

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of May, 2003

Energy Company of Espírito Santo
(Translation of registrant's name into English)

Espírito Santo Centrais Elétricas S.A.—ESCELSA
Rua Sete de Setembro, 362
29015-000
Vitória, Espírito Santo
Brazil
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934:

Yes No

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):

SIGNATURES

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

Espírito Santo Centrais Elétricas S.A.—ECELISA

Dated: April 30, 2003

By: /s/ Sérgio Pereira Pires

Name: Sérgio Pereira Pires

Title: Chief Financial Officer

EXHIBIT INDEX

1. Escelsa's Quarterly Financial Statements as of March 31, 2003.
2. Accountants' Review Report in Connection with Escelsa's Quarterly Financial Statements as of March 31, 2003, dated April 11, 2003.

EXHIBIT I

FIRST QUARTER 2003 HIGHLIGHTS

- ▶ Energy sold in the first quarter of 2003 totaled 1,514,139 MWh, 6.3% higher than the 1,424,123 MWh sold in the same period the previous year, as January and February of 2002 were months that fell within the rationing period.
- ▶ At the close of 1Q03, the real appreciated 5.1% compared to the close of 4Q02, which generated a positive net financial result of R\$69,543 thousand.
- ▶ ESCELSA's net earnings for 1Q03 totaled R\$ 82,126 thousand, or R\$18.05 per share.

ECELSEA'S NUMBERS

	PARENT COMPANY			CONSOLIDATED		
	1st Quarter 2003	1st Quarter 2002	4th Quarter 2002	1st Quarter 2003	1st Quarter 2002	4th Quarter 2002
FINANCIAL INFORMATION (In thousands of reais)						
Gross operating revenues	333,961	281,008	352,201	484,020	430,233	514,761
Net operating revenues	237,708	208,163	247,616	348,485	327,906	369,067
Income from operations	53,044	31,214	46,345	63,414	61,159	54,811
Income for the period	82,126	14,155	149,187	82,126	14,155	149,187
EBITDA (1)	67,617	45,345	60,805	92,743	90,383	86,705
Total Assets	2,701,895	2,518,982	2,750,065	3,651,015	3,437,401	3,714,230
Shareholders' equity	305,148	746,781	223,021	305,148	746,781	223,021
Shares outstanding(number)	4,550,833	4,550,833	4,550,833	-	-	-
Book value	67.05	164.10	49.01	-	-	-
Share price (R\$)	40.00	95.95	40.00	-	-	-
Market value	182,033	436,652	182,033	-	-	-
INDICATORS						
Operating margin (%)	22.31	14.99	18.72	18.20	18.65	14.85
(Income from operations/Net operating revenues)						
EBITDA margin (%)	28.45	21.78	24.56	26.61	27.56	23.49
(EBITDA)/Net operating revenues						
Personnel expenses plus third party services/net oper.revenues (%)	9.93	10.53	9.96	12.50	12.29	11.15
Energy losses (%) (2) (*)	11.20	10.91	11.42			
DEC-Equivalent Outage Duration per Customer (hours) (2) (*)	11.17	15.87	14.51			
FEC- Equivalent Outage Frequency per Customer (number) (2) (*)	9.32	12.14	10.95			
TMA-Average Service Response Time (minutes)(2) (*)	115	111	112			
Number of customers per employee (*)	710	668	705	664	620	659
MARKET						
Maximum demand - MWh/h(*)	1,199.2	993.3	1,127.3			
Energy Sales - MWh (*)	1,514,139	1,424,123	1,620,069	2,219,540	2,075,854	2,358,802
Number of customers	966,268	938,029	954,381	1,568,357	1,519,799	1,550,950
Average tariff to final customers - R\$/MWh (*)	158.56	137.57				
Average cost of electricity purchased - R\$/MWh (*)	82.13	64.50				
HUMAN RESOURCES						
Number of employees (*)	1,360	1,404	1,353	2,361	2,450	2,354
Number of trainees (*)	36	83	86	77	102	138
Personnel expenses (thousands of reais) (*)	15,817	14,225	15,879	28,629	25,716	26,642
Personnel expenses plus third party services (thousands of reais) (*)	23,600	21,923	24,651	43,556	40,315	41,149

(1) EBITDA= Income from operations plus depreciation and amortization

(2) Twelve-month period

(*) Not revised by Independent Accounts

ENERGY SOLD

Energy sold totaled 1,514,139 MWh in 1Q03, representing an increase of 6.3% when compared to last year's 1,424,123 MWh, as January and February of 2002 were months that fell within the rationing period.

Sales volume to the residential segment was 22% higher than in 1Q03, which indicates a recovery in average consumption among residential consumers, despite a tendency of household budget consciousness and energy rate increases.

Lower industrial consumption was due mainly to the discontinuation of Vale do Rio Doce and Samarco as customers, as they elected to become free consumers.

The decrease in commercial consumption can be attributed basically to the discontinuation of CVRD's ore and coal terminal, which became a free consumer in 2003.

Sales volume to the rural segment was 25.4% higher due to an increase in energy usage for irrigation activity.

	MWh					
	PARENT COMPANY			CONSOLIDATED		
	1st Quarter		% Change	1st Quarter		% Change
	2003	2002		2003	2002	
Retail:						
Residential	340,391	279,031	22.0	578,138	486,670	18.8
Industrial	674,754	682,945	(1.2)	829,424	838,482	(1.1)
Commercial	209,477	211,310	(0.9)	354,250	338,470	4.7
Rural	86,065	68,621	25.4	156,728	133,174	17.7
Other	128,840	106,882	20.5	220,573	197,404	(53.5)
	1,439,527	1,348,789	6.7	2,139,113	1,994,200	7.3
Wholesale	74,612	75,334	(1.0)	80,427	81,654	(1.5)
TOTAL(*)	1,514,139	1,424,123	6.3	2,219,540	2,075,854	6.9

(*) Not revised by Independent Accounts

CUSTOMER PROFILES

The sales volume and revenue breakdown among residential and industrial customers underwent a significant change in the quarter, mainly as a result of customers that became free consumers and chose to obtain energy from sources other than ESCELSA.

For the purposes of calculating revenue breakdown per segment, the effects of the regulatory asset and short-term market sales were not considered.

	PARENT COMPANY			
	1st Quarter 2003		1st Quarter 2002	
	As a % of Sales Volume	As a % of Revenues	As a % of Sales Volume	As a % of Revenues
Retail:				
Residential	22.48	37.18	19.59	33.82
Industrial	44.56	30.48	47.96	34.12
Commercial	13.83	18.57	14.84	19.08
Rural	5.68	4.16	4.82	3.77
Other	8.51	7.63	7.51	6.90
	95.07	98.01	94.71	97.68
Wholesale	4.93	1.99	5.29	2.32
TOTAL(*)	100.00	100.00	100.00	100.00

(*) Not revised by Independent Accounts

NUMBER OF CUSTOMERS

The number of customers on March 31, 2003 totaled 966,268, an increase of 3.0% compared to the same period last year. During the first quarter of 2003, 11,887 customers were connected.

	PARENT COMPANY			CONSOLIDATED		
	March 31		% Change	March 31		% Change
	2003	2002		2003	2002	
Retail:						
Residential	765,767	745,288	2.7	1,259,740	1,223,409	3.0
Industrial	11,049	11,207	(1.4)	15,722	15,900	(1.1)
Commercial	85,213	83,202	2.4	137,686	134,608	2.3
Rural	95,171	89,515	6.3	139,638	130,903	6.7
Other	9,066	8,815	2.8	15,566	14,974	4.0
	966,266	938,027	3.0	1,568,352	1,519,794	3.2
Wholesale	2	2		5	5	
TOTAL(*)	966,268	938,029	3.0	1,568,357	1,519,799	3.2

(*) Not revised by Independent Accounts

AVERAGE TARIFF

The average tariff charged to retail customers in March 2003 was R\$ 157.55/MWh, while the wholesale rate to other distributors was R\$ 82.52/MWh, resulting in an overall average tariff of R\$ 153.42/MWh, an increase of 17.3%, compared to the same month last year. The average tariffs per segment are as follows:

R\$MWh						
PARENT COMPANY						
	MAR-2003	MAR-2002	% Change	3 MONTHS-03	3 MONTHS-02	% Change
Retail:						
Residential	241.63	222.42	8.6	241.43	221.68	8.9
Industrial	103.08	92.90	11.0	103.43	95.28	8.6
Commercial	211.90	168.43	25.8	212.13	169.84	24.9
Rural	142.41	128.27	11.0	146.96	128.98	13.9
Other	150.62	130.97	15.0	148.95	129.57	15.0
	157.55	134.28	17.3	158.56	137.57	15.3
Wholesale	82.52	67.44	22.4	80.74	64.63	24.9
Average(*)	153.42	130.84	17.3	154.72	133.71	15.7

(*) Not revised by Independent Accounts

QUALITY OF SERVICE RENDERED

In order to more accurately reflect service quality indicators, the amounts have been presented on a 12-month basis in order to eliminate any effects of seasonality.

Equivalent Outage Duration per Customer–DEC

Indicator that measures the average number of hours that customer remain without the supply of electric energy. For the period ended March 31, 2003, DEC was 11.17 hours, compared to 15.87 hours in the same period last year, an improvement of 29.6%. The DEC amount in 2002 was negatively impacted by the blackout that occurred in January of that year, which had an impact of 2.55 hours.

Equivalent Outage Frequency per Customer–FEC

Indicator that measures the average number of interruptions in the supply of electric energy, per customer. For the period ended March 31, 2003, FEC was 9.32, compared to 12.14 in the same period last year, an improvement of 23.2%. As in the case of the DEC indicator, the blackout in January 2002 had a negative impact of 1.0 interruption.

Average Service Response Time-TMA

Indicator that measures the average time between a complaint of interruptions in energy and the reestablishment of service. For the period ended March 31, 2003, TMA was 115 minutes, compared to 111 minutes in the same period last year.

Energy losses

Energy losses were greater in the past 12 months compared to the previous year, increasing from 10.91% to 11.20% for the 12-month period ended March 31, 2003. The Company has undertaken initiatives to reduce losses, particularly among commercial customers.

FINANCIAL PERFORMANCE
INCOME FROM OPERATIONS

Income from operations in 1Q03 totaled R\$ 53,044 thousand compared to R\$31,214 in the same period last year, resulting in an EBITDA of R\$ 67,617 thousand, equal to an EBITDA margin of 28.4%. The main items of income from operations were:

	1st Quarter			
	PARENT COMPANY		CONSOLIDATED	
	2003	2002	2003	2002
Gross operating revenues	333,961	281,008	484,198	430,233
Deductions from operating revenues	(96,253)	(72,845)	(135,535)	(102,327)
Net operating revenues	237,708	208,163	348,663	327,906
Operating expenses	(184,664)	(176,949)	(285,249)	(266,747)
Income from operations	53,044	31,214	63,414	61,159
EBITDA	67,617	45,345	92,743	90,383
EBITDA margin %	28.4	21.8	26.6	27.6

OPERATING REVENUES

Gross operating revenues in 1Q03 totaled R\$ 333,961 thousand, 18.8% higher compared to 1Q02. Revenue from the retail sector was R\$ 308,073 thousand, 17.1% higher than in 1Q02, due to rate increases implemented in 2002 as well as higher sales volume. Lower wholesale energy sales in 1Q03 compared to 1Q02 reflects short-term supply sales of excess energy made the previous year. The increase in other revenues is due to the growth in the utilization of the transmission and distribution system by free consumers and revenues resulting from the agreement with CST.

Net operating revenues in 1Q03 totaled R\$ 237,708 thousand, 14.2% higher than the same period in 2002.

		thousands of reais			
		PARENT COMPANY		CONSOLIDATED	
		1st Quarter			
		2003	2002	2003	2002
Retail:					
Residential		112,762	82,138	174,512	130,894
Industrial		92,442	82,861	113,624	101,608
Commercial		56,320	46,337	89,797	72,978
Rural		12,626	9,159	21,480	17,281
Other		23,153	16,765	37,160	29,163
Contingency fee		10,770	-	15,452	-
Regulatory assets		-	25,921	-	53,894
		308,073	263,181	452,025	405,818
Wholesale:					
Other distributors		6,024	5,626	6,883	6,538
Short-term		62	8,773	68	10,269
		6,086	14,399	6,951	16,807
Other operating revenues		19,802	3,428	25,044	7,608
Gross operating revenues		333,961	281,008	484,020	430,233
(-) Deductions from operating revenues		(96,253)	(72,845)	(135,535)	(102,327)
Net operating revenues		237,708	208,163	348,485	327,906

OPERATING COSTS

Operating costs including operating expenses plus RGR quotas increased 4.3% from R\$ 181,001 thousand to R\$ 188,734 thousand in 1Q03.

Operating costs outside Company control such as energy purchased, electric power transport, CCC, and RGR quotas increased 10.0%. Costs managed by the Company such as personnel, material, third party services and other expenses decreased from R\$ 55,007 thousand to R\$ 50,174 thousand in 1Q03, or 12.9%, while depreciation increased 3.1%.

The increase in costs outside Company control is a result of higher energy expenses from Itaipu, a function of the currency devaluation during the period.

The reduction in costs managed by the Company was due to the following factors:

- Personnel – lower transfer of costs to investments due to the reduction of such costs in 1Q03 and to higher compensation as a result of the wage agreement;
- Materials – materials used for company transport and to maintain electric system;
- Others – due to a provision in the amount of R\$10,394 thousand related to the regulatory asset in 1Q02 and for which a reversal was recorded in June of the same year. Eliminating this factor, other expenses were higher due to expenses incurred with energy conservation programs, software fees and an adjustment in the provision for delinquent accounts.

		thousands of reais		
		PARENT COMPANY		
		1st Quarter		
		2003	2002	%Change
Controlled Costs:				
Personnel		15,817	14,225	11.2
Material		1,936	1,557	24.3
Third party services		7,783	7,698	1.1
Other		10,065	17,396	(42.1)
		35,601	40,876	(12.9)
Depreciation		14,573	14,131	3.1
TOTAL CONTROLLED COSTS		50,174	55,007	(8.8)
Non-controlled costs:				
Energy purchased		122,881	108,323	13.4
CCC		10,522	12,907	(18.5)
Financial compensation		767	423	81.3
ANEEL regulation charge		320	289	10.7
RGR		4,070	4,052	0.4
TOTAL NON-CONTROLLED COSTS		138,560	125,994	10.0
GRAND TOTAL		188,734	181,001	4.3

ENERGY PURCHASED EXPENSES:

	PARENT COMPANY		CONSOLIDATED	
	1 st Quarter			
	2003	2002	2003	2002
FURNAS / TRACTEBEL				
Energy contracted- MWh	1,046,536	1,251,736	1,510,100	1,850,684
Expenses – thousands of reais	56,545	58,647	76,080	80,164
Average Tariff - R\$/MWh	54.03	46.85	50.38	43.32
ITAIPU				
Energy contracted- MWh	442,811	427,719	623,255	601,934
Expenses – thousands of reais	47,354	35,534	66,683	50,047
Average Tariff - R\$/MWh	106.94	83.08	106.99	83.14
OTHER SUPPLIERS				
Energy contracted- MWh	6,750	-	112,222	41,642
Cesa/Costa Rica - MWh	2,245	5,142	-	-
Expenses – thousands of reais	1,082	517	8,222	4,422
Average Tariff - R\$/MWh	120.29	100.54	73.27	106.19
TRANSPORT FROM ITAIPU				
Expenses – thousands of reais	1,635	1,455	2,301	2,049
Average Tariff - R\$/MWh	3.69	3.40	3.69	3.40
TRANSPORT FROM OTHER				
Expenses – thousands of reais	16,504	13,538	25,981	22,367
Average Tariff - R\$/MWh	15.77	10.82	17.20	12.09
SECTOR AGREEMENT AND CVA				
Expenses – thousands of reais	(473)	(1,627)	(7,580)	(4,979)
OTHER EXPENSES				
Expenses – thousands of reais	234	259	303	280
TOTAL (*)				
Energy contracted- MWh	1,496,097	1,679,455	2,245,577	2,494,260
Cesa/Costa Rica - MWh	2,245	5,142	-	-
Expenses – thousands of reais	122,881	108,323	171,990	154,350
Average Cost - R\$/MWh	82.13	64.50	76.59	61.88

(*) Not revised by Independent Accounts

FINANCIAL RESULTS

The net financial result in 1Q03 was positive R\$ 69,543 thousand, while in the same period last year was negative R\$ 18,542 thousand. This result was mainly due to the impact of the 5.1% appreciation of the real against the U.S. dollar during the period, which caused a significant reduction in monetary variation on the foreign currency debt obligations.

CASH AND EQUIVALENTS

ESCELSA has funds deposited in banks or invested in financial instruments in the amount of R\$ 291,881 thousand (R\$303,566 thousand on a consolidated basis) as shown below:

	PARENT COMPANY		CONSOLIDATED	
	March 31, 2003			
	Thousands of reais	US\$ thousand	Thousands of reais	US\$ thousand
Investments in Reais:				
Cash and Banks	6,337	-	9,118	-
Banking deposits certificates	-	-	8,904	-
Other	182	-	182	-
Total real denominated investments	6,519	-	18,204	-
Investments in Dollars:				
Currency Exchange Securities-NBC-E	285,362	85,104	285,362	85,104
Total Dollar denominated investments	285,362	85,104	285,362	85,104
Total cash and equivalents	291,881	85,104	303,566	85,104
US dollar = 3,3531 Real				

BALANCE SHEETS

(In thousands of Brazilian reais)

(Convenience Translation into English from the Original Previously Issued in Portuguese)

A S S E T S	PARENT COMPANY		CONSOLIDATED	
	MAR-03	DEC-2002	MAR-03	DEC-2002
CURRENT:				
Cash and banks	6,337	11,097	9,118	20,008
Accounts receivable	267,427	272,326	420,623	426,860
Other accounts receivable	11,027	9,406	9,571	8,028
Recoverable taxes	6,811	42,926	28,869	68,543
Allowance for doubtful accounts	(27,227)	(25,348)	(40,983)	(37,760)
Material and supplies	3,585	3,621	5,741	6,174
Marketable securities	285,544	296,498	294,448	306,620
Escrow deposits	39,382	39,382	39,382	39,382
Deposits	529	-	529	-
Services in progress	5,008	4,970	6,665	7,250
Accounts receivable - UTE Campo Grande	-	-	39,485	25,891
Other credits	2,984	11,475	7,535	14,871
Prepaid expenses	7,869	5,779	47,734	24,476
	609,276	672,132	868,717	910,343
LONG-TERM ASSETS:				
Accounts receivable	184,379	190,840	290,054	297,544
Tariff bonus and surcharges	5,833	5,833	9,718	9,718
Affiliates and subsidiaries	21,220	6,711	68,766	65,505
Escrow deposits	78,090	72,175	102,459	94,553
Deposits	-	-	6,699	5,956
Debt issuance costs	2,498	2,690	2,498	2,690
Deferred income taxes	149,846	170,130	266,337	286,657
Other credits - low income consumers	18,818	13,034	26,669	18,718
Other credits	4,808	19,761	8,942	23,897
Prepaid expenses	105,765	93,565	148,984	142,373
	571,257	574,739	931,126	947,611
PERMANENT ASSETS:				
Investments	771,265	747,650	374,332	374,391
Property, plant and equipment	750,097	755,544	1,476,761	1,481,806
Deferred charges	-	-	79	79
	1,521,362	1,503,194	1,851,172	1,856,276
TOTAL ASSETS	2,701,895	2,750,065	3,651,015	3,714,230

BALANCE SHEETS

(In thousands of Brazilian reais)

(Convenience Translation into English from the Original Previously Issued in Portuguese)

LIABILITIES AND SHAREHOLDERS' EQUITY	PARENT COMPANY		CONSOLIDATED	
	MAR-03	DEC-2002	MAR-03	DEC-2002
CURRENT LIABILITIES:				
Suppliers	90,986	104,740	135,172	155,615
Payroll	1,940	1,977	3,602	2,968
Accrued interest and fees	37,654	76,325	50,456	83,836
Loans and financing	161,374	142,342	357,885	337,125
Accrued taxes and social contributions	21,873	30,120	43,187	48,482
Dividends	21	21	30	30
Postretirement benefits	1,886	2,042	1,886	2,042
Accrued obligations	7,322	13,018	14,916	23,735
Regulatory charges	9,129	7,149	16,302	12,886
Provision for contingencies	39,382	39,382	39,382	39,382
Variation of Parcel A items	10,059	5,271	20,353	10,226
Other accounts payable	17,522	11,432	27,066	17,520
	399,148	433,819	710,237	733,847
LONG - TERM LIABILITIES:				
Suppliers	60,640	58,346	86,868	83,781
Accrued interest and fees	-	-	-	3,590
Loans and financing	1,708,642	1,793,057	2,117,842	2,223,718
Emergency program for the energy reduction	-	-	-	-
Postretirement benefits	28,212	28,212	28,212	28,212
Deferred income taxes	-	7,642	-	7,642
Affiliates and subsidiaries	150	137	86	-
Provision for contingencies	114,510	127,069	156,811	166,367
Variation of Parcel A items	30,762	29,542	31,698	32,019
Other accounts payable	54,683	49,220	58,395	54,341
	1,997,599	2,093,225	2,479,912	2,599,670
MINORITY INTEREST	-	-	155,718	157,692
SHAREHOLDERS' EQUITY:				
Capital stock	153,947	153,947	153,947	153,947
Capital reserves	65,688	65,687	65,688	65,687
Retained earnings	82,126	-	82,126	-
	301,761	219,634	301,761	219,634
Credits for capital increase	3,387	3,387	3,387	3,387
	305,148	223,021	305,148	223,021
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,701,895	2,750,065	3,651,015	3,714,230

STATEMENTS OF INCOME

(In thousands of Brazilian reais, except income per share)
(Convenience Translation into English from the Original Previously Issued in Portuguese)

	PARENT COMPANY			CONSOLIDATED		
	1st Quarter 2003	1st Quarter 2002	4th Quarter 2002	1st Quarter 2003	1st Quarter 2002	4th Quarter 2002
OPERATING REVENUES:						
Electricity sales to final customers	297,303	263,181	317,485	436,573	405,818	470,376
Contingency fee	10,770	-	11,629	15,452	-	16,367
Electricity sales to distributors	6,086	14,399	11,972	6,951	16,807	12,000
Use of transmission and distribution system	7,379	1,978	5,388	7,379	1,978	5,450
Other revenues	12,423	1,450	5,727	17,665	5,630	10,568
	333,961	281,008	352,201	484,020	430,233	514,761
Deductions from operating revenues:						
State value-added taxes – ICMS	(68,372)	(58,017)	(74,472)	(94,428)	(78,880)	(101,033)
PIS and COFINS tax	(13,018)	(10,772)	(14,502)	(19,324)	(16,260)	(20,857)
Global reserve for reversion quota – RGR	(4,070)	(4,052)	(3,974)	(6,176)	(7,056)	(7,301)
Contingency fee	(10,770)	-	(11,629)	(15,452)	-	(16,367)
Tax on services (ISSQN)	(23)	(4)	(8)	(155)	(131)	(136)
	(96,253)	(72,845)	(104,585)	(135,535)	(102,327)	(145,694)
Net operating revenues	237,708	208,163	247,616	348,485	327,906	369,067
OPERATING EXPENSES:						
Electricity purchased for resale	(122,881)	(108,323)	(142,881)	(171,990)	(154,350)	(199,735)
Depreciation and amortization	(14,573)	(14,131)	(14,460)	(29,329)	(29,224)	(31,894)
Personnel	(15,817)	(14,225)	(15,879)	(28,629)	(25,716)	(26,642)
Material	(1,936)	(1,557)	(1,701)	(5,262)	(3,612)	(5,850)
Third-party services	(7,783)	(7,698)	(8,772)	(14,927)	(14,599)	(14,507)
Fuel usage quota – CCC	(10,522)	(12,907)	(10,439)	(17,440)	(17,887)	(17,365)
Provision for contingencies	(140)	-	(1,287)	(1,688)	-	(4,907)
Other	(11,012)	(18,108)	(5,852)	(15,806)	(21,359)	(13,356)
	(184,664)	(176,949)	(201,271)	(285,071)	(266,747)	(314,256)
INCOME FROM OPERATIONS	53,044	31,214	46,345	63,414	61,159	54,811
EQUITY IN SUBSIDIARIES	3,327	8,268	(30,849)	-	-	-
FINANCIAL REVENUES:						
Income from temporary cash investments	44,180	6,266	27,528	52,436	9,092	34,125
Increase in overdue collections	4,140	2,470	3,724	7,117	3,616	6,679
Hedge	(2,176)	-	(3,811)	(2,176)	-	(3,811)
Regulatory assets – SELIC	11,561	8,683	9,704	21,691	8,683	16,576
Other	3,247	1,796	2,055	5,577	9,596	3,313
	60,952	19,215	39,200	84,645	30,987	56,882
FINANCIAL EXPENSES:						
Monetary variation - electricity purchase	(7,091)	(305)	(4,958)	(6,685)	(685)	(2,666)
Monetary and exchange variation on loans and financing	74,488	(32,037)	157,413	75,196	(6,746)	161,833
Interest on loans and financing	(50,486)	(2,821)	(45,829)	(77,286)	(45,727)	(69,303)
Other	(8,320)	(2,594)	(5,428)	(11,541)	(2,916)	(7,384)
	8,591	(37,757)	101,198	(20,316)	(56,074)	82,480
FINANCIAL RESULTS	69,543	(18,542)	140,398	64,329	(25,087)	139,362
OPERATING PROFIT (LOSS)	125,914	20,940	155,894	127,743	36,072	194,173
NON-OPERATING REVENUES	149	156	179	1,692	335	234
NON-OPERATING EXPENSES	(1,452)	(3,130)	(9,724)	(3,777)	(3,284)	(64,025)
NON-OPERATING INCOME (LOSS), NET	(1,303)	(2,974)	(9,545)	(2,085)	(2,949)	(63,791)
INCOME BEFORE TAXES	124,611	17,966	146,349	125,658	33,123	130,382
Social contribution	(10,779)	(1,029)	-	(11,376)	(3,409)	12
Income tax	(31,706)	(2,782)	2,838	(33,336)	(9,416)	1,626
	(42,485)	(3,811)	2,838	(44,712)	(12,825)	1,638
INCOME AFTER TAXES	82,126	14,155	149,187	80,946	20,298	132,020
MINORITY SHARE IN PROFIT	-	-	-	1,180	(6,143)	17,167
INCOME FOR THE PERIOD	82,126	14,155	149,187	82,126	14,155	149,187
Income per share - R\$	18.05	3.11	32.78	-	-	-

STATEMENTS OF CASH FLOWS

(In thousands of Brazilian reais)

(Convenience Translation into English from the Original Previously Issued in Portuguese)

	PARENT COMPANY			CONSOLIDATED		
	1st Quarter 2003	1st Quarter 2002	4th Quarter 2002	1st Quarter 2003	1st Quarter 2002	4th Quarter 2002
From operations:						
Income for the period	82,126	14,155	149,187	82,126	14,155	149,187
Adjustments to reconcile income to cash provided by operating activities:						
Operating activities:						
Long term interest and monetary and exchange variation	(77,659)	2,821	(157,944)	(71,723)	5,183	(174,214)
Equity in subsidiaries	(3,327)	(8,268)	30,849	-	-	-
Depreciation and amortization	14,573	14,131	14,460	29,329	29,224	31,894
Disposal of property, plant and equipment	1,046	1,038	999	1,530	2,523	2,441
Provision for losses - UTE Campo Grande	-	-	-	-	-	77,291
Provision for contingencies	(12,559)	1,948	5,719	(9,687)	2,074	9,463
Regulatory assets	-	(25,921)	(16,184)	-	(53,894)	(16,184)
Liabilities adjustments	2,598	-	2,926	2,598	-	2,926
Other expenses	-	-	11,884	-	-	11,884
Deferred income taxes	12,642	(2,322)	(617)	12,678	6,786	(527)
Minority share in profit	-	-	-	(1,180)	6,143	(17,167)
Remuneration on construction work in progress	-	-	-	(307)	(600)	(157)
	19,440	(2,418)	41,279	45,364	11,594	76,837
Changes in current assets and liabilities:						
Accounts receivable	6,778	(30,011)	(5,611)	9,434	(48,016)	(11,099)
Other accounts receivable	34,316	15,160	2,714	37,953	12,869	10,660
Other credits-UTE Campo Grande	-	-	-	(13,594)	-	-
Other credits	8,102	(987)	9,774	7,570	8,283	11,211
Prepaid expenses	(2,090)	(287)	(1,789)	(23,258)	(287)	(11,883)
Supplies	(13,754)	(16,463)	(11,294)	(20,444)	(13,881)	(9,125)
Accrued taxes and social contributions	(8,247)	4,309	(7,533)	(5,295)	845	(4,245)
Accrued obligations	(5,696)	(5,808)	649	(6,402)	(6,070)	(197)
Regulatory charges	1,980	(1,563)	1,556	3,416	(2,631)	2,864
Postretirement benefits	(156)	-	-	(156)	-	-
Variation of Parcel A items	4,788	-	1,963	10,127	-	5,396
Other	6,089	1,273	(6,122)	8,993	(4,382)	(31,096)
	32,110	(34,377)	(15,693)	8,344	(53,270)	(37,514)
Change in non-current assets and liabilities:						
Accounts receivable	23,924	5,452	(12,074)	23,924	5,452	(12,074)
Escrow deposits	(5,915)	(2,556)	(2,762)	(7,905)	(3,782)	(4,146)
Tariff bonus and surcharges	-	2,668	5,140	-	3,286	7,621
Affiliates and subsidiaries	(14,509)	1,352	(205)	(42,292)	(14,467)	(45,846)
Prepaid expenses	(12,200)	(5,997)	(37,231)	(6,611)	(8,590)	(38,691)
Variation of Parcel A items	1,220	-	-	(321)	-	-
Other credits - low income	(5,784)	-	-	(7,951)	-	-
Other	2,649	13,668	24,489	2,700	13,056	18,765
	(10,615)	14,587	(22,643)	(38,456)	(5,045)	(74,371)
Net cash provided (use in) operating activities	40,935	(22,208)	2,943	15,252	(46,721)	(35,048)
Investing activities:						
Additions to property, plant and equipment	(11,586)	(12,241)	(14,538)	(27,044)	(42,982)	(54,399)
Additions to investments	(20,288)	(19,079)	(16,049)	1	-	395
Obligations related to the concession	1,415	584	1,317	1,782	632	1,767
Net cash used in investing activities	(30,459)	(30,736)	(29,270)	(25,261)	(42,350)	(52,237)
Financing activities:						
Loans and financing	12,276	35,268	14,632	(9,714)	56,216	35,547
Accrued interest and fees	(38,479)	(24,357)	29,657	(36,778)	(20,219)	28,170
Dividends	-	-	-	(294)	(182)	(1,313)
Affiliates and subsidiaries	13	-	-	33,733	12,172	56,306
Net cash provided by (used in) financing activities	(26,190)	10,911	44,289	(13,053)	47,987	118,710
Net increase(decrease) in cash and cash equivalents	(15,714)	(42,033)	17,962	(23,062)	(41,084)	31,425
Cash and cash equivalents at the beginning of the period	307,595	257,765	289,633	326,628	259,497	295,202
Cash and cash equivalents at the end of the period	291,881	215,732	307,595	303,566	218,413	326,627
	(15,714)	(42,033)	17,962	(23,062)	(41,084)	31,425

1. OPERATIONAL CONTEXT

ESPÍRITO SANTO CENTRAIS ELÉTRICAS S.A. – ESELSA – is a public Brazilian corporation controlled by the Group Eletricidade de Portugal S.A. – EDP, through IVEN S.A. Engaged in the generation, transmission, distribution and the sale of electric energy, the Company's activities are regulated by the National Electric Energy Agency (Agência Nacional de Energia Elétrica – ANEEL), part of the Ministry of Mines and Energy.

Eselssa's activities cover 70 of the 77 municipalities within 41,372 Km² (concession area), which represent 90% of the total area of the State of Espírito Santo (ES). Within the concession area, the Company serves 93,97% of Espírito Santo consumers.

ESELSA is the majority shareholder of (1) MAGISTRA PARTICIPAÇÕES S.A., which is the controlling shareholder of EMPRESA ENERGÉTICA DE MATO GROSSO DO SUL S.A. – ENERSUL (concessionary of generation, transmission and distribution of electric energy in the State of Mato Grosso do Sul) and 100% shareholder of CASTELO ENERGÉTICA S.A. – CESA (company incorporated to operate in the exploitation of water resources, thermal energy generation and exploitation of transmission network) of (2) TV A CABO VITÓRIA S.A. – TVIX, a Pay TV company servicing residential condominiums in the municipalities of Vitória and Vila Velha – ES and of (3) ESELSA PARTICIPAÇÕES S.A. – ESELSAPAR, which provides various services in the area of information technology.

ESELSAPAR signed, on March 31, 2003, an agreement with Universal on Line – UOL to promote the transfer of part of ESELSAPAR customers to UOL during the period from April 1, 2003 to June 30, 2003. It will result in the discontinuance of ESELSAPAR internet provider services in some areas located in Espírito Santo and Mato Grosso do Sul.

According to the agreement, UOL will pay to ESELSAPAR R\$3.000 due to customers transfer. In case the transfer exceeds 22.500 customers, UOL will pay an additional success fee to UOL.

ESELSAPAR will continue to render services to specially to ESELSA and ENERSUL, in the attendance of electric energy consumers, via internet.

The subsidiary ENERSUL has taken steps to raise funding through long-term obligations with domestic and international banks due to its liquidity position and to improve its overall debt profile, both in terms of costs and maturity.

2. PRESENTATION OF FINANCIAL STATEMENTS

The financial statements were prepared in accordance with accounting practices set forth by the Brazilian Corporate Law, specific legislation applicable to electric utility concessionaires established by National Electric Energy Agency - ANEEL and regulations of the Brazilian Securities Commission – CVM, which are basically the same adopted in the December 31, 2002 financial statements, published on March 28, 2003.

3. MARKETABLE SECURITIES

FINANCIAL INSTITUTION	TYPE	PARENT COMPANY		
		MATURITY	Mar-2003	Dec-2002
Banco Pactual S.A	NBC-E	Nov-2005	24,126	19,298
Citibank	NBC-E	Dec-2003 to Oct-2006	28,027	26,526
Banco Itaú	NBC-E	Nov-2006	54,639	43,482
Crédit Suisse	NBC-E	Nov-2006	54,639	43,482
Banco BBA Credtanstalt	NBC-E	Mar-2004 a Nov-2006	123,931	163,541
Other	Other	-	182	169
			285,544	296,498

FINANCIAL INSTITUTION	TYPE	CONSOLIDATED		
		MATURITY	Mar-2003	Dec-2002
Banco Pactual S.A	NBC-E	Nov-2005	24,126	19,298
Citibank	NBC-E	Dec-2003 to Oct-2006	28,027	26,526
Banco Itaú	NBC-E	Nov-2006	54,639	43,482
Crédit Suisse	NBC-E	Nov-2006	54,639	43,482
Banco BBA Credtanstalt	NBC-E	Mar-2004 a Nov-2006	123,931	163,541
Citibank	NA	-	-	2,591
Banco do Brasil S.A.	Investments Funds	-	7,970	7,557
Other	Other	-	1,116	143
			294,448	306,620

In June 2002, the Company set-up provisions for the reduction to market value of its entire NBC-E portfolio. Since then, the provision has been adjusted according to official market indicators, when the market value is lower than acquisition cost.

Regulatory assets:.....					
Recoverable losses.....	160,939	-	-	160,939	169,142
Free energy.....	81,638	-	-	81,638	78,551
State VAT (Vale do Rio Doce).....	31,229	-	-	31,229	28,559
Wholesale – spot market	5,882			5,882	5,882
Other credits.....	10,366	-	-	10,366	15,410
TOTAL	290,054	-	-	290,054	297,544

The Company and subsidiaries have recorded accounts receivable in the amount of R\$ 27,843 (R\$ 38,922 - consolidated) and R\$5,882 (consolidated) in the short-term assets and long-term assets, respectively, and accounts payable in the amount of R\$ 4,062 (parent company and consolidated), relating to electric power sale and purchase operations carried-out in the Electric Power Wholesale Market – MAE, and R\$13,210 (R\$17.931 – consolidated) related to system services charges, based on preliminary information released by MAE and/or estimates prepared by Company's Administration when MAE data was not available. These amounts are subject to change depending on the outcome of current judicial processes filed by energy market participants, with respect to market regulations in effect.

5. GENERAL AGREEMENT – ELECTRIC ENERGY SECTOR

5.1 – Regulatory Assets

Based on Provisional Measure no. 14, issued December 21 2001, converted into Law 10,438 on April 26 2002, and on other pertinent legislation, the Company calculated the amount of the revenue recomposition through extraordinary tariff applicable to all electric energy distribution companies, for the purpose of neutralizing the margin losses resulting from the Emergency Program for Reducing Electric Energy Consumption – PERCEE, in effect from June 2001 to February 2002.

Under the terms of ANEEL Resolutions no. 480 e 481 (related to energy consumption losses), 482 (related to Parcel “A”) e 483 (related to Free Energy), all issued on August 29, 2002, the amounts related to revenue recomposition were approved. The extraordinary tariffs are as follows:

- 2.9% for residential clients (except low income users), rural (except low income users) and public lighting;
- 7.9% for all other clients.

Under the terms of ANEEL Resolution no. 484, also dated August 29, 2002, the tariff recomposition will take place over a maximum period of 70 months (82 months – for Enersul), starting after December 2001.

Studies undertaken by the Company indicate that these assets will be fully collected over the maximum term established, for which reason no provision for losses was set-up.

5.1.1 – Recovery of electric energy consumption losses

The consumption losses used to calculate the extraordinary tariff recomposition were established as follows:

DESCRIPTION	PARENT COMPANY		CONSOLIDATED	
	CURRENT	LONG-TERM	CURRENT	LONG-TERM
Balance as of 12/31/2002	26,504	101,599	40,478	169,142
Recover through tariff increases	(8,420)	-	(13,107)	-
Transfers	15,597	(15,597)	21,039	(21,039)
SELIC index adjustment	-	7,431	-	12,836
Balance as of 03/31/2003	33,681	93,433	48,410	160,939

5.1.2 – Free Energy

ANEEL Resolution no. 36/2003, issued on January 29, 2003, updated by ANEEL Resolution no. 89/2003, issued on February 25, 2003, established procedures for the free energy loss reimbursement, which have been paid to generators since February, 2003, as follows:

DESCRIPTION	PARENT COMPANY		CONSOLIDATED	
	CURRENT	LONG-TERM	CURRENT	LONG-TERM
Balance as of 12/31/2002	13,856	53,116	19,118	78,551
Recover through tariff increases	(2,235)	-	(3,252)	-
Adjustments/transfers	(1,562)	1,562	(1,326)	1,326
SELIC index adjustment	719	732	719	1,761
Balance as of 03/31/2003	10,778	55,410	15,259	81,638

5.1.3 – Parcel “A”

The Parcel "A" amounts used to calculate the extraordinary tariff recomposition were established as follows:

DESCRIPTION	LONG-TERM	
	PARENT COMPANY	CONSOLIDATED
Balance as of 12/31/2002	49,392	82,203
SELIC index adjustment	2,679	4,709
PIS/COFINS	128	227
Balance as of 03/31/2003	52,199	87,139

5.1.4 – CVA

Amounts registered as CVA are cost variations that are not part of the extraordinary tariff recomposition from October 26, 2001 onwards and are the following:

	PARENT COMPANY		CONSOLIDATED	
	03/02	12/02	03/02	12/02
ASSETS				
Current				
Prepaid expenses				
CVA	6,878	4,951	46,259	23,643
Other	991	828	1,475	833
	<u>7,869</u>	<u>5,779</u>	<u>47,734</u>	<u>24,476</u>
Long-Term Assets				
Prepaid expenses				
CVA	53,566	44,173	61,845	60,170
LIABILITIES				
Current				
Variation of Parcel A items				
CVA	10,059	5,271	20,353	10,226
Long-Term Liabilities				
Variation of Parcel A items				
CVA	30,762	29,542	31,698	32,019

6. TARIFF BONUS AND SURCHARGES

Implemented through Provisional Measure no. 2,147, issued on May 15, 2001, the Emergency Program for Reducing Electric Energy Consumption – PERCEE, determined, from June 1, 2003, the collection of a surtax from customers who have exceeded their consumption quotas and granted bonuses in cases in which customers have reduced consumption to levels below their quotas.

Based on Resolution GCE no. 117, of 02/19/2002, the Emergency Program for Reduction of Electrical Energy Consumption was extinguished, being determined that the rules above mentioned were no longer applicable.

The balance of payments for bonuses granted, including the concessionaire costs, versus the balance of surtaxes billed - collected from consumers during the Program shows the following position of accounts receivable with the Ministry of Mines and Energy as of March 31, 2003:

- Parent Company: R\$ 7.257 (31/12/2002-R\$ 7.244);
- Consolidated : R\$ 12.203 (31/12/2002-R\$ 12.197).

Of the above amounts, R\$5,623 (parent company) and R\$9,495 (consolidated) related to costs determined by the Company in the application of the above Program will be compensated via tariffs in accordance with Dispatches SFF/ANEEL no. 154 and 155, of March 28, 2003.

The above mentioned amounts comprise current and long-term receivables.

7. RECOVERABLE TAXES

The credits to be recovered are comprised of the following:

RECOVERABLE TAXES	PARENT COMPANY		CONSOLIDATED	
	Mar-03	Dec-2002	Mar-03	Dec-2002
Withholding income tax	5,057	35,614	20,168	54,009
Social contribution on net income	-	3,551	274	3,812
ICMS to be recovered	1,419	1,673	5,110	4,612
Other	335	2,088	3,317	6,110
	6,811	42,926	28,869	68,543

8. DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES

Tax credits classified as long-term assets, as listed below, generated by fiscal losses, negative basis of social contribution and other amounts that constitute temporary adjustments for reduction of future taxation, were recorded based on Company' s estimated future profitability, considering that the realization period will not exceed 10 years.

As a result of the rules laid down by CVM Instruction no. 371, of June 27, 2002, the Company did not record new tax credits as from July 1, 2002.

Once these conditions had been complied with, the amounts of the fiscal assets recorded were as follows:

ASSETS	PARENT COMPANY		CONSOLIDATED	
	Mar-03	Dec-02	Mar-03	Dec-02
Tax loss	278,057	347,330	620,800	690,182
Temporary additions	175,126	175,126	217,571	217,571
	453,183	522,456	838,371	907,753
Statutory rate	25%	25%	25%	25%
Income tax	113,296	130,614	209,593	226,938
Negative basis of social contribution	367,280	404,346	604,179	641,354
Temporary additions	89,605	89,605	115,979	115,979
	456,885	493,951	720,158	757,333
Statutory rate	8%	8%	8%	8%
Social contribution	36,550	39,516	57,612	60,587
Adjustments	-	-	(868)	(868)
TOTAL	149,846	170,130	266,337	286,657

Expectations as to the realization of these deferred tax credits, including balances not recorded, are shown as follows:

Amounts recorded:

EXPECTATION OF REALIZATION	PARENT COMPANY							2010	TOTAL
	2003	2004	2005	2006	2007	2008	2009	A	
								2012	
Income tax	3,105	-	4,371	8,501	12,402	15,421	20,482	49,024	113,306
Social contribution	1,118	-	1,574	3,060	4,465	5,552	7,373	13,398	36,540
	4,223	-	5,945	11,561	16,867	20,973	27,855	62,422	149,846

EXPECTATION OF REALIZATION	CONSOLIDATED							2010	TOTAL
	2003	2004	2005	2006	2007	2008	2009	A	
								2012	
Income tax	5,581	17,479	26,843	15,723	21,956	29,037	39,931	53,043	209,593
Social contribution	2,008	5,594	4,475	5,371	7,522	9,909	8,466	13,399	56,744
	7,589	23,073	31,318	21,094	29,478	38,946	48,397	66,442	266,337

Amounts not recorded:

AFTER 2012

<u>EXPECTATION OF REALIZATION</u>	<u>PARENT COMPANY</u>	<u>CONSOLIDATED</u>
Income tax	72,103	86,545
Social contribution	23,210	29,643
	95,313	116,188

The fiscal credits' expectation of realization is determined based on projections prepared by the Company's Administration on December 31, 2002.

9. AFFILIATES AND SUBSIDIARIES

<u>COMPANIES</u>	<u>TRANSACTION</u>	<u>PARENT COMPANY</u>		<u>CONSOLIDATED</u>	
		<u>Mar-03</u>	<u>Dec-02</u>	<u>Mar-03</u>	<u>Dec-02</u>
MAGISTRA	Pass-through of costs and loans	15	9	68,188	65,039
ENERSUL	Pass-through of costs	2,422	1,101	-	-
ESCELSAPAR	Pass-through of costs	167	49	-	-
CESA	Pass-through of costs	18,040	5,066	-	-
OTHER SUBSIDIARIES	Pass-through of costs	576	486	576	466
		21,220	6,711	68,764	65,505

The Company does not engage in transactions or agreements with related companies under terms or conditions more/less favorable than would be exercised with third parties. The transactions refer essentially to pass-through of costs to/from related companies.

The consolidated financial statements show primarily the balance of inter-company loans between related company MAGISTRA and the subsidiary ESC90, as detailed below, which were made at similar terms to those current in the Brazilian financial market. The terms and conditions of the main obligations are as follows:

- 1.º) Interest rate: TJLP + 4% p.a.;
Maturity: November, 2004;
Balance: R\$ 5,530 (R\$ 5,338 on 12/31/2002)
- 2.º) Interest rate: 100% of CDI;
Maturity: several dates through December 31, 2003;
Balance: R\$ 62,658 (R\$ 59,701 on 12/31/2002)

MAGISTRA's financial income from subsidiary ESC90 totaling R\$ 3,569 (R\$ 2,169 on 03/31/2002) in the consolidated statement is recorded as "Other financial income". The guarantees are promissory notes corresponding to 125% of principal.

10. OTHERS CREDITS - UTE CAMPO GRANDE

In view of the decision of ENERSUL's Administration to sell these assets, an appraisal was undertaken of all the costs incurred with the project, including the thermoelectric plant itself, substations and associated distribution lines, for the purpose of accounting for these as part of current assets, and a provision in the amount of R\$51.828 was set-up to reduce the assets to their market value.

	<u>CONSOLIDATED</u>
Balance as of December 31, 2002	25,891
Payment in the first quarter	13,594
Balance as of March 31, 2003	39,485

11. INVESTMENTS

The investments in subsidiary companies are stated based on the equity adjustment method. The other investments, including investments in ESC 90, are stated at cost plus monetary restatement, until December 31, 1995, net of provision for loss, when applicable.

	PARENT COMPANY		CONSOLIDATED	
	Mar-03	Dec-02	Mar-03	Dec-02
Investments in subsidiary companies:				
Stated by the equity method:				
MAGISTRA PARTICIPAÇÕES S.A	764,566	742,121	-	-
TV A CABO VITÓRIA - TVIX S.A	3	52	-	-
ESCELSA PARTICIPAÇÕES S.A. - ESCELSAPAR	4,826	3,607	-	-
	769,395	745,780	-	-
Goodwill on investments:				
Goodwill	-	-	393,618	393,618
Amortization	-	-	(21,212)	(21,152)
	-	-	372,406	372,466
Stated at adjusted cost:				
Other	37	37	37	37
	37	37	37	37
Projects, studies and other investments	1,833	1,833	1,833	1,888
TOTAL	771,265	747,650	374,276	374,391

The goodwill recorded by the wholly-owned subsidiary MAGISTRA, generated by the difference between the amount paid and the book value of ENERSUL stocks, acquired on 11/25/1997, is based on the company's future profitability and is being amortized proportionally to the company's projected results, during the term of ENERSUL's concession, of thirty years beginning 01/01/1998.

Additional information on investments stated by the equity adjustment method:

	MAGISTRA		TVIX		ESCELSAPAR	
	Mar-2003	Dec-2002	Mar-03	Dec-2002	Mar-03	Dec-2002
Class of shares	Common	Common	Common	Common	Common	Common
Total shares	473,203,348	473,203,348	1,540	1,540	1,000	1,000
Total shares of Escelsa	473,203,348	473,203,348	1,500	1,500	1,000	1,000
Participation %	100%	100%	97.40%	97.40%	100%	100%
Capital stock	668,483	668,483	1,540	1,540	2,800	2,800
Shareholders' equity	764,566	742,121	4	54	4,826	3,607
Net income (loss)	2,157	8,544	(50)	(44)	1,219	(235)
Investment as of March 31, 2003 and December 31, 2002	764.566	742,121	3	52	4,826	3,607
Results of equity adjustment in the first quarter	2,157	8,544	(49)	(41)	1,219	(235)

12. PROPERTY, PLANT AND EQUIPMENT

	PARENT COMPANY		Annual average rates of depreciation (%)	CONSOLIDATED	
	Mar-03	Dec-02		Mar-03	Dec-02
(-) DEPRECIATION:					
Generation	105,931	104,566	2.44%	201,434	199,851
Transmission	13,497	13,333	2.80%	13,497	13,333
Distribution	1,049,647	1,042,940	4.28%	1,995,488	1,983,216
Commercialization	4,301	4,301	9.32%	7,580	7,451
Administration	123,244	120,229	8.28%	247,342	242,810
	1,296,620	1,285,369	4.52%	2,465,341	2,446,661
(-) DEPRECIATION					
Generation	(63,354)	(62,716)		(104,702)	(103,377)
Transmission	(7,166)	(7,072)		(7,166)	(7,072)
Distribution	(395,540)	(386,165)		(747,263)	(728,545)
Commercialization	(2,660)	(2,561)		(3,217)	(3,039)
Administration	(57,926)	(55,515)		(111,382)	(105,537)
	(526,646)	(514,029)		(973,730)	(947,570)
	769,974	771,340		1,491,611	1,499,091
UNDER CONSTRUCTION:					
Generation	1,666	3,798		69,549	62,207
Transmission	2,128	1,464		2,128	1,464
Distribution	70,227	69,217		95,012	96,604
Administration	-	-		8	-
	4,257	6,465		9,117	11,322
	78,278	80,944		175,814	171,597
TOTAL	848,252	852,284		1,667,425	1,670,688
Obligations related to the concession	(98,155)	(96,740)		(190,664)	(188,882)
	750,097	755,544		1,476,761	1,481,806

Obligations related to the concession is comprised of the following balances:

	PARENT COMPANY		CONSOLIDATED	
	MAR-03	Dec-02	Mar-03	Dec-02
Consumer contributions.....	67,114	65,691	92,215	90,425
Donations and subsidies.....	25,795	25,794	91,054	91,053
Federal participation.....	5,246	5,255	7,395	7,404
TOTAL	98,155	96,740	190,664	188,882

13- SUPPLIERS

	CURRENT	PARENT COMPANY		CONSOLIDATED	
		Mar-03	Dec-02	Mar-03	Dec-02
Electricity suppliers:					
FURNAS		26,237	35,210	26,237	35,210
ITAIPIU		30,433	23,305	43,264	35,884
TRACTEBEL		-	-	8,879	12,086
ENERTRADE		-	-	2,611	-
ELETROSUL		-	-	1,333	1,515
MAE		8,600	7,719	13,321	17,847
MAE - Spot market		4,062	6,538	4,062	6,538
Free energy		10,778	13,856	15,932	19,118
Other		3,332	9,868	6,798	11,692
		83,442	96,496	122,437	139,890
Materials and service providers		7,544	8,244	12,735	15,725
TOTAL		90,986	104,740	135,172	155,615
LONG-TERM					
Electricity suppliers:					
Free energy		55,410	53,116	81,638	78,551
Other		5,230	5,230	5,230	5,230
		60,640	58,346	86,868	83,781

14. LOANS AND FINANCING

DESCRIPTION	AVERAGE ANNUAL INTEREST RATE	AMORTIZATION		PARENT COMPANY					
		TYPE	PERIOD MM/YY	mar/03		dez/02			
				Interest and other charges	Current	Long-term	Interest and other charges	Current	Long-term
Local currency									
ELETROBRAS	5.0% - 7.0%	M	05/99 to 08/07	-	2.276	13.377	-	2.096	6.076
BNDES	TJLP + 3.8%	M	11/99 to 10/10	1.552	46.811	137.232	1.696	40.647	149.396
BNDES-Ration. losses	SELIC+1.0%	M	03/02 to 01/06	985	26.036	112.988	1.091	25.337	114.881
Bank loan	107%-114% CDI	U	03/03 to 05/03	-	27.270	-	-	25.178	-
				2.537	102.393	263.597	2.787	93.258	270.353
Foreign currency									
BBA	19%	U	01/03 to 08/03	5.012	58.981	-	3.747	49.084	-
Senior Notes	10,0%	U	07/97 to 07/07	30.105	-	1.445.045	69.791	-	1.522.704
				35.117	58.981	1.445.045	73.538	49.084	1.522.704
TOTAL				37.654	161.374	1.708.642	76.325	142.342	1.793.057

DESCRIPTION	AVERAGE ANNUAL INTEREST RATE	AMORTIZATION		03/03			12/02		
		TYPE	PERIOD MM/YY	Interest and other charges	Interest and other charges		Interest and other charges	Interest and other charges	
					Current	Long-term		Current	Long-term
Local currency:									
ELETROBRAS - ESCELSA	5,0% - 7,0%	M	05/99 to 07/07	-	2.276	13.377	-	2.096	6.076
ELETROBRAS - ENERSUL	6,0% - 12,0%	M	12/97 to 05/22	184	14.616	48.530	253	11.394	48.041
BNDES - ESCELSA	TJLP + 3,8%	M	11/99 to 10/10	1.552	46.811	137.232	1.696	40.647	149.396
BNDES - MAGISTRA	TJLP + 4,0%	H	11/99 to 11/04	2.844	39.673	39.673	961	39.220	39.220
BNDES - ENERSUL	TJLP + 3,85%	M	09/01 to 02/08	237	13.182	51.631	264	13.032	54.298
BNDES - ENERSUL	TJLP + 4,00%	M	02/00 to 04/04	4	944	79	5	934	311
BNDES-Rationing losses.	SELIC+1,0%	M	02/02 to 06/06	1.705	34.150	192.817	1.807	33.197	195.157
BNDES- CESA	TJLP + 4,5%	M	07/04 to 07/12	120	-	-	126	-	-
BNDES- CESA	UMBNDDES	M	07/04 to 07/12	239	-	39.530	179	-	39.589
BCO BRASIL - FCO	11,20%	M	11/04 to 11/13	553	-	30.000	573	-	30.000
CITIBANK	104%-108%-CDI	M	10/02 to 11/02	-	-	-	-	-	-
BANK LOAN	105%-114%-CDI	M	10/02 to 05/03	71	73.309	-	1.066	73.478	-
FUNDAÇÃO ENERSUL	10%	M	07/98 to 11/13	115	2.295	17.832	115	2.003	17.247
OTHER	1,35%	M	05/00 to 06/09	-	-	977	262	-	925
TOTAL				7.624	227.256	571.678	7.307	216.001	580.260
Foreign currency									
SENIOR NOTES	10,0%	U	07/97 to 07/07	30.105	-	1.445.045	69.791	-	1.522.704
BRADESCO (*)	28,20% - 40,80%	U	11/02 to 06/03	72	24.630	-	1.009	24.014	-
UNIBANCO (*)	10,85% - 11,40%	U	-	3.872	14.834	-	-	-	12.727
EUROPEAN INVEST BANK	LIBORtri + 4,0% - 5,0%	H	12/02 to 03/09	994	9.511	44.810	259	9.636	47.603
STN-DMLP	LIBORsem + 4,5% - 8,2%	H	10/96 to 04/24	1.077	1.582	46.364	551	1.668	48.856
BBA FMO (*)	8,90%	H	03/02 a 09/07	100	4.524	9.945	535	4.410	11.568
ITAÚ (*)	27,30%	U	-	1.600	16.567	-	579	16.570	-
BBV (*)	26,35%	U	-	-	-	-	58	15.742	-
BBA (*)	16,0%	U	01/03 to 08/03	5.012	58.981	-	3.747	49.084	-
				42.832	130.629	1.546.164	76.529	121.124	1.643.458
				50.456	357.885	2.117.842	83.836	337.125	2.223.718
Long-term interest and charges									
UNIBANCO (*)				-	-	-	3.590	-	-
				-	-	-	3.590	-	-

Type:

U = unique
M = monthly
H = Half-year

(*) Loans protected by swap contracts against eventual exchange rate oscillations.

- A) ESCELSA and ENERSUL loans due to ELETROBRÁS, BNDES and Banco do Brasil-FCO are guaranteed by accounts linked to receivables. The ENERSUL loans from Secretaria do Tesouro Nacional-STN are guaranteed by direct debt, receivables, the Government of the State of Mato Grosso do Sul and part in cash deposit. Other loans are covered by promissory notes in guarantee. MAGISTRA's loan payable to BNDES is guaranteed by ENERSUL shares on escrow.
- B) ESCELSA loan due to BBA is guaranteed by 44.000 NBC'E, amounting, on March 31, 2003 to R\$ 79.221 (market value).
- C) The breakdown of loans and financing per currency is as follows:

	PARENT COMPANY		CONSOLIDATED	
	Mar-03	Dec-02	Mar-03	Dec-02
Local currency	365,990	363,611	798,934	796,261
Foreign currency	1,504,026	1,571,788	1,676,793	1,764,582
TOTAL	1,870,016	1,935,399	2,475,727	2,560,843

D) The percentage variation of the main indicators used for updating the loans and financing are as follows:

Currency and indicators	Mar-03	Mar-02
US\$ x R	(5.10)%	0.14%
IGP-M	6.26%	0.51%
INPC	5.93%	2.01%
SELIC	5.68%	4.21%
UMBNDDES	(4.67)%	0.99%
TJLP (a.a)	10.00%	10.00%
LIBOR (annual average)	1.52%	2.00%

E) Maturity of short and long-term installments is as follows:

Maturity	PARENT COMPANY			CONSOLIDATED		
	Currency					
	Local	Foreign	Total	Local	Foreign	Total
2003	83.412	-	83.412	217.399	113.157	330.556
2004	18.981	58.981	77.962	9.857	17.472	27.329
Current	102.393	58.981	161.374	227.256	130.629	357.885
2004	58.926	-	58.926	132.744	15.424	148.168
2005	82.502	-	82.502	128.481	18.009	146.490
2006	61.153	-	61.153	107.411	14.796	122.207
2007	48.598	1.445.045	1.493.643	99.415	1.459.369	1.558.784
2008	4.496	-	4.496	43.324	8.060	51.384
2009	4.496	-	4.496	16.327	2.820	19.147
2010	3.426	-	3.426	15.257	2.152	17.409
2011	-	-	-	11.831	2.152	13.983
2012	-	-	-	8.428	1.584	10.012
After 2012	-	-	-	8.460	21.798	30.258
TOTAL	365.990	1.504.026	1.870.016	798.934	1.676.793	2.475.727

15. PROVISION FOR CONTINGENCIES

Contingencies	PARENT COMPANY					
	Mar-03			Dec-02		
	Provision		Escrow Deposits	Provision		Escrow Deposits
	In the quarter	Accumulated		In the quarter	Accumulated	
Current						
Fiscal						
COFINS	-	39,382	39,382	-	39,382	39,382
TOTAL	-	39,382	39,382	-	39,382	39,382
Long-Term						
Labor claims	42	16,003	10,781	-	15,961	10,301
Civil litigation	(14,710)	14,803	7,918	23,494	29,513	6,266
Fiscal	2,109	83,704	59,391	6,430	81,595	55,608
TOTAL	(12,559)	114,510	78,090	29,924	127,069	72,175
	CONSOLIDATED					
	mar/03			dez/02		
	Provision		Escrow Deposits	Provision		Escrow Deposits
	In the Quarter	Accumulated		In the Quarter	Accumulated	
Current						
Fiscal						
COFINS	-	39.382	39.382	-	39.382	39.382
TOTAL	-	39.382	39.382	-	39.382	39.382
Long-term						
Labor Claims	876	21.817	13.166	942	20.941	12.596
Civil litigation	(14.489)	22.363	7.934	5.754	36.852	6.282
Fiscal	4.057	112.631	81.279	19.860	108.574	75.675
TOTAL	(9.556)	156.811	102.379	26.556	166.367	94.553

Management understands that the provisions recorded are sufficient to cover eventual losses from the ongoing litigations. Based on the opinion of the Company's legal counsel, all litigation for which the probability of a favorable outcome was estimated as remote for the Company was provided for.

Furthermore, there are labor, civil and fiscal cases pending in the total amount of R\$22.257, for which the probability of a favorable outcome was estimated as possible and no provisions were recorded on the financial statements.

16. CAPITAL STOCK AND RESERVES

In accordance with its by-laws, the Company is authorized to operate with up to R\$1,000,000 in capital of which R\$153,947 are subscribed and fully paid in. Capital stock as of March 31, 2003, is represented by 4,550,833 common shares, with no par value, with the following equity structure:

Shareholders	Quantity of		% of participation
	shares	Shareholders	
IVEN S.A.....	2,378,671	1	52,27
GTD PARTICIPAÇÕES S.A.....	1,137,709	1	25,00
Fundação Banco Central – CENTRUS	275,678	1	6,06
CINVES.....	66,366	1	1,46
Others.....	692,409	168	15,21
TOTAL	4,550,833	172	100,00

Composition of capital reserve:

	PARENT COMPANY AND CONSOLIDATED	
	Mar-03	Dec-02
CAPITAL RESERVE:	65,687	65,687

17- CHANGES IN SHAREHOLDERS' EQUITY – PARENT COMPANY

BALANCE AS OF	CAPITAL STOCK	CAPITAL RESERVES	ACCUMULATED INCOME	SUBTOTAL	CREDITS FOR CAPITAL INCREASE	
					INCREASE	TOTAL
	153,94					
DECEMBER 31, 2002	7	65,687	-	219,634	3,387	223,021
Remuneration on construction Work in progress	-	1	-	1	-	1
Income for the period	-	-	82,126	82,126	-	82,126
MARCH 31, 2003	153,947	65,688	82,126	301,761	3,387	305,148

18- INCOME TAX AND SOCIAL CONTRIBUTIONS

	PARENT COMPANY			
	Mar-03		Mar-02	
	Income tax	Social Contribution	Income tax	Social Contribution
Loss before income tax and social contribution	124,611	124,611	17,966	17,966
Statutory rate	25%	9%	25%	9%
	31,153	11,215	4,492	1,617
Permanent additions (exclusions)				
Equity adjustment	(3,327)	(3,327)	(8,266)	(8,266)
Non deductible provisions	5,537	(1,517)	1,428	1,733
.	2,210	(4,844)	(6,838)	(6,533)
Statutory rate	25%	9%	25%	9%
	552	(436)	(1,710)	588
Effect on results	31,706	10,779	2,782	1,029

19. PENSION PLAN

The Company is the sponsor of FUNDAÇÃO ESCELSA DE SEGURIDADE SOCIAL – ESCELSOS, a nonprofit organization, whose main purpose is to complement the benefits granted by the official social security to the Company's employees through two benefit packages: a Defined Benefit Plan (Plan I) and a Defined Contribution Plan (PLAN II).

These benefit plans are based on mathematical reserves calculated actuarially according to the capitalization policy, which is revised annually.

The table below shows the number of participants in each plan:

	PARENT COMPANY		CONSOLIDATED	
	Plan I	Plan II	Plan I	Plan II
Contributing participants	34	1.404	42	2.332
Receiving participants:				
Retirees	638	122	893	124
Pensioners	110	6	172	6
	<u>748</u>	<u>128</u>	<u>1,065</u>	<u>130</u>
	782	1,532	1,107	2,492

As a sponsor, the Company matches monthly contribution from the members of ESCELSOS Foundation, corresponding to the amount established in each plan, limited to 7% of the total payroll. In the first quarter of 2003, ESCELSA contributed R\$648 compared (R\$651 on 03/31/2002).

As per CVM Ruling 371 of 12/13/2000, starting in fiscal year 2002, publicly listed companies are required to record and disclose all liabilities related to benefit payments to ex-employees, based on rules set forth by NPC Bulletin 26 from IBRACON.

As provided by art. 84 of the above mentioned Deliberation, a recalculation was made of the present value of the actuarial obligations (medical assistance allowance for incentive to retirement and life insurance) as of December 31, 2002. The transactions recorded in the first quarter of 2003, is as follows:

	PARENT COMPANY AND CONSOLIDATED
Uncovered actuarial liabilities, current value	(47,337)
Losses recognized, net value	17,083
Recognized liability as of December 31, 2002	(30,254)
Realizations	156
Recognized liability as of March 31, 2003	(30,098)

The net losses not recognized corresponds to the actuarial losses in excess of 10% of the present value of the actuarial obligations as of December 31, 2002, which will be annually appropriated over the period corresponding to the remaining estimated average time of work of the employers participating in the plan.

The same actuarial evaluation showed that in the plan the value of the assets exceeds the present fair value of actuarial obligations fully or partially covered, by R\$ 28.079.

The Company's administration however, has conservative opted for not recording this asset, because there no assurance of the effective reduction of the sponsor's contributions or the reimbursement to the sponsor in the future.

20. FINANCIAL INSTRUMENTS

The Company's business entails the distribution and sale of electric energy for customers within its concession area – the state of Espírito Santo – and therefore significant financial instruments are related to the following transactions:

- Balances of long-term accounts receivable and accounts payable related to the extraordinary tariff recomposition and therefore not subject to adjustments to market value;
- Investments in short term mutual funds and/or fixed income investments recorded at approximate market value as they are recorded with accrued interest on a pro-rata basis;
- Equity stakes in other companies are in most cases shares that are not publicly traded;
- Loans held by the Company are mainly long-term, and are from specific funding sources.

20.1 Exchange Rate and Interest Risks

The account value of the principal financial instrument are:

	PARENT COMPANY		CONSOLIDATED	
	Mar-03	Dec-02	Mar-03	Dec-02
Marketable securities	285,944	296,498	294,448	306,620
Loans and financing – long-term	1,708,642	1,793,057	2,117,842	2,223,718

A portion of the loans and financing are comprised of financing from government entities ELETROBRÁS and BNDES.

As the market rate (or opportunity cost of capital) is set by these government entities, taking into consideration the risk premium relative to the sector's activities and that in the absence of other financing sources or other market options and/or means to estimate the market value of such options in light of the Company's business or sector-specific circumstances, the market value of these domestic loans shall correspond to their book value, as shall other financial assets and liabilities.

As mentioned in Note 14, foreign currency financing was obtained (in U.S. dollars), and the indebtedness and earnings were significantly impacted by the foreign exchange risk.

Such risk may cause the Company to incur losses due to foreign exchange fluctuations, which may increase liabilities denominated in foreign currency.

Net exposure to foreign currency risk 15o:

	BOOK VALUE		FAIR VALUE	
	Mar-03	Dec-02	Mar-03	Dec-02
Senior Notes	1,445,045	1,522,704	944,076	944,076
U.S. dollar assets	(285,362)	(296,329)	(285,362)	(296,329)
Net Exposure	1,159,683	1,226,375	658,714	647,747

The method used to determine the fair value of the Senior Notes obligation was the average market price, as of December 30, 2002, as per the security's trading activity at the end of each fiscal period, as provided by a transaction report in New York, USA, prepared by Salomon Smith Barney. For the US dollar assets, the contract market price at the end of the fiscal period was used, which is equal to book value.

In addition, the Company held derivatives contracts aimed at reducing the above-referred net exposure, which yielded credits to the income statement, in the monetary variations account, for losses of R\$ 2,176 (initially no cash swap) and R\$ 6,408 (SWAP) related to SWAP transactions whose parameters are as follows:

FINANCIAL INSTITUTION	DATE		AMOUNT	PARAMETERS (RATES %)		LOSSES TO BE REALIZED
	TRANSACTION	MATURITY		BANKS	ESCELSA	
Banco Itaú	12/27/02	07/15/03	21,856	18,60% p.a.+exchange variation (v.s dollar)	100% CDI	(1,357)
BBA	01/07/03	08/15/03	57,902	19,00% p.a.+exchange variation (v.s dollar)	100% CDI + 3,55% a.a	(5,051)
						(6,408)

In the consolidated, the loans and financing of the companies in the ESCELSA System were obtained at rates and charges usual in the Brazilian and the international markets for funding of investments in the electric energy sector in their concession areas of the electric energy public service.

The subsidiary MAGISTRA consolidates the foreign currency (US\$) financial liabilities of its subsidiaries ENERSUL and CESA. In order to reduce foreign exchange-related risk, swap instruments were used to hedge a portion of these liabilities, as shown in explanatory note no. 14. The indexes used in these instruments are IGP-M plus interest of between 11.7% p.a. and 12.01% p.a., and CDI, plus interest of between 0.95% p.a. and 3.0% p.a.

Considering the fluctuations of the Real during the period, these hedge transactions yielded gains of R\$482, recognized in the income statement in the monetary variations accounts.

This debt is broken-down as follows:

LIABILITIES	AMOUNT		GAINS TO BE REALIZED
	BOOK VALUE	SWAP	
Loans and financing	76,626	76,144	482

In the consolidated statements, foreign currency debt totaling R\$107,763 is subject to terms and conditions which constitute a natural hedge, thus reducing the currency risk to a minimum.

For the contracts, it is estimated that their market value are equal or near the amounts per the accounts in view of the specific characteristics of these fundings and the impossibility of determining the market value of this type of financial instrument.

For determination of this estimate the Company's administration considered the evidence of risk inherent to the Company's business, the administrative strategy and measures aimed at managing the debt service.

20.2 Credit Risk

There is a possibility that the Company will incur losses due to non-payment of its customers. To mitigate this risk, the Company maintains the right to cut-off the supply of electric energy in the event that a customer fails to make payment in accordance with the time-periods defined by legislation and specific regulations. A provision for doubtful account liquidations is established in an amount deemed sufficient by Management to cover potential accounts receivable risks.

21. SUBSEQUENT EVENT

According to Resolution N° 167 of April 7, 2003, the National Electric Energy Regulatory Agency – ANEEL, determined that the average rate that ENERSUL charges its customers will be increased by 42.26%.

The 42.26% average tariff increase will be allocated in the following manner:

On April 8, 2003 rates charged to customers were increased by 32.59%, which corresponds to the percentage increase resulting from the tariff readjustment that would be determined by ANEEL, if, instead of using the 5-year tariff review, only the annual adjustment was used, which is not applied in the years when the 5-year tariff review is conducted.

The remaining 9.67% will be allocated to the annual tariff adjustments for 2004 through 2007 on top of Portion B cost adjustments in annual installments of R\$55,253 thousand, at adjusted values on the date of review, as per ANEEL calculations.

ANEEL also provisionally established the "X" factor (the discount factor applied against the IGP-M inflation index) at 2.35% each year from 2004 through 2007, discounting Portion B cost gains from ENERSUL's revenues.

The rate adjustment will be applied according to customer segment as per the table below:

SEGMENT

HIGH TENSION

A2 (between 88 and 138kV) 35.91%

A3 (69kV) 37.11%

A4 (between 2.3 e 25 kV) 32.49%

LOW TENSION

B (below 2.3kV) 32.48%;

As per Ministerial Decree N° 116 of April 4, 2003, the balance of the Compensation Account for Portion A Items (cost items that are not covered by tariff adjustments) from March 8, 2002 through March 7, 2003, equivalent to 4.38%, for which compensation was expected to be included in the current rate repositioning, will be applied over a period of 24 months starting in April 2004.

22. EXPLANATION ADDED FOR TRANSLATION INTO ENGLISH

These financial statements are presented on the basis of accounting principles set forth by the Brazilian corporate law. Certain accounting practices followed by the Company and its subsidiaries that conform to generally accepted accounting principles in Brazil may not conform with generally accepted accounting principles in other countries.

EXHIBIT II

(Convenience Translation into English from the Original Previously Issued in Portuguese)

ACCOUNTANTS' REVIEW REPORT

To the Board of Directors and Shareholders of
Espírito Santo Centrais Elétricas S.A. - ESCELSA
Vitória - ES

1. We have performed a special review of the Quarterly Information (ITR) of Espírito Santo Centrais Elétricas S.A. – ESCELSA and subsidiaries (parent company and consolidated) for the quarter ended March 31, 2003, prepared under the responsibility of the Company's management, in accordance with accounting practices generally adopted in Brazil, comprising the balance sheets, the related statements of income and the reports on performance.
2. Our review was performed in accordance with standards established by the Brazilian Institute of Independent Auditors – IBRACON, in conjunction with the Federal Accounting Council, and consisted principally of: (a) inquiries and discussions with the Company's management responsible for the accounting, financial and operational areas of the Company and its subsidiaries, as to the criteria adopted in preparing Quarterly Information; and (b) a review of the information and subsequent events that had or could have material effects on the financial position and results of operations of the Company and its subsidiaries.
3. Based on our special review, we are not aware of any material modifications that should be made to the Quarterly Information referred to in paragraph 1 in order for it to be in accordance with the accounting practices adopted in Brazil, applied according to the standards issued by the Brazilian Securities Commission (CVM) specifically applicable to the preparation of Quarterly Information.
4. As mentioned in Note 4, the Company and its subsidiary have recorded, as of March 31, 2003, accounts receivable in the amount of R\$27,843 thousand (R\$44,804 thousand consolidated) and accounts payable in the amount of R\$17,272 thousand (R\$21,993 thousand consolidated), relating to electric power sales and purchases operations conducted in the Electric Power Wholesale Market - MAE, based on preliminary information released by MAE and/or based on management estimates when MAE data was not available. These amounts are subject to modifications depending on the outcome of current judicial processes filed by energy market participants, with respect to interpretations of market regulations in effect. The settlement of these amounts was postponed due to new agreement between Brazilian Government and energy market participants. The success of this negotiation and settlement of the accounts depends on the financial capacity of energy market participants to settle their obligations.

5. On December 21, 2001 the Provisional Measure (Executive Order) no. 14 was issued, and converted into Federal Law no. 10.438 of April 26, 2002, providing, among other things, for the reestablishment, for the rationing period, of the financial-economic equilibrium of the electric power distribution companies, as guaranteed in the concession agreements. The detailed information and the effects of the General Agreement of the Electrical Sector relating to the rationing program on the financial position and results of operations are disclosed in Note 5.
6. We have previously audited the balance sheet (parent company and consolidated) related to December 31, 2002, and issued our auditors' report dated February 14, 2003, containing emphasis paragraphs related to the matters mentioned in paragraphs 4 and 5, above. We reviewed the statement of income (parent company and consolidated) for the quarter ended March 31, 2002, and issued our accountants' review report thereon dated May 14, 2002, containing emphasis paragraph related to the matter mentioned in paragraph 5, above.

April 11, 2003