

Campina Grande, August 13, 2012 - The Management of Energisa Borborema – Distribuidora de Energia S/A (“Energisa Borborema” or “Company”), responsible for distributing electricity in six municipalities in Paraíba state (Campina Grande, Lagoa Seca, Queimadas, Fagundes, Massaranduba and Boa Vista) hereby presents its quarterly information for the first half of 2012 (6M12), prepared in accordance with International Financial Reporting Standards - IFRS.

## 1 – Headlines

The Company’s main economic and financial figures have been summarized below:

Description	6M12	6M11	Change %
<b>Results - R\$ million</b>			
Gross Operating Revenue	130.8	106.3	+ 23.0
Net Operating Revenue	91.5	71.7	+ 27.6
Earnings before interest and tax (EBIT)	16.3	8.2	+ 98.8
Financial result	1.3	-	-
Net Income	14.3	7.4	+ 93.2
EBITDA	18.5	10.5	+ 76.2
Adjusted EBTIDA	19.6	11.5	+ 70.4
<b>Financial Indicators - R\$ million</b>			
Total Assets	173.1	151.7	+ 14.1
Cash / Cash Equivalents / Short-Term Investments	13.0	15.7	- 17.2
Shareholders' Equity	101.3	87.5	+ 15.8
Net Debt	21.6	18.5	+ 16.8
<b>Operating Indicators</b>			
Number of Captive Consumers	175,854	169,215	+ 3.9
Energy sold to Captive Consumers (GWh)	319.5	294.9	+ 8.3
Total Electricity Distributed (GWh)	327.6	317.6	+ 3.1
Energy Losses (% in past 12 months)	7.25	7.95	- 0.7 p.p
<b>Related indicators</b>			
Adjusted EBITDA / Net Revenue (%)	21.4	16.0	+ 33.8
Net Debt / Adjusted EBITDA 12 months (times)	0.6	0.7	- 14.3

## 2 – Economic and Financial Performance

### 2.1 - Net income and cash generation grow by 93.2% and 70.4% respectively

Energisa Borborema recorded **net income of R\$ 14.3 million** in 6M12, of which R\$ 9.6 million was recorded in 2Q12. Earnings in 2Q12 up by 123.3% over 2Q11. Net income in 6M12 expanded by 93.2% over 6M11.

This net income growth in 6M12 is partly due to the increase of 27.6% (or R\$ 19.8 million) in net operating revenue in the half, along with smaller growth in operating expenses, which boosted operating cash generation (EBITDA). Operating expenses rose by 18.4% (or R\$ 11.7 million) in the half. Energisa Borborema consequently presented operating cash generation (adjusted EBITDA) of R\$ 19.6 million, which signifies an increase of 70.4% (or R\$ 8.1 million) over 6M11. The adjusted EBITDA margin rose by 5.4 percentage points to 21.4%.

## Results for 1st half of 2012

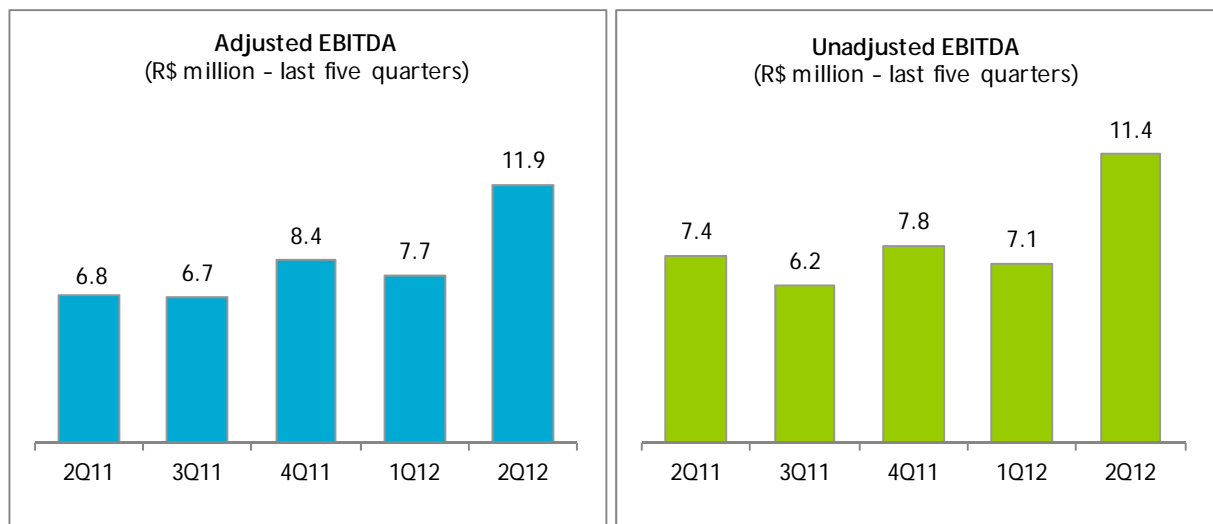
See below the breakdown of the Company's net income and cash:

Breakdown and change of net income (R\$ millions)	Quarter			Half		
	2012	2011	Change %	6M12	6M11	Change %
(=) Net operating revenue	50.1	37.8	+ 32.5	91.5	71.7	+ 27.6
(=) Earnings before interest and tax (EBIT)	10.3	5.1	+ 102.0	16.3	8.2	+ 98.8
(+) Financial result (revenue minus financial expenses)	0.2	0.2	-	1.3	-	-
(+) Income and social contribution taxes	(0.9)	(1.0)	- 10.0	(3.3)	(0.8)	+ 312.5
<b>(=) Net Income</b>	<b>9.6</b>	<b>4.3</b>	<b>+ 123.3</b>	<b>14.3</b>	<b>7.4</b>	<b>+ 93.2</b>

### Change in cash generation

Breakdown of cash generation (EBITDA) (R\$ millions)	Quarter			Half		
	2012	2011	Change %	6M12	6M11	Change %
<b>(=) Net Income</b>	<b>9.6</b>	<b>4.3</b>	<b>+ 123.3</b>	<b>14.3</b>	<b>7.4</b>	<b>+ 93.2</b>
(-) Income and social contribution taxes	(0.9)	(1.0)	- 10.0	(3.3)	(0.8)	+ 312.5
(-) Financial result	0.2	0.2	-	1.3	-	-
(-) Depreciation and amortization	(1.1)	(1.1)	-	(2.2)	(2.3)	- 4.3
<b>(=) Cash generation (EBITDA)</b>	<b>11.4</b>	<b>6.2</b>	<b>+ 83.9</b>	<b>18.5</b>	<b>10.5</b>	<b>+ 76.2</b>
(+) Arrears surcharge revenue	0.5	0.6	- 16.7	1.1	1.0	+ 10.0
<b>(=) Adjusted cash generation (Adjusted EBITDA)</b>	<b>11.9</b>	<b>6.8</b>	<b>+ 75.0</b>	<b>19.6</b>	<b>11.5</b>	<b>+ 70.4</b>

The flow of EBITDA and adjusted EBITDA in the past five quarters can be demonstrated as follows:



## 2.2 - Gross and net operating revenue

The increase in energy sales and services of Energisa Borborema led to an increase in the Company's gross operating revenue of 23.0% (or R\$ 24.5 million), which amounted to R\$ 130.8 million in 6M12 compared with R\$ 106.3 million in the same period the previous year. Gross revenue amounted to R\$ 70.4 million in 2Q12, an increase of 26.8% (or R\$ 14.9 million) over 2Q11.

Net operating revenue, in turn, rose by 27.6% (or R\$ 19.8 million) in 6M12 to R\$ 91.5 million. In 2Q12 net operating revenue rose by 32.5% (or R\$ 12.3 million) over 2Q11, to R\$ 50.1 million.

**2.2.1 - Annual rate adjustment:** Energisa Borborema's electricity rates were increased by an average 8.93% on February 07, 2012.

## 2.3 - Operating expenses

### 2.3.1 - Operating expenses in electricity distribution and services

Operating expenses in electricity distribution and services amounted to R\$ 60.6 million at Energisa Borborema in 6M12, an increase of 13.5% (or R\$ 7.2 million) over the amount recorded in 6M11. In 2Q12 the increase in these expenses was 15.7% (or R\$ 4.2 million) over the same period last year.

#### 2.3.1.1 - Controllable expenses in electricity distribution and services

The controllable expenses (personnel, material and outsourced services) in electricity distribution and services rose by 12.4% (or R\$ 1.5 million) in 6M12, to R\$ 13.6 million. The controllable expenses rose by 16.1% (or R\$ 1.0 million) in 2Q12 over 2Q11.

#### 2.3.2 - Construction costs

Following the adoption of international accounting standards (IFRS), Energisa Borborema is now recognizing revenue and costs deriving from the construction of infrastructure used in public energy concessions, attributing a margin of zero to this activity. Construction costs amounted to R\$ 14.6 million in 6M12 (R\$ 8.8 million in 2Q12), compared with R\$ 10.1 million in 6M11 (R\$ 5.9 million in 2Q11).

#### 2.3.3 - Total operating expenses

Energisa Borborema's operating expenses amounted to R\$ 75.2 million in 6M12, an increase of 18.4% (or R\$ 11.7 million) over 6M11. Total operating expenses rose by 21.7% (or R\$ 7.1 million) in 2Q12 over 2Q11.

Operating expenses break down as follows:

Breakdown of operating expenses (R\$ million)			Change in			Change in
	2Q12	2Q11	R\$ million	6M12	6M11	R\$ million
<b>1 - Controllable expenses</b>	<b>7,2</b>	<b>6,2</b>	<b>+ 1,0</b>	<b>13,6</b>	<b>12,1</b>	<b>+ 1,5</b>
1.1 - Personnel (includes pension fund)	3,7	3,0	+ 0,7	6,8	6,0	+ 0,8
1.2 - Material	0,4	0,4	-	0,7	0,8	- 0,1
1.3 - Services	3,1	2,8	+ 0,3	6,1	5,3	+ 0,8
<b>2 - Uncontrollable expenses (acquisition of energy and transmission)</b>	<b>22,1</b>	<b>18,6</b>	<b>+ 3,5</b>	<b>43,3</b>	<b>37,5</b>	<b>+ 5,8</b>
3 - Depreciation and amortization	1,1	1,1	-	2,2	2,3	- 0,1
4 - Allowance for doubtful accounts and contingencies	0,1	0,3	- 0,2	0,5	0,5	-
5 - Other expenses / revenue	0,5	0,6	- 0,1	1,0	1,0	-
<b>Subtotal (1+2+3+4+5)</b>	<b>31,0</b>	<b>26,8</b>	<b>+ 4,2</b>	<b>60,6</b>	<b>53,4</b>	<b>7,2</b>
6 - Construction cost	8,8	5,9	+ 2,9	14,6	10,1	+ 4,5
<b>Total</b>	<b>39,8</b>	<b>32,7</b>	<b>+ 7,1</b>	<b>75,2</b>	<b>63,5</b>	<b>+ 11,7</b>

## 2.4 - Financial result

The net financial result (financial revenue minus financial expenses) amounted to net financial revenue of R\$ 1.3 million in 6M12 (R\$ 0.2 million in 2Q12), as compared to a net financial expense of R\$ 9.000 in 6M11 (R\$ 0.2 million of financial revenue in 2Q11).

The table below denotes the short- and long-term debt net of financial resources (cash, cash equivalents and short-term investments) of Energisa Borborema as of June 30, 2012 and December 31, 2011:

Description	06/30/2012	12/31/2011
Amount in R\$ million		
<b>Short-term (ST)</b>	<b>6.1</b>	<b>8.9</b>
. Loans and financing	5.8	8.6
. Debt charges and financing of taxes	0.3	0.3
<b>Long-term (LT)</b>	<b>28.5</b>	<b>21.6</b>
. Loans and financing	28.5	21.6
<b>Total debts (ST + LT)</b>	<b>34.6</b>	<b>30.5</b>
(-) Cash and cash equivalents	13.0	14.0
<b>Total net debts</b>	<b>21.6</b>	<b>16.5</b>

### 3 – Operating Performance

#### 3.1 – Electricity Sales

Electricity sales to the captive consumers served by Energisa Borborema grew faster in 2Q12 to 162.3 GWh, an increase of 9.7% over the same quarter of 2011. Rural consumption stood out in the quarter, rising by 22.9%, followed by the commercial sector, which continued to enjoy substantial growth, rising by 15.1%. The industrial sector continued to record substantial growth, of 7.2%.

Total energy distributed, including captive and free consumers, sales to distributors and unbilled sales, stood at 166.8 GWh in 2Q12, an expansion of 2.3% over the same quarter last year.

Captive consumption rose by an accumulated 8.3% in 6M12 over 6M11 and total energy distributed stood at 327.6 GWh, i.e. 3.1% more than in 6M11. The table below shows the change in electricity sales by segment over the half:

#### Electricity Sales by Segment (In GWh)

Description	Quarter			Half		
	2Q12	2Q11	Change %	6M12	6M11	Change %
<b>a) Energy Sales in the Retail Market</b>	<b>162.3</b>	<b>148.0</b>	<b>+ 9.7</b>	<b>319.5</b>	<b>294.9</b>	<b>+ 8.3</b>
. Residential	51.8	48.0	+ 7.9	101.1	94.8	+ 6.6
. Industrial	53.6	50.0	+ 7.2	107.3	100.2	+ 7.1
. Commercial	34.3	29.8	+ 15.1	67.3	59.6	+ 12.9
. Rural	5.9	4.8	+ 22.9	11.5	10.1	+ 13.9
. Other sectors	16.7	15.4	+ 8.4	32.3	30.2	+ 7.0
<b>b) Electricity Sales to Distributors</b>	<b>4.1</b>	<b>15.5</b>	<b>- 73.5</b>	<b>7.4</b>	<b>21.8</b>	<b>- 66.1</b>
<b>c) Net Unbilled Sales</b>	<b>0.4</b>	<b>(0.5)</b>	<b>-</b>	<b>0.7</b>	<b>0.9</b>	<b>- 22.2</b>
<b>d) Total Electricity Distributed (a+b+c)</b>	<b>166.8</b>	<b>163.0</b>	<b>+ 2.3</b>	<b>327.6</b>	<b>317.6</b>	<b>+ 3.1</b>

### 3.2 – Energy losses

Energisa Borborema's energy losses were recorded at 7.25% in the past 12 months ended June 2012, a decrease of 0.70 percentage points over the same period ended June last year.

#### 4 - Investment

In the first half of 2012 Energisa Borborema invested R\$ 16.8 million to fully meet the demand resulting from the growth of its market and to improve the quality of services provided. This amount is an increase of 63.1% over the same half last year, when R\$ 10.3 million was invested.

#### 5 - Dividends

On August 09, 2012 the Energisa Borborema Board of Directors approved the payment of interim dividends from the net income for the first half of R\$ 11.1 million (R\$ 37.84 per common and preferred share). These dividends will be paid from August 17.

Management.

Financial Statements
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## 1. Balance Sheet - Assets

Energisa Borborema		
Balance Sheets		
June 30, 2012 and December 31, 2011		
(In thousands of reais)		
	<u>6/30/2012</u>	<u>12/31/2011</u>
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	7,735	8,699
Money market and secured funds	3,666	3,639
Consumers and concessionaires	25,269	23,290
Credit receivables	2,335	2,213
Inventory	638	621
Recoverable taxes	4,890	7,954
Prepaid expenses	583	455
Low income and other receivables	5,657	3,125
<b>Total current</b>	<u><b>50,773</b></u>	<u><b>49,996</b></u>
<b>Noncurrent</b>		
<b>Noncurrent assets</b>		
Money market and secured funds	1,569	1,692
Credit receivables	3,699	3,547
Recoverable taxes	4,226	1,861
Tax credits	22,466	23,337
Escrow deposits	5,271	5,487
Derivative financial instruments	683	-
Accounts receivable from the concession	15,877	5,556
	<u><b>53,791</b></u>	<u><b>41,480</b></u>
<b>Investments</b>	81	84
<b>Intangible assets</b>	68,448	64,492
<b>Total noncurrent</b>	<u><b>122,320</b></u>	<u><b>106,056</b></u>
<b>Total Assets</b>	<u><u><b>173,093</b></u></u>	<u><u><b>156,052</b></u></u>

See the accompanying notes to the financial statements.

## 2. Balance Sheet - Liabilities

Energisa Borborema		
Balance Sheets		
June 30, 2012 and December 31, 2011		
(In thousands of reais)		
	<u>6/30/2012</u>	<u>12/31/2011</u>
<b>Liabilities</b>		
<b>Current</b>		
Suppliers payable	12,871	11,677
Debt charges	285	229
Loans and financing	5,803	8,646
Payroll	378	193
Taxes and social contributions	10,135	8,637
Dividends	1,210	3,487
Consumer charges payable	869	1,050
Estimated obligations	1,072	899
Public lighting fee received	694	672
Other accounts payable	4,990	5,194
<b>Total current</b>	<u>38,307</u>	<u>40,684</u>
<b>Noncurrent</b>		
<b>Noncurrent liabilities</b>		
Suppliers payable	377	361
Loans and financing	28,478	21,596
Taxes and social contributions	470	153
Deferred income and social contribution taxes	905	865
Derivative financial instruments	80	-
Provisions for contingencies	3,128	2,910
<b>Total noncurrent</b>	<u>33,438</u>	<u>25,885</u>
<b>Shareholders' equity</b>		
Capital	57,018	52,239
Treasury stock	(50)	(50)
Capital reserves	24,148	24,148
Profit reserves	4,647	9,426
Additional dividends proposed	1,240	3,720
Net incomes for the period	14,345	-
	<u>101,348</u>	<u>89,483</u>
<b>Total Liabilities</b>	<u>173,093</u>	<u>156,052</u>

See the accompanying notes to the financial statements.

## 3. Income Statement

**Energisa Borborema - Distribuidora de Energia S/A**  
**Statements of Income**  
**Six months ended June 30, 2012 and 2011**  
(In thousands of reais)

	<u>6M12</u>	<u>6M11</u>
<b>Revenues</b>		
Electricity sales to consumers	114,953	95,737
Construction revenue	14,645	10,101
Other revenue	1,231	511
	<u>130,829</u>	<u>106,349</u>
<b>Deductions from operating revenue</b>		
ICMS on billing	23,163	19,793
PIS, Cofins and ISS	10,765	9,241
Quotas for global reversal reserve	744	460
Others (CCC, CDE, P&D and PEE)	4,636	5,173
	<u>39,308</u>	<u>34,667</u>
<b>Net operating revenue</b>	<u>91,521</u>	<u>71,682</u>
<b>Operating expenses</b>		
Electricity purchased	35,445	32,265
System service charges	7,890	5,181
Personnel	6,788	5,993
Private pension fund	30	53
Material	660	800
Outsourced services	6,080	5,343
Depreciation and amortization (includes goodwill)	2,183	2,336
Allowance for possible loan losses / contingencies	541	549
Construction cost	14,645	10,101
Other revenue/expenses	990	881
	<u>75,252</u>	<u>63,502</u>
<b>Net income before other revenue and expenses</b>	<u>16,269</u>	<u>8,180</u>
<b>Financial income</b>		
Revenue on short-term investments	702	891
Arrears charge on power sales	1,187	956
Other revenue	754	307
Debt charges - Interest	(1,318)	(1,556)
Debt charges - monetary and exchange variance	(845)	-
Adjustment to present value	306	(362)
Mark-to-market of derivatives	(80)	-
Derivative financial instruments	683	-
(-) Transfers to work in progress	485	352
Other financial expenses	(553)	(579)
	<u>1,321</u>	<u>9</u>
<b>Net income before tax</b>	<u>17,590</u>	<u>8,189</u>
Income and social contribution taxes	(3,245)	(786)
<b>Net income for the period</b>	<u>14,345</u>	<u>7,403</u>

See the accompanying notes to the financial statements.



*Please do not hesitate to contact us should you require any further information:*

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