Energisa Nova Friburgo – Distribuidora de Energia S/A

Management Report and
Financial Statements for 2012

Management Report

The Management of Energisa Nova Friburgo – Distribuidora de Energia S/A (Energisa Nova Friburgo“ ” or “Company”) hereby presents its headlines for FY 2012, along with the respective Financial Statements, prepared in accordance with International Financial Reporting Standards - IFRS. These statements were reviewed and approved by the Executive Board on March 05, 2013.

1 – General Considerations

Energisa Nova Friburgo is an electricity distribution companies which serves approximately 96 consumers in the municipality of Nova Friburgo in Rio de Janeiro state.

Our commitment to the permanent pursuit of operational improvements has enabled the Company to maintain good performance indicators and the quality of its electricity distribution services. In 2012 Energisa Nova Friburgo won the IASC award in the category "greatest growth 2010/2012", an excellent result which demonstrates the Company's capacity to respond to the situation faced by the municipality in 2011 in what was the worst natural disaster in its history, with landslides that had huge ramifications on the electricity supply.

2 – Investment

Energisa Nova Friburgo’s investments amounted to R$ 10.7 million in 2012, compared with R$ 20.3 million the previous year. This investment was mainly allocated to projects to enhance the quality of services provided, with the following taking place in the year:

- refurbishment of 51 low-voltage circuits
- distribution system standardization work involving replacement of 220/127 Volt distribution transformers with 380/220 Volt units;
- substation busbar metering upgrades;
- installation of oil filters in on-load tap-changing transformers at the Tadeu Aor and Julius Arps substations;
- replacement of substation lighting arresters and battery banks;
- restoration of the distribution system acquired from CERTEF;
- replacement of a 69 kV/11.4 kV transformer breaker and capacitor bank at the Tadeu Aor substation;
- installation of 19 distribution system reclosers

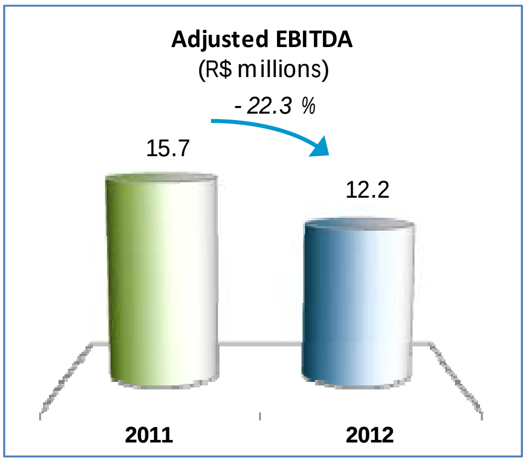
The table below denotes the changes in Energisa Nova Friburgo’s operating assets in the year:

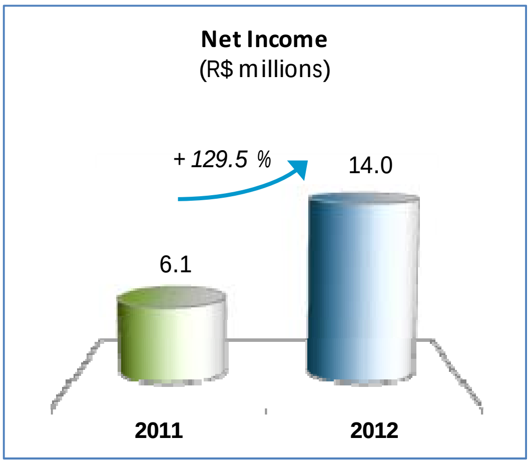
Asset description	Dec / 2012	Dec / 2011	Arrears 2012/2011
Substations – Number	6	6	-
Installed capacity at the substations - MVA	127	127	-
Transmission lines - Km	16	16	-
Distribution grids (company) - Km	1,870	1,849	21
Transformers installed in the distribution grids – no.	3,375	3,347	28
Installed capacity of the distribution grids (company) - MVA	153	151	2

3 - Economic and financial headlines

The Company's main economic and financial figures for 2012 have been summarized below:

Economic and Financial Figures	2012	2011	Change %
Results - R$ million			
Gross Operating Revenue	160.5	163.3	- 1.7
Net Operating Revenue	101.4	105.3	- 3.7
Earnings before interest and tax (EBIT)	6.4	10.0	- 36.0
EBITDA	10.6	14.3	- 25.9
Financial Income/Loss	14.6	(1.0)	-
Income (loss) before taxes	21.1	9.0	+ 134.4





Economic and Financial Figures	2012	2011	Change %
Financial Indicators - R$ million			
Total Assets	133.6	114.2	+ 17.0
Cash / Cash Equivalents / Short-Term Investments	9.2	6.2	+ 48.4
Shareholders' Equity	58.5	50.6	+ 15.6
Net Debt	46.5	35.6	+ 30.6
Operating Indicators			
Number of Captive Consumers	96,007	94,400	+ 1.7
Total Electricity Distributed (GWh)	327	318	+ 2.8
Energy Losses (% in past 12 months)	5.40	5.44	- 0.04 p.p
Relative Indicators			
Adjusted EBITDA / Net Revenue (%)	12.0	14.9	- 2.9 p.p
Net Debt / Adjusted EBITDA for 12 months (times)	3.8	2.3	+ 65.2

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

3.1 - Net income, cash generation and dividends

Energisa Nova Friburgo recorded net income of R$ 14.0 million in 2012, an increase of 129.5% over 2011. The operating cash generation (Adjusted EBITDA) amounted to R$ 12.2 million, compared with R$ 15.7 million in 2011. See below the breakdown of the Company's cash generation:

Breakdown of cash generation (EBITDA) (R$ millions)	Year 2012	2011	Change %
(=) Net Income	**14.0**	**6.1**	**+ 129.5**
(-) Income and social contribution taxes	(7.0)	(2.9)	+ 141.4
(-) Financial result	14.6	(1.0)	-
(-) Depreciation and amortization	(4.2)	(4.3)	- 2.3
(=) Cash generation (EBITDA)	**10.6**	**14.3**	**- 25.9**
(+) Arrears surcharge revenue	1.6	1.4	+ 14.3
(=) Adjusted cash generation (Adjusted EBITDA)	**12.2**	**15.7**	**- 22.3**
Adjusted EBITDA Margin	12.0	14.9	- 2.9 p.p

From its earnings in 2012, the Company has paid out dividends of R$ 3.9 million commencing: i) August 17, 2012, R$ 2.9 million (R$ 216.13 per share), and ii) December 21, 2012, equal to R$ 1.0 million (R$ 77.100105 per share), On top of these dividends, additional dividends will be paid out of R$ 9.5 million (R$ 708.2015373 per share), on a date to be determined. The total dividends for the year amounting to R$ 13.1 million represent 93.60% of the net income earned by the Company.

3.2 - Operating expenses

Operating expenses break down as follows:

Breakdown of operating expenses (R$ million)	2012	2011	Change in R$ million
1 - Controllable expenses	**26.1**	**25.4**	**+ 0.7**
1.1 - Personnel (includes pension fund)	9.1	7.8	+ 1.3
1.2 - Material	1.0	1.3	- 0.3
1.3 - Services	16.0	16.3	- 0.3
2 - Uncontrollable expenses (acquisition of energy and transmission)	51.2	44.7	+ 6.5
3 - Depreciation and amortization	4.1	4.3	- 0.2
4 - Allowance for doubtful accounts and contingencies	0.1	(0.3)	+ 0.4
5 - Other expenses / revenue	3.1	2.5	+ 0.6
Subtotal (1+2+3+4+5)	**84.6**	**76.6**	**+ 8.0**
6 – Construction cost	10.4	18.7	- 8.3
Total	**95.0**	**95.3**	**- 0.3**

4 – Operating performance

The ongoing pursuit of management improvements has permitted the Company to maintain good results and a privileged position in terms of operating indicators, which are amongst the best in the country.

4.1 - Management of energy losses: electricity losses fell again, down to 5.40%. This is one of the lowest rates in Brazil and is a 0.04 percent improvement over the previous year.

4.2 - Default management: consumer default in relation to unpaid electricity bills against sales in the past 12 months was 0.32%, as a result of the sound management of the company's accounts receivable.

4.3 - DEC and FEC: the significant reduction in the continuity indicators (DEC and FEC) in 2012 is another headline, resulting from the investments made based on correctly planning the system's requirements. The DEC was 31.4% better than last year and the FEC improved by 26.5% over the same comparison period.

Operating indicators	2012	2011	Change %
Power loss from the company's system (%)	5.40	5.44	- 0.04 p.p
Consumer default over the last 12 months (%)	0.32	0.35	- 8.6
Outstanding receivables (outstanding monthly invoices) – no.	1.17	1.60	- 26.9
ISQP (Perceived Quality Satisfaction Index) - Abradee	75.3	78.3	- 3.8
IASC (Aneel Consumer Satisfaction Index)	65.97	48.40	+ 36.3
DEC (Equivalent Outage Duration per Consumer) – hours	9.17	13.37	- 31.4
FEC (Equivalent Outage Frequency per Consumer) - times	7.59	10.33	- 26.5

(*) IASC from 2010, as the survey was not conducted in 2011

4.4 - Electricity sales: the Company distributed total energy of 327 GWh in 2012, an increase of 2.9% over 2011. Captive consumption sectors expanded by 2.6%, with good growth recorded by the commercial sector of 9.0% in the year. Residential consumption rose by 1.8%, while industrial consumption contracted by 1.6% over the same comparison period.

5 – People management

Conscious of the 183 importance (40 service providers) to the fulfillment of its mission and strategic objectives, Energisa Nova Friburgo dedicated 14,000 man-hours to training, or 101 hours per employee, and invested over R$ 74,000. This demonstrates how the development of human capital is one of the pillars of people management at the company.

Energisa has been running a Distance Learning Centre (NEAD) since 2009, which also earned it special participation in the Corporate Education Forum organized by the IQPC - International Quality and Productivity Center. 8,304 man-hours were devoted to this in 2012.

Meanwhile, in 2012 Energisa Group structured its training and development actions through a Corporate Education Program, guided by the mission, vision and values of the company, its business challenges, competences and strategic principles, and the selection of schools and learning pathways, in order to provide for staff development and support the Group's strategies.

Energisa Group has also placed emphasis on leadership development, by maintaining the Energisa Leadership Portal, acquiring content aligned to its strategies, and giving the Group a return on its investments. In 2012, the program comprised 14 courses and provided approximately 3,856 hours of training to all Group managers. In order to meet the goals set, a partnership was formed with MindQuest, giving access to content of Harvard Business Publishing and Chicago Booth, to cover a greater number of people, with higher-quality educational actions, and better integration and alignment to the needs of the organization, with a focus on results.

Energisa Nova Friburgo implemented its first structured **Talent Generation** program, by selecting two trainees who in 2013 will get familiar with the company's various departments and its processes and activities, in order to bolster its technical staff, keeping them up-to-date with technological developments in the sector, thereby preserving its intellectual capital.

6 - Social and Environmental Responsibility

Energisa Nova Friburgo is aware of the importance of its social responsibilities and is becoming increasingly involved in the community via cultural, environmental, social and sporting sponsorship and incentives.
Through the Ormeo Junqueira Botelho Cultural Foundation, it sponsored the Projeto Sinergia (Synergy Project) in Nova Friburgo, bringing theatrical and musical events to thousands of people between February and July 2012 in the city and its districts.

The company also sponsored the production of three feature films in 2012. "Sobre a Neblina" is an adaptation of the love story by Cristiana Tassis and is directed by Paula Gaitan. "Meu Pé de Laranja Lima" is an almost autobiographical work by José Mauro de Vasconcelos, spanning from the writer's childhood to the present, and "Quase Samba" is a film directed by Ricardo Targino. Other cultural highlights include Energisa Nova Friburgo's sponsorship in 2012 of the "Polo de Cultura do Centro Cultural Roda Viva" project which will be providing music, theatre, dance and fine art workshops throughout 2013 to around 3000 children and young people in the Complexo do Borel favelas in Rio de Janeiro's north zone.

Energisa Nova Friburgo launched a high-impact project in 2012 of important social interest: Energisa Library. Located within the customer service branch, the library incentivizes reading through the exchange of books – customers only need to bring in books in good condition to swap them for others.

Projeto Nossa Energia (Our Energy Project), associated with Aneel's Energy Efficiency Program, was one of the leading social initiatives. Since implementation in 2011, Energisa Nova Friburgo visited the municipality and its districts to disclose information about the safe and rational use of electricity. In two years, the project benefited thousands of families registered for the Low Income Electrical Energy Social Rate scheme and achieved the following results: the donation of 24 meter boxes and the substitution of nearly 9,000 incandescent light bulbs for fluorescent bulbs, distribution of nearly 180 low-energy showers and nearly 700 refrigerators. Projeto Nossa Energia also introduced educational activities, through the use of interactive video and lectures, to over 2600 pupils in the municipal and state school system.

In the area of sport, Energisa Nova Friburgo sponsored Projeto Magia V, which enabled a high-level team to participate, led by brothers Torben and Lars Grael, in the main sailing events of the 2013 season.

Energisa Nova Friburgo handles the social and environmental impacts caused by its services and facilities through programs and practices that evidence its concern about and responsibility for the environment. These initiatives include: procedures for the controlled disposal of sodium vapor lamps, mercury vapor lamps and fluorescent lamps at its own facilities and in the public lighting infrastructure. the development of internal and external educational and environmental awareness campaigns (3Rs – reduction in the consumption of water, appropriate use of electricity, etc.); and to retain suppliers that are proven to have good environmental conduct.

7- Services rendered by the independent auditor

The total remuneration of Deloitte Touche Tohmatsu Auditores Independentes for the financial statement review services provided to Energisa Nova Friburgo in 2012 was R$ 31,000.

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.

Balance Sheet

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A ANNUAL SOCIAL BALANCE SHEET - 2012 (In thousands of reais)						
1 - Calculation Base	**2012 Amount**			**2011 Amount**		
Net revenue (RL)	101,441			105,322		
Operating income (RO)	21,070			9,134		
Gross payroll (FPB)	7,594			6,339		
2 - Internal Social Indicators	**Amount**	**% of FPB**	**% over RL**	**Amount**	**% of FPB**	**% over RL**
Meals	914	12.04%	0.90%	776	12.24%	0.74%
Compulsory social charges	1,524	20.07%	1.50%	1,323	20.87%	1.26%
Private pensions	118	1.55%	0.12%	94	1.48%	0.09%
Health insurance	355	4.67%	0.35%	255	4.02%	0.24%
Occupational health and safety	0	0.00%	0.00%	200	3.16%	0.19%
Education	23	0.30%	0.02%	18	0.28%	0.02%
Culture	0	0.00%	0.00%	0	0.00%	0.00%
Professional training and development	74	0.97%	0.07%	51	0.80%	0.05%
Crèches or crèche allowance	8	0.11%	0.01%	17	0.27%	0.02%
Profit sharing	1,262	16.62%	1.24%	718	11.33%	0.68%
Other	266	3.50%	0.26%	247	3.90%	0.23%
Total - Internal social indicators	4,544	59.84%	4.48%	3,699	58.35%	3.51%
3 - External Social Indicators	**Amount**	**% over RO**	**% over RL**	**Amount**	**% over RO**	**% over RL**
Education	124	0.59%	0.12%	76	0.83%	0.07%
Culture	211	1.00%	0.21%	242	2.65%	0.23%
Healthcare and sanitation	0	0.00%	0.00%	0	0.00%	0.00%
Sports	2	0.01%	0.00%	0	0.00%	0.00%
Combating hunger and food safety	0	0.00%	0.00%	0	0.00%	0.00%
Other	151	0.72%	0.15%	116	1.27%	0.11%
Total contributions to society	488	2.32%	0.48%	434	4.75%	0.41%
Taxes (not including social charges)	49,799	236.35%	49.09%	47,441	519.39%	45.04%
Total - External social indicators	50,287	238.67%	49.57%	47,875	524.14%	45.46%
4 - Environmental Indicators	**Amount**	**% over RO**	**% over RL**	**Amount**	**% over RO**	**% over RL**
Investments related to company production / operation	4,682	22.22%	4.62%	9,807	107.37%	9.31%
Investments in external programs and/or projects	0	0.00%	0.00%	0	0.00%	0.00%
Total environmental investment	4,682	22.22%	4.62%	9,807	107.37%	9.31%
As concerns establishment of annual targets to minimize waste, production/operation consumption in general and to use natural resources more efficiently, the company	( ) has no targets ( ) performs 51to 75% ( ) performs 0 to 50% (X) performs 76 to 100%			( ) has no targets ( ) performs 51to 75% ( ) performs 0 to 50% (X) performs 76 to 100%		
5 - Workforce Indicators	**2012**			**2011**		
Number of employees at period-end	143			126		
Number of admissions in the period	32			26		
Number of outsourced employees	10			16		
Number of trainees	2			2		
Number of employees over 45	25			31		
Number of women working at the company	24			24		
%management positions held by women	28.57%			25.00%		
Number of black people working at the company	25			15		
%management positions held by black people	0.00%			0.00%		
No of workers with handicaps or special needs	3			3		
6 - Material information regarding corporate citizenship	**2012**			**2013 Targets**		
Ratio between the lowest and highest earners at the company	21.36			21.36		
Total number of occupational accidents	2			3		
The social and environmental projects implemented by the company were defined by:	(x) directors	( ) directors and managers	( ) all employees	(x) directors	( ) directors and managers	( ) all employees
The occupational health and safety standards were defined by:	(X) directors and managers	( ) all employees	( ) all + Cipa	(X) directors and managers	( ) all employees	( ) all + Cipa
In respect of trade union freedom, the right to collective bargaining and internal representation of workers, the company:	( ) does not get involved	(x) follows the OIT rules	( ) promotes and follows OIT	( ) will not get involved	(x) will follow the OIT rules	( ) will promote and follow OIT
The private pension embraces:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
Profit-sharing embraces:	( ) directors	( ) directors and managers	(x) all employees	( ) directors	( ) directors and managers	(x) all employees
When selecting suppliers the same ethical, social responsibility and environmental standards adopted by the company:	( ) are not considered	( ) are suggested	(x) are demanded	( ) will not be considered	( ) will be demanded	(X) will be demanded
In respect of employee participation in voluntary work programs, the company:	( ) does not get involved	( ) gives support	(X) offers organization and	( ) will not get involved	( ) will give support	(X) will offer organization and
Total number of consumer complaints and criticism:	at the company	at Procon -	to the Courts 101	to the company	to Procon 3	to the Courts 97
%complaints and criticism handled or resolved:	at the company 97.89%	at Procon -	at the Courts 15 %	at the company 97.89 %	at Procon 100%	at the Courts 15 %
Added value to be distributed (in R$ thousand):	**In 2012: 88,350**			**In 2011: 77,800**		
Distribution of Added Value (DVA):	70 % government 9% employees 15% shareholders 5% third parties 1% withheld			76% government 9% employees 8% shareholders 7% third parties % withheld		
7 - Further Information	**2012**			**2011**		
7) Social investments						
7.1 The "Light for All" Program						
7.11 - Government Investment	0			0		
7.12 - State Investment	0			0		
7.13 - Municipal Investment	0			0		
7.14 - Concessionaire Investment	0			0		
Total - Light for All program (7.11 to 7.14)	**0**			**0**		
7.2 - Energy efficiency program	393			1,311		
7.3 - Research and development program	848			373		
Total social investment (7.1 to 7.3)	**1,241**			**1,684**		

Financial Statements

1. Balance Sheet - Assets

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AT DECEMBER 31, 2012
(In thousands of reais)

	Note	2012	2011 (reclassified)	1/1/2011 (reclassified)
Assets				
Current				
Cash and cash equivalents	5	5,260	4,262	9,395
Money market and secured funds	5	3,007	270	152
Consumers and concessionaires	6	14,623	17,187	14,245
Credit receivables	7	354	224	193
Inventory		377	519	309
Recoverable taxes	10	6,128	5,958	6,069
Low income and other receivables	11	5,065	4,449	4,724
Total current		**34,814**	**32,869**	**35,087**
Noncurrent				
Long-term				
Money market and secured funds	5	900	1,619	1,618
Consumers and concessionaires	6	368	368	368
Credit receivables	7	19	7	4
Related-party transactions	12	558	-	-
Tax credits	13	1,562	8,059	9,818
Recoverable taxes	10	3,529	3,643	1,725
Restricted deposits and escrows	20	1,730	1,713	1,868
Derivative financial instruments	29	4,082	165	-
Accounts receivable from the concession	14	68,786	48,146	32,221
		81,534	**63,720**	**47,622**
Investments		47	44	50
Intangible assets	15	13,348	17,543	18,910
Property, plant and equipment	15	3,812	-	-
Total noncurrent		**98,741**	**81,307**	**66,582**
Total Assets		**133,555**	**114,176**	**101,669**

See the accompanying notes to the financial statements.

2. Balance Sheet - Liabilities

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
BALANCE SHEET
AT DECEMBER 31, 2012
(In thousands of reais)

	Note	2012	2011 (reclassified)	1/1/2011 (reclassified)
Liabilities				
Current				
Suppliers payable	16	7,170	6,767	6,689
Debt charges	17	591	345	495
Loans and financing	17	2,061	13,190	15,213
Taxes and social contributions	18	1,584	3,064	4,962
Tax financing	19	-	1,157	4,387
Dividends	21.4	-	2,446	160
Profit Shares		1,039	501	525
Consumer charges payable		1,142	965	912
Employee benefits - pension plan	30	115	67	84
Estimated obligations		601	560	535
Intrasector Obligations		3,251	3,303	2,732
Other accounts payable		838	958	802
Total current		**18,392**	**33,323**	**37,496**
Noncurrent				
Suppliers payable	16	113	104	93
Loans and financing	17	52,560	26,640	11,303
Derivative financial instruments	29	-	168	-
Taxes and social contributions	18	1,331	121	130
Deferred income and social contribution taxes	13	-	648	169
Tax financing	19	-	-	1,468
Employee benefits - pension plan	30	383	364	262
Provisions for labor, civil and tax risks:	20	2,260	2,222	1,937
Other accounts payable		7	-	-
Total noncurrent		**56,654**	**30,267**	**15,362**
Shareholders' equity	21			
Capital	21.1	32,650	32,650	32,650
Capital reserves	21.2	11,248	11,248	11,248
Profit reserves	21.3	5,126	4,424	4,117
Additional dividends proposed	21.4	9,485	2,264	796
		58,509	**50,586**	**48,811**
Total Liabilities		**133,555**	**114,176**	**101,669**

See the accompanying notes to the financial statements.

3. Statements of Income

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2012
(In thousands of reais, except for net income per free float share)

	Note	2012	2011
Net operating revenue	22	101,441	105,322
Cost of the electricity service	23	(78,116)	(78,525)
Gross Profit		**23,325**	**26,797**
Sales expenses	23	(3,801)	(4,474)
General and administrative expenses	23	(12,447)	(12,145)
Other revenue	24	1,423	989
Other expenses	24	(2,081)	(1,138)
Earnings before financial revenue and expenses and tax		**6,419**	**10,029**
Financial Revenue	25	18,521	3,095
Financial Expense	25	(3,870)	(4,139)
Net financial income (expenses)		**14,651**	**(1,044)**
Income before tax		**21,070**	**8,985**
Current income and social contribution taxes	13	(1,967)	(3,533)
Deferred income and social contribution taxes	13	(5,072)	683
Net income for the year		**14,031**	**6,135**
Basic and diluted net income per common and preferred share - R$	26	**1,048.11**	**458.28**

See the accompanying notes to the financial statements.

4. Comprehensive Statement of Income

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
COMPREHENSIVE STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2012
(In thousands of reais)

	2012	2011
Net income for the year	14,031	6,135
Total comprehensive income for the year, net of tax	**14,031**	**6,135**

See the accompanying notes to the financial statements.

5. Statements of Cash Flows

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2012
(In thousands of reais)

	Note	2012	2011 (adjusted)
Operating activities			
Income before tax		21,070	8,985
Expenses (revenue) not affecting cash:			
Expenses on interest and monetary and exchange variance - net		4,126	4,641
Financial restatement of accounts receivable from the concession - VNR	14	(16,286)	-
Allowance for doubtful accounts	23	188	266
Depreciation and amortization	23	4,144	4,285
Loss on the sale of PP&E and intangible assets	24	658	366
Reversal of provision for labor, civil and tax risks	23	(37)	(570)
Mark-to-market of derivatives	25	(1,644)	(165)
Derivative financial instruments	25	(1,351)	168
Changes in current and noncurrent assets			
Decrease (increase) in consumers and concessionaires		2,525	(2,896)
(Increase) in credit receivables		(168)	(109)
Decrease (increase) in inventories		142	(210)
(Increase) in recoverable taxes		(57)	(1,806)
(Increase) decrease in escrow deposits		(17)	153
(Increase) decrease in prepaid expenses		(12)	14
(Increase) decrease in other accounts receivable		10	1,216
Changes in current and noncurrent liabilities			
(Decrease) increase in suppliers payable		(464)	89
(Decrease) in taxes and social contributions		(619)	(2,578)
Income and social contribution taxes paid		(839)	(330)
(Decrease) in tax financing		-	(4,698)
Increase in Estimated obligations		42	25
Increase in consumer charges payable		177	52
Increase in other accounts payable		439	788
Net cash produced by operating activities		**12,028**	**7,686**
Investment activities			
Interest-earning bank deposits and Secured Funds		(2,941)	(87)
Discharge of short-term investments		875	15
Additions to Intangible assets		(8,980)	(20,155)
Sale of PP&E and intangible assets	24	1,423	-
Net cash consumed in investment activities		**(9,623)**	**(20,227)**
Financing activities			
New loans and financing		25,234	21,265
Payments of loans - principal		(13,388)	(8,259)
Payments of loans - interest		(2,450)	(3,524)
Settlement of derivative financial instruments		(1,010)	-
Payment of dividends		(8,635)	(2,074)
Payment of tax financing		(1,157)	-
Net cash produced by (used in) financing activities		**(1,406)**	**7,408**
Net cash variation		**998**	**(5,133)**
Opening cash and cash equivalents		4,262	9,395
Closing cash and cash equivalents		5,260	4,262
Net cash variation		**998**	**(5,133)**

See the accompanying notes to the financial statements.

6. Statements of Added Value

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
STATEMENT OF ADDED VALUE - DVA
YEAR ENDED DECEMBER 31, 2012
(In thousands of reais)

	Note	2012	2011
Generation of added value:			
Revenue			
Revenue from energy sales and services		150,194	144,611
Other revenue	24	1,423	989
Revenue relating to construction of company assets	23	10,354	19,561
Allowance for possible loan losses - Reversal / (Creation)	23	(188)	(266)
(-) Consumables acquired from third parties			
Cost of energy sold		56,194	49,111
Materials and outsourced services		17,656	34,644
Other operating costs		13,960	2,150
		87,810	**85,905**
Gross added value		**73,973**	**78,990**
Amortization and depreciation	**23**	**4,144**	**4,285**
Net added value		**69,829**	**74,705**
Transferred added value			
Financial revenue	25	18,521	3,095
Added value to be distributed		**88,350**	**77,800**
Distribution of added value:			
Personnel			
Direct remuneration		6,142	5,342
Benefits		1,483	1,354
FGTS		425	329
Taxes, charges and contributions			
Federal		16,343	12,190
State		34,767	36,419
Municipal		213	155
Intrasector Obligations		10,352	10,220
Interest expenses			
Interest	25	3,870	4,908
Rent	23	724	748
Interest earnings			
Dividends and additional dividends proposed	21.4	13,410	5,907
Legal reserve	21.4	702	307
Prior-year dividends	21.4	(81)	(79)
		88,350	**77,800**

See the accompanying notes to the financial statements.

7. Statements of Changes in Shareholders' Equity

ENERGISA NOVA FRIBURGO - DISTRIBUIDORA DE ENERGIA S/A
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2012
(In thousands of reais)

			Capital reserves			Profit Reserves			
	Note	Capital	Remuneration of property, plant and equipment in progress	Special goodwill reserve	Other capital reserves	Legal	Additional dividends proposed	Retained earnings	Total
Balances at January 01, 2011		**32,650**	**179**	**11,065**	**4**	**4,117**	**796**	**-**	**48,811**
Payment of additional dividends		-	-	-	-	-	(796)	-	(796)
Prior-year dividends		-	-	-	-	-	-	79	79
Net income for the year		-	-	-	-	-	-	6,135	6,135
Proposed allocation of net income:									
Legal reserve	21.3	-	-	-	-	307	-	(307)	-
Dividends	21.4	-	-	-	-	-	-	(3,643)	(3,643)
Additional dividends proposed	21.4	-	-	-	-	-	2,264	(2,264)	-
Balances at December 31, 2011		**32,650**	**179**	**11,065**	**4**	**4,424**	**2,264**	**-**	**50,586**
Payment of additional dividends		-	-	-	-	-	(2,264)	-	(2,264)
Prior-year dividends		-	-	-	-	-	-	81	81
Net income for the year		-	-	-	-	-	-	14,031	14,031
Proposed allocation of net income:									
Legal reserve	21.3	-	-	-	-	702	-	(702)	-
Dividends	21.4	-	-	-	-	-	-	(3,925)	(3,925)
Additional dividends proposed	21.4	-	-	-	-	-	9,485	(9,485)	-
Balances at December 31, 2012		**32,650**	**179**	**11,065**	**4**	**5,126**	**9,485**	**-**	**58,509**

See the accompanying notes to the financial statements.

Notes to the financial statements
Year ended December 31, 2012
(In thousands of reais, unless stated otherwise)

1. Operations

A part of **ENERGISA GROUP**, Energisa Nova Friburgo - Distribuidora de Energia S/A ("Company or Energisa NF") is an electricity distribution company, operating in the municipality of Nova Friburgo in the state of Rio de Janeiro, serving 96,007 consumers (information not audited by the independent auditors). The Company has moved it head offices to the city of Nova Friburgo, Rio de Janeiro state.

In September 2012 the Federal Government issued Preliminary Law 579, enacted as Law 12783 on January 11, 2013.

This legislation states 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. RGR - Global Reversal Reserve; CCC – fuel consumption cost and the CDE – Energy Development Account has been reduced.

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

See below some of 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, concession accounts receivable, concession assets, construction revenue and concession term can be seen in notes 9, 15, 16, 22, 32 and 33 respectively.

2. Presentation of the financial statements

The financial statements have been prepared in accordance with the accounting practices adopted in Brazil, which embrace corporate legislation, the Pronouncements, Guidance and Interpretations issued by the Accounting Pronouncements Committee – CPC, approved by the standards and regulations of the Brazilian Securities Commission – CVM and specific legislation applying to the Public Energy concession operators established by the National Electricity Regulatory Agency – ANEEL and the International Financial Reporting Standards (IFRS) issued in accordance with the International Accounting Standards Board - IASB.

Authorization for the issuance of these financial statements was given by the Executive Board on March 05, 2013.

The financial statements are being presented in Brazilian reais, which is the Company's functional currency. The financial statements are presented in thousands of reais, except where specified otherwise.

The financial statements have been prepared based on historic cost, except for the following items:

- Derivative financial instruments measured at fair value, and

- Nonderivative financial instruments stated at fair value through profit or loss.

Accounting estimates - Preparing the financial statements in accordance with the accounting practices adopted in Brazil requires management to use estimates to carry certain transactions affecting the assets and liabilities, revenues and expenses, and to disclose information concerning the figures in its financial statements. The final results of such transactions and information when actually realized in subsequent years may differ from these estimates. The main estimates related to the financial statements refer to recording the effects deriving from the purchase and sale of electricity at the Electricity Sale Chamber – CCEE, provision for possible loan losses, provision for labor, civil and tax claims, provision for supplementary retirement and pensions plan and tax credits. Estimates and assumptions are continually reviewed. Reviews of accounting estimates are recognized in the year in which the estimates are reviewed and any future years affected.

Purchase and sale of electricity at the Electricity Trading Chamber - CCEE - the recording of electric power purchase and sale transactions through the CCEE are recognized on the accrual basis based on calculations prepared and disclosed by the entity or by Management estimate, when this information is not available in time.

Allowance for doubtful accounts - (i) trade accounts receivable, consumers and concession operators is created based on receivables from residential consumers more than 90 days overdue, commercial consumers more than 180 days overdue and industrial, rural, government, public lighting and public service sector consumers more than 360 days overdue; (ii) credits receivables composed at 100% of the debt after 3 contractual payments have fallen overdue.

Provision for labor, civil and tax claims - The Company made provisions, which involves management judgment, for labor, civil and tax claims when it is probable that an outflow of economic benefits will be required to settle the obligation, which has arisen as a result of past events and which can be reliably estimated.

The Company is also subject to several legal, civil and labor claims arising out of the normal course of business. The Company's judgment relies on the opinion of its legal advisers. Provisions are revised and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the completion of tax inspections or exposure identified as a result of new issues or court decisions.

Retirement and pension supplementation plan - The Company has a benefits plan for employees which includes retirement and pension supplementation plans, retirement premiums and health plans.

The actuarial commitments with respect to the pension and retirement supplementation plans are provisioned for according to actuarial calculations prepared by independent actuaries. Their calculations are based on the projected unit of credit method, net of the assets underlying the plan, when applicable. The corresponding costs are recognized during the employees' vesting period, in accordance with CVM Resolution 600 issued October 07, 2009 and the accounting rules established in CPC Technical Pronouncement 33 issued by the Accounting Pronouncements Committee. Any surpluses on employee benefit plans are not recorded.

The projected unit of credit method considers each term of employment to be an event that generates an additional unit of benefit, which are accrued to calculate the final obligation. Other actuary premises are also used, such as biometric and economic hypotheses and historical data on expenses incurred and on employees contributions.

The actuarial gains and losses generated by adjustments and alterations to the actuarial premises of the pension and retirement benefit plans and the actuarial commitments related to the health coverage plan are recognized in the income statement for the year.

Tax credits - the tax credits are recognized in relation to temporary differences between the book values of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes. If they are recognized to the extent it is probable that the taxable income in coming years will be able to be used to offset tax credits, based on projected future earnings relying on internal assumptions and future economic scenarios, which are therefore subject to change. The recorded amounts are periodically revised and any effects of realization or settlement are recorded in accordance with the legislation.

3. Adoption of international accounting standards

3.1 New accounting procedures issued by IASB - International Accounting Standards Board

The International Accounting Standards Board – IASB issued the following accounting pronouncements, the adoption of which is mandatory from January 01, 2013:

IFRS 1 - Exemptions from the requirement to restate comparative information for IFRS 9;

IFRS 7 - Disclosure – offsetting financial assets and liabilities;

IFRS 9 - Financial instruments - establishes the principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This standard is effective from January 01, 2015;

IFRS 13 - Fair value measurement (CPC 46);

IAS 1 – Clarification of the requirements for comparative information;

IAS 16 — Classification of servicing equipment;

IAS 19 – Employee Benefits - Modifying accounting for the recognition of changes in the defined benefit liabilities and plan assets, which require recognition of these changes as and when they arise and therefore eliminate the 'corridor approach' (CPC 33 R1);

IAS 27 - Separate financial statements (CPC 35 R2);

IAS 32 – Tax effects of the distribution to shareholders of equity instruments are effective from January 01, 2013 and Offsetting financial assets and liabilities is effective from January 01, 2014;

IAS 34 – interim financial statements and segment reporting for total assets and liabilities.

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

3.2 Description of significant accounting policies

The accounting policies set out below have been applied consistently to all the years reported in these financial statements.

a) Cash and cash equivalents - includes balances of cash and short-term investments that can be redeemed within up to 90 days from acquisition at the contracted rates and are subject to an insignificant risk of impairment, which are used to manage short-term obligations;

b) Financial instruments – All financial instruments (assets and liabilities) are recognized in the Company's balance sheets, and are measured at fair value when applicable and after the initial recognition according to classification. The Company's financial instruments have been classified into: (i) stated at fair value through profit or loss. This classification includes derivative transactions. (ii) held to maturity – valued at the effective interest rate and recorded in profit and loss and (iii) loans and receivables – measured at amortized cost, using the effective interest rate method and recorded in the income statement.

There are three classification levels of fair value for financial instruments, as shown below:

Level 1 - Inputs from an active market (quoted price not adjusted), which can be accessed on a daily basis, including at the fair value measurement date.

Level 2 - Inputs other than those from an active market (quoted price not adjusted), included in level 1, taken from a pricing model based on observable market inputs.

Level 3 - Inputs taken from a pricing model not based on observable market inputs.

The fair values of the financial instruments are classified in note 30.

The main financial assets recognized by the Company are: cash and cash equivalents; money market; secured funds; clients, consumers, and concession operators; accounts receivable from the concession; credit receivables and derivative financial instruments.

The main financial liabilities recognized by the Company are: suppliers payable; loans and financing, debt charges and derivative financial instruments.

A financial asset is derecognized when the contractual rights to the asset's cash flows expire or when the Company transfers the rights to receive the contractual cash flows of a financial asset in a transaction where essentially all the risks and rewards of ownership of financial assets are transferred to the buyer. Financial liabilities are measured at amortized cost, using the effective interest rate method and recorded in net income.

c) Consumers and concessionaires - embrace the provision of billed and unbilled electricity (unbilled electricity is an estimate, recognized on the accrual basis of accounting), up to closure of the balance sheet.

d) The allowance for doubtful accounts was made to an amount deemed sufficient to cover any losses incurred on the collection of loans in accordance with ANEEL criteria.

e) Inventory - inventories are valued at the average acquisition cost not in excess of market value or acquisition cost.

f) Accounts receivable from the concession - denotes the portion of the capital invested in the assets, not amortized during the concession period, to be indemnified at the end of the arrangement. In light of the uncertainty surrounding the indemnification value of these assets, until December 31, 2011 Company Management concluded that the best estimate to value the financial asset receivable at the end of the arrangement is the value of the assets in service recorded in the accounting records at historic cost.

Following the publication of Provisional Law 579/2012, enacted as Law 12783/2013, after the year had ended the company confirmed it would use the VNR – New Replacement Value published by the Concession Authority to pay for the indemnification of assets not amortized when the concession expires. For this reason the difference between the VNR and historic book cost was recorded as financial revenue on December 31, 2012, the effects of which are explained in detail in note 15.

g) Regulatory assets and liabilities - for the purpose of rates, costs not yet recognized in the rates and/or costs recognized in the rates at amounts in excess of the effective amounts are deferred and only recognized by ANEEL when included in the electricity rates. As international accounting standards (IFRS) and the CPCs do not provide for recording these assets and liabilities, they are recognized in the income statement of the year they are effectively occurred in.

h) Investments - recorded at acquisition cost less a provision for devaluation, when applicable.

i) Financial leases - the assets acquired under a financial commercial lease have been recognized as intangible assets, and are subject to amortization at the rates practiced by the Company, in accordance with the nature of each item. The respective payable balances of these contracts are recognized as financing in the current liabilities or noncurrent liabilities based on the present value of outstanding installments. The difference between the present value and the value of the installments will be appropriated to the income statement as a financial expense.

j) Intangible assets - concession arrangement: the assets operated by the Company to provide electricity distribution services. The amortization is based on the consumption pattern of the benefits expected during the arrangement term.

k) The interest and financial charges are capitalized to works in progress at the average effective capitalization rate.

l) Decrease in recoverable value - the Company evaluates its intangible assets with defined useful lives if there are signs of impairment. Recoverable taxes and tax credits are tested for impairment annually, regardless of whether there are any signs.

A financial asset not measured at fair value through profit and loss is valued at each reporting date to test for impairment. An asset has incurred impairment if objective evidence indicates impairment has occurred after the initial recognition of the asset and this impairment has had a negative effect on the future projected cash flows that can be estimated reliably.

Objective evidence that the financial assets (including securities) have incurred impairment can include: (i) nonpayment or late payment by the debtor; (ii) restructuring of the amount owed to the Company on terms that it would not accept in other transactions of the same nature (iii) signs that the debtor or issuer is going to enter bankruptcy proceedings and (iv) the disappearance of an active market for a security. Furthermore, a significant or prolonged decline in the fair value of the security below its cost is objective evidence of impairment.

The Company takes into account evidence of impairment for receivables and securities kept to maturity, both individually and collectively. All receivables and securities kept to an individually significant maturity are specifically tested for impairment. All receivables and securities kept to an individually significant maturity found not to have incurred impairment are then tested collectively for any impairment that may have occurred, but not yet been identified. Receivables and securities kept to maturity that are not individually material are tested collectively for impairment by grouping securities posing similar risks.

When testing for impairment collectively the Company uses historic patterns of default probability, recovery terms and the size of losses incurred, adjusted to reflect management's judgment as to whether the current economic credit conditions mean that the actual losses will probably be greater or less than those suggested by historic patterns.

Impairment of a financial asset measured at amortized cost is calculated as the difference between the book value and the present value of future estimated cash flows, discounted at the asset's effective original interest rate. Losses are recognized in the income statement and recorded in a provision against receivables. Interest on the impaired asset is still recognized by reversing the discount. When a subsequent event indicates a reversal of the impairment, the decrease in the impairment is reversed and credited to the income statement.

Impairment of financial assets available for sale is recognized by reclassifying the cumulative loss that was recognized in other comprehensive income in the shareholders' equity to the net income. The cumulative loss that is reclassified from other comprehensive income to the net income is the difference between the acquisition cost, net of any reimbursement and principal amortization, and the current fair value, minus any impairment previously charged to the income statement. Changes in the provisions for impairment, attributable to the effective interest rate, are presented as a constituent of financial revenue.

At the end of each year the Group reviews the book value of its tangible and intangible assets to check for signs of impairment. If there are signs of impairment, the asset's recoverable value is estimated in order to measure the impairment. When an asset's recoverable value cannot be estimated individually, the Group calculates the recoverable value of the cash generating unit the asset belongs to. When a reasonable and consistent allocation basis can be identified, the corporate assets are also allocated to the individual cash generating units or the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

Company management did not identify any evidence of impairment other than the provisions already made as of December 31, 2012.

m) Loans and financing - stated net of transaction costs incurred, and subsequently stated at the amortized cost using the effective interest rate method.

n) Derivatives - The derivatives are initially recognized at fair value; attributable transaction costs are expensed as and when they are incurred. After their initial recognition, the derivatives are appraised at fair value and any changes are recorded in the income statement. Details can be seen in note 30.

o) Income and social contribution taxes - These expenses consist of current and deferred income tax. The deferred tax is recorded in the income statement unless it is related to items recorded in comprehensive income in the shareholders' equity. The Company opted to use the Transitional Taxation Scheme (RTT) to calculate its income and social contribution taxes from FY 2008. The deferred tax is recognized in relation to temporary differences between the values of assets and liabilities for accounting purposes and the corresponding amounts used for tax purposes.

Although current tax assets and liabilities are recognized and measured separately, the offsetting thereof in the balance sheet is subject to similar criteria to those established the financial instruments. The entity is normally legally entitled to offset the current tax asset against a current tax liability when they are related to income taxes charged by the same tax authority and the tax legislation permits the entity to make or receive a single net payment.

Deferred income and social contribution tax assets are reviewed at each closing date and are reduced to the extent that realization is no longer probable in the term.

p) Provisions - a provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk involved. Liabilities related to court cases are provisioned for to amounts deemed adequate by the legal advisors and directors to cover unfavorable outcomes.

q) Restatement - certain receivables have been restated based on specific interest rates, which reflect the nature of these assets in terms of term, risk, currency and receipt terms at the dates of the respective transactions.

r) Dividends - Dividends declared in excess of the minimum mandatory dividend after the accounting period reported on by the financial statements are recorded separately in the shareholders' equity, as they do not constitute a present obligation, and the respective liability is not recorded until it has been approved.

s) Income statement - revenue and expenses are recognized in the income statement for the year on the accrual basis of accounting. Revenue is not recognized if there are significant uncertainties as to its realization. The Company records revenue and cost during the construction of the assets used to provide the electricity distribution service. The Company outsources its works and Management accordingly believes that this activity generates a very small margin and does not justify additional expenditure to measure and control it; it accordingly attributes a margin of zero to this activity.

t) Employee benefits - defined benefit - The net obligation of the Company under defined-benefit pension plans is calculated by estimating the future benefit the employees are entitled to in return for their work in the current period and previous periods, discounted to present value. Any unrecognized past service costs and the fair values of any of the plan's assets are deducted. The discount rate is the yield at the reporting date for first-rate securities which mature on dates near the obligations of the Company denominated in the same currency in which the benefits are expected to be paid. The calculation is made annually by a qualified actuary using the projected units credit method. When the calculation produces a benefit, the asset to be recognized is limited to the total of any past service costs not recognized and the present value of economic benefits available in the form of future reimbursements under the plan or decrease to the plan's future contributions. To calculate the present value of the economic benefits, any minimum costing requirements applying to any plan are taken into account. An economic benefit is available if it can be realized within the plan's life or upon settlement of the plan's liabilities.

u) Other (current and non-current) assets and liabilities - other assets and liabilities are stated at known or calculable values, plus the corresponding earnings/charges incurred up to the reporting date, when applicable.

3.3 Adjustment and Reclassification:

To facilitate a comparison of the classification adopted in the financial year ended December 31, 2012, the opening and closing balances as of December 31, 2011 were reclassified in relation to those originally published for:

Recoverable taxes and tax credits

	2011 Published	2011 Reclassified	1/1/2011 Published	1/1/2011 Reclassified
Recoverable taxes				
Tax credit	5,896	-	7,267	-
Current	7,384	5,958	7,440	6,069
Noncurrent	8,113	3,643	7,621	1,725
Total recoverable taxes	**15,497**	**9,601**	**15,061**	**7,794**
Tax credits				
Noncurrent temporary differences	2,163	8,059	2,551	9,818
Total tax credits	**2,163**	**8,059**	**2,551**	**9,818**

Statement of cash flows for the previous period

In the year the Company revised the presentation of cash flow statements and reallocated short-term investment and secured fund investments, previously presented under operating activities, to investment activities. Consequently, the opening and closing cash flow statements for the financial year ended December 2011 are being amended to facilitate a comparison.

	2011 Published	2011 Adjusted
Changes in current and noncurrent assets		
(Increase) in short-term investments and secured funds	(87)	-
Net cash produced by operating activities	7,599	7,686
Investment activities		
Short-term investments and secured funds	-	(87)
Net cash produced by (used in) investment activities	**(20,140)**	**(20,227)**
Net cash variation	**(5,133)**	**(5,133)**
Opening cash and cash equivalents	9,395	9,395
Closing cash and cash equivalents	4,262	4,262
Net cash variation	**(5,133)**	**(5,133)**

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 the municipality of Nova Friburgo in Rio de Janeiro state, which is its only reportable segment, and its income statement denotes this activity.

5. Cash and cash equivalents, money market and secured funds

a) Cash and cash equivalents

a.1 Short-term investments appraised at fair value through profit and loss

Financial institution	Type	Maturity (*)	Compensation	2012	2011	1/1/2011
BIC Banco	CDB	8/3/2011	113% of CDI	-	-	1,611
CEF	CDB	12/29/2014	100,5% of CDI	1,800	-	-
CEF	Investment Fund	-	Benchmark CDI	-	202	758
Fundo Plural	Investment Fund	-	Benchmark CDI	-	-	2,784
HSBC	Investment Fund	-	Benchmark CDI	-	-	803
Itaú	Investment Fund	-	Benchmark CDI	-	4	51
Mercantil	CDB	12/18/2014	105,0% of CDI	916	2,217	604
Mercantil FID	CDB	11/21/2022	105,0% of CDI	5	159	171
Santander	Debentures (**)	12/10/2014	103,2% of CDI	54	-	-
Total				**2,775**	**2,582**	**6,782**
Cash and bank deposits				2,485	1,680	2,613
Total cash and cash equivalents				**5,260**	**4,262**	**9,395**

b) Money market and secured funds

b.1 Short-term investments appraised at fair value through profit and loss

Financial institution	Type	Maturity	Compensation	2012	2011	1/1/2011
BTG Pactual	Investment Fund	-	Benchmark CDI	1,002	-	-
CEF	Investment Fund	-	Benchmark CDI	347	-	-
Itaú	Investment Fund	-	Benchmark CDI	1,500	-	-
ABC Brasil	CDB	2/19/2013	106,0% of CDI	97	91	83
BES	CDB	3/19/2015	103,0% of CDI	2	2	15
Bradesco	CDB	10/4/2013	96,0% of CDI	3	2	2
CEF	Savings	-	Savings	-	120	-
Itaú	Investment Fund	-	Benchmark CDI	56	55	52
				3,007	**270**	**152**
b.3 Held-to-maturity securities						
Itaú	Credit Receivables Investment Funds	1/25/2013 to 12/29/2020	100,0% of CDI	900	1,619	1,618
				900	**1,619**	**1,618**
Total money market and secured funds				**3,907**	**1,889**	**1,770**
Current				**3,007**	**270**	**152**
Noncurrent				**900**	**1,619**	**1,618**

(*) 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.

6. Consumers and concessionaires

Consumer Sectors	Outstanding balances (1)	up to 30 days	31 to 90 days	91 to 180 days	181 to 360 days	Over 360 days	2012	2011	1/1/2011
Residential	3,293	1,519	287	102	6	-	5,207	6,499	5,937
Industrial	1,419	140	8	2	-	-	1,569	1,870	1,959
Commerce, services and other activities	2,115	364	44	12	31	32	2,598	2,618	2,333
Rural	41	33	9	4	8	-	95	118	124
Government:									
Federal	16	5	1	-	-	-	22	20	14
State	41	12	2	-	-	-	55	53	40
Municipal	221	64	13	1	-	-	299	285	203
Public lighting	491	-	-	-	-	-	491	522	453
Public utility	295	-	-	-	-	-	295	288	284
Subtotal - consumers	7,932	2,137	364	121	45	32	**10,631**	**12,273**	**11,347**
Concession operators (2)	334	-	-	-	-	368	702	714	763
Unbilled sales	3,123	-	-	-	-	-	3,123	3,926	2,882
Other receivables	976	-	-	-	-	-	976	1,043	69
(-) Allowance for doubtful accounts	-	-	-	(102)	(37)	(302)	(441)	(401)	(448)
Total	**12,365**	**2,137**	**364**	**19**	**8**	**98**	**14,991**	**17,555**	**14,613**
Current							14,623	17,187	14,245
Noncurrent							368	368	368

(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 the consumers and concessionaires account as of December 31, 2012 and 2011 includes amounts referring to the sale of energy at the Electricity Commercialization Chamber – CCEE of R$ 368 (R$ 368 in 2011 and R$ 368 as of 1/1/2011) linked to court injunctions from 2002. These balances were determined based on calculations prepared and published by the CCEE.

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 Acknowledgment 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 December 31, 2012 the balances were the following:

	2012	2011	1/1/2011
Credit receivables	656	487	420
Adjustment to present value	(17)	(16)	(11)
(-) Allowance for doubtful accounts (*)	(266)	(240)	(212)
	373	**231**	**197**
Current	354	224	193
Noncurrent	19	7	4

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

As of December 31, 2012, the maturities of receivables are scheduled as follows:

	2012
Overdue	266
2013	354
2014	11
2015	6
2016	2
Total	**639**

8. Allowance for doubtful accounts

Changes in provisions	**2012**	**2011**
Opening balance	641	660
Provisions recorded in the year	131	284
Reversal of provisions in the year	(65)	(303)
Balance - closing - current	**707**	**641**
Consumers and concessionaires	441	401
Credit receivables	266	240

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. Periodical 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 1292 issued June 05, 2012 ANEEL ratified the result of the third periodical rate review of ENF with an adjustment that generated a decrease of 4.82% respectively, effective from June 18, 2012.

10. Recoverable taxes

	2012	2011	1/1/2011
Value Added Tax on Sales and Services - ICMS	3,543	4,054	2,281
Corporate Income Tax – IRPJ	551	6	106
Income Tax Withheld at Source - IRRF	24	65	963
Social Contribution on Net Income – CSSL	248	3	56
PIS and COFINS contribution	5,291	5,473	4,388
	9,657	**9,601**	**7,794**
Current	6,128	5,958	6,069
Noncurrent	3,529	3,643	1,725

11. Low income and other receivables

	2012	2011	1/1/2011
Low income	621	844	555
Service orders in progress - PEE and R&D	3,011	2,461	1,129
Service orders in progress - other	252	26	25
Other	1,181	1,118	3,015
	5,065	**4,449**	**4,724**

	2012	2011
Balance - opening - current	844	555
Low-income subsidy	1,121	1,552
Eletrobrás Reimbursement	(1,692)	(1,263)
Accounts receivable Eletrobrás - CDE	348	-
Balance - closing - current	**621**	**844**

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 RGR – Global Reversal Reserve and the CDE – Energy Development Account, both administrated by Eletrobrás. Management does not expect to record any losses in the realization of the balance.

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 Minas Gerais – 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 e Energisa Geração Central Eólica Ventos de São Miguel S/A), Energisa Bioeletricidade (Holding company that holds an 85% interest in the companies Tonon Bioeletricidade, Energisa Bioeletricidade Vista Alegre I and the entire capital of the companies Companhia Tonon Bioelétrica and Energisa Bioeletricidade Vista Alegre II)(related parties of the Company).

Transactions conducted in the year by the company:

	EMG (1)	ESO (2)	Energisa S/A (3)	Usina Maurício (4)	2012	2011	1/1/2011
Transactions:							
Services hired	-	(8,363)	(4,404)	-	(12,767)	(12,433)	(11,605)
Charges for using the distribution system	1,321	-	-	-	1,321	1,177	1,535
					2012	**2011**	**1/1/2011**
Balance of trade payables	**-**	**584**	**346**	**-**	**930**	**1,467**	**865**
Balance receivable - consumers and concession operators	94	-	-	-	94	150	169
Balance receivable - subsidiaries and associated companies	-	-	-	558	558	-	-

(1) The connection use and cost amounts are supported by contracts that were submitted to the approval of ANEEL and were conducted on an arm's length basis.

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

(3) The 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.

(4) Sale of generation assets.

D&O compensation

In the year ended December 31, 2012 the Executive Board members received R$ 774 (R$ 687 in 2011). In addition to this compensation, the Company provides private pension, health insurance and life insurance benefits to its directors, generating an expense of R$ 50 (R$ 87 in 2011). The social charges on the compensation amounted to R$ 139 (R$ 130 in 2011).

In the year ended December 31, 2012 the highest and lowest remuneration attributed to directors for the month of December was R$ 15 and R$ 2 (R$ 14 and R$ 2 in 2011) respectively. The average remuneration in FY 2012 was R$ 7 (R$ 6 in 2011).

The EGM held April 25, 2012 ratified the overall annual compensation limit of the directors and officers for FY 2012 at R$ 1,937.

13. Tax credits and current income and social contribution tax expenses

Deferred taxes derives from temporary differences recorded in accordance with CPC 32 and presented in accordance with CPC 26.

The consolidated estimated for the realization of deferred taxes can be seen below, and the earnings projections used in the recoverability study of these assets were approved by the Boards of Directors.

Deferred taxes recognized in the balance sheet:

	2012	2011	1/1/2011
Assets			
Tax loss carryforwards	360	-	-
Negative basis of social contribution	72	-	-
Temporary differences (1)			
Income tax	824	5,918	7,218
Social contribution	306	2,141	2,600
Total noncurrent	**1,562**	**8,059**	**9,818**
Liabilities			
Income tax	**-**	476	124
Social contribution	**-**	172	45
Total noncurrent	**-**	**648**	**169**

(1) These temporary differences mainly refer to provisions and swap earnings and the tax incentive on the incorporated goodwill of R$ 4,470.

The tax benefit is being amortized over the remaining term of the concession, and according to the annual projected income, as determined by ANEEL Resolution 771 of December 19, 2006.

Tax credits were realized as follows:

Period	Realization of tax credits
2013	1,699
2014	1,714
2015	(1,851)
Total	**1,562**

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

	2012	2011
Income before tax	21,070	8,985
Combined tax bracket	34%	34%
Income and social contribution taxes expense, calculated at the total tax bracket	(7,163)	(3,055)
Adjustments:		
Other	124	205
Income tax and social contribution expense, current	(1,967)	(3,533)
Income tax and social contribution expense, deferred	(5,072)	683
Effective rate	33.4%	31.7%

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 2011. On December 31, 2012 the Company began recognizing the VNR – New replacement value, ratified by ANEEL, for assets comprising the concession, restated by the variance of the IGP-M price index, recognizing R$ 16,286 in the net income for the year in financial revenue restatement of concession accounts receivable - VNR.

The concession's accounts receivable are classified as available-for-sale in the non-current assets.

See below the changes occurred:

Financial asset - historic cost - 2010	32,221
Additions in the year	16,839
Write-offs in the year	(914)
Financial asset - historic cost - -2011	**48,146**
Additions in the year (*)	4,973
Write-offs in the year	(619)
Financial asset - historic cost - 2012	52,500
Financial restatement of accounts receivable from the concession - VNR	16,286
Financial asset - restated cost - 2012	**68,786**

(*) Includes (R$ 2,200) referring to the application of ANEEL Normative Resolution 474 which established the new useful economic life for concession assets, converted into annual depreciation rates, retrospectively applicable from January 01, 2012.

15. Intangible assets and PPE

a) Concession arrangement

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

	Opening balance 2011	Addition	Transfers	Write-offs	Amortization	Closing balance 2012
INTANGIBLE ASSETS						
Intangible assets in service						
Cost	62,990	-	(6,122)	(1,321)	-	55,547
Amortization	(43,944)	-	2,266	1,190	(4,037)	(44,525)
Subtotal	19,046	-	(3,856)	(131)	(4,037)	11,022
In Progress	2,690	10,751	(1,470)	(4,895)	-	7,076
Total	**21,736**	**10,751**	**(5,326)**	**(5,026)**	**(4,037)**	**18,098**
Special Obligations						
In Service						
Cost	1,574	-	13	147	-	1,734
Amortization	(834)	-	-	-	(203)	(1,037)
Subtotal	740	-	13	147	(203)	697
In Progress	3,453	685	(13)	(72)	-	4,053
Total	**4,193**	**685**	**-**	**75**	**(203)**	**4,750**
Total intangible assets	**17,543**	**10,066**	**(5,326)**	**(5,101)**	**(3,834)**	**13,348**
PROPERTY, PLANT AND EQUIPMENT						
Property, plant and equipment In service						
Software	-	-	565	(50)	-	515
Reservoirs, Dams and Power Tunnels	-	-	2,033	-	-	2,033
Buildings and improvements	-	-	554	-	-	554
Machinery and equipment	-	-	3,848	(1,369)	-	2,479
Vehicles	-	-	123	-	-	123
Furniture and fixtures	-	-	1,025	-	-	1,025
Accumulated Depreciation	-	-	(2,822)	215	(310)	(2,917)
Total property, plant and equipment	**-**	**-**	**5,326**	**(1,204)**	**(310)**	**3,812**
Grand Total	**17,543**	**10,066**	**-**	**(6,305)**	**(4,144)**	**17,160**

(*) Includes R$ 4,973 referring to the transfer to concession accounts receivable and R$ 3,812 transferred to property, plant and equipment.

	Opening balance 2010	Addition	Transfers	Write-offs	Amortization	Closing balance 2011
INTANGIBLE ASSETS						
Intangible assets in service						
Cost	61,521	-	5,043	(3,574)	-	62,990
Amortization	(42,553)	-	-	3,208	(4,599)	(43,944)
Subtotal	18,968	-	5,043	(366)	(4,599)	19,046
In Progress	4,474	20,294	(5,043)	(17,035)	-	2,690
Total	**23,442**	**20,294**	**-**	**(17,401)**	**(4,599)**	**21,736**
Special Obligations						
In Service						
Cost	1,500	-	43	31	-	1,574
Amortization	(520)	-	-	-	(314)	(834)
Subtotal	980	-	43	31	(314)	740
In Progress	3,552	139	(43)	(195)	-	3,453
Total	4,532	139	-	(164)	(314)	4,193
Grand Total	**18,910**	**20,155**	**-**	**(17,237)**	**(4,285)**	**17,543**

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 based on the economic benefits generated annually. The average weighted amortization rate used is 3.80% (4.48% in 2011 and 4.48% as of 1/1/2011) .

The balance of intangible assets and accounts receivable from the concession is reduced by special obligations linked to the concession, consisting of:

Obligations linked to the concession:	**2012**	**2011**	**1/1/2011**
Consumer contributions	9,067	8,385	8,249
Government Subsidy – CDE funds	163	163	163
(-) Accumulated amortization	(1,036)	(834)	(520)
Total	**8,194**	**7,714**	**7,892**
Allocation:			
Accounts receivable from the concession	3,444	3,521	3,360
Infrastructure - Intangible assets in service	697	740	980
Infrastructure - Intangible assets in progress	4,053	3,453	3,552
Total	**8,194**	**7,714**	**7,892**

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

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

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 Company began amortizing its special obligations in June 2008.

During FY 2012 the Company transferred financial charges to the intangible assets in progress, as shown below:

	2012	**2011**
Financial charges - debt charges - interest	2,740	3,165
(-) Transfer to intangible assets in progress (*)	(210)	(769)
Net effect on income	**2,530**	**2,396**

(*) Pursuant to CPC 20, the Company used the average weighted rate to appropriate the costs of loans for assets not directly related and the effective rate for the specific assets (see note 25).

16. Suppliers payable

	2012	2011	1/1/2011
Current			
Supplies (1):			
Ampla	1,407	1,215	1,695
Free Energy	113	104	93
Use of the distribution /transmission system	3,369	3,094	2,937
Materials, services and other (2)	2,394	2,458	2,057
Total	**7,283**	**6,871**	**6,782**
Current	7,170	6,767	6,689
Noncurrent	113	104	93

(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			
		Current	Noncurrent	2012	2011	1/1/2011	
Local currency							
Credit Receivables Investment Fund - Energisa Group II (*)	-	-	-	-	6,693	13,234	
Credit Receivables Investment Fund - Energisa Group III (*)	20	-	4,000	4,020	4,053	4,058	
Eletrobrás - Light for All – 1st tranche	-	91	272	363	440	529	
Eletrobrás - Light for All – Emergency	-	-	632	632	-	-	
Banco Pine – BNDES pass-through	-	-	-	-	926	2,346	
Banco HSBC – BNDES pass-through I	2	147	344	493	67	215	
Banco HSBC – BNDES pass-through II	1	68	159	228	792	816	
Banco HSBC – BNDES pass-through III	1	48	113	162	265	313	
Banco ITAU BBA – BNDES pass-through I	6	183	1,278	1,467	1,651	-	
Banco ITAU BBA – BNDES pass-through II	1	77	383	461	480	-	
Banco ITAU BBA – BNDES pass-through III	3	77	533	613	688	-	
Banco ITAU BBA – BNDES pass-through IV	2	125	877	1,004	1,133	-	
Banco Itaú BBA – BNDES PER pass-through	205	557	1,443	2,205	2,088	-	
Banco Itaú BBA - FINAME pass-through	3	74	401	478	407	106	
Banco Santander Brasil	-	-	-	-	5,021	5,590	
Banco ITAU BBA - BNDES AUTOMATICO	16	433	4,795	5,244	-	-	
Banco ITAU BBA - BNDES AUTOMATICO	36	181	1,117	1,334	-	-	
Total local currency	**296**	**2,061**	**16,347**	**18,704**	**24,704**	**27,207**	
(-) Borrowing costs incurred	(3)	-	(47)	(50)	(117)	(196)	
Foreign currency							
Citibank	145	-	16,975	17,120	15,588	-	(1)
Bank of America Merrill Lynch	51	-	8,230	8,281	-	-	(1)
Banco Itaú BBA	102	-	11,055	11,157	-	-	(1)
Total foreign currency	**298**	**-**	**36,260**	**36,558**	**15,588**	**-**	
Total ENERGISA NOVA FRIBURGO	**591**	**2,061**	**52,560**	**55,212**	**40,175**	**27,011**	

(*) To guarantee payment of the short-term portions, the Company maintains interest-earning bank deposits to the amount of R$ 900 (R$ 1,889 in 2011 and R$ 1,770 as of 1/1/2011), recorded under "secured funds" in the current and noncurrent assets.

(1) These contracts are subject to a currency swap and a financial derivative instrument.

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 covenants of the loans and financing as of December 31, 2012:

	Details of the Operation			Average Term months	Cost of the Debt			
Operation	**Maturity**	**Amortization Frequency**	**Collateral**		**Index**	**Interest rate p.a.**		**Ref**
Credit Receivables Investment Fund - Energisa Group III	Dec-2020	monthly, after Dec.2017	Receivables	78	CDI	+	0.7%	
Eletrobrás - Light for All – 1st tranche	Aug-2017	monthly	Receivables	27	RGR	+	5.0%	
Eletrobrás - Light for All – Emergency	May-2019	monthly, after 2014	-	48	RGR	+	5.0%	
Banco HSBC – BNDES pass-through I	Apr-2016	monthly	Endorsement of Energisa S.A.	20	TJLP	+	4.3%	
Banco HSBC – BNDES pass-through II	Apr-2016	monthly	Endorsement of Energisa S.A.	20	UMBND	+	4.3% + floating interest	
Banco HSBC – BNDES pass-through III	Apr-2016	monthly	Endorsement of Energisa S.A.	20	TJLP	+	3.9%	
Banco Itaú BBA – BNDES pass-through I	Dec-2020	monthly	Endorsement of Energisa S.A.	48	TJLP	+	4.75%	
Banco Itaú BBA – BNDES pass-through II	Dec-2020	monthly	Endorsement of Energisa S.A.	48	UMBND	+	3.75% + floating interest	
Banco Itaú BBA – BNDES pass-through III	Dec-2020	monthly	Endorsement of Energisa S.A.	48	TJLP	+	5.95%	
Banco Itaú BBA – BNDES pass-through IV	Dec-2020	monthly	Endorsement of Energisa S.A.	48	Fixed 5.5%			
Banco Itaú BBA – BNDES PER pass-through	Mar-2016	monthly, after Mar.2013	Endorsement of Energisa S.A.	19	Fixed 5.5%			
Banco Itaú BBA – FINAME	Jan-2015	monthly	Endorsement of Energisa S.A.	50	Fixed 4.5%			
Banco Itaú BBA – BNDES Automatic I	Jun-2018	monthly, after Jun.2013	Endorsement of Energisa S.A.	37	TJLP	+	4.65%	
Banco Itaú BBA – BNDES Automatic II	Jun-2018	monthly, after Jun.2013	Endorsement of Energisa S.A.	34	UMBND	+	3.65%	
Citibank	Sep-2014	final	Endorsement of Energisa S.A.	21	Libor	+	2.25%	(1)
Bank of America Merrill Lynch	Feb-2014	final	Endorsement of Energisa S.A.	14	Libor	+	2.45%	(1)
Banco Itaú BBA	Aug-2015	Final	Endorsement of Energisa S.A.	36	US dollar	+	3.2466%	(1)

(1) Subject to swap.

The main indicators used to restate the loans and financing presented the following percentage variations in the year:

Currency/indicators	2012	2011
USD x R$	8.94%	12.58%
TJLP	5.0%	6.0%
SELIC	8.49%	11.62%
CDI	7.28%	11.60%
IPCA	5.84%	6.50%
IGP-M	7.81%	5.10%

As of December 31, 2012, the maturities of the long-term financing are scheduled as follows:

	2012
2014	28,083
2015	13,966
2016	2,252
2017	1,979
2018	2,591
2018 onwards	3,689
	52,560

18. Taxes and Payroll Contributions

	2012	2011	1/1/2011
ICMS	-	655	2,916
Social Charges	214	186	200
IRPJ	999	282	164
CSSL	488	257	130
PIS/COFINS	976	1,452	1,347
IRRF	-	34	48
Other	238	319	287
Total	**2,915**	**3,185**	**5,092**
Current	1,584	3,064	4,962
Noncurrent	1,331	121	130

19. Tax financing

The Company settled the remaining balance of the special tax financing program - PAES in April 2012. Payments were made of R$ 1,178 in the year and Selic interest of R$ 21 recorded under financial income (R$ 1,157 in 2011 and R$ 5,855 as of 1/1/2011).

20. Provisions for labor, civil and tax risks.

Based on the opinion of its legal advisors, Company Management made a provision for labor, civil and tax contingencies, as shown below:

	Opening balance 2011	Provisions made	Reversal of provisions	Restatement	Closing balance 2012
Labor claims	94	73	-	6	173
Civil	1,141	94	(203)	62	1,094
Tax	987	-	-	6	993
Total	2,222	167	(203)	74	2,260
Restricted and escrow deposits (*)	(434)				(540)

	Opening balance 2010	Provisions made	Reversal of provisions	Restatement	Closing balance 2011
Labor claims	387	11	(316)	12	94
Civil	1,072	202	(82)	(51)	1,141
Tax	478	-	(385)	894	987
Total	**1,937**	**213**	**(783)**	**855**	**2,222**
Restricted and escrow deposits (*)	(604)	-	-	-	(434)

(*) Energisa NF has restricted and escrow deposits in its noncurrent assets of R$ 1,730 (R$ 1,713 in 2011 and R$ 1,868 as of 1/1/2011). Provisions for risks have not been made for R$ 1,190 (R$ 1,279 in 2011 and R$ 1,264 as of 1/1/2011) as the chances of success are rated as possible or probable.

The amount of R$ 90 was paid in the year, consisting of labor claim settlements of R$ 3 (R$ 272 in 2011) and civil claim compensation of R$ 87 (R$ 62 in 2011).

Probable losses:

Labor claims

Based on the opinion of independent legal advisers, when applicable, in the FY 2012 the Company's legal advisers analyzed the labor claims in progress and accordingly made a provision of a further R$ 73 (R$ 11 in 2011), and reversed a provision of R$ 316 in 2011.

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$ 181.

In FY 2012 additional provisions were made of R$ 94 (R$ 202 in 2011) and provisions reversed of R$ 203 (R$ 82 in 2011) as a result of proceedings being settled.

Tax

Refers to disputes involving the COFINS, PIS, ISS, ICMS and CSLL taxes. The requirement to pay the liabilities has been stayed under the proceedings, either because the administrative proceedings are in progress or because the tax enforcements in progress have been duly guaranteed.

Company 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 a future disbursement has been rated as probable.

Possible losses:

The Company is party to labor, civil and tax claims in progress to the total amount of R$ 13,749 (R$ 18,066 in 2011), where the chance of success has been estimated as possible, meaning no provision was required in the financial statements.

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

Labor claims

Labor claims seeking differences for safety premium risks, overtime, annual bonuses and working two positions amounting to R$ 140 (R$ 132 in 2011).

Civil

These proceedings of R$ 11,415 (R$ 17,005 in 2011) 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 consist of claims related to the ISSQN tax on concession services amounting to R$ 2,194 (R$ 929 in 2011).

21. Shareholders' equity

21.1 Capital

The Company's share capital is R$ 32,650 represented by 10,825 common shares and 2,562 preferred shares, all with no par value.

Each common share entitles the holder thereof to one vote on General Meeting resolutions. The preferred shares will have all the rights attributed to the common shares, except for the vote at Meetings. This right will be acquired in the circumstances stipulated in the existing legislation.

The Company may increase the number of common shares without maintaining the ratio with existing preferred shares.

21.2 Capital reserve - special goodwill reserve

Made as a result of the takeover of the parent company. As mentioned in note 14, this represents the tax benefit of the goodwill which will be incorporated to the Company's share capital, as and when it obtains the tax benefit as a result of amortizing the portion corresponding to the goodwill which originated it.

21.3 Profit reserve – legal reserve

Allocated 5% of the net income for the year prior to any other allocations, limited to 20% of the share capital.

21.4 Dividends

The Companies' Bylaws determine the distribution of a mandatory dividend of 25% of the net income for the year, adjusted as stipulated by article 202 of Law 6404/76.

Management is proposing to pay out the following dividends:

	2012	2011
Net income for the year	14,031	6,135
Expired dividends	81	79
Legal reserve	(702)	(307)
Adjusted net income	**13,410**	**5,907**
Prepaid dividends paid (*):		
. Paid in September 2011 - R$ 95.46 per share	-	1,278
. Paid in December 2011 - R$ 176.70 per share	-	2,365
. Paid in September 2012 - R$ 216.13 per share	2,893	-
. Paid in December 2012 - R$ 77.10 per share	1,032	-
	3,925	**3,643**
(*) Additional dividends R$ 708.50 per share (R$ 169.12 in 2011)	9,485	2,264
Total dividends	**13,410**	**5,907**
% over adjusted net income	100	100

(*) The prepaid dividends approved by the Extraordinary General meetings held August 09 and December 20, 2012 (Board of Directors meetings held August 10 and December 23, 2011) were calculated on the net income based on the balance sheet as of June 30 and November 30, 2012 (June 30 and September 30, 2011) respectively.

(**) The additional dividends proposed were recorded in the specific item dividends payable in shareholders' equity, in accordance with ICPC-08 (R1) standards.

22. Operating revenue

	2012			2011		
	Not audited by the independent auditors			Not audited by the independent auditors		
	No. of consumers	MWh	R$	No. of consumers	MWh	R$
Residential	84,241	154,206	71,776	82,633	151,436	69,546
Industrial	947	59,188	21,980	959	60,149	22,819
Commercial	9,395	70,198	32,192	9,412	64,390	29,103
Rural	959	4,926	1,476	939	4,612	1,344
Government:						
Federal	54	1,127	524	55	1,132	516
State	76	1,580	760	76	1,586	747
Municipal	211	4,344	2,077	212	4,363	2,043
Public Lighting	2	20,554	5,667	2	21,013	5,624
Public Utility	103	10,264	3,312	91	9,286	3,079
Internal Use	19	356	-	21	343	-
Subtotal	**96,007**	**326,743**	**139,764**	**94,400**	**318,310**	**134,821**
Revenue from Remuneration of Concession Assets	-	-	4,909	-	-	3,503
Sales not invoiced (net)	-	368	(803)	-	(335)	1,042
Provision of the transmission and distribution system	-	-	1,836	-	-	1,583
Construction Revenue	-	-	10,354	-	-	18,651
Other operating revenue	-	-	4,488	-	-	3,662
Total - gross operating revenue	**96,007**	**327,111**	**160,548**	**94,400**	**317,975**	**163,262**
Deductions from operating revenue						
ICMS	-	-	34,767	-	-	34,168
PIS	-	-	2,476	-	-	2,401
COFINS	-	-	11,406	-	-	11,059
ISS	-	-	106	-	-	92
Quota for RGR	-	-	1,706	-	-	1,067
Energy Efficiency Program - PEE	-	-	443	-	-	427
Energy Development Account - CDE	-	-	3,543	-	-	3,410
Energy Development Account - CCC	-	-	3,620	-	-	4,632
Research and Development Program – P&D	-	-	710	-	-	684
Excess Demand Revenue and Surplus Reactive Energy	-	-	330	-	-	-
Total	-	-	59,107	-	-	57,940
Total - net operating revenue	**96,007**	**327,111**	**101,441**	**94,400**	**317,975**	**105,322**

23. Operating Costs and Expenses

The operating costs and expenses specified in the statement of income for the year are broken down into the following types of expenses:

ENERGISA NOVA FRIBURGO TYPE OF EXPENSE	COST OF SERVICE			OPERATING EXPENSES		TOTAL	
	ON ENERGY	OF OPERATION	PROVIDED TO THIRD PARTIES	ON SALES	GENERAL AND ADMIN.	2012	2011
Electricity purchased for resale	37,411	-	-	-	-	37,411	31,226
Charges for using the transmission and distribution system	13,748	-	-	-	-	13,748	13,485
Personnel and management	-	3,198	-	1,604	4,207	9,009	7,647
Private pension fund	-	22	-	-	117	139	175
Material	-	667	1	190	112	970	1,301
Outsourced services	-	8,332	6	1,746	5,959	16,043	16,299
Depreciation and amortization	-	3,769	-	9	366	4,144	4,285
Allowance for doubtful accounts	-	-	-	188	-	188	266
Provisions for risks	-	-	-	-	(37)	(37)	(570)
Construction cost	-	-	10,354	-	-	10,354	18,651
Rent	-	-	-	22	702	724	748
Other	-	608	-	42	1,021	1,671	1,631
	51,159	**16,596**	**10,361**	**3,801**	**12,447**	**94,364**	**95,144**

24. Other income

	2012	2011
Gains on the deactivation/sale of assets and rights	1,423	989
Loss on the deactivation/sale of assets and rights	(2,081)	(1,138)
Total	**(658)**	**(149)**

25. Financial revenue and expenses

	2012	2011
Revenue on short-term investments	537	1,069
Monetary variation and arrears surcharge on energy sold	1,606	1,419
Restatement of accounts receivable from the concession - VNR	16,286	-
Other financial revenue	92	607
Total financial revenue	**18,521**	**3,095**
Debt charges - interest	(2,740)	(3,165)
Debt charges - monetary and exchange variance	(2,900)	(517)
Transfer to orders in progress	210	769
Present value adjustment of assets	(1)	(5)
Mark-to-market of derivatives	1,351	(168)
Derivative financial instruments	1,644	165
Other financial expenses	(1,434)	(1,218)
Total financial expense	**(3,870)**	**(4,139)**
Net financial income (expenses)	**14,651**	**(1,044)**

26. Earnings per share

The Company did not change the number of shares in circulation in its share capital. The basic and diluted net income per share is therefore being calculated according to the number of shares at the end of the year, i.e. 10,825 common shares and 2,562 preferred shares.

27. 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 audit, 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 2012	Annual Premium 2011
Nominated Risks	10/23/2013	23,000	42	67
General Civil Liability	10/23/2013	44,572	27	29
Automobiles – Third party material and personal damages	10/23/2013	Up to R$ 200,000 / vehicle	20	20
Collective life insurance – Personal Death and Accidents	12/31/2013	8,148	38	32
			127	**148**

Nominated Risks

The insurance policy specified 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, flooding/water damage, minor engineering work, extraordinary expenses inclusion 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.

28. Leasing

The Company has vehicles recorded under intangible which have been fully amortized and were acquired under commercial leases.

29. Financial instruments and risk management

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

	2012		2011		1/1/2011	
ASSETS	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**
Cash and cash equivalents	5,260	5,260	4,262	4,262	9,395	9,395
Money market and secured funds	3,907	3,907	1,889	1,889	1,770	1,770
Consumers and concessionaires	14,991	14,991	17,555	17,555	14,613	14,613
Credit receivables and other	373	373	231	231	197	197
Accounts receivable from the concession	68,786	68,786	48,146	48,146	32,221	32,221

	2012		2011			
LIABILITIES	**Book**	**Fair value**	**Book**	**Fair value**	**Book**	**Fair value**
Suppliers payable	(7,283)	(7,283)	(6,871)	(6,871)	(6,782)	(6,782)
Loans, financing and debt charges	(55,212)	(56,636)	(40,175)	(39,538)	(27,011)	(27,011)

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 December 31, 2012 and 2011 are shown below:

Nonderivatives - classification and measurement

Loans and receivables

Includes 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, market valuations and/or effective interest rates.

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, financing and debt charges

These financial instruments are classified as financial liabilities at amortized cost. The book values of the local-currency loans and financing obtained from Centrais Elétricas Brasileiras S.A. – Eletrobrás and BNDES , are compatible with the fair value of the transactions, as similar transactions are not available on the financial market, with comparable maturities and interest rates. In the case of the loan with Citibank, Merryl Lynch, Itaú BBA and the Credit Receivables Investment Funds, the book value differs from the fair value as there is a market on which the securities can be traded.

Derivatives

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.

- **Limitations**

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. 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 Company's Executive Board. 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 first time on April 27, 2010 and February 24, 2011; 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.

	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Suppliers payable	7,170	-	-	-	113	7.283
Loans and financing	2,180	2,700	51,657	5,884	7,437	69,858

b) Credit risk

Management believes the risks posed by its short-term investments are minimal, as there is no concentration and the risk policy complies 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 reporting date was:

	2012	2011	1/1/2011
Cash and cash equivalents	5,260	4,262	9,395
Money market and secured funds	3,907	1,889	1,770
Consumers and concessionaires	14,991	17,555	14,613
Credit receivables and other	373	231	197
Accounts receivable from the concession	68,786	48,146	32,221

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 financial institutions in the capital market. The interest rate 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 other alternatives or different market hypotheses and/or methods for their estimates, in view of the subsidiaries' business and sector specifics, these are measured by the amortized cost method at the contractual rates.

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 lost 8.94%

in the period ended December 31, 2012 as compared to December 31, 2011, quoted at R$ 2.0435 / USD.

R$ 36,558 (R$ 15,588 in 2011) of Energisa NF's bank debt as of December 31, 2012 totaling R$ 55,212 (R$ 40,292 in 2011 and R$ 27,207 as of 1/1/2011) is denominated in US dollars deriving from loans from Bank of America Merrill Lynch, Itaú BBA and Citibank of USD 17.9 million (principal of USD 17.7 million). The loans have a long term maturity (between Feb/14 and Dec/15) and costs of up to USD plus 3.2466% per annum.

The balance sheet as of December 31, 2012 presents R$ 1,183 in the noncurrent assets and R$ 168 in 2011 in the noncurrent liabilities 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 interim financial statements 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 NF has hedged the aforementioned positions against adverse exchange variance, as mentioned earlier. See the details below:

1) Hedge for the principal and interest of USD 8.4 million (principal of USD 8.3 million) of the loan taken out from Citibank, via a currency swap with exchange-rate cap of R$/USD 2.917 (Sep-14) until 9/30/2014, in order to hedge the loan against adverse exchange variance, thereby conducting a swap of the cost of USD plus (LIBOR plus 2.250% per annum) for 91.5% of the CDI variance, hedging interest payments scheduled until 9/30/2014 and the value of the principal at the latter date.

2) Hedge for the principal and interest of USD 4.1 million (principal of USD 4.0 million) of the loan taken out from Bank of America Merrill Lynch, via a currency swap with exchange-rate cap of R$/USD 2.65 (Feb-14) until 2/18/2014, in order to hedge the loan against adverse exchange variance, thereby conducting a swap of the cost of USD plus (LIBOR plus 2.45% per annum) for 102.0% of the CDI variance, hedging interest payments scheduled until 2/18/2014 and the value of the principal at the latter date.

3) Hedge for the principal and interest of USD 3.0 million (principal of USD 3.0 million) of the loan taken out from Banco Itaú BBA, via a currency swap with exchange-rate cap of R$/USD 2.85 (Aug-14) until 8/17/2015, in order to hedge the loan against adverse exchange variance, thereby conducting a swap of the cost of USD plus 4.33% per annum for 100.0% of the CDI variance, hedging interest payments scheduled until 8/17/2015 and the value of the principal at the latter date.

4) Hedge for the principal and interest of USD 2.5 million (principal of USD 2.4 million) of the loan taken out from Banco Itaú BBA, via a currency swap with exchange-rate cap of R$/USD 2.95 (Dec-15) until 12/28/2015, in order to hedge the loan against adverse exchange variance, thereby conducting a swap of the cost of USD plus 3.82% per annum for 110.5% of the CDI variance, hedging interest payments scheduled until 12/28/2015 and the value of the principal at the latter date.

In the year the foreign exchange hedges yielded a gain of R$ 1,351 (loss of R$ 168 in 2011), due to the appreciation of 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 550/08, revoked by CVM Resolution 603/09, the values of the Company's financial derivatives as of December 31, 2012 and 2011 are summarized as follows:

	Reference value				Fair value			Accumulated effect	
	2012	**2011**	**1/1/2011**	**Description**	**2012**	**2011**	**1/1/2011**	**Receivable/ (Received)**	**Payable / (paid)**
	Notional (BRL)			Receivable Position					
				Foreign Currency - USD and LIBOR	44,892	15,739	-		
Swap with options – Itaú BBA, Santander, Merrill Lynch and Citibank	39,913	15,073	-	Liability Position					
				CDI Interest Rate	(40,481)	(15,121)	-		
				Foreign Currency Options (USD)	(329)	(621)	-	62	(996)
				Total Swap Position with Options	**4,082**	(3)	-		

The Company calculated the Fair Value of the derivatives as of December 31, 2012 and December 31, 2011 based on the market price quotes for similar contracts. Their variance is directly associated with the variance of the debt balances listed in the note 17 and the positive performance of the hedge mechanisms used, as described above. These contracts do not stipulate interim payments before their maturity date. 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 NF'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 and Resolution 604/2009, which displaced Resolution 566/2008, the Company conducted sensitivity analyses on the main risks to which the financial instruments and derivatives are exposed, as shown:

(1) Exchange variance

If the exchange exposure as of December 31, 2012 were maintained, and the effects on the future financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the reporting date):

Operation	Exposure	Risk	Scenario I (Probable)(1)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Financial instruments – Loans			3,881	(4,704)	(13,289)
Swap with Options					
Receivable position - Foreign Currency - USD and LIBOR	44,892		34,341	42,926	51,512
Payable Position - CDI Interest Rate	(40,481)	Higher f/x rate	(33,436)	(33,436)	(33,436)
Foreign Currency Options - USD	(329)		-	-	(3,873)
Total	**4,082**		**4,786**	**4,786**	**914**

(1) Considers the macroeconomic scenario presented by the Focus Survey as of December 31, 2012 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 December 31, 2012, the derivatives are fully effective, which is reflected in the positive present value of R$ 4,786, 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. However, there would be positive present values of R$ 4,786 and R$ 913 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.

a) Interest rate variance

Considering the exposure of financial instruments indexed to interest rates as of December 31, 2012 is maintained and the respective accumulated annual indexes are (CDI 7.25% p.a. and LTIR 5% p.a.) 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	6,682	Increase in CDI	489	611	734
Payable financial instruments:					
Loans and financing	(4,020)	Increase in CDI	(323)	(395)	(468)
	(7,978)	Increase in LTIR	(795)	(900)	(1,004)
Total	**(5,316)**		**(629)**	**(684)**	**(738)**

(*) Considers the CDI at December 31, 2013 (7.25% p.a.), quote of the estimates presented by the recent BACEN survey, dated December 31, 2012 and TJLP of 5% p.a.

(**) Does not include dollar transactions worth R$ 36,558

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	Level	2012	2011	1/1/2011
Assets				
Money market and secured funds	2	3,907	1,889	1,770
Derivative financial instruments	2		165	-
Accounts receivable from the concession	3	54,700	48,146	32,221
Liabilities				
Derivative financial instruments	2	-	(168)	-

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

30. Employee benefits

a) Retirement and pension supplementation plan

The Company sponsors fixed-contribution pension plans for its employees. In the 2012 financial year the plan's sponsorship expenses were R$ 116 (R$ 91 in 2011).

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.

Members of the CD plan who at the requested retirement date have amounts deposited by the sponsor in their individual accounts, amounts greater than 15 base salaries, are not entitled to the premium.

The balance of premium sponsorship is R$ 498 (R$ 431 in 2011) and has been provisioned for under Employee Benefits - pension plans in current liabilities R$ 115 (R$ 67 in 2011) and noncurrent liabilities R$ 383 (R$ 364 in 2011).

A reconciliation of assets and liabilities recognized in the balance sheet, a statement of changes in net actuarial liabilities (assets) for the period, and the total expense recognized in the statement of income of the Company's statement of income are provided below.

The actuarial position of assets and liabilities recognized in the balance sheet is shown below:

	2012	2011	1/1/2011
Present value of actuarial obligations	615	332	347
Fair value of the plan's assets	(49)	(19)	-
Unrecognized actuarial gains	(68)	118	-
Actuarial liability to be provisioned for	**498**	**431**	**347**

Reconciliation of the present value of the obligations as of December 31, 2012.

	2012	2011	1/1/2011
Present value of the obligations at the beginning of the year	332	347	-
Benefits paid	(38)	(64)	-
Interest on actuarial obligation	39	40	-
Current service cost (including interest)	32	28	-
Actuarial (gain) loss on actuarial liability	250	(19)	347
Value of the obligations calculated at the end of year	**615**	**332**	**347**

Statement of the expenses for the 2013 financial year according to the criteria of CVM Resolution 600:

	2012	2011
Present value of the obligations at the beginning of the year	61	32
Interest on actuarial obligations	54	39
Unrecognized actuarial losses (gains)	-	(4)
Value of the obligations calculated at the end of year	**115**	**67**

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.

Expenses were incurred on this benefit of R$ 268 in FY 2012 (R$ 147 in 2011).

31. Commitments

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

Term	2013	2014
2013 to 2014 (*)	37,832	39,081

(*) The contracts with Ampla are renewable every three years.

The amounts referring to energy acquisition contracts represent the volume contracted at the current price at the end of FY 2012. The energy required after 2012 is being negotiated with the generator.

32. 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.

33. Environment

The Company handles the social and environmental impacts caused by its products, processes and facilities through programs and practices that evidence its concern about and responsibility for the environment, including:

1. Insulated grids: insulated cables are used in grids where trees could be more affected by contact with the low-voltage cables and the dimensions of paths try to preserve the ecological balance as far as possible. Protected cables are also used in medium voltage grades close to trees, in order to avoid undesirable pruning

2. The Environment, Social and Occupational Health and Safety Management System - SGMASS implemented at the Company is based on ISO 14001, OSHAS 18001 and the applicable legislation. The system can provide the means to adequately monitor environmental, social and health and safety issues.

3. The company has been active in establishing drainage basin consortia and committees ever since Brazil's water resource regulations were initially introduced. Energisa is a member of the State Council for Water Resources of Rio de Janeiro.

4. Waste disposal and treatment: in addition to ascertaining the nature and amount of waste generated during the production process, there are procedures for handling, transporting and disposing of products, all in accordance with SGMASS.

5. Energisa is aware of its environmental responsibilities, and is therefore regenerating insulating oil used in its equipment and recovering industrial lubricating oil, ensuring the recycling of this material and avoiding environmental pollution.

6. Lamp disposal: The Company follows procedures for the controlled disposal of sodium vapor lamps, mercury vapor lamps and fluorescent lamps at its own facilities and in the public lighting infrastructure.

7. Implementation of water and energy consumption reduction campaigns, education based on the 3Rs (Reduce, Reuse and Recycle) and education for conscious consumption by distributing leaflets and presenting lectures at schools (Water Day, Environmental Week) and internal disclosure (intranet, stickers and notices put up by the company and screensavers).

In FY 2012 the investment in the aforesaid projects amounted to R$ 4,682 (R$ 9,807 in 2011), R$ 3,767 (R$ 8,930 in 2011) of which was allocated to property, plant and equipment and R$ 915 (R$ 877 in 2011) to operating expenses.

34 Additional information to the cash flows

In 2012 equity changes not affecting the Company's cash flows are as follows:

	2012	2011	1/1/2011
Restatement of accounts receivable from the concession - VNR	16,286	-	-
Accounts receivable from the concession	4,973	16,839	-
Suppliers of intangible assets and property, plant and equipment	876	-	-
Dividends payable	-	2,446	160

34 Subsequent event

Lower electricity rates

On September 11, 2012 the Federal Government issued Preliminary Law 579, enacted as Law 12783, which amongst other things reduces sector charges: (i) elimination of the RGR - Global Reversal Reserve and CCC – fuel consumption cost and 75% reduction in the CDE – Energy Development Account.

The costs of the CCC – fuel consumption cost will be covered by the CDE – Energy Development Account created by the federal government to further energy development of states.

The lower electricity rates will not directly affect the Company's earnings as the lower revenue will be offset by the sector charges and taxes payable on sales.

An extraordinary rate review was conducted on January 24, 2013, which established new consumer rights.

See the reductions made to the rates:

Average effect for Group A

Subgroup/Class	Previous Average Rate	New Average Rate	Average Effect (%)
A4 (2.4 to 44 kV)	251.97	198.06	-21.39%

Average effect for Group B

Subgroup/Class	Previous Average Rate	New Average Rate	Average Effect (%)
B1 - Residential	348.18	285.24	-18.08%
B2 - Rural	210.64	172.58	-18.07%
B3 - Other Sectors	335.99	275.26	-18.07%
B4 - Public Lighting	188.62	154.53	-18.07%

Average Effect for Distribution Company

Subgroup/Class	Previous Average Rate	New Average Rate	Average Effect (%)
Captive Consumers	309.79	251.74	-18.74%