004 actuarial study reflects: (i) the creation of a Regulatory Asset that covers early retirement responsibilities contemplated in the HR Restructuring Program at EDPD and (ii) the anticipation of the legal retirement age of some early retirees. From January to July 2004, 264 early retirees at EDPD opted to bring forward their retirement age (NPV of €6.5 million). This measure also has a positive impact on early retirement's correction.

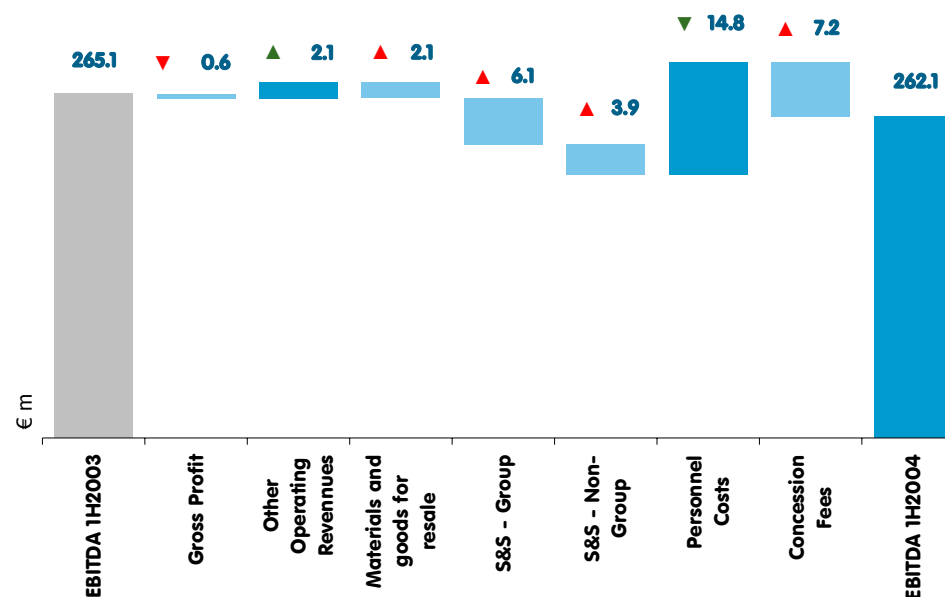
• During the 1H2004, EDPD reduced its workforce by 158 employees, out of whom 149 were part of the HR Restructuring Program – 21 negotiated dismissals and 128 early retirements. Apart from these 149 employees, EDPD negotiated for other 2 anticipations to retirement age, 7 dismissals and 60 early retirements that will occur until the end of 2004. As such, from January to June 2004, the HR Restructuring Program resulted in a total of 2 anticipations to retirement age, 28 dismissals and 188 early retirements that will cost EDPD some €75.0 million (€6.6 million with negotiated dismissals and €63.4 million with early retirements). These costs were added to the Regulatory Asset which currently amounts to €223.3 million (relative to a decrease of a total 718 employees: 500 in 2003 and 218 in 1H2004). EDPD's HR Restructuring Program for the 1H2004 should enable total savings of approximately €123 million (or €4.7 million on average for the next 26 years).



* 1H2004 annualised.

Operating Income Statement (€ m)	1H2004	1H2003	Δ%
Electricity sales - Group	33.7	15.8	-
Electricity sales - Non-Group	1,693.1	1,763.1	-4.0%
Services provided	10.7	8.6	24.0%
Other sales	1.3	0.8	59.3%
Operating Revenues	1,738.8	1,788.3	-2.8%
Direct Activity Costs	1,133.4	1,182.2	-4.1%
Gross Profit	605.5	606.1	-0.1%
Gross Profit/Revenues	34.8%	33.9%	0.9p.p.
Sundry materials and goods for resale	53.4	51.3	4.0%
Supplies and services - Group	48.9	42.8	14.3%
Supplies and services - Non-group	56.6	52.7	7.5%
Personnel costs	187.7	202.5	-7.3%
Concession fees	92.7	85.5	8.4%
Other operating costs (or revenues)	(5.7)	(5.8)	2.3%
Own work capitalised	(90.4)	(88.1)	-2.6%
Operating Costs	343.4	340.9	0.7%
EBITDA	262.1	265.1	-1.2%
EBITDA / Revenues	15.1%	14.8%	0.2p.p.
Depreciation and amortisation	174.2	173.1	0.7%
Comp. of subsidised assets' depreciation	(36.9)	-	-
Provisions	23.2	42.0	-44.7%
EBIT	101.6	50.1	102.6%
EBIT/ Revenues	5.8%	2.8%	3.0p.p.

Investment (€ m)	1H2004	1H2003	Δ%
Distribution Grid	161.2	132.6	21.6%
Public Lighting	10.0	8.3	21.1%
Information Systems	1.8	8.1	-77.8%
Other Investments	15.5	18.8	-17.5%
Operating investment	188.5	167.7	12.4%
Investment Subsidies - Cash	34.6	28.5	21.5%
Investment Subsidies - Kinds	31.1	26.5	17.3%
Investment Subsidies	65.7	55.0	19.5%
Operating investment excl. subsidies	122.8	112.7	8.9%



- Concession fees, (based on the previous year's LV sales, up 7.4%) reflect a 0.25 p.p. increase in the average rate paid to municipalities, to 7.5%.

- Provisions for the period totalled €23.2 million, down 44.7% year-on-year in an improved economic climate. Provisions in 2003 were abnormally high due to the creation of: (i) a €7.3 million provision regarding interests charged on overdue electricity bills from municipalities and (ii) a €7.2 million provision for bad debts due to the Portuguese economic slowdown. Note that in the 1H2004 the constitution of provisions for doubtful clients was netted off against extraordinary gains resulting from the reversal of this kind of provisions (€1.2 million).

- The compensation of the amortisation of subsidised assets, which had been considered an extraordinary gain, was accounted for as an operating item.

- EDPD's total operating investment increased 12.4% year-on-year to €188.5 million in the 1H2004, of which 86% were invested in the distribution grid to improve the quality of service. Investment in the distribution grid was up 21.6% and allowed for an improvement of the equivalent interruption time at the MV grid (100 min in the 1H2004, down from 161 min in the 1H2003).

Spain Energy Balance (GWh)	1H2004	1H2003	Δ%
Generation	95,404	89,495	6.6%
Special Regime	23,016	20,184	14.0%
Imports	3,698	4,261	-13.2%

Market Sales & Purchases	122,118	113,940	7.2%
Regulated Distribution	78,903	79,082	-0.2%
Supply	37,291	31,342	19.0%
Exports	5,924	3,515	68.5%

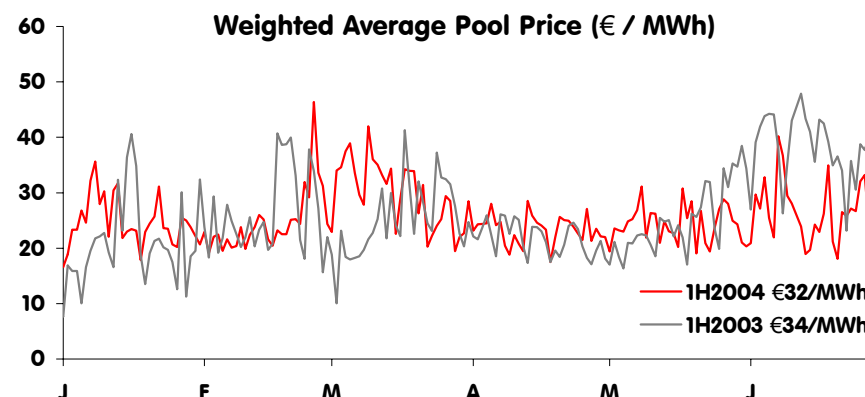
Source: OMEL

Generation - Selling Price & Fuel Costs	1H2004	1H2003	Δ%
Avg. HC Selling Price to the Pool ⁽¹⁾ (€/MWh)	30.6	32.3	-5.4%
Avg. HC Fuel Cost (€/MWh) ⁽²⁾	19.7	15.3	28.5%

Supply - Electricity Sales to Clients	1H2004	1H2003	Δ%
Electricity Supplied (GWh)	2,220	2,168	2.4%
Sales of the Electricity Supplied (€ m)	126.7	120.3	5.3%
Number of Clients	3,970	2,614	51.9%

Gross Profit (Generation + Supply)	1H2004	1H2003	Δ%
Revenues	377.1	414.5	-9.0%
Direct Activity Costs	243.7	263.1	-7.4%
Gross Profit	133.4	151.3	-11.9%

HC's Net Electricity Generation (GWh)	1H2004	1H2003	Δ%
Hydroelectric	544	536	1.4%
Nuclear	568	578	-1.8%
Aboño	3,432	3,068	11.9%
Soto de Ribera	1,620	1,770	-8.5%
Coal	5,052	4,839	4.4%
Castejón CCGT	905	493	83.5%
Total Generation	7,068	6,446	9.7%
Pumping	(32)	(63)	-49.4%
Energy delivered to the Pool	7,036	6,383	10.2%
HC's market share in wholesale market	7.4%	7.1%	7.1 p.p.



• Demand in the Spanish electricity market grew 4.1% versus 1H2003, or 3.3% adjusted for working days and temperature effects. Due to a dry first half the hydrological coefficient dropped from 1.11 in the 1H2003 to 0.83.

• Hidrocantábrico was able to increase its net emission by 9.7% in the 1H2004 because of: i) a lower hydrological coefficient ii) a higher net emission at the Aboño power plant due to higher availability (in the 1Q2003 Aboño 1 stopped for maintenance works); and iii) a higher net emission at CCGT Castejón as a result of a lower variable cost in the 1H2004 vis-à-vis 1H2003. Emission at the Soto de Ribera power plant decreased 8.5% as a result of the triennial maintenance works last April at Soto de Ribera III.

• To compensate for the low pool prices Hidrocantábrico was able to account as a receivable €14.6 million of CTCs for differences (balance between system's revenues and costs).

• The increase in the average fuel costs due to a hike in imported coal prices continues to put pressure on Hidrocantábrico's generation margins.

• Regarding the supply of electricity to liberalised clients, this activity was able to improve its gross margin in 1H2004 through: i) a 3.3% increase of its average selling price; and ii) lower pool prices.

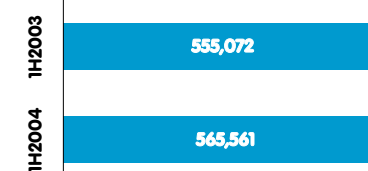
• Overall, Gross Profit of the Generation and Supply activities decreased 11.9% mostly explained by the increase of the average fuel costs and the lower average selling price to the pool, which had a negative impact of €28.8 million and €12.3 million, respectively. Nonetheless, this negative impact was partly offset by the increase in net emission (+€11.9 million) and a better performance of the supply activity due to a higher selling price to customers and lower electricity acquisition costs (+€4.5 million).

⁽¹⁾ Includes wholesale market, ancillary services and capacity payment. ⁽²⁾ Excluding hydroelectric emission.

Elect. Distribution (GWh)	1H2004	1H2003	△%
Low Voltage	1,167	1,077	8.4%
Medium Voltage	512	434	18.0%
High Voltage	2,846	2,677	6.3%
Electricity Distributed	4,525	4,188	8.0%
of which: access clients	693	551	25.8%

Elect. Distribution (€ m)	1H2004	1H2003	△%
Transmission	3.8	3.1	24.1%
Distribution	46.9	45.3	3.5%
Commercialisation	3.6	3.8	-6.0%
Elect. Regulated Revenues	54.3	52.2	4.0%

Direct Clients in Elect. Distribution

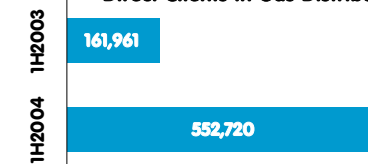


Electricity Distribution: According to the Decree Law (Real Decreto 1802/2003) that sets the revenues for the Spanish regulated electricity activities for 2004, out of the €2,823.4 million attributed to the Spanish electricity distribution activity, €90.1 million (+2.5% compared to 2003) or 3.2% were allocated to Hidrocantábrico. While the distribution revenues reflect the allowed revenue agreed for 2004, the rise in the transmission revenue is related with the new transmission grid that was put into service, whose remuneration is based in the return on the invested capital (10-year Spanish Treasury Bond plus 150 bps).

Gas Distribution (GWh) ⁽¹⁾	1H2004	1H2003	△%
Gas Distributed to direct clients	5,034	822	-
Gas Distributed to access clients	7,547	258	-
Total Gas Distributed	12,581	1,080	-

Gas Distribution (€ m) ⁽¹⁾	1H2004	1H2003	△%
Transmission	5.4	1.3	-
Distribution	48.1	15.8	-
Commercialisation	7.1	1.7	-
Gas Regulated Revenues	60.6	18.8	-

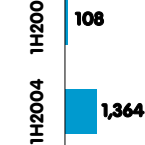
Direct Clients in Gas Distribution



Gas Supply (GWh)	1H2004	1H2003	△%
Basque Country	4,118	-	-
Rest of Spain	1,031	1,493	-
Gas Supplied	5,149	1,493	-

Gas Supply (€ m)	1H2004	1H2003	△%
Basque Country	53.9	-	-
Rest of Spain	14.1	23.0	-
Gas Sales	68.0	23.0	-

Clients in Gas Supply



Gas Distribution: The inclusion of Naturcorp in Hidrocantábrico since August 1st 2003 contributed to the 11,501 GWh increase in gas distributed in the 1H2004 against the 1H2003. After the acquisition of Naturcorp, Hidrocantábrico was able to reach a 7.9% market share of gas distributed in Spain in the 1H2004 against a 0.8% market share in 1H2003. According to the Law (Orden Eco/31/2004) that sets the revenues for the Spanish regulated gas activities for 2004, of the €1,091.6 million attributed to the Spanish gas distribution companies, €107.8 or 10% were allocated to Naturcorp and its subsidiaries (note: €96.6 million considering the consolidation method of Naturcorp and its subsidiaries in Hidrocantábrico). In terms of regulated revenues for gas transport, €8.9 million were allocated to Naturcorp and its subsidiaries.

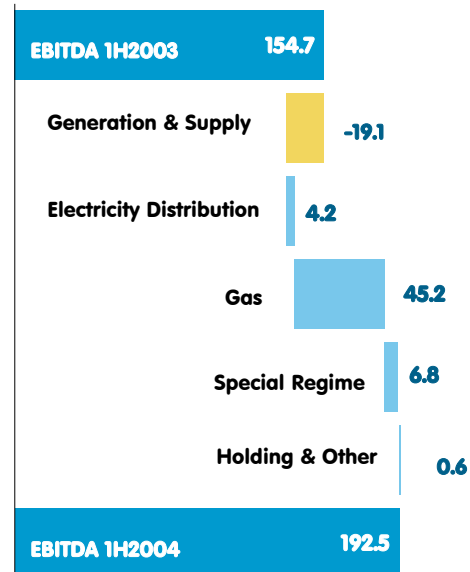
Gas Supply: The inclusion of Naturcorp also had an important impact on the gas supplied to liberalised clients. In the 1H2004 Hidrocantábrico achieved a 5.2% share of the liberalised market (excluding supply to the electricity sector) against 1.9% in the 1H2003. As for the total Spanish gas market, both regulated and non-regulated, Hidrocantábrico sold 10,183 GWh of gas, corresponding to a 7.7% market share (excluding supply to the electricity sector).

In the 1H2004 the consumption in the Spanish gas sector increased 17%, explained mostly by the increase in electricity generation based on CCGT technology. In addition, the low temperatures during the last winter and the increase of the number of clients, particularly in the liberalised segment, also contributed to this growth.

⁽¹⁾ Operating data considers 100% of Naturcorp's gas distribution subsidiaries' figures, while all financial data considers the consolidation method.

Business Areas Breakdown	Generation & Supply			Electricity Distribution			Gas			Special Regime		
	1H2004	1H2003	△%	1H2004	1H2003	△%	1H2004	1H2003	△%	1H2004	1H2003	△%
Revenues	377.1	414.5	-9.0%	205.9	197.5	4.2%	327.9	32.3	-	21.8	16.4	33.5%
Direct Costs	243.7	263.1	-7.4%	147.8	143.4	3.0%	249.9	14.1	-	6.3	9.9	-36.3%
Gross Profit	133.4	151.3	-11.9%	58.1	54.1	7.5%	77.9	18.2	-	15.5	6.4	141.7%
Gross Profit/Revenues	35.4%	36.5%	-1.1 p.p.	28.2%	27.4%	0.8 p.p.	23.8%	56.3%	-	71.0%	39.2%	32 p.p.
Personnel Costs	19.8	17.2	15.4%	10.3	11.1	-7.1%	7.9	1.5	-	2.1	2.3	-8.0%
Other Operating Costs (net)	13.7	15.3	-10.2%	10.8	10.2	5.7%	10.1	2.0	-	2.7	0.2	-
EBITDA	99.8	118.8	-16.0%	37.1	32.8	12.9%	59.9	14.7	-	10.7	3.9	175.2%
EBITDA/Revenues	26.5%	28.7%	-2.2 p.p.	18.0%	16.6%	1.4 p.p.	18.3%	45.5%	-	48.9%	23.7%	25.2 p.p.
Depreciation	47.2	46.4	1.6%	15.0	14.2	6.2%	14.8	4.9	-	5.1	2.8	79.0%
Comp. of subsidised assets' dep.	(0.1)	-	-	(0.8)	-	-	(0.6)	-	-	(0.1)	-	-
Provision	0.5	0.7	-26.5%	0.2	0.4	-56.2%	0.1	0.0	-	0.2	0.4	-52.6%
EBIT	52.2	71.7	-27.3%	22.7	18.2	24.1%	45.6	9.8	-	5.5	0.7	717.1%
EBIT/Revenues	13.8%	17.3%	-3.5 p.p.	11.0%	9.2%	1.8 p.p.	13.9%	30.3%	-	25.4%	4.1%	21.2 p.p.
Capex	11.2	12.8	-12.6%	15.9	20.2	-21.4%	24.2	8.7	-	81.4	32.6	149.9%
# of employees	616	581	6.0%	353	395	-10.6%	298	65	-	103	130	-20.8%

△ YoY € million



Generation & Supply: The EBITDA of the electricity generation and supply activity fell 16.0% due primarily to higher fuel costs as a result of the hike in imported coal prices. The increase in personnel expenses is mainly related to the transfer of employees to the supply activity following the reorganisation of personnel between companies. The fall in 'other operating costs' is mainly explained by an increase in 'other revenues' associated with the customer relationship management provided by the supply activity to the electricity and gas distribution activities. This impact is eliminated on consolidation.

Electricity Distribution: The EBITDA of the electricity distribution activity increased 12.9% as a result of: i) a 7.5% increase at the gross profit, explained by a 4.0% rise in regulated revenues and by higher revenues from rentals of underground network infrastructure and maintenance works provided in wind farms; and ii) a reduction in personnel costs.

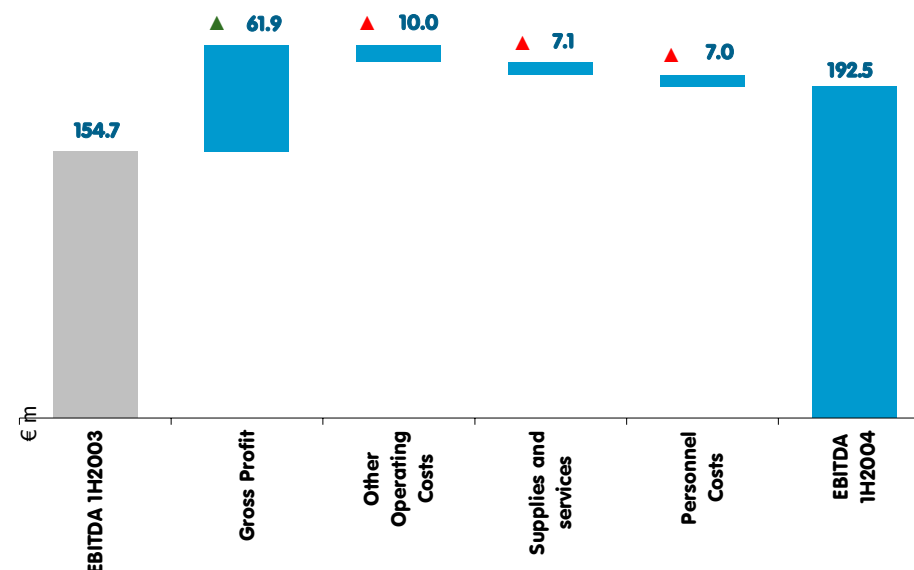
Gas: The full consolidation of Naturcorp, as from August 2003, had an important impact on the gas activity's results, contributing to the €45.2 million increase on this activity's EBITDA.

Special Regime: The 1H2004 net emission of Hidrocantábrico's special regime generators increased 142% to 227 GWh. The new wind farms of Cantábrico (65 MW) and Arlanzón (34 MW) contributed 109 GWh to net emission and €6.3 million to the gross profit. The increase in other operating costs is partly explained by lower capitalisation of financial interests (own work capitalised decreased €1.1 million). Regarding capex, Hidrocantábrico invested €65.6 million in the Albacete wind farm (124 MW), which should be operational in the 4Q2004. Total investment in this project is estimated at €117 million, of which €83 million were already invested. The expected IRR for this project is 10.6%.

Income Statement (€ m)	1H2004	1H2003	Δ%
Revenues	879.5	700.3	25.6%
Direct Costs	587.0	469.8	24.9%
Gross Profit	292.5	230.5	26.9%
Gross Profit/Revenues	33.3%	32.9%	0.3p.p.
Supplies and services	43.5	36.4	19.5%
Personnel costs	49.0	42.0	16.6%
Other operating costs (or revenues)	11.5	2.8	-
Own work capitalised	(4.1)	(5.3)	23.9%
Operating Costs	99.9	75.8	31.8%
EBITDA	192.5	154.7	24.4%
EBITDA/Revenues	21.9%	22.1%	-0.2p.p.
Depreciation	84.3	69.7	21.0%
Compensation of subsidised assets' depr.	(1.6)	-	-
Provision	0.7	1.5	-51.4%
EBIT	109.1	83.6	30.6%
EBIT/Revenues	12.4%	11.9%	0.5p.p.
Financial Results	(78.1)	(72.5)	-7.7%
Extraordinary Results	1.8	5.8	-69.7%
Income Before Taxes	32.8	16.9	93.9%
Income taxes	13.1	(15.4)	-
Minority interests	8.8	1.9	-
Net Profit	10.9	30.4	-64.2%

Capex (€ m)	1H2004	1H2003	Δ%
Recurring investment	52.1	39.3	32.7%
Non-recurring investment	82.3	43.8	87.9%
(-) Subsidies	7.5	9.6	-22.0%
Capex	126.9	73.5	72.8%

Number of employees	1H2004	1H2003	Δ%
Number of employees	1,590	1,383	15.0%



Consolidated EBITDA in 1H2004 was affected by:

- i) the consolidation of Naturcorp since August 2003, which explains the €45.2 million increase at the gas activity's EBITDA. The inclusion of Naturcorp affected all Income Statement items, namely operating costs;
- ii) the fall in generation activity's gross margin due to a rise of the imported coal prices since the 4Q2003 and low pool prices during the 1H2004. The effect of low pool prices on the generation activity was offset by a better gross margin on the supply activity;
- iii) the 4.0% increase in the electricity distribution's regulated revenues;
- iv) the output increase in renewables, benefiting from the two new wind farms of Cantábrico (65 MW) and Arlanzón (34 MW).

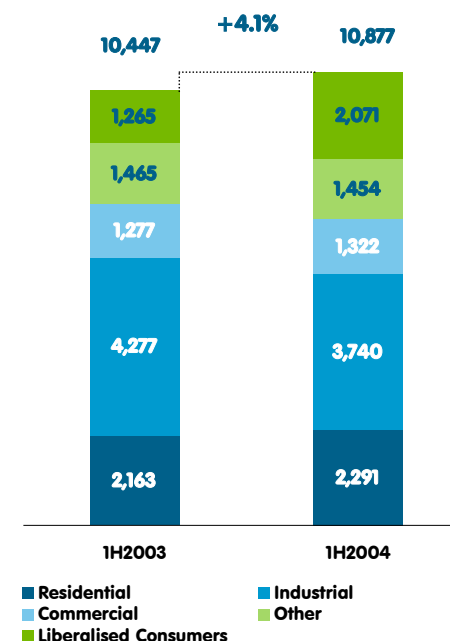
- Financial expenses increased 7.7% as a result of a higher goodwill amortisation on the back of the Naturcorp acquisition in July 2003. Nevertheless, this increase was partly offset by lower financial interest charges (€39.8 million in the 1H2004 against €43.1 million in the 1H2003).

- 1H2004's Net Profit is not directly comparable with the 1H2003 since at the beginning of last year Hidrocantábrico accounted €25 million related to the tax benefit on the investment made in Castejón CCGT. In the 4Q2003, pursuant to IAS rules, the tax benefit accounted in the 1Q2003 was reverted and will be accounted during the Castejón CCGT plant's useful life. If we exclude the €25 million tax benefit, net profit would have gone up by €5 million.

Note: Hidrocantábrico was proportionally consolidated in accordance with EDP's stake in Hidrocantábrico (40%).

Energy Sales & Gross Profit				Bandeirante			Escelsa			Enersul		
				1H2004	1H2003	△%	1H2004	1H2003	△%	1H2004	1H2003	△%
Energy Sales (GWh)	Electricity Purchases & Self Generation			5,232	5,596	-6.5%	3,428	3,624	-5.4%	1,757	1,691	3.9%
	Electricity delivered to distribution			6,326	5,906	7.1%	4,049	4,084	-0.8%	1,795	1,666	7.7%
	Distribution losses			(521)	(498)	4.7%	(494)	(481)	2.8%	(277)	(230)	20.9%
	Residential			1,211	1,079	12.3%	619	636	-2.8%	461	447	3.1%
	Industrial			2,228	2,623	-15.1%	1,222	1,335	-8.5%	290	319	-9.1%
	Commercial			633	605	4.6%	397	394	0.8%	291	278	4.8%
	Other			499	501	-0.5%	561	592	-5.1%	393	372	5.7%
	Electricity sales to customers			4,571	4,807	-4.9%	2,800	2,957	-5.3%	1,437	1,417	1.4%
Electricity distributed to access clients			1,234	600	105.7%	755	646	17.0%	81	20	-	
Total Electricity Distributed				5,805	5,408	7.3%	3,555	3,603	-1.3%	1,518	1,437	5.6%
Gross Profit (R\$ m)	Residential			356.8	298.1	19.7%	171.5	161.9	5.9%	132.6	107.4	23.5%
	Industrial			357.2	365.9	-2.4%	158.8	144.3	10.0%	53.4	46.8	14.1%
	Commercial			164.9	142.4	15.7%	98.4	85.6	14.9%	81.5	63.5	28.3%
	Other			90.9	79.5	14.3%	85.9	77.4	11.0%	71.2	64.0	11.3%
	Electricity sales to customers			969.7	886.0	9.5%	514.5	469.2	9.7%	338.7	281.6	20.3%
	Electricity distributed to access clients			50.5	2.3	2134.3%	32.8	13.9	136.2%	3.4	0.9	262.7%
	Other Revenues ⁽¹⁾			(83.1)	(88.8)	6.4%	(47.7)	(40.2)	-18.6%	(8.3)	(29.4)	71.7%
	Total Revenues			937.1	799.4	17.2%	499.6	442.9	12.8%	333.8	253.1	31.9%
	(-) Direct activity costs			618.0	607.9	1.7%	305.5	265.9	14.9%	171.7	132.3	29.8%
Gross Profit				319.1	191.5	66.6%	194.1	176.9	9.7%	162.1	120.9	34.1%
Average Tariff to customers (R\$/MWh)				212.2	184.3	15.1%	183.8	158.7	15.8%	235.8	198.7	18.6%

Total Electricity Distributed by Brazilian Subsidiaries (GWh)



- Total electricity distributed by EDP's subsidiaries in the Brazilian market increased 4.1%, reflecting the increase in demand of 7% in Bandeirante and 6% in Enersul's regions, and the drop in consumption in Escelsa's concession area. The rise in consumption in Bandeirante's region increased 7.3% vis-à-vis 1H2003 reflecting an improvement of the economic environment. The drop in consumption in Escelsa's concession area was mainly due to the mild temperatures during the 1H2004 that affected the residential segment and also due to a wet period, which affected the rural segment (included in 'other') by reducing the use of irrigation systems. Regarding Enersul, the strong consumption increase is explained by: i) the unusual high temperatures and dry weather during the 1H2004, which resulted in a higher use of the air conditioning and of the irrigation systems; and ii) economic growth in the region (commercial).

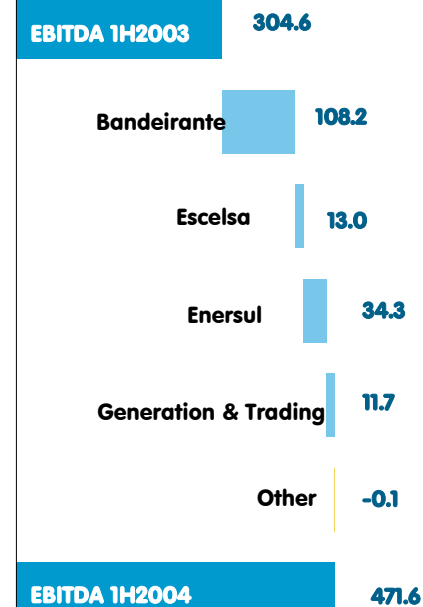
- The decrease in the industrial segment at the three distribution companies reflects the switch of some industrial consumers to the free market. Nevertheless, these consumers continue to pay for the use of the distribution grid.

- Regarding gross profit, the three subsidiaries had good performances on the back of 2003's tariff revisions and tariff adjustments. The increase in gross profit was more evident in Bandeirante as a result of the 7.3% increase in consumption and the 18.08% average tariff increase granted in the last tariff revision in October 2003. (note: ANEEL established that 14.68% would be applied to October 2003 tariffs and the 3.40% gap, which is already being accrued, would be recognised between 2004 and 2006 in the annual tariff adjustments). Escelsa was able to post a 9.7% increase at the gross profit level, thanks to the 17.30% tariff increase in August 2003, which compensated for the slight decrease in consumption. Enersul's 34.1% increase in gross profit reflects the 42.26% average tariff increase agreed in the last tariff revision in April 2003, out of which 32.59% were applied to 2003 tariffs and the 9.67% gap that is already being accrued will be recovered until 2007 in the annual tariff adjustments. There was a further 133 b.p. increase on top of the tariff granted by ANEEL in April 2003 amounting to R\$7 million booked as 'other revenues' in the Enersul accounts. Enersul's gross profit also benefited from April 2004's 17.02% average tariff increase.

⁽¹⁾ Includes the Regulatory Tariff Repositions, Taxes over Revenues, Non-Invoiced Electricity and other revenues.

P&L R\$ million	Bandeirante			Escelsa			Enersul			Generation & Trading ⁽¹⁾		
	1H2004	1H2003	△%	1H2004	1H2003	△%	1H2004	1H2003	△%	1H2004	1H2003	△%
Revenues	937.1	799.4	17.2%	499.6	442.9	12.8%	333.8	253.1	31.9%	182.9	128.6	42.2%
Direct Activity Costs	618.0	607.9	1.7%	305.5	265.9	14.9%	171.7	132.3	29.8%	113.2	64.5	75.5%
Gross Profit	319.1	191.5	66.6%	194.1	176.9	9.7%	162.1	120.9	34.1%	69.7	64.2	8.7%
Gross Profit/Revenues	34.1%	24.0%	10.1 p.p.	38.8%	40.0%	-1.1 p.p.	48.6%	47.8%	0.8 p.p.	38.1%	49.9%	-12 p.p.
Sundry mat. & goods for resale	3.7	3.6	3.6%	4.8	3.6	33.4%	6.2	3.9	57.3%	0.2	0.2	10.6%
Supplies and services	46.1	39.1	17.7%	22.5	27.3	-17.5%	17.2	19.4	-11.5%	24.2	28.4	-14.8%
Personnel costs	45.5	41.9	8.6%	36.4	33.2	9.4%	29.2	25.2	15.9%	2.8	1.7	58.3%
Other operating costs (revenues)	4.9	(3.8)	-	7.2	2.7	-	4.0	1.1	-	0.5	3.4	-85.3%
Operating Costs	100.2	80.8	24.1%	70.9	66.9	6.1%	56.6	49.6	14.1%	27.7	33.8	-18.1%
EBITDA	218.9	110.8	97.6%	123.1	110.1	11.9%	105.6	71.3	48.1%	42.1	30.4	38.4%
EBITDA/Revenues	23.4%	13.9%	9.5 p.p.	24.6%	24.9%	-0.2 p.p.	31.6%	28.2%	3.5 p.p.	23.0%	23.6%	-0.6 p.p.
Depreciation	39.8	36.5	9.0%	30.3	29.3	3.2%	27.5	27.6	-0.5%	8.3	6.9	19.8%
Provision	14.0	7.9	76.8%	9.8	22.1	-55.8%	6.2	7.0	-12.4%	-	-	-
EBIT	165.1	66.3	148.9%	83.1	58.6	41.7%	71.9	36.6	96.3%	33.8	23.5	43.9%
Capex	47.2	57.2	-17.6%	27.6	23.3	18.4%	29.7	16.8	77.2%	325.2	121.9	166.7%
Financial Debt (Non-Group + Group)	813.0	807.8	0.6%	1,739.5	1,644.8	5.8%	582.4	588.2	-1.0%	459.3	226.7	102.6%
# employees	1,211	1,360	-11.0%	1,294	1,349	-4.1%	925	939	-1.5%	246	174	41.4%

△ YoY € million



Bandeirante: The good performance at Bandeirante's gross profit level, on the back of the October's tariff revision and a 7.3% increase in consumption, led to a strong increase in Bandeirante's EBITDA and was the main driver for the sound EBITDA growth of the operations in Brazil. Operating costs increased 24.1% in comparison with the 1H2003. The 17.7% increase in supplies and services is partly related to the implementation of the Customer Care & Service system in the 2Q2004 and higher advertising to increase awareness of Bandeirante as a modern electricity distribution company. Bandeirante has been investing in the modernisation of its distribution network since 2002. The increase in personnel costs, besides reflecting the annual salary adjustment, includes an increase in bonuses paid in 2004.

Escelsa: EBITDA increased 11.9% following a strong increase in gross profit. Regarding operating costs, the decrease in supplies and services is partly explained by lower costs with energy efficiency programmes. The increase in personnel costs is mostly related to annual salary adjustment of August 2003.

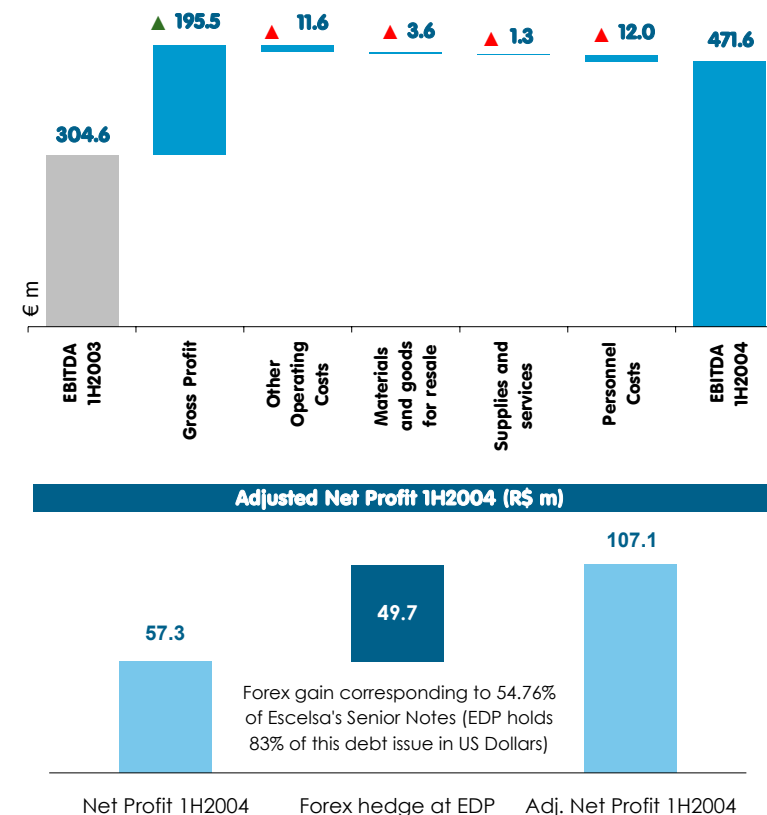
Enersul: The strong increase in EBITDA is largely explained by the tariff revision of 32.59% (plus 9.67%) occurred in April 2003, the 17.02% tariff adjustment in April 2004 and a 5.6% increase in consumption. Regarding operating costs, the 14.1% increase vs. the 1H2003 is mostly explained by the annual salary adjustment in August 2003.

Generation & Trading: The generation activity in Brazil was able to increase its net emission 5.5% from 851 GWh to 898 GWh (considering 100% of Fafen and the 27.37% of EDP's right of energy at UHE Lajeado's net emission). Accordingly, electricity sales from this activity increased 6.9% from R\$47.0 million to R\$50.2 million. The trading and supply activity was able to sell 2,336 GWh (+106% vis-à-vis 1H2003) of which 1,059 GWh were sold to direct clients (+37.9% vis-à-vis 1H2003). The remainder is sold to Bandeirante, Escelsa, Enersul and Cerj. As a result of the good top-line performance and lower supplies and services (decrease of the rental fee paid to Investco – owner of Lajeado's power plant – and the decision to bring O&M at Fafen inhouse) EBITDA increased 38.4% vis-à-vis 1H2003.

Regarding the investments made in the 1H2004, the bulk of the capital expenditures in the generation activity is associated with the construction of the Peixe Angical hydro power plant (R\$313.3 million). Fafen's re-powering plan from 54 MW to 133 MW should be concluded in the 2H2004. The increase in financial debt is related to the start of the financing by BNDES on the investment in the Peixe Angical hydro power plant (R\$174.1 million).

⁽¹⁾ This section includes the power stations Lajeado and Fafen, and the trading/supply company Enertrade.

Income Statement	R\$ million			€ million		
	1H2004	1H2003	Δ%	1H2004	1H2003	Δ%
Revenues	1,867.3	1,585.5	17.8%	513.5	449.2	14.3%
Direct Activity Costs	1,122.1	1,035.9	8.3%	308.6	292.1	5.6%
Gross Profit	745.1	549.6	35.6%	204.9	157.1	30.4%
Gross Profit/Revenues	39.9%	34.7%	5.2p.p.	39.9%	35.0%	4.9p.p.
Sundry materials & goods for resale	14.9	11.3	31.9%	4.1	3.3	25.1%
Supplies and services	120.1	118.8	1.1%	33.0	34.0	-2.8%
Personnel costs	122.3	110.3	10.9%	33.6	31.3	7.6%
Other operating costs (or revenues)	16.3	4.7	-	4.5	1.8	-
Operating Costs	273.6	245.1	11.6%	75.2	70.3	7.0%
EBITDA	471.6	304.6	54.8%	129.7	86.8	49.5%
EBITDA/Revenues	25.3%	19.2%	6.0p.p.	25.3%	19.3%	5.9p.p.
Depreciation	106.2	101.5	4.7%	29.2	28.7	1.8%
Provision	31.5	37.1	-15.3%	8.6	10.7	-19.0%
EBIT	333.9	166.0	101.2%	91.8	47.4	93.7%
EBIT/Revenues	17.9%	10.5%	7.4p.p.	17.9%	10.6%	7.3p.p.
Financial Results	(216.0)	85.1	-	(59.4)	29.2	-
Extraordinary Results	(16.6)	43.1	-	(4.6)	12.0	-
Income Before Taxes	101.3	294.1	-65.6%	27.9	88.6	-68.6%
Income taxes	57.5	124.6	-53.9%	15.8	36.5	-56.6%
Minority Interests	(13.5)	75.2	-	(3.7)	22.6	-
Net Profit	57.3	94.3	-39.2%	15.8	29.5	-46.5%



• The tariff revisions and the increase in electricity demand in Bandeirante and Enersul's regions were the engine behind the Brazilian operations' remarkable performance at the EBITDA level.

• EDP in Brazil is focused on reducing controllable costs, namely through the reduction in the number of employees. Total headcount was down by 157 between the 1H2003 and 1H2004. However annual salary increases of more than 10% in the middle of 2003 took their toll but please note that inflation has gone from above 20% in the middle of 2003 to 9.6% in June 2004.

• The depreciation of the Real against the US Dollar (-7.0% in 1H2004) had a negative impact in the dollar denominated debt of R\$115.2 million in the financial results, of which R\$95.1 million is related to Escelsa's Senior Notes. It is important to note that the forex differences in Escelsa Senior Notes are offset in EDP Group's consolidation since EDP holds approximately 83% of this US Dollar debt issue (US\$431 million). Regarding financial charges, local currency denominated debt benefited from the fall in benchmark interest rates.

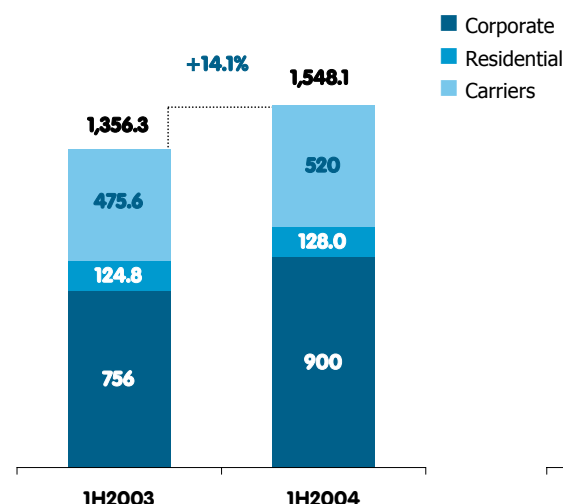
• Net profit decreased 39.2% vis-à-vis 1H2003. However, taking into account the forex gain in Escelsa Senior Notes in Group consolidation, net profit in the 1H2004 in Brazil would have been R\$107.1 million.

Operating Income Statement (€ m)	ONI Telecom	Comunitel	ONI Group
Telecommunication services	78.2	96.3	160.6
Equipment sales	2.9	0.4	5.2
Operating revenues	81.1	96.7	165.8
Telecommunication services	35.5	60.7	84.3
Equipment sales	2.4	0.3	4.5
Direct activity costs	37.9	61.0	88.8
Gross Profit	43.1	35.7	77.0
Gross Profit/Revenues	53.2%	36.9%	46.5%
Supplies and services	21.1	19.7	38.1
Personnel costs	14.3	11.8	27.6
Other operating costs (or revenues)	(0.9)	0.1	(1.5)
Own work capitalised	(0.0)	-	(0.0)
Operating costs	34.5	31.5	64.2
EBITDA	8.6	4.2	12.8
EBITDA/Revenues	10.7%	4.3%	7.7%

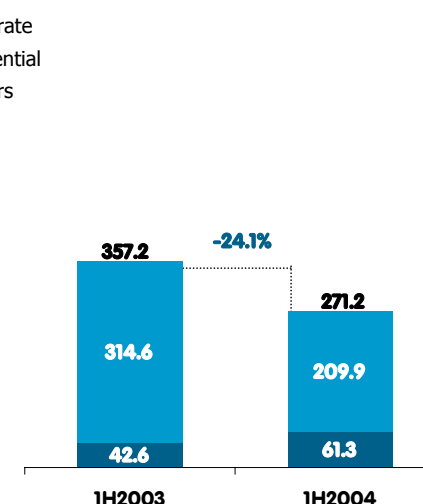
Balance Sheet (€ m)	ONI Telecom	Comunitel	ONI Group
Intangible Assets	128.0	85.3	265.9
Fixed Assets	162.4	54.8	222.0
Other Assets	151.4	80.5	312.5
Total Assets	441.8	220.6	800.4
Financial debt	217.5	72.1	688.2
Provisions	3.4	5.6	32.0
Other Liabilities	172.7	126.3	267.5
Total Liabilities	393.7	203.9	987.7
Minority interests	0.1	-	0.1
Shareholders' equity	48.0	16.7	(187.4)
Total liab. & shareholders' equity	441.8	220.6	800.4

Number of Employees	1H2004	1H2003	Δ%
Fixed Line Portugal	600	616	-2.6%
Comunitel	345	351	-1.7%
Germinus	46	179	-74.3%
OLA Internet	182	216	-15.7%
Fixed Line Spain	573	746	-23.2%
Total	1,173	1,362	-13.9%

Voice
(million minutes)



Internet
(million minutes)



- ONI Telecom's sales to carriers (up 46.3% year-on-year) and Comunitel's sales to corporates (up 27% year-on-year) were the main drivers of voice traffic which was up 14.1%.

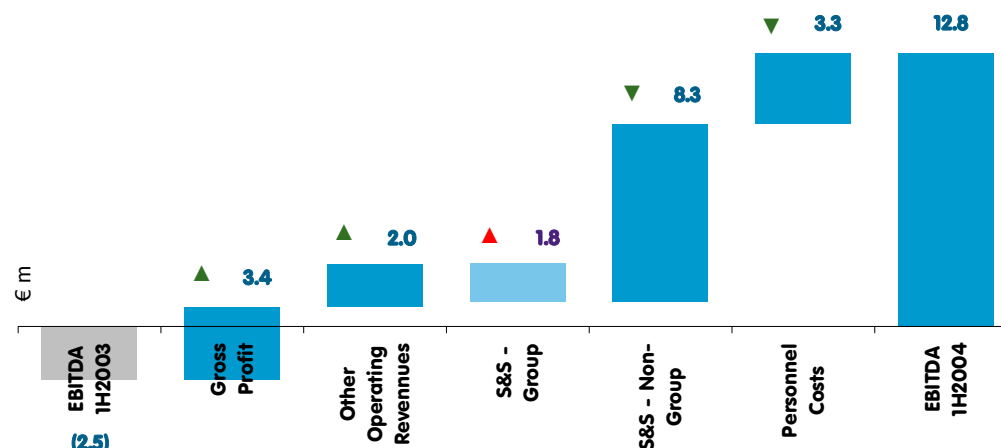
- The continued transfer of ONI's clients from dial-up to xDSL access resulted in a 24.1% drop in ISP traffic.

- Operating revenues at Comunitel were up 21.8% year-on-year thanks to a €9.3 million increase in voice revenues from pre-paid cards and a 23.7% increase in revenues from data & internet services on the basis of an improved offer of direct access through OLL (Offer of the Local Loop). The conclusion of the first phase of the distribution network in Spain is allowing the company to increase its voice and internet clients.

- The increasingly competitive Telecommunications' market in Portugal and the termination of some contracts within the Operators' segment resulted in a very modest increase in operating revenues at ONI Telecom (up 1.6% year-on-year). Revenues from voice services, which account for almost half of ONI Telecom's operating revenues, decreased 2.4% year-on-year while revenues from data & internet fell 10.8%.

Operating Income Statement (€ m)	1H2004	1H2003 PF ⁽¹⁾	Δ%
Voice services	109.3	95.9	13.9%
Data & Internet services	37.9	41.3	-8.2%
Other services	13.4	10.0	34.0%
Telecommunications services	160.6	147.2	9.1%
Equipment sales	5.2	1.3	-
Operating revenues	165.8	148.6	11.6%
Telecommunication services	84.3	73.8	14.2%
Equipment sales	4.5	1.2	-
Direct activity costs	88.8	75.0	18.4%
Telecommunication services	76.3	73.4	3.9%
Equipment sales	0.7	0.2	-
Gross Profit	77.0	73.6	4.7%
Gross Profit/Revenues	46.5%	49.5%	-3.1p.p.
Supplies and services - Group	2.1	0.3	-
Supplies and services - Non-Group	36.0	44.3	-18.8%
Personnel Costs	27.6	30.9	-10.6%
Other operating costs (or revenues)	(1.5)	0.5	-
Own work capitalised	(0.0)	-	-
Operating costs	64.2	76.1	-15.6%
EBITDA	12.8	(2.5)	-
EBITDA/Revenues	7.7%	(1.7%)	9.4p.p.
Depreciation and amortisation	31.8	33.6	-5.4%
Provisions	1.7	2.2	-22.7%
EBIT	(20.8)	(38.4)	45.9%
EBIT/Revenues	(12.5%)	(25.8%)	13.3p.p.

Investment (€ m)	1H2004	1H2003	Δ%
Fixed line Portugal	5.1	7.1	-28.6%
Recurring	1.0	0.4	127.9%
Non-recurring	4.1	6.7	-38.9%
Fixed line Spain	8.4	11.2	-24.3%
Recurring	3.3	4.7	-28.9%
Non-recurring	5.1	6.5	-21.0%
Total operating investment	13.5	18.3	-26.0%



- Consolidated operating revenues increased 11.6% year-on-year to €165.8 million in the 1H2004, on the back of: (i) a 13.9% growth in proceeds from voice telecommunication services which benefited from growth in Comunitel (explained above); and (ii) a €3.9 million increase in revenues from equipment sales with the completion of a major contract for equipment supply. Revenues from data & internet services decreased 8.2% year on year to €37.9 million due to a 29% decrease in revenues from rented capacity (termination of some contracts within the Operators' segment).

- Although gross profit was up 4.7% year-on-year to €77.0 million in the 1H2004, gross margin decreased 3.1 p.p. to 46.5% following an higher contribution from Comunitel, which has lower margins than ONI Telecom.

- ONI's continued focus on efficiency enabled the company to cut operating costs by 15.6% which led to a €15.3 million swing in EBITDA. The main savings were achieved in fixed network expenses, advertising and specialised works. Personnel costs reflect a 13.9% reduction in headcount.

- Depreciation and amortisation decreased 5.4% year-on-year, reflecting ONI's lower investment needs (investment required for the expansion of the network and acquisition of direct access infrastructures has already been done). All in all, EBIT improved €17.6 million year-on-year.

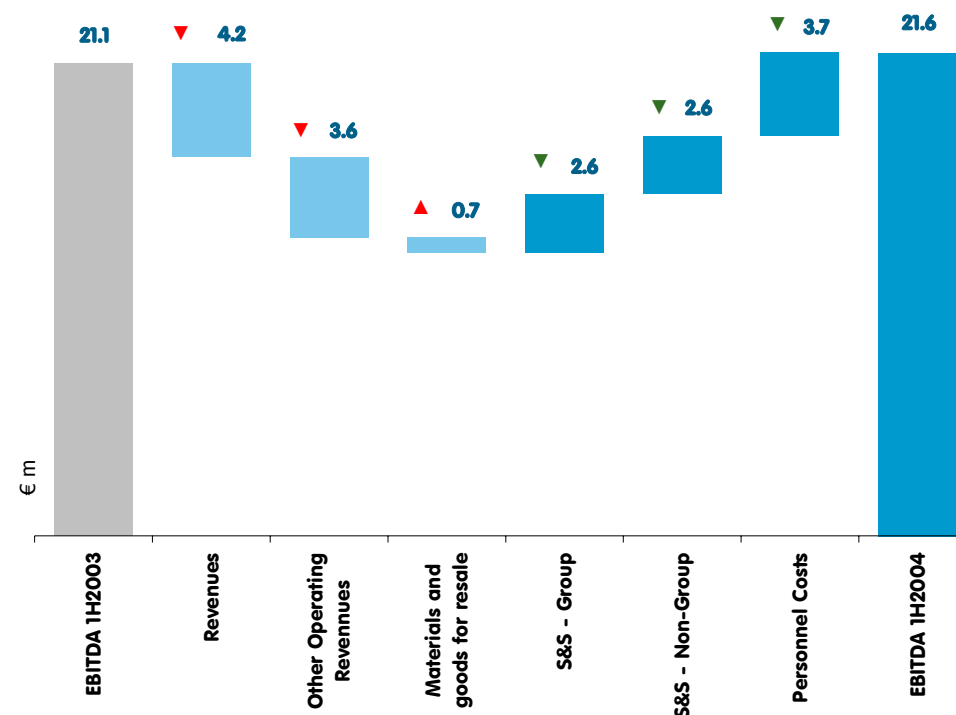
- Operating investment totalled €13.5 million, down 26.0% year-on-year since ONI has completed the bulk of its investments in the infrastructure.

⁽¹⁾ Note: In order to provide for like for like analysis, 1H2003 accounts here presented reflect for consolidation adjustments between Comunitel and OLA Internet: (i) - €13.2 million in operating revenues; (ii) - €11.7 million in direct costs and (iii) - €1.5 million in operating costs.

Operating Income Statement (€ m)	1H2004	1H2003	Δ%
Sales	13.1	13.1	0.1%
Services Provided	77.9	82.2	-5.1%
Operating Revenues	91.0	95.2	-4.4%
Sundry materials and goods for resale	11.5	10.9	6.3%
Supplies and services - Group	2.8	5.5	-47.9%
Supplies and services - Non-group	26.6	29.2	-8.9%
Personnel Costs	29.7	33.4	-11.1%
Other operating costs (or revenues)	(0.9)	(1.3)	32.5%
Own work capitalised	(0.5)	(3.6)	87.4%
Operating Costs	69.4	74.1	-6.3%
EBITDA	21.6	21.1	2.2%
EBITDA/Operating Revenues	23.7%	22.2%	1.5p.p.
Depreciation and amortisation	14.8	11.3	31.5%
Provisions	0.2	0.4	-37.2%
EBIT	6.6	9.5	-30.9%
EBIT/Operating Revenues	7.2%	10.0%	-2.8p.p.

Number of employees	1H2004	1H2003	Δ%
Number of Employees	1,501	1,757	-14.6%

Operating Investment (€ m)	1H2004	1H2003	Δ%
Operating Investment	7.3	18.1	-59.5%



• Operating Revenues at Edinfor totalled €91.0 million, down 4.4% year-on-year, mostly due to a slowdown in the IT sector in Portugal. In the 1H2004, sales and services provided to non-EDP Group companies accounted for 49.5% of Edinfor's operating revenues.

• Costs with materials increased 6.3% year-on-year, reflecting a slight recovery of Edinfor's activities related to finishing, graphics and equipment sales. Supplies and services decreased 15.0% during the period mostly due to: (i) the company's on-going efforts to control costs, with major savings in data processing and at IT-Log and (ii) a €2.8 million decrease following the termination of Edinfor's contract with IBM, as Edinfor invested in a new data processing centre. Personnel costs fell 11.1% year-on-year, benefiting from both a reduction of 256 employees (restructuring process) and successful wage negotiations. Own work capitalised fell by €3.2 million following the completion of an internal IT project ("Edinfor Sys") at the beginning of 2004.

• The company's cost-cutting efforts (operating costs down 6.3% year-on-year) made up for the 4.4% decrease in operating revenues. EBITDA was up 2.2%, while the EBITDA margin increased 1.5 p.p. to 23.7% in 1H2004.

• Last year's investment in the acquisition of new equipment for a data processing centre resulted in a 31.5% increase in depreciation and amortisation, which led to a 30.9% drop in EBIT in 1H2004.

• Edinfor's operating investment decreased sharply to €7.3 million reflecting the company's efforts to reduce the levels of investment but this is not sustainable for all of 2004.

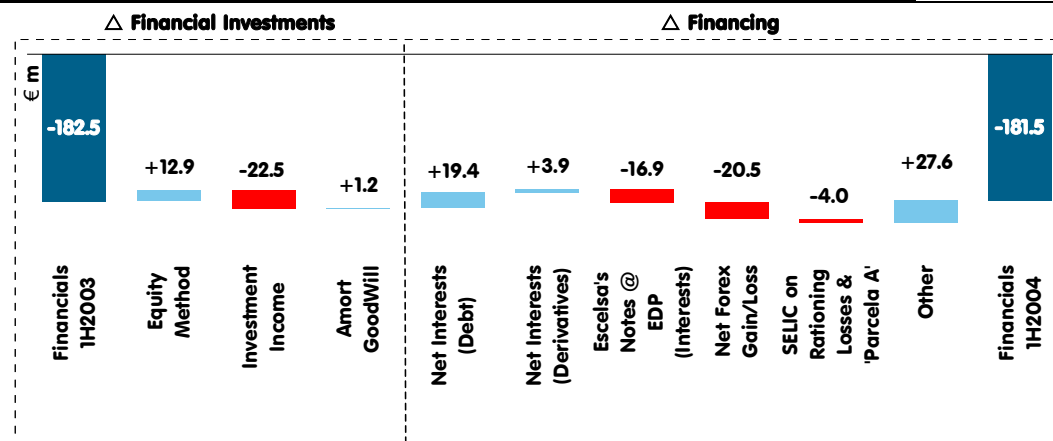
Consolidated Financial Results & Extraordinary Results

Financial Results (€ m)	1H2004	1H2003	Δ%
Income from group&associated cos.	20.1	7.2	-
Investment income	9.0	31.5	-71.5%
Goodwill amortisation	(46.8)	(48.0)	2.5%
Financial Investments Gains/(Losses)	(17.7)	(9.3)	-90.3%
Net Financial Interest paid	(151.7)	(158.0)	4.0%
Net foreign exchange differences	(18.0)	2.5	-
Selic on rationing losses and 'Parcela A'	15.6	19.6	-20.4%
Other	(9.7)	(37.3)	-
Financing Gains/(Losses)	(163.8)	(173.2)	5.5%
Financial results	(181.5)	(182.5)	0.6%

Income from Equity Method (€ m)	1H2004	1H2003	Δ%
REN (30%)	9.0	10.9	-17.5%
CEM (22%)	3.8	2.5	48.9%
Electra (30.6%)	-	(7.2)	-
Turbogás (20%)	3.5	0.5	-
DECA II (EEGSA (21%))	1.2	0.0	-
Other	2.6	0.5	-
Total	20.1	7.2	179.8%

Goodwill amortisation (€ m)	1H2004	1H2003	Δ%
Hydrocantábrico	19.3	15.2	27.0%
EBE	4.4	4.2	4.8%
IVEN	10.8	18.8	-42.4%
ACE Holding	2.3	1.9	22.4%
Comunitel	6.3	5.4	18.6%
Other	3.6	2.5	40.8%
Total	46.8	48.0	-2.5%

Extraordinary Results (€ m)	1H2004	1H2003	Δ%
Fixed assets gains / (losses)	(4.6)	6.4	-
(Increase)/decrease in deprec. & provisio	4.4	23.3	-81.3%
Prior year adjustment (net)	(4.9)	(2.4)	-105.5%
Hydrological correction	-	-	-
Compensation of subsidised assets' depre	-	37.2	-
Bad debts	(2.4)	(0.3)	-
Inventory gains / (losses)	(1.3)	(0.6)	109.7%
Other gains / (losses)	(11.2)	(4.2)	165.9%
Extraordinary Results	(20.1)	59.4	-



Financial Results were influenced by:

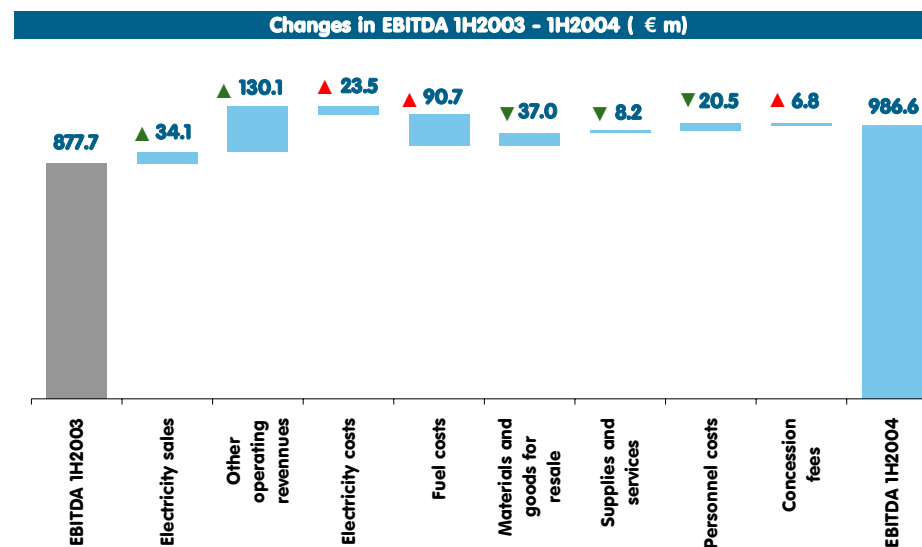
- A €12.9 million increase in Income from equity accounting group and associated companies since last year's results were depressed by €7.2 million accumulated losses from Electra. This investment was fully provisioned by EDP in YE2003.
- Lower Investment Income following: i) the sale of the Iberdrola stake in the 2H2003 (€18.6 million in 1H2003); ii) €1.6 million less in dividends from BCP (4.36% stake) which this year amounted to €8.5 million; iii) dividends from Tejo Energia (€3.0 million in 2003) to be paid in the 2H rather than six-monthly.
- Goodwill amortisation decreased overall, despite the Naturcorp acquisition in 3Q2003 because of the revaluation of Escelsa and Enersul's fixed assets late in 2003.
- Net financial interest charges would have fallen 13% if we adjust for the one-off receivable (€16.9 million) in 2003 from the Escelsa Senior Notes' semi-annual coupon. The coupons are currently being accrued monthly as an interest receivable and eliminated in Group consolidation against the corresponding expense in Escelsa.
- Net forex losses were €20.5 million higher mainly due to the 7% Real depreciation against the US Dollar in the 1H2004, affecting the dollar denominated debt of the Brazilian subsidiaries (note: Escelsa's Senior Notes forex differences are offset in Group consolidation).

The swing in **Extraordinary Results** is explained by:

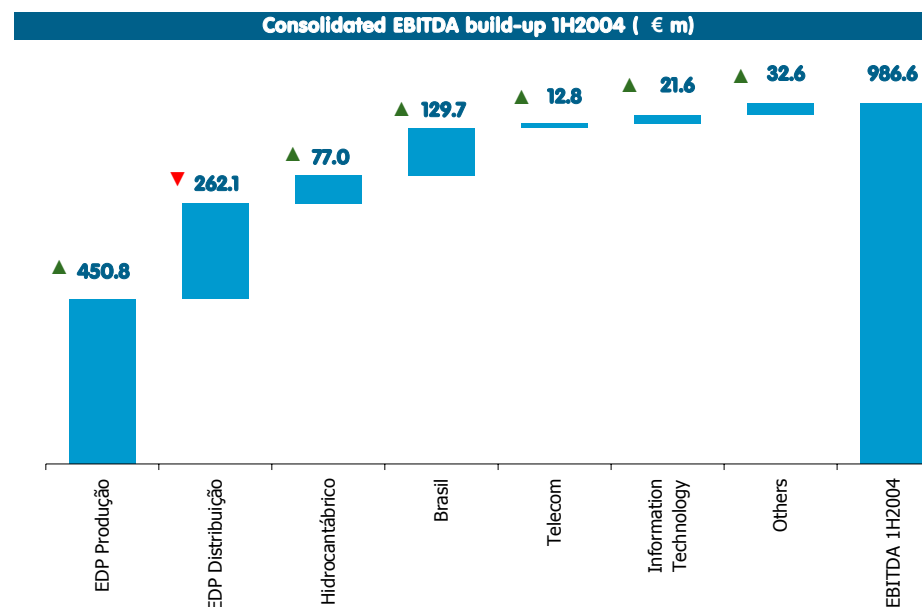
- The €37.2 million compensation of the amortisation of subsidised assets, previously booked as an extraordinary gain and now accounted for as an operating item;
- The item "Decrease in depreciation and provisions" in 1H2003 is mainly due to the reduction of a provision that had been created by Escelsa to mitigate the eventual market loss on its dollar denominated assets (NBCE's).
- "Other extraordinary gains/(losses)" in 1H2004 include a €10.9 million cost with compensations paid to early retirees that accepted the anticipation of the legal retirement age.

Consolidated Income Statement

Consolidated Income Statement (€ m)	1H2004	1H2003	△%
Electricity Sales	3,149.7	3,115.6	1.1%
Other Sales	115.1	30.9	272.5%
Services Provided	267.1	199.2	34.1%
Operating Revenues	3,532.0	3,345.7	5.6%
Electricity	1,621.8	1,598.2	1.5%
Fuel	220.0	129.3	70.1%
Sundry materials and goods for resale	78.7	115.7	-31.9%
Supplies and services	302.0	310.2	-2.6%
Personnel costs	324.7	345.3	-5.9%
Concession fees	94.7	87.9	7.7%
Other operating costs (or revenues)	7.6	(2.1)	-
Own work capitalised	(104.2)	(116.7)	10.7%
Operating costs	2,545.4	2,468.0	3.1%
EBITDA	986.6	877.7	12.4%
EBITDA/Revenues	27.9%	26.2%	1.7p.p.
Depreciation	426.8	408.3	4.5%
Compensation of subsidised assets' depre	(38.0)	-	-
Provisions	46.2	62.5	-26.0%
EBIT	551.6	406.8	35.6%
EBIT/Revenues	15.6%	12.2%	3.5p.p.
Financial Results	(181.5)	(182.5)	0.6%
Extraordinary Results	(20.1)	59.4	-
Pre-tax profit	350.0	283.7	23.4%
Income Taxes	174.0	141.8	22.7%
Deferred Taxes	(70.6)	(31.2)	-126.4%
Minorities	(28.2)	(9.0)	-213.5%
Net Profit	274.9	182.0	51.0%



Note: In the 1H2004, 'Other Operating Revenues' identified in the above chart include 'Services Provided' and 'Other Sales' which were formerly accounted as Electricity Sales



Consolidated Balance Sheet and Cash Flow Statement

Assets (€ m)	1H2004	YE2003
Fixed assets	15,214.8	15,084.1
Intangible assets, net	1,807.6	1,849.7
Tangible assets, net	11,706.1	11,651.6
Financial Investments, net	1,701.2	1,582.8
Currents assets	2,364.4	2,334.8
Inventories	144.0	159.2
Accounts receivable - trade, net	1,031.8	921.5
Accounts receivable - other, net	985.1	966.6
Cash and cash equivalents	203.5	287.5
Accruals and Deferrals	664.1	622.4
Deferred Tax	546.7	609.3
Total assets	18,790.0	18,650.7
Shareholders' equity (€ m)	1H2004	YE2003
Share capital	3,000.0	3,000.0
Own shares	(55.6)	(49.0)
Retained earnings and other reserves	2,144.9	1,965.9
Net profit for the year	274.9	381.1
Shareholders' equity	5,364.2	5,298.0
Minority interest	233.8	236.5
Hydrolicity correction account	375.2	387.5
Liabilities (€ m)	1H2004	YE2003
Provisions	804.8	819.6
Financial Debt	7,459.9	7,492.7
Short-term debt & current portion of long-term debt	1,470.4	1,457.5
Long-term debt	5,989.6	6,035.3
Current liabilities	1,718.4	1,781.9
Accounts payable - trade, net	703.3	782.6
Accounts payable - other, net	1,015.0	999.3
Accruals and Deferrals	2,301.4	2,018.4
Deferred Tax	532.2	616.1
Total liabilities	12,816.7	12,728.7
Total liabilities and shareholders' equity	18,790.0	18,650.7

Cash Flow (€ m)	1H2004
Net Profit	274.9
Tariff Adjustment	121.3
Depreciations	426.8
Compensation of subsidised assets depreciation	(40.0)
Goodwill Amortization	46.8
Net Provisions	(6.0)
Interests Hydraulicity Account	4.8
Other Adjustments (Equity Method, Forex Differences and Other)	(93.9)
Add back: Net Financial Interests and other financial costs (or revenue)	146.7
Operating Cash Flow before Working Capital	881.3
Change in Operating Working Capital	(29.4)
Operating Cash Flow	852.0
Capex	(447.1)
Net Operating Cash Flow	404.9
Divestments of Fixed Assets	10.6
Net Financial Investments	(9.4)
Net Financial Interests and other financial costs (or revenues)	(146.7)
Dividends Paid and Results Distributed to Employees	(268.0)
Other Canges in Non-Operating Working Capital	41.4
Decrease/(Increase) in Financial Debt	32.8

• The core business is still the main contributor with EDP Produção and EDP Distribuição accounting for €455.3 million of total Group cash flow (see page 32).

• The cash-flow generation at the core business enabled the EDP Group to pay a €0.09 dividend per share during the 1H2004. Gross financial debt was reduce by €32.8 million from €7,493.7 million in 2003 to €7,459.9 million in the 1H2004.

Income Statement by Business Areas

1H2004 (€ m)	EDP Produção ⁽¹⁾	EDP Energia	Enernova & EDP Bioelétrica	EDP Distribuição	HC ⁽²⁾	Brazil	ONI	Information Technology	EDP Consolidated
Electricity Sales	668.0	155.2	10.2	1,726.8	333.5	477.8	-	-	3,149.7
Other Sales	10.4	-	-	1.3	7.9	-	5.2	13.1	115.1
Services Provided	35.7	1.1	-	10.7	10.4	35.7	160.6	77.9	267.1
Operating Revenues	714.1	156.3	10.2	1,738.8	351.8	513.5	165.8	91.0	3,532.0
Electricity & Gas	18.0	150.7	-	1,133.4	176.6	306.2	-	-	1,621.8
Fuel	162.0	-	1.1	-	54.5	2.4	-	-	220.0
Sundry materials and goods for resale	1.4	-	-	53.4	3.7	4.1	4.5	11.5	78.7
Supplies and services	31.4	2.9	0.8	105.5	17.4	33.0	122.3	29.5	302.0
Personnel costs	60.0	1.6	0.5	187.7	19.6	33.6	27.6	29.7	324.7
Concession fees	1.8	0.0	0.2	92.7	-	-	-	-	94.7
Other operating costs (or revenues)	(3.9)	2.5	(0.1)	(5.7)	4.6	4.5	(1.5)	(0.9)	7.6
Own work capitalised	(7.4)	(0.2)	(1.1)	(90.4)	(1.6)	-	(0.0)	(0.5)	(104.2)
Operating costs	263.2	157.6	1.3	1,476.7	274.8	383.8	153.0	69.4	2,545.4
EBITDA	450.8	(1.3)	8.9	262.1	77.0	129.7	12.8	21.6	986.6
EBITDA/Revenues	63.1%	-0.8%	87.1%	15.1%	21.9%	25.3%	7.7%	23.7%	27.9%
Depreciation	116.2	1.7	2.3	174.2	33.7	29.2	31.8	14.8	426.8
Compensation of subsidised assets' depreciation	(0.0)	-	(0.1)	(36.9)	(0.6)	-	-	-	(38.0)
Provisions	5.7	0.1	0.0	23.2	0.3	8.6	1.7	0.2	46.2
EBIT	329.0	(3.1)	6.7	101.6	43.6	91.8	(20.8)	6.6	551.6
EBIT/Revenues	46.1%	-2.0%	65.3%	5.8%	12.4%	17.9%	-12.5%	7.2%	15.6%
Financial Results	(48.2)	(0.3)	(1.1)	(16.5)	(31.2)	(59.4)	(26.2)	(5.9)	(181.5)
Extraordinary Results	(0.7)	(0.2)	(0.1)	3.0	0.7	(4.6)	(0.4)	(0.8)	(20.1)
Pre-tax profit	280.0	(3.7)	5.4	88.1	13.1	27.9	(47.4)	(0.1)	350.0
Income taxes	81.3	(1.5)	1.5	61.2	5.3	15.8	5.9	1.8	103.4
Minority interests	0.8	-	-	-	3.5	(3.7)	0.0	(1.2)	(28.2)
Net Profit	197.9	(2.1)	3.9	26.9	4.4	15.8	(53.3)	(0.7)	274.9

Note: Business segment accounts not audited

⁽¹⁾ The Special Regime Producers (SRP) Enernova and EDP Bioelétrica (Renewable Energy) were excluded from the EDPP consolidation perimeter

⁽²⁾ 40% Consolidation.

Income Statement by Business Areas

1H2003 (€ m)	EDP Produção ⁽¹⁾	EDP Energia	Enernova & EDP Bioelétrica	EDP Distribuição	HC ⁽²⁾	Brazil	ONI	Information Technology	EDP Consolidated
Electricity Sales	620.2	32.9	6.3	1,778.8	280.1	449.2	-	-	3,115.6
Other Sales	9.6	-	-	0.8	-	-	1.3	13.1	30.9
Services Provided	6.5	27.1	-	8.6	-	-	147.2	82.2	199.2
Operating Revenues	636.2	60.0	6.3	1,788.3	280.1	449.2	148.6	95.2	3,345.7
Electricity	30.4	20.4	-	1,182.2	146.0	291.4	-	-	1,598.2
Fuel	130.0	-	1.0	-	40.7	0.8	-	-	129.3
Sundry materials and goods for resale	2.0	-	-	51.3	1.3	3.3	1.2	10.9	115.7
Supplies and services	27.1	3.2	1.1	95.5	14.6	34.0	118.4	34.7	310.2
Personnel costs	60.1	1.8	0.6	202.5	16.8	31.3	30.9	33.4	345.3
Concession fees	1.8	0.0	0.1	85.5	-	-	-	-	87.9
Other operating costs (or revenues)	(2.0)	2.5	0.1	(5.8)	1.1	1.8	0.5	(1.3)	(2.1)
Own work capitalised	(18.2)	(0.5)	(0.5)	(88.1)	(2.1)	-	-	(3.6)	(116.7)
Operating costs	231.1	27.3	2.5	1,523.2	218.2	362.5	151.1	74.1	2,468.0
EBITDA	405.1	32.6	3.9	265.1	61.9	86.8	(2.5)	21.1	877.7
EBITDA/Revenues	63.7%	54.4%	60.8%	14.8%	22.1%	19.3%	-1.7%	22.2%	26.2%
Depreciation	116.2	1.7	1.9	173.1	27.9	28.7	33.6	11.3	408.3
Provisions	4.9	0.0	0.0	42.0	0.6	10.7	2.2	0.4	62.5
EBIT	284.0	30.9	1.9	50.1	33.4	47.4	(38.4)	9.5	406.8
EBIT/Revenues	44.6%	51.5%	30.4%	2.8%	11.9%	10.6%	-25.8%	10.0%	12.2%
Financial Results	(41.2)	0.1	(0.7)	(17.3)	(29.0)	29.2	(26.2)	(5.3)	(182.5)
Extraordinary Results	6.7	(0.2)	0.3	44.9	2.3	12.0	(4.9)	(0.5)	59.4
Pre-tax profit	249.5	30.8	1.4	77.8	6.8	88.6	(69.5)	3.6	283.7
Income taxes	86.0	10.2	0.9	25.7	(6.2)	36.5	(5.0)	2.4	110.6
Minority interests	0.3	-	-	-	0.8	22.6	0.1	(0.2)	(9.0)
Net Profit	163.1	20.7	0.6	52.1	12.2	29.5	(64.6)	1.5	182.0

Note: Business segment accounts not audited

⁽¹⁾ The Special Regime Producers (SRP) Enernova and EDP Bioelétrica (Renewable Energy) were excluded from the EDPP consolidation perimeter

⁽²⁾ 40% Consolidation.

Balance Sheet by Business Areas

1H2004 (€ m)	EDP Produção	EDP Energia	Enernova & EDP Bioelétrica	EDP Distribuição	HC ⁽²⁾	Brazil	ONI	Information Technology	EDP Consolidated
Intangible assets	7.1	-	0.0	0.9	591.8	142.0	265.9	67.8	1,807.6
Fixed assets	4,227.5	88.7	154.2	4,403.2	1,106.4	973.0	222.0	90.9	11,706.1
Financial Investments	31.0	0.1	0.8	0.2	38.5	15.2	1.5	1.5	1,701.2
Other assets	739.9	48.8	9.1	756.7	103.5	562.9	191.7	77.0	2,160.9
Cash and Equivalents	12.7	0.0	0.0	25.4	40.3	89.3	1.6	4.0	203.5
Accruals and deferrals	34.7	2.9	5.0	255.0	20.6	352.1	117.7	32.0	1,210.8
Total assets	5,052.9	140.4	169.0	5,441.5	1,901.0	2,134.6	800.4	273.2	18,790.0
Provisions	97.5	1.2	0.3	353.6	37.9	164.2	32.0	2.5	804.8
Financial debt	2,406.6	0.1	51.1	778.1	728.2	912.3	688.2	88.5	7,459.9
Other liabilities	623.1	60.3	79.8	1,118.9	162.0	366.3	214.5	112.4	1,718.4
Accruals and deferrals	106.6	5.2	4.5	1,721.3	110.7	151.1	53.0	15.3	2,833.6
Total liabilities	3,233.7	66.7	135.6	3,971.9	1,038.7	1,593.9	987.7	218.7	12,816.7
Hydrolicity correction account	-	-	-	-	-	-	-	-	375.2
Minority interests	0.4	-	-	-	181.8	78.6	0.1	1.8	233.8
Shareholders' equity	1,818.8	73.7	33.4	1,469.6	680.5	462.0	(187.4)	52.7	5,364.2
Total liabilities + equity	5,052.9	140.4	169.0	5,441.5	1,901.0	2,134.6	800.4	273.2	18,790.0

Note: Business segment accounts not audited

⁽¹⁾ The Special Regime Producers (SRP) Enernova and EDP Bioelétrica (Renewable Energy) were excluded from the EDPP consolidation perimeter

⁽²⁾ 40% Consolidation

Balance Sheet by Business Areas

2003 (€ m)	EDP Produção	EDP Energia	Enernova & EDP Bioelétrica	EDP Distribuição	HC ⁽²⁾	Brazil	ONI	Information Technology	EDP Consolidated
Intangible assets	6.7	-	0.0	0.8	607.7	142.3	283.6	70.8	1,849.7
Fixed assets	4,241.6	88.8	126.1	4,389.2	1,088.4	924.8	230.0	95.4	11,651.6
Financial Investments	7.7	0.1	0.0	0.2	40.7	53.5	1.4	0.5	1,582.8
Other assets	1,015.8	16.8	10.5	1,009.5	108.8	622.6	193.6	82.6	2,047.3
Cash and Equivalents	10.1	0.2	0.1	30.3	42.3	83.9	6.2	2.4	287.5
Accruals and deferrals	68.5	3.5	4.2	12.7	14.3	386.3	118.7	27.1	1,231.8
Total assets	5,350.4	109.3	140.9	5,442.6	1,902.0	2,213.2	833.5	278.8	18,650.7
Provisions	92.8	1.1	0.2	341.1	39.2	164.1	37.2	2.3	819.6
Financial debt	2,487.7	-	52.2	778.1	786.1	829.5	682.9	89.2	7,492.7
Other liabilities	754.7	17.6	51.5	1,187.6	131.2	516.0	199.7	114.8	1,781.9
Accruals and deferrals	138.0	2.2	4.4	1,568.8	94.0	129.0	46.4	15.3	2,634.5
Total liabilities	3,473.2	20.9	108.3	3,875.6	1,050.5	1,638.6	966.2	221.6	12,728.7
Hydrolicity correction account	-	-	-	-	-	-	-	-	387.5
Minority interests	0.2	-	-	-	175.3	80.4	0.1	3.3	236.5
Shareholders' equity	1,877.1	88.5	32.6	1,566.9	676.2	494.2	(132.8)	53.8	5,298.0
Total liabilities + equity	5,350.4	109.3	140.9	5,442.6	1,902.0	2,213.2	833.5	278.8	18,650.7

Note: Business segment accounts not audited

⁽¹⁾ The Special Regime Producers (SRP) Enernova and EDP Bioelétrica (Renewable Energy) were excluded from the EDPP consolidation perimeter

⁽²⁾ 40% Consolidation

Cash Flow by Business Areas

1H2004 (€ m)	EDP Produção	EDP Energia	Enernova & EDP Bioelétrica	EDP Distribuição	HC ⁽¹⁾	Brazil	ONI	Information Technology	EDP Consolidated
Net Profit	197.9	(2.1)	3.9	26.9	4.4	15.8	(53.3)	(0.7)	274.9
Tariff Adjustment	-	-	-	118.3	-	3.0	-	-	121.3
Depreciation	116.2	1.7	2.3	174.2	33.7	29.2	31.8	14.8	426.8
Compensation of subsidised assets depreciation	(2.0)	-	(0.1)	(36.9)	(0.6)	-	-	(0.0)	(40.0)
Goodwill Amortisation	-	-	-	-	16.4	2.2	8.1	2.5	46.8
Net Provisions	4.0	0.1	0.0	15.1	(0.6)	7.7	(0.5)	0.2	(6.0)
Interests Hydraulicity Account	-	-	-	-	-	-	-	-	4.8
Other Adjustments (Equity Method, Forex Differences and Other)	1.4	-	-	1.2	11.4	26.7	8.1	(1.0)	(93.9)
Add back: Net Financial Interests and other financial costs (or revenue)	47.6	0.3	1.1	25.7	16.0	33.2	17.0	3.3	146.7
Operating Cash Flow before Working Capital	365.2	0.0	7.3	324.5	80.6	117.8	11.2	19.1	881.3
Investment in Operating Working Capital	54.8	(22.7)	2.1	(66.5)	42.0	(11.9)	4.2	2.5	(29.4)
Operating Cash Flow	420.0	(22.7)	9.4	257.9	122.6	105.9	15.4	21.6	852.0
Capex	(99.9)	(1.6)	(31.4)	(122.8)	(50.8)	(114.0)	(13.5)	(7.3)	(447.1)
Net Operating Cash Flow	320.1	(24.4)	(22.1)	135.2	71.8	(8.0)	1.8	14.3	404.9

⁽¹⁾ 40% Consolidation