Energisa Minas Gerais | Results for 1st half of 2013

Cataguases, August 09, 2013 - The management of Energisa Minas Gerais – Distribuidora de Energia S/A ("Company") hereby presents its results for the second quarter of 2013 (2Q13) and the first half of 2013 (1Q13). The following financial and operational information is presented in accordance with international financial reporting standards (IFRS), except when stated otherwise.

1 - Business profile and economic-financial headlines

Energisa Minas Gerais is an electricity distribution company that serves approximately 409,000 consumers and a population of roughly 1.0 million in 65 municipalities in Minas Gerais state, and one municipality in Rio de Janeiro state.

The Company's main economic and financial figures for the first half have been summarized below:

Description	6T13	6T12	Change %
Results - R$ million			
Gross Operating Revenue	319.1	318.9	+ 0.1
Net Operating Revenue	234.9	209.2	+ 12.3
Net Operating Revenue, with construction revenue	198.8	191.4	+ 3.9
Earnings before interest and tax (EBIT)	30.5	27.3	+ 11.7
EBITDA	39.0	35.3	+ 10.5
Adjusted EBITDA	42.0	38.1	+ 10.2
Financial Income/Loss	(10.8)	(6.5)	+ 66.2
Net Income	13.1	13.8	- 5.1
Financial Indicators - R$ million			
Total Assets	534.0	469.1	+ 13.8
Cash / Cash Equivalents / Short-Term Investments	85.4	79.3	+ 7.7
Shareholders' Equity	65.5	76.5	- 14.4
Net Debt	272.4	208.3	+ 30.8
Operating Indicators			
Number of Captive Consumers (thousands)	409.4	397.8	+ 2.9
Sales of energy to captive consumers (GWh)	563.9	546.4	+ 3.2
Total Electricity Distributed (GWh)	736.4	711.9	+ 3.4
Energy Losses (% in past 12 months)	8.66	8.77	- 0.11 p.p
Relative Indicators			
Adjusted EBITDA / Net Revenue (%)	17.9	18.2	- 0.3 p.p
Net Debt / Adjusted EBITDA for 12 months (times)	3.7	2.6	+ 42.3

NB: Adjusted EBITDA: EBITDA plus arrears charges on electricity bills.

2 - Financial performance
2.1 - Gross and net operating revenue

In 6M13 Energisa Minas Gerais presented gross operating revenue, not including construction cost revenue, which is attributed a margin of zero, of R$ 283.0 million, compared with R$ 301.1 million in 6M12, a decrease of 6.0% (R$ 18.1 million). Also excluding construction revenue, net operating revenue rose by 3.9% (R$ 7.4 million) in the period, to R$ 198.8 million.

Net revenue breaks down as follows:

Revenue by Consumption Sector	Quarter			Half		
Amounts in R$ million	2Q13	2Q12	Change %	6M13	6M12	Change %
(+) Electricity revenue (captive market)	125.7	136.4	- 7.8	262.5	275.2	- 4.6
✓ Residential	53.4	62.7	- 14.8	114.6	126.9	- 9.7
✓ Industrial	16.6	21.7	- 23.5	33.9	43.1	- 21.3
✓ Commercial	27.9	26.6	+ 4.9	58.9	55.5	+ 6.1
✓ Rural	16.3	12.0	+ 35.8	31.0	23.5	+ 31.9
✓ Other sectors	11.5	13.4	- 14.2	24.1	26.2	- 8.0
(+) Electricity sales to distributors	(0.1)	0.3	-	(0.6)	0.4	-
(+) Net Unbilled Sales	(2.7)	(1.1)	+ 145.5	(3.6)	(3.2)	+ 12.5
(+) Electricity network usage charges	7.4	10.5	- 29.5	15.7	19.7	- 20.3
(+) Construction revenue	26.2	9.1	+ 187.9	36.1	17.8	+ 102.8
(+) Other revenue	4.7	4.3	+ 9.3	9.0	9.0	-
(=) Subtotal 1 - Gross revenue	**161.2**	**159.5**	**+ 1.1**	**319.1**	**318.9**	**+ 0.1**
(-) Tax on sales	(37.5)	(43.2)	- 13.2	(79.5)	(87.2)	- 8.8
(-) Sector charges	(2.2)	(11.6)	- 81.0	(4.7)	(22.5)	- 79.1
(=) Subtotal 2 - Net revenue	**121.5**	**104.7**	**+ 16.0**	**234.9**	**209.2**	**+ 12.3**
(-) Construction revenue	26.2	9.1	+ 187.9	36.1	17.8	+ 102.8
(=) Total - Net revenue, without construction revenue	**95.3**	**95.6**	**- 0.3**	**198.8**	**191.4**	**+ 3.9**

2.2 - Net income and cash generation

Energisa Minas Gerais recorded net income of R$ 13.1 million in the first half of 2013, compared with R$ 13.8 million in the same period last year. The operating cash generation (Adjusted EBITDA) amounted to R$ 42.0 million in 6M13, compared with R$ 38.1 million in 6M12, an increase of R$ 10.2%.

See below the change in the Company's cash generation:

Breakdown of cash generation (EBITDA)	Quarter			Half		
Amounts in R$ million	2Q13	2Q12	Change %	6M13	6M12	Change %
(=) Net Income	3.1	6.1	- 49.2	13.1	13.8	- 5.1
(-) Income and social contribution taxes	(1.5)	(2.9)	- 48.3	(6.6)	(6.9)	- 4.3
(-) Financial result	(8.2)	(6.2)	+ 32.3	(10.8)	(6.5)	+ 66.2
(-) Depreciation and amortization	(4.2)	(3.9)	+ 7.7	(8.5)	(8.0)	+ 6.3
(=) Cash generation (EBITDA)	17.0	19.1	- 11.0	39.0	35.2	+ 10.8
(+) Arrears surcharge revenue	1.5	1.5	-	3.0	2.9	+ 3.4
(=) Adjusted cash generation (Adjusted EBITDA)	18.5	20.6	- 10.2	42.0	38.1	+ 10.2
Adjusted EBITDA Margin	15.2	19.7	- 4.5 p.p	17.9	18.2	- 0.3 p.p

2.3 - Operating expenses

Operating expenses excluding construction costs amounted to R$ 168.2 million in 6M13, an increase of 2.4% (R$ 4.0 million) over 6M12. Of this total, the growth in controllable expenses was R$ 2.4 million. Noncontrollable expenses on electricity and transportation purchases expanded by R$ 1.7 million in the quarter, an increase of 1.5%.

Operating expenses break down as follows:

Breakdown of operating expenses (R$ million)	Quarter			Half		
	2Q13	2Q12	Change in R$ millions	6M13	6M12	Change in R$ millions
1 - Controllable expenses	21.2	20.6	+ 0.6	42.1	39.7	+ 2.4
1.1 Personnel (includes pension fund)	7.3	6.4	+ 0.9	14.6	12.5	+ 2.1
1.2 Material	1.0	1.3	- 0.3	2.1	2.6	- 0.5
1.3 Services	12.9	12.9	-	25.4	24.6	+ 0.8
2 - Uncontrollable expenses (acquisition of energy and transmission)	56.3	54.9	+ 1.4	114.4	112.7	+ 1.7
3 - Depreciation and amortization	4.2	3.9	+ 0.3	8.5	8.0	+ 0.5
4 - Allowance for doubtful accounts and contingencies	(1.1)	0.1	- 1.2	(0.4)	1.8	- 2.2
5 - Other expenses/revenue	1.8	0.9	+ 0.9	3.6	2.0	+ 1.6
Subtotal	**82.4**	**80.4**	**+ 2.0**	**168.2**	**164.2**	**+ 4.0**
6 - Construction cost	26.2	9.1	+ 17.1	36.1	17.8	+ 18.3
Total	**108.6**	**89.5**	**+ 19.1**	**204.3**	**182.0**	**+ 22.3**

2.3 - Financial result

The net financial income (financial revenue minus financial expenses) amounted to a net financial expense of R$ 10.8 million in 6M13 (R$ 8.2 million in 2Q13), as compared to a net financial expense of R$ 6.5 million in 6M12 (R$ 6.2 million in 2Q12).

The table below denotes the short- and long-term debt net of financial resources (cash, cash equivalents and short-term investments) of Energisa Minas Gerais as of June 30, 2013 and December 31, 2012.

Description Amounts in R$ million	6/30/2013	12/31/2012
Short-term	**29.7**	**27.6**
Loans, financing and debentures	23.8	23.1
Debt charges	4.1	2.7
Financing of taxes and actuarial deficit	1.8	1.8
Long-term	**328.1**	**302.1**
Loans, financing and debentures	325.1	299.0
Financing of taxes and actuarial deficit	3.0	3.1
Total debts	**357.8**	**329.7**
(-) Cash and cash equivalents	85.4	100.8
Total net debts	**272.4**	**228.9**

2.3.1 - Debenture re-placement

By way of the online auction organized and disclosed by CETIP S.A – Mercados Organizados, on June 20, 2013 part of the debentures previously redeemed by Energisa Minas Gerais were re-placed (13,085 debentures of the 7th issuance for R$ 13.1 million); Debentures with a nominal unit value of one thousand reais were re-placed at the unit price (PU), plus the yield equal to the CDI rate plus 1% per annum). The debentures were held in the treasury because of the failure to reach an agreement by part of the respective issuance's creditors on December 17, 2012.

The indirect parent company Gipar acquired 3,995 of these debentures.

3 - Electricity sales

3.1 - Total electricity distributed

In the first half of 2013 (6M13), electricity sales to end consumers (captive market), located in Energisa Minas Gerais' concession area, including energy associated with free consumers (TUSD), amounted to 738.1 GWh (370.8 GWh in 2Q13), an increase of 4.8% (increase of 5.3% in 2Q13) over the same period last year. Consumption was driven by the residential sector, which expanded by 7.9% (8.2% in 2Q13) in the period. Industrial consumption, including captive and free sales, rose by 2.6% in the half. Total energy distributed in 6M13 was 736.4 GWh, compared with 711.9 GWh in the same period last year, as follows:

Total Electricity Distributed by Consumption Sector (in GWh)

	Quarter			Half		
Description	2Q13	2Q12	Change %	6M13	6M12	Change %
1) Energy sales to captive consumers	280.5	269.4	+ 4.1	563.9	546.4	+ 3.2
✓ Residential	109.3	101.0	+ 8.2	222.4	206.2	+ 7.9
✓ Industrial	44.5	47.6	- 6.5	86.0	95.6	- 10.0
✓ Commercial	52.3	50.7	+ 3.2	109.4	105.7	+ 3.5
✓ Rural	38.3	34.9	+ 9.7	73.7	68.5	+ 7.6
✓ Other Sectors	36.1	35.2	+ 2.6	72.4	70.4	+ 2.8
2) Energy associated with free consumers (TUSD)	90.3	82.9	+ 8.9	174.2	158.0	+ 10.3
3) Captive sales + TUSD (1+2)	**370.8**	**352.3**	**+ 5.3**	**738.1**	**704.4**	**+ 4.8**
4) Sales to distributors and unbilled sales	(7.2)	(0.3)	+ 2,300.0	(1.7)	7.5	-
5) Total Electricity Distributed (3+4)	**363.6**	**352.0**	**+ 3.3**	**736.4**	**711.9**	**+ 3.4**

Energisa Minas Gerais closed the first half of 2013 with 409,381 captive consumer units, or 2.9% more than at the end of June 2012. The number of free consumers amounted to 30 at the end of June this year.

3.2 - Energy losses

Combating theft and fraud in electricity consumption continues to be a focus of Energisa Minas Gerais' managerial actions in order to continually reduce its electricity losses; the company is working to further enhance the inspection of connections at its consumer units, as energy theft is the main cause of commercial losses. The intelligence center for combating losses (CICOP) is identifying these irregularities.

Energisa Minas Gerais' energy losses were recorded at 8.66% in the past twelve months ended June 2013, a decrease of 0.11 percentage points over the same period ended June last year.

4 – Investment

Energisa Minas Gerais invested a total of R$ 29.6 million in the first half of 2013, compared with R$ 19.5 million in the same period last year, an increase of 51.8%.

5 - Advanced dividends

The Energisa Minas Gerais Board of Directors approved the following payments of interim dividends for the year in progress:

1) the amount of R$ 10.0 million at a meeting held June 13, or R$ 22.1061826 per common or preferred share. Payment of these dividends commenced on June 17, 2013.

2) the amount of R$ 3.1 million at a meeting held August 8, or R$ 7.00345928 per common or preferred share. These dividends will be paid by December 31, 2013.

The dividends already declared (R$ 13.1 million) account for the entire net income recorded by the Company in the first half of 2013.

6- Services rendered by the independent auditor

The total remuneration of Deloitte Touche Tohmatsu Auditores Independentes for the services provided to Energisa Minas Gerais in the first quarter of 2013 was R$ 67,000 for reviewing the financial statements.

The Company's engagement policy complies with the principles that sustain the auditor's independence, in accordance with existing standards, which mainly determine that the auditor should not audit its own work, perform managerial duties for its client or pursue its interests.

Management.

Financial Statements

1. Balance Sheet - Assets

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AS OF JUNE 30, 2013 AND DECEMBER 31, 2012
(In thousands of reais)

	6/30/2013	12/31/2012
Assets		(Ajustado)
Current		
Cash and cash equivalents	22,026	25,823
Money market and secured funds	62,356	72,423
Consumers and concessionaires	60,359	80,760
Credit receivables	2,191	1,952
Inventory	1,206	1,132
Recoverable taxes	14,658	11,338
Low income and other receivables	15,975	21,758
Total current	**178,771**	**215,186**
Noncurrent		
Noncurrent assets		
Money market and secured funds	1,012	2,568
Consumers and concessionaires	8,207	8,207
Credit receivables	800	832
Recoverable taxes	8,726	8,686
Derivative financial instruments	24,631	16,738
Tax credits	14,870	20,640
Restricted deposits and escrows	1,306	1,307
Accounts receivable from the concession	247,273	217,739
Other	135	-
	306,960	**276,717**
Investments	2,049	2,039
Intangible assets	41,497	40,519
Property, plant and equipment	4,693	4,265
Total noncurrent	**355,199**	**323,540**
Total Assets	**533,970**	**538,726**

See the accompanying notes to the financial statements.

2. Balance Sheet - Liabilities

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AS OF JUNE 30, 2013 AND DECEMBER 31, 2012
(In thousands of reais)

	6/30/2013	12/31/2012
Liabilities		(Ajustado)
Current		
Suppliers payable	41,004	38,881
Debt charges	4,113	2,726
Loans and financing	23,794	22,978
Debentures	-	98
Taxes and social contributions	22,614	29,978
Financing of taxes	1,446	1,407
Consumer charges payable	347	3,684
Employee benefits - pension plan	353	372
Estimated obligations	2,725	2,190
Estimated obligations	6,922	11,553
Other accounts payable	22,326	7,779
Total current	**125,644**	**121,646**
Noncurrent		
Suppliers payable	744	723
Loans and financing	265,198	252,408
Debentures	59,905	46,636
Taxes and social contributions	6,448	5,464
Financing of taxes	1,205	1,877
Provision for labor, civil and tax risks	6,378	6,200
Employee benefits - pension plan	1,791	1,656
Other	1,152	1,237
Total noncurrent	**342,821**	**316,201**
Shareholders' equity		
Capital	44,171	44,171
Capital reserve	7,921	7,921
Profit reserves	10,525	10,525
Comprehensive Income	(269)	(269)
Additional dividends proposed	-	38,531
Retained earnings/Accumulated losses	3,157	-
	65,505	**100,879**
Total liabilities	**533,970**	**538,726**

See the accompanying notes to the financial statements.

3. Statements of Income

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
STATEMENT OF INCOME
SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(In thousands of reais)

	6M13	6M12
Revenues		
Electricity sales to consumers	258,885	272,007
Electricity sales to distributors	(569)	368
Electricity network usage charges	15,737	19,722
Construction revenue	36,053	17,828
Other revenue	9,007	9,008
	319,113	**318,933**
Deductions from operating revenue		
ICMS on billing	53,216	59,173
PIS, Cofins and ISS	26,267	28,068
Quotas for global reversal reserve	(1,160)	2,388
Others (PEE, CDE, CCC and P&D)	5,934	20,060
	84,257	**109,689**
Net operating revenue	**234,856**	**209,244**
Operating expenses (revenue)		
Personnel (includes pension fund)	14,641	12,517
Material	2,149	2,565
Outsourced services	25,435	24,562
Electricity purchased for resale	96,588	86,441
Transmission of electricity	17,841	26,284
Depreciation and amortization	8,507	7,985
Allowance for doubtful accounts / contingencies (reversal)	(385)	1,827
Construction revenue	36,053	17,828
Other expenses / revenue	3,514	1,966
	204,343	**181,975**
Earnings before interest and tax	**30,513**	**27,269**
Financial revenue (expense)		
Income on short-term investments	1,557	3,869
Monetary variation and arrears surcharge on energy sold	2,937	2,858
Restatement of accounts receivable from the concession (VNR)	4,330	-
Other financial revenue	794	583
Debt charges - interest	(9,320)	(10,818)
Debt charges - monetary and exchange variance	(12,106)	(6,626)
(-) Transfer to orders in progress	395	246
Mark-to-market of derivatives	(4,951)	1,380
Derivative financial instruments	10,905	4,593
Restatement of assets	13	101
Other financial expenses	(5,387)	(2,676)
	(10,833)	**(6,490)**
Income (loss) before taxes	**19,680**	**20,779**
Income and social contribution taxes	(6,560)	(6,933)
Net income for the period	**13,120**	**13,846**
Net income per share of capital - R$	29.11	30.72

See the accompanying notes to the financial statements.

4. Statements of Cash Flows

ENERGISA MINAS GERAIS - DISTRIBUIDORA DE ENERGIA S/A
STATEMENTS OF CASH FLOWS
SIX MONTHS ENDED JUNE 30, 2013 AND 2012
(In thousands of reais)

	6M13	6M12
Operating activities		
Income before tax	19,680	20,779
Expenses (revenue) not affecting cash:		
Expenses on interest and monetary variance - net	15,364	16,851
Allowance for doubtful accounts	(84)	758
Depreciation and amortization	8,507	7,985
Residual value of retired permanent assets	(27)	(1,342)
Provision for risks	(54)	446
Derivative financial instruments	(10,905)	(4,593)
Mark-to-market of derivatives	4,951	(1,380)
Subtotal	**37,432**	**39,504**
Changes in current and noncurrent assets		
Consumers and concessionaires	20,191	2,535
Credit receivables	99	3,880
Inventory	(75)	(19)
Recoverable taxes	(3,360)	(6,828)
Escrow and secured deposits	1	(53)
Prepaid expenses	316	133
Other accounts receivable	(704)	(4,896)
	16,468	**(5,248)**
Changes in current and noncurrent liabilities		
Suppliers payable	(1,001)	1,302
Taxes and social contributions	(5,009)	5,595
Income and social contribution taxes paid	(2,162)	(4,925)
Tax financing	(634)	(513)
Estimated obligations	535	413
Consumer charges payable	(3,337)	269
Other	15,685	(2,021)
	4,077	**120**
Net cash produced by operating activities	**57,977**	**34,376**
Investment activities		
Short-term investments and secured funds	(82,769)	(27,619)
Discharge of short-term investments	95,950	48,615
Investment	(10)	(37)
Additions to Intangible assets	(32,665)	(18,641)
Sale of intangible assets	1,415	2,156
Net cash consumed in investment activities	**(18,079)**	**4,474**
Financing activities		
New loans and financing	31,592	8,105
Payments of loans - principal	(17,576)	(13,281)
Payments of loans - interest	(7,278)	(8,230)
Payment of dividends	(48,494)	(5,704)
Settlement of financial instruments	(1,939)	(2,392)
Net cash consumed in financing activities	**(43,695)**	**(21,502)**
Net cash variation	**(3,797)**	**17,348**
Opening cash and cash equivalents	25,823	29,082
Closing cash and cash equivalents	22,026	46,430
Net cash variation	**(3,797)**	**17,348**

See the accompanying notes to the financial statements.

Notes to the quarterly information
Period ended June 30, 2013
(In thousands of reais, unless stated otherwise)

1 Operations

Energisa Minas Gerais – Distribuidora de Energia S/A ("Company or Energisa MG"), a part of **ENERGISA GROUP**, is an electricity distribution concessionaire which operates in 65 municipalities in the state of Minas Gerais and 1 municipality in the state of Rio de Janeiro, serving approximately 406,392 consumers (information not reviewed by the independent auditors). The Company's headquarters is in the city of Cataguases, Minas Gerais state.

In September 2012 the Federal Government issued Preliminary Law 579, enacted as Law 12783 on January 11, 2013. This legislation stated the following:

Concession renewal:
Electricity generation, transmission and distribution concessions expiring between 2015 and 2017 can be extended for the term of 30 years in order to ensure the continuity, efficiency of service and minimum price increases.

The Company's concession expires in 2015. In accordance with the legislation, on October 15, 2012 it stated its intention to have its concession extended for 30 years, from July 2015.

The extension terms will only be known when the concession authority discloses the draft amendment to the concession agreement.

Reduction/elimination of regulatory charges:
The following regulatory charges have been eliminated from electricity rates. the RGR (Global Reversal Reserve); CCC – Fuel consumption cost and reduction of the CDE – Energy Development Account and minimum price increases.

The eliminations and reductions in sector charges payable on electricity did not directly impact earnings, as the revenue drop was offset by lower charges and taxes.

See below the concession operator's main obligations stipulated in the concession arrangement:

I - to supply electricity to consumers located in their concession area, at the levels of quality and continuity established in specific legislation

II - to carry out the work necessary to provide the concession services, replace assets and operate the infrastructure so as to ensure the regular, continuous, efficient and safe provision of services and charging of rates, in accordance with the specific technical and legal standards

III – to organize and maintain a record and inventory of the concession assets and strive for the integrity thereof, where concession operator may not sell or submit as collateral such assets without the prior explicit consent of the regulatory agency

IV - to meet all tax, labor, social security and regulatory obligations, including the provision of information to consumers

V - to implement measures to combat energy waste, through energy consumption reduction programs and innovations

VI – to submit to the prior approval of the National Electricity Regulatory Agency (ANEEL) any changes in equity positions that could result in control changing hands. In the event share control is transferred, the new controlling shareholders should sign an agreement accepting the terms of the concession arrangement and the concession legislation and regulations;

VII - the concession may be discontinued by terminating the agreement, expropriation of the service, cessation, rescission, irregularities or bankruptcy of the concession operator, and may be extended by way of an application from the concession operator and at the sole discretion of the concession authority.

The information regarding rate reviews and adjustments, accounts receivable of the concession, concession assets, construction revenue and concession term can be seen in notes 9, 14, 15, 22 and 28 respectively.

2 Presentation of the interim financial information (quarterly information)

Approved by the Board of Directors on August 08, 2013, the Company's interim financial information (quarterly information) consists of:

- The interim financial information prepared and presented in accordance with CPC Technical Pronouncement 21 (R1) - Interim statements and IAS 34 – Interim Financial Reporting and the standards issued by the Brazilian Securities Commission, that apply to the preparation of Quarterly Information - ITR.

The other information regarding the preparation bases, presentation of the interim financial information and summary of the main accounting practice has not changed in relation to that disclosed in Note 2 to the Annual Financial Statements for the financial year ended December 31, 2012 (hereinafter referred to as "Financial Statements as of December 31, 2012"), published in the official press on March 08, 2013, except for the application of CPC 33 R1 (IAS 19) which changed the accounting of employee benefits - retirement plan, which requires amendments be recognized as incurred, eliminating the corridor approach which permits the deferred recognition of actuarial gains and losses. From FY 2013, the actuarial losses and gains are fully recognized in "other comprehensive income" in the statement of comprehensive income and equity, net of deferred income and social contribution taxes. The effects of these adjustments are shown in note 3.2.

This interim financial information (quarterly information) should therefore be read in conjunction with the aforesaid financial statements.

3 Adoption of international accounting standards

3.1 New accounting procedures issued by the IASB

The International Accounting Standards Board – IASB has published or amended the following pronouncements, guidelines or interpretations, the adoption of which is mandatory in subsequent periods:

<u>These standards are effective from January 01, 2014:</u>

IAS 36 Impairment of Assets (amendment) - makes amendments and clarifications about the disclosures required by this pronouncement.

IAS 39 - Financial instruments: recognition and measurement (amendment) - clarifies there is no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met.

IAS 32 – Financial instruments – presentation (amendment) – clarifies the conditions for presenting one or more at their net position.
IFRS 10 - Consolidated financial statements, IFRS 12 - Disclosure of interests in other entities and IAS 27 - Separate financial statements (amendment) - amends the rules for consolidating, disclosing and presenting separate financial statements for investment firms.

IFRIC 21 — Levies (new interpretation) - provides guidance on when to recognize a levy imposed by a government.

These standards are effective from January 01, 2015:

IFRS 9 (new pronouncement) - introduces new requirements for classifying and measuring financial assets.

The Company is proceeding to analyze the impact of these new pronouncements or amendments on its financial statements.

3.2 Adjustments and Reclassifications

CPC 33 (R1) and IAS 19 Revised - Employee benefits

The accounting practices referring to the recognition of employee benefits - retirement premium, were amended on January 01, 2013. Consequently, in order to maintain good comparability of its balance sheet with the classification adopted, the Company adjusted the opening and closing balances in the balance sheet as of 12/31/2012 in relation to those originally published, as follows:

	Balance at 12/31/2012 (Published)	Adjustments	Balance at 12/31/2012 (Re-presented)
Assets			
Noncurrent assets	**323,401**	**139**	**323,540**
Noncurrent assets			
Tax credits	20,501	139	20,640
Total Assets	**538,587**	139	**538,726**
Liabilities			
Noncurrent liabilities	**315,793**	**408**	**316,201**
Employee benefit - pension plan	1,248	408	1,656
Shareholders' equity	**101,148**	**(269)**	**100,879**
Other comprehensive income	-	(269)	(269)
Net actuarial losses	-	(269)	**(269)**
Total Liabilities	**538,587**	**139**	**538,726**

4 Segment reporting

An operational segment is a component that develops business activities from which revenue streams can be derived and expenses incurred, including revenue and expenses related to transactions with other Company components. All operational income from segments is reviewed frequently by Management to support decisions about new resources to be allocated to the segment and to evaluate its performance, for which individual financial information is made available.

Segment results reported to Management include items directly attributable to the segment and items that can be reasonably allocated. Items not allocated primarily consist of corporate assets.

The Company only operates in the energy distribution segment in 65 municipalities in Minas Gerais state and 1 in Rio de Janeiro state.

5 Cash and cash equivalents, money market and secured funds

a) Cash and cash equivalents

Financial institution	Type	Maturity (*)	Compensation	6/30/2013	12/31/2012
CEF	CDB	5/29/2015 and 6/30/2015	100,5% of CDI	11,066	13,832
Santander	Debentures (**)	6/12/2015	103,2% of CDI	7,643	7,022
Mercantil	CDB	12/18/2014	105,0% of CDI	-	1,465
Mercantil FID	CDB	11/21/2022	105,0% of CDI	-	775
Total				**18,709**	**23,094**
Cash and bank deposits				3,317	2,729
Total cash and cash equivalents				**22,026**	**25,823**

(*) The dates presented denote the maturity of the security underlying the financial investments. These investments can be redeemed within 90 days of the procurement date at the contracted rates, under a contractual clause.

(**) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. These operations have immediately liquidity, yield the CDI rate and underlie the debentures issued by the bank.

b) Money market and secured funds

b.1 Short-term investments appraised at fair value through profit and loss					
Financial institution	**Type**	**Maturity**	**Compensation**	**6/30/2013**	**12/31/2012**
Other	CDB	1/10/2013 to 12/23/2013	106.0% to 107.5% of CDI	10,375	15,141
BB Amplo	Investment Fund	-	Benchmark CDI	3,912	-
BICBanco	Credit receivables investment funds	-	112,0% of CDI	-	2,323
BMG	CDB	10/10/2013 to 5/22/2014	99.0% to 112.0% of CDI	1,234	1,192
Bradesco	Debentures (**)	7/12/2013	75.0% to 90.0% of CDI	850	13,952
Bradesco	Investment Fund	-	Benchmark CDI	3,550	1,150
BTG Pactual	Investment Fund	-	Benchmark CDI	-	7,064
CEF	Investment Fund	-	Benchmark CDI	7,469	77
CEF	Savings	-	Savings	16	16
Daycoval	CDB	2/26/2015	102,0% of CDI	9	14,345
HSBC	Investment Fund	-	Benchmark CDI	8,010	890
Itaú	Investment Fund	-	Benchmark CDI	11,497	-
Itaú	Debentures	7/25/2013 to 3/26/2015	100.0% to 103.5% of CDI	173	171
Modal and Itaú	Investment Fund	-	Benchmark CDI	5,173	56
Santander	Investment Fund	-	Benchmark CDI	-	10,027
Sul América	Investment Fund	-	Benchmark CDI	-	6,019
				52,268	**72,423**
b.2 Held-to-maturity securities					
Itaú	Credit Receivables Investment Funds	12/29/2020	100,0% of CDI	1,012	2,568
Mercantil	DPGE	5/21/2015	112,0% of CDI	10,088	-
				11,100	**2,568**
Total money market and secured funds				**63,368**	**74,991**
Current				**52,268**	**72,423**
Noncurrent				**11,100**	**2,568**

(**) Debentures held under repurchase agreements - Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. These operations have immediately liquidity, yield the CDI rate and underlie the debentures issued by the bank.

6 Consumers and concessionaires

Consumer sector	Overdue (1)	Up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	over 360 days	6/30/2013	12/31/2012
Residential	9,305	4,955	612	266	12	1	15,151	19,754
Industrial	9,290	574	88	364	50	899	11,265	15,006
Commercial	4,796	1,242	157	173	110	-	6,478	9,512
Rural	2,443	1,094	198	76	-	-	3,811	3,970
Government:								
Federal	21	1	-	-	-	-	22	35
State	234	12	2	1	-	-	249	375
Municipal	851	42	7	7	-	-	907	1,371
Public lighting	952	44	-	-	-	-	996	1,033
Public utility	1,094	10	-	-	-	-	1,104	1,508
Subtotal - consumers	**28,986**	**7,974**	**1,064**	**887**	**172**	**900**	**39,983**	**52,564**
Concession operators (2)	1,500	-	-	-	-	8,207	9,707	9,850
Unbilled sales	10,731	-	-	-	-	-	10,731	14,378
Other	3,304	-	-	-	-	8,415	11,719	15,539
(-) Allowance for doubtful accounts	-	-	(767)	(418)	(130)	(2,259)	(3,574)	(3,364)
Total	**44,521**	**7,974**	**297**	**469**	**42**	**15,263**	**68,566**	**88,967**
Current							**60,359**	**80,760**
Noncurrent							**8,207**	**8,207**

(1) Maturities are scheduled for the 5th working day after the bills are delivered, except for government consumers who have 10 working days to pay.

(2) Includes energy sold at the Electricity Commercialization Chamber - CCEE.

The balance of concessionaires account as of June 30, 2013 includes amounts referring to the sale of energy at the Electricity Commercialization Chamber – CCEE to the amount of R$ 9,707 (R$ 9,570 as of December 31, 2012), net of the partial payments made up to June 30, 2013. These balances were determined based on calculations prepared and published by the CCEE.

The breakdown of these amounts, including the balances recorded under “suppliers payable” in the current liabilities is R$ 6,055 referring to the acquisition of electricity and system service charges at CCEE and system service charges of R$ 3,359 (R$ 3,640 as of December 31, 2012), as shown below:

Breakdown of CCEE credits	6/30/2013	12/31/2012
Outstanding balances	1,500	1,363
Credits linked to court injunctions up to December 2002	6,873	6,873
Overdue credits (*)	1,334	1,334
	9,707	9,570
(-) Energy acquisitions at CCEE	(6,055)	-
(-) System service charges	(3,359)	(3,640)
	293	**5,930**

(*) The Company has an allowance for doubtful accounts.

Transactions occurring as from July 2003 are being settled 45 days after the accrual month.

Current energy amounts linked to court injunctions are subject to change, depending on the outcome of the judicial proceedings in progress, brought by various companies in the sector relating to the interpretation of existing market rules. Not included in the rationing area, these companies obtained a court injunction which overturned ANEEL Resolution 288 issued May 16, 2002 which aimed to clarify companies operating in the sector about the treatment and means of applying certain MAE (now the

CCEE) accounting rules set out in the General Electric Sector Agreement. These companies' claim involves the sale of Itaipu's quota in the southeast/Central Western sub market during the period of rationing between 2001 and 2002, when there was significant discrepancy in short-term energy prices between the submarkets.

The Company did not make an allowance for doubtful accounts referring to the balances linked to these injunctions, as it holds that the amounts will be received in full either from the borrowers legally contesting the loans or from other companies which the CCEE specifies in the future.

7 Credit receivables

Refers to overdue electricity bills, renegotiated with consumers through the Debt Acknowledgement Instruments, restated according to the variation of the IGPM price index. The receivables under certain operations that have been negotiated at rates other than those practiced for this set of accounts receivable have been restated to present value based on the change in the CPI rate.

As of June 30, 2013 the balances were the following:

	6/30/2013	12/31/2012
Credit receivables	5,992	6,092
Adjustment to present value	(767)	(780)
Allowance for doubtful accounts (*)	(2,234)	(2,528)
	2,991	**2,784**
Current	2,191	1,952
Noncurrent	800	832

(*) Included in the total presented as a reduction to the current assets.

As of June 30, 2013, the maturities of receivables are scheduled as follows:

	6/30/2013
Overdue (1)	2,234
2013	1,934
2014	307
2015	116
2016	112
2017	92
2018 onwards	430
Total	**5,225**

(1) Overdue invoices include overdue and outstanding payments of clients in default.

8 Allowance for doubtful accounts

Changes in provisions	6/30/2013	12/31/2012
Balance - opening current - 12/31/2012 and 12/31/2011	5,892	5,234
Provisions recorded in the year/period	257	2,311
Reversal of provisions in the year/period	(341)	(1,653)
Balance - closing - current - 6/30/2013 and	**5,808**	**5,892**
Consumers and concessionaires and CCEE	3,574	3,364
Credit receivables	2,234	2,528

The allowance for doubtful accounts was made to an amount deemed sufficient to cover any losses incurred on the realization of loans and in accordance with ANEEL instructions, which have been summarized below:

Customers with material debts:

- Individual analysis of the trade accounts receivable by consumption sector, with little prospect of realization.

For the other cases:

- Residential consumers more than 90 days overdue
- Commercial consumers more than 180 days overdue
- Industrial, rural and government consumers, street lighting, public services and others more than 360 days overdue.
- A provision is made for outstanding and overdue receivables more than 90 days overdue.

9 Rate adjustment and review

As consideration for services rendered the concession operator is entitled to charge consumers the rates determined and ratified by the concession authority. The rates are adjusted annually and the concession operator's revenue is divided into two portions: A Portion (consisting of uncontrollable costs) and B Portion (efficient operating costs and capital costs). The annual rate adjustment aims to pass through uncontrollable costs and to monetarily restate controllable costs.

Rate review:

The periodical rate review occurs every 4 years, and in this process ANEEL recalculates the rates according to the changes in the structure of the concession operator's costs and sales, in order to foster the efficiency and affordability of the rates. The adjustments and reviews are rate restatement mechanisms, both stipulated in the concession agreement. The concession operator may also request an extraordinary review whenever an event causes a significant economic and financial imbalance in the concession.

By way of Resolution 1,532 issued June 11, 2013 ANEEL ratified the result of the third periodical rate review of EMG with an adjustment that generated an increase of 2.56% respectively, effective from June 18, 2013.

10 Low income and other receivables

	6/30/2013	12/31/2012
Low income	3,223	5,976
Service orders in progress - PEE and R&D	6,138	10,071
Service orders in progress - other	292	363
Expenses to be reimbursed	2,332	2,052
Advances	1,133	800
Other	2,857	2,496
	15,975	**21,758**

See below the change in low income and Eletrobrás accounts receivable:

	6/30/2013	12/31/2012
Balance - opening current - 12/31/2012	5,976	2,384
Low-income Subsidy	10,192	22,361
Eletrobrás Reimbursement	(12,945)	(18,769)
Balance - closing - 6/30/2013 - current	**3,223**	**5,976**

These credits consist of the subsidy for the low-income residential sector with monthly consumption of under 220 kWh, subject to certain requirements being met. This revenue is paid for with funds from the CDE – Energy Development Account, both administrated by Eletrobrás. Management does not expect to record any losses in the realization of the balance.

By way of ANEEL order 1711 of May 29, 2013, the Federal Government advanced CDE funds of R$ 22,175, received on June 03, 2013 and recorded under "Advance of Rural Subsidy and Irrigation" in current liabilities. This amount is being appropriated to the net income for the year in proportion to the number of months corresponding to the period May to November 2013 to pay for the CDE Subsidy for energy consumption of the sectors: Rural – Irrigation (Decrease of 67%) and the Public Service sector (Decrease of 15%) ratified by Decree 7891/2013, as follows:

	6/30/2013
CDE subsidy - rate discount	18,408
CDE pass-through	(12,672)
Advance of pass-through ANEEL Order 1711/2013	(22,175)
Other accounts payable - non-current liabilities	**(16,439)**

11 Taxes and contributions recoverable

	6/30/2013	12/31/2012
Value added tax on sales and services - ICMS	10,990	9,606
Income Tax Withheld at Source - IRRF	572	544
Corporate Income Tax - IRPJ	1,935	169
Social Contribution on Net Income - CSSL	755	31
PIS and COFINS contribution	8,645	9,186
Other	487	488
	23,384	**20,024**
Current	14,658	11,338
Noncurrent	8,726	8,686

12 Related-party transactions

The Company is controlled by ENERGISA S/A, (100% of the voting stock), which also holds the share control of Energisa Paraíba – Distribuidora de Energia S/A (EPB), Energisa Sergipe - Distribuidora de Energia S/A (ESE), Energisa Borborema - Distribuidora de Energia S/A (EBO), Energisa Nova Friburgo – Distribuidora de Energia S/A (ENF), Energisa Soluções S/A (ESO), Energisa Comercializadora Ltda (ECOM), Energisa Serviços Aéreos S/A (ESER), Energisa Planejamento e Corretagem de Seguros Ltda (EPLA), Energisa Geração Rio Grande S/A (EGR), Pequena Central Hidrelétrica Zé Tunin S/A, Energisa Geração Usina Mauricio, SPE Cristina Energia S/A, Energisa Geração Centrais Eólicas RN S/A (Holding company that holds the share control of the companies Energisa Geração Central Eólica Renascenças I, II, III, IV and Energisa Geração Central Eólica Ventos de São Miguel S/A), Energisa Bioeletricidade (Holding company that holds an 85% interest in the companies Energisa Bioeletricidade Santa Cândida I and Energisa Bioeletricidade Vista Alegre I and the entire capital of the companies Energisa

Bioeletricidade Santa Cândida II and Energisa Bioeletricidade Vista Alegre II) (related parties of the Company).

Transactions conducted in the period:

	ENF (a)	ESO (a)	ESA (b)	ESER (a)	6/30/2013	6/30/2012
Rendering of services	-	(10,803)	(5,249)	(143)	(16,195)	(15,744)
Connection cost and usage	(497)	-	-	-	(497)	(732)
Financial expenses - endorsement commission (c)	-	-	(1,511)	-	(1,511)	-

	ENF (a)	ESO (a)	ESA (b)	ESER (a)	4/1/2013 to 6/30/2013	4/1/2012 to 6/30/2012
Rendering of services	-	(10,803)	(2,651)	(26)	(13,480)	(7,934)
Connection cost and usage	(240)	-	-	-	(240)	(388)
Financial expenses - endorsement commission (c)	-	-	(1,080)	-	(1,080)	-
					6/30/2013	12/31/2012
Balance of trade payables	85	1,618	812	-	2,515	2,378

(a) The transactions with related companies refer to services involving the maintenance of lines, substations, engineering and projects.

(b) The administrative services provided by the Parent Company are supported by contracts that were submitted to the approval of ANEEL, The costs are benchmarked to the benchmark company model used by the ANEEL regulated department for regulatory purposes.

(c) Refers to endorsement commission cost, initiated in February 2013, for the parent company's guarantees of the Company's contracts at the rate of 1.5% p.a.

D&O compensation

In the period ended June 30, 2013 the members of the Board of Directors received compensation of R$ 195 (R$ 185 as of June 30, 2012) and the Executive Board R$ 628 (R$ 335 as of June 30, 2012). In addition to this compensation, the Company provides private pension, health insurance and life insurance benefits to its directors, generating an expense of R$ 227 (R$ 169 as of June 30, 2012). The social charges on the compensation amounted to R$ 189 (R$ 131 as of June 30, 2012).

As of June 30, 2013 the highest and lowest remuneration attributed to directors for the month of June was R$ 17 and R$ 2 (R$ 15 and R$ 2 as of June 30, 2012) respectively. The average compensation as of June 30, 2013 was R$ 9 (R$ 8 as of June 30, 2012).

The AGM held April 24, 2013 ratified the overall annual compensation limit of D&O for FY 2013 at R$ 2,999 (R$ 2,827 as of December 31, 2012).

13 Tax credits, deferred taxes and current income tax and social contribution expenses

Refers to tax credits deriving from tax loss carryforwards, negative social contribution bases and temporary differences recorded in accordance with CPC 32 and presented in accordance with CPC 26.

Deferred taxes recognized in the balance sheet:

	6/30/2013	12/31/2012 (Re-presented)
Assets		
Tax loss carryforwards	23,406	23,391
Negative basis of social contribution	9,327	9,320
Temporary differences:		
Income tax	(13,134)	(8,875)
Social contribution	(4,729)	(3,196)
Total noncurrent	**14,870**	**20,640**

The deferred tax credits have the following nature:

	6/30/2013		12/31/2012 (Re-presented)	
	calculation basis	IRPJ + CSSL	calculation basis	IRPJ + CSSL
Assets				
Tax losses and negative CSLL base	96,274	32,733	96,209	32,711
Provision for actuarial adjustment	1,206	410	1,020	347
Allowance for doubtful accounts - PCLD	5,806	1,974	5,890	2,003
Provisions for contingencies	7,090	2,411	6,912	2,350
Adjustments to present value	414	141	427	145
Other	6,061	2,061	11,141	3,787
Subtotals	**105,288**	**35,798**	**117,930**	**40,096**
Liabilities				
Earnings on swap transactions	(11,390)	(3,873)	1,455	495
Mark-to-market - derivatives	(173)	(59)	(5,124)	(1,742)
IRPJ and CSSL on the portion of the VNR of the concession accounts receivable and restatement:	(61,553)	(20,928)	(57,224)	(19,456)
	(73,116)	**(24,859)**	**(60,893)**	**(20,704)**
Total net - noncurrent assets	**43,735**	**14,870**	**60,706**	**20,640**

See below the consolidated estimate for the realization of the deferred taxes. The projected results used in the recoverability study of these assets were approved by the Boards of Directors.

Period	Tax credit realizations
2013	1,116
2014	5,547
2015	5,520
2016	873
2017	961
2018 onwards	853
Total	**14,870**

On October 15, 2012 the Company expressed its intention to extend its concession for the term of 30 years from July 2015.

The income and social contribution amounts which affected the income for the period, in addition to the offsetting of the tax credits recorded, are stated below:

	4/1/2013 to 6/30/2013	1/1/2013 to 6/30/2013	4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012
				(re-presented)
Income before tax	4,580	19,680	9,120	20,779
Combined tax bracket	34%	34%	34%	34%
Income and social contribution taxes expense, calculated at the total tax bracket	(1,557)	(6,691)	(3,101)	(7,065)
Adjustments:				
Other	133	131	139	132
Income and social contribution tax revenue (expenses)	**(1,424)**	**(6,560)**	**(2,962)**	**(6,933)**
Effective rate	31.09%	33.33%	32.48%	33.40%

14 Accounts receivable from the Concession

Preliminary Law 579/2012, enacted as Law 12783/2013, confirmed the concession authority's intention to use the VNR – New Replacement Value to determine the value of credits receivable at the end of the concession as compensation for investments made and not recovered when providing the concession services.

Company Management believes that this fact changed the contractual terms of the concession regarding the means of compensating the Company for investments made in concession assets, which was recognized at historic cost until FY 2012. From December 31, 2012 the Company recognized the VNR, ratified by ANEEL, for assets comprising the concession, restated by the variance of the IGP-M price index. Financial revenue is recognized in the first half of 2013 - restatement of the concessions' accounts receivable - VNR of R$ 4,330.

This right is classified as available-for-sale in the noncurrent assets. As of June 30, 2013 this balance stands at:

Change	6/30/2013
Financial asset - 12/31/2012	**217,739**
Additions in the period	26,270
Write-offs in the period	(1,066)
Financial asset - 6/30/2013	**242,943**
Restatement of accounts receivable from the concession - VNR	4,330
Financial asset - restated cost - 06/30/2013	**247,273**

15 Intangible assets and PPE

	6/30/2013	12/31/2012
Property, plant and equipment	4,693	4,265
Concession agreements	41,497	40,519
Total	**46,190**	**44,784**

Concession agreements

Portion of the assets used in the electricity distribution concession to be recovered through electricity rates during the arrangement term.

INTANGIBLE ASSETS	Opening Balance 12/31/2012	Addition	Transfers	Write-offs (*)	Amortization / Depreciation	Closing Balance 6/30/2013
Intangible assets in service						
Cost:	312,764		1,751	(15,238)	-	299,277
Accumulated Amortization	(246,518)			1,371	(11,268)	(256,415)
Subtotal	66,246		1,751	(13,867)	(11,268)	42,862
In Progress	17,444	29,609	(2,351)	(18,225)		26,477
Total Intangible Assets	**83,690**	**29,609**	**(600)**	**(32,092)**	**(11,268)**	**69,339**
Special Obligations						
In Service						
Cost	41,104	-	528	-	-	41,632
Accumulated Amortization	(26,506)	-		-	(2,934)	(29,440)
Subtotal	14,598	-	528		(2,934)	12,192
In Progress	28,573	6,244	(528)	(18,639)		15,650
Total Special Obligations	**43,171**	**6,244**		**(18,639)**	**(2,934)**	**27,842**
Total Intangible Assets	**40,519**	**23,365**	**(600)**	**(13,453)**	**(8,334)**	**41,497**
PROPERTY, PLANT AND EQUIPMENT						
Property, plant and equipment In service						
Cost:						
Buildings and improvements	209	-	-	-	-	209
Machinery and equipment	2,039	-	485	-	-	2,524
Vehicles	980	-	-	-	-	980
Furniture and fixtures	2,475	-	115	-	-	2,590
Accumulated Depreciation	(1,438)	-	-	-	(172)	(1,610)
Total PP&E in service	**4,265**	**-**	**600**	**-**	**(172)**	**4,693**
Total	**44,784**	**23,365**	**-**	**(13,453)**	**(8,506)**	**46,190**

(*) This total includes R$ 26,270 of intangible assets in progress, net of the respective special obligation in progress, transferred from the concession's accounts receivable, as from entry into service and the return of funds (special obligations) of the Light For All Program of R$ 12,839 not necessary to implement the works of said program.

The Company uses the following depreciation rates:

Depreciation rates of property, plant and equipment	6/30/2013 and 12/31/2012
Buildings and improvements	3.33%
Machinery and equipment	6.25%
Vehicles	14.29%
Furniture and fixtures	6.25%

The assets used by the Company in its operations are tied to public energy distribution services, and may not be removed, sold, transferred or pledged under mortgage guarantee without the prior, express consent of the Regulatory Authority. ANEEL Resolution 20/99 regulates the disassociation of assets from the Public Electricity Service concessions, granting prior authorization for the disassociation of assets when destined for disposal, also determining the proceeds of the sale be deposited in a specific bank account and reinvested in concession-related assets.

The amortization is being conducted over the arrangement term or useful lives defined by Aneel, whichever is lower, based on the economic benefits generated annually. The average weighted amortization rate used is 3.75%.

The Company began amortizing the obligations linked to the concession (special obligations) after the second periodical rate review, at the average asset amortization rate.

The balance of the special obligations recorded in intangible assets and accounts receivable from the concession consists of:

Obligations linked to the concession:	6/30/2013	12/31/2012
Consumer contributions (1)	116,083	109,878
Government Subsidy – CDE funds (2)	34,976	47,816
State Government Subsidy (2)	16,596	16,558
Reversal reserve (3)	1,409	1,409
(-) Accumulated amortization	(29,440)	(26,506)
Total	**139,624**	**149,154**
Allocation:		
Accounts receivable from the concession	111,782	105,983
Infrastructure - Intangible assets in service	12,192	14,598
Infrastructure - Intangible assets in progress	15,650	28,573
Total	**139,624**	**149,154**

(1) Consumer contributions refer to third-party participation in construction work to supply electricity to areas not embraced by the electricity concessionaires' expansion projects.

(2) Government subsidies – CDE funds and Government subsidies derive from the Energy Development Account - CDE and are allocated to the Light for All program.

(3) The reversal reserve, constituted up until December 31, 1971, represents the amount of proceeds deriving from the reversal fund, which have been invested in the Company's expansion project, charged interest of 5 % per annum paid monthly.

Excess Demand Revenue and Surplus Reactive Energy

By way of Normative Resolution 463 (REN) issued November 22, 2011, ANEEL determined that the amounts deriving from fines for exceeding demand and surplus reactive energy consumption will be recorded as special obligations, as from the 3rd cycle of rate reviews. Before the 3rd cycle, these amounts used to be recorded as operating revenue. The Company underwent the 3rd rate review cycle in June 2012, and thereafter the invoicing of excess demand has been recorded as Special obligations. In the period ended June 30, 2013, the amount recorded in this item was R$ 978.

As the representative of electricity distribution companies, ABRADEE (Brazilian Association of Electricity Distributors) filed suit contesting the treatment afforded to this revenue.

16 Suppliers payable

	6/30/2013	12/31/2012
Supplies (1):		
Furnas	136	136
Bilateral Contracts	21,369	22,371
CCEE	6,055	-
Use of the distribution/transmission system (1)	6,271	8,901
Materials, services and other (2)	7,917	8,196
Total	**41,748**	**39,604**
Current	41,004	38,881
Noncurrent	744	723

(1) The acquisition of electricity from generators, use of the high-voltage grid and use of the distribution system, with an average settlement of 25 days.

(2) Acquisitions of materials, services and other items required to implement, conserve and maintain the electricity sale and distribution services, with an average settlement of 40 days.

17 Loans, financing and debt charges

Operations	Debt charges	Principal		Total		Re.
		Current	Noncurrent	6/30/2013	12/31/2012	
Local currency						
Credit Receivables Investment Fund - Energisa Group III (*)	85	-	15,000	15,085	15,076	
Eletrobrás - Light for All - 1st tranche	58	1,511	3,498	5,067	5,641	
Eletrobrás - Light for All - 1st tranche (RJ)	2	13	32	47	52	
Eletrobrás - Light for All - 2nd tranche	326	2,733	6,111	9,170	20,994	
Eletrobrás- Subtransmission	8	304	1,028	1,340	1,403	
Eletrobrás - Return of LPT	-	-	14,924	14,924		
Banco HSBC - BNDES pass-through I	5	694	824	1,523	1,781	
Banco HSBC - BNDES pass-through II	4	254	454	712	774	
Banco HSBC - BNDES pass-through III	7	319	580	906	1,066	
Banco ITAU BBA - BNDES pass-through I	13	368	3,055	3,436	3,664	
Banco ITAU BBA - BNDES pass-through II	1	220	864	1,085	1,070	
Banco ITAU BBA - BNDES pass-through III	5	151	1,276	1,432	1,526	
Banco ITAU BBA - BNDES pass-through IV	2	6	2,255	2,263	2,411	
Banco Itaú BBA - BNDES PER pass-through	4	743	1,300	2,047	2,205	
Banco Itaú BBA - FINAME	19	1,277	5,770	7,066	5,265	
Caixa Econômica Federal - FINAME	46	224	4,083	4,353	4,351	
Banco Bradesco - CCB	2,304	12,500	25,000	39,804	38,263	(1) and (2)
Banco ITAU BBA - BNDES FINEM	56	2,551	13,265	15,872	17,972	
Total local currency	**2,945**	**23,868**	**99,319**	**126,132**	**123,514**	
(-) Borrowing costs incurred	(24)	(74)	(214)	(312)	(356)	
Foreign currency						
Citibank	296	-	36,447	36,743	34,136	(2)
Bank of America Merrill Lynch	342	-	63,178	63,520	58,998	(2)
Banco Itaú BBA	554	-	66,468	67,022	61,820	(2)
Total foreign currency	**1,192**	**-**	**166,093**	**167,285**	**154,954**	
Total	**4,113**	**23,794**	**265,198**	**293,105**	**278,112**	

(*) To guarantee payment of the short-term portions, the Company maintains interest-earning bank deposits to the amount of R$ 1,012 (R$ 2,568 as of December 31, 2012), recorded under "secured funds" in the current and noncurrent assets.

(1) The contract with Bradesco (CCB) has covenants which in general require the maintenance of certain financial indexes at certain levels. Failure to maintain these levels could result in early maturity of the debts (see note 25 – financial instruments and risk management). All these covenants were being performed as of June 30, 2013.

(2) The financing contracts from Citibank Bank of America Merrill Lynch, Citibank and Banco Itaú BBA are subject to a currency swap and financial derivative instruments (see note 25).

The financing obtained from Finame is secured by the actual equipment financed.

The Company usually allocates the payment of interest on financing to the cash flow statement.

Contractual terms of loans and financing as of June 30, 2013:

Operation	Maturity	Details of the Operation		Average Term months	Cost of the Debt			TIR (Effective interest rate)
		Amortization Frequency	Collateral		Index		Interest rate p.a.	
Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	78	CDI	+	0.7%	0.83%
Eletrobrás - Light for All - 1st tranche	Aug-2017	monthly	Receivables	27	RGR	+	5.0%	5.0%
Eletrobrás - Light for All - 1st tranche (RJ)	Aug-2017	monthly	Receivables	27	RGR	+	5.0%	5.0%
Eletrobrás - Light for All - 2nd tranche	Dec-2019	monthly	Receivables	42	RGR	+	5.0%	5.0%
Eletrobrás - subtransmission	Mar-2018	monthly, after Mar.2013	Receivables	32	RGR	+	5.0%	5.0%
Banco HSBC - BNDES pass-through I	May-2016	monthly	Endorsement of Energisa S.A.	19	TJLP	+	4.3%	4.3%
Banco HSBC - BNDES pass-through II	May-2016	monthly	Endorsement of Energisa S.A.	21	UMBND	+	4.3% + floating interest	4.3%
Banco HSBC - BNDES pass-through III	May-2016	monthly	Endorsement of Energisa S.A.	21	TJLP	+	3.9%	3.9%
Banco ITAU BBA - BNDES pass-through I	Jan-2021	monthly, after Jan.2012	Endorsement of Energisa S.A.	50	TJLP	+	4.75%	4.75%
Banco ITAU BBA - BNDES pass-through II	Jan-2021	monthly, after Jan.2012	Endorsement of Energisa S.A.	45	UMBND	+	3.75% + floating interest	3.75%
Banco ITAU BBA - BNDES pass-through III	Jan-2021	monthly, after Jan.2012	Endorsement of Energisa S.A.	50	TJLP	+	5.95%	5.95%
Banco ITAU BBA - BNDES pass-through IV	Jan-2021	monthly, after Jan.2012	Endorsement of Energisa S.A.	55	Fixed 5.5%			
Banco ITAU BBA - BNDES PER pass-through	Mar-2016	monthly, after Mar.2013	Endorsement of Energisa S.A.	19	Fixed 5.5%			
Banco Itaú BBA - FINAME	Until May-2021	monthly	Endorsement of Energisa S.A.	54	pre-fixed 2.5% to 10%			
Caixa Econômica Federal - FINAME	Jan-2022	monthly, after Dec.2013	Endorsement of Energisa S.A	60	Fixed		8.7%	
Banco Bradesco - CCB	Oct-2015	annual	-	22	CDI	+	1.25%	1.25%
Banco ITAU BBA - BNDES pass-through Finem	May-2015	Monthly, after Mar.2014	Endorsement of Energisa S.A.	19	TJLP + 2.25% to 4.15%			
Citibank	Sep-2014	Final	Endorsement of Energisa S.A	21	Libor + 2.25%			
Bank of America Merrill Lynch	Sep-2014	Final	Endorsement of Energisa S.A	22	Libor + 2.0%			
Banco Itaú BBA	Sep-2015	Final	Endorsement of Energisa S.A	33	US dollar	+	2.95%	2.95%

The maturities of the long-term financing are scheduled as follows:

	6/30/2013
2014	137,630
2015	91,688
2016	5,594
2017	4,633
2018	8,593
2018 onwards	17,060
Total	**265,198**

The borrowing costs of the financing to be amortized over subsequent periods is as follows:

Contracts	2014	2015	2015 onwards	6/30/2013
Credit Receivables Investment Fund - Energisa Group III (*)	-	-	153	153
Banco ITAU BBA - BNDES FINEM	33	28	-	61
	33	**28**	**153**	**214**

18 Debentures (nonconvertible)

Main features of the debentures:

	7th Issuance
Issue type	Public
Issue date	12/15/2009
Maturity date	12/15/2014
Guarantee	Ordinary
Yields	CDI + 1.9 % p.a.
TIR (effective interest rate)	CDI + 1.06% p.a.
Number of securities	60,000
Value at issue	60,000
Securities in circulation	60,000
Interest grace period	6 months
Renegotiation date	12/15/2012
Amortizations/installments	Final
Balances at 6/30/2013 (*)	59,905
Current	-
Noncurrent	59,905
Balances at 12/31/2012 (*)	46,734
Current	98
Noncurrent	46,636

(*) R$ 309 deducted as borrowing costs incurred during the contracting.

The debentures have covenants which in general require the maintenance of certain financial indexes at certain levels. Failure to maintain these levels could result in early maturity of the debts. These covenants were being performed as of June 30, 2013.

The balances of debentures of R$ 59,905 is scheduled for maturity in December 2014.

46,915 of the total 60,000 debentures of Energisa Minas Gerais' 7th debentures issuance were renegotiated on 12/15/2012 and 13,085 debentures were bought back by the Company due to the sale right held by the debenture holders.

By way of the online auction organized and disclosed by CETIP S.A – Mercados Organizados, on June 20, 2013 part of the previously redeemed debentures were re-placed (13,085 debentures of the 7th issuance for R$ 13,101); Debentures with a nominal unit value of one thousand reais were re-placed at the unit price (PU), plus the yield equal to the CDI rate plus 1% per annum). The debentures were held in the treasury because of the failure to reach an agreement by part of the respective issuance's creditors on December 17, 2012.

19 Taxes and Payroll Contributions

	6/30/2013	12/31/2012
ICMS	16,201	21,565
Social Charges	728	688
IRPJ	4,217	4,138
CSSL	2,595	2,681
PIS/COFINS	4,767	5,547
Other	554	823
Total	**29,062**	**35,442**
Current	22,614	29,978
Noncurrent	6,448	5,464

20 Tax financing

Energisa MG elected to finance its debits to the federal tax authorities of R$ 6,201 over 60 monthly installments, restated by the Selic base interest rate. In the period ended June 30, 2013 payments were made of R$ 738 (R$ 1,422 as of December 31, 2012) and Selic interest of R$ 105 (R$ 190 as of June 30, 2012).

As of June 30, 2013 the balance of the financing is R$ 2,651 (R$ 3,284 as of December 31, 2012) and the number of installments to be settled is 21.

As of June 30, 2013 the balance of the financed taxes in the statement is scheduled as follows:

	6/30/2013	12/31/2012
2013	1,244	1,407
2014	1,407	1,454
2014 onwards	-	423
Total	**2,651**	**3,284**
Current	1,446	1,407
Noncurrent	1,205	1,877

21 Provisions for labor, civil and tax risks

Based on the opinion of its legal advisors, ENERGISA MG Management made a provision for labor and civil risks, as shown below:

	Opening balance 12/31/2012	Provisions made	Reversal of provisions	Restatement	Closing balance 6/30/2013
Labor claims	3,225	490	(743)	111	3,083
Civil	2,975	733	(680)	118	3,146
Tax	-	146	-	3	149
Total	**6,200**	**1,369**	**(1,423)**	**232**	**6,378**
Restricted and escrow deposits (*)	(776)				(774)

(*) Energisa MG has restricted and escrow deposits in its noncurrent assets of R$ 1,306 (R$ 1,307 as of December 31, 2012). Provisions for risks have not been made for R$ 532 (R$ 531 as of December 31, 2012) as the chances of success are rated as possible or probable.

In the first six months of 2013 the amount of R$ 603 was paid out in labor claim awards of R$ 273 and civil claim awards of R$ 330.

Probable losses

- **Labor claims**

Most of these lawsuits involve claims for overtime, salary parity, FGTS (Government Severance Indemnity Fund for Employees) and contractual/legal fees.

- **Civil**

The civil proceedings are mainly disputing indemnification for moral and material damages and consumer complaints involving energy debits. Lawsuits have also been filed by consumers claiming reimbursement of amounts paid to the Company resulting from rate increases introduced under DNAEE Ordinances 38 and 45 applied during the term of the Cruzado Plan in 1986. A provision has been made for the amount of the rate increase of R$ 425.

- **Tax**

In the 1st quarter of 2013 a provision was made of R$ 146 relating to the provision for Tax Enforcement 2007.100.001867-4, made as a result of the Rio de Janeiro Court of Appeal overturning the favorable lower-court decision delivered under the Motion against Enforcement 2007.001.218816-8, which will cancel the fine imposed by PROCON due to alleged instability in the electricity distribution system in Rio de Janeiro state.

Management holds all the other provisions made are sufficient to cover any losses arising from the proceedings in progress. Based on the opinion of said legal advisors, provisions have been made for all legal proceedings for which the likelihood of future disbursement has been rated as probable.

Potential losses

The Company is party to labor, civil and tax claims in progress amounting to R$ 85,111 (R$ 79,083 as of December 31, 2012), where the chance of success has been estimated by the legal advisors as possible, meaning no provision was required.

See below the comments of our legal advisers regarding cases rated as a possible risk:

- **Labor claims**

Labor claims seeking R$ 2,124 (R$ 1,757 as of December 31, 2012) for safety premium risk and indemnification differences for work-related accidents in which the Company appears as co-defendant with construction firms (claim of joint liability).

- **Civil**

These proceedings of R$ 39,491 (R$ 45,752 as of December 31, 2012) mainly consist of consumers claiming reimbursement of PIS, COFINS and ICMS paid to the Company, and claims related to consumer relations (disconnection, recovery of consumer fraud).

- **Tax**

These proceedings worth R$ 43,496 (R$ 31,574 as of December 31, 2012) consist of claims: (i) claims related to the appropriation of ICMS credits on property, plant and equipment (ii) closure of the ICMS deferral on the acquisition of electricity, the sale of which was tax exempt (iii) Income Tax differences and (iv) PIS and COFINS.

22 Shareholders' equity

Share capital and capital reserves

The share capital as of June 30, 2013 is R$ 44,171 (R$ 44,171 as of December 31, 2012), represented by 450,712 registered common shares with no par value.

At the EGM held April 24, 2013 the company converted all the preferred shares, consisting of 79,783 class "A" and 253 class "B" shares into common shares.

Irrespective of amendments to the bylaws, the Company may increase its share capital through subscription to the limit of 600,000 shares, where the Board of Directors shall resolve the means, subscription terms and payment terms of the shares and the features of the shares to be issued and the issue price.

Dividends

The Annual General Meeting held April 24, 2013 resolved the payment of additional dividends for FY 2012 of R$ 38,531, equal to R$ 85.488676404 per common share, to be paid in 2 (two) installments until the last working day of June and September 2013, which may be brought forward by Company management. These dividends were paid in their entirety in the first half of 2013

On June 13, 2013 the Board of Directors approved the payment of interim dividends from the net income for the first half of this year, amounting to R$ 9,963 (R$ 22.1061 per common and preferred share), to be paid from June 17, 2013 onwards.

23 Operating revenue

	6/30/2013				6/30/2012			
	Not reviewed by the independent auditors		4/1/2013 to 6/30/2013	1/1/2013 to 6/30/2013	Not reviewed by the independent auditors		4/1/2012 to 6/30/2012	1/1/2012 to 6/30/2012
	No. of consumers	MWh	R$	R$	No. of consumers	MWh	R$	R$
Residential	301,738	222,367	53,318	114,553	291,952	206,179	62,749	126,902
Industrial	3,729	85,985	16,658	33,948	3,666	95,563	21,780	43,132
Commercial	33,970	109,392	27,877	58,910	33,507	105,757	26,694	55,547
Rural	65,037	73,668	16,277	30,996	63,870	68,467	12,014	23,540
Government:								
Federal	63	241	53	110	61	236	65	126
State	549	5,098	1,137	2,346	539	4,991	1,355	2,651
Municipal	3,404	10,739	2,390	4,934	3,342	10,514	2,848	5,575
Public Lighting	254	36,100	4,658	9,713	254	34,710	5,308	10,577
Public Utility	547	18,573	3,361	7,022	543	18,536	3,556	7,133
Internal Use	90	1,735	-	-	91	1,497	-	-
Subtotal	**409,381**	**563,898**	**125,729**	**262,532**	**397,825**	**546,450**	**136,369**	**275,183**
Revenue from Remuneration of Concession Assets	-	-	3,394	6,403	-	-	3,364	6,689
Electricity sales to distributors	-	-	(28)	(569)	-	8,377	235	368
Sales not invoiced (net)	-	(1,743)	(2,735)	(3,647)	-	(890)	(1,105)	(3,176)
Provision of the transmission and distribution system	30	-	7,398	15,737	23	-	10,491	19,722
Construction Revenue	-	-	26,113	36,053	-	-	9,145	17,828
Other operating revenue	-	-	1,316	2,604	-	-	1,030	2,319
Total - gross operating revenue	**409,411**	**562,155**	**161,187**	**319,113**	**397,848**	**553,937**	**159,529**	**318,933**
Deductions from operating revenue								
ICMS	-	-	24,966	53,216	-	-	29,150	59,173
PIS	-	-	2,229	4,678	-	-	2,514	5,000
COFINS	-	-	10,267	21,547	-	-	11,580	23,029
ISS	-	-	21	42	-	-	20	39
Quota for RGR	-	-	-	(1,160)	-	-	1,410	2,388
Energy Efficiency Program - PEE	-	-	470	971	-	-	475	947
Energy Development Account - CDE	-	-	1,043	2,085	-	-	3,882	7,764
Energy Development Account - CCC	-	-	-	834	-	-	5,005	9,838
Research and Development Program - P&D	-	-	265	1,066	-	-	759	1,515
Excess Demand Revenue and Surplus Reactive Energy	-	-	431	978		-	-	-
Total	-	-	39,692	84,257	-	-	54,795	109,689
Total - net operating revenue	**409,411**	**562,155**	**121,495**	**234,856**	**397,848**	**553,937**	**104,734**	**209,244**

24 Cost of electricity purchase resale and system service charges

Under Decree 7945/2013, ANEEL will publish every month the CDE funds to be passed through by Eletrobrás to the Electricity Trading Chamber to cover the electricity acquisition and system service charges - ESS as a result of energy security, the hydrological risk and involuntary exposure in the spot market. By way of SRE/ANEEL Notices 954 issued April 02, 2013, 1312 issued April 30, 2013, 1756 issued June 04, 2013 and 2095 issued July 04, 2013, ANEEL has ratified the amount of R$ 11,933 for the months of January to April 2013, which were subject to PIS and COFINS charges.

The amounts were recorded as a reduction to the purchased energy costs and system service charges, in accordance with Aneel Notice 1135 issued April 17, 2013.

25 Insurance coverage

The Company has the policy of taking out insurance coverage for the assets subject to risk to cover any incidents, considering the nature of its activity. The Company’s insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity distribution companies. Given their nature, the risk assumptions adopted do not comprise the scope of a financial statements review, and were not therefore reviewed by our independent auditors.

The civil liability and named risk policies are taken out in conjunction with the other Energisa Group companies and the maximum indemnification amounts are stated in the insurance coverage.

The main items covered are:

Lines	Maturity Date	Insurance Coverage	Annual Premium 6/30/2013 and 12/31/2012
Nominated Risks	10/23/2013	23,000	307
General Civil Liability	10/23/2013	44,572	106
Automobiles - Third party material and personal damages	10/23/2013	up to R$ 200 / vehicle	59
Collective life insurance - Personal Death and Accidents	12/31/2013	35,905	166
			638

Nominated Risks

The insurance policy included the substations, buildings and equipment and the respective insured values and the indemnification limits. It has basic coverage including fire, lightning strike and explosions of any nature, electrical damages, hurricanes, aircraft crash, collision by air or ground vehicle, commotion, other risks, portable equipment, flooding/water damage, minor engineering work, extraordinary expenses, inclusion / exclusion of assets and sites, mistakes and omissions.

Civil Liability

The insurance policy covers moral hazard, material and personal damages to third parties resulting from the Company's operations.

Vehicles

The Company has insurance coverage for RCF/V - Optional/Vehicle Civil Liability, guaranteeing coverage of personal and/or material damages incurred by third parties involved in accidents.

Collective Life Insurance and Personal Accidents

Guarantees insurance coverage for its employees in the event of death by any cause, full or partial permanent disability due to accidents and permanent and/or total disability due to illness.

26 Financial instruments and risk management

The book and fair values of the principal financial instrument assets and liabilities have been compared below:

	6/30/2013		12/31/2012	
ASSETS	Book	Fair value	Book	Fair value
Cash and cash equivalents	22,026	22,026	25,823	25,823
Money market and secured funds	63,368	63,368	74,991	74,991
Consumers and concessionaires	68,566	68,566	88,697	88,697
Credit receivables and other	2,991	2,991	2,784	2,784
Accounts receivable from the concession	247,273	247,273	217,739	217,739
LIABILITIES				
Suppliers payable	(41,748)	(41,748)	(39,604)	(39,604)
Loans, financing, debt charges and debentures	(353,010)	(358,129)	(324,846)	(334,033)

In compliance with CVM Instruction 475/2008 and Resolution 604/2009, the description of the book balances and the fair values of the financial instruments included in the balance sheet at June 30, 2013 and December 31, 2012 are shown below:

Nonderivatives - classification and measurement

Loans and receivables:

Includes trade accounts receivable, consumers and concession operators, outstanding receivables, other receivables and accounts receivable of the concession. They are initially measured at amortized cost using the effective interest rate, and their balances are approximated to fair value.

Money market and secured funds:

The balances of short-term investments in Bank Deposit Certificates and investment funds are valued at fair value through profit and loss, except when held to maturity.

Financial liabilities measured at amortized cost:

Suppliers payable - stated at the known amounts or estimated, plus, when applicable, the corresponding charges and/or monetary and exchange variations incurred up to the balance sheet date, where the book value approximates fair value.

Loans and financing, debt charges and debentures

Loans, financing, debt charges and debentures - These financial instruments are classified as financial liabilities at amortized cost. The book values of the local-currency loans and financing related to the energy and construction project of Small Hydroelectric Power Stations (SHPs) and Wind Farms obtained from Eletrobrás, BNB, BNDES, BDMG Finep and loans from commercial banks, are compatible with the value of the transactions, as similar transactions are not available on the financial market, with comparable maturities and interest rates. The fair value of the financial liabilities traded in active markets is determined based on the prices observed in said markets (source: CETIP), as is the case of the 7th debentures issuance (EMG).

Derivatives

Note that the estimated fair values of the financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate fair value. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

The Company has the policy of managing market risks, thereby avoiding assuming material positions exposed to fair value fluctuations. They therefore only seek to use instruments which provide greater risk control. The derivative contracts involve swap operations and options with interest and exchange rates for hedge transactions against adverse exchange variance in their US dollar denominated debt.

The hedge transactions against adverse exchange variance require constant monitoring in order to preserve the efficiency of their structures. The transactions in force are subject to restructuring at any time and can be reversed or subject to additional transactions in order to reduce potential material losses.

- **Uncertainty**

The amounts were estimated at the reporting date based on information available in the market and appropriate appraisal techniques. However, considerable judgment was required in the interpretation of the market data to estimate the most adequate fair value. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

- **Financial risk management**

The Board of Directors is generally responsible for establishing and supervising the risk management model of the Company and its subsidiaries. It has therefore implemented operating limits with pre-established amounts and indicators in the “Financial Risk Management policy” (available on the Company’s site) and in the internal regulations of the Executive Board of the Company. The Executive Board issues a monthly report on budgetary performance and risk factors involving the Company.

The Company’s risk management policy was established to detect, analyze and monitor risks encountered, in order to establish limits and check compliance with them. Risk management policies and systems are reviewed regularly in order to evaluate changes in market conditions and the Company's activities.

The “Financial Market Risk Management Policy” was introduced on May 11, 2009 and was revised for the last time on December 20, 2012; this policy can be viewed on the Company’s website.

The Company has been using the services of a specialized, independent company in cash and debt risk management, which means that the main macroeconomic indicators and their impact on results are monitored on a daily basis, in particular derivative transactions. This allows contracting and repositioning strategies to be devised, pursuing low risk and higher financial income.

a) Liquidity risk

By way of the projected cash flow, Management schedules its obligations to generate financial liabilities to the flow of receipts or sources of financing in order to ensure the greatest possible liquidity so as to honor its obligations, thereby avoiding default which hinders the operational progress of the Company.

The financial liabilities, including estimated interest payments, are as follows. Significant changes in the analyzed cash flows are not expected.

	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Suppliers payable		(41,004)	-	-	-	(744)	(41,748)
Loans, financing, debt charges and debentures.	7.70%	(39,296)	(24,032)	(296,297)	(17,580)	(25,347)	(402,552)
Total		**(80,300)**	**(24,032)**	**(296,297)**	**(17,580)**	**(26,091)**	**(444,300)**

b) Credit risk

Management believes the risks posed by its interest-earning bank deposits are minimal, as there is no concentration and transactions are conducted with banks which assess risk in accordance with the "Financial Risk Management policy". The policy also gives priority to allocating the funds to short-term investments, with daily liquidity, whenever possible. It is also overseen by the Audit Committee of the Board of Directors, created in the first quarter of 2010.

The Company's credit risk is posed by accounts receivable, which however is mitigated by sales to a broad consumer base and legal prerogatives which allow the provision of services to defaulting clients to be suspended. Part of the receivables referring to sales, energy acquisition and system service charges, incurred at CCEE, are also subject to change depending on the outcome of legal proceedings in progress, filed by a number of companies in the sector. These proceedings have resulted from the interpretation of market rules in force between June 2001 and February 2002, during which the Emergency Electricity Rationing Program was in force.

Exposure to credit risks

The book value of the financial assets denotes the maximum credit exposure. The maximum exposure to the credit risk at the interim reporting date was:

	6/30/2013	12/31/2012
Cash and cash equivalents	22,026	25,823
Money market and secured funds	63,368	74,991
Consumers and concessionaires	68,566	88,697
Credit receivables and other	2,991	2,784
Accounts receivable from the concession	247,273	217,739

Further information about these credits can be seen in notes 5, 6, 7 and 14.

c) Interest and exchange rate risk

Part of the local-currency loans and financing presented in note 17 consist of financing from several national development agencies (Eletrobrás and BNDES) and other institutions in the capital market.

The market rate (or opportunity cost of capital) is defined by these Agents, taking into account the underlying interest rate, the risk premium compatible with the financed companies, their guarantees and the sector they are engaged in. In the event it is not possible to acquire alternatives or different market hypotheses and/or methods for their estimates, in view of the Company's business and sector specifics, these are measured by the amortized cost method at the contractual rates.

The Company is always looking for opportunities to renew these hedge instruments, and is therefore seeking to structure instruments which will ensure the continuity of these existing hedge mechanisms, and may adopt other mechanisms which prudently balance risk and cost.

The Company's income is susceptible to variations due to the volatility of the currency coupon and exchange rate on liabilities denominated in foreign currencies, mainly the US dollar, which gained 8.8% in the period ended June 30, 2013 as compared to December 31, 2012, quoted at R$ 2.2317 / USD. The volatility of the US dollar as of June 30, 2013 was 13.76%, compared with 6.00% as of December 31, 2012.

R$ 167,285 (R$ 154,954 as of December 31, 2012) of Energisa MG's bank debt as of June 30, 2013 totaling R$ 293,417 (R$ 325,511 as of December 31, 2012) is denominated in US dollars deriving from the Citibank loan with a balance of USD 16.7 million at the end of the period (principal of USD 16.5 million), USD 28.9 million deriving from the loan from Bank of America Merrill Lynch (principal of USD 28.7 million) and USD 30.2 million of the loan from Banco Itaú BBA (principal of USD 30 million). The loans have a cost of up to USD + 3.93% per annum and have a long-term maturity of September 30, 2014, October 27, 2014 and September 21, 2015 respectively.

The balance sheet as of June 30, 2013 presents R$ 24,631 in the noncurrent assets (R$ 16,738 as of December 31, 2012) referring to the mark-to-market of the financial derivatives related to the foreign exchange rate and interest, resulting from a combination of factors usually adopted for the mark-to-market of these instruments, such as volatility, currency coupon, interest rates and the US dollar exchange rate. This is not a material liability, because the reversal value of derivatives at the calculation date is estimated, which does not correspond to the hedge objective expected by management. The mark-to-market entries made in the quarterly information are reversed when the caps established for the existing operations are not exceeded, as shown below. Moreover, further deterioration of the volatility, the currency coupon and the f/x rate could result in the amounts recorded increasing.

Energisa MG has hedged the aforementioned positions against adverse exchange variance, as mentioned earlier. See the details below:

1. Hedge for the principal equal to USD 16.7 million plus interest on the loan from Citibank through a currency swap with exchange-rate cap of R$/USD 2.9170 (Set-14) up to 9/30/2014. The operation involves a swap of the cost of USD + (LIBOR + 2.25% p.a. for 91.50% of the CDI variance, hedging semi-annual interest payments scheduled up to 9/30/2014 and the value of the principal at the latter date.

2. Hedge for the principal equal to USD 28.9 million plus interest on the loan from Bank of America Merrill Lynch through a currency swap with exchange-rate cap of R$/USD 2.9170 (Oct-14) up to 10/27/2014. The operation involves a swap of the cost of USD + (LIBOR + 2.00% p.a. for 91.0% of the CDI variance, hedging semi-annual interest payments scheduled up to 10/27/2014 and the value of the principal at the latter date.

3. Hedge for the principal equal to USD 30.2 million plus interest on the loan from Banco Itaú BBA through a currency swap with exchange-rate cap of R$/USD 2.8500 (Set-15) up to 9/21/2015. The operation involves a swap of the cost of USD + 3.93% p.a. for 101.5% of the CDI variance, hedging semi-annual interest payments scheduled up to 9/21/2015 and the value of the principal at the latter date.

In the period the foreign exchange hedges yielded a loss of R$ 4,951 (gain of R$ 1,380 as of June 30, 2012), due to a change in the US dollar.

Company Management monitors changes in the market, so that these hedge transactions may be restructured depending on the performance of the exchange rate (R$/USD), in terms of volatility and stabilization level. Company management sought to replace complex derivatives with simpler structures and greater liquidity, with a view to lower risk exposure.

In accordance with CVM Resolution 603/09, the values of the Company's financial derivatives as of June 30, 2013 and December 31, 2012 have been summarized as follows:

	Reference Value		Description	Fair Value		Accumulated effect	
	6/30/2013	12/31/2012		6/30/2013	12/31/2012	Receivable/ (Received)	Payable / (paid)
	Notional (BRL)		Receivable Position	223,789	211,922	-	-
			LIBOR Interest Rate				
			Liability Position	(193,531)	(193,359)	-	-
Swap with options - Citibank and Merrill Lynch	190,734	190,734	CDI Interest Rate				
			Foreign Currency Options (USD)	(5,628)	(1,825)	668	(3,915)
			Total Swap Position with Options	24,631	16,738	-	

The Fair Value of the derivatives as of June 30, 2013 was calculated based on the market price quotes for similar contracts. Their variance is directly associated with the variance of the debt balances listed in note 17 and the positive performance of the hedge mechanisms used, as described above. These contracts do not stipulate interim payments before their maturity dates. The Company does not intend to settle these contracts before maturity. It also has different expectations for the results presented as Fair Value – as shown below. To ensure perfect management, daily monitoring is conducted in order to keep risk to a minimum and obtain better financial results.

The mark-to-market (MTM) of Energisa MG's operations was calculated by an accepted method generally used by the market. The method basically consists of calculating the future value of the operations agreed in each contract, discounting the present value at market rates. A variant of the Black & Scholes formula is used to calculate the MtM of options. This formula is normally used to calculate the premium on currency options. The data used in these calculations was obtained from reliable sources. The market rates, such as the fixed rate and dollar coupon, were obtained directly from the BM&F site (Market Rates for Swaps). The Ptax exchange rate was obtained from the Central Bank's site. The implicit dollar volatility for options was obtained from other market sources.

Sensitivity Analysis

Pursuant to CVM Instruction 475/08, the Company conducted sensitivity analyses on the main risks to which the financial instruments and derivatives in its financial statements are exposed, as shown:

a) Exchange variance

If the exchange exposure as of June 30, 2013 were maintained, and the effects on the future interim financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the interim reporting date):

Operation	Exposure	Risk	Scenario I (Probable) (*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Financial instruments - Loan	-		19,454	(18,827)	(57,108)
Receivable Position - LIBOR	223,789	Higher f/x	153,123	191,404	229,685
Payable Position - CDI Interest Rate	(193,531)		(142,318)	(142,318)	(142,318)
Foreign Currency Options - USD	(5,628)		-	-	(29,489)
Subtotal	**24,630**		**10,805**	**49,086**	**57,878**
Net	**24,630**		**30,259**	**30,259**	**770**

(*) Considers the macroeconomic scenario presented by the Focus Survey as of June 30, 2013 for the future dates until the final settlement of the operations.

In the "Probable Scenario", calculated based on the net analysis of the above operations until the maturity thereof, adjusted to present value by the fixed rate in Brazilian reais as of June 30, 2013, the derivatives are fully effective, which is reflected in the positive present value of R$ 30,259, that shows how the adverse exchange variance in existing debts was mitigated. The higher the exchange devaluation (risk variable considered), the higher the gain of the swaps will be, providing the derivative caps are not exceeded, which would leave the Company with no hedge protection. However, there would be positive present values of R$ 30,259 and R$ 770 in the scenarios where the Brazilian real lost 25% and 50% against the US dollar, a scenario in which some of the current caps would be exceeded.

b) Interest rate variance

Considering the exposure of financial instruments indexed to interest rates as of June 30, 2013 is maintained and the respective accumulated annual indexes are (CDI = 8.64% per annum and LTIR = 5.0% per annum) and if the indexes vary in accordance with the three scenarios defined, the net financial result would be affected by:

Instruments	Exposure (R$ thousand)	Risk	Scenario I (Probable)(*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Receivable financial instruments:					
Money Market	82,076	Increase in CDI	1,764	2,189	2,608
Payable financial instruments:					
Loans and financing	(129,994)	Increase in CDI	(3,164)	(3,821)	(4,469)
	(23,170)	Increase in LTIR	(509)	(580)	(649)
Subtotal (**)	**(153,164)**		**(3,673)**	**(4,401)**	**(5,118)**
Total - (Losses)	**(71,088)**		**(1,909)**	**(2,212)**	**(2,510)**

(*) Considers the CDI at September 30, 2013 (8.64% p.a.), quote of the estimates presented by the recent BACEN survey, dated June 30, 2013 and TJLP of 5% p.a.

(**) Does not include dollar transactions worth R$ 167,285

Fair value hierarchy

The table below presents the financial instruments recorded at fair value by a valuation method.

The different levels were defined as follows:

- Level 1 - Prices quoted (in adjusted) in active markets for identical assets and liabilities
- Level 2 - Inputs, except for quoted prices, included in Level 1 that are observable for the assets and liabilities, directly (prices) or indirectly (derived from prices)
- Level 3 - Premises, for the asset or liability, that are not based on observable market data (unobservable inputs).

Financial instruments Assets	Level	6/30/2013	12/31/2012
Money market and secured funds	2	63,368	74,991
Derivative financial instruments	2	24,631	16,738

We emphasize that we did not observe any Level 1 and 3 financial instruments during the period under analysis and no level transfers took place in this period.

27 Employee benefits

a) Retirement and pension supplementation plan

Energisa MG sponsors defined-contribution pension plans for its employees (CD). It also has a defined-benefit plan (BD), which has not been accepting new participants since 1997 and where the current participants have the status of assisted participants. The sponsor and participants do not make contributions under this plan.

In the period ended June 30, 2013 the expense incurred on sponsoring these plans stood at R$ 190 (R$ 110 as of June 30, 2012).

b) Retirement bonus

The Company is party to a collective agreement under which employees are entitled to a retirement bonus paid upon application for retirement at the National Social Security Institute (INSS).

The retirement bonus ranges from 1.5 to 15 times the employee’s salary, depending on seniority (at least 6 months, but limited to 25 years) upon applying for retirement.

The accounting practices referring to the recognition of employee benefits - retirement premium, were amended on January 01, 2013. Consequently, in order to maintain good comparability of its balance sheet with the classification adopted, the Company adjusted the opening and closing balances in the balance sheet as of 12/31/2012 in relation to those originally published, as follows:

	6/30/2013
Liability recorded as of 12/31/2012	1,620
(adjustments - CPC 33 (R1))	408
Adjusted balance	2,028
Expenses in the period	186
Payments of contracted obligations	(70)
Liability recorded as of 6/30/2013	2,144
Current liabilities	353
Noncurrent liabilities	1,791

As of June 30, 2013 the retirement premium expense was R$ 186 (R$ 109 as of June 30, 2012).

c) Healthcare plan

The Company has its own refund policies, under which employees are entitled to a reimbursement of 60% of their medical expenses. This benefit ceases immediately upon termination or retirement.

In the period ended June 30, 2013 the expense incurred on this benefit stood at R$ 282 (R$ 286 as of June 30, 2012).

28 Commitments

The Company has the following commitments under long-term energy acquisition contracts:

Term	Energy purchase contract - R$ thousand					
	2013	2014	2015	2016	2017	2017 onwards
2013 to 2046	134,451	152,217	155,382	151,567	155,696	2,177,047

The amounts referring to energy acquisition contracts lasting between 8 and 30 years represent the volume contracted and the average price, ratified by ANEEL.

- This does not include the Proinfa, Itaipu and Angra I and II quotas.

29 Public electricity service concession

On June 18, 1999 the Company executed with the National Electric Energy Agency – ANEEL the electricity distribution concession contract with a term of until July 07, 2015.

30 Additional information to the cash flows

As of June 30, 2013 equity changes not affecting the Company's cash flows are as follows:

	6/30/2013	6/30/2012
Restatement of accounts receivable from the concession - VNR	4,330	-
Accounts receivable from the concession	26,270	20,978
Suppliers payable	3,145	-

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