Equatorial Energia S.A.

Report of independent accountants on special review Quarter ended June 30, 2006

(A translation of the original report in Portuguese as filed with the Brazilian Securities Exchange Commission (CVM) containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil and the regulations issued by CVM)

Report of independent accountants on special review

(A translation of the original report in Portuguese as filed with the Brazilian Securities Exchange Commission (CVM) containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil and the regulations issued by the CVM)

To
The Board of Directors and Shareholders
Equatorial Energia S.A.
São Luís - MA

1. We have reviewed the quarterly financial information of Equatorial Energia S.A. for the quarter ended June 30, 2006, comprising the balance sheet and the consolidated balance sheet of the Company and its subsidiary, the related statement of income and the consolidated statement of income, the management report and other relevant information, prepared in accordance with accounting practices adopted in Brazil.

2. Our review was performed in accordance with auditing standards established by the IBRACON - Brazilian Institute of Independent Auditors and the Federal Council of Accountancy, which comprised mainly: (a) inquiries and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiary regarding the criteria adopted in the preparation of the quarterly information; and (b) review of post-balance sheet information and events, which have, or may have, a material effect on the financial and operational position of the Company and its subsidiary.

3. Based on our special review, we are not aware of any material changes which should be made to the aforementioned quarterly information for it to be in accordance with accounting practices adopted in Brazil and the regulations issued by the Brazilian Securities Exchange Commission (CVM), specifically applicable to the mandatory quarterly information.

4. As mentioned in Note 5c., the consolidated quarterly information includes R$8,010 thousands of subsidiary's long-term accounts receivable deriving from the commercialization of electric power by a subsidiary within the sphere of the Electric Energy Commercialization Chamber - CCEE (formerly the Wholesale Electric Energy Market - MAE), accounted for according to the amounts provided by the CCEE and instructions issued by the Brazilian Electricity Regulatory Agency - ANEEL. The realization of this amount will be determined by the outcome of judicial proceedings brought by companies operating in the sector concerning the interpretation of market regulations.

5. The quarterly financial information for the quarter ended June 30, 2005, presented for comparative purposes, was not reviewed by independent auditors.

August 4, 2006

KPMG Auditores Independentes
CRC-SP-14.428/O-6-F-RJ

Vânia Andrade de Souza
Contador CRC-RJ-057.497/O-"S" - MA

A free translation of the original in Portuguese)

FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudit

Corporate Legislation
June 30, 2006

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01– IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02001-0	EQUATORIAL ENERGIA S.A	03.220.438/0001-73
4 - State Registration Number - NIRE		
35300314531		

01.02 - HEAD OFFICE

1 - ADDRESS				2 - SUBURB OR DISTRICT
Av. Colares Moreira 477				Renascença II
3 - POSTAL CODE	**4 - MUNICIPALITY**			**5 - STATE**
65075-441	São Luís			MA
6 - AREA CODE	**7 - TELEPHONE**	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEX**
98	3217-2123			
11 - AREA CODE	**12 - FAX**	**13 - FAX**	**14 - FAX**	
98	3235-7161			
15 - E-MAIL				
carlos.piani@equatorialenergia.com.br				

01.03- INVESTOR RELATIONS OFFICER (Company Mail Address)

1 – NAME				
Leonardo Duarte Dias				
2 – ADDRESS			**3 - SUBURB OR DISTRICT**	
A. Colares Moreira 477			Renascença II	
4 - POSTAL CODE	**5 - MUNICIPALITY**			**6 - STATE**
65075-441	São Luís			MA
7 - AREA CODE	**8 - TELEPHONE**	**9 - TELEPHONE**	**10 - TELEPHONE**	**11 - TELEX**
98	3217-2123			
12 - AREA CODE	**13 – FAX**	**14 - FAX**	**15 - FAX**	
98	3235-7161			
16 - E-MAIL				
leonardo.dias@equatorialenergia.com.br				

01.04-GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1-BEGINNING	**2-END**	**3-QUARTER**	**4-BEGINNING**	**5-END**	**6-QUARTER**	**7-BEGINNING**	**8-END**
01/01/2006	12/31/2006	2	04/01/2006	06/30/2006	1	01/01/2006	03/31/2006
9 - INDEPENDENT ACCOUNTANT						**10 - CVM CODE**	
KPMG Auditores Independentes						00418-9	
11 - PARTNER RESPONSIBLE					**12 - INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE**		
Vânia Andrade de Souza					671.396.717-53		

(A free translation of the original in Portuguese) **Unaudit**

FEDERAL GOVERNMENT SERVICE

Corporate Legislation

BRAZILIAN SECURITIES COMMISSION (CVM)

June 30, 2006

QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

01.01– IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02001-0	Equatorial Energia S.A	03.220.438/0001-73

01.05– CAPITAL COMPOSITION

Number of shares (units)	Current Quarter	Prior quarter	Same quarter in prior year
Paid-up capital			
1 – Common	102,635,220	102,635,220	283,430,937
2 – Preferred	94,039,957	94,039,957	283,430,936
3 – Total	**196,675,177**	**196,675,177**	**566,861,873**
Treasury Stock			
4 – Common	0	0	0
5 – Preferred	0	0	0
6 – Total	**0**	**0**	**0**

01.06– CHARACTERISTICS OF THE COMPANY

1 - TYPE OF COMPANY Commercial, Industrial Company and Others
2 – SITUATION Operational
3 - NATURE OF OWNERSHIP National Holding
4 -ACTIVITY CODE 1120 – Electric energy
5 - MAIN ACTIVITY Holding
6 - TYPE OF CONSOLIDATION Total
7 - TYPE OF REPORT OF THE INDEPENDENT ACCOUNTANT Unqualified

01.07– COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 – ITEM	2 - CNPJ	3 – NAME

01.08– DIVIDENDS APPROVED AND/OR PAID DURING AND AFTER THE QUARTER (thousands)

1 – ITEM	2 – EVENT	3 - DATE APPROVED	4 – Type	5 – DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE (in Thousands)
01	**Other**		**Dividends**	**04/06/2006**	**Common**	0.0203919290
02	**Other**		**Dividends**	**04/06/2006**	**Preferred**	0.0088176982

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1 - CVM CODE	2 - COMPANY NAME	3 - Federal Corporate Taxpayers' Registration Number (CNPJ)
02001-0	Equatorial Energia S.A	03.220.438/0001-73

01.09 – SUBSCRIBED CAPITAL AND ALTERATIONS IN THE CURRENT YEAR

1 - ITEM	2 - DATE OF ALTERATION	3 - CAPITAL (IN THOUSANDS OF REAIS)	4 - AMOUNT OF THE ALTERATION (IN THOUSANDS OF REAIS)	5 -NATURE OF ALTERATION	7 - NUMBER OF SHARES ISSUED	8 - SHARE PRICE ON ISSUE DATE (IN REAIS)
01	03/08/2006	**350,542**	**30,000**	**Advance for future capital increase integralization**	**8,595,988**	**3.49000000000**
02	03/09/2006	**353,122**	**2,580**	**CEMAR shares integralization**	**3,122,228**	**0.8262800000**
03	03/10/2006	527,617	174,495	Profit reserve capitalization	0	0.0000000000
04	**04/05/2006**	**713,217**	**185,600**	**Public subscription**	**38,400,000**	**14.5000000000**

01.10 - INVESTOR RELATIONS OFFICER

1 - DATE	2 - SIGNATURE

01 - IDENTIFICATION		
1 - CVM CODE	2 - COMPANY NAME	3 - National Corporate Taxpayers' Registry (CNPJ)
02001-0	Equatorial Energia S.A	03.220.438/0001-73

02.01 - Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2006	4 - 3/31/2006
1	Total assets	744,404	550,594
1.01	Current assets	180,841	2,159
1.01.01	Cash and banks	180,120	2,007
1.01.01.01	Cash	0	0
1.01.01.02	Banks deposits	354	2,007
1.01.01.03	Payment orders	0	0
1.01.01.04	Available funds	0	0
1.01.01.05	Marketable securities	179,766	0
1.01.02	Credits	0	0
1.01.02.01	Consumers and resellers	0	0
1.01.02.02	Allowance for doubtful accounts	0	0
1.01.03	Inventories	0	0
1.01.04	Other	721	152
1.01.04.01	Taxes recoverable	721	152
1.01.04.02	Low income consumers	0	0
1.01.04.03	Prepaid expenses	0	0
1.01.04.04	Deferred income tax and social contributions	0	0
1.01.04.05	Dividends receivable from subsidiary	0	0
1.01.04.06	Judicial deposits	0	0
1.01.04.07	Other receivables	0	0
1.02	Long-term receivables	0	0
1.02.01	Sundry receivables	0	0
1.02.01.01	Consumers and resellers	0	0
1.02.01.02	Taxes recoverable	0	0
1.02.01.03	Prepaid expenses	0	0
1.02.01.04	Deferred income tax and social contributions	0	0
1.02.01.05	Judicial deposits	0	0
1.02.01.06	Other receivables	0	0
1.02.02	Related parties	0	0
1.02.02.01	Associated companies	0	0
1.02.02.02	Subsidiaries	0	0
1.02.02.03	Other related parties	0	0
1.02.03	Other	0	0
1.03	Permanent assets	563,563	548,435
1.03.01	Investments	563,563	548,435
1.03.01.01	Investment in associated companies	0	0
1.03.01.02	Investments in the subsidiary	322,241	305,868
1.03.01.03	Other investments	241,322	242,567
1.03.01.03.01	Goodwill from investment in subsidiary	291,810	291,810
1.03.01.03.02	Goodwill accumulated amortization	-47,379	-46,134

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1 - Code	2 - Description	3 - 6/30/2006	4 - 3/31/2006
1.03.01.03.03	Negative goodwill	-3,109	-3,109
1.03.02	Property, plant and equipment	0	0
1.03.02.01	Property, plant and equipment	0	0
1.03.02.02	Obligations related to the concession	0	0
1.03.03	Deferred asset	0	0

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
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02.02 - Balance Sheet - Liabilities and Shareholders' Equity (R$ thousand)

1 - Code	2 – Description	3 - 6/30/2006	4 - 3/31/2006
2	Total liabilities and shareholders' equity	744,404	550,594
2.01	Current liabilities	2,348	13,786
2.01.01	Loans and financing	0	0
2.01.01.01	Financial charges	0	0
2.01.01.02	Loans and financing	0	0
2.01.01.03	Shareholders	0	0
2.01.02	Debentures	0	0
2.01.03	Suppliers	0	0
2.01.04	Taxes and social contributions payable	18	0
2.01.05	Dividends payable	0	1,086
2.01.06	Provisions	0	0
2.01.06.01	Payroll charges	0	0
2.01.06.02	Provision for contingencies	0	0
2.01.07	Related parties	2,329	933
2.01.08	Other	1	11,767
2.01.08.01	Payroll	0	0
2.01.08.02	Public lighting tariff	0	0
2.01.08.03	Consumer charges payable	0	0
2.01.08.04	Sundry debits	1	11,767
2.01.08.05	Other	0	0
2.02	Long-term liabilities	0	0
2.02.01	Loans and financing	0	0
2.02.02	Debentures	0	0
2.02.03	Provisions	0	0
2.02.03.01	Provision for contingencies	0	0
2.02.03.02	Private pension fund	0	0
2.02.03.03	Negative working capital from subsidiary	0	0
2.02.04	Related parties	0	0
2.02.05	Other	0	0
2.02.05.01	Reimbursement to generator	0	0
2.02.05.02	Taxes and social contributions payable	0	0
2.03	Deferred income	0	0
2.05	Minority interest	742,056	536,808
2.05.01	Shareholders' equity	713,217	527,617
2.05.01.01	Capital	713,217	713,217
2.05.01.02	Subscribed capital	0	-185,600
2.05.02	Capital not paid0in	0	0
2.05.02.01	Capital reserves	0	0
2.05.03	Advance for future capital increase reserve	0	0
2.05.03.01	Revaluation reserve	0	0
2.05.03.02	Own assets	0	0
2.05.04	Subsidiary/associated companies	0	0
2.05.04.01	Revenue reserves	0	0
2.05.04.02	Legal	0	0

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1 - Code	2 – Description	3 - 6/30/2006	4 - 3/31/2006
2.05.04.03	Statutory	0	0
2.05.04.04	Contingencies	0	0
2.05.04.05	Unrealized profits	0	0
2.05.04.06	Retention of profits	0	0
2.05.04.07	Special for undistributed dividends	0	0
2.05.04.07.01	Other revenue reserves	0	0
2.05.05	Revenue reserves	28,839	9,191

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03.01 - Statement of Income (R$ thousand)

1 – Code	2 – Description	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.01	Gross sales and/or services revenue	0	0	0	0
3.01.01	Energy electric supply	0	0	0	0
3.01.02	Energy electric sales	0	0	0	0
3.01.03	Emergency capacity charges	0	0	0	0
3.01.04	Other revenues	0	0	0	0
3.02	Deductions from operating revenue	0	0	0	0
3.02.01	Value-Added Tax - ICMS on electricity sales	0	0	0	0
3.02.02	Social contribution on billings – COFINS	0	0	0	0
3.02.03	Social Integration Program – PIS	0	0	0	0
3.02.04	Quota for Global Reversal Reserve – RGR	0	0	0	0
3.02.05	Services Tax – ISS	0	0	0	0
3.02.06	Emergency capacity charges	0	0	0	0
3.03	Net operating revenue	0	0	0	0
3.04	Cost of sales and/or services	0	0	0	0
3.04.01	Electric energy purchased for resale	0	0	0	0
3.04.02	Charge for the transmission and distribution system use	0	0	0	0
3.04.03	Cost Operating - Personal	0	0	0	0
3.04.04	Cost Operating – Material	0	0	0	0
3.04.05	Cost Operating - Third party service	0	0	0	0
3.04.06	Cost Operating – Depreciation and amortization	0	0	0	0
3.04.07	Fuel consumption quota - CCC and CDE	0	0	0	0
3.04.08	Cost Operating – Leasing and rent	0	0	0	0
3.04.09	Cost Operating – Electric energy inspection fee	0	0	0	0
3.04.10	Cost Operating – Others	0	0	0	0
3.04.11	Cost Third Party Service – Personal	0	0	0	0
3.04.12	Cost Third Party Service – Materials	0	0	0	0

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1 – Code	2 – Description	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.04.13	Cost Third Party Service – Third party service	0	0	0	0
3.04.14	Cost Third Party Service - Depreciation and amortization	0	0	0	0
3.04.15	Cost Third Party Service - Leasing and rent	0	0	0	0
3.04.16	Cost Third Party Service – Other	0	0	0	0
3.05	Gross operating profit	0	0	0	0
3.06	Operating revenue/expenses	19,647	28,839	13,386	22,972
3.06.01	Selling expenses	0	0	0	0
3.06.01.01	Selling	0	0	0	0
3.06.02	General and administrative expenses	-688	-697	-28	-31
3.06.02.01	General and administrative expenses	-688	-697	-28	-31
3.06.02.02	Administrators' fees	0	0	0	0
3.06.02.03	Allowance for doubtful accounts and credit losses	0	0	0	0
3.06.02.04	Provision for contingencies	0	0	0	0
3.06.02.05	Depreciation and amortization	0	0	0	0
3.06.02.06	Others operating expenses	0	0	0	0
3.06.03	Financial income (expenses)	5,207	-7,600	4	8
3.06.03.01	Financial income	5,887	5,890	4	8
3.06.03.01.01	Financial income	5,887	5,890	4	8
3.06.03.01.02	Fine charged on electric energy sale	0	0	0	0
3.06.03.02	Financial expenses	-680	-13,490	0	0
3.06.03.02.01	Debt charges	0	0	0	0
3.06.03.02.02	Monetary and foreign exchange variation	0	0	0	0
3.06.03.02.03	Interest on loans and financing	0	0	0	0
3.06.03.02.04	Commission and other	0	-12,608	0	0
3.06.03.02.05	Other	-680	-882	0	0
3.06.04	Other operating revenue	0	0	0	0
3.06.05	Other operating expenses	0	0	0	0
3.06.06	Equity in income	15,128	37,136	13,410	22,995

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1 – Code	2 – Description	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.06.06.01	Equity in income from subsidiary	16,373	39,624	13,410	22,995
3.06.06.02	Goodwill amortization	-1,245	-2,488	0	0
3.06.06.03	Capital gain from subsidiary	0	0	0	0
3.06.06.04	Other income	0	0	0	0
3.07	Operating income	19,647	28,839	13,386	22,972
3.08	Non-operating result	0	0	0	0
3.08.01	Non-operating income	0	0	0	0
3.08.01.01	Not operating income	0	0	0	0
3.08.02	Expenses	0	0	0	0
3.08.02.01	Non-operating expenses	0	0	0	0
3.09	Income before income tax and social contribution	19,647	28,839	13,386	22,972
3.10	Provision of income tax and social contribution tax	0	0	0	0
3.10.01	Social contribution tax	0	0	0	0
3.10.02	Income tax	0	0	0	0
3.11	Deferred income before income tax and social contribution	0	0	0	0
3.11.01	Deferred income before income tax and social contribution	0	0	0	0
3.12	Participation/ Statutory contribution	0	0	0	0
3.12.01	Participation	0	0	0	0
3.12.01.01	Minority interest	0	0	0	0
3.12.02	Contribution	0	0	0	0
3.13	Reversal of interest in own capital	0	0	0	0
3.15	Net income	19,647	28,839	13,386	22,972
	Number of shares, ex-treasury stock	196,675,177	196,675,177	566,861,873	566,861,873
	Income per share	0.09990	0.14663	0.02361	0.04052
	Loss per share				

(1) OPERATIONS

Equatorial Energia S.A. ("Company") has as a corporate objective the participation in other companies operating in the electric energy sector, especially in electricity distribution operations in the North, Northeast, Central and Western regions of Brazil.

The Extraordinary General Meeting, dated February 2nd, 2006, approved the change in the Company's corporate name from Brisk Participações S.A. to Equatorial Energia S.A.

On June 30, 2006, the Company held an investment of 65.38% (65.40% in March 31, 2006) in Companhia Energética do Maranhão ("CEMAR" or "Subsidiary"), which is a public capital company, established for the main purpose of distributing electricity. It holds the electricity distribution concession for the state of Maranhão, serving 1,306,885 consumers and covering an area of over 333,000 square kilometers. Public electricity distribution service concession contract nº 060, entered into by National Electric Energy Agency - ANEEL, CEMAR and the Company, expires on August 10, 2030 and may be extended for a further maximum term of 30 years.

CEMAR was under the administrative intervention of ANEEL between August 2002 and April 2004. This intervention terminated when the controlling interest in the Company changed. Since then the new management of CEMAR has been implementing a financial and operating restructuring plan, and focusing its activities on its customers and returns for its shareholders. This restructuring embraced several areas, ranging from the renegotiation of its debt agreements, with the corresponding lengthening of its debt profile, to the renegotiation with the materials and services suppliers and implementation of a more incisive policy for collecting overdue credits, which led to a more efficient collection policy. As a consequence, CEMAR has reverted the December 31, 2003 negative working capital, at the amount of (R$146,527), and now presents a positive shareholders' equity as of June 30, 2006 of R$492.837.

On March 6, 2006 ANEEL approved the corporate reorganization, which entailed the indirect sale of shares accounting for 50% of the voting power and 46.25% of the capital of EQUATORIAL to Pactual Latin America Power Fund Ltd., a fund managed by a wholly owned subsidiary of Banco Pactual S.A., ("Pactual Fund"), as per the reorganization described in Note 18.

Also in the corporate area, on March 30, 2006 the Company made its Initial Public Offering - IPO. Through this Offering the Company raised R$540,270, of which R$185,600 was received by the Company through the Primary Offering, with the issue of new shares. The remaining amount relates to the Secondary Offering, referring to the sale of shares held by the controlling shareholders and management. The IPO was performed under Level 2 of the Corporate Governance Practices issued by the São Paulo Stock Exchange – Bovespa, in the form of UNITS, comprised of 1 (one) voting share (ON) and 2 (two) non-voting shares (PN). Following this operation, approximately 36.31% of the Company's voting shares and 79.26% of its non-voting shares are part of the free-float.

(2) CONSOLIDATION

The consolidated quarterly information were prepared according to the rules established by Instruction 247 issued on March 27, 1996 by the Brazilian Securities Exchange Commission - CVM and includes the financial statements of the Company and its subsidiary CEMAR.

The investment held in the subsidiary CEMAR on June 30, 2006 was 65.38% (65.40% on March 31, 2006). The assets, liabilities, revenues and expenses for the period were fully considered in the consolidated quarterly information.

When applicable the following consolidation procedures were also adopted:

- ✓ Elimination of the interests in the shareholders' equity of the subsidiary;
- ✓ Elimination of the equity in the net income of subsidiary;
- ✓ Elimination of the balances of assets and liabilities among consolidated companies, and
- ✓ Highlighting the minority interest in the liability and income statement for the period.

The balance sheets of CEMAR as of June 30, 2006 and March 31, 2006, and the income statements for the periods ended June 20, 2006 and 2005 are set out in condensed form below:

	CEMAR	
	06/30/2006	**03/31/2006**
Assets	**1,304,800**	**1,272,455**
Current assets	381,805	387,511
Long-term assets	284,656	281,216
Permanent assets	638,339	603,728
Liabilities and shareholders' equity	**1,304,800**	**1,272,455**
Current liabilities	257,004	270,220
Long-term liabilities	554,959	534,533
Shareholders' equity	492,837	467,702

	CEMAR	
	06/30/2006	**06/30/2005**
Operating revenues	257,517	201,129
Deductions	(65,746)	(48,836)
Net operating revenues	191,771	152,293
Cost	(68,787)	(63,332)
Operating expenses	(70,205)	(62,815)
Gross operating profit	52,779	26,146
Financial expenses, net	(12,080)	(4,936)
Operating income	40,699	21,210
Non-operating expense, net	(785)	(566)
Income before income tax and social contribution	39,914	20,644
Net income	26,394	20,644

The conciliation between the consolidated net income and Equatorial's net income for the quarter ended June 30, 2006 is as follows:

Parent Company	**19,647**
Equity in changes on shareholders' equity of subsidiary, with no effect on its net income :	
- Capital reserve	(1,720)
- Prior year adjustment	2,571
- Other	35
Consolidated	**20,533**

(3) PRESENTATION AND SUMMARY OF THE MAIN ACCOUNTING PRACTICES

The quarterly information is presented according to the accounting practices adopted in Brazil, practices derived from the Brazilian Corporation Law, rules of the Brazilian Securities Exchange Commission - CVM and the regulations established by ANEEL which apply to Public Electricity Service Concessionaires (this one only for the consolidated).

In accordance with Resolution ANEEL No. 473 CEMAR reclassified in the second quarter the Deferred Tariff Recomposition – RTD balance from “Consumers and resellers” to “Prepaid expenses”, impacting the consolidated balance sheet. For comparing purposes, the consolidated quarterly information regarding the tree-months period ended March 31, 2006 was also reclassified.

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that management uses its judgment in determining and recording accounting estimates, such as: unbilled trade accounts receivables, allowance for doubtful accounts and provisions for contingencies, among others. The settlement of transactions involving these estimates may result in different amounts relating to the ones previously considered. Company’s management and its subsidiary review the estimates ant least each quarter.

a) Current and long-term assets:

Cash and banks and marketable securities **-** Marketable securities are recorded at cost plus income accrued up to the balance sheet date.

Consumers and resellers **-** Include the amounts billed to end consumers and resellers, revenue from energy supplied but not billed, use of the network, services rendered, fines and other, up to the close of the balance sheet, accounted for on the accrual basis (see Note 5).

Allowance for doubtful accounts **-** Calculated at amount considered adequate to cover any losses on the realization of the credits (see Note 5b).

Inventories **-** Recorded at average acquisition costs, adjusted for the provision for losses, when necessary, and not exceeding fair market value.

Low income consumers **-** Include the amounts deriving from the criteria for classifying consumer units in the low income residential subclass, as established by Law 10.438/02.

The other accounts comprising the current and long-term assets are stated at the known or calculable amounts, plus, when applicable, the corresponding charges and variations accrued up to the balance sheet date.

b) Investment

Includes investment in the subsidiary valued by the equity method. It also includes the goodwill recorded under the acquisition of the subsidiary, deriving from the difference between the acquisition price paid and the book value of the company acquired, in accordance with CVM Instruction 247, dated March 27, 1996. Until the financial year ended 2005 the Company amortized goodwill using the straight-line method based on the remaining term of the subsidiary's concession contract, as the subsidiary was not profitable in the first years of the concession. As from December 2005, with CEMAR having become profitable, the amortization was accounted in proportion to the projected net income for the remaining term of CEMAR's concession contract.

On June 30, 2006 the investment includes the negative goodwill from the acquisition of CEMAR shares, in the process of the Company's new corporate organization (see Note 10). The realization of such amount will occur when the investment is sold or the subsidiary terminated.

c) Property, Plant and Equipment (PP&E)

Recorded at acquisition cost plus monetary correction up to December 31, 1995, net of depreciation calculated according to the straight-line method, taking as a basis the account balances recorded in the corresponding Register Units - UC, as required by Administrative Rule DNAEE No. 815, dated November 30, 1994. The annual depreciation rates are given in the table attached to Resolution ANEEL No. 02, dated December 24, 1997, and No. 44, dated March 17, 1999. The amount calculated is partly debited from the net income and partly from the cost of the work in progress, according to the usage of such assets.

Expenditures that represent the increase to installed capacity or useful life of the assets are considered to be permanent assets and are capitalized. Expenses on maintenance and repair are recorded in the statement of income, according to the accrual basis.

Pursuant to Accounting Instruction 6.3.10 of the Accounting Manual of the Public Electric Energy Service, introduced by ANEEL Resolution 444, dated October 26, 2001, the interest, monetary variation and financial charges on loans taken out from third parties, effectively applied to the property plant and equipment in progress, are recorded in this subgroup as a cost.

According to Accounting Instruction 6.3.23 of the Accounting Manual of the Public Electric Energy Service, the amount corresponding to Obligations related to the Concession is being stated as a reduction of the property, plant and equipment. These obligations include the amounts received from consumers to enable the required to meet the electricity supply requests work to be carried out. Government participation with respect to funds received from the Government, from the state of Maranhão and from other sources, as specific financing for electricity Generation, Transmission and Distribution projects includes funds from the Universal Electricity Access Use in Rural Zone Programs (see Note 13(f)).

d) Current and long-term liabilities:

Loans, financing, charges and debentures **-** Restated according to the monetary and/or exchange variation incurred up to the balance sheet date, in addition to the interest and other charges established in the contracts and accounted for as financial expenses up to the balance sheet date.

Provisions for contingencies **-** These are made according to the assessment of the potential risk of losing lawsuits in progress, based on reports prepared by external legal consultants and the legal consultants of CEMAR.

Provisions **-** A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recorded considering the best estimates of the risk specific to the liability.

e) Current and deferred income tax and social contribution

Current income tax and social contribution are calculated based on the effective income tax and social contribution rates on taxable income and considering the offsetting of tax loss carryforward and the negative basis of social contribution limited to 30% of taxable income.

In 2005 CEMAR recorded the deferred income tax and social contribution tax asset regarding the accumulated tax loss carryforward, the negative basis of social contribution and the temporary differences incurred in the year. CEMAR’s taxable profit projections, prepared by its management and approved by the Board of Directors on January 20, 2006, indicate that this asset will be realized in less than ten years. Of the assets of R$259,281 constituted in December 2005, R$10,506 was compensated in the six-month period ended June 30, 2006.
The Company has no taxable income.

g) Retirement and pension supplementation plan

The costs relating to the retirement and pension plan sponsored by CEMAR are recorded on an accrual basis and in accordance with CVM Instruction 371/00.

h) Statement of Income

Income and expenses are recognized on an accrual basis.

(4) CASH AND BANKS AND MARKETABLE SECURITIES

Marketable securities refer to transactions made at first-rate Brazilian financial institutions, most of which are remunerated according to the variation of the Bank Deposit Certificates (CDI), at regular market rates and conditions, and are available for use in the operations of the Company and its subsidiary. The investments include the fund Exclusivo FIQ-CEMAR, at the amount of R$206,841 (R$18,194 on March 31, 2006), whose the only investors are the Company and its subsidiary, and its portfolio is comprised of shares from other non-exclusive investment funds. As from July 21, 2006, the fund changed its administrator to INTRAG-DTVM, a wholly subsidiary of Banco Itaú S.A., and had its name changed to Fundo de Investimento Araçagy (FIQ-Araçagy), but its portfolio is still comprised of shares from other non-exclusive investment funds..

		Parent Company		Consolidated	
Financial institution	**Type of investment**	**06/30/2006**	**03/31/2006**	**06/30/2006**	**03/31/2006**
Banco do Nordeste	CDB			10,213	1,161
Bradesco	Investment fund			4,702	4,608
	CDB			545	428
HSBC	CDB			8,411	
Itau	CDB			8,410	
Pactual	Investment fund	179,766		207,424	18,757
	National Treasury Bill			26,945	190
Banco do Brasil	CDB			103	
Total		**179,766**		**266,753**	**25,144**

(5) CONSUMERS AND RESELLERS

Current and long-term credits receivable deriving from energy sales and transmission services are composed as follows:

a) Breakdown by maturity

	Consolidated						
	06/30/2006						
		Overdue					
	Unmatured	Until 90 days	Over 90 days	**Total**	Allowance for doubtful accounts	**Total**	**03/31/2006**
Current							
Consumers:							
Residential	22.708	20,066	11,009	**53,783**	11,885	**41,898**	39,353
Industrial	6,437	3,508	8,106	**18,051**	4,004	**14,047**	12,669
Commercial	14,469	6,789	4,305	**25,563**	4,012	**21,551**	20,537
Rural	1,796	1,832	1,474	**5,102**	238	**4,864**	4,088
Public power	6,375	2,164	1,323	**9,862**	693	**9,169**	9,397
Public lighting fee	3,031	731	4,291	**8,053**	5,146	**2,907**	2,712
Public service	4,398	1,585	535	**6,518**	439	**6,079**	5,237
Unbilled consumer	18,440	-	-	**18,440**	-	**18,440**	18,924
PERCEE	113	-	-	**113**	-	**113**	113
Emergencial capacity charges	1	3	428	**432**	-	**432**	464
Progess billing	8,363	2,038	4,853	**15,254**	2.648	**12,606**	15,032
Other	4,084	2,616	5,215	**11,915**	4916	**6,807**	2,873
Subtotal	**90,215**	**41,332**	**41,539**	**173,086**	**34,173**	**138,913**	**131,399**
Concessionaries:	175	-	-	**175**	-	**175**	11
CCEE (Note 5 (c))	958	-	1,490	**2448**	1,490	**958**	43
	91,348	**41,332**	**43,029**	**175,709**	**35,663**	**140,046**	**131,453**
Checks in collection	-	-	1.118	**1.118**	1,118	-	-
Services rendered	-	-	720	**720**	710	10	2,250
Total	**91,348**	**41,332**	**44,867**	**177,547**	**37,491**	**140,056**	**133,703**
Noncurrent							
Consumers:							
Progress billing	8,528	-	-	**8,528**	-	**8,528**	8,528
Checks in collection	-	-	2,234	**2,234**	2,234	**-**	-
CCEE (Note 5 (a))	8,010	-	-	**8,010**	-	**8,010**	8,010
Total	**16,538**	**-**	**2,234**	**18,772**	**2,234**	**16,538**	**16,538**
	107,886	**41,332**	**47,101**	**196,319**	**39,725**	**156,594**	**150,241**

b) Allowance for doubtful accounts

The allowance for doubtful accounts is calculated in accordance with the criteria specified by General Instruction 6.32 of the Accounting Manual of the Public Electric Energy Service are summarized below:

<u>Consumers with relevant debts</u>

- Individual analysis of the trade accounts receivable by consumption class deemed unlikely to be received.

<u>For the other cases</u>

- Residential consumers past due by more than 90 days;

- Commercial consumers past due by more than 180 days; and

- Industrial, rural and government consumers, public lighting, public services and others past due by more than 360 days.

c) Electric Energy Commercialization Chamber - CCEE

The Electric Energy Commercialization Chamber - CCEE is where the trading of energy surpluses (short-term energy), verified between the amounts of generation and cargo realized and the one contracted/projected, takes place. It is recorded on the accrual basis with the information disclosed by CCEE. In the months when this information is not disclosed in regular term by CCEE, the amounts are estimated by CEMAR, based on the information available.

The amounts referring to operations at the Electric Energy Commercialization Chamber - CCEE were recorded taking into consideration the information disclosed by CCEE.

The operating results disclosed by CCEE between September 2000 and December 2002, amounted to R$64,986. Of this amount, there is a receivable balance of R$8,010, which is being contested judicially. This balance may be subject to change, depending on the outcome of the judicial proceedings in progress, relating to the interpretation of the market regulations in force. Of the uncontested balance, the amount of R$1,490 refers to non-payment, and has been provisioned for.

The total revenue for the six-month period ended June 30, 2006, net of prior-year adjustments disclosed by CCEE, was R$1,360 (R$137 in six-month period ended June 30, 2005).

d) General Agreement for the Electricity Sector - RTE

In December 2001, the Brazilian Federal Government, through the Electric Energy Crisis Management Committee - GCE, and the electricity generating and distributing concessionaires executed the "General Agreement for the Electricity Sector", which specified the criteria for recomposing the extraordinary revenue and losses resulting from the period in which the Emergency Program to Reduce Electric Energy Consumption was in force, to be achieved through the surcharge in electricity supply bills, with 2.9% being charged to residential consumers (except for the low income residential subclass) and to rural consumers, and 7.9% charged to the other consumption classes.

ANEEL Resolutions 480/2002 (loss of margin) and 001/2004 (reimbursement to the generator), approved the amounts for CEMAR of R$29,250 and R$33,570 respectively. These losses of margin suffered by the concessionaire and the free energy collected from the consumers are passed on to the energy generators, plus the tax payable on the billing and monetary correction, as established by ANEEL Resolutions 369/2002 and 36/2003. ANEEL Resolution 001/2004 established at 46 months for the RTE remain in the CEMAR tariff beginning December 2001 and ending October 2005. In accordance with the legal requirements, CEMAR ceased in October 2005 the RTE collection.

The items in the General Agreement for the Electricity Sector are remunerated according to the variation of the SELIC rate - Reference Rate of the Special Settlement and Custody System (BACEN), plus interest of 1% per annum over 90% of the balance. On December 20, 2005, the Official Circular 2.212 of ANEEL established the following procedures for calculating the remuneration:

- For the item Extraordinary Tariff Recomposition - RTE, the remuneration is payable on: (i) SELIC rate (BNDES), plus interest of 1% per annum over the amount financed, which corresponds to 90% of the amounts ratified by ANEEL, and (ii) on the 10% not financed, the SELIC rate (BACEN);

- For the item Free Energy, in cases where the Generator has obtained a loan from the BNDES, the remuneration is calculated according to the SELIC (BACEN) rate plus interest of 1% per annum; and for generators who have not obtained a loan, the remuneration shall only be calculated according to the SELIC (BACEN) rate; and

- For the item "Portion A", the remuneration should be appropriated using the SELIC (BACEN) rate.

In September 2005, CEMAR had already recovered the entire RTE, where the uncollected amount to pass through to the generators remained as a liability, which had been updated according to the variation of the SELIC. Based on the Ofício-Circular 2.212 such amount was updated to SELIC plus and recorded as suppliers - Reimbursement to the Generators.

The payment of the reimbursement to the generators depends on disclosures to be done by ANEEL.

The main effects of the General Agreement for the Electricity Sector on CEMAR are summarized as follows:

	Consolidated	
	06/30/06	**03/31/06**
Asset - Extraordinary Tariff Recomposition - RTE		
Loss of margin plus taxes	37,659	37,659
Free energy plus taxes	34,841	34,841
	72,500	72,500
Monetary restatement	20,328	20,328
Amortization of loss of margin and free energy	(92,828)	(92,828)
RTE Balance (current and long-term)	-	-
Liabilities		
PIS and COFINS - current	-	-
Portion A - Current	-	-
Reimbursement to the generators - current and long-term	(33,570)	(33,570)
Amortization of the reimbursement (payment to the generators)	42,971	42,526
Monetary restatement	(14,698)	(12,107)
Liability (current and long-term)	(5,297)	(3,151)
TOTAL NET	**(5,297)**	**(3,151)**

(6) TAXES RECOVERABLE

The current and long-term balances due to legal prepayments or retentions are stated as follows:

	Parent Company				Consolidated			
	06/30/06		03/31/06		06/30/06		03/31/06	
	Current	Long Term	Current	Long Term	Current	Long Term	Current	Long Term
Income tax on interest-earning	566				7,821	-	6,659	
Prepaid income tax					6,724	-	9,479	
Prepaid social contribution					4,176	-	3,447	
ICMS recoverable and CIAP					7,041	22,121	7,041	20,051
COFINS					503	-	503	
PIS					109	-	109	
Recoverable income tax and social contribuition	155		152		155		152	
Other					1,149	-	1,130	
TOTAL	**721**	**-**	**152**	**-**	**27,678**	**22,121**	**28,520**	**20,051**

(7) LOW INCOME CONSUMERS

On July 1, 2003, ANEEL issued Resolution 320, which added procedures to homologate the economic subsidy for consumers comprising the Low Income residential subclass. This resolution determined the settlement of the amounts already released as financing using funds from the subsidy and cancelled out the corresponding finance contracts. As of June 30, 2006, the balance of R$9,572 (R$8,869 in March 31, 2006) represents the amounts receivable from ELETROBRÁS. These funds will be paid in 2006.

(8) PREPAID EXPENSES

	Consolidated	
	06/30/06	**03/31/06**
Compensation of Portion A costs variation	19,156	20,674
Debentures	52	57
Regulatory assets - PIS / Cofins	2,669	2,650
Deferred Tariff Revision - RTD	53,126	36,932
Insurances	193	281
Other	888	698
TOTAL	**76,084**	**61,292**
Current	62,998	58,602
Long-Term	13,086	2,690
	76,084	**61,292**

a) Compensation Account for Variation in the Values of the Items of Portion A - CVA

The most representative figure is the Compensation Account for the Variation in the Values of the Items of "Portion A - CVA", in accordance with Interministery Administrative Rule 025/02 issued by the Ministry of Mines and Energy, which represents the addition of the non-manageable costs by CEMAR, which will only be considered in the next tariff review. In accordance with the procedures adopted by ANEEL, the tariff review includes percentages to amortize the Compensation Account for the Variation in the Values of the Items of "Portion A - CVA". Under the latest tariff restatement which took place in August 2005, the percentage applied to amortization in the case of CEMAR was 3.80% over the billing for the month.

Of the amount of R$19,156 as of June 30, 2006 (R$20,674 in March 31, 2006), R$8,064 (R$12,949 in March 31, 2006) correspond to amounts which had already been amortized under the tariff review in August 2005. The accumulated amortization in the 2006 second a quarter amounted to R$11,739 (R$5,748, 2006 first quarter).

b) Regulatory Asset – PIS/COFINS:

Additionally, in 2004 CEMAR recorded a regulatory asset deriving from the increase to the PIS and COFINS tax rates ("Regulatory Asset - PIS and COFINS") in accordance with the new legislation (Law 10.637 dated December 30, 2002, Law 10.833 dated December 29, 2003 and Law 10.865 dated April 30, 2004). The recognition of this asset was homologated Official Circular 302, dated February 25, 2005, which recognized CEMAR's right to request the offsetting of this additional cost in the latest tariff review, which took place in August 2005. Resolution 196, dated August 22, 2005, included in the tariff the amount required to recover this asset. The remaining long-term balance of R$2,669 represents the losses incurred between August 1 and August 28, 2005, which were not considered in the latest tariff review, and shall be considered in next year's review in August 2006.

c) Deferred Tariff Recomposition - RTD

The tariff review process, established in the electricity distribution service concession contracts, took place for the first time in the case of CEMAR in August 2005, was established to take place once every four years. This process has the objective of redefining the level of the electricity supply tariffs, based on efficient operating costs and the adequate remuneration from the investments made efficiently and prudently by the companies.

CEMAR's Tariff Review process began in 2004 and was concluded on August 22, 2005, whereupon ANEEL disclosed the new tariff repositioning of CEMAR. CEMAR's electricity supply tariffs underwent an average restatement of 15.95%, where by way of Ratification Resolution 196 dated August 22, 2005 ANEEL only authorized the pass-through of 10.96%, with 7.16% referring to the tariff repositioning and 3.80% referring to the pass through of financial components not embraced by the periodical tariff review. The difference between the 15.95% and 10.96% has been deferred into three installments in years 2006, 2007 and 2008.

CEMAR records on a monthly basis the portion of the Deferred Tariff Repositioning - RTD resulting from the difference between the average index approved of 15,95% and the average index authorized for pass-through to the tariffs of 7,16%, calculated on its gross revenues (before applying the authorized restatement). According to Resolution 196, ANEEL shall include in Portion B of the tariff restatements for the next three years (August 2006, 2007 and 2008) a specific amount R$42,744 to compensate the difference of the deferred restatement. Until June 30, 2006, CEMAR recorded as a Regulatory Asset the amount of R$53,126 (R$36,932 in March 31, 2006), of which R$10,382 as non-current asset, that corresponds to the surplus to the amount that is expected to be included in the next tariff readjustment.

(9) DEFERRED INCOME TAX AND SOCIAL CONTRIBUTIONS

Since 2004 CEMAR has been undergoing a restructuring process, which began with the reorganization of the capital structure in 2004, followed by the reorganization of its operating activities. As a result of this and pursuant to CVM Directive 371/2000, the management understands that the deferred tax asset deriving from tax losses, negative bases and temporary differences should be recognized in 2005.

These deferred tax credits do not have a deadline for their recovery and are recorded in accordance with CVM Resolution 273, dated August 20, 1998 and CVM Directive 371, dated June 27, 2002. These credits are recorded in the current and long-term assets determined based on the projected future taxable income of CEMAR and subject to the limit of 30% for annual offsetting against taxable profits, except for credit deriving from temporary differences, which will be fully recovered at the realization of the principal.

a) Breakdown of the income tax and social contribution credits

	Consolidated	
	06/30/06	**03/31/06**
Income Tax:		
Tax losses	197,241	201,167
Temporary differences	12,378	13,901
	209,619	**215,068**
Social contribution		
Negative base	34,807	35,500
Temporary differences	4,349	4,884
	39,156	**40,384**
TOTAL	**248,775**	**255,452**
Current	22,027	17,651
Long term	226,748	237,801
	248,775	**255,452**

b) Recovery expectation

Based on technical feasibility studies which indicate the full recovery of the deferred tax amounts, CEMAR management estimates that the expectation to realize the tax credits can be denoted as follows:

Recovery expectation	2006	2007	2008	2009	2010	2011 a 2015	Total
Deferred taxes	13,974	19,106	24,173	29,249	31,892	130,381	248,775

The aforesaid technical studies entail the management's best estimates of the future operations of CEMAR and the market in which it operates. The studies were performed in 2005 and was approved by the Board of Directors of CEMAR in January 20, 2006. It will be reviewed by the Management until the end of 2006.

c) Reconciliation of the tax expense and social contribution taxes:

The reconciliation of the tax expense (income and social contribution taxes) calculated by applying the statutory tax and the tax expense debited in net income is stated as follows:

	Consolidated			
	06/30/06		03/31/06	
	Income tax	Social contribution	Income tax	Social contribution
Profit before income and social contribution taxes	87,683	87,683	47,769	47,769
Tax rates	25%	9%	25%	9%
Income and social contribution taxes:				
Calculated at the statutory rate	**21,921**	**7,891**	**11,942**	**4,299**
Additions:				
Nondeductible expenses	37,327	13,444	32,605	11,740
Exclusions:				
Reversal of provisions and deferment of RTD and regulatory assets	(39,216)	(14,118)	(35,168)	(12,660)
Other items:				
Tax loss and negative base carryforward	(6,010)	(2,165)	(2,184)	(1,014)
Income and social contribution taxes on income statement	**14,022**	**5,052**	**6,565**	**2,365**
Incentive PAT	(328)	-	(158)	-
Reversion 2005	(2,302)	(829)	-	-
Expenses	**11,392**	**4,223**	**6,407**	**2,365**
Tax rates (Excluding the differed assets)	12,99%	4,82%	13,41%	4,95%
Deffered tax	7,725	2,781	2,816	1,014
Total Expenses	**19,117**	**7,004**	**9,223**	**3,379**
Tax rates (incliuing thedeffered tax asset)	21,80%	7,99%	19,31%	7,07%

d) Income Tax Incentive

The expenses in the six-month period ended June 30, 2006 related to the income tax do not consider the fiscal incentive at the amount of R$2,631 (R$3,122 in the tree-month period ended March 31, 2006), obtained by CEMAR from the North-East Development Agency – ADENE, which reduces the income taxes payable and is recorded at the subsidiary shareholders' equity as a capital reserve.

The fiscal incentive was obtained by CEMAR thought the Constitutive Reports 0289/2005 and 0323/2005, issued by ADENE on November 25 and December 21, 2005, respectively, which award CEMAR:

- Report 0289 - a 25% reduction of the income tax due on the activity performed in the state of Maranhão until January 2008, falling to 12.5% from January 1, 2009 until December 31, 2013.
- Report 0323 - a 75% reduction of the income tax due on the activity performed in the state of Maranhão until the end of the 2015 calendar year, calculated over the excess to the installed capacity in Maranhão state.

These incentives impose a number of obligations and restrictions:

i. The benefit amount can not be distributed to the shareholders;

ii. The amount shall be recorded as capital reserve, and capitalized until December 31 of the following year; and

iii. The amount should be invested in activities directly related to production in the region subject to the tax incentive.

(10) Investments in the subsidiary related parties balances

The general information about the investments in subsidiaries and balances and transactions with related parties are as follows:

	Parent Company	
	06/30/06	03/31/06
In thousands of shares		
Share breakdown of the subsidiary:		
Common shares	15,951,712,445	15,948,410,147
Preferred shares - Class A	123,923,178	123,923,178
Preferred shares - Class B	162,572,922	162,572,922
Total shares (a)	16,238,208,545	16,234,906,247
In thousands of R$		
Shareholders' equity of the subsidiary		
Capital **(a)**	157,622	157,580
Net income	26,394	35,168
Total	492,837	467,702
Controlling shareholder's interest		
Total shares	10,617,318,360	10,617,318,360
Interest (%) (**(a)**	65,38%	65,40%
Investment changes:		
Initial balance	305,868	277,300
Capital integralization **(b)**	-	5,689
Equity in net income of subsidiary	16,372	23,252
Dividends proposed by subsidiary	-	(373)
Sub-Total	322,240	305,868
Goodwill **(b)**	245,676	246,920
(-) Amortization	(1,244)	(1,244)
	244,432	245,676
Negative Goodwill **(c)**	(3,109)	(3,109)
Final balance	563,563	548,435
Balances with controlling shareholders and related parties:		
Debt to the shareholders	-	1,086
Debt to CEMAR **(d)**	2,329	843
Debt to Tordazilhas S.A	-	90

	Consolidated	
	06/30/06	03/31/06
Balances with controlling shareholders and related parties:		
Debt to Eletrobrás **(e)**	285,654	281,638
Charges on Eletrobrás debt - expense **(e)**	(5,686)	(5,440)
FACEMAR **(f)**	28,113	27,873
Charges on FASCEMAR debt - expense **(e)**	(1,023)	(1,212)
Debt to Tordazilhas S.A	-	90

(a) On May 30, 2006 the Council of CEMAR's Administrators approved the capital increase, in the range of the limit of authorized capital (R$669,634), due to the exercise of part of purchase option regarding the CEMAR Share Purchase Option Plan. The increase was performed with the subscription of 3,302,298,760 common shares, by the price of R$12.86 per 1 billions shares. Consequently, CEMAR capital totalizes R$157,622 in June 30, 2006 (R$157,580 in March 31, 2006)

(b) The historical cost of goodwill originates from the acquisition of an 84.68% interest in CEMAR on June 30, 2000, and 4.91% on August 31, 2001, amounting to R$266,711 and R$25,099 respectively.

(c) The difference between the book value of CEMAR shares received by Equatorial and the value determined as described in item "a", was the recorded as negative goodwill (R$3,109).

(d) Refers to expenses incurred by Equatorial and paid by CEMAR, recorded as "Debt with related parties" in the current liability, since the its payment will occur in the sort-term.

(e) CEMAR has outstanding balances with its minority shareholder Eletrobrás (as described in Note 14).

(f) CEMAR has an outstanding balance with the CEMAR Employee Security and Assistance Fund **-** FASCEMAR (as described in Note 14).

Other subsidiary information

Share purchase option plan

On December 6, 2005, the CEMAR Board of Directors approved the CEMAR Share Purchase Option Plan (the "Plan"), which was ratified at the AGE **-** Extraordinary General Meeting held December 23, 2005. On December 30, 2005 the Board of Directors also resolved to create the Management Committee to manage the Plan.

The Company's administrators and employees may enroll in the Plan, as yet to be defined by the management committee. The overall volume offered is up to 3% (three percent) of the common shares currently issued by the Company, corresponding to 480,917,295,334 common shares, at the original subscription price of R$0.01 per lot of 1,000 (one thousand) shares, corrected by the General Market Prices Index disclosed by the Getúlio Vargas Institute ("IGP-M/FGV"), plus interest of 8% p.a. (eight percent per annum) from May 2004 until the options are effectively exercised. On March 23, 2006, 76,385,697,078 of options subscription common shares no allocated were cancelled.

The Plan has 196,899,563,634 shares that can be subscribed until May 3, 2009, and 207,632,034,609 shares were already subscribed.

(11) Property, plant and equipment

a) Breakdown

	Average annual depreciation	Consolidated 06/30/06	Consolidated 03/31/06
Production:			
In service		1,513	1,161
Accumulated depreciation	4.92%	(876)	(869)
In progress		131	352
		768	**644**
Distribution - lines and networks:			
In service		1,190,156	1,136,616
Accumulated depreciation	4.23%	(488,886)	(476,646)
In progress		168,256	175,264
		869,526	**835,234**
Commercialization:			
In service		9,347	9,336
Accumulated depreciation	4.18%	(3,086)	(2,882)
In progress		32	32
		6,293	**6,486**
Central administration:			
In service		23,673	18,659
Accumulated depreciation	7.93%	(8,104)	(7,621)
In progress		7,419	10,469
		22,988	**21,507**
		899,575	**863,871**
Obligations related to the concession:			
Consumer contributions		(7,467)	(6,373)
Donations, subsidies and others		(179,157)	(179,158)
Government participation		(74,833)	(74,833)
		(261,457)	**(260,364)**
		638,118	**603,507**

b) Fixed assets in progress

The balance of the fixed assets in progress refers to work in progress, materials in storage, purchase in progress and prepayment of suppliers, in the amounts of R$141,742, R$29,095, R$1,171 and R$3,830, respectively (R$152,040, R$30,539, R$900 and R$2,638 in March 31, 2006, respectively).

Of the total materials in storage, the amount of R$14,435 (R$15,244 in march 31, 2006) represents material held in storage to meet the requirements of the “Programa Luz para Todos” and mainly refers to poles, transformers, cables, meters, energy converters, among other items to be used for the works in progress.

A provision was made for losses deriving from items which have not been used for over 180 days, in the amount of R$1,009 in June 30, 2006 (R$828 in March 31, 2006), recorded as a corresponding entry against non-operating expenses.

c) Obligations related to the Concession

The contributions from the consumers refer to funds received in order to execute the services required to meet electricity supply requests. The donations and subsidies include mainly the amounts passed on by ELETROBRÁS to finance “Programa Luz para Todos”, to the amount of R$178,945 (R$178,945 in March 31, 2006). Government participation refers to federal funds received to execute electrical projects linked to the Public Electricity Service.

Because of their nature, these accounts are not financial obligations and therefore should not be included as liabilities for the purposes of determining the financial indicators.

According to articles 63 and 64 of Decree No. 41.019, dated February 26, 1957, the assets and installations used in the production, transmission and distribution of electricity, including sales, are tied to these services, and therefore cannot be removed, sold, assigned or given in mortgage guarantee without prior express authorization from ANEEL. ANEEL Resolution No. 20/99, dated February 3, 1999, regulates the assets disposal from the Public Electricity Service, granting prior authorization for the assets which are no longer useful to the concession. On June 30, 2006, the balance of assets available for sale was of R$1,442, classified in other accounts receivable.

12) SUPPLIERS

Description	Consolidated 06/30/06	Consolidated 03/31/06
Energy supplies and connection charges:		
Eletronorte	2,548	3,401
Chesf	6,963	6,820
Copel	2,582	2,207
Furnas Elétricas	9,904	9,696
CESP	3,364	2,912
Cemig	1,207	1,032
Outros	2,955	2,571
Short-term energy	0	136
Use of the transmission system	5,150	5,037
Reimbursement to the generators - Free energy	5,297	3,151
Material and service	65,845	79,684
	105,815	**116,647**

a) Energy supply

In December 2005, the initial energy supply contracts entered into by CEMAR with ELETRONORTE and CEPISA were terminated. Such contracts represented an acquisition of 932,112 MWh. However, in accordance with Decree/Law 5.163 dated July 30, 2004, which comprises the new legislation governing the electricity sector, CEMAR negotiated new Energy Sale Agreements within a Regulated Environment, as detailed below:

CONTRACTS (MWh)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Chesf Auction	148,920	-	-	-	-	-	-	-	-	-
Product 2005/2012	2,922,632	2,922,632	2,930,639	2,922,632	2,922,632	2,922,632	2,930,639	-	-	-
Product 2006/2013	1,110,517	1,110,517	1,113,560	1,110,517	1,110,517	1,110,517	1,113,560	1,110,517	-	-
Product 2007/2014	-	405,307	406,418	405,307	405,307	405,307	406,418	405,307	405,307	-
Product 2008/2015	-	-	213,451	212,868	212,868	212,868	213,451	212,868	212,868	212,868
Proinfa	12,413	104,244	104,530	104,244	104,244	104,244	104,530	104,244	104,244	104,244
MCSD	52,665	51,859	52,001	51,859	51,859	51,859	52,001	-	-	-
MCSD 4%	32,412	32,412	32,501	32,412	32,412	32,412	32,501	8,926	-	-
New Energy 2008/2022/2037	-	-	25,649	25,579	25,579	25,579	25,649	25,579	25,579	25,579
New Energy 2009/2023/2038	-	-	-	138,846	138,846	138,846	139,226	138,846	138,846	138,846
New Energy 2010/2024/2039	-	-	-	-	369,847	369,847	370,860	369,847	369,847	369,847
A-3 Auction	-	-	-	239,498	239,498	239,498	240,155	239,498	239,498	239,498

b) Electricity network usage charge

In 1999, the electricity distribution concessionaires signed with a 15 energy transmission companies and the National System Operator - ONS, the operator created to conduct the planning and operations of the Brazilian electricity system, the Transmission System Usage Contracts - CUST, which obliges them to pay for using the transmission assets, given the interconnection of the entire Brazilian electricity transmission system.

(13) TAXES AND SOCIAL CONTRIBUTIONS PAYABLE

	Parent Company				Consolidated			
	06/30/06		03/31/06		06/30/06		03/31/06	
	Current	Long term	Current	Long term	Current	Long term	Current	Long term
ISS (Income tax and social contribution)					935	561	1,090	526
Social charges and others	18	-	-	-	3,335	-	2,989	-
ICMS (Value added tax)	-	-	-	-	24,370	2,627	26,374	179
Provision for income tax and social contribution	-	-	-	-	17,716	-	26,209	-
PIS (Social Integration Program) and COFINS (Social Contribution on Revenues)	-	-	-	-	9,182	633	7,594	-
REFIS/PAES **(a)**	-	-	-	-	4,507	184	4,800	786
TOTAL	**18**	**-**	**-**	**-**	**60,045**	**4,005**	**69,056**	**1,491**

(a) Tax Recovery Programme - REFIS / Special Installments - PAES ("REFIS - II")

On November 29, 2000, CEMAR entered into the Tax Recovery Programme - REFIS. This programme seeks the regularization of government credits, taxes and contributions administrated by the Federal Tax Office - SRF and the National Social Security Institute - INSS, relating to tax events occurring up to February 28, 2000. The programme established the tax credits deriving from tax losses and the negative social contribution base to settle the amount corresponding to the fines and interest included in the programme, in addition to the monetary correction of the balance based on the variation posted by the Long-term Interest Rate - TJLP. Payment of the tax debt ascertained, in the case of CEMAR, was being made in 60 monthly installments from March 2000, in accordance with REFIS rules. In the event the debt to REFIS is executed, the credits deriving from electricity sales have been put up as a guarantee.

On May 30, 2003, Law 10.684/03 (Special Installments -PAES) of the Federal Government allowed a new payment in installments of up to 180 months for debts owed to the Federal Revenue Office, National Treasury Prosecutor's Department and the National Social Security Institute (INSS), maturing until February 28, 2003 (enrolled or not in the active debt), including debts at the stage of fiscal execution or which had been subject to previous payment in installments, plus monetary correction according to the TJLP. On July 31, 2003 CEMAR joined this programme opting for payment in 120 months, including the tax debts where judicial and administrative proceedings were discontinued, as described below:

	06/30/06	03/31/06
Balance at beginning of period/year	5,586	6,447
Payments at beginning of period/year	(990)	(1011)
Monetary corretion	95	150
Balance at end of period/year	**4,691**	**5,586**
Current	**4,507**	**4,800**
Long term	**184**	**786**

By entering the Special Installment - PAES, CEMAR undertook certain obligations in accordance with the corresponding legislation, of which we highlight:

- authorization of unrestricted access, by the Federal Tax Office - SRF, to the information concerning its financial movement;
- specific fiscal monitoring, with periodical delivery in media data, including revenue information;
- regular compliance of the obligations towards the Employee Severance Fund - FGTS and the Tax on Rural Territorial Property - ITR; and
- regular payment of the consolidated debt installments pursuant to the rule, in addition to the taxes and social contributions overdue as of March 1, 2003, for which any other means of payments in installations is excluded.

The exclusion of the Company from PAES shall result in the immediate enforcement of the entire debt acknowledged and as yet unpaid and automatic execution of the guarantee provided.

The value of CEMAR’s debt stated in the debt document concerning PAES used to include amounts already settled by CEMAR, and consequently presented a difference between the amount recorded by CEMAR and the one considered by the fiscal authority. CEMAR requested A review of the debt and on August 4, 2006 the fiscal authority agreeded to the exclusion of the referred amounts already settled by CEMAR.

(14) LOANS AND FINANCING

a) Breakdown

	06/30/06			03/31/06		
	Current			Current		
	Charges	Principal	Long term	Charges	Principal	Long term
Foreign currency						
National Treasury (1)	212	1,038	13,930	459	945	14,815
	212	**1.038**	**13,930**	**459**	**945**	**14,815**
Local currency:						
ELETROBRAS (2)		3,010	282,644	0	2,543	279,097
ELETRONORTE (3)		21,408	135,484	0	20,115	141,419
Financial Institutions (4)	358	17	28,086	0	7	5,346
	358	**24,435**	**446,214**	**0**	**22,665**	**425,862**
Debt to Fascemar(5)	-	3,437	24,676	-	3,319	24,554
Total loans and financing	**570**	**28,910**	**484,820**	**459**	**26,929**	**465,231**
Other debts						
Debentures (6)	-	6,263	14,535	-	6,263	15,998
	-	**6,263**	**14,535**	-	**6,263**	**15,998**
TOTAL DEBT	**570**	**35,173**	**499,355**	**459**	**33,192**	**481,229**

b) Summary of the main operations:

(1) The balance with the National Treasury refers to the medium and long-term financing contracts and the interest owed to commercial banks and other foreign creditors, not deposited at the Central Bank of Brazil, pursuant to the Resolutions 1.541/88 and 1.564/89 issued by the National Monetary Council **-** CMN, and which were exchanged for a bonus issued by the Government. This debt is guaranteed by CEMAR's revenue from electricity supply.

(2) The contracts with ELETROBRAS mainly entail funds to construct transmission lines and substations for the Supervision, Automation and Control Programme - SAC and the Energy Conservation Programme. The financing is guaranteed by CEMAR's revenue and in some cases by promissory notes. All contracts were renegotiated until in April 27, 2004 through the signature of the renegotiation contract of you divide. The main terms agreed are described in item (d) of this note.

(3) ELETRONORTE

Energy supply:

During the second quarter of 2004, the accumulated differences between the invoices from June to December 2001, related to the adjustments regarding the rationed electricity acquired for the period January to March 2002, and the differences between the invoices from April to July 2002, the respective charges, with the balance corrected until April 14, 2004 to the amount of R$120,256, were renegotiated through the Electricity Purchase and Sale Contract executed on April 27, 2004, which established:

- Payment on May 7, 2004 of R$21,227, plus monetary correction according to the IGP-M index and nominal interest of 12% per annum pro-rata day, which is subject to maturity.

- The remaining amount of R$99,029 is being monetarily corrected by the IGP-M price, plus nominal interest of 12% per annum, and paid over 60 monthly successive installments, calculated by the French Amortization System. The due date is on 27th of each month, with the first installment due on May 27, 2004.

Transfer of assets:

Balance derived from the transfer of assets with respect to the facilities comprising its 230 kV system ("Transfer Instrument of Assets, Rights and Facilities Through Partial Payment and Renegotiation of the Settlement of Remaining Debts"). The difference between the amount of assets transferred and CEMAR's outstanding balance to ELETRONORTE resulted in an obligation for which CEMAR offered as guarantee the amount of up to 25% of its revenue. On April 27, 2004, the "Enrollment Debt Renegotiation Agreement 0152/04-B ", as described below:

- Outstanding balance of R$61,441, corrected up to December 31, 2003 by the variation of the IGP-M price index;

- Maturity date in 12 years;

- Grace period of 3 (three) years for principal amortization, in accordance with the clauses described in the respective contractual instrument "Adjustment and Obligations Instrument"; and

- Nominal interest of 12% per annum plus monetary correction according to the IGP-M index.

(4) Transactions with financial institutions in local currency refer to working capital loans guaranteed by promissory notes and in some cases by receivables. CEMAR's creditor banks, along with the aforesaid debenture holders, adhered to the "Agreement" executed on March 26, 2004 and the subsequent "Contractual Amendment", introduced on April 12, 2004, whereby the private creditors undertook to subscribe to a new debenture issue using their credits. In April 2006, CEMAR received the first portion of the loan obtained from Banco do Nordeste do Brasil, in the amount of R$22.620. As per the agreement, this amount is updated by 11.9% p.a.

(5) On March 20, 2001, the "debt acknowledgement contract" between CEMAR and FASCEMAR - Employee Security and Assistance Fund of CEMAR, regarding the debt that CEMAR had with FASCEMAR deriving from the overdue payments and pass-through of its contributions as the Fund sponsor stood, as of June 30, 2006, at R$28,113 (R$27,873 in march 31, 2006) and is guaranteed by CEMAR's receivables. The debt arising out of this contract is being repaid in 168 monthly, consecutive installments, starting in April 2001, on which interest is charged at 102% of the Brazilian Inter bank Rate, calculated and disclosed daily by CETIP.

(6) See Note 15.

c) Scheduling of the installments of loans, financing and long-term debentures:

As of June 30, 2006 the long-term debentures, financing and loans stood at R$499,355 and the maturity thereof is scheduled as denoted below:

Maturity	06/30/06	%
2007	28,038	5.6%
2008	65,675	13.2%
2009	69,491	13.9%
2010	58,636	11.7%
2010 onwards	277,515	55.6%
Total	**499,355**	**100.0%**

d) Summarized Statement of Renegotiated Debts to Creditors:

				Consolidated	
Decription	**Signature date**	**Maturity date**	**Financing Charges**	**06/30/06**	**03/31/06**
Eletrobrás				**285,654**	**281,638**
RES 150/00-2035/00	04/27/2004	12/30/2015	IGP-M + 13.4%aa	81,325	79,681
RES 150/00-2033/00	04/27/2004	12/30/2015	RGR + 6.8%aa	2,546	2,528
RES 150/00-2034/00	04/27/2004	12/30/2015	FINEL + 9.4%aa	42,114	41,663
ECF - 1510/97	04/27/2004	12/30/2015	FINEL + 14.0%aa	497	490
ECF - 1639/97	04/27/2004	12/30/2015	FINEL + 11.5%aa	5,874	5,798
ECF - 1645/97	04/27/2004	12/30/2015	FINEL + 13.6%aa	1,006	991
ECF - 1960/99	04/27/2004	12/30/2015	IGP-M + 4.0%aa	117,325	115,605
ECF - 1907/99	04/27/2004	12/30/2015	FINEL + 11.0%aa	831	820
ECF - 1908/99	04/27/2004	12/30/2015	FINEL + 9.4%aa	6,604	6,533
ECF - 1473/97	04/27/2004	12/30/2015	RGR + 13.6%aa	199	196
ECFS - 027/04	6/2/2004	06/30/2016	RGR + 6.0%aa	16,316	16,316
ECF - 140/06	03/31/2006	03/31/2018	RGR + 6.0%aa	11,017	11,017
Eletronorte				**156,891**	**161,534**
Eletronorte - enrollment	04/27/2004	08/30/2015	IGP-M + 12.0%aa	85,690	84,917
Eletronorte - Supply	04/27/2004	04/30/2009	IGP-M + 12.0%aa	71,201	76,617
BNB	**11/23/2005**	**02/28/2017**	**11.9% aa**	**22,988**	**0**
National Treasury				**15,180**	**16,220**
STN 01	5/12/1997	4/11/2024	LIBOR SEM.+ 0.81% aa	3,403	3,461
STN 02	5/12/1997	4/11/2024	6% aa	4,874	4,967
STN 03	5/12/1997	4/10/2009	LIBOR SEM.+ 0.81% aa	373	442
STN 04	5/12/1997	4/10/2014	8% aa	3,378	3,671
STN 05	5/12/1997	4/10/2012	LIBOR SEM.+ 0.88% aa	2,786	3,070
STN 06	5/12/1997	4/10/2009	LIBOR SEM.+ 0.88% aa	367	437
STN 07	5/12/1997	4/10/2006	LIBOR SEM.+ 0.81% aa	-	172
Fascemar	**03/20/2001**	**2/3/2015**	**IGP-M + 12%aa**	**28,113**	**27,873**
Debêntures 2ª Issuance	**9/2/2004**	**6/1/2009**	**IGP-M + 12%aa**	**20,798**	**22,261**
Concórdia CCV	**06/28/2004**	**12/30/2023**	**IGP-M + 12.0%aa**	**2,737**	**2,677**
CCV Fund	**06/28/2004**	**12/30/2023**	**IGP-M + 12.0%aa**	**2,737**	**2,677**
TOTAL DEBT				**535,098**	**514,880**

e) Universal Electricity Access and Use of Electricity in the Rural Zone Programme:

By way of Resolution 223 dated April 29, 2003, as amended by Resolutions 52 dated March 25, 2004 and 175 dated November 28, 2005, ANEEL established the general conditions for drawing up Electricity Universalization Plans seeking to serve new consumer units, or raise charge, governed the provisions established by articles 14 and 15 of Law 10.438, dated April 26, 2002, to establish the responsibilities of public electricity distribution service concessionaires and authorized entities. Law 10.762 dated November 11, 2003 altered the priority for serving municipalities, placing the emphasis on municipalities with a lower rate of electrification and limiting these services to new units, on a low-voltage connection (below than 2.3 kV) with an installed charge of up to 50 KW.

Until June 30, 2006, CEMAR invested approximately R$227,742 (R$196,118 until March 31, 2006) in the Universalisation Programe.

As a result of the impact of the "Programa Luz para Todos" on the Universalisation Plan targets, and bringing forward of the Universalisation deadline, ANEEL issued Resolution 175, dated November 28, 2005, requesting a fresh review of the targets for the period 2005 through 2006 and setting the deadline of December 30, 2005 for concessionaires to submit a new timetable.

In December 2005, CEMAR submitted to ANEEL the revised schedule for the Universalisation Plan and is awaiting a reply from it.

"Programa Luz para Todos"

Presidential Decree 4.873 dated November 11, 2003, introduced the "Programa Luz para Todos" within the Universalisation Plan, which by 2008 aims to provide electricity to the sections of the Brazilian rural population which do not yet have access to this public service.

The Programme is coordinated by the Ministry of Mines and Energy - MME and operated with the participation of Centrais Elétricas Brasileiras S/A - ELETROBRÁS and the companies comprising the ELETROBRÁS system.

In May 2004 a Commitment was executed by the Government (Ministry of Mines and Energy), the state of Maranhão and CEMAR, with ANEEL and ELETROBRAS as intervening parties, to establish the premises for introducing the "Programa Luz para Todos" in CEMAR's area of concession, providing electricity to 249,000 new consumers in the rural zone between 2004 and 2008. This instrument specifies the annual service targets and financial participation percentages of each of the sources of funds.

ANEEL Ordinance 416, dated August 31, 2005, approved Version 2 of the Operating Manual which establishes technical and financial criteria, procedures and priorities.

CEMAR is a party to the Financing and Subsidy Contract - ECFS 027/2004, signed on June 2, 2004 with ELETROBRÁS, and the amendments thereto ECFS 027-A/2004, ECFS 027-B/2004 and ECFS 027-C. This contract and the amendments thereto envisage the supply of electricity to 47,043 families. The contract totals R$231,620.

On March 2006 CEMAR signed with ELETROBRÁS the Financing and Subsidy Contract - ECFS 140/2006 – 2nd Trench, related to the 2nd phase of the Program, which envisages the supply of electricity to 59,856 consumers. The contract totals up to R$275,434.

The ELETROBRAS funds shall be applied as follows:

The amount equivalent to up to 11.3% of the total cost of the works in progress, estimated at R$547,804, not including labor expenses, transportation and management, shall be obtained through funds from the Global Reversal Reserve - RGR, which corresponds to the credit worth R$61,902.

The amount up to 73.7% of the total cost of the respective works, not including labor expenses, transportation and management, shall be obtained through funds from the Energy Development Account - CDE, which corresponds to the extension of credit worth R$485,902, as an economic subsidy, in accordance with Law 10.762, dated November 11, 2003.

Until June 30, 2006 CEMAR received R$122,347 related to the ECF-027/2004 agreement, with R$16,316 coming from RGR funds and R$106,031 from CDE fund; and received R$82.630 regarding the ECFS-140/2006 agreement, with R$11,017 from RGR funds and R$71,613from CDE funds.

(15) DEBENTURES (in reais)

The debentures originally issued the amount of R$150,000,000 in June 2001 were allocated to enhance the capital structure of CEMAR to finance its working capital and investments to expand the services provided by CEMAR.

a) Details of the first debenture issue:

Nominal Unit Value:	R$10,000.00
Amount:	15,000 debentures.
Type:	With a floating guarantee.
Convertibility and Form:	Not convertible, nominative and registered.
Term and Maturity Date:	60 months, maturing on June 1, 2006.
Interest	100% of the average daily rate of the interbank deposits rate - “DI Rate”, expressed as a percentage per annum, based on 252 working days, plus an effective surcharge of 1% (one percent) per annum, based on 252 days.

b) Renegotiation:

On March 25, 2004, the 13th General Debenture Holders Meeting - AGD of CEMAR was held, at which the debenture holders in attendance jointly accounted for 99.6867% of the 15,000 (fifteen thousand) debentures in circulation resolved the following matters:

i) Of the debenture holders in attendance, who jointly accounted for 97.7068% of the debentures in circulation, approved the terms of the “Debenture Subscription Agreement and Other Agreements” (“Agreement”) submitted, which was filed at the head office of the Fiduciary Agent, and re-ratified the proposal to restructure CEMAR’s debts approved pursuant to the 8th General Debenture Shareholders Meeting; and

ii) The other debenture holders, Fundos Concórdia Multi Investimento Financeiro (Fund - CCV) and Concórdia S.A. Corretora de Valores Mobiliários, Câmbio e Commodities, which jointly hold 2.6666% of the debentures in circulation, agreed to adjust their credits on conditions similar to those offered to ELETROBRÁS and ELETRONORTE, by way of the agreement executed with CEMAR and SVM Participações e Empreendimentos Ltda., as detailed below.

The Extraordinary General Meeting - AGE held in April 30, 2004 accordingly approved the public issue of 73,642 debentures by CEMAR, with a nominal value of R$1 thousand each, convertible into shares with a floating guarantee. These debentures were issued on September 16, 2004 in accordance with the "Deed of the Second Public Issue of Convertible Debentures of CEMAR with a Floating Guarantee", with the following details:

c) Details of the second debenture issue:

Issue number:	2nd issue
Series:	Single
Issue date:	09/16/2004
Amount:	73,642 debentures
Nominal Value:	R$1,000.00
Net Issue Amount:	R$73,642,000.00
Nominal Amount of the Premium:	R$2,223.07
Type:	With a floating guarantee
Issue type:	Simple
Issue nature:	Public
Convertibility and form:	convertible, nominative, book-entered
Term and maturity date:	60 months, with the first installment due 30 days after the issue date.
Monetary restatement	in accordance with the variation of the SELIC Rate from the period February 29, 2004 until the effective payment, which occurred in September 16, 2004. As from the issuance, the restatement occurs considering the IGP-M though the bonus.
Interest:	12% per annum, as from date of payment

The debt relating to item b (i) above, consolidated and corrected according to the variation of the "SELIC Rate between February 29, 2004 to the subscription date of the 2nd debenture issue, was R$1,084.78 for the nominal unit price, and R$2,411.55 for the respective value of the issue premium, amounting to R$3,496.34 per debenture, which was used to acquire the new debentures where the credits originally held by the subscribers were cancelled.

The total amount of R$177,591,596.20, referring to the debenture issue premium, was accounted for as capital reserve in the shareholders' equity in 2004.

d) Monitoring of the debentures convertible shares covenants

The debentures issued by CEMAR in 2004 have the following covenants:

Covenant 1: Quotient resulting from the division of the Net Remunerated Liability by the Annual EBITDA greater than 4.5 (four point five)

Covenant 2: Quotient resulting from the division of the 12 months EBITDA by the Net Financial Expenses lower than 1.5 (one point five).

Covenants - Debentures CEMAR

	R$mil				
	2nd quarter 2006	**1st quarter 2006**	**4rt quarter 2005**	**3rd quarter 2005**	**2nd quarter 2005**
Debt	535,098	514,880	503,982	501,580	506,405
(-) BNDES debt	0	0	0	(2,145)	(3,824)
(-) Eletrobras debt	(117,325)	(115,605)	(113,927)	(111,905)	(112,726)
(=) Remunerated liability	417,773	399,275	390,055	387,530	389,855
(-) Cash and banks and marketable securities	(99,532)	(121,068)	(155,084)	(109,560)	(95,697)
(-) Low income consumers receivable	(9,572)	(8,869)	(9,167)	(7,207)	(8,204)
(=) Net remunerated liability	**308669**	**269338**	**225804**	**270763**	**285954**
Profit from service	52,779	54,554	51,968	36,652	26,146
Depreciation	13,664	13,103	16,270	10,924	10,831
EBTDA	66443	67657	68238	47576	36,977
Non recurring expenses	11,944	11,793	8,134	6,895	7,256
Contigencies	769	7,523	61	2,674	1,234
Restructurin expenses	3,023	3,850	1,547	1,252	1,129
Allowance for doubtful accounts	8,152	420	6,837	2,735	3,778
Losses from uncollectable credits	0	0	(311)	234	1,115
Quarterly adjusted EBITDA	**78,387**	**79,450**	**76372**	**54471**	**44,233**
Annual adjusted EBITDA	**288,680**	**254,526**	**217,550**	**182,023**	**159,759**
Quarterly financial expense, net	**9,038**	**8,073**	**7,313**	**7,399**	**7,835**
Annual financial expense, net	**31,823**	**30,620**	**30,066**	**29,827**	**27,586**
1º Covenant: <=4,5	**1.1**	**1.1**	**1.0**	**1.5**	**1.8**
2º Covenant: >=1,5	**9.1**	**8.3**	**7.2**	**6.1**	**5.8**

Noncompliance of these covenants will result in early maturity of the debentures. During first semester 2006 the CEMAR complied with the limits stipulated in these covenants.

(16) PROVISIONS FOR CONTINGENCIES

a) General Considerations and breakdown

Provisions for contingencies are intended to cover any losses evaluated as probable by CEMAR's legal department and by external advisers, for labor, tax and civil claims at administrative and judicial level. The Company and its subsidiary managements consider that the provision for contingencies is sufficient to cover probable losses from the proceedings in progress, as per the breakdown below:

	Consolidated			
	06/30/2006		03/31/2006	
Contigencies type	**Contingency Ammounts**	**Judicial Deposits**	**Contingency Ammounts**	**Judicial Deposits**
Civel and tax	42,392	6,327	41,175	6,132
Labor	8,173	4,721	7,382	4,136
	50,565	**11,048**	**48,557**	**10,268**
Current	9,985	6,327	7,763	6,132
Long Term	40,580	4,721	40,794	4,136
	50,565	**11,048**	**48,557**	**10,268**

Labor claims

Claims filed by former employees against CEMAR, entailing claims for overtime, hazardous activities, additional remuneration, salary parity/reclassification and others, in addition to claims brought by former employees of its contractors (joint liability) involving claims for indemnification and other.

Civil and tax

- The most representative individual amount corresponds to the claim regarding the Account Rendering Action for Public Lighting Fee - TIP, brought by the Municipal Government of São Luís against CEMAR, claiming the amounts arrived from the collection and questioning the pass-through and investments made in the city's public lighting network. CEMAR simultaneously filed a similar lawsuit, and the records of which are attached to the court office for a single decision. The official expert has already submitted the accounting report and the parties have issued statements on the documents they submitted, and are awaiting the commencement of the evidentiary stage. A number of appeals are in progress before the Court of Appeal, where an appeal ruled to have grounds gave CEMAR the right to have its accounting assessed by the courts. CEMAR management therefore made a provision of R$19,500.

In addition to the losses provisioned for above, there are other civil contingencies monitored by management, based on the assessment of Equatorial and CEMAR legal department and its external advisers, for which the chance of loss is rated as possible R$24,763 or remote R$11,717 (R$30,865 and R$17,135, respectively, in March 31, 2006) and therefore no provision for these losses has been recorded.

CEMAR is subject to the environmental protection laws and the respective municipal, state and federal regulations. CEMAR considers that the exposure to environmental risks, based on the assessment of the figures available, in compliance with the applicable laws and regulations, does not present a material impact on its financial statements or the income from its operations.

(17) OTHERS EXPENSES CURRENT – RESEARCH AND DEVELOPMENT (P&D) AND ENERGY EFFICIENCY (PEE)

	Consolidated	
	06/30/2006	**03/31/2006**
P&D	5,665	
PEE	8,161	9,004
TOTAL	**13,826**	**9,004**

Refer to the mounts due not expensed yet in the Research and Technological Development Program of the Electric Section - P&D, in accordance with the Normative Resolution ANEEL no. 219, of April 11, 2006 and in the Energy Efficiency Program - PEE, in accordance with the Normative Resolution ANEEL no. 176, of November 28, 2005, altered by the Normative Resolution ANEEL no. 215, of March 28, 2006.

(18) SHAREHOLDERS' EQUITY

a) Capital

Capital increase

On March 30, 2006, the Board of Directors approved the subscription of 12,800,000 common shares and 25,600,000 preferred shares, equivalent to R$185,600, related to the initial public offering (see item "f" and Note 1). On April 5, 2006, the Board of Directors approved integralization of such amount.

On June 30, 2006, the Company's capital is R$713,217 (R$527,617 in March 31, 2006), divided as follows:

Shares	Total	%	Common	%	Preferred	%
BRASIL ENERGIA I LLC	79,890,009	40,6%	63,706,828	62,1%	16,183,181	17,2%
OTHER	116,785,168	59,4%	38,928,392	37,9%	77,856,776	82,8%
	196,675,177	**100,0%**	**102,635,220**	**100,0%**	**94,039,957**	**100,0%**

Preferred shares do not entitle the holder thereof to voting rights at the Company's General Meeting; however, holders have priority under the distribution of minimum and mandatory dividends of 25% of net income, adjusted according to the legislation in force and deducted from the amounts of profit allocation determined by the General Meeting. The Company enrolled in Level 2 of the São Paulo Stock Exchange – BOVESPA, and granted 100% "Tag Along" to the minority shareholders in case of Company's merger or change in its shareholders.

b) Share Purchase Option Program

On February 2, 2006 the Extraordinary General Meeting approved, and ratified on February 13, 2006, comprising two programs **-** the First and Second Equatorial Share Purchase Option Program, which includes common shares and preferred shares comprising its share capital. Programs are managed by a committee, comprised by 3 members of its Board of Directors. The Committee has the power to establish the rules concern the option. See bellow the programs description.

Equatorial's Stock Option Plan Number 1 ("SOP 1")

The First Program comprises the option to subscription of 2,934,242 common shares and 5,868,481 preferred shares of Equatorial issuance, which were already allocated to the Equatorial and its subsidiary directors and officers. The shares subscription price is R$1 (one real) per 100,000 shares, restated by the General Price Index informed by Fundação Getúlio Vargas ("IGP-M/FGV"), as from March 9, 2006. The option exercise of each beneficiary of the First Program depends on the payment of the subscribed or acquired shares on the CEMAR Stock Option Plan, on the following portion: for each 1,000,000 of subscribed or acquired shares on the CEMAR Stock Option Plan, the beneficiary can exercise the option to acquire or subscribe 11.85 common shares and 23.69 preferred shares, on the SOP 1. To date were already subscribed 1,613,835 common shares and 3,227,658 preferred shares of Equatorial regarding the SOP 1.

Equatorial's Stock Option Plan Number 2 ("SOP 2")

The SOP 2 comprises the option to subscription of 2,271,858 common shares and 4,543,712 preferred shares of Equatorial issuance. The shares subscription price of common and preferred shares to be subscribed under the SOP 2 will be equal to average price of the common and preferred shares of the Company, negotiated at São Paulo Stock Exchange – BOVESPA on the last 30 days before the option exercise date of the relates shares, and the beneficiaries will be obliged to use, exclusively, shares subscribed or acquired on the CEMAR Stock Option Plan on the capital payment. To date, the Committee has allocated options to subscription of 2,271,858 common shares and 4,543,712 preferred shares to the Company's directors and officers. There are pending options corresponding to 360,847 common shares and 721,693 preferred shares to be allocated. Among the allocated options, 1,040,744 common shares and 2,081,484 preferred shares were subscribed with 204,329,735,847 common shares of CEMAR. This capital subscription raised the Company's participation in CEMAR from 64.96% at the end of December 31, 2005 to 65.40% at the end of March 30, 2006.

Following, the information concerning the share purchase option plans already exercised on June 30, 2006:

	First Program		Second Program	
	ON	PN	ON	PN
Number of Purchase optinos	2,934,242	5,868,481	2,271,858	4,543,721
Options exercises (*)	(1,613,835)	(3,227,658)	(1,040,744)	(2,081,484)
Balance at June 30, 2006	**1,320,407**	**2,640,823**	**1,231,114**	**2,462,228**

(*) Options exercised on March 9, 2006, see item "a" acima.

To the extent all outstanding options under the Equatorial First Program are exercised, an additional dilution to existing shareholders of 2.0% would occur. To the extent all outstanding options under the Equatorial Second Program had been exercised, an additional dilution to existing shareholders of up to 1.5% would occur and Equatorial would increase its total interest in CEMAR by up to 1.2%.

(19) SUPPLY OF ELECTRIC ENERGY

The breakdown of the supply of electric energy by consumer class in the six-month period ended June 30, 2006 is the following:

	06/30/2006			06/30/2005		
	Nº of consumers (*)	MWh (*)	Thousands R$	Nº of consumers (*)	MWh (*)	Thousands R$
Residential	1,121,024	575,030	189,477	1,036,590	545,357	157,229
Industrial	9,435	173,176	50,004	9,040	207,127	48,421
Commercial	97,713	280,664	106,246	91,290	264,271	88,069
Rural	61,902	47,268	11,211	49,453	44,180	8,828
Public Entities	14,754	96,699	35,726	13,788	88,227	29,661
Public Lighting	438	97,345	19,836	396	85,567	15,142
Public Service	1,392	97,108	25,496	1,319	92,564	21,103
Own Consumption	227	1,997	0	271	2,371	0
Total	**1,306,885**	**1,369,287**	**437,996**	**1,202,147**	**1,329,664**	**368,453**

(*) Information not reviewed.

(20) COMMISSIONS AND OTHER FINANCIAL EXPENSES

The amount owed by the Company referring to Investment Bank's commissions and expenses with lawyers, auditors, consultants and offering materials amounted to R$12,609 and is recorded as "Financial Expenses".

(21) PRIVATE PENSION FUND

a) Details of the retirement plan

CEMAR sponsors the CEMAR Employee Security and Assistance Fund - FASCEMAR, a private, non-profit company founded to assure the supplementary benefits to those granted by government pension plans.

The corporate structure of FASCEMAR was reviewed during 2005, and a new pension plan was implemented (Plano Misto de Benefícios I) as from May 2006, in the terms of contributions are defined. Since its implementation, 98% of the active participants of the Defined Benefit Plan (BD I) enrolled into Plano Misto de Benefícios I, as well as the CEMAR employees that did not have such benefit.

At present, BD I is mainly comprised by retired and participants in use of the benefit in april 2006.

CEMAR, as the sponsor of the both pension plans, contributes with a monthly amount proportional to the participants. I the six-month period ended June 30, 2006, CEMAR contributed R$344 (R$379 six-month period ended June 30, 2005).

b) CVM Resolution 371 - Pension Plan Accounting

In accordance with CVM Resolution 371 dated December 13, 2000, from the year 2001, listed companies have been required to include in their financial statement the liabilities deriving from the benefits to which employees are entitled based on the rules established in NPC 26 issued by the Brazilian Institute of Independent Auditors (IBRACON).

In accordance with the alternative established by the aforesaid rule, CEMAR opted to recognize the liability in the results for the period of 5 years, from 2002. CEMAR has a provision in its long-term liabilities of R$11,019 (R$11,019 in March 31, 2006) to meet the actuarial obligations to the fund, which reflects the effects of CVM Resolution 371. Such amount is equivalent to 100% of the liability.

(22) INSURANCE (NOT REVIEWD)

The specification by risk type and effectiveness date of the main insurance contracts according to the insurance brokers engaged by the Company and its subsidiary is described below:

Risks	Effectiveness term	Amount insured	Premium
Risks named - substations and inventories	01/01/2007	96,767	292
General civil liability - Operations	01/01/2007	1,000	90
Vehicles - RCF	01/31/2007	836	40

The Company and its subsidiary has the policy of taking out insurance coverage for the assets subject to risk at amounts considered sufficient to cover any incidents, considering the nature of its activity. Company's and its subsidiary's insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity distribution companies. Given their nature, the risk assumptions adopted do not comprise the scope of a quarterly information review, and were not therefore reviewed by our independent auditors.

(23) FINANCIAL INSTRUMENTS – CVM INSTRUCTION 235

The book value of the financial instruments presented in the balance sheet, when compared to the amount that could be obtained from its negotiation at an active market or, in its absence, to the net adjusted present value using the interest market rate, are substantially similar to its market value.

The valuation of the main financial instruments is the following:

ASSETS: Cash and banks and marketable securities ccounts receivable	The values of these instruments are close to the market value due to their short-term maturity.
LIABILITIES: Loans and Financing	These credit operations in Brazil and overseas are corrected by the original currencies up to the balance sheet date, the charges are provisioned for based on fixed or floating rates in force as of June 30, 2006, both for the domestic and the international market.

(24) RISK FACTORS – CVM INSTRUCTION 235

Brazilian Securities Commission - CVM, thought Instruction 235, dated March 23, 1995, established the means for disclosing in notes the risk factor considerations of the companies and the market value of the financial instruments recognized or not in the financial statements.

As it is an investment holding, the Company’s main risks are related to the performance of its subsidiary as detailed below.

- Credit Risk: The high amounts, in addition to the age of the receivables from Government, constitute a risk to the liquidity and the capital structure of CEMAR. Management monitors outstanding situations and records provisions for the necessary cases in accordance with ANEEL guidance;

- Market Risk: In accordance with the regulations established by Decree Law 5.163 dated June 30, 2004, CEMAR shall acquire the energy required to serve its market at 100% of the contractual coverage, through the existing contracts (initial contract and 2002 auction) and the regulated environmental auction. Therefore, the configuration of the energy market, especially relating to any rise in demand during the period 2005 to 2006, represents a risk for CEMAR. The current context of the amounts receivable deriving from CCEE transactions should also be observed;

- Interest Rate Risk: This risk originates from the possibility of the Company suffering losses due to variations of the interest rates, which increase financial expenses on loans and financing obtained in the market. The Company has not executed derivative contracts to perform a swap against this risk. However, the Company does continuously monitor the market interest rates in order to assess any requirement to use derivatives to protect itself against the risk of variation to these rates. The Company considers that the high cost associated with fixed interest rates and the prospects of lower domestic interest rates due to the macroeconomic scenario in Brazil justifies its option for loan operations contracted at floating interest rates;

- Risk of early maturity: CEMAR has loan agreements, financing and debentures with restrictive clauses which in general require the maintenance of economic and financial indexes at certain levels. Noncompliance of these restrictions could result in early majority of the debt;

- Risk of energy shortages: The energy acquired and sold by CEMAR is generated mainly by hydroelectric energy stations. A prolonged scarcity of rain could reduce the volume of water in the energy stations' reservoirs thereby resulting in losses due to the increased cost of acquire energy or falling revenue due to the adoption of a new rationing programme. Due to the current level of the reservoirs, the National Electricity System Operator - ONS, does not envisage a new rationing programme in the upcoming years.

(25) SUBSEQUENT EVENT

In February 18, 2004 CEMAR signed the Behaver Adjust Term, whereby reviewed with ANEEL its annual goals to the on going distribution service indicators, regarding to specific consumers units in its concession area.

The ANEEL Superintendency of Ecomomic Fiscalization understands that must charge a fine to CEMAR in the amount of R$5,671 due to no compliance with the referred Term, regarding the goals to on going distribution service indicators.

On July 10, 2006 CEMAR was notified by ANEEL about the period to present its defense or fine payment. On July 27, 2006 CEMAR management presented to ANEEL its manifest on which contest the fine amount. CEMAR is waits for the final ANEEL decision

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FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
June 30, 2006

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
02001-0	Equatorial Energia S.A	03.220.438/0001-73

02.01 – Consolidated Balance Sheet - Assets (R$ thousand)

1 - Code	2 - Description	3 - 6/30/2006	4 - 3/31/2006
1	Total assets	1,724,634	1,516,338
1.01	Current assets	560,317	388,827
1.01.01	Cash and banks	279,652	123,075
1.01.01.01	Cash	325	722
1.01.01.02	Banks deposits	12,513	97,003
1.01.01.03	Payment orders	0	0
1.01.01.04	Available funds	61	206
1.01.01.05	Marketable securities	266,753	25,144
1.01.02	Credits	140,056	133,703
1.01.02.01	Consumers and resellers	177,547	161,612
1.01.02.02	Allowance for doubtful accounts	-37,491	-27,909
1.01.03	Inventories	2,734	3,305
1.01.04	Other	137,875	128,744
1.01.04.01	Taxes recoverable	27,678	28,520
1.01.04.02	Low income consumers	9,572	8,869
1.01.04.03	Prepaid expenses	62,998	58,602
1.01.04.04	Deferred income tax and social contributions	22,027	17,651
1.01.04.05	Dividends receivable from subsidiary	0	0
1.01.04.06	Judicial deposits	6,327	6,132
1.01.04.07	Other receivables	9,273	8,970
1.02	Long-term receivables	284,656	281,215
1.02.01	Sundry receivables	284,656	281,215
1.02.01.01	Consumers and resellers	16,538	16,538
1.02.01.02	Taxes recoverable	22,121	20,051
1.02.01.03	Prepaid expenses	13,086	2,690
1.02.01.04	Deferred income tax and social contributions	226,748	237,800
1.02.01.05	Judicial deposits	4,721	4,136
1.02.01.06	Other receivables	1,442	0
1.02.02	Related parties	0	0
1.02.02.01	Associated companies	0	0
1.02.02.02	Subsidiaries	0	0
1.02.02.03	Other related parties	0	0
1.02.03	Other	0	0
1.03	Permanent assets	879,661	846,296
1.03.01	Investments	241,543	242,789
1.03.01.01	Investment in associated companies	0	0
1.03.01.02	Investments in the subsidiary	0	0
1.03.01.03	Other investments	241,543	242,789
1.03.01.03.01	Goodwill from investment in subsidiary	291,810	291,810
1.03.01.03.02	Goodwill accumulated amortization	-47,379	-46,133
1.03.01.03.03	Negative goodwill	-3,109	-3,109

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1 - Code	2 - Description	3 - 6/30/2006	4 - 3/31/2006
1.03.01.03.04	Other	221	221
1.03.02	Property, plant and equipment	638,118	603,507
1.03.02.01	Property, plant and equipment	899,575	863,871
1.03.02.02	Obligations related to the concession	-261,457	-260,364
1.03.03	Deferred asset	0	0

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02001-0	Equatorial Energia S.A	03.220.438/0001-73

02,02 – Consolidated Balance Sheet - Liabilities and Shareholders' Equity (R$ thousand)

1 0 Code	2 – Description	3 - 6/30/2006	4 - 3/31/2006
2	Total liabilities and shareholders' equity	1,724,634	1,516,338
2.01	Current liabilities	257,022	283,163
2.01.01	Loans and financing	29,480	27,388
2.01.01.01	Financial charges	570	459
2.01.01.02	Loans and financing	28,910	26,929
2.01.01.03	Shareholders	0	0
2.01.02	Debentures	6,263	6,263
2.01.03	Suppliers	105,815	116,647
2.01.04	Taxes and social contributions payable	60,045	69,056
2.01.05	Dividends payable	53	1,139
2.01.06	Provisions	20,681	7,764
2.01.06.01	Payroll charges	10,696	0
2.01.06.02	Provision for contingencies	9,985	7,764
2.01.07	Related parties	0	90
2.01.08	Other	34,685	54,816
2.01.08.01	Payroll	465	9,688
2.01.08.02	Public lighting tariff	6,190	6,400
2.01.08.03	Consumer charges payable	3,407	5,491
2.01.08.04	Sundry debits	1	11,767
2.01.08.05	Other	24,622	21,470
2.02	Long-term liabilities	554,959	534,533
2.02.01	Loans and financing	484,820	465,231
2.02.02	Debentures	14,535	15,998
2.02.03	Provisions	51,599	51,813
2.02.03.01	Provision for contingencies	40,580	40,794
2.02.03.02	Private pension fund	11,019	11,019
2.02.03.03	Negative working capital from subsidiary	0	0
2.02.04	Related parties	0	0
2.02.05	Other	4,005	1,491
2.02.05.01	Reimbursement to generator	0	0
2.02.05.02	Taxes and social contributions payable	4,005	1,491
2.03	Deferred income	0	0
2.04	Minority interest	170,597	161,834
2.05	Shareholders' equity	742,056	536,808
2.05.01	Capital	713,217	527,617
2.05.01.01	Subscribed capital	713,217	713,217
2.05.01.02	Capital not paid-in	0	-185,600
2.05.02	Capital reserves	0	0
2.05.02.01	Advance for future capital increase reserve	0	0
2.05.03	Revaluation reserve	0	0
2.05.03.01	Own assets	0	0
2.05.03.02	Subsidiary/associated companies	0	0
2.05.04	Revenue reserves	0	0
2.05.04.01	Legal	0	0

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1 0 Code	2 – Description	3 - 6/30/2006	4 - 3/31/2006
2.05.04.02	Statutory	0	0
2.05.04.03	Contingencies	0	0
2.05.04.04	Unrealized profits	0	0
2.05.04.05	Retention of profits	0	0
2.05.04.06	Special for undistributed dividends	0	0
2.05.04.07	Other revenue reserves	0	0
2.05.04.07.01	Revenue reserves	0	0
2.05.05	Accumulated earnings	28,839	9,191

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Corporate Legislation
June 30, 2006

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02001-0	Equatorial Energia S.A	03.220.438/0001-73

03,01 – Consolidated Statement of Income (R$ thousand)

1 – Code	2 – Description	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.01	Gross sales and/or services revenue	257,517	502,567	201,129	391,217
3.01.01	Energy electric supply	253,880	496,027	198,256	385,648
3.01.02	Energy electric sales	1,182	1,360	33	156
3.01.03	Emergency capacity charges	1	77	4	8
3.01.04	Other revenues	2,454	5,103	2,836	5,405
3.02	Deductions from operating revenue	-65,746	-128,319	-48,836	-97,203
3.02.01	Value-Added Tax - ICMS on electricity sales	-39,094	-76,392	-28,609	-55,564
3.02.02	Social contribution on billings – COFINS	-19,657	-38,132	-11,171	-23,418
3.02.03	Social Integration Program – PIS	-4,268	-8,279	-2,491	-5,067
3.02.04	Quota for Global Reversal Reserve – RGR	-2,617	-5,234	-3,354	-6,707
3.02.05	Services Tax – ISS	-108	-229	-145	-240
3.02.06	Emergency capacity charges	-2	-53	-3,066	-6,207
3.03	Net operating revenue	191,771	374,248	152,293	294,014
3.04	Cost of sales and/or services	-101,319	-199,010	-101,715	-197,991
3.04.01	Electric energy purchased for resale	-57,215	-111,006	-51,231	-100,801
3.04.02	Charge for the transmission and distribution system use	-11,572	-22,170	-12,101	-22,520
3.04.03	Cost Operating - Personal	-3,712	-6,470	-7,632	-14,032
3.04.04	Cost Operating – Material	-761	-1,875	-915	-1,892
3.04.05	Cost Operating - Third party service	-5,531	-10,704	-7,099	-15,387
3.04.06	Cost Operating – Depreciation and amortization	-12,982	-25,468	-10,349	-20,661
3.04.07	Fuel consumption quota 0 CCC and CDE	-6,485	-15,771	-8,229	-15,166
3.04.08	Cost Operating – Leasing and rent	-118	-280	-127	-272
3.04.09	Cost Operating – Electric energy inspection fee	0	0	0	0
3.04.10	Cost Operating – Others	-2,913	-5,193	-3,427	-6,541
3.04.11	Cost Third Party Service – Personal	-4	-4	-171	-186

(A free translation of the original in Portuguese)
FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
June 30, 2006

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
02001-0	Equatorial Energia S.A	03.220.438/0001-73

1 – Code	2 – Description	3 - 4/1/2006 to 6/30/2006	4 - 1/1/2006 to 6/30/2006	5 - 4/1/2005 to 6/30/2005	6 - 1/1/2005 to 6/30/2005
3.04.12	Cost Third Party Service – Materials	-8	-41	-88	-97
3.04.13	Cost Third Party Service – Third party service	-17	-27	-298	-378
3.04.14	Cost Third Party Service - Depreciation and amortization	0	0	0	0
3.04.15	Cost Third Party Service - Leasing and rent	0	0	0	0
3.04.16	Cost Third Party Service – Other	-1	-1	-48	-58
3.05	Gross operating profit	90,452	175,238	50,578	96,023
3.06	Operating revenue/expenses	-46,477	-96,792	-29,392	-61,630
3.06.01	Selling expenses	-15,569	-31,621	-10,802	-19,757
3.06.01.01	Selling	-15,569	-31,621	-10,802	-19,757
3.06.02	General and administrative expenses	-22,791	-36,980	-13,658	-26,194
3.06.02.01	General and administrative expenses	-9,493	-17,855	-6,927	-13,437
3.06.02.02	Administrators’ fees	-924	-3,225	-595	-1,047
3.06.02.03	Allowance for doubtful accounts and credit losses	-8,151	-8,572	-3,778	-7,382
3.06.02.04	Provision for contingencies	-2,275	-3,737	-920	-1,381
3.06.02.05	Depreciation and amortization	-682	-1,299	-482	-977
3.06.02.06	Others operating expenses	-1,266	-2,292	-956	-1,970
3.06.03	Financial income (expenses)	-6,873	-25,703	-4,932	-15,679
3.06.03.01	Financial income	20,720	35,636	15,024	25,839
3.06.03.01.01	Financial income	15,761	27,254	9,175	17,525
3.06.03.01.02	Fine charged on electric energy sale	4,959	8,382	5,849	8,314
3.06.03.02	Financial expenses	-27,593	-61,339	-19,956	-41,518
3.06.03.02.01	Debt charges	0	0	-4	-8
3.06.03.02.02	Monetary and foreign exchange variation	-116	-303	-929	-1,924
3.06.03.02.03	Interest on loans and financing	-25,082	-44,409	-18,014	-37,585
3.06.03.02.04	Commission and other	0	-12,608	0	0

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3.06.03.02.05	Other	-2,395	-4,019	-1,009	-2,001
3.06.04	Other operating revenue	0	0	0	0
3.06.05	Other operating expenses	0	0	0	0
3.06.06	Equity in income	-1,244	-2,488	0	0
3.06.06.01	Equity in income from subsidiary	0	0	0	0
3.06.06.02	Goodwill amortization	-1,244	-2,488	0	0
3.06.06.03	Capital gain from subsidiary	0	0	0	0
3.06.06.04	Other income	0	0	0	0
3.07	Operating income	43,975	78,446	21,186	34,393
3.08	Non-operating result	-785	-1,547	-566	984
3.08.01	Non-operating income	73	416	319	320
3.08.01.01	Not operating income	73	416	319	320
3.08.02	Expenses	-858	-1,963	-885	664
3.08.02.01	Non-operating expenses	-858	-1,963	-885	664
3.09	Income before income tax and social contribution	43,190	76,899	20,620	35,377
3.10	Provision of income tax and social contribution tax	-6,844	-15,615	0	0
3.10.01	Social contribution tax	-1,858	-4,223	0	0
3.10.02	Income tax	-4,986	-11,392	0	0
3.11	Deferred income before income tax and social contribution	-6,677	-10,506	0	0
3.11.01	Deferred income before income tax and social contribution	-6,677	-10,506	0	0
3.12	Participation/ Statutory contribution	-9,136	-21,310	-7,235	-12,405
3.12.01	Participation	-9,136	-21,310	-7,235	-12,405

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1 – Code	**2 – Description**	**3 - 4/1/2006 to 6/30/2006**	**4 - 1/1/2006 to 6/30/2006**	**5 - 4/1/2005 to 6/30/2005**	**6 - 1/1/2005 to 6/30/2005**
3.12.01.01	Minority interest	-9,136	-21,310	-7,235	-12,405
3.15	Net income for the period	20,533	29,468	13,385	22,972

São Luis, August 14, 2006 – Equatorial Energia S/A (Bovespa: EQTL11) announces its results for the second quarter (2Q06) and first six months of 2006 (1H06). Equatorial Energia is a holding company, whose subsidiary CEMAR - Companhia Energética do Maranhão has the electricity distribution concession for the entire state of Maranhão. The financial and operating data contained herein are presented in consolidated figures, pursuant to the Brazilian Corporate Law, based on revised financial information. The operating figures of CEMAR, as well as those related to the PLPT program (Luz para Todos - Light for All) and management expectations regarding the future performance of the Company were not revised by the independent auditors.

HIGHLIGHTS - 1H06

- ✓ Net revenues totaled R$374.2 million, 27.3% up year-over-year.
- ✓ Manageable costs and expenses (excluding depreciation and amortization) amounted to R$77.7 million, equivalent to 20.8% of net revenues, 3.9 p.p. less than the 24.7% recorded in the 1H05.
- ✓ EBITDA came to R$133.4 million, 86.1% up on the R$71.7 million reported in the 1H05, reaching an EBITDA margin of 35.6%, up by 11.2 p.p.
- ✓ Net income stood at R$29.5 million, 28.3% up on the 1H05 figure of R$23.0 million. Pro forma net income, excluding expenses related to the IPO in March/06, would be R$41.3 million.
- ✓ Investments (excluding direct investments related to the PLPT) totaled R$49.3 million in the 1H06.
- ✓ CEMAR's PLPT reached 62,443 connections in June 2006 and direct investments related to the program totaled R$59.8 million in the 1H06, 36.1% up year-over-year.
- ✓ CEMAR's DEC (equivalent length of interruptions) and FEC (equivalent frequency of interruptions) improved substantially, falling 6.1% and 21.3%, respectively, over 1H05.
- ✓ The stages of CEMAR's staff restructuring program partially completed by June/06 should generate savings of R$9.9 million in the next 12 months.
- ✓ In April 2006, CEMAR received the first R$22.3 million tranche of a long-term financing line from Banco do Nordeste do Brasil – BNB.
- ✓ In June 2006, the Company contracted Pactual Corretora as market maker.
- ✓ CEMAR won the ABRADEE 2006 Award in the "Most Improved Performance" category for distributors with more than 400,000 consumers.

08.01 - Comments on Consolidated Performance

MAIN FINANCIAL AND OPERATING DATA

FINANCIAL DATA (in millions of R$)	2Q05	2Q06	% Chg.	1H05	1H06	% Chg.
Gross Revenues	201,1	257,5	28,0%	391,2	502,6	28,5%
Net Revenues	152,3	191,8	25,9%	294,0	374,2	27,3%
EBITDA	36,9	65,8	78,0%	71,7	133,4	86,1%
EBITDA Margin (% of Net Revenues)	24,3%	34,3%	10.0 p.p.	24,4%	35,6%	11.2 p.p.
Operating Result	26,1	52,1	99,4%	34,4	106,6	210,0%
Operating Margin (% of Net Revenues)	13,0%	20,2%	7.2 p.p.	11,7%	28,5%	16.8 p.p.
Net Income	13,4	19,6	46,8%	23,0	28,8	25,4%
Profit Margin (% of Net Revenues)	8,8%	10,2%	1.5 p.p.	7,8%	7,7%	-0.1 p.p.
Net Debt	385,4	179,8	-53,3%	385,4	179,8	-53,3%
Net Debt/EBITDA (LTM)	3.0x	0.7x		3.0x	0.7x	

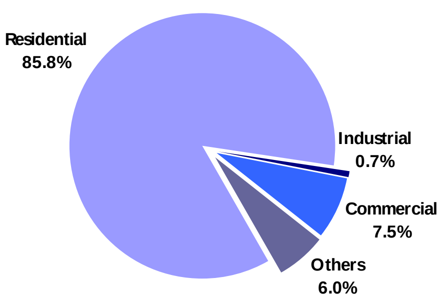
OPERATING DATA	2Q05	2Q06	% Chg.	1H05	1H06	% Chg.
Energy Sold (MWh)	677.208	697.806	3,0%	1.327.294	1.367.290	3,0%
Number of Consumers	1.202.147	1.306.885	8,7%	1.202.147	1.306.885	8,7%
Number of Employees	1.379	1.185	-14,1%	1.379	1.185	-14,1%

MARANHÃO ELECTRICITY MARKET

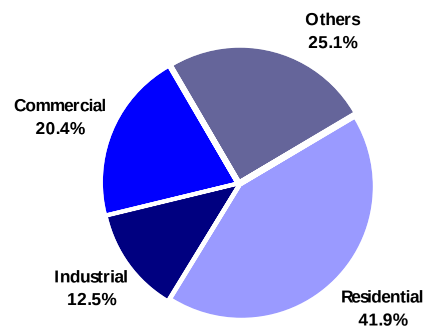
Electricity Sales

CEMAR ended 1H06 with 1,306,885 consumers. In 2Q06, billed electricity volume (excluding own consumption) totaled 697,806 MWh, generating net revenues of R$191.8 million, 25.9% more than the R$152.3 million recorded in the 2Q05, mainly due to the 3.0% increase in billed volume and the 14.6% increase in average revenues per MWh. For the first half as a whole, billed electricity came to 1,367,290 MWh, 3.0% up year-over-year, helping push up net revenues by 27.3%, from R$294.0 million in the 1H05, to R$374.2 million.

Consumer Base (% per Class)



Billed Electricity (% per Class)



CONSUMPTION CLASS (MWh)	2Q05	2Q06	% Chg.	1H05	1H06	% Chg.
Residential	274,281	292,580	6.7%	545,357	575,030	5.4%
Industrial	105,888	87,245	-17.6%	207,127	173,176	-16.4%
Commercial	135,339	142,685	5.4%	264,271	280,664	6.2%
Others	161,701	175,296	8.4%	310,538	338,420	9.0%
TOTAL	677,208	697,806	3.0%	1,327,294	1,367,290	3.0%

All segments recorded an increase in billed volume, except in the industrial class, whose consumption fell 17.6% year-over-year in the second quarter, mainly due to factors that arose in the 1Q06 (the stoppage of Itapagé Celulose, a pulp mill, reduced consumption by Primo Schincariol, a brewery, and several pig-iron plants), and:

- A 973 MWh year-over-year reduction in consumption by Indústria Itapicurú de Cimento, a cement plant, due to preventive maintenance in April and May. In June, consumption returned to normal;

- A 879 MWh reduction in consumption by Itajubara Indústria de Açúcar, a sugar mill, due to excess rainfall which reduced sugar-cane irrigation needs.

It should be emphasized that Maranhão experienced an increase in electricity demand of 1.8% in 1H06, 0.4 p.p. higher than the brazilian average (1.4%), and 0.7 p.p. higher than the Northeast region (1.1%). It is worth noting that the 3.0% increase in CEMAR's 1H06 sales volume was 1.9 p.p. higher than the 1.1% rise recorded by the consolidated market of the main distributors in the Northeast. In the second quarter, the industrial segment, despite the 17.6% drop in billed volume, posted a 1.1% year-over-year upturn in supply revenues thanks to the tariff adjustment on August 28, 2005.

Electricity Balance

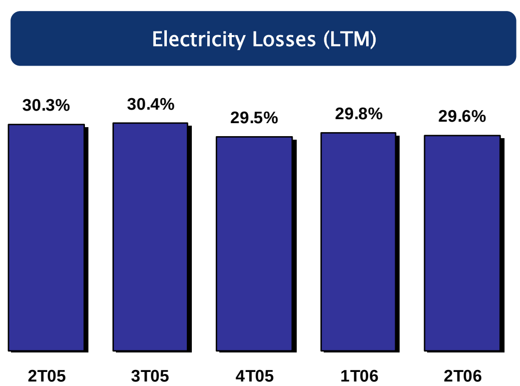
CEMAR's required volume (excluding own generation) totaled 983,932 MWh in 2Q06 and 1,950,436 MWh in 1H06, with respective consumer supply of 698,747 MWh and 1,369,287 MWh.

Electricity Balance (in MWh)	2Q05	2Q06	% Chg.	1H05	1H06	% Chg.
Required	966,722	983,932	1.8%	1,893,337	1,950,436	3.0%
Sales (including Own Consumption)	678,396	698,747	3.0%	1,329,665	1,369,287	3.0%
Losses	288,326	285,185	-1.1%	563,672	581,149	3.1%

Electricity Losses

Electricity losses in the last 12 months, excluding basic network losses, amounted to 29.6% in the 2Q06, 0.7 p.p. down on the same period in 2005, thanks to several initiatives started during the previous quarters, such as: a) new methodology for managing commercial losses and reorganization of related processes; b) adoption of new measurement equipment for high-tension customers and large low-tension customers; and c) auditing of supply point measurements.

It is worth pointing out that, if we do not consider the impact of Itapagé Celulose's stoppage, the LTM electricity losses would have been 29.3%.



Average Revenues per MWh

In the 2Q06, gross revenues averaged R$321.0/MWh, 14.6% more than the R$280.0/MWh recorded in the 2Q05. The first-half figure averaged R$330/MWh, 22.7% up year-over-year.

Average Cost per MWh

The first-half average electricity acquisition cost (excluding transport and net of PIS and COFINS taxes) stood at R$54.90 per MWh, 6.3% up year-over-year.

AVERAGE ELECTRICITY ACQUISITION COST	1H05	1H06	% Chg.
Electricity purchased* (Millions of R$)	100,8	111,0	10,1%
Contracted MWh	1.952.979	2.023.312	3,6%
R$/MWh	51,6	54,9	6,3%

*Net of PIS/COFINS

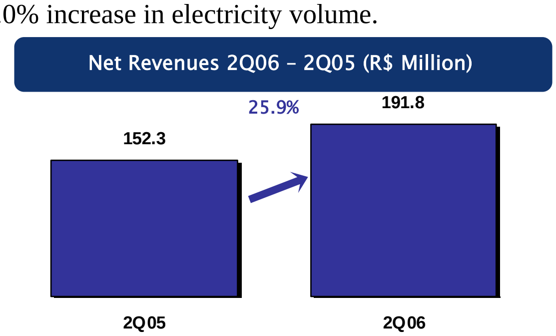
This increase was due to the termination of initial contracts with ELETRONORTE and CEPISA, at an average cost of R$55.77/MWh; the entering into effectiveness of the contracts referring to the 2006/2014 product celebrated at the Existing Energy Auction in December 2004, at an average cost of R$67.33/MWh, and the Mechanism for Compensation of Surplus and Deficits (MCSD) of September/05, at an average cost of R$57.51/MWh.

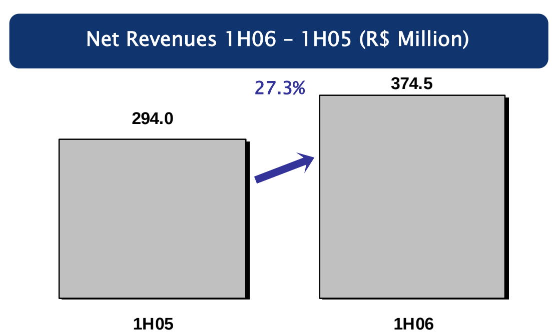
CONTRACTS (MWh)	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Chesf Auction	148,920	-	-	-	-	-	-	-	-	-
Product 2005/2012	2,922,632	2,922,632	2,930,639	2,922,632	2,922,632	2,922,632	2,930,639	-	-	-
Product 2006/2013	1,110,517	1,110,517	1,113,560	1,110,517	1,110,517	1,110,517	1,113,560	1,110,517	-	-
Product 2007/2014	-	405,307	406,418	405,307	405,307	405,307	406,418	405,307	405,307	-
Product 2008/2015	-	-	213,451	212,868	212,868	212,868	213,451	212,868	212,868	212,868
Proinfa	12,413	104,244	104,530	104,244	104,244	104,244	104,530	104,244	104,244	104,244
MCSD	52,665	51,859	52,001	51,859	51,859	51,859	52,001	-	-	-
MCSD 4%	32,412	32,412	32,501	32,412	32,412	32,412	32,501	8,926	-	-
New Energy 2008/2022/2037	-	-	25,649	25,579	25,579	25,579	25,649	25,579	25,579	25,579
New Energy 2009/2023/2038	-	-	-	138,846	138,846	138,846	139,226	138,846	138,846	138,846
New Energy 2010/2024/2039	-	-	-	-	369,847	369,847	370,860	369,847	369,847	369,847
A-3 Auction	-	-	-	239,498	239,498	239,498	240,155	239,498	239,498	239,498
TOTAL - MWh	4,279,558	4,626,971	4,878,748	5,243,763	5,613,610	5,613,610	5,628,990	2,615,634	1,496,190	1,090,883

ECONOMIC AND FINANCIAL PERFORMANCE

Net Revenues

Net revenues totaled R$191.8 million in the 2Q06 and R$374.2 million in the 1H06, 25.9% and 27.3% up year-over-year respectively. The increases were chiefly due to the positive impact of the late August/05 tariff increase, which averaged 15.95%, the 3.8% CVA pass-through and the 3.0% increase in electricity volume.





In the second quarter, the consumption segments accounting for the largest year-over-year growth were: residential – 21.0%, commercial – 19.0% and other – 21.7%. The variations posted in the 1H06, were: residential – 20.5%, commercial – 20.6% and other – 23.5% (based on gross revenues per segment, including ICMS, PIS and COFINS taxes).

Operating Costs and Expenses

In 2Q06, operating costs and expenses (manageable and non-manageable, excluding depreciation and amortization) totaled R$126.0 million, or 65.7% of net revenues, 10.0 p.p. down on the 75.7% of net revenues recorded in the same period of 2005. In the first half, the figure stood at R$240.8 million, or 64.4% of net revenues, 11.3 p.p. down year-over-year.

R$ Million	Avg. Q05	2Q05	2Q06	% Chg.	Avg. H05	1H05	1H06	% Chg.
MANAGEABLE COSTS AND EXPENSES	38,4	39,0	43,2	10,7%	76,9	72,6	77,7	7,0%
MANAGEABLE COSTS AND EXPENSES (% Net Revenues)	*23,1%*	*25,6%*	*22,5%*	*-3.1 p.p.*	*23,1%*	*24,7%*	*20,8%*	*-3.9 p.p.*
Personnel	12,8	13,4	10,6	-20,5%	25,5	23,0	22,0	-4,5%
Material	1,4	1,3	1,0	-20,8%	2,8	2,5	2,4	-3,8%
Services	15,0	14,4	15,3	6,6%	30,0	29,4	28,7	-2,3%
Others	2,8	4,2	2,8	-33,3%	5,6	5,9	5,4	-7,4%
PMSO	32,0	33,2	29,7	-10,4%	63,9	60,8	58,5	-3,7%
PMSO (% Net Revenues)	*19,2%*	*21,8%*	*15,5%*	*-6.3 p.p.*	*19,2%*	*20,7%*	*15,6%*	*-5.0 p.p.*
Provisions	5,0	4,7	10,4	121,9%	10,0	8,8	12,3	40,4%
PMSO w/ Provisions	37,0	37,9	40,2	6,0%	73,9	69,5	70,8	1,9%
PMSO w/ Provisions (% Net Revenues)	*22,2%*	*24,9%*	*20,9%*	*-3.9 p.p.*	*22,2%*	*23,6%*	*18,9%*	*-4.7 p.p.*
Restructuring Expenses	1,5	1,1	3,0	167,8%	2,9	3,1	6,9	124,5%
NON-MANAGEABLE COSTS AND EXPENSES	77,0	76,3	82,8	8,5%	153,9	149,7	163,2	9,0%
Electricity Purchased	53,8	51,2	57,2	11,7%	107,5	100,8	111,0	10,1%
Charges for the Use of the Transmission and Distribution System	11,9	12,1	11,6	-4,4%	23,8	22,5	22,2	-1,5%
Fuel Consumption Account - CCC	6,8	7,1	5,4	-24,5%	13,6	14,9	13,5	-9,0%
Energy Developement Account - CDE	1,1	1,1	1,1	0,0%	2,2	2,2	2,2	1,6%
CVA Amortization	5,5	4,1	6,0	44,6%	10,9	8,1	11,7	44,6%
Others	(2,0)	0,6	1,6	158,1%	(4,1)	1,2	2,5	102,4%
DEPRECIATION & AMORTIZATION (D.&A.)	12,2	10,8	13,7	26,2%	24,4	21,6	26,8	23,7%
OPERATING COSTS AND EXPENSES (Ex-D.&A.)	115,4	115,3	126,0	9,3%	230,8	222,3	240,8	8,3%
OPERATING COSTS AND EXPENSES (Ex- D.&A. - % Net Revenues)	*69,4%*	*75,7%*	*65,7%*	*-10.0 p.p.*	*69,4%*	*75,6%*	*64,4%*	*-11.3 p.p.*
TOTAL (Inc. D.&A.)	127,6	126,1	139,7	10,7%	255,2	243,9	267,6	9,7%

Manageable Costs and Expenses

Manageable costs and expenses, represented by personnel, materials, services, provisions and others (excluding depreciation and amortization) totaled R$43.2 million in the 2Q06 and R$77.7 million in the 1H06, up by 10.7% and 7.0% year-over-year, respectively. As a percentage of net revenues, however, the figures fell by 3.1 p.p. and 3.9 p.p., respectively.

Personnel expenses, excluding the costs associated with staff restructuring, fell 20.5% between the 2Q05 and 2Q06, from R$13.4 million to R$10.6 million, due to the 14.1% reduction in the number of direct employees, from 1,379 on June 30, 2005 to 1,185 on June 30, 2006. In 1H06, these expenses fell by 4.5%, from R$23.0 million, in the 1H05, to R$22.0 million. Restructuring expenses totaled R$6.9 million in the 1H06, 124.5% up on the R$3.1 million recorded in the 1H05. CEMAR's personnel restructuring program, implemented before June/06, will generate savings of around R$9.9 million over the next 12 months.

Materials expenses totaled R$1.0 million in the 2Q06 and R$2.4 million in the 1H06, 20.8% and 3.8% down year-over-year respectively.

The Company incurred outsourced service expenses of R$15.3 million in the 2Q06 and R$28.7 million in 1H06, 6.6% up and 2.3% down, respectively, over the corresponding periods. This reduction was due to a reduction in service prices through contractual renegotiations and to gains in productivity, the latter despite an increase in network and substation maintenance, the increase in disconnection and connection staff and the upturn in meter inspections.

Provisions (bad debt provisions and contingencies) totaled R$10.4 million in the 2Q06, R$5.7 million more than in the same period last year, chiefly caused by: a) the R$1.3 increase in provisions for contingencies; and b) the R$4.3 million upturn in bad debt provisions.

Non-Manageable Costs and Expenses

In the 2Q06, CCC (Fuel Consumption Account) disbursements, net of CVA recognitions, totaled R$5.4 million, 24.5% higher than in 2Q05.

The CDE (Energy Development Account) reached R$1.1 million in 2Q06, with no change year-over-year. In the 1H06, CCC and CDE disbursements totaled R$13.5 million and R$2.2 million, a year-over-year decline of 9.0% and growth of 1.6%, respectively.

It is worth noting that, in the 1H06, a non-recurring expense of R$1.7 million was booked under other non-manageable costs and expenses as unrealized sector investments regarding the 2005/2006 Research and Development obligatory investments, regulated by Aneel in April 2006.

CVA [1]

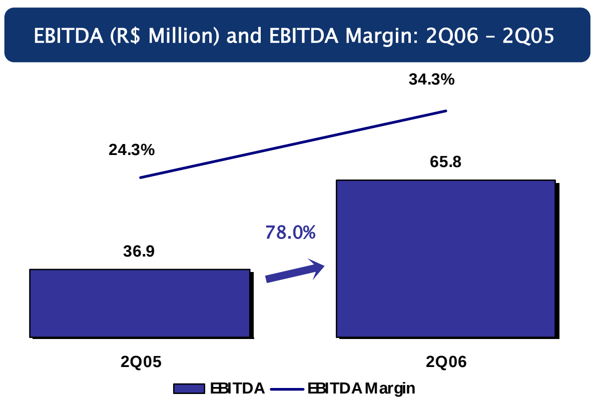
In the 1H06, the CVA came to R$9.1 million and CVA amortization to R$11.7 million, up by R$7.3 million and R$3.6 million year-over-year, respectively. In the 2Q06, the figures stood at R$4.5 million (CVA) and R$6.0 million (amortizations), respective increases of R$3.7 million and R$1.8 million over the 2Q05.

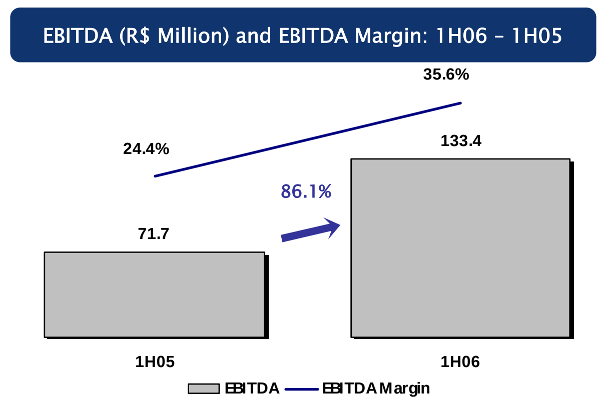
CVA (R$ Thousands)	2Q05	2Q06	% Chg.	1H05	1H06	% Chg.
CVA	756	4,447	487.8%	1,814	9,098	401.5%
Amortization	(4,142)	(5,991)	44.7%	(8,118)	(11,739)	44.6%

1 The increase in certain non-manageable costs and expenses referring to Part A of CEMAR's tariff is not synchronized with the Company's annual tariff adjustments. Consequently, these costs and expenses generate disbursements which diverge from those expected during the period between tariff increases. These differences are recorded in the Compensation Account for the Variation in Parcel A Items ("CVA") and updated until the following adjustment, when they are passed on to the tariff. The main costs and expenses expected in Part A and not connected with our adjustment are: CCC, CDE, Electric Energy and Basic Network Use. After being passed on to the tariff, the CVA balances are amortized as the disbursed differences are recovered.

EBITDA

EBITDA totaled R$65.8 million in the 2Q06 and R$133.4 million in the 1H06, 78.0% and 86.1% higher, respectively, than the R$36.9 million and R$71.7 million reported in the same periods in 2005. The EBITDA margin (% of net revenues) stood at 34.3% in the 2Q06, up by 10.0 p.p. year-over-year, and 35.6% in the 1H06, up by 11.2 p.p.





Equatorial Energia's new management model, still being consolidated at CEMAR, continues to streamline operating processes and activities, maintaining strict control over manageable expenses and creating new opportunities to add value, reflected in higher margins and cash generation.

Financial Result

The Company's financial result was R$6.9 million negative in the 2Q06, compared to the negative R$4.9 million in the 2Q05. Financial revenues grew by 37.9% between the two periods, from R$15.0 million to R$20.7 million, while financial expenses increased by 38.3%, from R$20.0 million to R$27.6 million.

The increase in financial revenues was basically due to earnings from the IPO proceeds. The upturn in financial expenses was caused by: a) the first tranche of the financing contracted by CEMAR from BNB, which generated fees one time and commissions of around R$6.1 million; and b) the payment of interest on this financing starting in May 2006.

Income Tax and Social Contribution

Income tax and social contribution on net income amounted to R$13.5 million in the 2Q06 and R$26.1 million in the 1H06.

Of these totals, R$6.5 million (2Q05) and R$10.4 million (1H05) referred to the amortization of deferred taxes (registered at the end of 2005), based on CVM Instruction number 371/2000.

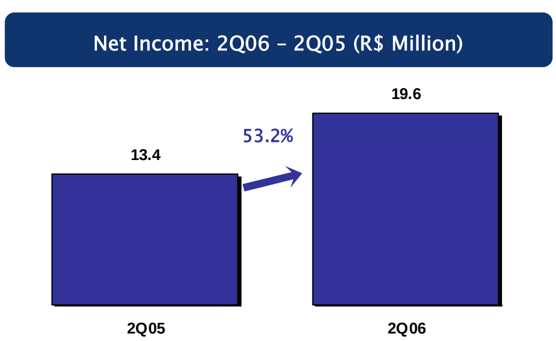
Income Tax / Social Contribution (in millions of R$)	1Q06	2Q06	1H06
Expense Income Tax/ Social Contribution	12.6	13.5	26.1
(-) Deferred Tax Asset	-3.9	-6.5	-10.4
(-) ADENE Incentive	-3.0	-2.7	-5.7
Tax / Cash Basis	5.7	4.3	10.0
Earnings Before Tax	33.7	43.2	76.9
Effective Income Tax/Social Contibution (%)	37.4%	31.3%	33.9%
Effective Tax Rate (%) - Cash Basis	16.8%	10.0%	13.0%

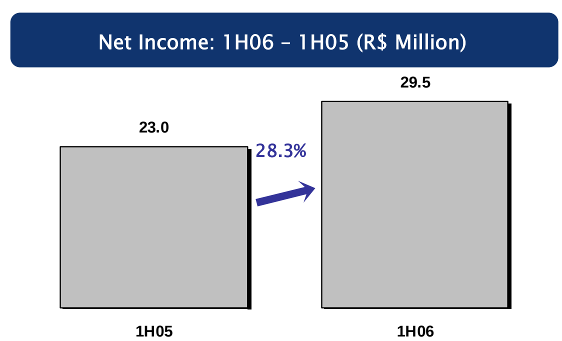
The income statement does not reflect the tax incentive obtained from the Northeast Development Agency – ADENE, which reduces taxes payable (cash effect) and is recorded as capital reserve in the shareholders' equity account. In the 2Q06 this incentive amounted to R$2.7 million and in the 1H06, this benefit totaled R$5.7 million (see table above).

Effective disbursements with income taxes and social contributions in the 2Q06 and 1H06 totaled R$4.3 million and R$10 million, respectively.

Net Income

The Company posted a net income of R$20.5 million in the 2Q06, versus R$13.4 million in the 2Q05, an increase of 53.2%, and R$ 29.5 million in the first half, 28.3% up year-over-year.



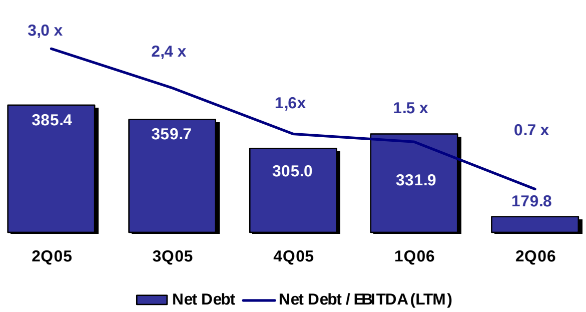


1H06 pro forma net income, disconsidering the costs related to March's IPO, would come to R$41.3 million, 79.8% more than in the same period in 2005.

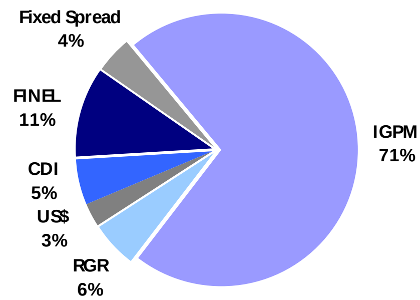
INDEBTEDNESS

The Company's total debt, including servicing charges, amounted to R$535.1 million in the 2Q06, R$ 20.6 million or 3.9% than in the previous quarter, and R$60.0 million or 12.6%, higher than in the 2Q05. The net debt, considering cash, cash equivalents and net regulatory assets, stood at R$179.8 million in the 2Q06, 45.8% down on the 1Q06 figure of R$331.9 million and 53.3% less than the R$385.4 million recorded in the 2Q05.

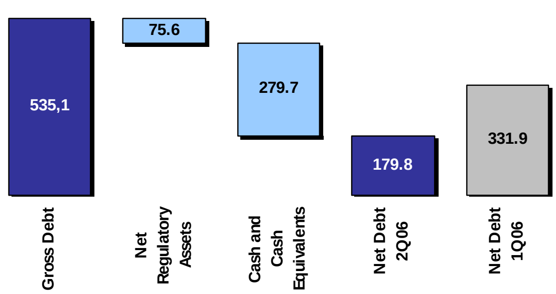
Net Debt (R$ million) and Net Debt / EBITDA (LTM)



Gross Debt Breakdown (% per Index)



Net Debt Conciliation (R$ million)



Debt Amortization Schedule

Maturity	Thousands of R$	Total %
Short Term	**35.743**	**6,7%**
Long Term	**499.355**	**93,3%**
2007	28.038	5,2%
2008	65.675	12,3%
2009	69.491	13,0%
2010	58.636	11,0%
After 2010	277.515	51,9%
Total	**535.098**	**100,0%**

At the close of 2Q06, the outstanding balance of the debentures totaled R$20.8 million (R$22.3 million in the 1Q06), 6.6% down year-over-year. Similarly, contracts with the National Treasury had a debt balance of R$15.2 million, 6.4% down, chiefly due to the 5.9% period appreciation of the Real.

By the end of 2Q06, the debt balance with Eletrobrás totaled R$285.7 million (R$281.7 million in the 1Q06), 1.4% up year-over-year due to the increases in the general market price index (IGP-M) in May and June and the partial capitalization of interest expenses envisaged in the financing agreements.

Gross debt increased because of the release of the first R$22.3 million tranche of a R$136.1 million financing line granted by BNB to CEMAR to reduce energy losses, improve electricity supply quality, increase supply capacity and restructure IT systems. The BNB financing line, with a 3-year grace period and 8 years of amortization at an effective nominal rate of 11.9% p.a., maintains the quality of CEMAR's debt, whose average cost in the last 12 months was 10% p.a. (65.6% of the CDI) and an average maturity of 10.1 years. It is concentrated in the long term, with a mere 6.7% being due in the short term. Despite the increase in debt, Equatorial's net debt/EBITDA ratio closed at 0.7x, thanks to cash generation in the 2Q06 and funds from the IPO.

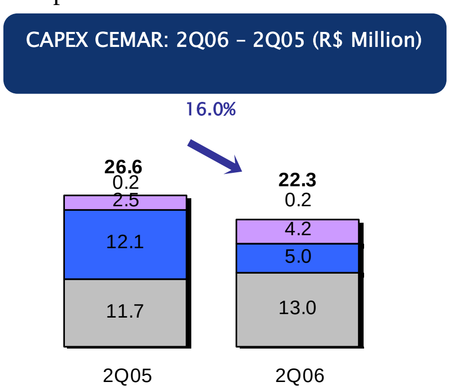
CAPEX

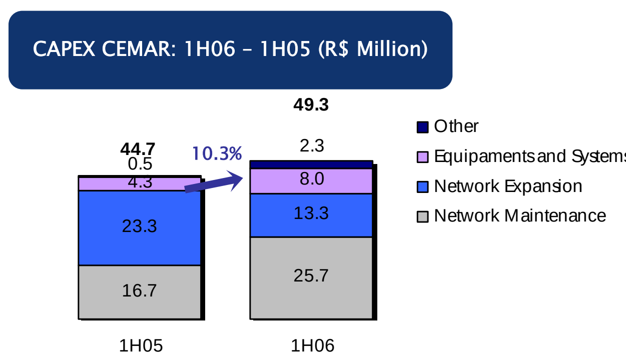
Investments are aimed at improving CEMAR's electrical system in Maranhão, thereby providing more reliable and better quality energy supply to its consumers. Together with the PLPT, financed by the federal government and managed by the Ministry of Mines and Energy and Eletrobrás at national level, total funds invested in the last 12 months came to R$270.0 million, one of Maranhão's largest ongoing investment programs.

CEMAR's CAPEX

CEMAR's investments, excluding those directly related to the PLPT, totaled R$22.3 million in the 2Q06, 16.0% less than the R$26.6 million invested in the 2Q05. In the first half, they totaled R$49.3 million.

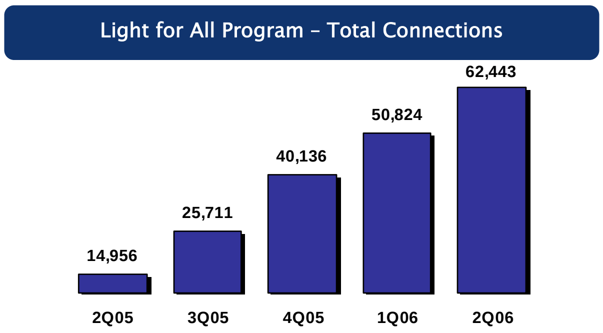
We expect annual investments of close to R$120 million.



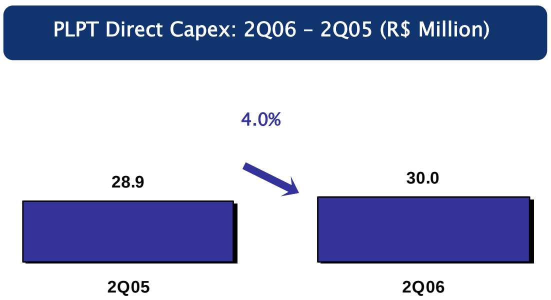


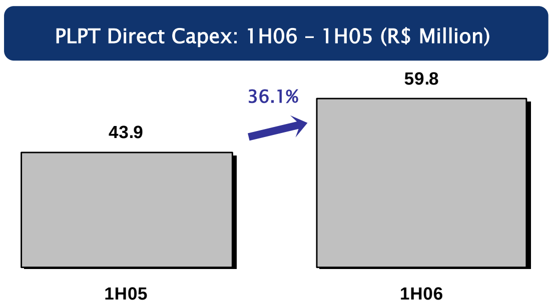
Light for All Program (PLPT)

By the end of 2006, 62,443 consumers were connected to CEMAR's distribution network through the PLPT, directly benefiting some 312,000 inhabitants. The PLPT is already present in 143 of Maranhão's municipalities, contributing to the development of areas isolated from the urban centers and generating wealth in these localities.



In the 2Q06, direct investments in the PLPT, which includes expenses with materials, outsourced services and related taxes, totaled R$30.0 million,enabling the addition of 11,619 new connections, 46.6% higher than the 2Q05 figure. In the 1H06, such investments reached R$59.8 million, 36.1% up year-over-year.





OPERATING INDICES

These investments, plus the changes in network operation, maintenance and the restructuring of CEMAR's corporate management continue to improve the Company's quality and efficiency indices, as shown below.

Operating Quality

In June, CEMAR obtained the best DEC and FEC indices since 2001, when these parameters were first measured in the entire state of Maranhão. DEC refers to the equivalent length of interruptions and FEC to the equivalent frequency of interruptions.

In the 2Q06, DEC and FEC came to 11.8 hours (h) and 5.9 times (x), 10.0% and 23.5% down, respectively, on the same period in 2005. In the first-half, they stood at 27.3h and 13.6x, down by 6.1% and 21.3% year-over-year, respectively, despite the excessive rainfall[2]. With the entry of new service providers, continuing centralized coordination by the System Operating Center and the Distribution Operating Centers and our preventive actions, we expect to maintain this downward trend.

2 - Between February/06 and April/06, total rainfall averaged 918.00 mm throughout Maranhão, 23.8 % higher than the historical average of 741.6 mm.

In São Luis, the DEC and FEC measured 6.2h and 4.1x in the 2Q06, a 22.3% and 41.0% decrease over the 2Q05. In the 1H06, the reduction was even more significant – the DEC fell from 19.6h to 12.3h, down by 37.1% year-over-year, and the FEC from 15.9x to 7.9x, down by 50.0%, thanks to a specific investment and network management plan for the state capital.

DEC (Hours)	2Q05	2Q06	Aneel Q. Target	% Chg.	1H05	1H06	Aneel Y. Target	% Chg.
CEMAR	13.1	11.8	37.7	-10.0%	29.0	27.3	62.8	-6.1%
SLZ	8.0	6.2	18.0	-22.3%	19.6	12.3	30.0	-37.1%

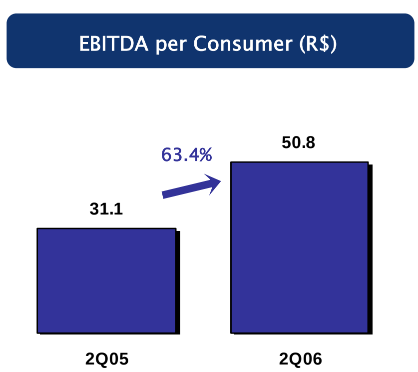
FEC (# of times)	2Q05	2Q06	Aneel Q. Target	% Chg.	1H05	1H06	Aneel Y. Target	% Chg.
CEMAR	7.8	5.9	27.2	-23.5%	17.3	13.6	45.3	-21.3%
SLZ	6.9	4.1	18.0	-41.0%	15.9	7.9	30.0	-50.0%

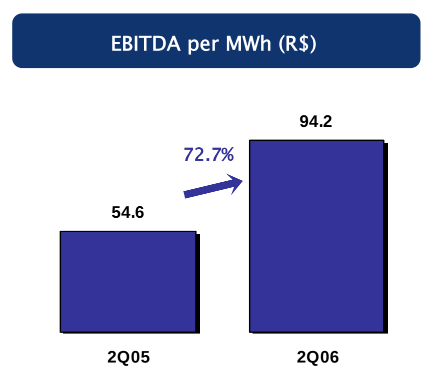
Note: Aneel determines targets for each geographic unit (most often, equivalent to one county) of the concession area monthly, quarterly and annual. The quarter target represents 60% of the annual target, according to Aneel calculation method. Thus, Cemar's DEC (Average Duration of interruptions) and FEC (Average Frequency of Interruptions) are a weighted average of consumers' number by each geographic unit of CEMAR's concession area.

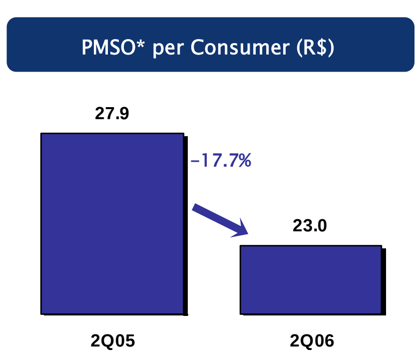
Source: Regulatory Deliberation number. 209/2006 - Aneel

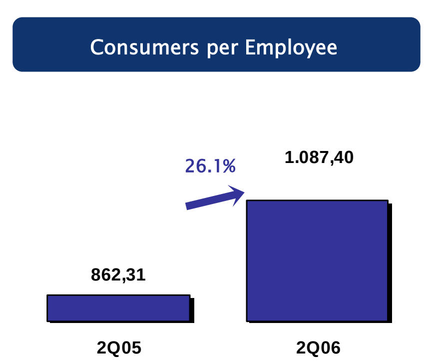
Efficiency

For its 2005 results, CEMAR was chosen by ABRADEE (Brazilian Association of Electric Energy Distributors) as Brazil's best distributor with more than 400,000 consumers in the Most Improved Performance category. The charts below show certain indices used to measure operating efficiency in the sector.









* excluding provisions and restructuring costs

CUSTOMER SERVICE

In the first half of 2006, we consolidated CEMAR's new customer service strategy through the new call center and a series of stands set up in busy locations, such as shopping malls and supermarkets. In the second quarter, CEMAR entered into a partnership with Caixa Econômica Federal, a federal bank, to supplement the services currently provided by the lottery houses. In addition to paying their electricity bills, consumers can also now issue a duplicate copy of the invoice with their consumer number only.

CEMAR's branch network has also been reorganized. Nowadays the network is divided between outsourced service centers and accredited agencies.

Customer Service 2004/2005

Customer Service 2005/2006

CAPITAL STOCK

On April 5, 2006, as previously disclosed, Equatorial Energia carried out its IPO via a primary and secondary offering, increasing the Company's capital by R$185.6 million via the issue of 12,800,000 common and 25,600,000 preferred shares in the form of 12,800,000 share deposit certificates (Units). Thus, on June 30, 2006 the Company's subscribed and paid-in capital totaled R$713.2 million (versus R$527.6 million in the 1Q06), broken down in shares as follows:

SHAREHOLDERS	Total	Ownership (%)	Common	Ownership (%)	Preferred	Ownership (%)
BRASIL ENERGIA I LLC	79,890,009	40.6%	63,706,828	62.1%	16,183,181	17.2%
MINORITY SHAREHOLDERS	116,785,168	59.4%	38,928,392	37.9%	77,856,776	82.8%
TOTAL	196,675,177	100.0%	102,635,220	100.0%	94,039,957	100.0%
UNITS - PRO FORMA	65,558,392		34,211,740		31,346,652	

CORPORATE GOVERNANCE

At a meeting on May 30, 2006, Equatorial Energia’s Board of Directors elected Mr. Leonardo Dias as CFO and Investor Relations Officer. On the same date, CEMAR’s Board of Directors elected Mr. Carlos Piani as CEO and Mr. Leonardo Dias as CFO and Investor Relations Officer.

SERVICES PROVIDED BY THE INDEPENDENT AUDITORS

The Company did not hire KPMG Auditores Independentes, its external auditors, for any other services beyond auditing. The Company’s hiring policy is designed to ensure the independence of the auditors, in line with the prevailing regulations. Essentially, these determine that the auditors may not audit their own work nor exercise any managerial function for their clients or promote their clients’ interests.

Report of independent accountants on special review

(A translation of the original report in Portuguese as filed with the Brazilian Securities Exchange Commission (CVM) containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil and the regulations issued by the CVM)

To
Board of Directors and Shareholders
Equatorial Energia S.A.
São Luis - MA

1. We have reviewed the quarterly financial information of Equatorial Energia S.A. for the quarter ended June 30, 2006, comprising the balance sheet and the consolidated balance sheet of the Company and its subsidiary, the related statement of income and the consolidated statement of income, the management report and other relevant information, prepared in accordance with accounting practices adopted in Brazil.

2. Our review was performed in accordance with auditing standards established by the IBRACON - Brazilian Institute of Independent Auditors and the Federal Council of Accountancy, which comprised mainly: (a) inquiries and discussion with management responsible for the accounting, financial and operational areas of the Company and its subsidiary regarding the criteria adopted in the preparation of the quarterly information; and (b) review of post-balance sheet information and events, which have, or may have a material effect on the financial and operational position of the Company and its subsidiary.

3. Based on our special review, we are not aware of any material changes which should be made to the aforementioned quarterly information for it to be in accordance with accounting practices adopted in Brazil and the regulations issued by the Brazilian Securities Exchange Commission (CVM), specifically applicable to the mandatory quarterly information.

17.01 - Report on the Special Review

4. As mentioned in Note 5c, the consolidated quarterly information includes R$8,010 thousands of subsidiary's long-term accounts receivable deriving from the commercialization of electric power by a subsidiary within the sphere of the Electric Energy Commercialization Chamber - CCEE (formerly the Wholesale Electric Energy Market - MAE), accounted for according to the amounts provided by the CCEE and instructions issued by the Brazilian Electricity Regulatory Agency - ANEEL. The realization of this amount will be determined by the outcome of judicial proceedings brought by companies operating in the sector concerning the interpretation of market regulations.

5. The quarterly financial information for the quarter ended June 30, 2005, presented for comparative purposes, was not reviewed by independent auditors.

August 4, 2006

KPMG Auditores Independentes
CRC-SP-14.428/O-6-F-RJ

Vânia Andrade de Souza
Contador CRC-RJ-057.497/O-"S"-MA

(A free translation of the original in Portuguese)
FEDERAL GOVERNMENT SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
QUARTERLY INFORMATION (ITR)
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Unaudited

Corporate Legislation
June 30, 2006

01 - IDENTIFICATION		
1 - CVM CODE	**2 - COMPANY NAME**	**3 - National Corporate Taxpayers' Registry (CNPJ)**
02001-0	Equatorial Energia S.A	03.220.438/0001-73