



Escelsa Announces First Half Results of 2004

Vitória, June 30 2004 – Espírito Santo Centrais Elétricas S.A. (ESCELSA), announces the results for the first quarter ended June 30, 2004. The consolidated results include Magistra Participações S.A., TV a Cabo Vitória S.A. (TVIX) and Escelsa Participações S.A. (ESCELSAPAR).

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Introduction

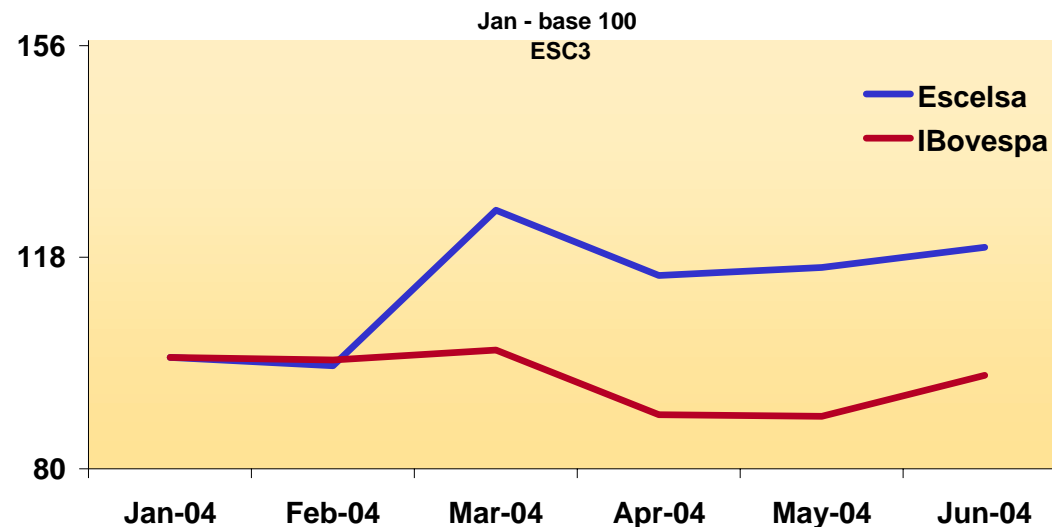
ESCELSA is a publicly held corporation controlled by the EDP Group (Eletricidade de Portugal S.A.), through IVEN S.A. ESCELSA's corporate purpose is the production, transmission, distribution and marketing of electrical energy, through a federal concession. The Company's activities are regulated by ANEEL (the National Electrical Energy Agency), connected to the Ministry of Mining and Energy.

ESCELSA's activities in the state of Espírito Santo cover 70 of the 78 municipalities within the 41,372 km² of its concession area, representing 90% of the total area of the state.

ESCELSA is also the majority stakeholder in the following companies:

- a) MAGISTRA PARTICIPAÇÕES S.A, which has majority control of EMPRESA ENERGÉTICA DE MATO GROSSO DO SUL S.A. - ENERSUL (the company granted a concession to provide electric generation, transmission and distribution services in the state of Mato Grosso do Sul) and holds 100% of CASTELO ENERGÉTICA S.A. - CESA (a company which engages in activities related to hydroelectric resources, thermal generation and the exploration of transmission lines).
- b) TV A CABO VITÓRIA S.A. - TVIX, which is currently not operating, but engaged in activities related to pay-TV and related services for residential communities in the municipalities of Vitória and Vila Velha, in the state of Espírito Santo.
- c) ESCELSA PARTICIPAÇÕES S.A. – ESCELSA PAR, a company that provides various information technology services.

Share Performance



Performance

	PARENT COMPANY			CONSOLIDATED		
	First Half 2004	First Half 2003	Fourth Quarter 2003	First Half 2004	First Half 2003	Fourth Quarter 2003
FINANCIAL INFORMATION (In thousands of reais)						
Gross operating revenues	745,646	634,393	374,270	1,198,484	979,804	604,221
Net operating revenues	496,654	442,854	248,470	829,244	703,249	419,139
Income from operations	82,239	58,600	38,997	152,843	98,217	81,168
Loss for the period	(33,484)	183,260	12,057	(33,484)	183,260	12,057
EBITDA(1)	112,506	87,932	54,092	219,673	156,361	114,081
Total Assets (*)	2,668,437	2,557,287	2,648,369	3,619,411	3,477,019	3,612,377
Shareholders' equity	324,446	406,282	369,986	324,445	406,282	369,986
Shares outstanding(number)	4,550,833	4,550,833	4,550,833	-	-	-
Book value per share (Reais)	71	89	81	-	-	-
Common stock price per share (Reais)	81	33	86	-	-	-
Market capitalization	370,665	150,177	391,371	-	-	-
INDICATORS						
Operating margin (%)	16.56%	13.23%	15.70%	0.00%	13.97%	19.37%
EBITDA margin (%)	22.65%	19.86%	21.77%	0.00%	22.23%	27.22%
Personnel expenses plus third party services/net oper.revenues (%)	11.31%	10.93%	11.14%	0.00%	12.83%	11.88%
Energy losses (%) (**)	12	12	12	-	-	-
DEC-Equivalent Outage Duration per Customer (hours) (**)	11	12	12	-	-	-
FEC- Equivalent Outage Frequency per Customer (number) (**)	10	10	10	-	-	-
TMA-Average Service Response Time (minutes) (**)	136	117	131	-	-	-
Number of customers per employee (**)	758	718	753	713	674	704
MARKET (**)						
Energy Sales - MWh	1,145	1,199	1,136	-	-	-
Maximum demand - MWh/h	2,799,662	2,957,197	1,428,143	4,236,190	4,374,244	2,153,735
Number of customers	978,167	966,316	979,260	1,603,848	1,572,339	1,598,026
HUMAN RESOURCES						
Number of employees (**)	1,290	1,345	1,301	2,248	2,333	2,271
Number of trainees (**)	35	40	33	72	72	57
Personnel expenses (thousands of reais)	37,166	33,244	18,244	67,800	59,679	32,810
Personnel expenses plus third party services (thousands of reais)	56,192	48,425	27,688	102,340	90,199	49,799

(1) EBITDA=Income from operations plus depreciation and amortization

(*) The Balance in the 1st Quarter of 2003 was reclassified in order to reach the same standard of comparison

(**) Unaudited

(***) Reclassified

Market

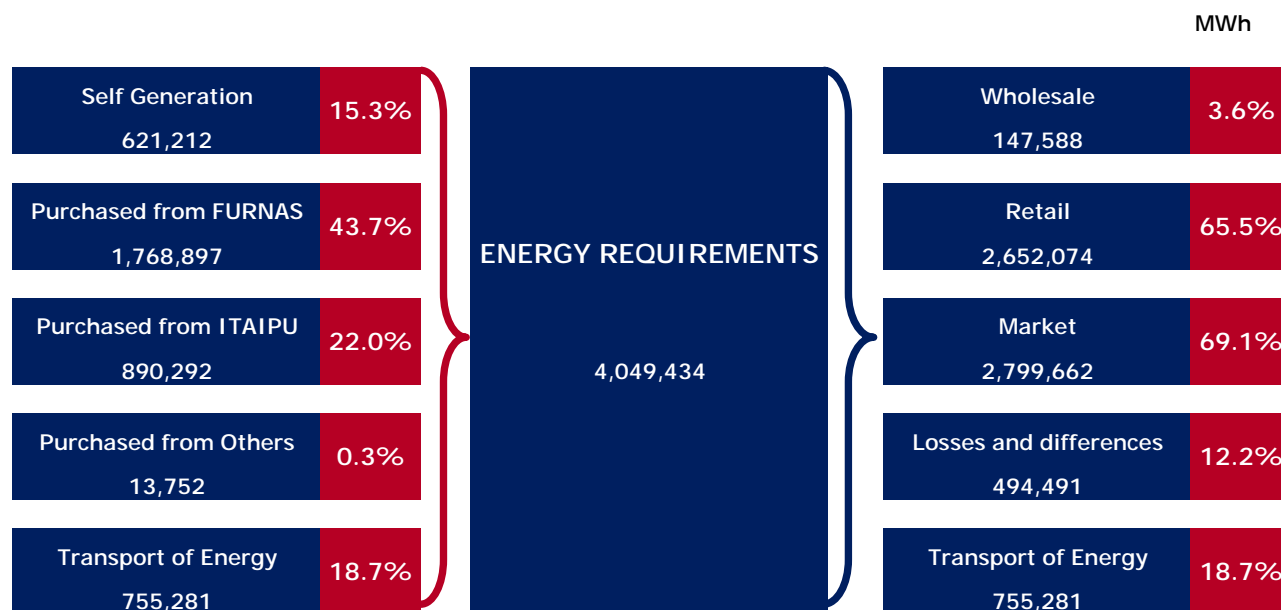
Energy Requirements

The energy requirements of the ESELSA system were 3,294,153 MWh (consumer energy load), representing a decrease of 4.1% compared to the previous year, which had been 3,438,049 MWh.

Total energy (consumer energy load + free energy) was 4,049,434 MWh, representing a decrease of 0.84% compared to the previous year, which had been 4,083,771 MWh.

To satisfy the demand of its own market, ESELSA used 621,212 MWh of its own generation and 12,672,941 MWh purchased from other companies.

Maximum system demand in 2004 was 1,145 MWh/h, representing a decrease of 4.50% compared to the



Energy Sold

	MWh					
	PARENT COMPANY			CONSOLIDATED		
	First Half 2004 2004	2003	% Change	First Half 2004 2004	2003	% Change
Retail:						
Residential	618,530	636,359	-2.8%	1,079,933	1,083,816	-0.4%
Industrial	1,222,209	1,334,977	-8.4%	1,512,412	1,654,259	-8.6%
Commercial	397,466	394,163	0.8%	688,925	672,167	2.5%
Rural	157,995	186,399	-15.2%	318,360	330,845	-3.8%
Other	255,874	254,120	0.7%	480,334	466,363	3.0%
	2,652,074	2,806,018	-5.5%	4,079,964	4,207,450	-3.0%
Wholesale	147,588	151,179	-2.4%	156,226	166,794	-6.3%
TOTAL	2,799,662	2,957,197	-5.3%	4,236,190	4,374,244	-3.2%

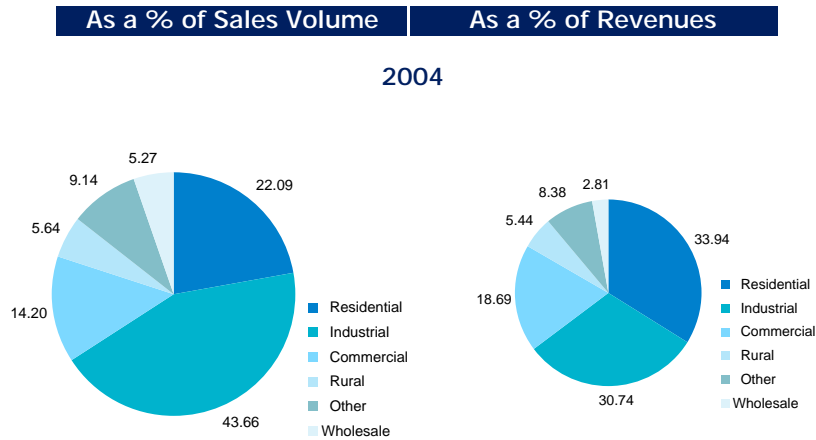
Energy sold in the second quarter of 2004 was 2,799,662 MWh, while sales during the same period last year reached 2,957,197 MWh, thus representing a decrease of 5.3%.

This decrease, in the residential sector, was due to reduced consumption as the result of climactic conditions in the concession area, where average temperatures were milder than normal. This decrease in the rural sector was due to heavy rains that reduced irrigation activities.

In the industrial sector, this decrease was due to some consumers' seeking energy on the open market. In the absence of these customers in 2003 and 2004, the market grew 3.9% in the industrial sector, and the variation of the global market would be nil. It should be noted that drops in consumption reduce revenues from supply and expenses related to purchasing energy, and are offset by an increase in revenues from the use of the distribution system.

Profile of Customers

There was a change in the industrial class of customers, compared to the same period in 2003, primarily due to the fact that some customers opted for other electrical energy suppliers.



	PARENT COMPANY		CONSOLIDATED	
	First Half		First Half	
	2004	2003	2004	2003
	%			
	As a % of Sales Volume	As a % of Revenues	As a % of Sales Volume	As a % of Revenues
Retail:				
Residential	22.09	33.94	21.52	35.27
Industrial	43.66	30.74	45.14	28.54
Commercial	14.20	18.69	13.33	18.67
Rural	5.64	5.44	6.30	6.29
Other	9.14	8.38	8.59	8.28
	94.73	97.19	94.89	97.05
Wholesale	5.27	2.81	5.11	2.95
Total	100.00	100.00	100.00	100.00

Number of Customers

At the end of the month of June 2004, the number of customers was 978,167, representing an increase of 1.2% over the same period last year.

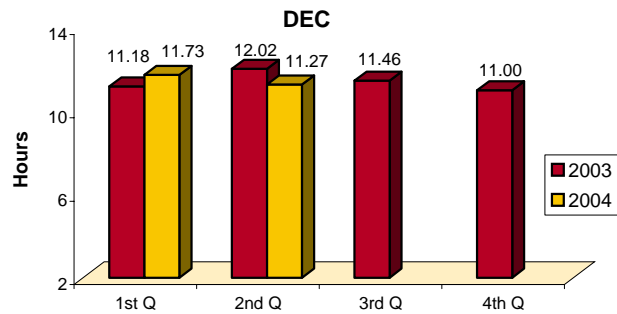
	PARENT COMPANY			CONSOLIDATED		
	First Half		%	First Half		%
	2004	2003	Change	2004	2003	Change
Retail:						
Residential	772,268	764,935	1.0%	1,286,283	1,262,118	1.9%
Industrial	10,615	10,923	-2.8%	15,044	15,545	-3.2%
Commercial	86,100	85,058	1.2%	139,877	137,763	1.5%
Rural	100,259	96,564	3.8%	146,887	141,493	3.8%
Other	8,923	8,834	1.0%	15,753	15,415	2.2%
	978,165	966,314	1.2%	1,603,844	1,572,334	2.0%
Wholesale	2	2	-	4	5	-20.0%
Total	978,167	966,316	1.2%	1,603,848	1,572,339	2.0%

Performance Indicators

DEC – Equivalent Outage Duration per Customer

Indicator measuring the average time that each customer remains without the supply of electrical energy.

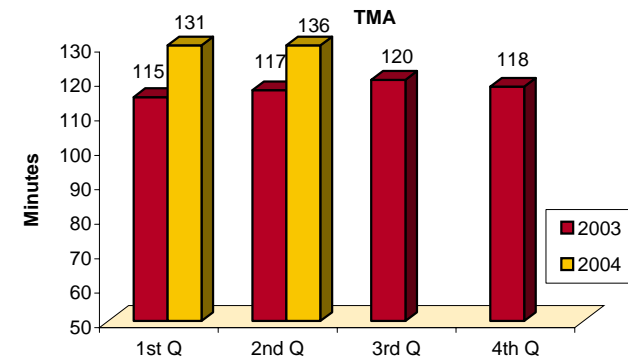
For the period ended June 30, 2004, the DEC was 11.27 hours, while the DEC for the same period last year was 12.02 hours, representing an improvement of 6.25%.



TMA – Average Service Response Time

Indicator measuring the average time elapsed between the receipt of complaints regarding the interruption of service and its reestablishment.

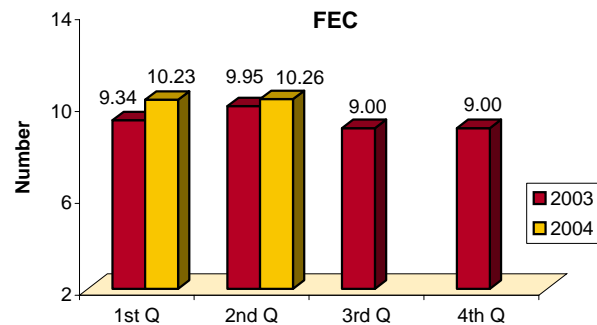
On June 30, the TMA was 136 minutes, while the TMA for the same period last year was 117 minutes.



FEC - Equivalent Outage Frequency per Customer

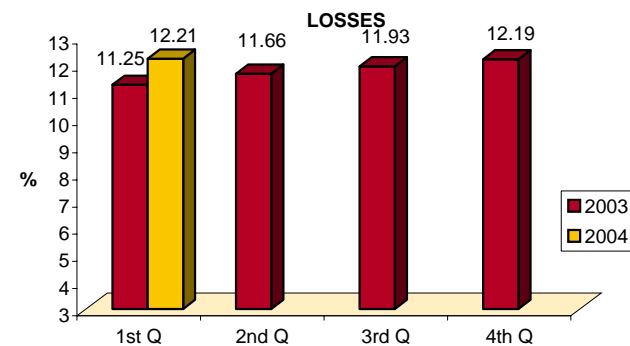
Indicator measuring the average number, per customer, of interruptions in the supply of electrical energy.

For the quarter ended June 30, 2004, the FEC was 10.26, compared to 9.95 for the same period last year, thus representing a decline of 3.11%.



Energy Losses

Energy losses increased 6.35% in the last twelve months, from 11.66%, on June 30, 2003, to 12.40% on June 30, 2004. The Company has been developing works to reduce losses, most notably those of a commercial origin.



Economic-Financial Aspects

Service Result

At the end of the first half of 2004, results related to electric energy services reached R\$ 82,240 thousand, compared to R\$ 58,600 thousand for the same period last year. This result led to EBITDA of R\$ 112,506 thousand, equivalent to an EBITDA margin of 22.65%. The principal components of the service result were the following:

	PARENT COMPANY			CONSOLIDATED		
	First Half		%	First Half		%
	2004	2003		2004	2003	
Gross operating revenues	745,646	634,393	0.18	1,198,431	979,804	22.3%
Deductions from operating revenues:	(248,992)	(191,539)	30.0%	(369,240)	(276,555)	33.5%
Net operating revenues	496,654	442,854	12.1%	829,244	703,249	17.9%
Operating Expenses	(414,415)	(384,254)	7.8%	(676,401)	(605,032)	11.8%
Income from operations	82,239	58,600	40.3%	152,843	98,217	55.6%
Operating Margin - %	16.56%	13.23%	25.1%	18.43%	13.97%	31.97%
EBTIDA	112,506	87,932	27.9%	219,673	156,361	40.5%
EBITDA margin	22.65%	19.86%	14.09%	26.49%	22.23%	19.14%

Operating Revenue

Gross operating revenues for the first half of 2004 were R\$ 745,646 thousand, representing a 17.53% increase over the same period last year. The following factors contributed to this: i) an increase in supply revenues and the supply of electrical energy, which reached R\$ 80,519 thousand -- 13.9% higher than the previous year, despite negative market growth of 5.3%, offset by a tariff readjustment of 17.3% in August 2003; ii) an increase in the emergency capacity charge; iii) an increase in the tariff related to the use of the transmission and distribution system and the number of free customers, whose tariff was readjusted in August 2003, contributing to the maintenance of margins. The reduction in other revenues was due to a settlement agreement signed in March 2003 with one customer for the payment of a legal claim.

Net operating revenues in the first half of 2004 totaled R\$ 496,654 thousand -- 12.15% higher than the same period last year. The breakdown of customers, per class, is as follows:

	PARENT COMPANY		CONSOLIDATED	
	First Half		First Half	
	2004	2003	2004	2003
Retail:				
Residential	224,104	198,813	382,867	323,998
Industrial	204,839	164,417	216,667	178,924
Commercial	124,584	107,305	266,086	215,208
Rural	27,904	27,794	58,452	51,218
Other	53,363	45,572	99,575	80,600
Unbilled revenues	10,812	23,071	47,778	40,005
	645,606	566,972	1,071,425	889,953
Wholesale:				
Other distributors	13,817	12,531	15,694	14,798
Short-term	493	(106)	493	(2,758)
	14,310	12,425	16,187	12,040
Provision and Supply	659,916	579,397	1,087,612	901,993
Regulatory charge	36,503	22,478	51,890	31,721
Use of Distribution System	45,044	18,259	48,643	19,327
Other operating revenues	4,183	14,259	10,286	26,763
Gross operating revenues	745,646	634,393	1,198,431	979,804
(-) Operating revenues deductions	(248,992)	(191,539)	(369,240)	(276,555)
Net operating revenues	496,654	442,854	829,191	703,249

Purchased Energy

	PARENT COMPANY		CONSOLIDATED	
	First Half			
	2004	2003	2004	2003
FURNAS / TRACTEBEL	93,264	110,498	129,349	155,155
ITAIPU	81,995	86,830	131,489	122,311
Other suppliers	44,214	4,369	38,424	21,917
Transport from FURNAS	4,264	3,267	29,090	4,599
Connection cost and grid	44,572	32,766	78,043	52,926
General agreement of energy sector and CVA	(2,521)	6,742	(211)	1,262
Other	57	378	-	899
Total	265,845	244,850	406,184	359,069

The reduction in amounts related to Furnas/Tractebel was due to the fact that ESCELSA signed new contracts with other suppliers, thus achieving a 25% savings. The reduction in the amount related to Itaipu was due to ANEEL's approval of the CVA account, within 24 months, as of August 2004.

Operating Costs

Operating costs, which include expenses plus RGR quotas (global reserve for reversion quotas), reached R\$ 422,257 thousand in the first half of 2004, compared to R\$ 392,278 thousand during the same period last year, representing an increase of 7.6%.

The Company's controlled costs decreased 6.6%, from R\$ 116,176 thousand on June 30, 2003, to R\$ 108,528 thousand on June 30, 2004. Depreciation increased 3.2%. The principal variations were as follows:

- a) Personnel – cost increase due to the repercussions from the adjustment made in August 2003, the Company compensation policy, and the collective bargaining agreement of November 2003, comparing amount of transference of cost to investments;
- b) Materials – increase in the use of materials for the renovation of transformers;
- c) Third-party services – increase in costs related to cuts, consumer unit inspections, reconnections, call center services, reading and delivery of billing statements and maintenance of transmission lines and distribution network;
- d) Provision for Contingencies – R\$ 3,854 thousand was set aside for potential judgments related to labor, tax and civil litigation;
- e) Others – the reduction in this account is due to smaller provisions for doubtful accounts, a reduction in the amount of the energy conservation program, service rendered and rental of software, offset by an increase in the account related to the rationing program, the costs of which were included in the tariff.

The Company's non-controlled operating costs increased 13.6%, the principal of which include an increase in expenses related to purchased energy, costs of connection to the basic grid, collections for the Energy Development Account (CDE), created in 2003, and the costs of the Electrical Energy Rationing Program, included in tariffs.

	PARENT COMPANY				
	First Half				
	2004		2003		Change
R\$ thousand	%	R\$ thousand	%		
Controlled Costs:					
Personnel	37,166	8.8%	33,244	8.5%	11.8%
Materials	4,807	1.1%	3,603	0.9%	33.4%
Third party services	19,026	4.5%	15,181	3.9%	25.3%
Provision for contingencies	3,854	0.9%	13,109	3.3%	-70.6%
Other	13,409	3.2%	21,707	5.5%	-38.2%
	78,263	18.5%	86,844	22.1	-9.9%
Depreciation	30,267	7.2%	29,332	7.5%	3.2%
TOTAL CONTROLLED COSTS	108,529	25.7%	116,176	29.6%	-6.6%
Non-controlled costs:					
Energy purchased	265,845	63.0%	244,850	62.4%	8.6%
CCC	21,387	5.1%	21,070	5.4%	1.5%
Financial compensation	1,610	0.4%	1,518	0.4%	6.1%
ANEEL regulation charge	866	0.2%	640	0.2%	35.3%
RGR	7,843	1.9%	8,024	2.0%	-2.3%
Energy Rationing Program	2,434	0.6%	-	-	-
Energy Development Account	13,744	3.3%	-	-	-
TOTAL NON-CONTROLLED COSTS	313,729	74.3%	276,102	70.4%	13.6%
TOTAL	422,258	100.0%	392,278	100.0%	7.6%

Financial Result

The financial result for the first half of 2004 was negative R\$ 153,809 thousand, compared to a positive figure of R\$ 225,790 thousand for the same period last year. The negative result for the first half was due to the devaluation of the Brazilian Real in relation to the U.S. dollar, whereas during the same period last year, the appreciation of the Real resulted in exchange gains. The financial result decreased as the result of lower levels of investment.

2Q04 Result

Losses of R\$ 33,483 thousand in the first half of 2004 were due to financial results, in part offset by the positive results of the stakeholding in MAGISTRA in the amount of R\$ 19,122 thousand, as well as the reversion of provisions related to IRPJ and CSSL taxes, since there were negative bases for both of these

Available Resources

ESCELSA had available resources, on June 30, 2004, on deposit with banking institutions or invested in the financial market, in the amount of R\$ 225,351 thousand and the consolidated figure of R\$ 237,287 thousand, as shown below:

	PARENT COMPANY		CONSOLIDATED	
	First Half			
	R\$ thousand	US\$ thousand	R\$ thousand	US\$ thousand
Investments in Reais:				
Cash and banks	15,798	-	17,193	-
Certificates of deposit	2,580	-	4,991	-
Investment funds	4,889	-	11,517	-
Others	110	-	1,612	-
Total investments in Reais	23,377	-	35,313	-
Investments in U.S. dollars:				
Dollar-indexed bonds - NBC's	201,974	64,996	201,974	64,996
Total investments in U.S. dollars	201,974	64,996	201,974	64,996
Total available resources	225,351	64,996	237,287	64,996

Loans and Financing

PARENT COMPANY						
	AVERAGE ANNUAL INTEREST RATE	AMORTIZATION		Jun-04		
		TYPE (*)	PERIOD MM/YY	and Other Charges	Current	Long-Term
Local Currency:						
ELETROBRAS	5,0% - 7,0%	M	05/99 to 08/07	-	1,948	3,613
BNDES	TJLP + 3,8%	M	10/99 to 10/10	929	40,470	63,713
BNDES-Perdas Racionamento	SELIC+1,0%	M	03/02 to 01/06	-	50,069	126,592
Conta Garantida e Operações Comp	CDI+1,75%,	M	11/02 to 03/05	-	45,585	-
				-	42,785	-
				-	-	-
Total Local Currency:				929	180,857	193,918
Foreign Currency:						
Senior Notes	10,0%+V.CAMBIA	U	7/7	61,380	-	1,339,202
BNDES	3,5%+UMBNEDE	M	09/01 to 10/10	171	12,285	13,215
Total Foreign Currency				61,551	12,285	1,352,417
TOTAL				62,480	193,142	1,546,335

CONSOLIDATED						
	AVERAGE ANNUAL INTEREST RATE	AMORTIZATION		Jun-04		
		TYPE (*)	PERIOD MM/YY	Interest and Other Charges	Current	Long-Term
Local Currency:						
ELETROBRAS-ESCELSA	5,1% - 7,0%	M	05/99 to 08/07	-	1,948	3,613
ELETROBRAS - ENERSUL	6,0%-12,0%	M	12/97 to 05/22	170	12,433	33,209
BNDES - ESCELSA	TJLP + 3,8%	M	10/99 to 10/10	401	40,470	63,713
BNDES - MAGISTRA	TJLP + 4,0%	S	11/99 to 11/04	246	21,020	-
BNDES - ENERSUL	TJLP + 3,8%	M	09/01 to 02/08	200	13,968	37,250
BNDES - ENERSUL	TJLP + 4,0%	M	02/00 to 04/04	-	-	-
BNDES-Perdas Racionamento	SELIC+1,0%	M	03/02 to 12/08	880	62,780	198,010
BNDES-CVA.	SELIC+1,0%			193	14,016	13,603
BNDES-ALFA	TJLP + 4,00%	M	10/01 to 09/07	94	5,859	17,574
BNDES - CESA	TJLP + 4,5%	M	07/04 to 07/12	135	4,058	28,398
BCO BRASIL - FCO	0.112	M	11/04 to 11/13	572	1,944	28,056
CONTA GARANTIDA	DI+1,85%, 110%	M	11/02 to 12/03	50	108,370	-
FUNDAÇÃO ENERSUL	10%+INPC	M	07/98 to 11/13	112	3,458	15,534
OUTROS	0.0135	M	05/00 to 06/09	-	-	1,225
Total Local Currency:				3,053	290,324	440,185
Foreign Currency:						
SENIOR NOTES	10%+V.CAMBIAL	U	7/7	61,380	-	1,339,202
BRADESCO (*)	6,50%a6,9%	M	11/02 to 11/04	426	6,828	-
UNIBANCO (*)	2,40%-5,00%	U	3/6	73	7,523	5,642
EUROPEAN INVEST BANK	LIBOR+4,0%-5,0%	S	12/02 to 03/09	141	9,153	28,137
STN-DMLP	LIBOR+4,5%-8,2%	S	10/96 to 04/24	406	3,461	37,777
BBA FMO (*)	0.089	S	03/02 to 09/07	290	5,448	6,056
BNDES-ESCELSA	3,5%+UMBNEDES	M	09/01 to 10/10	171	12,285	13,215
BNDES-ENERSUL	4%+UMBNEDES	M	04/03 to 10/07	140	1,395	4,881
BNDES-CESA	4,5%+UMBNEDES	M	07/04 to 07/12	198	964	7,459
ITAÚ-BBA (*)	0.04	U	3/5	378	41,367	-
BBV-BRADESCO (*)	0.1155	M	12/03 to 11/05	559	7,743	3,226
Total Foreign Currency:				64,162	96,167	1,445,595
Long-term						
BRADESCO (*)	11.55%	M	12/03 a 11/05	-	-	233
UNIBANCO (*)	2,4% to 5,0%	M	03/06	-	-	55
TOTAL				67,215	386,491	1,886,068

Debt Maturity Schedule

MATURITY	PARENT COMPANY			CONSOLIDATED		
	TYPE					
	Local	Foreign	Total	Local	Foreign	Total
Current						
2004	77,929	6,038	83,967	141,391	30,586	171,977
2005	102,928	6,247	109,175	148,933	65,581	214,514
	180,857	12,285	193,142	290,324	96,167	386,491
Long-Term						
2005	48,706	6,246	54,952	83,153	23,648	106,801
2006	75,309	4,580	79,889	134,761	23,484	158,245
2007	58,682	1,339,825	1,398,507	115,623	1,356,131	1,471,754
2008	4,106	623	4,729	49,023	9,146	58,169
2009	4,066	623	4,689	15,252	4,289	19,541
2010	3,048	521	3,569	14,234	3,568	17,802
2011	-	-	-	11,186	3,047	14,233
2012	-	-	-	8,099	2,080	10,179
2013	-	-	-	4,315	941	5,256
After 2013	-	-	-	4,539	19,261	23,800
	193,917	1,352,418	1,546,335	440,185	1,445,595	1,885,780
Total	374,774	1,364,703	1,739,477	730,509	1,541,762	2,272,271

Balance Sheets (In thousands of Brazilian reais)

ASSETS	PARENT COMPANY			CONSOLIDATED		
	Jun-04	Jun-03	Mar-04	Jun-04	Jun-03	Mar-04
CURRENT:	501,815	504,427	507,632	837,296	802,802	848,162
Cash and banks	15,798	4,465	8,361	17,193	5,966	11,472
Accounts receivable	237,150	257,785	254,744	462,098	447,326	471,261
Other accounts receivable	14,009	24,855	10,159	9,625	8,474	14,027
Deferred income and social contribution taxes	-	-	13,265	26,705	42,028	31,789
Taxes credits	-	-	-	7,608	-	7,608
Allowance for doubtful accounts	(21,796)	(30,584)	(22,641)	(41,908)	(45,443)	(42,173)
Material and supplies	2,666	3,364	2,593	4,628	5,540	4,365
Marketable securities	209,553	240,048	200,500	220,094	250,608	218,677
Escrow deposits	-	1,266	33	-	1,266	33
Other credits - UTE Campo Grande	-	-	-	45,750	48,824	49,446
Other credits	13,863	8,807	14,775	21,459	15,899	24,775
Prepaid expenses	30,572	(5,579)	25,843	64,044	22,314	56,882
	-	-	-	-	-	-
LONG-TERM:	503,050	456,928	471,519	924,323	823,496	908,361
Accounts receivable	138,803	157,529	139,222	243,741	245,769	257,345
Recoverable taxes	143,201	122,789	-	-	-	-
Affiliates and subsidiaries	2,012	1,980	2,649	79,643	72,053	77,713
Escrow deposits	110,082	81,410	106,656	155,003	114,738	148,059
Debt issuance costs	1,537	2,306	1,729	1,537	2,305	1,729
Deferred income and social contribution taxes	-	-	121,299	270,881	235,711	250,105
Other credits - low income consumers	-	-	-	-	12,378	-
Other credits	10,852	15,445	10,324	19,486	17,231	20,834
Prepaid expenses	96,563	75,470	89,640	154,032	123,311	152,576
	-	-	-	-	-	-
PERMANENT:	1,663,572	1,595,932	1,669,218	1,857,792	1,850,721	1,855,854
Investments	919,596	852,570	924,272	354,775	374,275	358,389
Property, plant and equipment, net	743,975	743,362	744,946	1,503,017	1,476,446	1,497,465
Deferred	-	-	-	-	-	-
TOTAL	2,668,437	2,557,287	2,648,369	3,619,411	3,477,019	3,612,377

Balance Sheets (In thousands of Brazilian reais)

LIABILITIES AND SHAREHOLDERS' EQUITY	PARENT COMPANY			CONSOLIDATED		
	Jun-04	Jun-03	Mar-04	Jun-04	Jun-03	Mar-04
CURRENT	475,536	431,395	489,068	816,877	732,570	827,066
Suppliers	93,529	89,810	99,776	151,401	141,560	160,621
Payroll	2,499	1,850	4,726	3,034	3,446	5,348
Accrued interest and fees	62,480	62,985	27,377	67,215	73,865	33,498
Loans and financing	193,142	167,635	229,350	386,491	349,321	412,569
Accrued taxes and social contributions	35,481	69,705	38,066	92,396	99,402	60,599
Dividends	42,041	21	42,041	42,053	33	42,053
Post retirement benefits	2,090	1,652	3,459	2,090	1,652	3,459
Accrued obligations	10,940	10,170	8,035	21,856	19,834	16,402
Regulatory charges	8,431	6,429	10,884	18,897	15,094	18,604
Provision for contingencies	-	-	-	-	-	-
Other accounts payable	24,903	21,140	25,354	31,444	28,363	73,913
LONG - TERM	1,868,455	1,719,610	1,789,315	2,308,337	2,183,975	2,244,984
Suppliers	60,055	57,602	55,362	80,565	82,132	78,553
Interest on loans and financing	-	-	-	288	-	217
Income and social contribution taxes	42,170	(0)	-	-	-	-
Loans and financing	1,546,335	1,477,194	1,474,318	1,885,780	1,864,652	1,833,134
Post retirement benefits	30,253	28,212	30,253	30,253	28,212	30,253
Deferred income taxes	-	-	45,873	59,696	-	60,677
Affiliates and subsidiaries	103	68	50	-	133	-
Provision for contingencies	153,801	129,996	149,454	214,061	178,466	206,086
Other accounts payable	35,738	26,539	34,005	37,694	30,380	36,064
MINORITY INTEREST	-	-	-	169,752	154,192	170,341
SHAREHOLDERS' EQUITY	321,058	402,894	366,599	321,058	402,895	366,599
Capital stock	153,947	153,947	153,947	153,947	153,947	153,947
Capital reserves	65,688	65,688	65,687	65,687	65,688	65,687
Legal reserves	8,846	-	-	-	-	-
Income reserves	126,061	-	134,908	134,908	-	134,908
Loss	(33,483)	183,260	12,057	(33,484)	183,260	12,057
Credits for capital increase	3,387	3,387	3,387	3,387	3,387	3,387
	324,445	406,282	369,986	324,445	406,282	369,986
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,668,437	2,557,287	2,648,369	3,619,411	3,477,019	3,612,377

Balance Sheets

(In thousands of Brazilian reais, except income per share)

STATEMENTS OF INCOME	PARENT COMPANY			CONSOLIDATED		
	Jun-04	Jun-03	Mar-04	Jun-04	Jun-03	Mar-04
OPERATING REVENUES:	745,646	634,393	374,270	1,198,484	979,804	604,221
Electricity sales to final customers	645,606	566,972	324,089	1,071,425	889,953	540,024
Contingency fee	36,502	22,478	19,785	51,890	31,721	28,131
Electricity sales to distributors	14,310	12,425	7,082	16,187	12,040	8,262
Use of transmission and distribution system	45,285	18,258	21,534	49,089	19,327	22,863
Other revenues	3,942	14,260	1,780	9,893	26,763	4,941
Deductions from operating revenues:	(248,992)	(191,539)	(125,800)	(369,240)	(276,555)	(185,082)
State value-added taxes - ICMS	(167,977)	(136,712)	(84,645)	(240,976)	(193,425)	(120,030)
PIS and COFINS tax	(36,666)	(24,293)	(17,320)	(61,255)	(37,504)	(29,212)
Global reserve for reversion quota - RGR	(7,843)	(8,024)	(4,047)	(15,050)	(13,475)	(7,679)
Contingency fee	(36,502)	(22,478)	(19,785)	(51,890)	(31,721)	(28,131)
Tax on services (ISSQN)	(4)	(32)	(2)	(69)	(430)	(30)
Net operating revenues	496,654	442,854	248,470	829,244	703,249	419,139
OPERATING EXPENSES:	(414,415)	(384,254)	(209,473)	(676,401)	(605,032)	(337,971)
Electricity purchased for resale	(265,845)	(244,850)	(133,957)	(406,184)	(359,069)	(203,388)
Depreciation and amortization	(30,267)	(29,332)	(15,094)	(66,830)	(58,144)	(32,913)
Personnel	(37,166)	(33,244)	(18,244)	(67,800)	(59,679)	(32,810)
Material	(4,807)	(3,603)	(2,189)	(11,008)	(9,746)	(5,288)
Third-party services	(19,026)	(15,181)	(9,444)	(34,540)	(30,520)	(16,989)
Fuel usage quota - CCC	(21,387)	(21,070)	(10,693)	(32,020)	(32,916)	(15,474)
Provision for contingencies	(3,854)	(13,109)	(2,270)	(6,794)	(19,877)	(2,270)
Other	(32,063)	(23,865)	(17,582)	(51,225)	(35,081)	(28,839)
INCOME FROM OPERATIONS	82,239	58,600	38,997	152,843	98,217	81,168
EQUITY IN SUBSIDIARIES	19,122	3,787	16,869	-	-	-
FINANCIAL REVENUES:	59,820	66,677	23,376	87,334	107,099	39,974
Income from temporary cash investments	24,508	29,586	(15,423)	30,485	37,917	9,025
Increase in overdue collections	10,164	8,183	(43,926)	17,517	14,301	8,106
Hedge	-	(2,176)	23,376	-	(2,176)	-
Regulatory assets - SELIC	24,014	23,173	6,320	32,064	45,172	20,813
Other	1,134	7,911	53,029	7,268	11,885	2,030
FINANCIAL EXPENSES:	(213,630)	159,113	(67,302)	(256,614)	119,435	(86,740)
Monetary variation - electricity purchase	(128)	(12,807)	11,876	(128)	(13,121)	(24)
Monetary and exchange variation on loans and financing	(99,009)	289,823	(67,302)	(107,172)	303,034	(10,231)
Interest on loans and financing	(95,683)	(95,889)	261	(121,907)	(138,606)	(63,330)
Other	(18,809)	(22,014)	(12,137)	(27,407)	(31,872)	(13,155)
FINANCIAL RESULTS	(153,810)	225,790	(43,926)	(169,280)	226,534	(46,766)
OPERATING PROFIT (LOSS)	(52,449)	288,177	11,940	(16,437)	324,751	34,402
NON-OPERATING REVENUES	474	308	257	1,614	407	731
NON-OPERATING EXPENSES	(342)	(1,810)	(141)	(6,461)	(24,927)	(1,193)
NON-OPERATING INCOME (LOSS), NET	132	(1,502)	117	(4,847)	(24,520)	(462)
INCOME (LOSS) BEFORE TAXES	(52,317)	286,675	12,057	(21,284)	300,231	33,940
Social contribution	5,428	(26,387)	-	(177)	(30,578)	(3,856)
Income tax	13,405	(77,028)	-	(4,320)	(89,238)	(10,669)
INCOME (LOSS) AFTER TAXES	18,833	(103,415)	-	(4,497)	(119,816)	(14,525)
MINORITY SHARE IN PROFIT	-	-	-	(7,703)	2,845	(7,358)
NET INCOME (LOSS) FOR THE PERIOD	(33,484)	183,260	12,057	(33,484)	183,260	12,057
Net Income(loss) per share - R\$	(7.36)	40.27	2.65	-	-	-

Statements of Cash Flow

(In thousands of Brazilian reais)

	PARENT COMPANY			CONSOLIDATED		
	Jun-04	Jun-03	Mar-04	Jun-04	Jun-03	Mar-04
Net Income(loss) for the period	(33,484)	183,260	12,057	(33,484)	183,260	12,057
Adjustments to reconcile income to cash provided by operating activities						
Operating activities:	60,654	(26,436)	26,747	105,947	8,692	44,919
Long term interest and monetary and exchange variation	89,156	(284,993)	5,630	83,244	(301,330)	(3,661)
Equity in subsidiaries	(19,122)	(3,787)	(16,869)	-	-	-
Depreciation and amortization	30,267	29,332	15,094	66,830	58,144	32,913
Disposal of property, plant and equipment	1,547	1,441	1,451	2,645	2,434	2,345
Sale of UTE Campo Grande	-	-	-	5,429	19,794	888
Provision for contingencies	11,653	2,927	7,306	17,400	11,835	9,425
Regulatory assets	-	-	-	-	(11,028)	-
Tariff readjustment	-	-	-	(28,254)	-	(21,155)
Bonus foreign funding	384	384	192	384	384	192
Post retirement benefits	(1,481)	(390)	(112)	(1,481)	(390)	(112)
Liabilities adjustments	3,636	5,691	1,998	3,636	5,691	1,998
Deferred income taxes	(21,902)	39,699	-	(18,105)	43,304	2,671
Remuneration on construction work in progress	-	-	-	7,703	(3,406)	7,358
Changes in current assets and liabilities:	838	90,637	(10,411)	(12,391)	26,121	(17,694)
Accounts receivable	(948)	19,777	(17,696)	(7,669)	(2,014)	(25,511)
Other accounts receivable	14,171	27,299	4,839	13,025	25,862	4,475
Other credits-UTE Campo Grande	-	-	-	(2,063)	(42,727)	(1,218)
Other credits	2,816	45,931	1,169	3,343	44,545	248
Prepaid expenses	(9,193)	6,087	(3,825)	(17,836)	(8,063)	(10,653)
Suppliers	2,080	(14,930)	8,327	116	(13,797)	9,107
Accrued taxes and social contributions	(4,552)	203	(1,967)	1,670	11,517	7,320
Accrued obligations	(1,952)	(2,848)	(4,857)	(1,326)	(2,736)	(5,433)
Regulatory charges	5,237	1,570	4,364	7,260	1,259	6,967
Other	(6,821)	7,548	(765)	(8,911)	12,275	(2,996)
Change in non-current assets and liabilities:	(19,430)	11,427	(10,599)	3,353	15,336	(9,344)
Accounts receivable	9,162	4,899	3,870	21,454	13,243	9,564
Escrow deposits	(13,656)	(9,235)	(10,230)	(19,510)	(14,447)	(13,511)
Affiliates and subsidiaries	3,081	4,731	2,444	8,165	208	550
Prepaid expenses	(17,343)	(11,446)	(10,420)	(9,746)	(12,957)	(9,218)
Accrued taxes and social contributions	(4,805)	-	(1,101)	(2,083)	-	(1,101)
Other credits - low income	-	4,940	-	-	6,340	-
Other	4,131	17,538	4,838	5,073	22,949	4,372
Net cash provided (use in) operating activities	42,062	75,628	5,737	96,909	50,149	17,881
Investing activities:						
Additions to property, plant and equipment	(27,644)	(22,504)	(12,340)	(73,081)	(59,841)	(32,087)
Additions to investments	4,160	(101,133)	(2,769)	(4)	2	-
Additions to the Deferred account	-	-	-	-	-	-
Obligations related to the concession	2,405	3,913	1,399	8,698	5,400	3,985
Net cash used in investing activities	(21,079)	(119,724)	(13,710)	(64,387)	(54,439)	(28,102)
Financing activities:						
Loans and financing	203	(5,578)	47,920	(12,570)	(51,913)	50,576
Accrued interest and fees	4,040	(13,339)	(31,063)	152	(13,560)	(33,636)
Dividends	-	-	-	(1,372)	(291)	(441)
Affiliates and subsidiaries	105	(70)	(43)	-	-	5,316
Net cash provided by (used in) financing activities	4,348	(18,987)	16,814	(13,790)	(65,764)	21,815
Net increase(decrease) in cash and cash equivalents	25,331	(63,083)	8,841	18,732	(70,054)	11,594
Cash and cash equivalents at the beginning of the period	200,020	307,595	200,020	218,555	326,628	218,554
Cash and cash equivalents at the end of the period	225,351	244,512	208,861	237,287	256,574	230,148

Uncosolidated Statements of Income by Quarter

(in thousands of Brazilian reais)

	2004					2003				
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter.	Total	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total
NET OPERATING REVENUES	248,470	248,184			496,654	237,708	205,146	228,189	272,654	943,697
OPERATING EXPENSES:	(209,473)	(204,942)			(414,415)	(184,664)	(199,590)	(201,234)	(238,040)	(823,528)
Electricity purchased for resale	(133,957)	(131,888)			(265,845)	(122,881)	(121,970)	(131,198)	(158,435)	(534,484)
Depreciation and amortization	(15,094)	(15,172)			(30,266)	(14,573)	(14,759)	(14,819)	(14,991)	(59,142)
Personnel	(18,244)	(18,922)			(37,166)	(15,817)	(17,426)	(18,185)	(19,717)	(71,145)
Material	(2,189)	(2,618)			(4,807)	(1,936)	(1,667)	(2,260)	(2,774)	(8,637)
Third-party services	(9,444)	(9,582)			(19,026)	(7,783)	(7,398)	(8,583)	(10,496)	(34,260)
Fuel usage quota - CCC	(10,693)	(10,694)			(21,387)	(10,522)	(10,548)	(11,512)	(10,694)	(43,276)
Provision for contingencies	(2,270)	(1,586)			(3,856)	(140)	(13,861)	121	9,360	(4,520)
Other	(17,582)	(14,480)			(32,062)	(11,012)	(11,961)	(14,798)	(30,293)	(68,064)
INCOME FROM OPERATIONS	38,997	43,242			82,239	53,044	5,556	26,955	34,614	120,169
EQUITY IN SUBSIDIARIES	16,869	2,253			19,122	3,327	460	9,539	6,119	19,445
FINANCIAL REVENUES	23,376	36,444			59,820	60,952	5,725	31,198	23,335	121,210
FINANCIAL EXPENSES:	(67,302)	(146,327)			(213,629)	8,591	150,522	(92,349)	(44,667)	22,097
Monetary variation - electricity purchase	(24)	(104)			(128)	(7,091)	(5,716)	(6,099)	10,642	(8,264)
Monetary and exchange variation on loans and financing	(8,484)	(90,525)			(99,009)	74,488	215,335	(24,524)	13,827	279,126
Interest on loans and financing	(47,196)	(48,488)			(95,683)	(50,486)	(45,403)	(50,174)	(59,756)	(205,819)
Other	(11,599)	(7,209)			(18,808)	(8,320)	(13,694)	(11,552)	(9,380)	(42,946)
FINANCIAL RESULTS	(43,926)	(109,883)			(153,809)	69,543	156,247	(61,151)	(21,332)	143,307
NON-OPERATING INCOME(LOSS), NET	117	15			132	(1,303)	(199)	(1,609)	950	(2,161)
INCOME(LOSS) BEFORE TAXES	12,057	(64,373)			(52,316)	124,611	162,064	(26,266)	20,352	280,761
Social contribution and income tax	-	18,833			18,833	(42,485)	(60,930)	10,333	(10,752)	(103,834)
NET INCOME(LOSS) FOR THE PERIOD	12,057	(45,540)			(33,483)	82,126	101,134	(15,933)	9,601	176,928
EBITDA	54,091	58,414			112,505	67,617	20,315	41,774	49,605	179,311
(+)Financial revenues	23,376	36,444			59,820	60,952	5,725	31,198	23,335	121,210
(+)Non-operating income (loss), net	117	15			132	-1,303	-199	-1,609	950	-2,161
=Adjusted EBITDA	77,584	94,873			172,457	127,266	25,841	71,363	73,890	298,360
CAPITAL EXPENDITURE	11,776	15,867			27,643	12,327	11,022	14,173	26,951	64,473
TOTAL DEBT	1,731,045	1,801,957			1,801,957	1,907,669	1,707,814	1,693,221	1,708,557	1,708,557
INTERES ON LOANS AND FINANCING	47,196	48,488			95,683	50,486	45,403	50,174	59,756	205,819
EBITDA margin	21.77%	23.54%			22.65%	28.45%	9.90%	18.31%	18.19%	19.00%
EBITDA/Interest on loans and financing (x)	1.1	1.2			1.2	1.3	0.4	0.8	0.8	0.9
Adjusted EBITDA margin	31.22%	38.23%			34.72%	53.54%	12.60%	31.27%	27.10%	31.62%
Adjusted EBITDA/Interest on loans and financing	1.6	2.0			1.8	2.5	0.6	1.4	1.2	1.4