Desenvix Energias Renováveis S.A.

Quarterly information (ITR) at June 30, 2014 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 June 30, 2014, comprising the balance sheet as at that date, the statement of operations for the quarter and six-month period then ended, and the statements of changes in equity and cash flows for the six-month period 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 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 (ITR), and presented in accordance with the standards issued by the CVM.

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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 (ITR), and presented in accordance with the standards issued by the CVM.

Other matters - statement of value added

We have also reviewed the parent company and consolidated statements of value added for the six-month period ended June 30, 2014. 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), but 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, August 14, 2014

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

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Desenvix Energias Renováveis S.A.

Balance sheet
All amounts in thousands of reais

	Parent company		Consolidated	
Assets	**June 30, 2014**	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Current assets				
Cash and cash equivalents (Note 5)	6,613	3,225	25,735	28,803
Trade receivables (Note 6)	1,071	1,026	24,080	24,177
Dividends receivable (Note 11(a))	31,380	22,481	10,434	10,654
Taxes recoverable	2,325	1,866	8,992	6,459
Inventories			1,169	1,052
Other assets	4,613	4,694	7,342	9,432
	46,002	33,292	77,752	80,577
Investments held for sale		3,060		3,060
	46,002	36,352	77,752	83,637
Non-current assets				
Long-term receivables				
Restricted financial investments (Note 7)	13,244	13,202	53,938	52,119
Related parties (Note 11)	124,134	87,058	30,658	26,824
Deferred income tax and social contribution (Note 21(c))			23,805	23,768
Investments in non-subsidiary entities at fair value (Note 28)	66,677	66,677	66,677	66,677
Taxes recoverable			499	263
Trade receivables (Note 6)			15,723	8,015
Other assets			366	427
	204,055	166,937	191,666	178,093
Investments (Note 8)	634,090	614,373	176,097	150,556
Property, plant and equipment (Note 9)	477	501	1,168,943	1,194,631
Intangible assets (Note 10)	17,278	17,234	113,439	117,047
Investment properties (Note 27)	25,208	25,208	25,208	25,208
	677,053	657,316	1,483,687	1,487,442
Total assets	927,110	860,605	1,753,105	1,749,172

	Parent company		Consolidated	
Liabilities and equity	**June 30, 2014**	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Current liabilities				
Trade payables	1,166	2,603	7,089	33,260
Borrowings (Note 12)	79,847	74,505	127,936	122,751
Related parties (Note 11)	20,552	17,616	6,567	7,363
Concessions payable (Note 13)			6,712	6,500
Salaries and social charges	1,159	1,757	4,404	4,135
Taxes and contributions (Note 14)	9,716	9,901	13,148	14,822
Income tax and social contribution (Note 21)			3,186	6,816
Provision for electric power contracts (Note 16)			9,606	7,425
Proposed dividends			47	47
Other liabilities (Note 15)	1,914	1,908	13,721	17,814
	114,354	108,290	192,416	220,933
Non-current liabilities				
Borrowings (Note 12)	104,150	99,800	775,422	800,503
Deferred income tax (Note 21)	1,294	1,648	8,702	5,561
Concessions payable (Note 13)			58,326	56,538
Provision for investment losses	11,507	6,247		
Taxes and contributions (Note 14)			574	741
Other liabilities (Note 15)	1,370	1,600	22,677	21,390
	118,321	109,295	865,701	884,733
Total liabilities	232,675	217,585	1,058,117	1,105,666
Equity attributable to the owners of the Parent company (Note 17)				
Share capital	695,312	665,312	695,312	665,312
Carrying value adjustments	32,963	32,963	32,963	32,963
Accumulated deficit	(33,840)	(55,255)	(33,840)	(55,255)
	694,435	643,020	694,435	643,020
Non-controlling interests			553	486
Total equity	694,435	643,020	694,988	643,506
Total liabilities and equity	927,110	860,605	1,753,105	1,749,172

The accompanying notes are an integral part of this quarterly information.

Desenvix Energias Renováveis S.A.

Statement of operations
Quarters ended June 30
All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	4/1/2014 to 6/30/2014	4/1/2013 to 6/30/2013	4/1/2014 to 6/30/2014	4/1/2013 to 6/30/2013
Revenue				
Electric power supply			48,966	36,642
Services rendered	3,123	2,004	7,361	6,302
Net operating revenue (Note 18)	3,123	2,004	56,327	42,944
Cost of electric power supply (Note 19)			(21,766)	(25,154)
Cost of services rendered (Note 19)	(1,121)	(1,233)	(5,481)	(4,861)
Gross profit	2,002	771	29,080	12,929
General and administrative expenses (Note 19)	(2,794)	(4,018)	(10,052)	(8,753)
Other operating income (expenses), net	(142)		(453)	
Provision for investment losses	(4,235)			
Equity in results of subsidiaries	6,494	(11,340)		
Operating profit (loss)	1,325	(14,587)	18,575	4,176
Finance result (Note 20)				
Finance costs	(8,782)	(3,598)	(26,399)	(32,656)
Finance income	4,853	789	9,739	2,196
	(3,929)	(2,809)	(16,660)	(30,460)
Equity in results of associates	1,796	1,158	1,796	1,159
Dividends received	1,230	1,688	1,230	1,688
Gain on sale of investment	242		242	
Amortization of goodwill	(287)	(287)	(287)	(287)
	2,981	2,559	2,981	2,560
Profit (loss) before taxation	377	(14,837)	4,896	(23,724)
Income tax and social contribution (Note 21)	185	138	(4,328)	8,471
Profit (loss) for the period	562	(14,699)	568	(15,253)
Attributable to				
Owners of the parent company			562	(14,699)
Non-controlling interests			6	(554)
			568	(15,253)
Basic and diluted earnings (loss) per thousand shares (in reais) (Note 26)			0.0049	(0.1368)

- No changes were recorded in the comprehensive income (loss) and, therefore, the statement of comprehensive income (loss) is not being presented along with this quarterly information.

The accompanying notes are an integral part of this quarterly information.

Desenvix Energias Renováveis S.A.

Statement of operations
Six-month periods ended June 30
All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013	1/1/2014 to 6/30/2014	1/1/2013 to 6/30/2013
Revenue				
Electric power supply			106,861	82,540
Services rendered	6,058	3,436	14,340	12,472
Net operating revenue (Note 18)	6,058	3,436	121,201	95,012
Cost of electric power supply (Note 19)			(41,429)	(45,777)
Cost of services rendered (Note 19)	(2,109)	(2,480)	(10,072)	(8,031)
Gross profit	3,949	956	69,700	41,204
General and administrative expenses (Note 19)	(5,060)	(7,933)	(16,776)	(19,373)
Other operating income (expenses), net	1	2,336	(4)	2,336
Provision for investment losses (Note 8(a))	(5,260)			
Equity in results of subsidiaries (Note 8(a))	26,234	(6,961)		
Operating profit (loss)	19,864	(11,602)	52,920	24,167
Finance result (Note 20)				
Finance costs	(17,079)	(7,344)	(55,942)	(54,095)
Finance income	5,368	2,035	19,049	7,514
	(11,711)	(5,309)	(36,893)	(46,581)
Equity in results of associates (Note 8(a))	9,371	3,504	9,371	3,505
Dividends received	2,930	2,738	2,930	2,738
Gain on sale of investment	1,182		1,182	
Amortization of goodwill	(575)	(575)	(575)	(575)
	12,908	5,667	12,908	5,668
Profit (loss) before income tax and social contribution	21,061	(11,244)	28,935	(16,746)
Income tax and social contribution (Note 21)	354	3,265	(7,453)	8,181
Profit (loss) for the period	21,415	(7,979)	21,482	(8,565)
Attributable to				
Owners of the parent company			21,415	(7,979)
Non-controlling interests			67	(586)
			21,482	(8,565)
Basic and diluted earnings (loss) per thousand shares (Note 26)			0.1860	(0.0743)

- No changes were recorded in the comprehensive income (loss) and, therefore, the statement of comprehensive income (loss) is not being presented along with this quarterly information.

The accompanying notes are an integral part of this quarterly information.

Desenvix Energias Renováveis S.A.

Statement of changes in equity
All amounts in thousands of reais

	Attributable to owners of the parent company										Under IFRS
					Revenue reserves						
	Share capital	**Unpaid share capital**	**Total**	**Carrying value adjustments**	**Legal**	**Retained earnings**	**Total**	**Accumulated deficit**	**Total**	**Non-controlling interests**	**Total equity under IFRS**
At January 1, 2013	665,312		665,312	44,432	739	(24,340)	(23,601)		686,143	1,322	687,465
Comprehensive income (loss)											
Loss for the period								(7,979)	(7,979)	(586)	(8,565)
At June 30, 2013	**665,312**		**665,312**	**44,432**	**739**	**(24,340)**	**(23,601)**	**(7,979)**	**678,164**	**736**	**678,900**
At January 1, 2014	**665,312**		**665,312**	**32,963**				**(55,255)**	**643,020**	**486**	**643,506**
Comprehensive income (loss)											
Profit for the period								21,415	**21,415**		21,482
Capital increase	60,000	(30,000)	**30,000**						**30,000**		30,000
At June 30, 2014	**725,312**	**(30,000)**	**695,312**	**32,963**				**(33,840)**	**694,435**	**553**	**694,988**

The accompanying notes are an integral part of this quarterly information.

Desenvix Energias Renováveis S.A.

Statement of cash flows
Six-month periods ended June 30
All amounts in thousands of reais

	Parent company		Consolidated	
	6/30/2014	6/30/2013	6/30/2014	6/30/2013
Cash flow from operating activities				
Profit (loss) before taxation	21,061	(11,244)	28,935	(16,746)
Adjustments				
Finance income from long-term receivables	(521)	(214)	(2,298)	(1,278)
Equity in the results of investees	(35,605)	3,457	(9,371)	(3,505)
Gains on disposal of assets held for sale	(940)		(940)	
Net book value of property, plant and equipment disposals			2,212	
Depreciation and amortization	43	36	31,221	31,989
Amortization of goodwill	575	575	575	575
Provision for investment losses	5,260			
Foreign exchange losses (gains) on financial activities			(6,560)	8,949
Financial charges capitalized in subsidiaries	177	347	177	351
Financial charges on borrowings	11,467	6,112	37,044	33,334
Provision for losses on electric power contracts			2,181	
Financial charges on guarantees		612		
Provision for social and environmental costs				(293)
	1,517	(319)	83,176	53,376
Changes in assets and liabilities				
Trade receivables	(45)	203	(7,611)	3,577
Taxes recoverable	(459)	312	(2,769)	(256)
Other assets and prepaid expenses	81	609	2,034	1,764
Trade payables	(1,437)	(5,096)	(26,171)	(6,040)
Salaries and social charges	(598)	(647)	269	(199)
Taxes and contributions	(185)	(1,806)	(1,841)	(2,857)
Other changes	(224)	(711)	(811)	(23,466)
Cash provided by (used in) operations	(1,350)	(7,455)	46,276	25,899
Interest paid on borrowings	(11,779)	(5,805)	(34,461)	(33,261)
Income tax and social contribution paid			(7,979)	(7,078)
Net cash provided by (used in) operating activities	(13,129)	(13,260)	3,836	(14,440)
Cash flows from investing activities				
(Application) redemption - restricted financial investments	479	(6,895)	479	(5,537)
Acquisition of investments and capital increases	(16,167)	(26,010)	(16,167)	(26,010)
Dividends received	22,404	17,503	220	377
Purchases of property, plant and equipment and additions to intangible assets	(63)	(48)	(4,888)	(9,586)
Sale of investment, net of cash received	4,000	16,976	4,000	16,976
Related-party transactions	(34,140)	9,496	(4,630)	(28,406)
Net cash used in investing activities	(23,487)	11,022	(20,986)	(52,186)
Cash flows from financing activities				
Proceeds from borrowings	45,004	27	45,004	27
Repayment of borrowings - principal	(35,000)	(4,312)	(60,922)	(27,046)
Increase in share capital	30,000		30,000	
Net cash provided by (used in) financing activities	40,004	(4,285)	14,082	(27,019)
Net increase (decrease) in cash and cash equivalents	3,388	(6,523)	(3,068)	(93,645)
Cash and cash equivalents at the beginning of the period	3,225	7,126	28,803	124,677
Cash and cash equivalents at the end of the period	6,613	603	25,735	31,032

The accompanying notes are an integral part of this quarterly information.

Desenvix Energias Renováveis S.A.

Statement of value added
Six-month periods ended June 30
All amounts in thousands of reais

	Parent company		Consolidated	
	2014	**2013**	**2014**	**2013**
Revenue				
Sales of products and services	6,058	3,786	127,533	104,003
Other income and expenses	1,182	2,336	1,182	2,336
	7,240	6,122	128,715	106,339
Inputs acquired from third parties (includes taxes - Value-added Tax on Sales and Services (ICMS) and Excise Tax (IPI))				
Cost of electric power supply		(350)	(9,633)	(8,991)
Cost of services rendered	(3,079)	(5,860)	(11,615)	(25,465)
	(3,079)	(6,210)	(21,248)	(34,456)
Gross value added (1-2)	4,161	(88)	107,467	71,883
Retentions				
Depreciation, amortization and depletion	(618)	(611)	(31,797)	(32,564)
Net value added (used in) provided by the entity (3-4)	3,543	(699)	75,670	39,319
Value added received through transfer				
Equity in the results of investees	30,345	(3,457)	9,371	3,505
Finance income	5,368	2,035	19,049	7,514
Dividend income	2,930	2,738	2,930	2,738
	38,643	1,316	31,350	13,757
Total value added to be distributed (5+6)	42,186	617	107,020	53,076
Distribution of value added				
Personnel and payroll charges	3,926	4,517	16,599	15,727
Taxes and contributions	354	(3,265)	13,785	(8,181)
Third-party capital remuneration (interest and rentals)	16,491	7,344	55,154	54,095
Profits reinvested/loss for the period	21,415	(7,979)	21,415	(7,979)
Non-controlling interest in profits reinvested/loss			67	(586)
	42,186	617	107,020	53,076

The accompanying notes are an integral part of this quarterly information.

All amounts in thousands of reais unless otherwise stated

1 General information

(a) Operations

The principal activity of Desenvix Energias Renováveis S.A. (the "Company" or "Parent company") and its subsidiaries (together referred to as the "Group"), headquartered in the City of Barueri, State of São Paulo, comprises 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 operations 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 in September 2012, comprising 15 ventures working with one-hundred-percent renewable energy generation. In addition, the Company has a participation of 25.5% in two transmission lines with an extension of 511 km.

The issue of this quarterly information was authorized by the management on August 14, 2014.

(i) Projects in operation

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

Company	Electric power source	Beginning of operations	Installed capacity in MW	Termination of contracts (authorizations/concessions)
Esmeralda S.A.	PCH	December 23, 2006	22.2 MW	December 21, 2031
Santa Laura S.A.	PCH	October 1, 2007	15 MW	September 27, 2030
Santa Rosa S.A.	PCH	July 1, 2008	30 MW	May 31, 2031
Moinho S.A.	PCH	September 19, 2011	13.7 MW	August 14, 2038
Enercasa Energética S.A. (ii)	UTE	October 26, 2011	33 MW	February 25, 2044
Passos Maia Energética S.A.	PCH	February 17, 2012	25 MW	March 2, 2034
Monel Monjolinho Energética S.A.	UHE	August 31, 2009	74 MW	April 22, 2037
Dona Francisca Energética S.A.	UHE	February 2001	125 MW	August 28, 2033
CERAN Cia. Energética Rio das Antas (i)	UHE	January 2005	360 MW	December 31, 2029
Macaúbas Energética S.A.	UEE	July 5, 2012	35.07 MW	June 16, 2045
Novo Horizonte Energética S.A.	UEE	July 5, 2012	30.06 MW	July 28, 2045
Seabra Energética S.A.	UEE	July 5, 2012	30.06 MW	July 28, 2045
Energen Energias Renováveis S.A.	UEE	September 28, 2012	34.5 MW	July 5, 2045
Goiás Transmissão S.A.	TL	November 14, 2013	500/230 KV	June 11, 2040

(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 is operated by CPFL Geração de Energia S.A.

(ii) Through Order 4,205, of October 25, 2011, of the National Electric Energy Agency (ANEEL), Enercasa Energética S.A. obtained an authorization to begin its commercial operations as from October 26, 2011, when the power produced by the generating unit UG1 33,000 KW became available to the system. However, due to problems with its main supplier of raw materials for the generation of steam, the company's operations have been suspended since December 2012.

(iii) **Projects under construction - Transmission lines**

Desenvix has investments in MGE Transmissão S.A. (25.5%), which is in the implementation phase. This line has an extension of 258 km and is expected to start operating in the third quarter of 2014.

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).

Except for the change mentioned in Note 3, the basis of preparation and accounting policies are the same as those adopted in the annual financial statements for the year ended December 31, 2013. Accordingly, as determined in Official Letter CVM/SNC/SEP 03/2011, the Company opted to present the explanatory notes to 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.

3 New standards, amendments and interpretations to standards

The following new standards, amendments and interpretations to existing standards were issued by IASB and are effective as from January 1, 2014. Their potential impacts on the consolidated financial information are described below. The Parent company's financial information was not affected by the new standards issued by IASB, since there are no corresponding standards or interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC).

- IFRIC 21, "Levies". The interpretation clarifies when an entity should recognize a liability to pay a levy in accordance with the legislation. The recognition of the obligation is applicable only after the related event takes place. The consolidated quarterly information was not affected.
- Amendments to IAS 32 - "Financial instruments: presentation". These changes clarify the meaning of the legal right to settle an operation at the net amount. The consolidated quarterly information was not affected.
- Amendments to IAS 30 - "Financial instruments: recognition and measurement". The changes permit the use of the hedge accounting when creating a new obligation, replacing and extinguishing the previous obligation arising from a derivative designated as a hedge, when it complies with certain criteria. The consolidated quarterly information was not affected.

All amounts in thousands of reais unless otherwise stated

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 can 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 corresponds to net debt divided by total equity. 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.

The gearing ratios at June 30, 2014 and December 31, 2013 were as follows:

		Consolidated
	June 30, 2014	**December 31, 2013**
Total borrowings (Note 12)	903,358	923,254
Less: cash and cash equivalents (Note 5)	25,735	28,803
Less: restricted financial investments (Note 7)	53,938	52,119
Net debt	823,685	842,332
Total equity	694,988	643,506
Total capital	1,518,673	1,485,838
Gearing ratio - %	54.24	56.69

5 Cash and cash equivalents

		Parent company		**Consolidated**
	June 30, 2014	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Cash and banks	6,613	3,222	23,248	22,046
Financial investments		3	2,487	6,757
	6,613	3,225	25,735	28,803

All amounts in thousands of reais unless otherwise stated

Financial investments are represented by Bank Certificates of Deposit (CDBs) and fixed income funds, with average earnings equivalent to 100% of the Interbank Certificates of Deposit (CDI) variation, issued by financial institutions in Brazil. These financial investments are redeemable at any time with no penalty.

6 Trade receivables

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Customers - electric power supply (i)			35,318	29,148
Customers - third-party services (ii)			4,430	2,892
Customers - related parties (Note 11)	1,291	1,246	275	372
Provision for impairment of trade receivables (iii)	(220)	(220)	(220)	(220)
Total	1,071	1,026	39,803	32,192
Current assets	1,071	1,026	24,080	24,177
Non-current assets			15,723	8,015

(i) The balance of receivables recorded in current assets 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, with an average maturity of 35 days. The balances presented in non-current assets exclusively refer to electric power generation in excess of the amount contracted under the Reserve Power Agreement (CER) entered into with CCEE. The surplus, up to a limit of 130% of the contracted amount, is received at the end of every contractual four-year period, whereas the surplus that exceeds 130% of the contracted amount is received on completion of the calculations for each contractual year.

(ii) The balance at June 30, 2014 (consolidated) refers to receivables of the subsidiary Enex O&M de Sistemas Elétricos Ltda.

(iii) The provision at June 30, 2014 refers to 100% of the outstanding receivables from Usina Hidrelétrica de Cubatão S.A.

7 Restricted financial investments

In compliance with the financing agreements established with the National Bank for Economic and Social Development (BNDES), to fund the construction of the Esmeralda, Santa Laura, Santa Rosa, and Moinho Small Hydroelectric Plants and the Alzir dos Santos Antunes Hydroelectric Power Plant, and Banco do Nordeste do Brasil S.A. (BNB), to finance the construction work 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 of 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 respective financing agreement (Note 12).

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 Interbank Deposit Certificate (CDI) rate.

All amounts in thousands of reais unless otherwise stated

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

		Parent company
	June 30, 2014	December 31, 2013
At the beginning of the period	13,202	4,938
Redemptions	(479)	
Income	521	648
Investments		7,616
At the end of the period	13,244	13,202

		Consolidated
	June 30, 2014	December 31, 2013
At the beginning of the period	52,119	40,023
Investments		17,401
Income	2,298	3,062
Redemptions	(479)	(8,367)
At the end of the period	53,938	52,119

The fair values of financial investments at June 30, 2014 and December 31, 2013 approximated their book values.

8 Investments

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
In subsidiaries	454,455	460,276		
In associates and other companies	179,635	154,097	176,097	150,556
	634,090	614,373	176,097	150,556

All amounts in thousands of reais unless otherwise stated

The analysis of investments in subsidiaries, associates and other companies is as follows:

	Parent company	
	June 30, 2014	December 31, 2013
Subsidiaries		
Enercasa - Energia Caiuá S.A.	2,694	2,739
Energen Energias Renováveis S.A.	12,266	11,023
Enex O&M de Sistemas Elétricos Ltda.	4,064	3,127
Esmeralda S.A.	31,121	35,681
Macaúbas Energética S.A.	37,526	39,856
Moinho S.A.	44,358	43,585
Monel Monjolinho Energética S.A.	119,586	118,519
Novo Horizonte Energética S.A.	42,166	39,410
Santa Laura S.A.	28,352	29,105
Santa Rosa S.A.	56,149	62,649
Seabra Energética S.A.	41,688	39,654
	419,970	425,348
Goodwill	40,194	40,770
Unrealized profits in the parent company	(5,709)	(5,842)
Total investments in subsidiaries	454,455	460,276
Associates		
Goiás Transmissão S.A.	73,206	70,543
MGE Transmissão S.A.	75,370	55,369
Passos Maia Energética S.A.	26,863	23,989
Usina Hidrelétrica de Cubatão S.A.	655	655
	176,094	150,556
Goodwill - Concession right	3,541	3,541
Total investments in associates	179,635	154,097
Total investments	634,090	614,373

All amounts in thousands of reais unless otherwise stated

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

June 30, 2014	Ownership interest - %	Assets	Liabilities	Equity (net capital deficiency)	Profit (loss) for the period	Equity in results adjusted by profits realized of assets
Subsidiaries						
Energen - Energias Renováveis S.A.	95	147,726	136,676	11,050	1,339	1,272
Enex O&M de Sistemas Elétricos Ltda.	100	8,887	4,823	4,064	938	938
Esmeralda S.A.	99.99	63,368	32,247	31,121	5,679	5,685
Macaúbas Energética S.A.	99.99	159,213	123,533	35,680	(2,302)	(2,302)
Moinho S.A.	99.99	98,250	54,522	43,728	787	820
Monel Monjolinho Energética S.A.	99.99	352,432	232,847	119,585	7,593	7,639
Novo Horizonte Energética S.A.	99.99	139,393	99,330	40,063	2,790	2,790
Santa Laura S.A.	99.99	58,250	29,897	28,353	2,443	2,451
Santa Rosa S.A.	99.99	124,957	68,808	56,149	4,841	4,881
Seabra Energética S.A.	99.99	137,985	97,864	40,121	2,060	2,060
Equity in results of subsidiaries						26,234
Enercasa - Energia Caiuá S.A.	100	74,897	86,404	(11,507)	(5,260)	(5,260)
Equity in results of subsidiaries						(5,260)
Associates						
Goiás Transmissão S.A.	25.5	753,230	324,596	428,634	(29,043)	(1,038)
MGE Transmissão S.A.	25.5	407,000	136,267	270,733	5,248	7,534
Passos Maia Energética S.A.(jointly-controlled subsidiary)	50	141,557	82,078	59,479	5,749	2,875
Usina Hidrelétrica de Cubatão S.A.	20	5,620	3,971	1,649		
Equity in results of associates						9,371
Equity in results of associates and subsidiaries						30,345

The equity at June 30, 2014 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$ 2,201, R$ 159, R$ 239, R$ 1,515 and R$ 1,595 (2013 – R$ 2,247, R$ 165, R$ 247, R$ 1,555 and R$ 1,629), respectively.

All amounts in thousands of reais unless otherwise stated

The changes in investments were as follows:

	Parent company 2014	Consolidated 2014
At the beginning of the period	614,373	150,556
Capital contributions or advances for future capital increase	16,167	16,167
Equity in results of subsidiaries	26,234	
Equity in results of associates	9,371	9,371
Allocated dividends	(31,303)	
Amortization of goodwill	(575)	
Amortization of capitalized interest	(177)	3
	634,090	176,097

9 Property, plant and equipment

				Consolidated
		At June 30, 2014		At December 31, 2013
	Cost	Accumulated depreciation	Net	Net
Plants and other assets				
Land	19,975	(3,466)	16,509	16,903
Land - judicial deposits (i)	1,003		1,003	976
Reservoirs, dams and water mains	438,059	(84,420)	353,639	362,289
Buildings, civil construction and improvements	37,817	(7,207)	30,610	31,460
Machinery and equipment	771,332	(92,250)	679,082	697,763
Materials stored in warehouses and others	1,883	(61)	1,822	1,799
Furniture and fittings	671	(258)	413	439
IT and other equipment	957	(587)	370	408
Other	417	(121)	296	315
Connection systems				
Land	424		424	424
Buildings, civil construction and improvements	1,242	(117)	1,125	1,149
Machinery and equipment	77,544	(9,837)	67,707	69,209
Construction in progress, rights of way and others				119
Construction in progress	15,943		15,943	11,378
	1,367,267	(198,324)	1,168,943	1,194,631

(i) "Land - judicial deposits" is represented by the amount deposited in escrow as a result of lawsuits in progress, filed due to documentation issues and disagreements on the amounts related to the expropriation of areas required for the installation of plants (Santa Laura, Santa Rosa, Monel and Moinho), as approved by the National Electric Energy Agency (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$ 477 at June 30, 2014 (R$ 501 at December 31, 2013). The depreciation for 2014 was R$ 43.

					Consolidated
	Plants and other assets	Connection systems	Advances to suppliers	Construction in progress	Total
At January 1, 2013	1,216,982	74,064	765	7,904	1,299,715
Purchases	1,082		1,892	1,533	4,507
Amortization of financial	(528)				(528)

All amounts in thousands of reais unless otherwise stated

charges capitalized					
Transfer between accounts	(641)	501	(1,955)	2,095	
Depreciation	(56,004)	(3,482)			(59,486)
Disposals	(48,540)	(182)	(702)	(153)	(49,577)
At December 31, 2013	1,112,351	70,901		11,379	1,194,631
Purchases	282			4,528	4,810
Amortization of financial charges capitalized	(176)				(176)
Transfer between accounts	65	(102)		37	
Depreciation	(26,580)	(1,530)			(28,110)
Disposals	(2,199)	(13)			(2,212)
At June 30, 2014	1,083,743	69,256		15,944	1,168,943

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

	%
	Average rate
Plants and other assets	
Reservoirs, dams and water mains	4.22
Buildings, civil construction and improvements	4.23
Machinery and equipment	4.32
Furniture and fittings	6.25
IT and other equipment	14.29
Connection systems	
Buildings, civil construction and improvements	3.66
Machinery and equipment	4.00

All amounts in thousands of reais unless otherwise stated

10 Intangible assets

The composition of intangible assets can be summarized as follows:

				Parent company
			2014	2013
	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
UHE Torixoréu	2,500		2,500	2,500
UHE Itapiranga	1,100		1,100	1,100
Inventory studies				
Itacaiunas River	1,820		1,820	1,820
Basic projects and other				
PCH Bonança (ii)	1,493	9	1,502	1,502
Other		99	99	55
	10,263	7,015	17,278	17,234

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

(ii) Basic project in the final phase of approval, supported by prior environmental license, and land acquired in the region of the reservoir.

				Consolidated
			2014	2013
	Cost	Accumulated amortization	Net	Net
Use of Public Assets (UBP)	50,990	(9,405)	41,585	42,496
Goodwill on acquisition of investment	30,445		30,445	30,445
Feasibility, environmental and inventory studies and projects	17,278		17,278	17,182
Authorization right	10,511		10,511	10,511
Operating permits	23,152	(13,571)	9,581	11,635
Firm contracts	5,751	(2,876)	2,875	3,355
Other	1,868	(704)	1,164	1,423
	139,995	(26,556)	113,439	117,047

All amounts in thousands of reais unless otherwise stated

The annual amortization rates of intangible assets are as follows:

	% Average rate
Use of Public Assets (UBP)	3.57
Feasibility, environmental and inventory studies and projects	Not defined
Operating permits	20 to 25
Firm contracts	20

The changes in intangible assets can be summarized as follows:

	Parent company	Consolidated
At December 31, 2013	17,234	117,047
Addition to intangible assets	50	78
Amortization of goodwill on firm contracts		(575)
Amortization of Use of Public Assets (UBP), permits and others	(6)	(3,111)
At June 30, 2014	17,278	113,439

11 Related parties

(a) Year-end balances arising from sales/purchases of goods/services

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Current assets				
Trade receivables (i)				
UHE Cubatão S.A.	220	220	220	220
Enercasa Energia Caiuá S.A.		72		
Energen Energias Renováveis S.A.		76		
Esmeralda S.A.	92	54		
Macaúbas Energética S.A.	60	57		
Moinho S.A.	266	259		
Monel Monjolinho Energética S.A.	283	135		
Novo Horizonte Energética S.A.	62	55		
Passos Maia Energética S.A.	55	152	55	152
Santa Laura S.A.	61	48		
Santa Rosa S.A.	124	63		
Seabra Energética S.A.	68	55		
	1,291	1,246	275	372
Dividends receivable				
Energen S.A.	890	890		
Esmeralda S.A.	5,975	2,514		
Goiás Transmissão S.A.	10,434	10,434	10,434	10,434
Moinho S.A.	176	176		
Monel Monjolinho Energética S.A.	6,526	1,756		
Passos Maia Energética S.A.		220		220
Santa Laura S.A.	4,864	4,118		

All amounts in thousands of reais unless otherwise stated

	Parent company		Consolidated	
	June 30, 2014	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Santa Rosa S.A.	2,515	2,373		
	31,380	22,481	10,434	10,654
Non-current assets - long-term receivables				
Adami S.A. Madeiras	875	875	875	875
Água Quente Ltda.	884	884	884	884
Bom Retiro S.A.	703	703	703	703
Caldas Nova Transmissão		25		25
Enercasa - Energia Caiuá S.A.(iv)	25,023	18,129		
Energen Energias Renováveis S.A.(iv)	20,575	17,429		
Engevix Engenharia S.A. (ii)	3,087	3,087	3,087	3,087
Enex O&M de Sistemas Elétricos Ltda.		300		
Federal Savings and Loans Bank Employees' Foundation (FUNCEF) (iii)	5,243	4,666	5,243	4,666
Jackson Empreendimentos Ltda. (iii)	18,983	15,701	18,983	15,701
JP Participações Ltda.	775	775	775	775
Macaúbas Energética S.A. (iv)	21,990	11,974		
Moinho S.A.	1,899	4,034		
Novo Horizonte Energética S.A. (iv)	12,309	4,014		
Seabra Energética S.A. (iv)	11,680	4,354		
UHE Cubatão S.A.	108	108	108	108
	124,134	87,058	30,658	26,824
Total assets	156,805	110,785	41,367	37,850

	Parent company		Consolidated	
	June 30, 2014	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Current liabilities				
Trade payables				
Engevix Engenharia S.A. (v)			808	808
Related parties				
Engevix Engenharia S.A. (vi)	2,125	3,848	2,125	3,848
Jackson Empreendimentos Ltda. (vi)	4,442	3,514	4,442	3,515
Monel Monjolinho Energética S.A. (iv)	13,985	4,000		
Santa Rosa S.A. (iv)		6,254		
	20,552	17,616	6,567	7,363
Total liabilities	20,552	17,616	7,375	8,171

(i) Refer to outstanding bills for the management services rendered by the Company to its subsidiaries.

(ii) Refers to the reimbursement for the development of the Baixo Iguaçu project, free of financial charges.

(iii) Amounts due by the controlling stockholders referring to the intercompany loan agreement and the reimbursement of the costs with respect to the sale of the ownership interest on March 8, 2012. These amounts were altered by the partners, according to the agreement signed in 2014.

All amounts in thousands of reais unless otherwise stated

(iv) Intercompany loan agreement entered into by the Company and its subsidiary, free of financial charges.

(v) Outstanding balance referring to the turn-key services for the construction of the Company's electric power generation ventures.

(vi) Mainly comprises the outstanding balances referring to the charges for guarantees and corporate sureties, in connection with the borrowing agreements of the Company and its subsidiaries, referring to 2012, 2013 and 2014. A portion of the amounts referring to 2012 and 2013 was settled in May 2014.

(b) Sales of goods and services

	Parent company		Consolidated	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Statement of operations				
Enercasa Energia Caiuá S.A.		450		
Energen Energias Renováveis S.A.	293	487		
Esmeralda S.A.	591	256		
Macaúbas Energética S.A.	391	309		
Moinho S.A.	324	208		
Monel Monjolinho Energética S.A.	1,811	645		
Novo Horizonte Energética S.A.	397	285		
Passos Maia Energética S.A.	630	298	630	298
Santa Laura S.A.	390	232		
Santa Rosa S.A.	796	338		
Seabra Energética S.A.	435	278		
	6,058	3,786	630	298

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$ 3,952 in 2014 (R$ 4,601 in 2013).

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, Enercasa and Energen, 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.

(c) Key management remuneration

The remuneration of key management personnel, which includes board members and statutory directors, totaled R$ 1,940 in the period ended June 30, 2014 (R$ 2,335 in the period ended June 30, 2013).

All amounts in thousands of reais unless otherwise stated

12 Borrowings

	Parent company		Consolidated	
	June 30, 2014	**December 31, 2013**	**June 30, 2014**	**December 31, 2013**
Construction financing - National Bank for Economic and Social Development (BNDES) (i)			358,139	374,334
Construction financing - Bank of the Northeast of Brazil (BNB) (ii)			262,795	265,840
Construction financing – China Development Bank (CDB) (iii)			98,308	108,630
Debentures (iv)	144,150	99,800	144,150	99,800
Working capital financing (v)	10,000	10,000	10,000	10,000
Loan agreement	29,813	64,462	29,813	64,462
Other	34	43	153	188
	183,997	174,305	903,358	923,254
Current liabilities	79,847	74,505	127,936	122,751
Non-current liabilities	104,150	99,800	775,422	800,503

The changes in borrowings were as follows:

	Parent company	**Consolidated**
At December 31, 2013	174,305	923,254
New borrowings	45,004	45,004
Payments	(46,779)	(95,383)
Financial charges appropriated to results	11,467	37,044
Monetary variation gains		(6,560)
At June 30, 2014	183,997	903,359

The borrowings obtained by the Company and its subsidiaries have the following basic characteristics:

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

			Consolidated	
Company	**Maturity**	**Financial charges - % p.a.**	**2014**	**2013**
Monel Monjolinho Energética S.A.	Oct 2026	Long-Term Interest Rate (TJLP) + 2.1	150,734	157,088
Santa Rosa S.A.	Feb 2023	TJLP + 3.8	63,308	67,012
Enercasa – Energia Caiuá S.A.	Jun 2025	TJLP + 2.5	50,618	50,629
Moinho S.A.	Aug 2028	TJLP + 2.0	46,174	47,813
Esmeralda S.A.	Apr 2029	TJLP + 3.5	24,320	26,886
Santa Laura S.A.	Jul 2020	TJLP + 3.5	22,985	24,906
			358,139	374,334

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

All amounts in thousands of reais unless otherwise stated

(ii) Financing for the construction of plants - Banco do Nordeste do Brasil S.A. (BNB)

			Consolidated	
Company	**Maturity**	**Financial charges - % p.a.**	**2014**	**2013**
Macaúbas Energética S.A.	Jul 2028	9.5	96,562	97,826
Novo Horizonte Energética S.A.	Jul 2028	9.5	83,387	84,133
Seabra Energética S.A.	Jul 2028	9.5	82,846	83,881
			262,795	265,840

The long-term financing agreement between Desenvix Bahia Wind Farm and BNB, based on fixed interest rates, provides for non-default bonuses of 25% on financial charges. This bonus is granted on payments of interest or principal and interest up to the maturity dates established in the financing agreement. If the payment conditions are complied with, the prefixed financial charges will be reduced from 9.5% p.a. to 7.125% p.a.

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

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

At June 30, 2014, the Group presented a balance not yet due amounting to R$ 98,308, (R$ 108,630 at December 31, 2013) with the 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 financing 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

First Issue of a single series of simple, unsecured debentures, non-convertible into shares, with additional collateral

The Company issued 100 thousand debentures at a face value of R$ 1 thousand each on December 12, 2012. Financial charges will be paid in 8 semiannual installments, beginning on June 12, 2013 and ending on the maturity date of the debentures. The principal will be repaid in 5 semiannual consecutive installments, beginning on December 12, 2014 and ending on the maturity date of the debentures. The debentures fall due on December 12, 2016.

At a Meeting held on April 30, 2014, the Debenture Holders approved the second amendment to the public deed of the aforementioned issue, waiving the restrictive covenants and altering the remuneration, which, as from May 1, 2014, started to be paid based on the accumulated variation of 100% of the daily Interbank Deposit (DI) rates, plus a spread of 3.75% (2.80% up to April 30, 2014) p.a.

All amounts in thousands of reais unless otherwise stated

The debenture agreement in force establishes the early maturity of the total obligation if a series of requirements are not met, including the failure to comply with certain financial ratios for three alternate quarters. According to the second amendment to the agreement, the beginning of the measurement and compliance with these ratios occur as from April 1, 2014. The ratios required and the result obtained at June 30, 2014 can be summarized as follows:

Description of the ratio	Agreement ratio	Ratio obtained
Total Debt/Dividend Income (Parent Company)	Considered breach of covenants if the ratio is: greater than 4.0x from April 1, 2014 to March 31, 2015; greater than 3.5x from April 1, 2015 to December 31, 2015; greater than 3.0x from January 1, 2016 to June 30, 2016; and greater than 2.5x as from July 1, 2016.	3.3
Total Debt/Equity (Consolidated)	Considered breach of covenants if the ratio is: greater than 1.45x.	1.30
Debt Service Cover Ratio (ICSD) (Consolidated)	Considered breach of covenants if the ratio is: lower than 1.0x as from April 1, 2014.	1.7

Second issue of a single series of simple, unsecured debentures, non-convertible into shares, with personal guarantee and additional collateral, under suspensive condition, for public offering with restricted efforts

The Company issued 45 debentures at a face value of R$ 1,000 thousand each on June 9, 2014, which will be remunerated at the accumulated variation of 100% of the daily Interbank Deposit (DI) rate, plus a spread of 2.85% p.a. Financial charges will be paid in 10 semiannual installments, beginning on November 26, 2014 and ending on the maturity date of the debentures. The principal will be repaid in 4 annual consecutive installments, beginning on May 16, 2016 and ending on the maturity date of the debentures. The debentures fall due on May 26, 2019. The first three amortizations of the principal amount will each represent 22.23% of the unit par value, whereas the fourth and last portion will individually represent 33.31% of the unit par value.

In guarantee of the full, timely payment of all debenture-related obligations, whether principal or accessory: (a) the parent companies Jackson Empreendimentos S.A. and SN Power Brasil Investimentos Ltda. will provide guarantees in favor or the debenture holders, thereby assuming the position of individual debtors and main paying parties of all amounts payable by the Company, under the terms of the Issue Deed, at the proportion of 50% each, up to the full payment of the Debentures; and (b) the credit rights arising from the distribution of dividends of certain companies in which the Company has an ownership interest, as well as the Company's credit rights arising from the ownership of a determined restricted bank account, which cannot be operated by the Company, will be assigned on a fiduciary basis, and the fiduciary assignment in guarantee of the credit rights arising from the distribution of dividends will be realized under a suspensive condition.

(v) Working capital financing

The financial charges are payable in 12 monthly installments, beginning on October 11, 2013 and ending on September 11, 2014, 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.

13 Concessions payable

The balance payable at June 30, 2014 amounted to R$ 65,038 (R$ 63,038 at December 31, 2013) and was represented by the obligation payable arising from the concession agreement with ANEEL for the exploration of the hydroelectric potential of UHE Alzir dos Santos Antunes (Monel Monjolinho Energética S.A.), adjusted to present value, considering an interest rate of 9.50%. The corresponding obligation will be paid in monthly installments, adjusted annually based on the General Market Price Index (IGP-M) rate variation, calculated by Fundação Getúlio Vargas. The 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 September 2001 and the related concession agreement was signed in April 2002, with the plant starting operations in September 2009. The concession agreement includes, but is not limited to, the following provisions: 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 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, the assets and installations linked to the utilization of the hydroelectric resources will be transferred to the Federal Government's assets through indemnification for investments made, as long as the investments 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

14 Taxes and contributions

	Parent company		Consolidated	
	June 30, 2014	December 31, 2013	June 30, 2014	December 31, 2013
Tax on Financial Transactions (IOF)	9,671	9,671	9,671	9,671
Withholding taxes (Tax on Services of Any Kind (ISSQN), Income Tax Withheld at Source (IRRF), National Institute of Social Security (INSS), Social Contribution on Net Income (CSLL) and others)	45	39	700	2,547
Social Contribution on Revenues (COFINS)		157	2,131	2,136
ANEEL fees and contributions			758	746
Social Integration Program (PIS)		34	462	463
	9,716	9,901	13,722	15,563
Current liabilities	9,716	9,901	13,148	14,822
Non-current liabilities			574	741

15 Other liabilities

	Parent company		Consolidated	
	2014	2013	2014	2013
Indemnities payable			3	3
Provision for contingencies	1,372	1,600	1,810	2,074
Environmental provision			16,607	17,331
Owners of areas	1,905	1,905	3,160	3,302
Pre-operating provisions			4,565	9,292
Engevix Engenharia S.A.			4,052	4,355
Other	9	3	6,201	2,847
	3,286	3,508	36,398	39,204
Current liabilities	1,914	1,908	13,721	17,814
Non-current liabilities	1,372	1,600	22,677	21,390

16 Provision for electric power contracts

At the end of 2012, Enercasa recognized R$ 11 million in its results as a penalty due to the lack of supply of the contracted power. In accordance with Order 1,516, of May 14, 2013, ANEEL, in a preliminary decision, rejected the application of a penalty referring to the failure to supply the electric power contracted for 2012. It also determined that the Electric Energy Trade Chamber (CCEE) retain Enercasa's fixed income, as from February 2013 (referring to January 2013).

At the third Public Meeting of the Board of ANEEL, held on February 4, 2014, the members approved the proposal for the standardization of clause 14 of the Reserve Power Agreements (CER), in accordance with ANEEL Normative Resolution 600, of February 4, 2014, referring to the criteria for the calculation of penalties due to the failure to supply the electric power contracted. As from that date, the Company established a penalty of 15% referring to the failure to supply the electric power contracted in 2012 and 2013, amounting to R$ 9,606 at June 30, 2014 (R$ 7,425 at December 31, 2013). The Company has been establishing a penalty provision in respect of 2014, on a monthly basis, the total amount of which amounted to R$ 2,181 at June 30, 2014.

Since ANEEL denied the request to consider “force majeure”, as per Order 1,717, of June 3, 2014, Enercasa filed a lawsuit against ANEEL, the object of which was to recognize the existence of force majeure and acts of God events as regards the Reserve Power Agreements (CER), relating to the problems faced by Enercasa arising from the non-provision of fuel for generation. If the reasons for exclusion of liability are accepted, Enercasa's liabilities in relation to the CER would be eliminated for the period covered by the force majeure or acts of God events, without the levy of penalties (Clause 13 of the CER). On July 21, 2014, an injunction was issued in favor of Enercasa, suspending the payment of the penalties up to the judgment of the merit.

17 Equity

(a) Share capital

At the Extraordinary Meeting of December 11, 2013, the stockholders approved a capital increase in Desenvix of R$ 60,000, to be paid in two installments of R$ 30,000, the first on February 5, 2014 and the second on December 5, 2014.

The Company's subscribed capital at June 30, 2014 comprised 117,001,722 registered common shares with no par value.

(b) Carrying value adjustments

The carrying value adjustments comprise the fair value adjustments of investments in entities in which the Company has no significant influence, Dona Francisca Energética S.A. and Companhia Energética Rio das Antas, see Note 28.

All amounts in thousands of reais unless otherwise stated

18 Net operating revenue

	Parent company			
	Six-month period ended June 30, 2014	Quarter ended June 30, 2014	Six-month period ended June 30, 2013	Quarter ended June 30, 2013
Services rendered	6,058	3,123	3,786	2,208
Taxes on services rendered			(350)	(204)
Net operating revenue	6,058	3,123	3,436	2,004

	Consolidated			
	Six-month period ended June 30, 2014	Quarter ended June 30, 2014	Six-month period ended June 30, 2013	Quarter ended June 30, 2013
Gross revenue				
Electric power supply	111,345	49,813	89,884	40,282
Services rendered	16,188	8,278	14,119	6,993
Taxes on revenues				
Services rendered	(1,848)	(917)	(1,647)	(691)
Electric power supply	(4,484)	(845)	(7,344)	(3,640)
Net operating revenue	121,201	56,329	95,012	42,944

19 Costs and expenses by nature

	Parent company			
	Six-month period ended June 30, 2014	Quarter ended June 30, 2014	Six-month period ended June 30, 2013	Quarter ended June 30, 2013
Personnel	(1,986)	(1,030)	(2,322)	(1,191)
Management remuneration	(1,940)	(938)	(2,335)	(1,123)
Third-party services	(1,516)	(797)	(2,868)	(1,491)
Travel and lodging	(338)	(236)	(666)	(362)
Rentals	(164)	(87)	(353)	(112)
Taxes	(12)	(4)	(34)	(7)
Depreciation and amortization	(43)	(21)	(36)	(19)
Advertising and publicity	(543)	(455)	(628)	(576)
Studies in progress	(450)	(256)	(853)	(165)
Other	(177)	(91)	(318)	(205)
	(7,169)	(3,915)	(10,413)	(5,251)

All amounts in thousands of reais unless otherwise stated

				Consolidated
	Six-month period ended June 30, 2014	**Quarter ended June 30, 2014**	**Six-month period ended June 30, 2013**	**Quarter ended June 30, 2013**
Personnel	(14,660)	(7,799)	(13,532)	(7,378)
Management remuneration	(1,940)	(938)	(2,335)	(1,123)
Third-party services	(7,241)	(3,908)	(8,258)	(3,566)
Travel and lodging	(730)	(495)	(1,096)	(593)
Rentals	(1,035)	(539)	(1,429)	(662)
Taxes	(60)	(36)	(117)	(53)
Regulatory charges	(6,080)	(2,979)	(10,593)	(7,379)
Depreciation and amortization	(31,221)	(15,357)	(31,989)	(15,964)
Advertising and publicity	(1,028)	(939)	(647)	(578)
Surety insurance and commissions	(748)	(355)	(816)	(409)
Purchase of energy	(361)	(361)	(206)	(206)
Reversal of provision for electric power contracts	957			
Studies in progress	(450)	(256)	(853)	(165)
Provision for losses on electric power contracts	(2,692)	(2,692)		
Other	(988)	(645)	(1,310)	(692)
	(68,277)	(37,299)	(73,181)	(38,768)

20 Finance result

				Parent company
	Six-month period ended June 30, 2014	**Quarter ended June 30, 2014**	**Six-month period ended June 30, 2013**	**Quarter ended June 30, 2013**
Finance costs				
With borrowings	(12,011)	(5,696)	(6,112)	(3,176)
With bank guarantee letters	(2,506)	(1,248)	(612)	(202)
IOF, fines and interest on taxes	(588)	(267)	(374)	(4)
Other finance costs	(1,974)	(1,571)	(246)	(216)
	(17,079)	(8,782)	(7,344)	(3,598)
Finance income				
On financial investments	1,103	588	1,994	785
Monetary variation gains	4,265	4,265	41	4
	5,368	4,853	2,035	789
	(11,711)	(3,929)	(5,309)	(2,809)

All amounts in thousands of reais unless otherwise stated

				Consolidated
	Six-month period ended June 30, 2014	Quarter ended June 30, 2014	Six-month period ended June 30, 2013	Quarter ended June 30, 2013
Finance costs				
With borrowings	(37,570)	(18,413)	(33,334)	(16,889)
With bank guarantee letters	(4,242)	(2,091)	(2,075)	(927)
IOF, fines and interest on taxes	(788)	(413)	(425)	(15)
Monetary variation losses	(4,106)	(156)	(13,099)	(11,138)
Concessions payable and other expenses	(5,797)	(3,170)	(3,209)	(2,717)
Other finance costs	(3,438)	(2,155)	(1,953)	(970)
	(55,941)	(26,398)	(54,095)	(32,656)
Finance income				
On financial investments	3,534	1,930	3,180	1,494
Monetary variation gains	14,931	7,225	4,150	674
Other finance income	584	584	184	28
	19,049	9,739	7,514	2,196
	(36,892)	(16,659)	(46,581)	(30,460)

21 Income tax and social contribution

(a) For the period

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

The IRPJ and CSLL in the periods ended June 30 can be summarized as follows:

		Consolidated
	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Income tax and social contribution		
Current	(4,347)	(5,931)
Deferred	(3,106)	14,112
	(7,453)	8,181

All amounts in thousands of reais unless otherwise stated

The current IRPJ and CSLL charges, by calculation system, in the periods ended June 30 can be summarized as follows:

		Consolidated
	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Calculation system		
Taxable income		
Income tax	(332)	(3,379)
Social Contribution	(124)	(1,225)
	(456)	**(4,604)**
Presumed profit		
Income tax	(2,507)	(857)
Social Contribution	(1,384)	(470)
	(3,891)	**(1,327)**
Total charge in the period	**(4,347)**	**(5,931)**

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

		Consolidated
	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Profit (loss) before taxation	28,935	(16,746)
Profit (loss) before income tax and social contribution and result of equity investments in parent and subsidiaries, which had a tax loss in the period	(18,655)	44,686
Unrealized profits in operations between the parent company and subsidiaries, with no deferred tax impact	134	134
Result from equity investments	(13,483)	6,243
	(3,069)	**34,317**
Combined statutory rate of income tax and social contribution - %	**34%**	**34%**
Income tax and social contribution at the statutory rates	(1,043)	11,668
Difference in the income tax and social contribution charge of subsidiaries assessed under the presumed profit system at different rates and tax bases	(6,491)	(3,487)
Other	82	
Income tax and social contribution credit (charge) in the period	(7,453)	8,181

	Parent company		Consolidated
	Liabilities	Assets	Liabilities
At December 31, 2013	(1,648)	23,768	(5,561)
Deferred taxes on temporary provisions and tax losses	162	1,473	162
From business combinations (goodwill)	192		192
On foreign exchange variations		1,333	(3,495)
Write-off of deferred charges - taxation change		(2,769)	
At June 30, 2014	(1,294)	23,805	(8,702)

All amounts in thousands of reais unless otherwise stated

The Company estimates that, after 2018, the remaining balance of tax losses of the companies, the foreign exchange variations on the financing in U.S. dollars with the China Development Bank (CDB) of the subsidiary Energen, and also of the temporary differences between the regulatory (ANEEL) and corporate (CPC 27) depreciation rate will be realized.

(c) Provisional Measure (MP) 627, of November 11, 2013, converted into Law 12,973/2014

Provisional Measure (MP) 627/13 changes the tax legislation related to the federal taxes and contributions and repeals the Transitional Tax System (RTT), established by Law 11,941/09, among other provisions. The aforementioned MP will be in effect as from the calendar year 2015 and entities can voluntarily opt for adoption as from the calendar year 2014. The Company will not adopt Law 12,973 on an early basis.

Management, based on preliminary analyses of the possible effects arising from the application of the MP, understands that the Company's tax burden will not increase in relation to the legislation in force.

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

22 Insurance and guarantees

(a) Bank guarantee letters and collaterals

The Company contracted bank guarantee letters for financing arrangements, lawsuits in progress and others, the most significant being as follows:

Bank	Guarantees and sureties	Amount of the debt
BNDES	Bank guarantee letter	30,371
BNB	Bank guarantee letter	134,808

(b) Insurance - operational and other risks

The Company has civil liability insurance, effective up to March 31, 2015, for its Directors, Officers and/or Managers, and has contracted a policy together with the controlling stockholder Jackson Empreendimentos Ltda., the main policyholder. No other insurance has been contracted due to the nature of the activities.

			Consolidated
	Operational Risks		Civil liability
Type of plant	Material damages	Loss of profits	Maximum indemnity limit + pain and suffering
Small hydroelectric power plants (PCH)	240,000	71,644	19,000
Biomass thermal power plants (UTE)	15,747		
Wind power plant (EOL)	285,000	72,909	8,000
Hydroelectric Power Plant (UHE)	210,000		5,000
Other			1,000
	750,747	144,553	33,000

(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 Jackson/Engevix as a fee for the sureties and guarantees provided. According to the proposal, Desenvix will pay 1.0% for the bank guarantees and 0.5% for the performance bonds at the end of each financial year. The total amount guaranteed by Jackson/Engevix is R$ 416,560. The amount provisioned as payable in 2014 related to these guarantees and sureties was R$ 2,090 in the parent company.

23 Financial instruments

The Company and its subsidiaries did not have off-balance sheet financial instruments at June 30, 2014, nor did they contract derivative financial instruments (swap, currency or index swaps, and hedges, among others).

The Company has various financial instruments, mainly cash and cash equivalents, trade receivables, financial investments, trade payables and financing.

23.1 Financial risk factors

The Company'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 Company'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 and non-derivative financial instruments, and investment of surplus liquidity.

(a) Market risk

(i) Foreign exchange risk

At June 30, 2014, the Desenvix Group had liabilities in foreign currency related to the debt of the subsidiary Energen Energias Renováveis S.A. (Note 12(iii)), thereby exposing it to foreign exchange risk.

This risk is associated with the fluctuations of the U.S. dollar in relation to the functional currency used by Desenvix (the Brazilian real). Currently, the Company does not use any financial instrument to hedge its results against the risk of foreign exchange variations, but these variations are being monitored on a timely basis, in order to determine whether contracting hedge or swap transactions is required.

All amounts in thousands of reais unless otherwise stated

Foreign exchange risk

				Consolidated
	June 30, 2014		December 31, 2013	
	R$	US$	R$	US$
China Development Bank (CDB)	98,308	46,635	108,630	46,576
Total	98,308	46,635	108,630	46576

(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.

	Parent company			Consolidated			
	No later than one year	Between 1 and 3 years	Between 3 and 5 years	No later than one year	Between 1 and 3 years	Between 3 and 5 years	Later than 5 years
At June 30, 2014							
Trade payables	1,166			6,281			
Borrowings	60,486	125,631	30,318	131,383	292,636	200,361	925,997
Related parties	20,552			6,567			
Payables for land acquisitions	1,905			3,160			
Concessions payable				6,712	13,425	13,512	229,387
At December 31, 2013							
Trade payables	2,603			32,452			
Borrowings	57,792	133,710	22,103	77,982	269,224	191,981	967,845
Related parties	17,616			7,363			
Payables for land acquisitions	1,905			3,301			
Concessions payable				6,500	14,147	15,555	236,715

The Company understands that it has no significant liquidity risk.

(c) Risk of accelerated maturity of financing

All amounts in thousands of reais unless otherwise stated

This risk arises from possible non-compliance with the restrictive covenants of the financing agreements entered into with BNDES, CDB, BNB and in respect of the Debentures (Note 12), 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) Sensibility analysis

Pursuant to CVM Instruction 475/08, a sensitivity table is presented, which shows the sensitivity analysis of financial instruments, and discloses the effects on monetary variations and financial expenses calculated based on the estimated scenario at December 31, 2013 and June 30, 2014, in the event variations occur in the risk components. Simplifications were utilized to segregate the variability in the risk factor under analysis. Consequently, the estimates presented below do not necessarily present 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.

(i) 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 because of variations in the economic scenarios. The probable scenario is based on the Company's estimates, which are in line with the projections presented in the Focus report issued by the Brazilian Central Bank (BACEN), at December 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, 2014.

Desenvix does not have any positions in the derivatives market.

(ii) Interest rate factor (consolidated)

				Additional variations in the book balance (*)				
	Risk factor	**Amounts exposed at June 30, 2014**	**Amounts exposed at December 31, 2013**	**-50%**	**-25%**	**Probable scenario**	**25%**	**50%**
Borrowings	CDI	(183,997)	(174,305)	(2,389)	(3,584)	(4,779)	(5,973)	(7,168)
Financial investments	CDI	56,425	58,876	733	1,099	1,465	1,832	2,198
Net impact	CDI	(127,572)	(115,429)	(1,656)	(2,485)	(3,314)	(4,141)	(4,970)
Borrowings	TJLP	(358,139)	(374,334)	(2,198)	(3,296)	(4,395)	(5,494)	(6,593)
Borrowings	Libor	(98,308)	(108,630)	(1,277)	(1,915)	(80)	(3,191)	(3,830)
Rates considered - % per year	CDI	10.80%	9.77%	5.40%	8.10%	10.80%	13.50%	16.20%
Rates considered - % per year	TJLP	5.00%	5.00%	2.50%	3.75%	5.00%	6.25%	7.50%
Rates considered - % per year	Libor	0.33%		0.16%	0.25%	0.33%	0.41%	0.49%

(*) The positive and negative variations of 25% and 50% were applied to the rates projected for December 31, 2014.

All amounts in thousands of reais unless otherwise stated

(e) Fair value estimation

The carrying values of trade receivables and payables, concessions payable and related parties, less the impairment provision, when applicable, are assumed to approximate their fair values.

The fair value of restricted financial investments (Note 7) and borrowings (Note 12) approximates their carrying amount.The table below classifies financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

(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 asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets that were measured at fair value as at June 30, 2014.

			Consolidated
	Level 2	**Level 3**	**Total balance**
Assets			
Restricted financial investments	53,938		53,938
Available-for-sale financial assets			
Investments		66,677	66,677
Total assets	53,938	66,677	120,615

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

			Consolidated
	Level 2	**Level 3**	**Total balance**
Assets			
Restricted financial investments	52,119		52,119
Available-for-sale financial assets		66,677	66,677
Total assets	52,119	66,677	118,796

The Company has investments in Companhia Energética Rio das Antas (5%) and Dona Francisca Energética S.A. (2.12%), in respect of which it has no significant influence over the companies, recorded at fair value in the respective amounts of R$ 58,740 and R$ 7,937. The Company prepared the future cash flows to evaluate the value of the investments taking into consideration the date of termination of the concession agreement. The concession period could be extended for another 20 years after the end of the first concession period. However, the authorization of third parties is required for the renewal of the concession. Therefore, the possible extension could result in amounts different from those currently recorded.

All amounts in thousands of reais unless otherwise stated

(f) Financial instruments by category

				Consolidated
	Assets at fair value through profit or loss	Loans and receivables	Available for sale	Total
June 30, 2014				
Assets as per balance sheet				
Cash and cash equivalents		25,735		25,735
Trade receivables		24,080		24,080
Related parties		30,658		30,658
Other assets		7,708		7,708
Restricted financial investments	53,938			53,938
Investments			66,677	66,677
	53,938	88,181	66,677	208,796

				Consolidated
	Assets at fair value through profit or loss	Loans and receivables	Available for sale	Total
December 31, 2013				
Assets as per balance sheet				
Cash and cash equivalents		28,803		28,803
Trade receivables		24,177		24,177
Related parties		26,824		26,824
Other assets		8,442		8,442
Restricted financial investments	52,119			52,119
Investments			66,677	66,677
Investment property	25,208			25,208
	77,327	88,245	66,677	232,250

	Consolidated
	Other financial liabilities
June 30, 2014	
Liabilities as per balance sheet	
Trade payables	7,089
Borrowings	903,358
Related parties	6,567
Payables for land acquisitions	3,160
Concession payable	65,038
	985,212
December 31, 2013	
Liabilities as per balance sheet	
Trade payables	33,260
Borrowings	923,254
Related parties	7,363
Payables for land acquisitions	3,301
Concession payable	63,038
	1,030,216

All amounts in thousands of reais unless otherwise stated

24 Other operational risks

(a) Hydrological 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 Energy Reallocation Mechanism (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, and there is also a concession agreement related to the UHE Monel which does establish payments for the use of public assets (Note 13). 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.

25 Contingencies

The Company and its subsidiaries do not have contingencies for which a future disbursement is considered probable and there are no provisions regarding the amounts relating to these processes, which are only mentioned in the Notes.

		Parent company
	June 30, 2014	**December 31, 2013**
	Possible loss	Possible loss
Civil		17,230
Labor	3,320	660
	3,320	17,890

		Consolidated
	June 30, 2014	**December 31, 2013**
	Possible loss	Possible loss
Civil	2,012	18,779
Labor	3,320	695
Administrative	452	249
	5,784	19,723

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

All amounts in thousands of reais unless otherwise stated

The Group is subject to federal, state and municipal environmental laws and regulations, and complies with them. Therefore, 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 Company and its subsidiaries.

26 Basic and diluted earnings (loss) per share

The basic earnings (loss) per share is calculated by dividing the profit or loss 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 (loss) per share are the same.

	Parent company		Consolidated	
	2014	2013	2014	2013
Profit (loss) attributable to stockholders of the Company	21,415	(7,979)	21,415	(7,979)
Weighted average number of common shares outstanding during the period	115,143	107,440	115,143	107,440
Earnings (loss) per share	0.1860	(0.0743)	0.1860	(0.0743)

Outstanding shares, in accordance with the relevant accounting standards, refer to the total shares issued by the Company less the shares held in treasury, when applicable.

27 Investment properties

In order to obtain from ANEEL the authorizations or permits for the future implementation of PCHs, for which it has been developing studies related to inventories and the basic projects, the Company is purchasing, in advance, land in the areas where the future PCHs will be built (areas to be affected by the reservoir), which is one of the conditions for the selection and prioritization of interested parties. The purchase totaled R$ 25,208 (the same as 2012).

The amounts recorded for properties approximate their fair values, since they were realized in the past few years.

28 Investments in non-subsidiary entities at fair value

The investments in non-subsidiary entities at fair value comprise investments not generating significant influence in Companhia Energética Rio das Antas (interest in capital of 5%) and Dona Francisca Energética S.A. (interest in capital of 2.12%). The investment amounts at June 30, 2014 were R$ 58,740 and R$ 7,937, respectively (the same as at December 31, 2013).

29 Events after the reporting period

1- Bank guarantees - BNB

By means of the amendment to the private instrument of loan agreement, entered into by Banco do Nordeste Brasil S.A. and the subsidiaries Macaúbas Energética S.A., Seabra Energética S.A., and Novo Horizonte Energética S.A., the bank guarantees have been revoked, as explained in Note 22(a), because the conditions established in the agreements have been complied with.

2- Beginning of commercial operations of MGE Transmissão S.A.

The provisional operations of MGE were authorized to commence as from August 8, 2014, through the issue of a License for Provisional Operation, and the subsidiary has already started invoicing the Authorized Annual Revenue. The License for Permanent Operation was requested on the same date.

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