Desenvix Energias Renováveis S.A.

Quarterly information (ITR) at March 31, 2013 and report on review of quarterly information

Report on review of quarterly information

To the Board of Directors and Stockholders
Desenvix Energias Renováveis S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Desenvix Energias Renováveis S.A., included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2013, comprising the balance sheet as at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with CPC 21 and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of the review

We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

PricewaterhouseCoopers Auditores Independentes, Avenida Rio Branco, 847, Salas 401, 402, 403 e 409, Florianópolis, SC, Brasil 88015-215 T: (48) 3212-0200, F: (48) 3212-0210, www.pwc.com/br

Desenvix Energias Renováveis S.A.

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters - statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2013. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Florianópolis, May 15, 2013

PricewaterhouseCoopers
PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" SC

Mario Tannhauser Jr.
Mario Miguel Tomaz Tannhauser Junior
Contador CRC 1SP217245/O-8 "S" SC

Desenvix Energias Renováveis S.A.

Balance sheet at March 31
All amounts in thousands of reais

	Parent company		Consolidated		
Assets	**March 31, 2013**	**December 31, 2012**	**March 31, 2013**	**December 31, 2012 (restated)**	**January 1, 2012 (restated)**
Current assets					
Cash and cash equivalents (Note 5)	48,685	7,126	73,678	124,677	38,981
Restricted financial investments					24,799
Trade receivables (Note 6)	823	1,334	26,053	27,410	34,535
Dividends receivable (Note 11(a))	15,183	14,913	1,154	1,154	
Taxes recoverable	1,346	1,843	4,299	4,650	3,559
Inventories			990	983	696
Other assets	327	692	3,227	4,503	18,226
	66,364	25,907	109,401	163,377	120,796
Investments held for sale (Note 31)	1,373	16,976	1,373	16,976	25
	67,737	42,884	110,774	180,353	120,821
Non-current assets					
Long-term receivables					
Restricted financial investments (Note 7)	9,946	4,938	44,214	40,023	32,081
Related parties (Note 11)	52,192	128,124	46,669	43,425	33,680
Deferred income tax and social contribution (Note 23(c))			6,176	5,604	2,051
Investments in non-subsidiaries at fair value	81,211	81,213	81,211	81,213	74,258
Other assets			338	27	61
	143,349	214,275	178,608	170,292	142,131
Investments (Note 8)	597,324	582,935	130,833	104,716	63,283
Property, plant and equipment (Note 9)	486	497	1,287,395	1,299,899	1,195,238
Intangible assets (Note 10)	17,227	17,183	113,791	115,388	144,953
Investment properties (Note 31)	25,308	21,419	21,419	25,308	21,419
	640,345	622,034	1,553,438	1,545,311	1,424,893
Total assets	851,431	879,193	1,842,820	1,895,956	1,687,845

	Parent company		Consolidated		
Liabilities and equity	**March 31, 2013**	**December 31, 2012**	**March 31, 2013**	**December 31, 2012 (restated)**	**January 1, 2012 (restated)**
Current liabilities					
Trade payables (Note 12)	3,362	3,077	106,062	108,899	138,953
Borrowings (Note 13)	16,534	18,695	73,122	70,366	80,749
Related parties (Note 11)	21,750	50,641	6,723	30,078	123,060
Concessions payable (Note 14)			5,845	6,255	5,371
Salaries and payroll charges	1,007	1,978	2,835	4,240	2,756
Taxes and contributions payable (Note 15)	8,982	11,033	11,851	14,767	12,477
Income tax and social contribution payable (Note 23)			2,788	5,875	4,369
Provision for electric power contracts (Note 17)			33,059	33,058	
Proposed dividends			47	47	529
Land - Rights of way (Note (32)	2,037	2,037	2,037	2,037	2,037
Other liabilities (Note 16)	2	3	12,333	27,267	8,344
	53,674	87,463	256,700	302,889	378,645
Non-current liabilities					
Borrowings (Note 13)	101,347	98,910	820,282	831,850	633,832
Deferred income tax and social contribution (Note 23(c))	3,547	6,676	4,714	6,676	6,924
Concessions payable (Note 14)			54,236	55,015	66,593
Other liabilities (Note 16)			12,734	12,061	3,7145
	104,894	105,586	891,966	905,602	711,064
Total liabilities	158,568	193,049	1,148,667	1,208,491	1,089,709
Equity - attributable to the owners of the Parent company (Note 18)					
Share capital	665,312	665,312	665,312	665,312	546,787
Carrying value adjustments	44,432	44,432	44,432	44,432	41,867
Revenue reserves	8,448	8,448	8,448	8,448	
Retained earnings (accumulated deficit)	(25,329)	(32,049)	(25,329)	(32,049)	7,867
	692,863	686,143	692,863	686,143	596,521
Non-controlling interests			1,290	1,322	1,615
Total equity	692,863	686,143	694,153	687,465	598,136
Total liabilities and equity	851,431	879,193	1,842,820	1,895,956	1,687,845

The accompanying notes are an integral part of this parent company and consolidated quarterly information.

Desenvix Energias Renováveis S.A.

Statement of income
Quarters ended March 31
All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue				
Electric power supply			45,898	37,897
Services rendered	1,432	1,668	6,170	5,586
Net operating revenue (Note 19)	1,432	1,668	52,068	43,483
Cost of electric power supply (Note 20)			(20,623)	(18,600)
Services cost (Note 20)	(1,247)	(1,280)	(3,170)	(3,315)
Gross profit	185	388	28,275	21,568
General and administrative (Note 20)	(3,915)	(2,941)	(10,620)	(7,681)
Other operating income (expenses), net	2,336	(3)	2,336	8
Share of profit of subsidiaries	4,379	4,221		
Operating profit	2,985	1,665	19,991	13,895
Finance result (Note 21)				
Finance costs	(3,746)	(5,402)	(21,439)	(16,660)
Finance income	1,246	945	5,318	1,590
	(2,500)	(4,457)	(16,121)	(15,070)
Share of profit of associates and jointly-controlled subsidiaries	2,346	3,464	2,346	3,630
Dividends received	1,050		1,050	
Amortization of goodwill	(288)	(288)	(288)	(288)
	3,108	3,176	3,108	3,342
Profit before income tax and social contribution	3,593	384	6,978	2,167
Income tax and social contribution (Note 23)	3,127	341	(290)	(1,407)
Profit for the year	6,720	725	6,688	760
Attributable to				
Owners of the parent company			6,720	777
Non-controlling interest			(32)	(17)
			6,688	760
Basic and diluted earnings per thousand shares (Note 29) - R$			0.0622	0.0071

The accompanying notes are an integral part of this parent company and consolidated quarterly information.

Desenvix Energias Renováveis S.A.

Statement of comprehensive income
Quarters ended March 31
All amounts in thousands of reais

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Profit for the period	6,720	725	6,688	760
Other components of comprehensive income, net of taxes				
Changes in fair value of available-for-sale financial instruments		2,720		2,720
Total comprehensive income for the period	6,720	3,445	6,688	3,480
Attributable to				
Owners of the Parent company			6,720	3,497
Non-controlling interests			(32)	(17)
			6,688	3,480

Items in the statement above are disclosed net of tax. The tax effects of comprehensive income are presented in Note 8.

The accompanying notes are an integral part of these parent company and consolidated quarterly information.

Statement of changes in equity
All amounts in thousands of reais

	Attributable to the Owners of the Parent company									Under IFRS	
			Revenue reserves								
	Share capital	Carrying value adjustments	Legal	Profit retention	Total	Accumulated deficit	Total equity under CPC	Write-off of deferred charges	Total equity under IFRS	Non-controlling interest	Total equity
At January 1, 2012	546,787	41,867	739	7,180	7,919		596,573	(52)	596,521	1,615	598,136
Comprehensive income											
Loss for the year						(32,049)	(32,049)	52	(31,997)	376	(31,621)
Carrying value adjustments (Note 25)		2,565					2,565		2,565		2,565
Capital increase with conversion of debt	120,000						120,000		120,000	480	120,480
Costs of issuance of shares	(1,475)						(1,475)		(1,475)		(1,475)
Allocation of profit											
Legal reserve											
Profit retention				529	529		529		529		529
Proposed dividends (Note 18)										(49)	(49)
Purchase of additional interest and gain on investment in Energen with non-controlling parties										(1,100)	(1,100)
At December 31, 2012	665,312	44,432	739	7,709	8,448	(32,049)	686,143		686,143	1,322	687,465
At January 1, 2013	665,312	44,432	739	7,709	8,448	(32,049)	686,143		686,143	1,322	687,465
Comprehensive income											
Profit for the period						6,720	6,720		6,720	(32)	6,688
At March 31, 2013	665,312	44,432	739	7,709	8,448	(25,329)	692,863		692,863	1,290	694,153

Desenvix Energias Renováveis S.A.

Statement of cash flows
Quarters ended March 31
All amounts in thousands of reais

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Cash flows from operating activities				
Profit (loss) before taxation	3,593	384	6,978	2,167
Adjustments				
Finance income from long-term receivables	(70)	(408)	(612)	(763)
Equity in the results of investees	(6,725)	(7,685)	(2346)	(3,630)
Research and development expenditures	688	714	688	714
Net book value of property, plant and equipment disposals		4		86
Depreciation and amortization	305	299	14,670	9,615
Provision for losses on electric power contracts				
Provision for impairment of trade receivables				
Financial charges on financing	2,936	3,462	22,017	11,485
Financial charges on guarantees	410			2,053
Provision for social and environmental costs			341	1,580
	1,137	(3,230)	41,736	23,307
Changes in assets and liabilities				
Trade receivables	511	(1,220)	(5,508)	(2,254)
Taxes recoverable	497	(184)	351	2
Other assets and prepaid expenses	314	398	912	(952)
Trade payables	(3,604)	(3,437)	(6,726)	(23,436)
Salaries and payroll charges	(971)	(183)	(1,405)	(223)
Taxes and contributions	(2,051)	978	(2,916)	1,298
Other liabilities		(6)	(9,602)	(1,991)
	(4,167)	(6,884)	16,842	(4,249)
Interest paid on financing	(436)	(4,488)	(19,719)	(14,584)
Income tax and social contribution paid			(5,910)	(3,816)
Net cash used in operating activities	(4,603)	(11,372)	(8,787)	(22,649)
Cash flows from investing activities				
(Investment) redemption of restricted financial investments	(4,938)	25,207	(3,579)	24,345
Acquisition of investments and capital increases	(15,810)	(7,757)	(16,557)	(7,622)
Acquisition of land				
Dividends received	7,500	2,149		
Purchases of property, plant and equipment			718	(46,264)
Sale of investment, net of cash received	15,603		15,603	
Related parties				
Advances and payment of funds	(29,301)	(1,849)	(26,599)	(552)
Obtaining and receipt of funds	75,932	20,079		8,118
Expenditures allocated to intangible assets	(688)	(715)	(688)	(722)
Net cash provided by (used in) investing activities	48,298	37,114	(31,102)	(22,697)

Desenvix Energias Renováveis S.A.

Statement of cash flows
Quarters ended March 31

All amounts in thousands of reais **(continued)**

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Cash flows from financing activities				
New financing	18	44,874	18	100,378
Repayment of financing - principal	(2,154)	(62,165)	(11,128)	(69,902)
Net cash provided by (used in) financing activities	(2,136)	(17,291)	(11,110)	30,476
Net increase (decrease) in cash and cash equivalents	41,559	8,451	(50,999)	(14,870)
Cash and cash equivalents at the beginning of the period	7,126	406	124,677	38,981
Cash and cash equivalents at the end of the period	48,685	8,857	73,678	24,111

The accompanying notes are an integral part of this parent company and consolidated quarterly information.

Desenvix Energias Renováveis S.A.

Statement of value added
Quarters ended March 31
All amounts in thousands of reais

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Revenue				
Sales of products and services	1,432	1,760	52,068	47,160
Other income	2,336	(4)	2,336	7
Revenues related to the construction of own assets		715		32,320
	3,768	2,471	54,404	79,487
Inputs acquired from third parties (includes taxes - ICMS and IPI)				
Cost of sales and services	(245)	(277)	(9,140)	(6,730)
Materials, electricity, outsourced services and others	(2,687)	(2,425)	(9,392)	(34,139)
	(2,932)	(2,702)	(18,532)	(40,869)
Gross value added	836	(231)	35,872	38,618
Retentions				
Depreciation, amortization and depletion	(305)	(299)	(14,670)	(9,615)
	(305)	(299)	(14,958)	(9,615)
Net value added generated (used) by the entity	531	(530)	21,202	29,003
Value added received through transfer				
Equity in the results of investees	6,725	7,685	2,346	3,630
Finance income	1,247	945	5,318	1,590
Other income	1,050		1,050	
	9,022	8,630	8,714	5,220
Total value added to distribute (5+6)	9,553	8,100	29,916	34,223
Distribution of value added				
Personnel and social charges	2,215	2,146	1,212	6,685
Taxes and contributions	(3,127)	(249)	290	4,554
Interest and rentals	3,745	5,478	21,438	22,224
Other			288	
Profits reinvested	6,720	725	6,720	777
Non-controlling interest in profits reinvested			(32)	(17)
	9,553	8,100	29,916	34,223

The accompanying notes are an integral part of these parent company and consolidated quarterly information.

All amounts in thousands of reais unless otherwise stated

1 General information

(a) Operations

The activities of Desenvix Energias Renováveis S.A. ("Parent company") and its subsidiaries (together referred to as "the Group"), headquartered in Barueri, State of São Paulo, comprise investing in other companies in the areas of electric power generation and transmission.

The Group's activities are integrated and cover the entire business cycle, from the execution of initial studies, licensing, financial and economic modeling, financing, and construction up to the operation of electric power transmission and generation ventures.

The Group invests in electric energy generation projects through (i) hydroelectric power plants ("UHEs"); (ii) small hydroelectric power plants ("PCHs"); (iii) wind farms ("UEEs"); (iv) biomass thermal power plants ("UTEs") and (v) transmission lines ("LT").

The Group's installed capacity grew from 9 MW in 2005 to 349 MW up to September 2012, comprising 15 ventures working with one-hundred-percent renewable energy generation. In addition, it has an interest of 25.5% in two transmission lines being implemented, with an extension of 511 km.

The issue of these financial statements was authorized by management on May 13, 2013.

(i) Projects in operation

The Group, through its subsidiaries, holds several authorizations and concessions for ventures in operation, including:

Companies	Electric power source	Beginning of operations	Installed capacity in MW	Agreement termination (authorizations/concessions)
Esmeralda S.A.	PCH	December 23, 2006	22.2	December 21, 2031
Santa Laura S.A.	PCH	October 01, 2007	15	September 27, 2030
Santa Rosa S.A.	PCH	July 01, 2008	30	May 31, 2031
Moinho S.A.	PCH	September 19, 2011	13.7	August 14, 2038
Enercasa Energética S.A.	UTE	October 26, 2011	33	February 25, 2044
Passos Maia Energética S.A	PCH	February 17, 2012	25	March 02, 2034
Monel Monjolinho Energética S.A.	UHE	August 31, 2009	74	April 22, 2037
Dona Francisca Energética S.A.	UHE	February 2001	125	August 28, 2033
CERAN - Cia. Energética Rio das Antas (i)	UHE	January 2005	360	December 31, 2029
Macaúbas Energética S.A.	UEE	July 05, 2012	35.07	June 16, 2045
Novo Horizonte Energética S.A.	UEE	July 05, 2012	30.06	July 28, 2045
Seabra Energética S.A.	UEE	July 05, 2012	30.06	July 28, 2045
Energen Energias Renováveis S.A.	UEE	September 28, 2012	34.5	July 05, 2045

PCH - Small Hydroelectric Power Plant
UTE - Biomass Thermal Power Plant
UHE - Hydroelectric Power Plants
UEE - Wind Farm

(i)CERAN - Cia. Energética Rio das Antas is the company responsible for the construction and operation of the Rio das Antas Energy Complex. The Company owns 5% of this project. The complex is composed of the Monte Claro, Castro Alves and 14 de Julho hydroelectric power plants. The project has been developed by CPFL Geração de Energia S.A.

(ii) Projects under construction - Transmission lines

Desenvix has investments in Goiás Transmissão S.A. (25.5%) and MGE Transmissão S.A. (25.5%), both of which are being implemented, and together have an extension of 511 km, divided as follows: 253 km (Goiás Transmissora) and 258 km (MGE Transmissora). Total investments will amount to R$ 730 million. These lines are expected to start operating in the second half of 2013.

2 Summary of significant accounting policies and presentation of the Quarterly Information (ITR)

The parent company interim accounting information included in this financial information is presented in accordance with the accounting standard CPC 21 (R1) - Interim Financial Reporting, and in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

The consolidated interim accounting information included in this financial information is presented in accordance with the accounting standard CPC 21 (R1) - Interim Financial Reporting and International Accounting Standard (IAS) 34 - Interim Financial Reporting issued by the International Accounting Standards Board (IASB), and in a manner consistent with the standards issued by the Brazilian Securities Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

The basis of preparation and accounting policies are the same as those adopted in the annual financial statements for the year ended December 31, 2012. Therefore, as described in Official Letter CVM/SNC/SEP 03/2011, the Company opted to present the explanatory notes in this Quarterly Information in a summarized manner when there are no changes in relation to the content already presented in its annual financial statements. In these cases, the full explanatory note in the annual financial statements is identified, in order not to prejudice the understanding of the financial position and performance during the interim period. Therefore, the corresponding information should be read in Note 2 - Summary of significant accounting policies to the aforementioned financial statements.

This interim accounting information should be read together with the annual parent company and consolidated financial statements, which were prepared in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS).

The accounting policies applied in the preparation of this quarterly information are consistent with those applied and disclosed in the financial statements for the year ended December 31, 2012, except for the accounting policies disclosed in Note 3 below.

2.1 Basis of preparation

The quarterly information has been prepared under the historical cost convention, except for available-for-sale financial assets and financial assets measured at fair value.

The preparation of quarterly information requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The critical accounting estimates and judgments note disclosed in the financial statements for December 31, 2012 includes information about the areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

(a) Consolidated financial information

The consolidated quarterly information has been prepared and is being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

(b) Parent company financial information

The parent company quarterly information has been prepared in accordance with accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee (CPC) and is disclosed together with the consolidated financial statements.

3 Changes in accounting policies and disclosures

On January 1, 2013, the new standards and amendments issued by the IASB became effective and were adopted by the Group. The CPC issued corresponding technical pronouncements, which were approved by the Brazilian Securities Commission (CVM).

The revision of CPC 19 (R2) and IFRS 11 - Joint Arrangements was included in the new normative requirements. The pronouncement establishes that, for joint ventures, the investment should be accounted for using the equity accounting method, in accordance with the Technical Pronouncement CPC 18 - Investments in Associates, Subsidiaries and Joint Ventures.

In addition, changes were made to IFRS 10 and CPC 36 - Consolidated Financial Statements. This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control.

The characteristics of and economic reason for the Group's interests in the business of the investee Passos Maia Energética S.A. classify it as a joint venture.

At December 31, 2012 and January 1, 2012 the investee had been accounted for on the proportional consolidation method in the consolidated financial statements, rather than on the equity method.

The consolidated financial statements at December 31 and January 1, 2012, presented for comparison purposes, were adjusted and are being restated, as follows:

All amounts in thousands of reais unless otherwise stated

	December 31, 2012			January 1, 2012		
Assets	**Original**	**Adjustments**	**Restated**	**Original**	**Adjustments**	**Restated**
Current	184,036	(3,680)	180,356	123,677	(2,855)	120,822
Non-current	1,762,842	(47,242)	1,715,600	1,607,340	(40,317)	1,567,023
Total assets	1,946,878	(50,922)	1,895,956	1,731,017	(43,172)	1,687,845
Liabilities and equity						
Current	310,084	(7,194)	302,890	380,963	(2,848)	378,115
Non-current	949,330	(43,728)	905,602	751,389	(40,324)	711,065
Total equity	687,464		687,464	598,665		598,665
Total liabilities and equity	1,946,878	(50,922)	1,895,956	1,731,017	(43,172)	1,687,845

Statement of income

	Original	**Adjustments**	**Restated**
Net operating revenue	47,151	(3,668)	43,483
Cost of electric energy service	(23,783)	1,868	(21,915)
General and administrative expenses	(8,000)	325	(7,675)
Finance income and costs	(15,052)	(18)	(15,070)
Share of results of associates	1,985	1,358	3,343
Income tax and social contribution	(1,541)	134	(1,407)
Profit for the period	760		760
Attributable to			
Owners of the parent company	760		760
Non-controlling interests	17		17
Basic earnings per share - R$	0.00760		0.00760
Diluted earnings per share - R$	0.00720		0.00720

4 Capital management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, return capital to stockholders or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt expressed as a percentage of total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents and restricted financial investments. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

All amounts in thousands of reais unless otherwise stated

The gearing ratios at December 31, 2012 and March 31, 2013 were as follows:

	Consolidated	
	March 31, 2013	**December 31, 2012**
Total financing (Note 13)	893,404	902,216
Less: cash and cash equivalents (Note 5)	73,678	124,677
Less: restricted financial investments (Note 7)	44,214	40,023
Net debt	775,512	737,516
Total equity	694,153	687,465
Total capital	1,469,665	1,424,981
Gearing ratio - %	52.77	51.76

5 Cash and cash equivalents

	Parent company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Cash and banks	354	590	17,438	116,373
Financial investments (i)	48,331	6,536	56,240	8,304
	48,685	7,126	73,678	124,677

(i) Financial investments comprise Bank Deposit Certificates (CDBs) and Fixed-income Funds, with average yields equivalent to 100% of the variation of the Interbank Deposit Certificate (CDI) rate, issued by financial institutions in Brazil. These financial investments are redeemable at any time with no penalty.

All amounts in thousands of reais unless otherwise stated

6 Trade receivables

	Parent company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Electric power supply (i)				
Eletrobrás - PROINFA			8,555	8,220
Electric Power Trade Chamber (CCEE)			5,493	7,607
Third parties			7,245	7,315
CEMIG-Geração e transmissão S.A.			1,414	1,790
Customers - services rendered (ii)			3,292	2,445
Customers - related parties (Note 11)	1,043	1,554	274	253
Provision for impairment of trade receivables (iii)	(220)	(220)	(220)	(220)
	823	1,334	26,053	27,410

(i) Refers to electric power supply contracts in the ambit of the Incentive Program for Alternative Sources of Electric Power (PROINFA) and the Electric Power Trade Chamber (CCEE) and with third parties, having an average maturity of 35 days.

(ii) The balance at March 31, 2013 (consolidated) refers to receivables of the subsidiary Enex O&M de Sistemas Elétricos Ltda.

(iii) The balance provided for at March 31, 2013 refers to 100% of outstanding receivables from Usina Hidrelétrica de Cubatão S.A.

7 Restricted financial investments

In compliance with the financing contracts with the National Bank for Social and Economic Development (BNDES) to fund the construction of the Esmeralda, Santa Laura, Santa Rosa, Moinho and Victor Baptista Adami Small Hydroelectric Plants and the Alzir dos Santos Antunes Hydroelectric Power Plant, and with Banco do Nordeste do Brasil S.A. ("BNB") for financing the construction works of the Novo Horizonte, Seabra and Macaúbas Wind Power Plants, the companies must maintain balances in an interest-earning current account, or financial investment account, denominated "reserve account", with sufficient funds to settle the equivalent to the last three monthly installments of, at least, the principal, interest and other charges at any time. This amount will remain blocked throughout the repayment term of the aforementioned financing contract (Note 13).

The investments are held with the banks Itaú S.A., Bradesco S.A., Banco do Nordeste do Brasil S.A. and Banco do Brasil S.A., with a yield equivalent to 100% of the variation of the Interbank Deposit Certificate (CDI) rate.

Changes in restricted financial investments in current and non-current assets were as follows:

All amounts in thousands of reais unless otherwise stated

	Parent company	
	March 31, 2013	**December 31, 2012**
At the beginning of the year/period	4,938	24,799
Redemptions		(25,207)
Income	70	408
Investments	4,938	4,938
At the end of the year/period	9,946	4,938

	Consolidated	
	March 31, 2013	**December 31, 2012**
At the beginning of the year/period	40,023	32,081
Investments	4,938	6,791
Income	612	2,358
Redemptions	(1,359)	(1,207)
At the end of the year/period	44,214	40,023

The fair values of financial investments at March 31, 2013 and December 31, 2012 approximate their book values.

8 Investments

	Parent company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
In subsidiaries	466,831	497,610		
In associates and other companies	130,495	85,324	126,944	108,605
	597,326	582,934	126,944	108,605

All amounts in thousands of reais unless otherwise stated

(a) The analysis of investments in subsidiary,associates and other companies is as follows:

	Consolidated	
	March 31, 2013	**December 31, 2012**
Subsidiaries		
Enercasa - Energia Caiuá S.A.	2,062	4,559
Energen Energias Renováveis S.A.	26,339	26,980
Enex O&M de Sistemas Elétricos Ltda.	3,870	2,742
Esmeralda S.A.	30,131	27,609
Macaúbas Energética S.A.	43,738	44,803
Moinho S.A.	44,335	44,141
Monel Monjolinho Energética S.A.	118,351	115,419
Novo Horizonte Energética S.A.	37,358	38,517
Santa Laura S.A.	29,334	28,174
Santa Rosa S.A.	57,325	62,799
Seabra Energética S.A.	38,399	39,044
	431,242	434,787
Goodwill	41,632	41,920
Unrealized profits in the parent company	(6,044)	(6,113)
Total investments in subsidiaries	466,830	470,594
Associates		
Goiás Transmissão S.A.	58,241	52,072
MGE Transmissão S.A.	43,853	32,595
Passos Maia Energética S.A.	24,203	23,475
Usina Hidrelétrica de Cubatão S.A.	657	657
	126,954	108,799
Goodwill - Concession right	3,541	3,541
Total investments in associates	130,495	112,340
Total investments	597,325	582,934

All amounts in thousands of reais unless otherwise stated

(b) The main information on equity investments is summarized as follows:

March 31, 2013	Ownership interest - %	Assets	Liabilities	Stockholders' equity (net capital deficiency)	Profit (loss)	Equity adjusted with profits realized of assets	Profits realized in the period 3/31/2013
Subsidiaries							
Enercasa - Energia Caiuá S.A.	100	94,408	95,153	(745)	(2,474)	(2,474)	-
Energen - Energias Renováveis S.A.	95	137,570	111,782	25,788	(660)	(627)	-
Enex O&M de Sistemas Elétricos Ltda.	100	7,747	3,878	3,869	1,129	1,129	-
Esmeralda S.A.	99.99	68,829	38,698	30,131	2,522	2,525	3
Macaúbas Energética S.A.	99.99	186,753	144,935	41,818	(1,050)	(1,050)	-
Moinho S.A.	99.99	104,629	60,945	43,684	199	217	18
Monel Monjolinho Energética S.A.	99.99	354,864	236,513	118,351	2,931	2,955	24
Novo Horizonte Energética S.A.	99.99	164,927	129,755	35,172	(1,143)	(1,143)	-
Santa Laura S.A.	99.99	62,059	32,725	29,334	1,160	1,164	4
Santa Rosa S.A.	99.99	132,495	75,170	57,325	2,297	2,316	20
Seabra Energética S.A.	99.99	140,051	103,283	36,768	(633)	(633)	-
Share of profit of subsidiaries						4,379	
Associates							
BBE Bioenergia S.A.	12.5						
Goiás Transmissão S.A.	25.5	448,838	220,441	228,397	5,193	1,324	
MGE Transmissão S.A.	25.5	300,479	128,508	171,971	1,146	292	
Passos Maia Energética S.A.(jointly-controlled subsidiary)	50	148,305	100,277	48,028	1,461	730	
Usina Hidrelétrica de Cubatão S.A.	20	5,620	3,971	1,649	-	-	
Share of results of associates						2,346	
Share of results of associates and subsidiaries						6,725	

The equity at March 31, 2013 of Monel Monjolinho Energética S.A., Esmeralda S.A., Santa Laura S.A., Santa Rosa S.A. and Moinho Energética S.A. was adjusted, for equity accounting purposes, by the amount of unrealized profits arising from transactions carried out between the Company and these subsidiaries, in the amounts of R$ 2,316, R$ 174, R$ 259, R$ 1,615 and R$ 1,680 (2012 - R$ 2,339, R$ 179, R$ 263, R$ 1,635 and R$ 1,697), respectively.

All amounts in thousands of reais unless otherwise stated

The changes in investments were as follows:

	March 31, 2013
At the beginning of the period	582,934
Capital contributions or advances for future capital increase	15,812
Share of results of subsidiaries and associates	6,725
Amortization of goodwill	(288)
Payment of capitalized interest	(87)
Dividends	(7,770)
At the end of the period	597,326

(c) Information on associated companies

- Usina Hidrelétrica de Cubatão S.A. ("UHE Cubatão") - A project scheduled to be implemented on the Cubatão river, in the State of Santa Catarina. The Group holds a 20% investment in the project; however, the start of construction depends on the renewal of the environmental installation license, which is in progress with the state environmental agency.

- Substation Caldas Novas - The Caldas Novas Consortium won the Batch C of the transmission auction 008/2010, held on December 2010. The Group has an interest of 25.05% in Caldas Novas Transmissão S.A., a Special Purpose Entity constituted to implement, operate and manage the substation Corumbá (150 MVA), located in the State of Goiás. On August 12, 2011, the Group transferred its exploration right, referring to its interest of 25.05% in Caldas Novas Consortium, to Santa Rita Comércio e Instalações Ltda. and to CEL Engenharia Ltda. The payment and the transfer will be made after approval of ANEEL.

- Due to the corporate restructuring carried out on March 8, 2012 (Note 1), the Company signed the agreement for the transfer of its interest in BBE Bioenergia S.A. to Jackson, the controlling stockholder. Currently, this transfer is not possible due to (i) an out-of-court demand involving Desenvix, filed with the 4th Corporate Court of the State of Rio de Janeiro Capital Judicial District; (ii) arbitration litigations, where the parties (BBE and Desenvix) represent different positions, that is, Petitioner and Defendant and vice versa, which are pending before the Arbitration Center of the Brazil-Canada Commerce Chamber. However, if the outcome of these litigations is not favorable to the Company, the controlling stockholder of the Company (Jackson) will be responsible for the related amounts.

All amounts in thousands of reais unless otherwise stated

9 Property, plant and equipment

	Consolidated			
	At March 31, 2013			At December 31, 2012
	Cost	**Accumulated depreciation**	**Net**	**Net**
Plants and other assets				
Machinery and equipment	822,007	(49,212)	772,795	781,623
Reservoirs, dams and watermains	437,708	(62,481)	375,227	379,595
Buildings, civil construction work and improvements	37,968	(5,326)	32,642	32,996
Land	19,974	(2,528)	17,446	17,680
Materials stored in warehouses and others	2,849		2,849	2,849
Land - lawsuits (i)	966		966	966
IT and other equipment	843	(382)	461	501
Furniture and fittings	639	(192)	447	463
Other	366	(66)	300	309
Interconnection systems				
Machinery and equipment	77,544	(6,082)	71,462	72,395
Buildings, civil construction work and improvements	1,245	(63)	1,182	1,192
Land	424	(4)	420	422
Construction in progress, rights of way and others	55		55	55
Advances to suppliers	2,657		2,657	765
Construction in progress (ii)	8,486		8,486	8,088
	1,413,731	(126,336)	1,287,395	1,299,899

(i) "Land - lawsuits" is represented by the amount deposited in escrow as a result of lawsuits in progress filed due to documentation issues and disagreement with amounts related to the expropriation of areas required for the installation of plants, as approved by ANEEL (declaration of public utility for expropriation purposes). The legal advisors responsible for monitoring the lawsuits classify the likelihood of a favorable outcome in these cases as probable.

The balance of the parent company property, plant and equipment totaled R$ 486 at March 31, 2013 (R$ 497 at December 31, 2012). The depreciation for the year was R$ 17.

(ii) Analysis of the balance of "Construction in progress":

	Consolidated	
	2013	**2012**
Engineering and management of construction work	8,486	8,088
	8,486	8,088

All amounts in thousands of reais unless otherwise stated

The changes in property, plant and equipment were as follows:

					Consolidated
	Plants and other assets	**Interconnection systems**	**Advances to suppliers**	**Construction in progress**	**Total**
At December 31, 2011	954,498	47,558	90,115	165,433	1,257,604
At January 1, 2012 (restated)	935,990	44,770	88,706	125,772	1,195,238
Additions	43,501	8,695	36,117	81,202	169,515
Depreciation	(42,837)	(2,768)			(45,605)
Capitalized financial charges				10,555	10,555
Transfer of material in transit to inventories	(104)			(117)	(221)
Transfers between accounts	281,376	23,367	(95,213)	(209,530)	
Use of advances	(848)		(28,845)		(29,693)
Other	(96)			206	110
At December 31, 2012	1,216,982	74,064	765	8,088	1,299,899
Additions	97		1,892	399	2,388
Depreciation	(13,906)	(764)			(14,670)
Disposals	(222)				(222)
At March 31, 2013	1,203,133	73,119	2,657	8,486	1,287,395

The annual depreciation rates of property, plant and equipment are as follows:

		%
	Average rate	**Rate range**
Plants and other assets		
Reservoirs, dams and watermains	4.08	3.7 to 4.8
Buildings, civil construction work and improvements	4.24	3.7 to 4.8
Machinery and equipment	4.29	3.7 to 6.7
Furniture and fittings	10.00	10.0
IT and other equipment	20.00	20.0
Interconnection systems		
Buildings, civil construction work and improvements	4.24	3.7 to 4.8
Machinery and equipment	4.03	3.7 to 4.8

All amounts in thousands of reais unless otherwise stated

10 Intangible assets

The composition of intangible assets can be summarized as follows:

	Parent company			
	2013			2012
	Contracts with a resolutory condition	Other contracts and costs	Total	Total
Feasibility and environmental studies				
UHE Riacho Seco (i)	3,350	6,907	10,257	10,257
Torixoréu Hydroelectric Power Plant (UHE)	2,500		2,500	2,500
Itapiranga Hydroelectric Power Plant (UHE)	1,100		1,100	1,100
Inventory studies				
Itacaiunas River	1,820		1,820	1,820
Basic projects and others				
Bonança Small Hydroelectric Power Plant (ii)	1,493	9	1,502	1,502
Other		48	48	4
	10,263	6,964	17. 227	17,183

(i) Expenditures reviewed and approved by ANEEL in 2010, pursuant to the Circular Letter 243/2010 and 453/2010.

(ii) Basic Project in the final phase of approval, having already obtained prior environmental license and land for the reservoir.

	Consolidated			
	2013			2012
	Cost	Accumulated amortization	Net	Net
Use of Public Assets (UBP)	50,990	(7,128)	43,862	44,317
Goodwill on acquisition of investment	30,445		30,445	30,445
Feasibility, environmental and inventory studies and projects	17,183		17,183	17,183
Authorization right (Note 28)	10,511		10,511	10,511
Operating permits	14,538	(7,827)	6,711	7,284
Firm contracts	5,751	(1,533)	4,218	4,505
Other	1,274	(413)	861	1,143
	130,692	(16,901)	113,791	115,388

The annual amortization rates of intangible assets are as follows:

	%	
	Rate range	Average rate
Use of Public Assets (UBP)	3 to 4	3.57
Goodwill on acquisition of investment	5	5
Feasibility, environmental and inventory studies and projects	not defined	not defined
Authorization right (Note 28)	20 to 25	25
Operating permits	4	25
Firm contracts	20	20

All amounts in thousands of reais unless otherwise stated

The changes in intangible assets can be summarized as follows:

	Parent company	Consolidated
At January 1, 2012	32,516	144,953
Expenditures incurred in the period	3,793	3,793
Expenditures allocated to the statement of income (Note 22)	(3,793)	(3,793)
Transfer to receivables from related parties (Note 11)	(15,333)	(15,407)
Environmental permit costs		7,043
Other		(16,190)
Amortization of goodwill on firm contracts		(1,150)
Amortization of Use of Public Assets (UBP) and permits		(3,861)
At January 1, 2013	17,183	115,388
Expenditures incurred in the period	688	688
Expenditures allocated to the statement of income (Note 22)	(688)	(688)
Other	44	46
Amortization of goodwill on firm contracts		(288)
Amortization of Use of Public Assets (UBP) and permits		(1,355)
At March 31, 2013	17,227	113,791

The amortization of intangible assets is included within Cost of electric power supply in the statement of income (Note 20).

All amounts in thousands of reais unless otherwise stated

11 Related parties

(a) Balances arising from sales/purchases of goods/services

	Parent company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Current assets				
Accounts receivable (i)				
Enercasa Energia Caiuá S.A.	60	34		
Energen Energias Renováveis S.A	72	473		
Esmeralda S.A.	41	257		
Macaúbas Energética S.A.	52	55		
Moinho S.A.	248	241		
Monel Monjolinho Energética S.A.	103	73		
Novo Horizonte Energética S.A.	47	52		
Passos Maia Energética S.A.	54	34	54	33
Santa Laura S.A.	38	31		
Santa Rosa S.A.	59	32		
Seabra Energética S.A.	49	52		
	823	1,334	54	33
Dividends receivable				
Energen S.A	890	890		
Esmeralda S.A.	5,963	5,963		
Goiás Transmissão S.A	509	509	509	509
MGE Transmissão S.A	268	268	268	268
Moinho S.A.	174	174		
Monel Monjolinho Energética S.A.	1,006	1,006		
Passos Maia Energética S.A	377	377	377	377
Santa Laura S.A.	4,318	4,318		
Santa Rosa S.A.	1,678	1,408		
	15,183	14,913	1,154	1,154
Non-current assets - long-term receivables				
Água Quente Ltda.	884	884	884	884
Bom Retiro S.A.	603	457	603	457
Enercasa - Energia Caiuá S.A.	3	27		
Energen Energias Renováveis S.A (ii)	1,362	81,219		
Engevix Engenharia S.A. (iii)	3,087	3,087	3,087	3,087
Esmeralda S.A.	4	3		
FUNCEF (iv)	5,367	5,367	5,367	5,367
Jackson Empreendimentos Ltda. (iv)	21,197	18,099	21,197	18,099
JP Participações Ltda.	775	775	775	775
Macaúbas Energética S.A. (v)	2,802	2,802		
Moinho S.A.	1,352	648		
UHE Cubatão S.A.	104	104	104	104
Usina Pau D'Alho S.A. (vi)	14,652	14,652	14,652	14,652
	52,192	128,124	46,669	43,425
Total assets	68,198	144,371	47,877	44,612

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	March 31, 2013	**December 31, 2012**	**March 31, 2013**	**December 31, 2012**
Current liabilities				
Trade payables				
Engevix Engenharia S.A. (viii)			3,020	1,476
Related parties				
CEL Engenharia de Manutenção	1,024	1,024	1,024	1,024
Enercasa - Energia Cauá S.A (x)	11,945	12,100		
Engevix Engenharia S.A. (viii)	3,405	6,106	3,405	9,733
Goiás Transmissão S.A (x)		8,690		8,690
Jackson Empreendimentos Ltda. (viii)	1,970	2,627	1,970	2,627
MGE Transmissão S.A (x)		7,680		7,680
Monel Monjolinho Energética S.A. (x)	398	5,818		
Novo Horizonte Energética S.A (x)	2,584	3,034		
Santa Laura S.A. (x)		48		
Santa Rita Comércio e Instalações Ltda. (x)	324	324	324	324
Santa Rosa S.A. (x)		3,089		
Seabra Energética S.A. (x)	100	101		
	21,750	50,641	6,723	30,078
Total liabilities	21,750	50,641	9,743	31,554

(i) These refer to outstanding bills charging for the management service the Company rendered to its subsidiaries.

(ii) Intercompany loan agreement entered into by the Company and its subsidiary, free of financial charges, with the purpose of implementing the Barra dos Coqueiros Wind Farm. The loan was partially repaid on January 10, 2013.

(iii) Amount referring to the reimbursement for the development of the Baixo Iguaçu project, free of financial charges. Settlement of the balance is expected to be made in the first half of 2013.

(iv) Amounts due by the Controlling stockholders referring to the intercompany loan agreement, with no stated maturity or financial charges, in addition to the amounts related to the reimbursement of the cost of the sale of ownership interest on March 8, 2012.

(v) Intercompany loan agreement entered into by the Company and its subsidiary, free of financial charges, with the purpose of implementing the Macaúbas Wind Farm. Settlement of the agreement is expected to be made in the first half of 2013.

(vi) Intercompany loan commitment agreement entered into by the Company and Pau D'Alho S.A. plant, adjusted by the positive variation of the annualized Interbank Deposit (DI) rate plus 3% p.a., capitalized on an annual basis, as from the date of each deposit or payment.

(vii) Outstanding balance referring to the turn-key services for the construction of the Company's electric power generation ventures. Maturity date is during 2013.

All amounts in thousands of reais unless otherwise stated

(viii) Including mainly the outstanding balance referring to the charges for guarantees and corporate sureties, for 2012, in connection with the borrowing agreements of the Company and its subsidiaries.

(ix) Balance of capital payment in the first quarter of 2013.

(x) Composed mainly of intercompany loans.

(b) Sales of goods and services

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Statement of income				
Revenues from services rendered				
Enercasa Energia Caiuá S.A.	146	120		
Energen Energias Renováveis S.A	270			
Esmeralda S.A.	104	120		
Macaúbas Energética S.A.	120	180		
Moinho S.A.	90	120		
Monel Monjolinho Energética S.A.	255	240		
Novo Horizonte Energética S.A.	111	180		
Passos Maia Energética S.A.	123	440	61	220
Santa Laura S.A.	97	60		
Santa Rosa S.A.	150	120		
Seabra Energética S.A.	112	180		
	1,578	1,760	61	220

The revenue billed (full amount) by the subsidiary Enex O&M de Sistemas Elétricos Ltda., considered as electric power service costs for Small Hydroelectric Plants (PCHs) and Hydroelectric Power Plants, (UHEs) totaled R$ 2,366 in 2013 (R$ 2,280 in 2012). The amount billed by Engevix Engenharia S.A. to the Company and its subsidiaries totaled R$ 33 in the quarter ended March 31, 2013 (R$ 13,984 in 2012), and was substantially represented by the plant construction cost.

The Company maintains contracts for the rendering of services related to the management of operating activities with Santa Laura, Santa Rosa, Esmeralda, Monel, Moinho, Passos Maia, Macaúbas, Seabra, Novo Horizonte and Enercasa, and prices are determined considering the internal costs.

Esmeralda, Santa Laura, Santa Rosa, Monel, Moinho, Passos Maia and Enercasa have entered into contracts with Enex O&M de Sistemas Elétricos Ltda. for operating and maintenance services at the plants.

The related company Engevix Engenharia S.A. ("Engevix"), controlled by Jackson, was contracted to implement the small hydroelectric power plants, a hydroelectric power plant, a wind farm and the plants under construction described in Note 1(a), according to a relevant turn-key agreement, including the basic and executive projects, civil construction works, acquisition, assembly and commissioning of electromechanical equipment.

All amounts in thousands of reais unless otherwise stated

(c) Key management remuneration

The remuneration of key management personnel, which includes board members and statutory directors, totaled R$ 1,212 in the quarter ended March 31, 2013 (R$ 942 - 2012).

12 Trade payables

	Parent company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Third parties	3,362	3,077	103,042	107,423
Related parties			3,020	1,476
	3,362	3,077	106,062	108,899
Current liabilities	3,362	3,077	106,062	108,899
Non-current liabilities			3,822	

13 Borrowings

	Parent company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Construction financing - BNDES (i)			400,637	409,458
Construction financing - BNB (ii)			272,343	272,480
Construction financing - CDB (iii)			102,010	102,049
Debentures (iv)	101,347	98,910	101,347	98,910
Working capital financing (v)	10,000	10,000	10,000	10,000
Financing of Studies and Projects (FINEP) (vi)	6,496	8,656	6,581	8,656
Other	38	39	486	663
	117,881	117,605	893,404	902,216
Current liabilities	(16,534)	(18,695)	(73,122)	(70,366)
Non-current liabilities	101,347	98,910	820,282	831,850

All amounts in thousands of reais unless otherwise stated

The changes in borrowings were as follows:

	Parent company	Consolidated
At January 1, 2013	117,605	902,216
New borrowings	18	18
Payments	(2,678)	(30,847)
Financial charges appropriated to results	2,936	22,017
At March 31, 2013	117,881	893,404

The financing obtained by the Company and its subsidiaries has the following basic characteristics:

(i) Financing for the construction of plants - National Bank for Social and Economic Development (BNDES)

			Consolidated	
Companies	**Maturity**	**Financial charges - % p.a.**	**2013**	**2012**
Monel Monjolinho Energética S.A.	October 2026	Long-term Interest Rate(TJLP) + 2.1	166,495	169,402
Santa Rosa S.A.	February 2023	TJLP + 3.8	72,562	74,385
Enercasa - Energia Caiuá S.A.	June 2025	TJLP + 2.5	52,792	53,856
Moinho S.A.	August 2028	TJLP + 2.0	50,268	51,072
Esmeralda S.A.	April 2029	TJLP + 3.5	30,734	32,006
Santa Laura S.A.	July 2020	TJLP + 3.5	27,786	28,737
			400,637	409,458

All the restrictive conditions in the financing agreements (covenants) have been complied with.

(ii) Financing for the construction of plants - Bank of the Northeast of Brazil (BNB)

			Consolidated	
Companies	**Maturity**	**Financial charges - % p.a.**	**2013**	**2012**
Macaúbas Energética S.A.	July 2028	9.5	100,341	100,391
Novo Horizonte Energética S.A.	July 2028	9.5	86,006	86,050
Seabra Energética S.A.	July 2028	9.5	85,996	86,039
			272,343	272,480

All the restrictive conditions in the financing agreements (covenants) have been complied with.

(iii) Construction financing - China Development Bank (CDB)

Energen entered into a financing agreement with CDB amounting to US$ 50,000 thousand (R$ 102,049) for the implementation of the EOL Barra dos Coqueiros Wind Power Plant. This borrowing will be repaid in 29 semiannual consecutive installments, bearing interest equivalent to the London Interbank Offered Rate (LIBOR) (US$ - 6 months) plus 5.10% p.a.

In addition to this financing agreement, the following guarantee agreements were signed: (i) statutory lien on Energen shares held by Desenvix and Água Quente; (ii) assignment of credit rights; (iii) statutory lien on assets and equipment; and (iv) conditional assignment of contracts as guarantees.

(iv) Debentures

The Company issued 100 thousand debentures at a face value of R$ 1 each on December 12, 2012. Debentures are remunerated at the accumulated variation of 100% of the daily Interbank Deposits (DI) rate plus a spread of 2.80% p.a. Financial charges will be paid in 8 semiannual installments, beginning on June 12, 2013 and ending on the debentures maturity date. The principal will be repaid in 5 semiannual consecutive installments, beginning on December 12, 2014 and ending on the debentures maturity date. The debentures fall due on December 12, 2016.

(v) Working capital financing

This financing is subject to monthly financial charges corresponding to 100% of the CDI rate plus a spread of 2.80% per year. Financial charges will be paid in 12 monthly installments, beginning on September 17, 2011 and ending on August 08, 2013 and the principal is payable in a single installment maturing on the same date as the last payment of financial charges. A surety from Engevix Engenharia S.A. was provided as collateral for the total amount of the debt.

(vi) Financing of Studies and Projects (FINEP)

The financing was obtained to partially fund expenses incurred for the preparation of the project called "Basic Projects, Inventory and Environmental Feasibility Studies for Small Hydroelectric Plants", is subject to financial charges corresponding to compound interest of 5% per year, above the Long-Term Interest Rate (TJLP), and is repayable in 49 consecutive monthly installments, with the first installment maturing in December 2009 and the last installment in 2013. Financial charges are payable on a monthly basis during the grace period (from the date the financing is contracted to the initial date of debt repayment), and subsequently, together with the loan repayment installments. Bank guarantee letters were given as collateral.

14 Concessions payable

This balance is represented by the obligation payable arising from the concession agreement entered into with ANEEL for the exploration of the hydroelectric potential of UHE Alzir dos Santos Antunes (Monel Monjolinho Energética S.A.), adjusted to present value, with an interest rate of 9.50%. The corresponding obligation will be paid in monthly installments which are adjusted annually based on the General Market Price Index (IGP-M) rate variation, calculated by Fundação Getúlio Vargas (FGV) (or other index) in October. Payments started in September 2009, the date the plant became operational, and will end in April 2037.

The Alzir dos Santos Antunes hydroelectric power plant (Monel Monjolinho Energética S.A.) was auctioned by ANEEL in November 2001. The related concession agreement was signed in April 2002 and the investee started its operations in September 2009. The concession agreement includes but is not limited to the following provisions: (a) in order to use the public asset, the investee shall pay to the Federal Government, as from the date in which the first hydroelectric generator unit begins its operations up to the end of the concession period, monthly installments equivalent to 1/12th of the proposed annual payment of R$ 2,400 (R$ 72,000 during the concession period after the beginning of operations), restated by the General Market Price Index (IGP-M) variation compiled by the Fundação Getúlio Vargas, based on the index for the month prior to the auction date. At the end of the concession period, if there is no extension, assets and installations used in the utilization of the hydroelectric resources will be transferred to the Federal Government's assets through indemnification for investments made, as long as they have been previously approved and not yet amortized, as determined by an audit carried out by ANEEL.

All amounts in thousands of reais unless otherwise stated

15 Taxes and contributions

	Parent company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Tax on Financial Transactions (IOF)	8,386	8,067	8,386	8,067
Withholding taxes (ISSQN, IRRF, INSS, CSLL and others)	23	2,430	403	3,643
Social Contribution on Revenues (COFINS)	471	441	1,704	1,601
ANEEL fees and contributions			942	899
Social Integration Program (PIS)	102	95	370	346
Tax on Services of Any Kind (ISSQN)			46	73
State Value-added Tax (ICMS) payable				138
	8,982	11,033	11,851	14,647

CSLL - Social Contribution on Net Income

16 Other liabilities (consolidated)

These are represented by provisions for social and environmental projects, environmental compensation and completion of plants, as well as costs incurred in contracting bank guarantee letters and long-term leases of land payable where the Group is the lessee.

17 Provision for electric power contracts

	Consolidated	
	2013	2012
Payable for the electric power not supplied (i)	22,040	22,040
Penalty fee due to default related to the electric power sale and purchase agreement (CCVE) (ii)	11,019	11,019
Current liabilities	33,059	33,059

(i) Payable for the electric power not supplied

Pursuant to Items 1 and 2 of Clause 7, which are related to the payment of fixed income, of the Reserve Power Agreement (CER) 23/08 entered with by Enercasa Energia Caiuá S/A and the Electric Energy Trade Chamber (CCEE) on June 29, 2009, payments were made for the supply of electric power, regardless of whether it was actually supplied or not. On a conversative basis, the Group's management deferred the recognition of revenue from the supply of electric power in December 2012. The reclassification can be reversed.

(ii) Penalty fee due to default related to the electric power sale and purchase agreement (CCVE) (ii)

Pursuant to Item 14.1, which is related to the penalty applied for the failure to supply electric power, of the Reserve Power Agreement (CER) 23/08, entered into between Enercasa Energia Caiuá S/A and the Electric Energy Trade Chamber (CCEE) on June 29, 2009, a provision was recorded in December 2012 for the penalty due to the failure to supply electric power. The provision can be reversed.

All amounts in thousands of reais unless otherwise stated

18 Equity

(a) Share capital

Subscribed and paid up capital at March 31, 2013 comprised 107,439,555 registered common shares with no par value.

(b) Dividends

The profit for each year, after the offsets and deductions established in applicable legislation and in accordance with the bylaws, is allocated as follows:

. 5% to the legal reserve, up to 20% of paid-up share capital.

. 25% of the remaining balance, after the transfer to the legal reserve, for payment of mandatory minimum dividends to all shareholders.

19 Net operating revenue

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Electric power supply			49,602	40,324
Services rendered	1,578	1,760	7,126	6,350
Taxes on services rendered			(3,704)	(764)
Taxes on electric power supply	(146)	(92)	(956)	(2,427)
Net operating revenue	1,432	1,668	52,068	43,483

20 Costs and expenses by nature

	Parent company		Consolidated	
	March 31, 2013	March 31, 2012	March 31, 2013	March 31, 2012
Bonus to employees and managers	(140)		(140)	
Depreciation and amortization	17	12	16,025	9,290
Personnel expenses	1,131	1,204	6,154	5,746
Outsourced services	1,517	746	4,832	2,061
Management remuneration	1,212	942	1,212	942
Travel and lodging	305	269	502	535
Rentals	241	77	767	659
Taxes and fees	26		63	246
Industry charges			3,214	1,627
Advertising and publicity	53	182	69	198
Surety insurance and commissions			407	643
Electric power purchases				6,785
Studies in progress	688	714	688	714
Other	112	75	618	150
Cost of sales and services and general and administrative expenses	5,162	4,221	34,411	29,596

All amounts in thousands of reais unless otherwise stated

21 Finance result

	Parent company		Consolidated	
	March 31, 2013	**March 31, 2012**	**March 31, 2013**	**March 31, 2012**
Finance costs				
Financing	(2,936)	(3,462)	(16,445)	(12,319)
Bank guarantee letters	(410)	(1,077)	(1,148)	(1,077)
IOF and fine and interest on taxes	(370)	(701)	(410)	(718)
Monetary and exchange variations losses		(96)	(1,961)	(96)
Concessions payable and other expenses			(492)	(2,053)
Other finance costs	(30)	(66)	(983)	(397)
	(3,746)	(5,402)	(21,439)	(16,660)
Finance income				
Income from financial investments	1,209	778	1,686	1,400
Monetary and exchange variations gains	37	167	3,476	167
Interest and other			156	23
	1,246	945	5,318	1,590
	(2,500)	(4,457)	(16,121)	(15,070)

22 Expenses related to studies in progress

The expenditures incurred for the preparation of studies of the inventory of basins and of the feasibility and environment of hydroelectric and wind power utilization, among others, were as follows:

	March 31, 2013	**March 31, 2012**
PCH Bonito B	4	6
PCH Pinhalito	4	4
Rio Piquiri		11
PCH Cascudo	311	
PCH Bandeira	4	4
PCH Cobre	4	4
PCH São Manoel	4	5
PCH Aerado, Bom Retiro, Barracão e Sossego, Iapiranga	6	1
UHE Porto Galeano	26	
Ceran 2	133	
PCH Sakura	1	58
PCH Bonança/Quebrada/Bandeirante	0	9
PCH Rio Canoas	95	
UHE Riacho Seco		42
Diamantina Wind Plant	2	11
UHE Ercilândia		35
UHE Foz do Piquiri		196
UHE Apertados		36
UHE Comissário		209
PCH Cachoeira do Prata		4
Other	94	79
	688	714

All amounts in thousands of reais unless otherwise stated

23 Income tax and social contribution

(a) Current

The Company, as well as the subsidiaries Enex O&M de Sistemas Elétricos Ltda., Monel Monjolinho Energética S.A., Enercasa Energia Caiua S.A., Energen Energias Renováveis S.A., Macaubas Energética S.A., Novo Horizonte Energética S.A. and Seabra energética S.A., opted to compute taxable income in accordance with their accounting records (as adjusted for tax purposes). The other subsidiaries opted for the deemed profit system to calculate the Income Tax (IRPJ) and Social Contribution (CSLL) due on their taxable income.

The IRPJ and CSLL charge in the periods ended March 31 can be summarized as follows:

	Parent company	
	March 31, 2013	**March 31, 2012**
Income tax and social contribution		
Deferred	3,127	341
	3,127	341

	Consolidated	
	March 31, 2013	**March 31, 2012**
Income tax and social contribution		
Current	(2,823)	(2,567)
Deferred	2,533	1,160
	(290)	(1,407)

All amounts in thousands of reais unless otherwise stated

The IRPJ and CSLL charges, by calculation system, in the quarters ended March 31, can be summarized as follows:

	Consolidated	
	March 31, 2013	**March 31, 2012**
Calculation system		
Taxable income		
Income tax	(1,621)	(1,271)
Social contribution	(598)	(458)
	(2,219)	(1,729)
Deemed profit		
Income tax	(386)	(543)
Social contribution	(218)	(295)
	(604)	(838)
Total charge in the period	(2,823)	(2,567)

(b) Reconciliation of the current income tax and social contribution expense

	Consolidated	
	March 31, 2013	**March 31, 2012**
Profit before income tax and social contribution	6,978	2,167
Loss before income tax, social contribution and result of equity investments in parent and subsidiaries, which had a tax loss in the period	9,123	9,715
Unrealized profit from transactions between the parent and subsidiaries, without the recognition of deferred taxes	67	84
Result from equity investments	(2,346)	(3,630)
	13,822	8,336
Combined income tax and social contribution statutory rate - %	34%	34%
Income tax and social contribution at the statutory rate	(4,699)	(2,834)
Adjustment for the calculation of the effective rate		
Difference in the income tax and social contribution charge of subsidiaries computed under the deemed profit system at different rates and tax bases	4,235	1,351
Other	174	76
Income tax and social contribution expenses in the period	(290)	(1,407)

All amounts in thousands of reais unless otherwise stated

(c) Deferred

The changes in deferred tax are as follows:

	Parent company	Consolidated	
	Liabilities	**Assets**	**Liabilities**
At December 31, 2011	(6,924)	2,051	(6,924)
With a corresponding entry to the statement of income			
Recognition of deferred tax assets	1,287	3,353	1,287
Reversal of deferred tax liabilities	392		392
Recognition of deferred tax liabilities from carrying value adjustments	(1,431)		(1,431)
At December 31, 2012	(6,676)	5,404	(6,676)
With a corresponding entry to the statement of income			
Recognition of deferred tax assets	3,031	772	3,031
From business combinations (goodwill)	98		98
Recognition of deferred income tax liabilities on exchange variation			(1,167)
At March 31, 2013	(3,547)	6,176	(4,714)

Tax losses can be carried forward indefinitely to be offset against future taxable income, limited to 30% of annual taxable income.

24 Insurance and guarantees

(a) Bank guarantee letters and collaterals

The Group contracted bank guarantee letters as guarantees for financing arrangements, lawsuits in progress and others, totaling R$ 33,551. In addition, the Group has performance bonds totaling R$ 13,976 with varying coverage periods, which is normally required for participation in auctions or to guarantee the construction of plants related to auctions won by the Group.

Passos Maia Energética S.A, as required by BNDES, renewed the bank guarantee letter in the amount of R$ 86,564.

As collateral for financing contracted utilizing funds obtained from the Northeast Financing Constitutional Fund (FNE) for the implementation of the Desenvix Bahia Wind Farm, Macaúbas Energética S.A., Novo Horizonte Energética S.A. and Seabra Energética S.A. contracted bank guarantee letters in the amounts of R$ 98,735, R$ 84,630 and R$ 84,620, respectively, effective through July to August 2013. In addition, these companies contracted performance bonds effective from July 2011 to February 2012, in the amounts of R$ 49,367, R$ 42,315 and R$ 42,310, respectively.

(b) Insurance - operational and other risks

The parent company has civil liability insurance for its Directors, Officers and/or Managers, contracting the policy together with the parent company Jackson Empreendimentos Ltda., which is the main policyholder, effective up to January 28, 2013. No other insurance is contracted due to the nature of the activities.

Esmeralda S.A., Santa Laura S.A., Santa Rosa S.A., Moinho S.A., Monel Monjolinho Energética S.A., Passos Maia Energética S.A. and Enercasa Energia Caiuá S.A. contracted operational risk insurance, whose coverage was determined with the advice of experts, effective up to September 12, 2013 (Other companies), October 17, 2013 (Passos Maia) and November 3, 2013 (Enercasa), and the maximum indemnity limit for material damages are R$ 35,000 (Moinho and Passos Maia), R$ 135,000 (Monel), R$ 70,107 (Enercasa) and R$ 100,000 (other companies). The contracted insurance coverage establishes sublimits for machine breakdown, civil works, dams, transmission lines, collapse, flood, loss of profits, among other risks, in levels considered as adequate.

The Group contracted engineering risk collective insurance for Macaúbas Energética S.A., Novo Horizonte Energética S.A. and Seabra Energética S.A., related to civil works in progress and installation and assembly related to the plant implementation, effective up to June 24, 2013, for these companies, with the following amounts related to risks declared: R$ 344,354 for basic civil work coverage; R$ 15,000 for construction, installation, assembly and storage outside the construction site or place where there is risk; R$ 66,104 for physical damage due to project error for civil works; R$ 278,250 for physical damage due to manufacturer risks for new equipment and machinery; R$ 17,218 for debris expenses; R$ 10,000 for claim reduction and rescue expenses; R$ 17,218 for extraordinary expenses; R$ 2,500 for experts fees; R$ 344,354 for extended maintenance; R$ 10,000 for civil works, installations and assembly concluded; R$ 30,000 for contracted works/installations - accepted or placed in operation; and R$ 25,000 for riots. Additionally, the Group also has a general civil responsibility collective insurance, effective up to June 24, 2013, with an insured amount of R$ 10,000, and moral damages of R$ 5,000.

Energen Energética S.A. contracted engineering risk insurance for civil works in progress and installation and assembly related to the plant implementation, effective up to September 19, 2013, with the following amounts related to risks declared: R$ 93,682 for civil works under construction and installation and assembly; R$ 2,000 for extraordinary expenses; R$ 5,000 for riots; R$ 5,000 for debris expenses; R$ 22,000 for project error for civil works; R$ 71,682 for manufacturer risks for new equipment and machinery and R$ 1,000 for experts fees, among others. The maximum amount covered by the policy is R$ 102,182. It has general civil responsibility insurance effective through July 01, 2012, for the amount of R$ 10,000.

The Group maintains general civil liability insurance policies effective up to September 12, 2013 (Esmeralda, Santa Laura, Santa Rosa and Money), October 21, 2013 (Moinho), February 18, 2013 (Passos Maia) and November 03, 2013 (Enercasa). The covered amount is R$ 2,000, in addition to moral damages up to the limit of R$ 400 for each company.

(c) Corporate guarantee of the controlling stockholders

At the meeting held on June 27, 2012, the Company's Board of Directors authorized Desenvix to make a payment to the controlling stockholders Jackson/Engevix as a fee for the sureties and guarantees provided. According to the proposal, Desenvix will pay 1.0% p.a. for the bank guarantees and 0.5% for the performance bonds at the end of each financial year.

As a result, for the period from January 2011 to December 2012, the amount of R$ 12.9 million was calculated as a charge for the corporate guarantees provided by Jackson/Engevix.

25 Financial instruments

The Group did not have off-balance sheet financial instruments at March 31, 2013, nor did it contract derivative financial instruments (swap, currency or index swaps, and hedge, among others).

The Group has various financial instruments, mainly cash and cash equivalents, trade accounts receivable, financial investments, accounts payable to suppliers and financing.

25.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the operating units. The Board provides overall principles for risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of surplus liquidity.

(a) Market risk

(i) Foreign exchange risk

At March 31, 2013, the Desenvix Group had liabilities in foreign currency related to the debt of the subsidiary Energen Energias Renováveis S.A. (Note 13(iii)), thus exposing it to foreign exchange risk.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-earning assets, its income and operating cash flows are substantially independent of changes in market interest rates.

This risk arises from the possibility that the Group could incur losses due to fluctuations in interest rates which increase the finance costs related to borrowings obtained in the market. Desenvix has entered into financing contracts with interest rates indexed to the Long-term Interest Rate (TJLP) and Interbank Deposit Certificate (CDI) rate and continuously monitors market interest rates to assess the need to enter into transactions to hedge against the volatility risk of these rates.

(b) Liquidity risk

This relates to the risk of the Group having insufficient liquidity to meet its financial commitments, due to the mismatch of terms or volume between expected receipts and payments.

To manage liquidity of cash, assumptions for future disbursements and receipts are determined, and these are monitored periodically by the treasury area.

The table below summarizes the Group's non-derivative financial liabilities by maturity groupings based on the remaining period from the balance sheet date up to the contractual maturity date. The amounts disclosed in the table below are the undiscounted cash flows.

All amounts in thousands of reais unless otherwise stated

	Parent company			Consolidated			
	No later than 1 year	Between 1 and 3 years	Between 3 and 5 years	No later than 1 year	Between 1 and 3 years	Between 3 and 5 years	Later than 5 years
At March 31, 2013							
Trade payables	3,362			103,042			
Borrowings	27,389	80,606	44,714	109,332	243,521	209,736	1,012,128
Related parties	21,750			6,723			
Payables for land acquisitions	2,037			3,288			
Concessions payable				6,255	13,463	14,847	243,167
At December 31, 2012							
Trade payables	3,077			111,733			
Borrowings	30,035	80,606		107,380	256,320	220,521	1,066,818
Related parties	50,641			30,078			
Payables for land acquisitions	2,037			3,146			
Concessions payable				6,288	13,534	14,925	244,450

The Group understands that it has no significant liquidity risk.

(c) Risk of accelerated maturity of financing

This risk arises from possible non-compliance with restrictive covenants contained in the financing agreements entered into with BNDES (Note 13), which, in general, require the maintenance of financial ratios at certain levels. The Group's management regularly monitors these financial ratios, with a view to taking the necessary actions to ensure that the maturity of the financing contracts will not be accelerated.

(d) Sensitivity analysis

Pursuant to CVM Instruction 475/08, a sensitivity table is presented, which shows the sensitivity analysis of financial instruments, and describes the effects on monetary variations and financial expenses calculated based on the estimated scenario at March 31, 2013, in the event variations in the risk components occur.

Simplifications were used to segregate the variability in the risk factor under analysis. Consequently, the estimates presented below do not necessarily show the amounts that could be determined in future financial statements. The use of different assumptions and/or methodologies could have a material effect on the estimates presented.

(e) Methodology applied

Based on the balances of amounts exposed to risk, as shown in the tables below, and assuming that these amounts are held constant, the interest differential is estimated for each scenario.

For the evaluation of the amounts exposed to interest rate risk, only the risks related to the financial statements were considered, i.e., segregating and excluding the fixed interest factors since they do not represent a risk to the financial statements due to variations in the economic scenarios.

The probable scenario is based on the Group's estimates, which are in line with the projections presented in the Focus report issued by the Brazilian Central Bank (BACEN), at March 31, 2013, for each of the variables indicated. Additionally, the positive and negative stress variations of 25% and 50% were applied to the rates projected for December 31, 2013.

The Group does not have any positions in the derivatives market.

All amounts in thousands of reais unless otherwise stated

(ii) Interest rate factor (consolidated)

	Risk factor	Amounts exposed at March 31, 2013	Amounts exposed at December 31, 2012	Additional variations in the book balance (*) (50)%	(25)%	Probable scenario	25%	50%
Borrowings	CDI	(111,496)	(109,135)	(972)	(1,458)	(1,944)	(2,430)	(2,916)
Financial investments	CDI	100,454	51,011	876	1,752	2,190	1,132	2,628
Net impact	CDI	(11,042)	(58,125	(96)	(145)	(194)	(242)	(288)
Borrowings	TJLP	(407,556)	(465,170)	(2,746)	(4,119)	(5,492)	(6,865)	(8,238)
Financial investments	TJLP							
Net impact	TJLP	(407,556)	(465,170)	(2,746)	(4,119)	(5,492)	(6,865)	(8,238)
Rates considered - % per year	CDI	7.25%	7.25%	3.58%	5.37%	7.16%	8.95%	10.74%
Rates considered - % per year	TJLP	5.50%	5.50%	2.75%	4.13%	5.50%	6.88%	8.25%

CDI - Interbank Deposit Certificate
TJLP - Long-term Interest Rate

(*) The positive and negative variations of 25% and 50% were applied to the rates projected for December 31, 2013.

(e) Fair value estimation

It is assumed that the book balances of trade receivables, accounts payable -projects, payables for the purchase of land, concessions payable and related parties, less impairment losses, when applicable, approximate their fair values.

The fair value of restricted financial investments (Note 7) and borrowings (Note 13) approximates their carrying amount.

The Group adopted CPC 40/IFRS 7 for financial instruments that are measured in the balance sheet at fair value; this requires disclosure of fair values by level of the following fair value measurement hierarchy:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

(ii) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

(iii) Inputs for the assets or liabilities that are not based on adopted market data (that is, unobservable inputs) (level 3).

All amounts in thousands of reais unless otherwise stated

The following table presents the Group's assets that were measured at fair value as at March 31, 2013.

	Consolidated		
	Level 2	**Level 3**	**Total balance**
Assets			
Financial assets at fair value through profit or loss			
Cash and cash equivalents	56,240		56,240
Available-for-sale financial assets			
Investments		81,211	81,211
Total assets	56,240	81,211	137,451

The following table presents the Group's assets that were measured at fair value at December 31, 2012.

	Consolidated		
	Level 2	**Level 3**	**Total balance**
Assets			
Financial assets at fair value through profit or loss			
Cash and cash equivalents	8,304		8,304
Available-for-sale financial assets			
Investments		81,213	81,213
Total assets	8,304	81,213	89,517

The following table presents the changes in Level 3 instruments for the period ended March 31, 2013:

	Consolidated
	Available-for-sale financial assets
Opening balance	81,213
Gains and losses recognized in comprehensive income	(2)
Closing balance	81,211
Total gains or losses for the period included in profit or loss for assets held at the end of the reporting period	81,211

All amounts in thousands of reais unless otherwise stated

(f) Financial instruments by category

	Assets at fair value through profit or loss	Loans and receivables	Available for sale	Total
				Consolidated
March 31, 2013				
Assets as per balance sheet				
Cash and cash equivalents		73,678		73,678
Trade receivables		26,053		26,053
Related parties		46,669		46,669
Other assets		339		339
Restricted financial investments	44,214			44,214
Investments			81,213	81,213
	44,214	146,739	81,213	272,166

	Assets at fair value through profit or loss	Loans and receivables	Available for sale	Total
				Consolidated
December 31, 2012				
Assets as per balance sheet				
Cash and cash equivalents		127,077		127,077
Trade receivables		28,675		28,675
Related parties		43,425		43,425
Other assets		1,513		1,513
Restricted financial investments	41,929			41,929
Investments			81,213	81,213
	41,929	200,690	81,213	323,832

	Consolidated
	Other financial liabilities
March 31, 2013	
Liabilities as per balance sheet	
Trade payables	106,062
Borrowings	893,404
Related parties	6,723
Payables for land acquisitions	3,288
Concession payable	60,081
	1,069,558
December 31, 2012	
Liabilities as per balance sheet	
Trade payables	108,899
Borrowings	902,216
Related parties	30,078
Payables for land acquisitions	3,146
Concession payable	61,270
	1,105,609

26 Other operational risks

(a) Hydrologic risk

This risk arises from the possibility of an extended period of drought. Pursuant to Brazilian regulations, revenue from electric energy sales by the generating companies does not depend directly on the energy actually produced, but on the amount of electric energy and capacity sold by them, limited to the assured energy, the amount of which is fixed and determined by the concession authority and is included in the authorization issued by it, and any subsequent amendments.

Differences between energy generated and assured energy are covered by the MRE, the main purpose of which is to mitigate the hydrologic risks ensuring that all the participating generating plants receive their income from the amount of assured energy sold, regardless of the amount of electric energy actually generated by them.

(b) Risk of not having the authorization or concession extended

The subsidiaries have, in the case of PCHs, authorization to develop and operate electric energy generation services, without any payments related to the use of public assets, as well as a concession agreement related to the UHE Monel, which does establish payments for the use of public assets (Note 1). If the extension of the authorization or the concession agreement is not approved by the regulatory agencies or is subject to additional costs imposed on the companies, the current profitability and activity levels could be reduced. There can be no guarantee that the authorization or concession granted to subsidiaries will be extended, upon maturity, by the concession authority.

27 Contingencies

Social security contributions and other social charges and taxes on revenues and other income, as well as the income tax returns of the Group are subject to review and final approval by the tax authorities for variable periods of time and possible additional assessments.

The Group is subject to federal, state and municipal environmental laws and regulations, and comply with them. Accordingly, management does not expect to incur restoration costs or fines of any nature.

Operating licenses establish certain conditions and restrictions in relation to the environment, which are complied with by the Group.

The Group does not have contingencies considered as probable losses.

A summary of the main lawsuits with losses estimated as possible is presented below:

(a) Desenvix S.A.

(i) The Company is a party to a public civil suit together with an administrative malpractice action filed by the Federal Public Attorney's Office, related to environmental licenses regarding the implementation of the wind farms of Parque de Água Doce, in the amount of R$ 1.3 billion. The Company's legal advisors consider a favorable outcome as possible, since: (i) it is possible that the lawsuit be dismissed without judgment on merits; (ii) in the case of an unfavorable outcome, losses will comprise the annulment of the environmental licenses, as well as the reimbursement, jointly, of all damages caused to the government authority, in particular amounts paid by ELETROBRAS for the advance purchase of energy to be generated by the plants and financing contracted with BNDES; however, the companies did not receive any amount from ELETROBRAS, or any financing from

BNDES; (iii) the Company did not participate in the issue of any of the environmental licenses under suspicion of fraud, (iv) when the Company started operating in the business, the licenses had already been issued, and the licensing process was conducted by other companies mentioned in the lawsuit, as the plaintiff admits; (v) the participation of the Company was limited to the technical analyses of projects, and it could not be aware of the alleged irregularities, because the licenses have full faith and credit, and ELETROBRAS and the Environmental Foundation ("FATMA"), after checking the existence of the alleged irregularities in the issue of the licenses, did not find any problems; and (vi) finally, the Federal Public Attorneys' Office would have to show evidence to declare the Company guilty of obtaining benefits from the alleged fraud, bad faith and willful misconduct, and also any losses to the public treasury and unlawful enrichment, which it failed to do.

(ii) The out-of-court action for the collection of amounts related to the payment of capital invested in an associated company (Note 8(c)).

(b) Moinho S.A.

Two land repossession actions have been filed by, or against, the investee. The legal advisors responsible for monitoring these lawsuits consider a favorable outcome as probable. The amounts related to lawsuits filed by Moinho S.A. are deposited in court, and are recorded as land acquisition cost. The adequacy of the indemnity amounts is being discussed. Additionally, no provision has been recorded in the financial statements, since payments made in connection with agreements or any sentences will be considered as land acquisition cost.

(c) Monel Monjolinho Energética S.A.

(i) Public civil suit

On May 8, 2009, the Federal Public Attorney's Office (MPF) filed a public civil suit, and subsequently the Brazilian Indian Foundation ("FUNAI") became a plaintiff in this suit, claiming, through an injunction, the annulment of the operation license issued by the State Foundation for Environmental Protection ("FEPAM") and the interruption of the filling of the reservoir, since there is a risk of conflict between indigenous and non-indigenous people. However, even before the injunction had been published, Monel Monjolinho Energética S.A. signed a Settlement Agreement with FUNAI, whereby the Foundation agrees to drop its appeal and not to interfere with the beginning of operations of this project and, consequently, the filling of the reservoir, which was already irreversible, was completed with the awareness and approval of FUNAI.

On December 12, 2009, a "Commitment Agreement" was signed between Monel Monjolinho Energética S.A. and FUNAI, whereby Monel Monjolinho Energética S.A. committed to acquire and to contribute to the Votouro Indigenous Community and the Guarani Votouro Indigenous Community certain farming implements and products at an estimated cost of R$ 450.

Additionally, the investee owes R$ 1,700 and R$ 450 to the Votouro Indigenous Community and to the Guarani Votouro Indigenous Community, respectively, with down-payments of R$ 215 and R$ 15, and the remaining balance in 27 and 29 annual installments as from June 2010, respectively, indexed to the IGP-M. At March 31, 2013, the provision totaled R$ 2,357 (2011 - R$ 2,544), presented in current and non-current liabilities under "Indemnities payable".

All amounts in thousands of reais unless otherwise stated

(ii) Lawsuits involving administrative easements, expropriation, claim of title and others

Actions related to claim of title, resettlement with indemnity, inventory and others have been filed by or against the investee. At March 31, 2013, the legal advisors responsible for monitoring these lawsuits classify them in accordance with the expectation of outcome as: (i) lawsuits filed by the investee, of R$ 375; and (ii) lawsuits filed against the investee of R$ 1,716 as possible losses and R$ 2,252 as probable losses. Amounts related to lawsuits filed by the investee are deposited in court, and are recorded as land acquisition cost. The amount of the indemnity is being discussed. Additionally, no provision has been recorded in the financial statements, since payments made in connection with agreements or any sentences will be considered as land acquisition cost.

(d) Santa Laura S.A.

A suit for indemnity of material damages and loss of profits was filed against the investee, in which the plaintiff (squatter) claims R$ 34 of indemnity for expropriation (32,000 square meters, which are part of a larger area of 5 hectares), as well as loss of profits in an amount to be determined in the future linked to the price of agricultural produce, including compensatory interest of 12% p.a. and interest on arrears of 6% p.a.. The legal advisors responsible for monitoring this suit assess a favorable outcome as possible; therefore, no provision was recorded in the financial statements. Other lawsuits filed against the investee, arising from land expropriation, are mentioned in Note 9.

(e) Santa Rosa S.A.

The investee is a party to a suit claiming indemnity for personal and material damages, as well as life annuity following death caused by a work-related accident. Management, based on the advice of its legal advisors, and also on the subcontract agreements signed, understands that the payment, in the case of an unfavorable outcome, is the responsibility of the contracted companies and, consequently, no provision for this matter was recorded in the financial statements.

Another lawsuit filed against the investee, arising from land expropriation, is mentioned in Note 9.

28 Basic and diluted earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the stockholders of the Company by the average number of shares outstanding during the period. The Company has no common share categories with dilutive effects and, therefore, the basic and diluted earnings per share are the same.

	Parent company		Consolidated	
	2013	2012	2013	2012
Profit attributable to common stockholders of the Company	6,720	726	6,688	777
Weighted average number of outstanding common shares (thousands)	107,440	101,880	107,440	101,880
Earnings per share - R$	0.0063	0.0071	0.0062	0.0076

Outstanding shares, as per the pertinent accounting standard, refer to the total shares issued by the Company less the shares held in treasury, when applicable.

All amounts in thousands of reais unless otherwise stated

29 Commitments

Operating lease commitments - Group as lessee

The Group leases four areas of land for the construction of wind power plants under non-cancellable operating lease agreements. The lease terms are 27 years, and all lease agreements are renewable at the end of the lease period at the market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated	
	2013	**2012**
No later than 1 year	212	208
Later than 1 year and no later than 5 years	853	832
Later than 5 years	3,777	3,922
	4,842	4,962

30 Assets classified as held for sale

On January 26, 2012, the Company entered into an agreement with Cel Engenharia Ltda. and Santa Rita Comércio e Instalações Ltda. for the sale of its investment of 25.05% in the Caldas Novas (Caldas Novas Transmissão S.A.) substation, in the amount of R$ 25. The conclusion of the sale depends on ANEEL's approval. In the period ended March 31, 2013, the substation Caldas Novas was in the pre-operating phase.

The assets related to the investment in the Caldas Novas substation are as follows:

	Parent company and consolidated	
		2013
	Caldas Novas	**Total**
Assets		
Investments	1,373	1,373
	1,373	1,373

The fair value of assets and liabilities classified as held for sale approximate their book value at March 31, 2013.

All amounts in thousands of reais unless otherwise stated

31 Acquisition of land

The Group, in order to obtain from ANEEL the authorizations or grants for the future implementation of PCHs, for which it has been developing studies related to inventories and basic projects, is purchasing, in advance, land in the area where the future PCHs will be built (area to be flooded by the reservoir), which is one of the conditions for the selection and prioritization of interested parties.

	Parent company		Consolidated	
	March 31, 2013	December 31, 2012	March 31, 2013	December 31, 2012
Investment properties	25,308	21,419	25,308	21,419
	25,308	21,419	25,308	21,419

* * *