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BUSINESS NEWS

IMMEDIATE RELEASE

CEMIG REPORTS SECOND QUARTER 2003 EARNINGS

Belo Horizonte, Brazil, August 4, 2003 - Companhia Energetica de Minas Gerais - CEMIG - (NYSE: CIG; BOV: CMIG4, CMIG3 and LATIBEX: XCMIG), a leading fully-integrated electricity company in Brazil and its subsidiaries ("Grupo CEMIG") today reported net income of R\$535,463 in the six-month period ended June 30, 2003 compared to a net loss of R\$894,796 in the six-month period ended in June 30, 2002.

In the 2003 period, the consolidated income was positively impacted by an increase in electricity sales and in financial income arising from valuation of the Brazilian real against the U.S. dollar. In the 2002 period, the result was negatively impacted by the provision for losses on receivables from Minas Gerais State Government and financial expenses arising from devaluation of the Brazilian real against the U.S. dollar.

Djalma Bastos de Moraes, CEMIG's CEO, said: "We are continuing the Company's recovering process after the rationing. The quarterly result, a net income of R\$384 million, shows, a significant improvement compared to the previous quarters, as a result of the guidance emanated from the Board of Directors and of the actions taken by the Board of Executive Officers, which always aim at maximizing shareholder value. We also continued our capital expenditure that reached R\$525 million, which allowed us to not only to continue our expansion projects, but also to connect new customers, enabling us to accomplish our goal of connecting all customers within the Minas Gerais state."

CEMIG's CFO, Flavio Decat de Moura stated that: "despite the difficult climate we faced last year because of the Real devaluation and the delay of the financial resources promised in the ambit of the General Agreement of the Electricity Sector, we are gradually improving CEMIG's financial performance. We continue to aim towards returning to prior levels. Our indebtedness reached R\$3,173 million compared to R\$3,616 at the end of the first quarter, a reduction of 12.2%, which brought the debt over shareholders' equity ratio to 33%, a very positive level. We still have some pending matters related to the General Agreement of the Electricity Sector, besides the latest progress. Nevertheless, we can assure our shareholders that the cost-cutting and capital expenditure revision actions already taken will result in significant gains in the next quarters. We have

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confidence that, if the conjuncture remains stable and we would receive all predicted resources, we will be presenting results that we judge will be very attractive to investors."

Electricity gross sales were R\$3,343,434 in the six-month period ended in June 30, 2003 compared to R\$2,592,824 in the six-month period ended in June 30, 2002, an increase of 28.95%. This result was due to:

- o rate average increase of 10.51% starting in April 8, 2002 (full effect in 2003);
- o rate average increase of 31.53% starting in April 8, 2003
- o increase in Emergency capacity charge collected in the six-month period ended in June 30, 2003;
- o 1.78% increase in electricity volume sold to final customers.

Electricity gross sales to final customers were R\$3,313,687 in the six-month period ended in June 30, 2003 compared to R\$2,543,452 in the six-month period ended in June 30, 2002, representing an increase of 30.28%. This increase resulted from the rate increase of 10.51% and 31.53% in April 2002 and 2003, respectively, and a 2.12% rise in electricity sales volume. The most representative markets, residential and commercial markets increased 6.13% and 4.91% respectively, and industrial market decreased 0.75%.

The increase in electricity gross sales was additionally impacted by Emergency capacity charge collected in power bills, R\$139,228 in the six-month period ended in June 30, 2003 compared to R\$41,237 in the six-month period ended in June 30, 2002 (this charge started being collected in March 2002). The significant change between periods is a result of the retroactive amounts collected in 2003, of part of the Emergency capacity charge related to the period from July 2, 2002 to October 8, 2002, in the amount of R\$46,468, due to a injunction which did not allow that amount to be collected in the 2002 period.

Operating expenses were R\$2,113,422 in the six-month period ended in June 30, 2003 compared to R\$1,916,439 in the six-month period ended in June 30, 2002, an increase of 10.28%, mainly due to an increase in Personnel expenses, Gas purchased for resale and Operating provisions in counterpart of a decrease in Employee post-retirement benefits. The main variations in expenses are described below:

Personnel expenses were R\$316,324 in the six-month period ended in June 30, 2003 compared to R\$265,182 in the six-month period ended in June 30, 2002, an increase of 19.29%, due mainly to salary increases of

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11.45% in November 2002, an increase of 0.63% in the average number of CEMIG's employees (11,420 employees in the six-month period ended in June 30, 2003 compared to 11,348 employees in the six-month period ended in June 30, 2002), and a reduction in Personnel expenses transferred to Construction in progress.

Electricity purchased for resale were R\$680,338 in the six-month period ended in June 30, 2003 compared to R\$662,237 in the six-month period ended in

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June 30, 2002, representing an increase of 2.73%. This variation is a result of an increase in expenses for energy purchased from Itaipu, R\$558,225 in the six-month period ended in June 30, 2003 compared to R\$475,033 in the six-month period ended in June 30, 2002, partially offset by a decrease in MAE transaction expenses, R\$39,428 in the six-month period ended in June 30, 2003 compared to R\$109,966 in the six-month period ended in June 30, 2002. The higher MAE expenses in the six-month period ended in June 30, 2002 is due to the significantly higher rates presented during that period, principally in January and February, months in which the Electricity Rationing Plan was in force.

Depreciation and amortization expenses were R\$280,999 in the six-month period ended in June 30, 2003 compared to R\$270,843 in the six-month period ended in June 30, 2002, representing an increase of 3.75%, due basically to the launch of additional distribution network and lines.

Outside services were R\$139,112 in the six-month period ended in June 30, 2003 compared to R\$111,736 in the six-month period ended in June 30, 2002, representing an increase of 24.50%, due to the adjustment of service contract prices, mainly related to delivery of bills to consumers, maintenance of facilities and electric equipments.

Employee post-retirement benefit expenses were R\$23,753 in the six-month period ended in June 30, 2003 compared to R\$108,499 in the six-month period ended in June 30, 2002, representing a reduction of 78.11%. The decrease in expenses is due basically to the estimate for 2003 of a lower increase in projected benefit obligations, compared to a higher profitability expected for plan assets.

Operating provisions were R\$80,213 in the six-month period ended in June 30, 2003 compared to R\$8,419 in the six-month period ended in June 30, 2002, representing an increase of 852.76%. This increase is due to the

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complementary provision for losses on realization of the special rate adjustment, in the amount of R\$20,966, recorded in the six-month period ended in June 30, 2003 and to the Allowance for doubtful accounts of R\$31,160 recorded in the six-month period ended in June 30, 2003 compared to a reversion of R\$3,162 recorded in the six-month period ended in June 30, 2002. The reversion in Allowance for doubtful accounts recorded in the prior period is the result of significant overdue amounts collected from an industrial customer.

Fuel consumption quota expenses were R\$157,490 in the six-month period ended in June 30, 2003 compared to R\$160,004 in the six-month period ended in June 30, 2002, representing a reduction of 1.57%. Fuel consumption quota refers to operating costs of thermoelectric plants in the Brazilian isolated and interconnected energy system prorated among electric concessionaires through ANEEL resolution.

Gas purchased for resale expenses were R\$76,746 in the six-month period ended in June 30, 2003 compared to R\$45,059 in the six-month period ended in June 30, 2002, an increase of 70.32%. These expenses refer to gas purchased by GASMIG. This variation is a result of a gas price increase, partially offset

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by a 10.03% reduction in the volume of gas acquired, in the amount of 199,628 thousand m3 in the six-month period ended in June 30, 2003, compared to 221,876 thousand m3 in the six-month period ended in June 30, 2002, resulting from lower purchases from thermoelectric plants.

Financial income was impacted by the main factors described as follows:

- o Investment income earned in the amount of R\$14,953 in the six-month period ended in June 30, 2003 compared to R\$95,095 in the six-month period ended in June 30, 2002. In the prior period, there was a higher volume of investments because of debentures issued on November 2001, whose proceeds were applied in CEMIG's Investment Plan during the year of 2002, justifying the reduction in revenues. Additionally, losses from not redeemed financial instruments denominated in U.S. dollars contributed to the decrease of the Investment income in the six-month period ended in June 30, 2003, as the Company recorded an expense in the amount of R\$17,747.

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- o Foreign net exchange gains in the amount of R\$341,191 in the six-month period ended in June 30, 2003 compared to foreign net exchange losses of R\$314,998 in the six-month period ended in June 30, 2002, which are principally related to loans and financing denominated in foreign currencies. In the six-month period ended June 30, 2003, the Brazilian real appreciated 18.72% over the U.S. dollar, compared to a 22.58% devaluation in the same period of 2002.
- o Net revenues from monetary restatement of CVA amounting to R\$41,044 in the six-month period ended in June 30, 2003 compared to R\$6,031 in the six-month period ended in June 30, 2002. This variation is a result of higher average balance of CVA, basis to be restated by SELIC, in the six-month period ended in June 30, 2003 compared to the same prior period.
- o Interest and monetary restatement expenses on loans and financing amounting to R\$182,573 in the six-month period ended in June 30, 2003 compared to R\$139,733 in the same prior period. This increase is due to the higher debt level denominated in local currency and the raise in its inflationary restatement indexes in the six-month period ended in June 30, 2003. The Índice Geral de Precos - IGP-M (General Price Index), main index of these contracts, presented a variation of 5.89% in the six-month period ended in June 30, 2003 compared to a 3.48% variation in the same prior period.
- o Reversion of the provision for valuation marketable securities of Brazilian National Treasury Notes in the amount of R\$45,543 in the six-month period ended in June 30, 2003 compared to a provision of R\$20,828 in the six-month period ended in June 30, 2002, due to the lower discount imposed by financial markets on transactions involving Federal government long-term bonds.
- o Interest on capital declared in the six-month period ended in June 30, 2002 in the amount of R\$120,000.

Non-operating expenses were R\$12,693 in the six-month period ended in June 30, 2003 compared to R\$1,059,172 in the six-month period ended in June 30, 2002. This variation is due to a provision for loss recorded in the prior period, in the amount of R\$1,045,325, related to the Second Amendment of

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Credit Assignment Contract for CRC signed with the Minas Gerais State Government.

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The CEMIG Group recorded income tax expenses of R\$313,765 in the six-month period ended in June 30, 2003, representing 36.98% of pre-tax income.

In the six-month period ended in June 30, 2002, the income tax expenses were R\$22,360 in relation to a pre-tax loss of R\$1,001,091. Basically this result is due to the provision for loss recorded in the amount of R\$1,045,325, which was considered a not deductible expense for Income and Social Contribution Tax purposes.

Certain statements and assumptions contained herein are forward-looking statements based on management's current views and assumptions and involve known and unknown risks and uncertainties. Actual results could differ materially from those expressed or implied in such statements.

Contacts:

| | |
|---|---|
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Chart I

| Statement of Income (consolidated) | | | | | |
|------------------------------------|--------------|---------|--------|---------|---------|
| Values in million of Reais | | | | | |
| 2003 | | | | | |
| | Year to Date | 2nd Q. | 1st Q. | Year | 4th Q. |
| Net Revenue | 2,544 | 1,456 | 1,088 | 5,119 | 1,298 |
| Operating Expenses | (2,113) | (1,148) | (965) | (4,593) | (1,186) |

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| | | | | | |
|--|-------|-------|-------|---------|-------|
| EBIT | 431 | 308 | 123 | 525 | 111 |
| EBITDA | 712 | 449 | 263 | 1,076 | 254 |
| Financial Result | 431 | 273 | 158 | (616) | 142 |
| Non-Operating Result | (13) | (4) | (9) | (27) | (7) |
| Extraordinary loss | - | - | - | (1,045) | - |
| Income tax, social contribution and deferred income tax | (314) | (194) | (120) | (71) | (198) |
| Interest on capital reversal | - | - | - | 220 | 100 |
| Minority interest | - | - | - | 12 | 1 |
| Net Income | 535 | 383 | 152 | (1,002) | 149 |

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Chart II

Operating Revenues (consolidated)
Values in million of Reais

| | 2003 | | | | | |
|---------------------------|--------------|--------|--------|---------|--------|---|
| | Year to Date | 2nd Q. | 1st Q. | Year | 4th Q. | 3 |
| Retail Sales | 3,314 | 1,860 | 1,454 | 5,458 | 1,515 | |
| Extraordinary Revenues | - | - | - | 275 | 6 | |
| Wholesale | 30 | 26 | 4 | 534 | 45 | |
| Transmission Grid Revenue | 123 | 65 | 58 | 185 | 51 | |
| Others | 158 | 90 | 68 | 300 | 129 | |
| Deductions | (1,081) | (585) | (496) | (1,633) | (448) | |
| Net Revenues | 2,544 | 1,456 | 1,088 | 5,119 | 1,298 | |

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Chart III

| Operating Expenses (consolidated) | | | | | |
|--|--------------|--------------|------------|--------------|------------|
| Values in million of Reais | | | | | |
| 2003 | | | | | |
| | Year to Date | 2nd Q. | 1st Q. | Year | 4th Q. |
| Energy Purchased | 681 | 389 | 292 | 1,733 | 2 |
| Labor | 339 | 182 | 157 | 553 | 1 |
| Depreciation and amortization | 281 | 141 | 140 | 551 | 1 |
| CCC | 157 | 64 | 93 | 345 | |
| Transmission Grid Charges | 157 | 80 | 77 | 298 | |
| Outsourced Services | 139 | 74 | 65 | 265 | |
| Forluz - Employee post-retirement benefits | 24 | 17 | 7 | 145 | (1 |
| Other Expenses | 335 | 201 | 134 | 703 | 3 |
| Total | 2,113 | 1,148 | 965 | 4,593 | 1,1 |

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Chart IV

Breakdown of electricity sales (consolidated)

| | No. of consumers | | MWh | |
|--------------------------------|------------------|------------------|---------------------------|------------------|
| | June 30th | | 6 months ending June 30th | |
| | 2003 | 2002 | 2003 | 2002 |
| Residential | 4,663,858 | 4,559,274 | 3,315,583 | 3,123,93 |
| Industrial | 68,477 | 68,110 | 10,713,332 | 10,794,16 |
| Commercial, services and other | 518,266 | 509,599 | 1,722,015 | 1,641,48 |
| Rural | 351,753 | 329,619 | 758,441 | 713,06 |
| Others | 53,283 | 51,958 | 1,227,021 | 1,096,11 |
| Own consumption | 1,337 | 1,364 | 27,443 | 24,42 |
| Unbilled supply, net | - | - | - | - |
| Wholesale | 4 | 4 | 103,411 | 158,41 |
| Transaction on the MAE | - | - | - | - |
| CONSOLIDATED TOTAL | 5,656,978 | 5,519,928 | 17,867,246 | 17,551,60 |

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Chart V

| Financial Result breakdown (consolidated) | | | | |
|---|--------------|--------|--------|---------|
| Values in million of Reais | | | | |
| 2003 | | | | |
| | Year to Date | 2nd Q. | 1st Q. | Year |
| Financial Income | | | | |
| Investment income earned | 15 | (4) | 19 | 236 |
| Charges on overdue bills | 26 | 13 | 13 | 43 |
| CRC assignment agreement - interest on arrears and monetary variation | 82 | 17 | 65 | 308 |
| Monetary restatement of Parcel A costs | 224 | 150 | 74 | 199 |
| Foreign exchange gains | 356 | 248 | 108 | 75 |
| PASEP and COFINS on financial income | (39) | (23) | (16) | (45) |
| Others | 3 | (28) | 31 | 51 |
| | 667 | 373 | 294 | 867 |
| Financial Expenses | | | | |
| Interest on loans and financing | (150) | (76) | (74) | (251) |
| Foreign exchange losses | (15) | (12) | (3) | (803) |
| Monetary restatement losses - Loans and financing | (32) | 4 | (36) | (101) |
| Financial transaction tax ("CPMF") | (16) | (7) | (9) | (28) |
| Marketable security loss provision | 45 | 19 | 26 | (61) |
| Advance sales of electric energy | - | - | - | (10) |
| Others | (68) | (28) | (40) | (8) |
| | (236) | (100) | (136) | (1,262) |
| Interest on capital | - | - | - | (220) |
| | 431 | 273 | 158 | (615) |

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Chart VI

| Related party transactions | |
|---|-------|
| Values in million of Reais | |
| 06/30/2003 | |
| State of Minas Gerais Government | |
| ASSETS | |
| Current Assets | |
| Customers and distributors | 1 |
| Tax Recoverable - | |
| State VAT recoverable | 2 |
| Noncurrent assets | |
| Account receivable from Minas Gerais State Government | 83 |
| Tax Recoverable - | |
| VAT recoverable | 8 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | |
| Current Liabilities | |
| Taxes, fees and charges | |
| VAT - ICMS payable | 15 |
| Interest on capital and Dividends | 5 |
| Long-term liabilities | |
| Debentures | 2 |
| 2nd QUARTER 2003 | |
| FINANCIAL | |
| Electricity sales | 1 |
| Deductions from operating revenues - ICMS | (680) |
| Financial Income- | |
| Monetary restatement and interest on CRC assignment agreement | 18 |

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Chart VII

Share ownership

| Number of shares as of June 30, | | | |
|---------------------------------|--------|---|-----------|
| Shareholders | Common | % | Preferred |

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| | | | | |
|--------------------------------------|----------------|-------|----------------|----|
| State of Minas Gerais | 36,119,657,399 | 51.0 | 3,030,572,489 | |
| Southern Electric Brasil Part. Ltda. | 23,362,956,173 | 33.0 | - | |
| Other | 35,827,856 | 0.1 | 131,656,501 | |
| Local | 9,045,406,902 | 12.8 | 47,462,819,554 | 5 |
| Foreign | 2,310,319,593 | 3.3 | 40,654,602,558 | 4 |
| Total | 70,874,167,923 | 100.0 | 91,279,651,102 | 10 |

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Chart VIII

| BALANCE SHEETS (consolidated) | | |
|---|------------|------------|
| ASSETS | | |
| Values in million of Reais | | |
| | 2003 | |
| | 06/30/2003 | 03/31/2003 |
| CURRENT ASSETS | | |
| Cash and cash equivalents | 274 | 278 |
| Consumers and Distributors | 1,046 | 861 |
| Dealership - Rate adjustment | 292 | 270 |
| Dealership - Energy transportation | 22 | 20 |
| Dealers - Transactions on the MAE | 140 | 94 |
| Tax recoverable | 64 | 76 |
| Rationing Bonds and costs | 22 | 27 |
| Materials and supplies | 21 | 20 |
| Prepaid expenses - CVA | 47 | 2 |
| Receivable from Federal Government - Loss revenue related to low-income customers | 87 | 64 |
| Other | 96 | 110 |
| | 2,111 | 1,822 |
| NONCURRENT ASSETS | | |
| Account receivable from Minas Gerais State Government | 837 | 820 |
| Consumers - Rate adjustment | 1,116 | 1,145 |
| Prepaid expenses - CVA | 450 | 521 |
| Tax credits | 453 | 540 |
| Marketable securities - Available for sale | 75 | 73 |
| Rationing - Bonds and adaptation costs | 23 | 25 |
| Dealers - Transactions on the MAE | 436 | 463 |
| Recoverable taxes | 118 | 110 |
| Escrow account in connection with litigations | 68 | 67 |
| Other receivables | 79 | 77 |
| | 3,655 | 3,841 |
| PERMANENT ASSETS | | |
| Investments | 737 | 686 |
| Property, plants and equipment | 7,946 | 7,915 |
| Deferred charges | 23 | 24 |
| | 8,706 | 8,625 |

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TOTAL ASSETS 14,472 14,288

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BALANCE SHEETS (consolidated)
 LIABILITIES AND SHAREHOLDERS' EQUITY
 Values in million of Reais

| | 2003 | |
|--|------------|------------|
| | 06/30/2003 | 03/31/2003 |
| CURRENT LIABILITIES | | |
| Suppliers | 1,202 | 1, |
| Taxes payable | 347 | |
| Loan, Financing and Debentures | 680 | |
| Payroll and related charges | 119 | |
| Interest on capital and dividends | 203 | |
| Employee post-retirement benefits | 244 | |
| Regulatory charges | 182 | |
| Profit Sharing | 23 | |
| Other | 103 | |
| | 3,103 | 3, |
| LONG-TERM LIABILITIES | | |
| Loan and Financing | 1,626 | 1, |
| Debentures | 868 | |
| Employee post-retirement benefits | 1,533 | 1, |
| Suppliers - wholesale | 334 | |
| Taxes, fees and charges | 317 | |
| Reserve for contingencies | 357 | |
| Other | 90 | |
| | 5,125 | 5, |
| | - | |
| PARTICIPATION IN ASSOCIATE COMPANIES | 28 | |
| SHAREHOLDERS' EQUITY | | |
| Paid-in Capital | 1,622 | 1, |
| Capital reserves | 4,032 | 4, |
| Retained earnings (losses) | 535 | |
| | 6,189 | 5, |
| Funds for capital increase | 27 | |
| | 6,216 | 5, |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 14,472 | 14, |

Signatures

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

COMPANHIA ENERGETICA DE MINAS
GERAIS - CEMIG

By: /s/ Flavio Decat de Moura

Name: Flavio Decat de Moura
Title: Chief Financial Officer
and Investor Relations Officer

Date: August 7, 2003