

EDP ELECTRICIDADE DE PORTUGAL SA  
Form 6-K  
October 21, 2004

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 6-K**

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**REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO  
RULE 13A-16 OR 15D-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

For the Month of October 2004

**EDP- Electricidade de Portugal, S.A.**

Praça Marquês de Pombal, 12

1250-162 Lisbon, Portugal

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F  Form 40-F

(Indicate by check mark whether the registrant by

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furnishing the information contained in this form  
is also thereby furnishing the information to the  
Commission pursuant to Rule 12g3-2(b) under the  
Securities Exchange Act of 1934.)

Yes  No

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**FINANCIAL STATEMENTS**

**June 30, 2004, December 31, 2003 and**

**June 30, 2003**

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## EDP - ELECTRICIDADE DE PORTUGAL, S.A. AND SUBSIDIARIES

## Consolidated Balance Sheets as at June 30, 2004 (unaudited) and December 31, 2003

	Notes	Jun 2004 USD 000 (*) (unaudited)	Jun 2004 Euro 000 (unaudited)	Dec 2003 Euro 000
<b>Assets</b>				
Cash and cash equivalents	3	247,394	203,533	287,496
Accounts receivable - trade, net	4	1,316,056	1,082,728	1,108,064
Accounts receivable - other, net	5	770,104	633,570	651,843
Inventories	6	175,051	144,016	159,236
<b>Total Current Assets</b>		<b>2,508,605</b>	<b>2,063,847</b>	<b>2,206,639</b>
Long term receivables	7	702,123	577,641	435,842
Investments, net	8	2,177,591	1,791,519	1,622,451
Fixed assets, net	9	14,228,707	11,706,053	11,651,599
Other assets, net	10	3,222,218	2,650,940	2,734,138
<b>Total Non-Current Assets</b>		<b>20,330,639</b>	<b>16,726,153</b>	<b>16,444,030</b>
<b>Total Assets</b>		<b>22,839,244</b>	<b>18,790,000</b>	<b>18,650,669</b>
<b>Liabilities and Shareholders Equity</b>				
Short term debt and current portion of long term debt	11	2,004,440	1,649,066	1,579,130
Accounts payable - trade	12	854,905	703,336	782,626
Accounts payable - other	13	261,673	215,280	187,262
Accrued cost	14	462,347	380,376	236,534
Taxes payable	15	248,733	204,634	269,103
Deferred revenue	16	476,623	392,121	235,764
<b>Total Current Liabilities</b>		<b>4,308,721</b>	<b>3,544,813</b>	<b>3,290,419</b>
Long term debt	11	7,063,108	5,810,866	5,913,579
Accrued pension and post retirement liabilities	17	647,559	532,751	562,263
Deferred revenue and other liabilities	18	3,559,360	2,928,312	2,962,410
<b>Total Non-Current Liabilities</b>		<b>11,270,027</b>	<b>9,271,929</b>	<b>9,438,252</b>
<b>Total Liabilities</b>		<b>15,578,748</b>	<b>12,816,742</b>	<b>12,728,671</b>
Minority interests		284,228	233,836	236,485
Hydrological correction account	19	456,057	375,201	387,506
Share capital	20	3,646,500	3,000,000	3,000,000
Treasury stock	22	(67,554)	(55,577)	(49,020)
Reserves and retained earnings	23	2,607,182	2,144,946	1,965,918
Consolidated net profit	23	334,083	274,852	381,109
<b>Total Shareholders Equity</b>		<b>6,520,211</b>	<b>5,364,221</b>	<b>5,298,007</b>

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Total liabilities and Shareholders equity	<u>22,839,244</u>	<u>18,790,000</u>	<u>18,650,669</u>
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(\*) Converted at 1.2155 USD

See accompanying notes to the Consolidated Financial Statements

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## EDP - ELECTRICIDADE DE PORTUGAL, S.A. AND SUBSIDIARIES

## Consolidated Profit and Loss Account

for the six-months ended June 30, 2004 (unaudited) and 2003 (unaudited)

	Notes	Jun 2004 USD 000 (*) (unaudited)	Jun 2004 Euro 000 (unaudited)	Jun 2003 Euro 000 (unaudited)
<b>Revenues</b>				
Sales	24	3,968,458	3,264,877	3,146,515
Services rendered	24	324,666	267,105	199,176
		<u>4,293,124</u>	<u>3,531,982</u>	<u>3,345,691</u>
<b>Operating costs and expenses, net</b>				
Raw materials and consumables	24	2,334,352	1,920,487	1,841,065
Personnel costs	25	394,714	324,734	345,273
Depreciation and amortization	26	472,583	388,797	408,346
Supplies and services	27	367,134	302,044	310,239
Own work capitalized	28	(126,626)	(104,176)	(116,659)
Concession and power-generating rents		115,148	94,733	87,948
Provisions	29	56,201	46,237	62,523
Other operating expenses / (income)	30	9,188	7,559	118
		<u>3,622,694</u>	<u>2,980,415</u>	<u>2,938,853</u>
Operating Margin		670,430	551,567	406,838
Interest and related income	31	127,494	104,890	128,789
Interest and related expenses	31	(348,054)	(286,346)	(311,320)
Other non-operating income / (expenses)	32	(24,401)	(20,075)	59,379
Profit before tax		425,469	350,036	283,686
Provision for income taxes	33	125,673	103,392	110,640
Profit after tax		299,796	246,644	173,046
Minority interests		(34,287)	(28,208)	(8,997)
<b>Consolidated Net Profit</b>		<u><b>334,083</b></u>	<u><b>274,852</b></u>	<u><b>182,043</b></u>
<b>Net Profit per share - Basic - Euros</b>	20	<u><b>0.11 USD</b></u>	<u><b>0.09 euros</b></u>	<u><b>0.06 euros</b></u>

(\*) Converted at 1.2155 USD

See accompanying notes to the Consolidated Financial Statements



## EDP - ELECTRICIDADE DE PORTUGAL, S.A. AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

for the six-months ended June 30, 2004, and 2003

	Jun 2004	Jun 2004	Jun 2003
	USD 000	Euro 000	Euro 000
	(unaudited)	(unaudited)	(unaudited)
<b>Cash Flow from Operating Activities</b>			
<b>Operating activities :</b>			
Cash receipts from customers	4,372,823	3,597,551	3,270,124
Cash paid to suppliers	(2,773,246)	(2,281,568)	(2,171,203)
Cash paid to staff	(463,334)	(381,188)	(391,511)
Concession rents paid	(113,593)	(93,454)	(87,948)
	<u>1,022,650</u>	<u>841,341</u>	<u>619,462</u>
Cash flows provided by operating activities	<b>1,022,650</b>	<b>841,341</b>	<b>619,462</b>
Income tax received / (paid)	(83,642)	(68,813)	(93,031)
Other variations of operating	96,546	79,429	264,944
	<u>12,904</u>	<u>10,616</u>	<u>171,913</u>
<b>Net Cash flow provided by Operating Activities</b>	<b>1,035,554</b>	<b>851,957</b>	<b>791,375</b>
<b>Cash Flow from Investing Activities</b>			
<b>Cash receipts resulting from:</b>			
Investments and long term-receivables	3,846	3,164	20,677
Tangible and intangible fixed assets	9,011	7,413	122,916
Fixed assets subsidies	45,290	37,260	28,074
Interest	9,201	7,570	881
Dividends	10,909	8,975	31,481
	<u>78,257</u>	<u>64,382</u>	<u>204,029</u>
<b>Cash payments resulting from:</b>			
Investments	(11,375)	(9,358)	(52,207)
Tangible and Intangible fixed assets	(679,818)	(559,291)	(422,045)
	<u>(691,193)</u>	<u>(568,649)</u>	<u>(474,252)</u>
<b>Net Cash Flow used in Investing Activities</b>	<b>(612,936)</b>	<b>(504,267)</b>	<b>(270,223)</b>
<b>Cash Flow from Financing Activities</b>			
Loans repaid	(76,284)	(62,759)	(96,256)
Interest and similar costs	(180,392)	(148,410)	(154,896)
Dividends	(325,764)	(268,008)	(258,895)
Acquisition of treasury stock	(7,970)	(6,557)	(1,871)
	<u>(590,410)</u>	<u>(485,734)</u>	<u>(511,918)</u>



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<b>Net Cash Flow used in Financing Activities</b>	<b>(590,410)</b>	<b>(485,734)</b>	<b>(511,918)</b>
<b>Variation of cash and cash equivalents</b>	<b>(167,792)</b>	<b>(138,044)</b>	<b>9,234</b>
Effect of currency translation differences	29,292	24,099	(65,732)
Cash and cash equivalents at the beginning of the period	(374,872)	(308,410)	(407,258)
<b>Cash and cash equivalents at the end of the period (*)</b>	<b>(513,372)</b>	<b>(422,355)</b>	<b>(463,756)</b>

(\*) See note 3 to the Financial Statements, detailing the breakdown of Cash and Cash equivalents

See accompanying notes to the Consolidated Financial Statements

## EDP - ELECTRICIDADE DE PORTUGAL, S.A. AND SUBSIDIARIES

## Changes in Consolidated Statements of Shareholders Equity

for the six-months ended June 30, 2004 (unaudited) and year ended December 31, 2003

	(Thousands of Euros)					
	Total	Share	Legal	Reserves	Fair value reserves and other valuation	Treasury stock
			and special	and retained		
Shareholders	capital	reserve	earnings			
	Equity					
<b>Balance as at December 31, Dec 2002</b>	<b>5,494,182</b>	<b>3,000,000</b>	<b>309,631</b>	<b>2,497,020</b>	<b>(268,975)</b>	<b>(43,494)</b>
Transfer to reserves:						
Legal and special reserves			16,760	(16,760)		
Bonus to employees	(25,062)			(25,062)		
Dividends paid (Eur 0.09 per share)	(268,275)			(268,275)		
Purchase and sale of treasury stock	(5,526)					(5,526)
Net profit for the year	381,109			381,109		
Deferred taxes	(252,296)			(252,296)		
Effects arising from the implementation of IAS 36 and 39 in EDP Group:						
- Financial instruments / Derivatives	131,181			131,181		
- Reclassification of impairment of BCP in 2002(*)				(247,750)	247,750	
- Fair value of investments available for sale	10,758				10,758	
- Reversion of Fair value of Iberdrola in 2002	21,223				21,223	
Exchange differences arising on consolidation	(193,032)			(193,032)		
Other reserves arising on consolidation	3,745			3,745		
<b>Balance as at December 31, Dec 2003</b>	<b>5,298,007</b>	<b>3,000,000</b>	<b>326,391</b>	<b>2,009,880</b>	<b>10,756</b>	<b>(49,020)</b>
Transfer to reserves:						
Legal and special reserves			19,055	(19,055)		
Bonus to employees	(20,722)			(20,722)		
Dividends paid (Eur 0.09 per share)	(268,008)			(268,008)		
Purchase and sale of treasury stock	(6,557)					(6,557)
Net profit for the period	274,852			274,852		
Deferred taxes	(31,256)			(31,256)		
Effects arising from IAS 36 and 39 in EDP Group:						
- Financial instruments / Derivatives	(2,147)			(2,147)		
- Fair value of investments available for sale	149,633				149,633	
Exchange differences arising on consolidation	(12,952)			(12,952)		
Other reserves arising on consolidation	(16,629)			(16,629)		
<b>Balance as at June 30, 2004 (unaudited)</b>	<b>5,364,221</b>	<b>3,000,000</b>	<b>345,446</b>	<b>1,913,963</b>	<b>160,389</b>	<b>(55,577)</b>

(\*) This reclassification is caused by the implementation of IAS 39 and IAS 36 in 2003, specifically the application of the concept of impairment loss in the event of conditions that can be considered as being of a permanent nature. It is considered that the depreciation in value of the financial investment in BCP has these characteristics and, consequently, that the impairment loss would be recorded within retained earnings in the opening balance sheet of 2003, whilst the amount remains within equity as a fair value adjusted for 2002 in accordance with the principles of adopting new standards within the Portuguese accounting framework.

See accompanying notes to the Consolidated Financial Statements

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EDP - Electricidade de Portugal, S.A. and Subsidiaries

Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

These interim financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. The interim information has been prepared on a basis consistent with those used to prepare the annual financial statements, except for matters referred in Note 2.

### **1. The business operations of the EDP Group**

The EDP Group operates mainly in the Iberian and Brazilian markets in the electricity and telecommunications sectors.

#### *Activity in the Energy Sector on the Iberian Peninsula*

In Portugal, the National Electricity System (SEN) is based on the coexistence of a Public Service Electricity System (SEP) and of an Independent Electricity System (SEI), the latter comprising the Non-binding Electricity System (SENV) and the Special Regime Producers (PRE).

The SEP comprises the National Transport Network (RNT), Binding Producers, Binding Distributors and Binding Customers. The RNT, under concession to REN - Rede Eléctrica Nacional, S.A., is in charge with providing electricity transport and with the overall technical management of the SEP. Binding Producers are tied to RNT by long-term exclusive supply contracts. Binding Distributors are obliged to supply their customers in accordance with fixed prices, under the law, by the Energy Services Regulatory Entity (ERSE). Binding Customers are entities and individuals that cannot opt for a SENV supplier (currently low-tension consumers), or either those that are able to do so, but opt to acquire electricity from their respective binding distributor under conditions determined by the ERSE. The SENV essentially comprises Non-binding Producers and Non-binding Customers, the latter being entitled to use the SEP networks using fixed tariffs determined by ERSE under the terms of the law.

Special Regime Producers operate in the renewable energies and cogeneration areas, delivering their electricity to the SEP networks under special legislation. In accordance with the law, the ERSE is in charge with exercising the regulation of the sector, through the preparation, issue, and application of regulations, and also through the definition of the tariffs both for the use of infrastructure and for the supply of electricity to SEP customers. Through the generation and distribution companies, the EDP Group plays a fundamental role in the entire SEN, and has a relevant position within the SEP, and also owns generation companies that operate within the SEI both at the level of the SENV and at the level of the PREs.

In Spain, the EDP Group has a 40% shareholding in Group Hidroeléctrica del Cantábrico, S.A. (Hidroantábrico), a company in which it undertakes a joint operational management. Hidroantábrico is the parent company that carries on the business in the electricity (generation, transport, distribution and supply), gas (distribution and supply) and telecommunications sectors. This EDP shareholding in Hidroantábrico constitutes part of a strategy for the integration and consolidation of the Iberian energy market.

***Activity in the Energy Sector in Brazil***

In Brazil, the EDP Group operates in the electricity sector, namely in generation, distribution and supply. In distribution it has a 96.5% shareholding in Bandeirante Energia S.A., and 99.97% of IVEN, S.A., which controls Escelsa Espírito Santo Centrais Eléctricas, S.A., and Enersul Empresa Energética do Mato Grosso do Sul S.A..

In the electricity generation sector, the EDP Group has holdings in Usina Hidroeléctrica (UHE), Lajeado (27.65%), Usina Termoeléctrica (UTE) and Fafen (79.6%); in partnership with the Rede Group of Brazil was successful in the auctions for the concession of the construction and operation of Peixe Angical and Couto Magalhães hydroelectric power stations.

In the supply business, in addition to the business carried on by the distribution companies, the EDP Group operates in the electricity trading market through Enertrade, a wholly owned Group company.

***Low-tension Electricity Distribution Concession Regime***

In accordance with specific legislation (Decree-Law 344-B/82), the right to distribute low-tension electricity in Portugal is in the hands of the municipalities (local authorities). However, EDP is allowed to carry on this activity, under concession, by entering into concession contracts generally with a 20 year term, which can be revoked with 2 years notice. Since 1994, when EDP was restructured as a Group by splitting into new companies, these concession terms were maintained in relation to the 4 electricity distribution companies set-up at that time and later merged in 2000 into EDP Distribuição S.A.. In respect to these concessions, a rent is paid to the concessor municipalities.

***Activity in the Telecommunications Sector***

In the telecommunications sector, the EDP Group holds 56.03% of the share capital of ONI SGPS (ONI), the remaining capital is held by BCP, GALP Energia and Brisa. ONI operates in fixed telecommunications, providing voice and data services in the Portuguese market (both corporate and residential customers) and in the Spanish market (in the corporate segment).

***Activity in the Information Technologies Sector***

The EDP Group operates in the information technologies through EDINFOR - Sistemas Informáticos S.A., a wholly owned subsidiary which holds 57.8% of ACE, engaged namely in consultancy, systems integration, processing, application outsourcing, IT infrastructure, georeferenced solutions, printing solutions, and finishing.

EDP - Electricidade de Portugal, S.A. and Subsidiaries

Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

***Public Domain Assets***

In Portugal some fixed assets allocated to electricity generation and distribution within the SEP are subject to the public domain regime. However, EDP has the authority to operate and manage these assets in the binding sector only, and never for any other purpose. In Brazil the fixed assets used in the distribution and supply of electricity are tied to those services and cannot be withdrawn, sold, assigned or mortgaged without the prior express consent of the Regulator. ANEEL has already created regulations releasing the assets of the Public Electricity Service concessions, granting prior authorisation for the release of assets of no use to the concession, provided they are to be sold, further determining that the product of the sale be deposited in a tied bank account, to be used in the concession.

**2. Accounting policies**

***Basis of presentation***

The Group's parent company, EDP - Electricidade de Portugal, S.A. (hereinafter known as EDP), was incorporated in 1976 as a consequence of the nationalisation and consequent merger of the principal companies of the electricity sector operating in mainland Portugal. Its registered office is in Lisbon at Praça Marquês de Pombal, 12, 6°. During 1994, as established by Decree-Law 7/91 and 131/94, the EDP Group was established (hereinafter known as EDP Group or Group) following the split of EDP, which led to a number of subsidiaries wholly owned by EDP itself, directly or indirectly. The Group's businesses are currently focused on the generation, distribution and supply of electricity, on the distribution and supply of gas, on telecommunications and on information technologies. Although complementary, the Group currently operates as well in related areas such as water, engineering, laboratory tests, vocational training and property management.

The Consolidated Financial Statements of the EDP Group have been prepared in accordance with accounting principles generally accepted in Portugal ( Portuguese GAAP ), except as provided in notes 17 and 35 particularly as a result of the adoption of International Accounting Standards IAS 19, IAS 32, IAS 36 and IAS 39. The Consolidated Financial Statements have been prepared from the accounting records of EDP and its subsidiary companies listed below. Portuguese GAAP differs in certain significant respects from generally accepted accounting principles in the United States of America ( U.S. GAAP ). A description of these differences and their effects on consolidated net income and shareholders equity are set forth in Note 37. The financial statements also include certain reclassifications and additional disclosures in order to conform more closely to the form and content of financial statements required by the Securities and Exchange Commission of the United States of America.

Convenience translation (unaudited): the Company maintains its accounting records and prepares its financial statements in Euro. The United States dollar amounts disclosed in the accompanying financial statements are presented solely for the convenience of the reader at the June 30, 2004 rate of 1,2155 Euro to the dollar (closing rate per Bank of Portugal). Such translations should not be construed as representations that the Euro amounts represent, or have been or could be converted into United States dollars at that or any other rate.

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The preparation of the financial statements in conformity with Portuguese GAAP, together with the reconciliation to U.S. GAAP, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Some of the more significant estimates and assumptions relate to the hydrological correction account, depreciation and impairment of long lived assets, fair value of financial investments, provision for employee retirement benefits and deferred taxes. Actual results could differ from those estimates.

The accounting standards are as described in Note 2 of Part III Form 20F as at December, 2003 for EDP Group.

The accounting standards are consistent with those applied in the first half of 2003, with the exception to:

- a)* In June 2003, under Portuguese GAAP, the EDP Group did not measure its derivatives and investments at fair value. During the second half of 2003 the EDP Group made early implementation of International Accounting Standards IAS 32, IAS 36 and IAS 39. The effect before taxes resulting from this adoption as at June 30, 2003 would be as follows:

	Assets	Liabilities	Shareholders Equity	Profit before tax for the period
	DR / (CR)	DR / (CR)	DR / (CR)	DR / (CR)
	Euro 000	Euro 000	Euro 000	Euro 000
Derivatives	294,309	(82,116)	(131,181)	(81,102)
Investments	311,058	(272,697)	(38,361)	

- b)* Compensation of depreciation of portion funded by clients of fixed assets is presented in 2004 as a deduction to the amortizations instead of being recognized as other non-operating income. Thus in June 30, 2003 the other non-operating income included Eur 34.38 million related to the depreciation of the portion of fixed assets funded by clients.

EDP - Electricidade de Portugal, S.A. and Subsidiaries

Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

**3. Cash and cash equivalents**

The balance **Cash and cash equivalents** is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
<b>Cash:</b>		
- Cash in hand	2,889	20,375
	<u>2,889</u>	<u>20,375</u>
<b>Bank deposits:</b>		
- Current deposits	102,807	116,205
- Short term deposits	4,267	6,963
- Other deposits	4,455	
	<u>111,529</u>	<u>123,168</u>
<b>Negotiable securities:</b>		
- Other securities	56,376	56,291
	<u>56,376</u>	<u>56,291</u>
<b>Other treasury placements:</b>		
- Financial products at domestic banks	20,300	85,300
- Financial products at foreign banks	12,445	2,368
	<u>32,745</u>	<u>87,668</u>
<b>Provision</b>	(6)	(6)
	<u>203,533</u>	<u>287,496</u>

With reference to the consolidated statement of cash flows, the breakdown for the purpose of determination and detailing the Cash and Cash equivalents components, is as follows:



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	Group	
	Jun 2004	Dec 2003
	Euro 000	Euro 000
<b>Cash components:</b>		
- Cash	2,889	20,375
- Bank deposits	111,529	123,168
- Negotiable securities	56,376	56,291
	<u>170,794</u>	<u>199,834</u>
<b>Cash equivalents:</b>		
- Other treasury securities	32,745	87,668
- Overdrafts	(625,894)	(595,912)
	<u>(593,149)</u>	<u>(508,244)</u>
<b>Cash and cash equivalents</b>	<u><b>(422,355)</b></u>	<u><b>(308,410)</b></u>

**4. Accounts receivable - Trade, net**

This balance **Accounts receivable - Trade, net** is analysed as follows:

	Group	
	Jun 2004	Dec 2003
	Euro 000	Euro 000
<b>Resident customers:</b>		
State and official entities	43,853	36,234
Local authorities	30,689	31,041
Corporate sector and individuals	767,297	789,986
Unbilled receivables	50,912	85,193
Trade accounts - bills receivable	1	46
	<u>892,752</u>	<u>942,500</u>
<b>Non-resident customers:</b>		
Corporate sector and individuals	187,312	158,490
	<u>187,312</u>	<u>158,490</u>
	<u>1,080,064</u>	<u>1,100,990</u>
Doubtful debt	191,977	188,689
Provision for doubtful debt	(189,313)	(181,615)

1,082,728	1,108,064
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## EDP - Electricidade de Portugal, S.A. and Subsidiaries

## Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

**5. Accounts receivable - Other, net**

This balance is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
<b>Other accounts receivable - Short term / Current</b>		
State and other public entities:		
- Income tax	3,972	73,398
- Value added tax	85,937	100,730
- Other taxes	14,550	5,647
Other related companies	3,948	1,178
Advances to suppliers	3,408	2,478
Other debtors:		
- Account with the Pension Fund	12,120	12,120
- Amounts owed to staff	2,863	8,536
- Amounts owed by the State and Concessors	10,697	6,879
- Debtors in respect of other goods and services	90,721	94,437
- Regulatory assets	27,269	51,732
- INAG/EDP Protocol - Alqueva	26,082	26,082
- Advances to pensioners	17,024	8,497
- Other debtors and sundry operations	29,152	7,344
	<u>327,743</u>	<u>399,058</u>
Provision for short-term debtors	(10,646)	(9,335)
	<u>317,097</u>	<u>389,723</u>
<b>Accrued income</b>		
- Interest receivable	294,109	193,234
- For sales and services provided	5,321	7,368
- Other accrued income	17,043	61,518
	<u>316,473</u>	<u>262,120</u>
	<u>633,570</u>	<u>651,843</u>

**6. Inventories**

This balance is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
	<u>          </u>	<u>          </u>
Merchandise	13,498	15,794
Purchases and advances on account of purchases	5,834	2,291
Finished and intermediate products	619	569
Products and work in progress	3,998	3,648
Sub-products, waste, residues and scrap	2,188	1,989
Raw and subsidiary materials and consumables:		
Coal	19,833	24,920
Fuel	29,919	47,530
Other consumables	68,137	62,495
	<u>144,026</u>	<u>159,236</u>
Provision for inventories	(10)	
	<u>144,016</u>	<u>159,236</u>

## EDP - Electricidade de Portugal, S.A. and Subsidiaries

## Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

**7. Long term receivables, net**The balance **Long term receivables, net** is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
<b>Trade accounts receivable - Medium and long-term / Non Current:</b>		
<i>Resident customers:</i>		
Customers - Local government - Debt at December 31, 1988 (i)	180,452	181,689
Corporate sector and individuals	17,885	5,017
Trade accounts - bills receivable	414	413
	<u>198,751</u>	<u>187,119</u>
Provision for local government customers at December 31, 1988	(88,228)	(101,322)
	<u>110,523</u>	<u>85,797</u>
<b>Trade accounts receivable - Medium and long term / Non Current</b>		
Other related companies	10,934	
Other debtors:		
- Fixed assets in compensated integration (ii)	9,270	9,270
- Regulatory assets:		
Portugal (iii)	223,328	148,352
Brazil	128,138	127,256
- Performance bonds and tied deposits	49,748	44,991
- Other debtors and sundry operations	53,242	20,176
	<u>474,660</u>	<u>350,045</u>
Provision for medium-/long-term debtors - Non current	(7,542)	
	<u>467,118</u>	<u>350,045</u>
	<u>577,641</u>	<u>435,842</u>

- (i) The amount of this heading is shown net of the compensation of debits related to assets undergoing integration to be transferred to the Group and of the rents owed by the Group on that date.

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- (ii) Compensated fixed assets undergoing integration correspond to the net amounts, on integration date, of the debts of local authorities up to December 31, 1988, compensated by means of the respective assets undergoing integration (Tangible Fixed Assets under the regime of Decree-law 344-B/82). The transfer of these amounts to tangible fixed assets is awaiting formalisation of the concession contracts or debt regularisation protocols to be entered into by EDP and the local authorities.
- (iii) The regulatory assets Portugal heading shows the costs associated with the 2003 Human Resources Rationalisation Plan in EDP Distribuição, which were accepted by the Energy Services Regulatory Entity as an investment amortizable over a period of 20 years, beginning in 2005.

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## EDP - Electricidade de Portugal, S.A. and Subsidiaries

## Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

**8. Investments**

This balance is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
<b>Shareholdings</b>		
Subsidiary companies	65	1,305
Associate companies	431,527	441,449
Investments in other companies	1,485,224	1,351,958
	<u>1,916,816</u>	<u>1,794,712</u>
<b>Investment in properties</b>		
Buildings and other constructions	1,390	1,417
	<u>1,390</u>	<u>1,417</u>
<b>Other financial investments</b>		
Bank deposits	5,000	
Public debt securities	19	19
Other securities	38,244	70,143
Other financial investments	6,245	4,029
Amounts recoverable from the sale of Oniway	90,339	39,667
	<u>139,847</u>	<u>113,858</u>
	<u>2,058,053</u>	<u>1,909,987</u>
<b>Provision for financial assets :</b>		
Shareholdings	(265,012)	(285,790)
Other financial investments	(1,161)	(1,391)
	<u>(266,173)</u>	<u>(287,181)</u>
<b>Amortization of investment in properties</b>		
	<u>(361)</u>	<u>(355)</u>
	<u>(361)</u>	<u>(355)</u>

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	(266,534)	(287,536)
	<u>1,791,519</u>	<u>1,622,451</u>

The breakdown of **Shareholdings** is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
<b>Investment in subsidiary companies:</b>		
Other	65	1,305
	<u>65</u>	<u>1,305</u>
<b>Investment in associated companies:</b>		
DECA - Distribucion Eléctrica Centroamerica, SA	69,135	67,894
Companhia de Electricidade de Macau	59,649	65,129
REN - Rede Eléctrica Nacional, SA	248,694	254,223
Associated Companies of Hidrocantábrico Group	36,813	39,398
Portsines - Terminal de Sines	7,501	7,501
Turbogás - Produtora Energética	7,499	5,211
Other	2,236	2,093
	<u>431,527</u>	<u>441,449</u>
<b>Investment in other companies</b>		
CERJ - Companhia Eléctrica do Estado Rio Janeiro	95,050	97,767
Galp, SGPS	457,201	328,211
BCP - Banco Comercial Português	552,789	552,789
OPTEP (Optimus)	315,000	314,750
Other companies	65,184	58,441
	<u>1,485,224</u>	<u>1,351,958</u>
	<u>1,916,816</u>	<u>1,794,712</u>

The subsidiary and associated companies incorporated in the consolidated accounts by the full consolidated method, the proportional method and by the equity method are referred in the 2003 Financial Statements.



EDP - Electricidade de Portugal, S.A. and Subsidiaries

Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

The new Subsidiary Companies acquired and incorporated since December 31, 2003, fully consolidated were as follows:

Subsidiary Companies	Head office	Share capital / Currency	Shareholders	Net	%
			Equity	Profit	
			31 Dec 2003	31 Dec 2003	
			Euro 000	Euro 000	Group
Digihotel, S.A.	Lisbon	249 500 EUR	153	99	57.77%
Digigest, S.A.	Lisbon	149 700 EUR	(45)		57.77%
Digitec, S.A.	Lisbon	74 850 EUR	8		57.77%
Greatplains, S.A.	Lisbon	224 550 EUR	(363)		55.65%
Case Edinfor ÁSIA, Lda	Macao	25 000 MOP	12	(10)	57.77%
EDP - Investments and Services, Limited	Cayman Island	1,000 USD	792		100.00%

After December 31, 2003, Subsidiary Companies sold were as follows:

Subsidiary Companies	Head office	Share capital / Currency	Shareholders	Net	%
			Equity	Profit	
			31 Dec 2003	31 Dec 2003	
			Euro 000	Euro 000	Group
ONI Way	Lisbon	300 000 000 EUR	5,810	(14,369)	56.02%

9. Fixed assets

This balance is analysed as follows:

Group	
Jun 2004	Dec 2003
Euro 000	Euro 000

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Fixed assets under the Decree Law 344-B/82 regime	240,607	240,607
Land and natural resources	128,051	128,169
Buildings and other constructions	393,047	410,982
Plant and machinery:		
Hydroelectric generation	6,937,749	6,952,258
Thermoelectric generation	3,602,883	3,405,254
Renewables generation	61,245	42,795
Electricity distribution	12,857,159	12,675,981
Other plant and machinery	721,166	714,415
Transport equipment	74,845	75,761
Office equipment and utensils	357,498	344,250
Other tangible fixed assets	36,243	22,393
Fixed assets in progress	1,183,812	1,187,302
	<u>26,594,305</u>	<u>26,200,167</u>
<i>Accumulated depreciation</i>		
Depreciation charges for the year	(404,757)	(391,467)
Other accumulated depreciation	(14,483,495)	(14,157,101)
	<u>(14,888,252)</u>	<u>(14,548,568)</u>
	<u>11,706,053</u>	<u>11,651,599</u>

Tangible fixed assets under the Decree-Law 344-B/82 regime are those assets allocated to low-tension in electricity distribution transferred from the local authorities under the concession regime. These assets, though operated by the Group, continue to be the property of the local authorities and are accounted as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
Fixed assets under the DL 344-B/82 regime	240,607	240,607
Accumulated depreciation	(232,831)	(231,528)
<b>Net amount</b>	<u>7,776</u>	<u>9,079</u>

Part of these assets may be transferred to Group ownership by settlement, by offsetting accounts in respect of debts of the respective municipalities (State and official entities) pending settlement (see Note 4).

## EDP - Electricidade de Portugal, S.A. and Subsidiaries

## Notes to the Financial Statements

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**Tangible fixed assets** during the 1st half of 2004, are analysed as follows:

	Balance	Acquisitions			Changes in	Balance
	January 1st	/ Charge year	Disposals	Transfers	Subsidiaries	June 30
	Euro 000	Euro 000	Euro 000	Euro 000	/ Other	Euro 000
<b>Cost :</b>						
Fixed assets under the DL 344-B/82 regime	240,607					240,607
Land and natural resources	128,169	717	(419)	462	(878)	128,051
Buildings and other constructions	410,982	2,054	(3,117)	(12,487)	(4,385)	393,047
Plant and machinery	23,790,703	76,995	(32,286)	402,044	(57,254)	24,180,202
Transport equipment	75,761	2,052	(3,576)	990	(382)	74,845
Office equipment and utensils	344,250	4,672	(982)	10,006	(448)	357,498
Other tangible fixed assets	22,393	44,032		13,599	(43,781)	36,243
Fixed assets in progress	1,187,302	377,588	(116)	(414,614)	33,652	1,183,812
	<u>26,200,167</u>	<u>508,110</u>	<u>(40,496)</u>		<u>(73,476)</u>	<u>26,594,305</u>
<b>Accumulated depreciation :</b>						
Fixed assets under the DL 344-B/82 regime	231,528	1,303				232,831
Buildings and other constructions	166,403	4,658	(1,153)		(1,518)	168,390
Plant and machinery	13,911,573	368,789	(29,753)		(20,828)	14,229,781
Transport equipment	54,532	4,815	(2,875)		(230)	56,242
Office equipment and utensils	180,109	23,276	(905)		(7,308)	195,172
Other tangible fixed assets	4,423	1,916			(503)	5,836
	<u>14,548,568</u>	<u>404,757</u>	<u>(34,686)</u>		<u>(30,387)</u>	<u>14,888,252</u>

As at June 30, 2004, for the Group, the cost of tangible fixed assets financed by leasing is in the amount of Eur 39.8 million (accumulated depreciation in the amount of Eur 8.5 million) and the respective falling due in the amount of Eur 28.3 million.

#### 10. Other assets

The balance **Other assets** is analysed as follows:

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	Group	
	Jun 2004	Dec 2003
	Euro 000	Euro 000
Intangible assets	933,715	950,182
Goodwill	873,849	899,514
Deferred taxes	546,683	609,338
Deferred costs	296,693	275,104
	<u>2,650,940</u>	<u>2,734,138</u>

The balance **Intangible assets** is analysed as follows:

	Group	
	Jun 2004	Dec 2003
	Euro 000	Euro 000
<b><i>Intangible assets</i></b>		
Set-up costs	85,455	85,157
Research and development costs	98,129	103,302
Industrial property and other rights	176,775	158,057
Fixed assets in progress and other fixed assets	13,148	21,944
Other intangible assets on telecommunications business	40,209	40,209
Concession rights in Brazil and Spain	835,583	835,366
	<u>1,249,299</u>	<u>1,244,035</u>
<b><i>Accumulated amortization</i></b>		
Amortization of concession rights during the period	(15,220)	(30,439)
Amortization of intangible fixed assets during the period	(22,015)	(42,501)
Other accumulated amortization	(278,349)	(220,913)
	<u>(315,584)</u>	<u>(293,853)</u>
	<u>933,715</u>	<u>950,182</u>

## EDP - Electricidade de Portugal, S.A. and Subsidiaries

## Notes to the Financial Statements

June 30, 2004 (unaudited), December 31, 2003 and June 30, 2003 (unaudited)

**Intangible assets** during the 1st half of 2004, are analysed as follows:

	Balance		Changes in			Balance June 30 Euro 000
	January 1st	Acquisitions	Disposals	Transfers	Subsidiaries	
	/ Charge year	/ Other				
	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000
<b>Cost :</b>						
Set-up costs	85,157	308	(133)	(74)	197	85,455
Research and development costs	103,302	190	(5,946)	323	260	98,129
Industrial property and other rights	158,057	269	(4)	20,030	(1,577)	176,775
Fixed assets in progress and other fixed assets	21,944	4,040	(179)	(14,568)	1,911	13,148
Other intangible assets on telecommunications business	40,209					40,209
Concession rights in Brazil and Spain	835,366	2,167		(5,711)	3,761	835,583
	<u>1,244,035</u>	<u>6,974</u>	<u>(6,262)</u>		<u>4,552</u>	<u>1,249,299</u>
<b>Accumulated amortization :</b>						
Set-up costs	64,855	7,785	(39)		(6,391)	66,210
Research and development costs	44,606	8,879	(2,342)		(95)	51,048
Industrial property and other rights	32,376	4,243	17		(8,086)	28,550
Other intangible assets on telecommunications business	14,571	1,108			1,457	17,136
Concession rights in Brazil and Spain	137,445	15,220			(25)	152,640
	<u>293,853</u>	<u>37,235</u>	<u>(2,364)</u>		<u>(13,140)</u>	<u>315,584</u>

The **Concession rights** heading, resulting from the difference between cost and the proportional fair value of the company's assets on the date of acquisition, is analysed as follows for the following acquisitions:

	Jun 2004			Dec 2003		
	Concession	Accumulated	Net	Concession	Accumulated	Net
	Rights	amortization	Amount	Rights	amortization	Amount
	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000
<b>Electricity Business - Brazil</b>						
Bandeirante Energia	274,949	(58,876)	216,073	275,279	(54,483)	220,796
Escelsa / Enersul	560,634	(93,764)	466,870	560,087	(82,962)	477,125

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	835,583	(152,640)	682,943	835,366	(137,445)	697,921
<i>Amortization charges for the period</i>		(15,220)			(30,439)	

The **Concession rights** over the Brazilian electricity distribution subsidiaries, particularly over Bandeirante Energia SA, Escelsa - Espírito Santo Centrais Eléctricas SA, and Enersul - Empresa Energética do Mato Grosso do Sul SA, are amortized using the straight-line method over the life of the concessions, up to 2025 and 2030 respectively. In June 2003, amortization of the period was Eur 22,977 thousand.

As at June 30, 2004, by business area, the main **Research and development projects** are as follows:

	Amount invested Euro 000	Accumulated amortization Euro 000	Net Amount Euro 000
<i>Development projects by business area:</i>			
Electricity generation	18,498	(12,167)	6,331
Information technologies	8,751	(5,544)	3,207
Telecommunications	67,254	(32,387)	34,867
Other	3,626	(950)	2,676
	98,129	(51,048)	47,081

As at June 30, 2004, the breakdown of the **Industrial property and other rights** assets, is as follows:

		Amount invested Euro 000	Accumulated amortization Euro 000	Net Amount Euro 000
	<b>EDP Group Company</b>			
Software licensing	Brazil and Hidrocantábrico	66,093	(19,516)	46,577
Optic fibre usage rights	ONI Telecom	108,932	(8,071)	100,861
Other	Other companies	1,750	(963)	787
		176,775	(28,550)	148,225

## EDP - Electricidade de Portugal, S.A. and Subsidiaries

## Notes to the Financial Statements

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The breakdown of **Goodwill** is as follows:

	Jun 2004			Dec 2003		
	Accumulated	Net		Accumulated	Net	
	Goodwill	amortization	Amount	Goodwill	amortization	Net Amount
	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000	Euro 000
<b>Electricity Business</b>						
Hydrocântábrico Group	758,014	(78,488)	679,526	752,676	(46,319)	706,357
Investco	2,108	(158)	1,950	2,177	(127)	2,050
Enerpeixe	1,014	(28)	986	1,629	(4)	1,625
	761,136	(78,674)	682,462	756,482	(46,450)	710,032
<b>Telecommunications Business</b>						
Connexo	21,103	(9,454)	11,649	21,103	(8,399)	12,704
Comunitel Global	91,393	(27,266)	64,127	86,157	(22,889)	63,268
Other	12,782	(2,024)	10,758	12,779	(1,385)	11,394
	125,278	(38,744)	86,534	120,039	(32,673)	87,366
<b>Information Technology Business</b>						
ACE, SGPS	58,844	(10,298)	48,546	58,844	(8,827)	50,017
Case Edinfor	3,612	(1,264)	2,348	3,612	(1,084)	2,528
Copidata	4,064	(4,064)		4,064	(3,861)	203
S-Tecno Serviços TI	3,926	(1,374)	2,552	3,926	(1,178)	2,748
Other	8,660	(2,742)	5,918	8,827	(2,428)	6,399
	79,106	(19,742)	59,364	79,273	(17,378)	61,895
<b>Other Businesses</b>						
Affinis Serviços	12,725	(1,007)	11,718	12,725	(689)	12,036
Turbogás	18,174	(1,363)	16,811	18,174	(908)	17,266
Companhia Electricidade Macau	17,110	(7,842)	9,268	16,543	(6,893)	9,650
Other	9,254	(1,562)	7,692	2,127	(858)	1,269
	57,263	(11,774)	45,489	49,569	(9,348)	40,221
	1,022,783	(148,934)	873,849	1,005,363	(105,849)	899,514
<b>Amortization charges for the period</b>		(29,644)			(54,439)	

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Goodwill in respect of subsidiary and associate companies is amortized using the straight-line method over the estimated useful life (10 years in general, and 20 years for ACE, Affinis, Turbogás and Hidrocantábrico). In June 2003, amortization of the period was Eur 25,704 thousand.

In respect of **Deferred tax assets**, the EDP Group records in its accounts the tax effect arising from temporary differences between the assets and liabilities determined from an accounting standpoint and from a taxation standpoint, and this is broken down by company as follows:

	<b>Deferred Tax Assets</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
<b>Individual - EDP, SA</b>	284,231	336,924
ONI Group	101,915	107,831
EDP Produção Group	1,037	1,037
EDP Brazil Group	131,313	131,707
Hidrocantábrico Group	9,162	12,814
EDP Finance BV	18,510	18,510
Other	515	515
	<b>546,683</b>	<b>609,338</b>

The balance **Deferred costs** is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
Deferred costs :		
- Rents	14,158	1,771
- Expenditure on concessions	11,148	11,499
- Accrued maintenance	3,828	18,172
- Compensation of fuel costs	140,455	130,502
- Deferred retirement benefit obligation	47,991	50,993
- Cost of negotiating loans (BEI)	22,316	24,537
- Discounts on bond issues	5,959	6,434
- Other deferred costs	50,838	31,196
	<b>296,693</b>	<b>275,104</b>



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## Notes to the Financial Statements

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**11. Debt - Short and long term**

This balance is analysed as follows:

	<b>Group</b>	
	<b>Jun 2004</b>	<b>Dec 2003</b>
	<b>Euro 000</b>	<b>Euro 000</b>
<b>Short term loans - Current</b>		
Overdrafts :		
- EDP, SA	20,424	
- ONI Group	595,100	592,298
- Grupo Edinfor	10,248	
- Other	122	3,614
	<u>625,894</u>	<u>595,912</u>
Bank loans:		
- EDP, SA	258,231	315,711
- ONI Group	91,071	51,395
- Edinfor Group	4,947	
- Produção Group	4,718	
- Brazil Group	199,286	225,530
- Hidrocantábrico Group	27,623	24,360
- EDP Finance BV	93,524	93,524
- Other	33,897	46,977
	<u>713,297</u>	<u>757,497</u>
Bonds issued - Non convertible:		
- EDP, SA	9,975	10,221
- EDP Finance BV	45,500	45,500
	<u>55,475</u>	<u>55,721</u>
Commercial paper		
- EDP, SA	220,000	170,000
- Grupo Hidrocantábrico	34,400	
	<u>254,400</u>	<u>170,000</u>
	<u>1,649,066</u>	<u>1,579,130</u>

	<u>          </u>	<u>          </u>
<b>Medium and long term loans - Non Current</b>		
Bank loans:		
- EDP, SA	592,133	631,021
- ONI Group		41,732
- Edinfor Group	6,488	
- Produção Group	30,664	
- Brazil Group	336,101	237,662
- Hidrocantábrico Group	666,134	761,800
- EDP Finance BV	550,000	550,000
- Other	15,895	67,032
	<u>2,197,415</u>	<u>2,289,247</u>
<b>Bonds issued - Non convertible:</b>		
- EDP, SA	2,466,323	2,476,551
- EDP Finance BV	963,694	963,694
- Brazil Group	83,434	84,087
	<u>3,513,451</u>	<u>3,524,332</u>
<b>Commercial paper</b>		
- EDP, SA	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
	<u>5,810,866</u>	<u>5,913,579</u>
	<u>7,459,932</u>	<u>7,492,709</u>

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Notes to the Financial Statements

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As of June 30, 2004, the scheduled repayments of the long-term portion of the group's debt was as follows:

	<b>Euro 000</b>
Since Jul 01, 2005 until Jun 30, 2006	715,393
Since Jul 01, 2006 until Jun 30, 2007	942,683
Since Jul 01, 2007 until Jun 30, 2008	842,268
Since Jul 01, 2008 until Jun 30, 2009	367,741
Jul 01, 2009 and following years	2,942,847
	<b>5,810,932</b>

At the EDP, SA, level, the Group has short-term credit facilities in the sum of Eur 797 million, indexed to the Euribor rate for the agreed period of use, with margin conditions agreed in advance, of which Eur 777 million have a firm underwriting commitment. There is also a Eur 350 million commercial paper programme with guaranteed placement. As far as medium-term credit facilities are concerned, Eur 700 million is available to EDP, SA, with a firm underwriting commitment, also indexed to Euribor under previously agreed conditions. As at June 30, 2004, no credit facilities had been used.

The bank loans in Brazil involve floating-rate interest on the real, mostly indexed to the CDI. On the other hand, bank loans in euros are associated with floating-rate interest indexed to the three- or six-month Euribor rates.

The breakdown of Bonds issued as at June 30, 2004 is as follows:

<b>Issuer</b>	<b>Issue date</b>	<b>Interest rate</b>	<b>Repayment/ conditions</b>	<b>Group Euro 000</b>
<b>Issued by EDP, S.A.</b>				
EDP, SA 22nd Issue	May 13, 1996	Euribor 6 months - 0.10%	(i)	13,424
EDP, SA 23rd Issue	Dec 20, 1996	Euribor 6 months - 0.125%	(ii)	10,332
EDP, SA 24th Issue	Dec 22, 1997	Euribor 6 months + 0.10%	(iii)	3,263
EDP, SA 25th Issue	Nov 23, 1998	Euribor 6 months + 0.225%	(iv)	299,279
EDP, SA 26th Issue	Mar 26, 2003	Euribor 6 months + 0.5%	On Mar 26, 2013	150,000
				<b>476,298</b>

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<u>Issuer</u>	<u>Issue date</u>	<u>Interest rate</u>	<u>Repayment/ conditions</u>	<u>Group Euro 000</u>
<b>Issued by EDP within the Euro Medium Term Notes Programme</b>				
EDP, SA 1st Issue	Oct 29, 1999	Fixed rate EUR 6.40%	On Oct 29, 2009	1,000,000
EDP, SA 2nd Issue	Mar 27, 2001	Fixed rate EUR 5.875%	On Mar 28, 2011	1,000,000
EDP Finance BV 3rd Issue (*)	Oct 29, 2001	JPY Libor 3 months + 0.20%	On Oct 29, 2004	45,500
EDP Finance BV 4th Issue	Nov 26, 2001	Coupon Zero	On Nov 26, 2009	22,455
EDP Finance BV 5th Issue (*)	Nov 28, 2001	Fixed rate JPY 0.70%	On Nov 28, 2006	27,882
EDP Finance BV 6th Issue (*)	Aug 9, 2002	Fixed rate GBP 6.625%	On Aug 9, 2017	320,000
EDP Finance BV 7th Issue	Dec 16, 2002	Fixed rate EUR 5.00%	On Dec 16, 2008	500,000
EDP Finance BV 8th Issue	Dec 23, 2002	Fixed rate EUR 2.661%	On Dec 23, 2022	93,357
				3,009,194
<b>Issued by Escelsa (Brazil) (International Bond)</b>				
Escelsa USD 430 Million (**)	On Jul 28, 1997	Fixed rate USD 10.0%	On Jul 15, 2007	57,388
<b>Issued by Investco (Brazil) (Domestic bond)</b>				
Investco 1st Issue	Nov 1, 2001	IGPM + 12.80%	On Nov 1, 2011	19,721
Investco (FINAM)	Nov 14, 2003	TJLP + 4%	On Nov 14, 2011	6,325
				26,046
				3,568,926

- (i) : 4 annual payments beginning in June 2, 2003. It may be repaid early at the request of bondholders.
- (ii) : 4 annual payments beginning in December 20, 2008. As from December 20, 2006 it may be repaid in part or in full at the request of EDP to all the bondholders.
- (iii) : 4 annual payments beginning in January 5, 2002.
- (iv) : 6 semi-annual payments beginning in May 23, 2006.
- (\*) : These issues by EDP Finance BV have associated floating-interest-rate euro currency swaps.
- (\*\*) : The EDP Group holds 83% of the value of this issue in an intra-group portfolio, as a result of the international takeover bid launched in 2002.

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The breakdown of the fair value of the EDP Group's debt, that is the market value of the debt, is as follows:

	Jun 2004		Dec 2003	
	Carrying Value Euro 000	Market Value Euro 000	Carrying Value Euro 000	Market Value Euro 000
Short term loans - Current	1,649,066	1,649,066	1,579,130	1,579,130
Medium and long term loans - Non current	5,810,866	6,142,875	5,913,579	6,251,355
	<b>7,459,932</b>	<b>7,791,941</b>	<b>7,492,709</b>	<b>7,830,485</b>

The market value of the medium/long-term loans is calculated on the basis of the cash flows discounted at the rates ruling on June 30, 2004. In current short-term debt, the book value is considered to be the market value

**12. Accounts payable - Trade**

This balance is analysed as follows:

	Group	
	Jun 2004 Euro 000	Dec 2003 Euro 000
<b>Short term creditors - Current</b>		
Suppliers	643,475	678,741
Supplies of fixed assets	59,861	103,885
	<b>703,336</b>	<b>782,626</b>

**13. Accounts payable - Other**

This balance is analysed as follows:

	Group	
	Jun 2004	Dec 2003
	Euro 000	Euro 000
Other shareholders	27,888	10,541
Advances to customers	2,908	1,204
Other creditors		
- Employees	9,406	20,625
- Supply of other goods and services	12,138	12,946
- Concession rents	7,739	6,690
- Creditors for collections	28,544	20,115
- For interest and financial credits	77	13,960
- INAG/EDP Protocol - Alqueva	35,893	35,893
- Other creditors and sundry operations	90,687	65,288
	<u>215,280</u>	<u>187,262</u>

#### 14. Accrued cost

The balance **Accrued cost** is analysed as follows:

	Group	
	Jun 2004	Dec 2003
	Euro 000	Euro 000
Accrued costs:		
- Holiday pay, bonus and other charges	64,409	68,393
- Interest payable	226,327	121,874
- Other accrued costs	89,640	46,267
	<u>380,376</u>	<u>236,534</u>

#### 15. Taxes payables

This balance is analysed as follows:

	Group	
	Jun 2004	Dec 2003
	Euro 000	Euro 000
<b><i>State and other public entities:</i></b>		
- Income tax	104,142	173,924
- Withholding tax	9,530	11,686
- Social security contributions	12,933	11,359
- Value added tax	14,955	12,197
- Other taxes	63,074	59,937
	204,634	269,103

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**16. Deferred revenue**

The balance **Deferred revenue** is analysed as follows: