

ENERGY CO OF MINAS GERAIS
Form 6-K
December 23, 2016

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the month of December 2016

Commission File Number 1-15224

Energy Company of Minas Gerais

(Translation of Registrant's Name Into English)

Avenida Barbacena, 1200

30190-131 Belo Horizonte, Minas Gerais, 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

Edgar Filing: ENERGY CO OF MINAS GERAIS - Form 6-K

Indicate by check mark if the registrant is submitting the Form 6-K in paper

as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper

as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant 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): N/A

Index

Item Description of Items

1. 2Q 2016 Results

Forward-Looking Statements

This report contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. Actual results could differ materially from those predicted in such forward-looking statements. Factors which may cause actual results to differ materially from those discussed herein include those risk factors set forth in our most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. CEMIG undertakes no obligation to revise these forward-looking statements to reflect events or circumstances after the date hereof, and claims the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

SIGNATURES

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 ENERGÉTICA DE MINAS

GERAIS CEMIG

By: /s/ Franklin Moreira Gonçalves
Name: Franklin Moreira Gonçalves

Title: Acting Chief Finance and
Investor Relations Officer

Date: December 23, 2016

1. 2Q 2016 RESULTS

CONTENTS

<u>STATEMENTS OF FINANCIAL POSITION</u>	2
<u>CONSOLIDATED STATEMENTS OF INCOME</u>	4
<u>STATEMENTS OF COMPREHENSIVE INCOME</u>	6
<u>STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY - CONSOLIDATED</u>	8
<u>STATEMENTS OF CASH FLOW</u>	10
<u>STATEMENTS OF ADDED VALUE</u>	12
<u>CONDENSED EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS</u>	13
1. <u>OPERATIONAL CONTEXT</u>	13
2. <u>BASIS OF PREPARATION</u>	14
3. <u>PRINCIPLES OF CONSOLIDATION</u>	18
4. <u>CONCESSIONS AND AUTHORIZATIONS</u>	18
5. <u>CASH AND CASH EQUIVALENTS</u>	22
6. <u>SECURITIES</u>	23
7. <u>CONSUMERS; TRADERS; CONCESSION HOLDERS - TRANSPORT OF ELECTRICITY</u>	24
8. <u>RECOVERABLE TAXES</u>	25
9. <u>INCOME TAX AND SOCIAL CONTRIBUTION TAX</u>	25
10. <u>ESCROW DEPOSITS</u>	28
11. <u>ENERGY DEVELOPMENT ACCOUNT (CDE) AND FLAG TARIFF ACCOUNT FUNDS</u>	28
12. <u>FINANCIAL ASSETS AND LIABILITIES OF THE CONCESSION</u>	29
13. <u>INVESTMENTS</u>	36
14. <u>PROPERTY, PLANT AND EQUIPMENT</u>	49
15. <u>INTANGIBLE ASSETS</u>	51
16. <u>SUPPLIERS</u>	53
17. <u>TAXES</u>	54
18. <u>LOANS, FINANCINGS AND DEBENTURES</u>	55
19. <u>REGULATORY CHARGES</u>	60
20. <u>POST-RETIREMENT OBLIGATIONS</u>	60
21. <u>PROVISIONS</u>	61
22. <u>STOCKHOLDERS' EQUITY AND REMUNERATION TO STOCKHOLDERS</u>	73
23. <u>REVENUE</u>	74
24. <u>OPERATIONAL COSTS AND EXPENSES</u>	78
25. <u>FINANCIAL REVENUE (EXPENSES)</u>	83
26. <u>RELATED PARTY TRANSACTIONS</u>	84
27. <u>FINANCIAL INSTRUMENTS AND RISK MANAGEMENT</u>	87
28. <u>MEASUREMENT AT FAIR VALUE</u>	96
29. <u>OPERATING SEGMENTS</u>	98
30. <u>THE ANNUAL TARIFF ADJUSTMENT</u>	100
31. <u>NON-CASH TRANSACTIONS</u>	100
32. <u>SUBSEQUENT EVENTS</u>	100
<u>CONSOLIDATED ECONOMIC AND FINANCIAL PERFORMANCE</u>	104

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.

STATEMENTS OF FINANCIAL POSITION

AT JUNE 30, 2016 AND DECEMBER 31, 2015

ASSETS

(In thousands of Brazilian Reais R\$)

	Note	Consolidated (Unaudited)		Holding company (Unaudited)	
		June 30, 2016 Re-presented	Dec. 31, 2015 Re-presented	June 30, 2016 Re-presented	Dec. 31, 2015 Re-presented
CURRENT					
Cash and cash equivalents	5	1,500,415	924,632	280,338	256,484
Marketable securities	6	932,321	2,426,746	88,804	127,390
Consumers and traders; Concession holders					
Transport of electricity	7	3,294,449	3,764,477		
Financial assets of the concession	12	997,954	873,699		
Recoverable taxes	8	193,070	175,330	4,818	4,821
Income tax and Social Contribution taxes recoverable	9a	385,650	305,829		
Dividends receivable		34,436	62,025	445,811	1,004,796
Linked funds		1,047	162	132	133
Inventories		40,817	37,264	12	10
Advance to suppliers	26	51,397	87,241		
Energy Development Account (CDE)	11	63,751	71,695		
Other		660,875	647,638	13,225	10,224
TOTAL, CURRENT		8,156,182	9,376,738	833,140	1,403,858
NON-CURRENT					
Marketable securities	6	54,402	83,566	1,711	2,275
Advance to suppliers	26	110,042	60,000		
Consumers and traders; Concession holders					
Transport of electricity	7	139,491	133,691		
Recoverable taxes	8	253,892	257,851	6,570	6,570
Income tax and Social Contribution tax recoverable	9a	177,330	205,620	177,330	205,620
Deferred income tax and Social Contribution tax	9b	1,653,023	1,498,479	917,142	778,120
Escrow deposits	10	1,873,767	1,813,341	506,658	483,264
Other		812,931	807,724	21,112	23,255
Financial assets of the concession	12	5,090,698	2,659,805		
Investments	13	10,077,908	9,744,847	14,316,007	13,412,081
Property, plant and equipment	14	3,848,629	3,940,323	2,426	2,177

Edgar Filing: ENERGY CO OF MINAS GERAIS - Form 6-K

Intangible assets	15	10,487,061	10,275,104	1,868	1,918
TOTAL, NON-CURRENT		34,579,174	31,480,351	15,950,824	14,915,280
TOTAL ASSETS		42,735,356	40,857,089	16,783,964	16,319,138

The Condensed Explanatory Notes are an integral part of the Interim Financial Statements.

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.

STATEMENTS OF FINANCIAL POSITION

AT JUNE 30, 2016 AND DECEMBER 31, 2015

LIABILITIES

(In thousands of Brazilian Reais R\$)

	Note	Consolidated (Unaudited)		Holding company (Unaudited)	
		June 30, 2016 Re-presented	Dec. 31, 2015 Re-presented	June 30, 2016 Re-presented	Dec. 31, 2015 Re-presented
Suppliers	16	1,565,749	1,901,153	5,915	8,765
Regulatory charges	19	433,294	516,983		
Employees and managers profit shares		15,652	114,031	920	7,986
Taxes and charges	17a	671,608	740,113	26,242	53,123
Income tax and Social Contribution tax	17b	13,011	10,646		
Interest on Equity, and dividends, payable	22	572,872	1,306,815	572,641	1,306,584
Loans, financings and debentures	18	4,618,734	6,300,359		
Payroll and related charges		276,302	220,573	12,408	10,382
Post-retirement obligations	20	185,785	166,990	10,199	9,139
Concessions payable		2,900	2,811		
Concession Grant Fee Auction 12/2015	12	827,921			
Financial liabilities of the concession	12	41,507			
Financial instruments Put options	13	1,679,455	1,245,103	1,679,455	1,245,103
Other obligations		480,412	548,495	3,921	5,200
TOTAL, CURRENT		11,385,202	13,074,072	2,311,701	2,646,282
NON-CURRENT					
Regulatory charges	19	303,176	226,413		
Loans, financings and debentures	18	10,829,029	8,866,178		
Taxes and charges	17a	740,111	739,711		
Deferred income tax and Social Contribution tax	9b	854,179	689,247		
Post-retirement obligations	20	3,173,491	3,086,381	307,624	294,052
Concessions payable		19,119	18,578		
Provisions	21	785,346	754,573	312,799	335,134
Financial liabilities of the concession	12	411,244			
Financial instruments Put options	13	173,625	147,614		
Other obligations		262,667	266,646	57,816	59,972
TOTAL, NON-CURRENT		17,551,987	14,795,341	678,239	689,158
TOTAL LIABILITIES		28,937,189	27,869,413	2,989,940	3,335,440

STOCKHOLDERS EQUITY	22				
Share capital		6,294,208	6,294,208	6,294,208	6,294,208
Capital reserves		1,924,503	1,924,503	1,924,503	1,924,503
Profit reserves		5,285,253	4,662,723	5,285,253	4,662,723
Equity valuation adjustments		61,082	102,264	61,082	102,264
Retained earnings		228,978		228,978	
EQUITY ATTRIBUTABLE TO CONTROLLING STOCKHOLDERS		13,794,024	12,983,698	13,794,024	12,983,698
EQUITY ATTRIBUTABLE TO NON-CONTROLLING STOCKHOLDER		4,143	3,978		
STOCKHOLDERS EQUITY		13,798,167	12,987,676	13,794,024	12,983,698
TOTAL LIABILITIES AND EQUITY		42,735,356	40,857,089	16,783,964	16,319,138

The Condensed Explanatory Notes are an integral part of the Interim Financial Statements.

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015

R\$ 000 (except Net profit per share)

	Note	Consolidated (Unaudited) Jun. 30, 2016	Consolidated (Unaudited) Jun. 30, 2015	Holding company (Unaudited) Jun. 30, 2016	Holding company (Unaudited) Jun. 30, 2015
NET REVENUE	23	9,205,807	11,241,759	453	161
OPERATING COSTS					
COST OF ELECTRICITY AND GAS	24				
Electricity purchased for resale		(3,956,110)	(4,733,681)		
Charges for use of the National Grid		(525,912)	(492,643)		
Gas bought for resale		(427,009)	(523,922)		
		(4,909,031)	(5,750,246)		
OTHER COSTS	24				
Personnel and managers		(683,827)	(539,889)		
Materials		(17,088)	(24,813)		
Raw materials and inputs for production of electricity		(27)	(74,971)		
Outsourced services		(353,972)	(360,189)		
Depreciation and amortization		(382,969)	(416,652)		
Operating provisions		(86,834)	(77,903)		
Infrastructure construction cost		(583,733)	(499,663)		
Other		(38,936)	(104,733)		
		(2,147,386)	(2,098,813)		
TOTAL COST		(7,056,417)	(7,849,059)		
GROSS PROFIT		2,149,390	3,392,700	453	161
OPERATING EXPENSES	24				
Selling expenses		(174,566)	(58,077)		
G&A expenses		(309,029)	(276,265)	(21,291)	(25,983)
Operating provisions		(472,212)	(137,025)	(446,201)	(137,025)
Other operational expenses		(286,341)	(369,216)	(23,537)	(20,322)
		(1,242,148)	(840,583)	(491,029)	(183,330)
Equity method gain (loss)	13	14,042	95,810	502,706	2,130,839
Fair value gain (loss) on stockholding transaction	13		734,530		
Operational profit before Financial income (expenses) and taxes		921,284	3,382,457	12,130	1,947,670
Financial revenues	25	609,260	524,855	71,455	13,422
Financial expenses	25	(1,233,847)	(1,049,886)	(3,204)	(3,698)

Profit before income tax and Social Contribution tax		296,697	2,857,426	80,381	1,957,394
Current income tax and Social Contribution taxes	9c	(78,867)	(745,033)	(12,237)	
Deferred income tax and Social Contribution tax	9c	(10,499)	(93,502)	139,022	61,220
PROFIT (LOSS) FOR THE PERIOD		207,331	2,018,891	207,166	2,018,614
Total of net profit for the year attributed to:					
Interest of the controlling stockholders		207,166	2,018,614	207,166	2,018,614
Interest of non-controlling stockholder		165	277		
		207,331	2,018,891	207,166	2,018,614
Basic and diluted profit per preferred share	22	0.16	1.60	0.16	1.60
Basic and diluted profit per common share	22	0.16	1.60	0.16	1.60

The Condensed Explanatory Notes are an integral part of the Interim Financial Statements.

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.

CONSOLIDATED STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015

(In thousands of Brazilian Reais R\$ except Net profit per share)

	Note	Consolidated (Unaudited)		Holding company (Unaudited)	
		2Q16	2Q15	2Q16	2Q15
NET REVENUE	23	4,754,147	5,392,480	88	81
OPERATING COSTS					
COST OF ELECTRICITY AND GAS	24				
Electricity purchased for resale		(2,024,749)	(2,312,277)		
Charges for use of the National Grid		(267,206)	(251,254)		
Gas bought for resale		(189,146)	(261,914)		
		(2,481,101)	(2,825,445)		
OTHER COSTS	24				
Personnel and managers		(354,752)	(272,821)		
Materials		(11,909)	(14,261)		
Raw materials and inputs for production of electricity		(9)	2,547		
Outsourced services		(197,911)	(185,997)		
Depreciation and amortization		(197,950)	(175,813)		
Operating provisions		(6,352)	(69,427)		
Infrastructure construction cost		(348,712)	(266,090)		
Other		(30,279)	(79,025)		
		(1,147,874)	(1,060,887)		
TOTAL COST		(3,628,975)	(3,886,332)		
GROSS PROFIT		1,125,172	1,506,148	88	81
OPERATING EXPENSES	24				
Selling expenses		(98,303)	(31,377)		
G&A expenses		(103,138)	(132,124)	(9,239)	(10,748)
Operating provisions		(377,187)	(137,025)	(360,667)	(137,025)
Other operational expenses		(141,527)	(160,655)	(10,338)	(943)
		(720,155)	(461,181)	(380,244)	(148,716)
Equity method gain (loss)	13	71,969	5,718	439,272	631,078
Operational profit before Financial income (expenses) and taxes		476,986	1,050,685	59,116	482,443
Financial revenues	25	390,398	242,751	48,924	7,468
Financial expenses	25	(602,427)	(494,332)	(1,345)	(1,716)
Profit before income tax and Social Contribution tax		264,957	799,104	106,695	488,195

Edgar Filing: ENERGY CO OF MINAS GERAIS - Form 6-K

Current income tax and Social Contribution taxes	9c	(7,075)	(286,276)	(10,583)	
Deferred income tax and Social Contribution tax	9c	(55,758)	21,436	105,935	45,937
PROFIT (LOSS) FOR THE PERIOD		202,124	534,264	202,047	534,132
Total of net profit for the year attributed to:					
Interest of the controlling stockholders		202,047	534,132	202,047	534,132
Interest of non-controlling stockholder		77	132		
		202,124	534,264	202,047	534,132
Basic and diluted profit per preferred share	22	0.16	0.42	0.16	0.42
Basic and diluted profit per common share	22	0.16	0.42	0.16	0.42

The Condensed Explanatory Notes are an integral part of the Interim Financial Statements.

Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

This text is a translation, provided for information only. The original text in Portuguese is the legally valid version.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2016 AND 2015

(In thousands of Brazilian Reais R\$)

	Consolidated (Unaudited)		Holding company (Unaudited)	
	Jun. 30, 2016	Jun. 30, 2015	Jun. 30, 2016	Jun. 30, 2015
PROFIT (LOSS) FOR THE PERIOD	207,331	2,018,891	207,166	2,018,614
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to the Profit and loss account				
Adjustment of actuarial liabilities restatement of obligations of defined benefit plans, net of taxes	(115)	(118)		
Equity gain on Other comprehensive income in jointly-controlled subsidiary	6,803		6,688	
	6,688	(118)	6,688	
Items that may be reclassified to the Profit and loss account				
Exchange differences on Equity gain (loss) on Other comprehensive income in jointly-controlled subsidiary	(26,048)	11,626	(26,058)	11,592
Foreign exchange conversion differences on transactions outside Brazil	(10)	84		
	(26,058)	11,710	(26,058)	11,592
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	187,961	2,030,483	187,796	2,030,206
Total of comprehensive income attributed to:				
Interest of the controlling stockholders	187,796	2,030,206	187,796	2,030,206
Interest of non-controlling stockholder	165	277		