



SECOND QUARTER 2017 RESULTS

São Paulo, August 10, 2017.

HIGHLIGHTS OF THE PERIOD, AND SUBSEQUENT EVENTS

- Sale of Alto Sertão II wind farm complex completed, for base price of R\$ 600.0 million. (Subsequent event)
- Full settlement of Holding Company debentures – total R\$ 365 million (subsequent event)
- Advanced negotiations for the sale of the Umburanas Complex (605 MW of installed capacity) to Engie Brasil Energia S.A. (subsequent event)
- Non-binding offer: Exclusivity for due diligence and negotiation for primary equity financing granted to Brookfield Energia Renovável. (Subsequent event)
- Shares in Terraform Global sold for US\$ 92.8 million; with arbitration terminated on payment of US\$ 15.0 million to Renova.
- Capital increase completed: total subscription of R\$ 112.8 million, of which R\$ 96 million from the controlling stockholders.
- MCS D 4+: Permanent cancellation of PPAs for: 2012 A–5 LEN auction (*Alto Sertão III* Complex – installed capacity 10.2 MW average); and 2013 A–5 LEN auction (*Umburanas* Complex – installed capacity 178.0 MW average.).
- Record power generation: In May 2017 the *Espigão* Wind Farm of the Alto Sertão II Complex beat the Brazilian generation record with a capacity factor of 63.2%.
- In 2Q17:

Net operational revenue:	R\$ 184.9 million;
Adjusted Ebitda:	-R\$ 11.8 million;
Net profit	R\$ 134.2 million.

CONFERENCE CALL ON 2Q RESULTS

August 14, 2017
3 p.m. BRT; 2 p.m. EDT

Conference password: Renova Energia
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Presentation slides and audio will be available at <http://ri.renovaenergia.com.br>

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AT AUGUST 10, 2017:
RNEW11 = R\$ 7.10/Unit

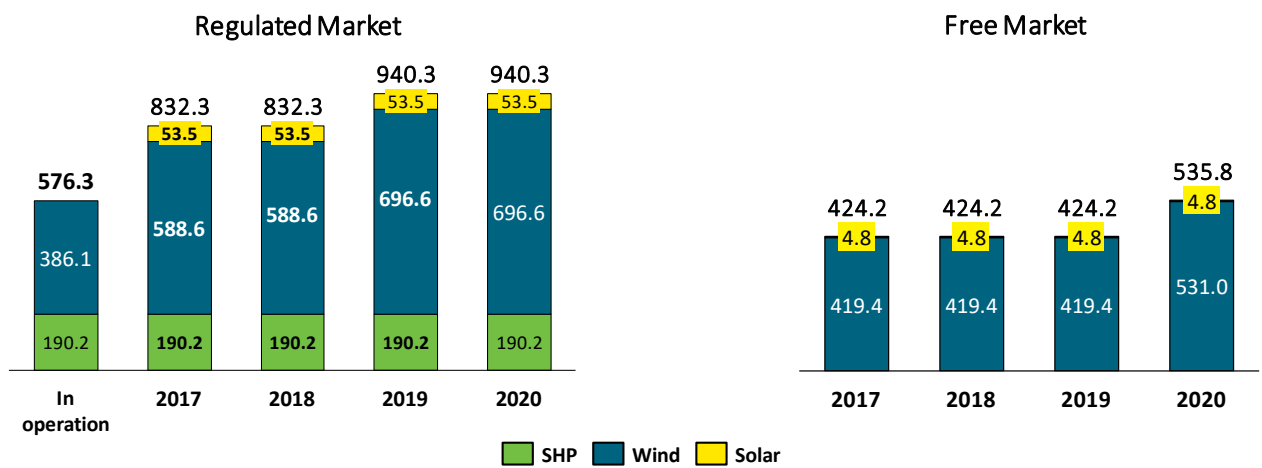
MARKET VALUE
RNEW11 = R\$ 987.4 million

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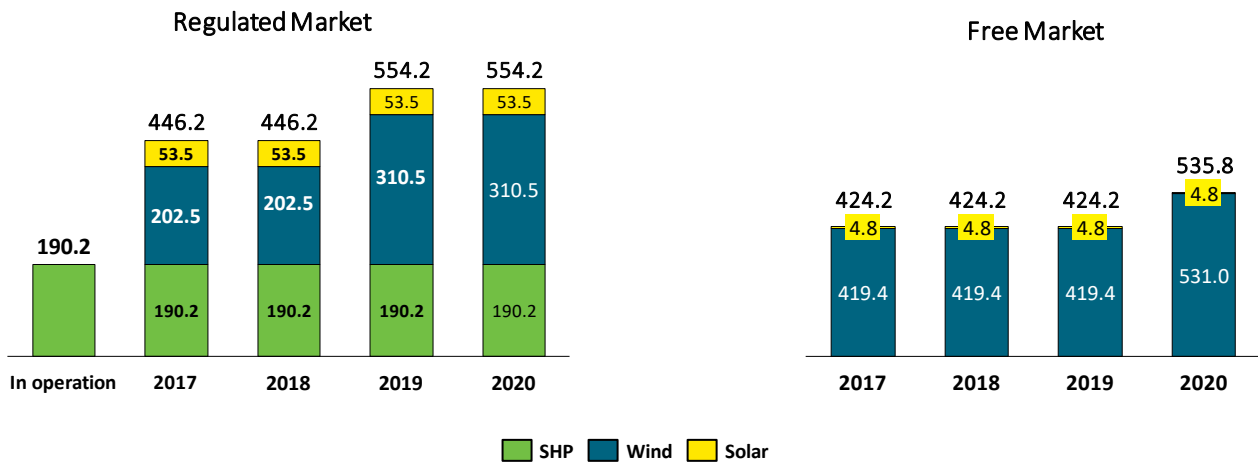
1 – ABOUT RENOVA ENERGIA

Renova Energia S.A. is a renewable-source electricity power generator, focusing on generation by wind farms, Small Hydro Plants (PCHs) and solar energy. It has been prospecting, developing and implementing projects to generate power from renewable sources for 16 years – having invested to build a highly qualified multidisciplinary team of experienced electricity sector professionals over this period.

INSTALLED CAPACITY CONTRACTED – MW



INSTALLED CAPACITY CONTRACTED – MW – Post ASII Sale¹



¹ On August 3rd, 2017, Renova completed the sale of the Alto Sertão II Complex (LER 2010 and LEN 2011) with 386 MW of installed capacity.

2. RENOVA – PORTFOLIO OF CONTRACTED PROJECTS²

Parks	Source	Complex	Installed Capacity (MW)	Energy Sold (avg MW)	Number of wind farms	Start of the contract
LER 2013	Wind	Alto Sertão III - Fase A	159.0	73.7	9	Sep-15
LEN A-5 2014	Wind	Umburanas	108.0	49.4	5	Jan-19
LER 2014	Wind	Alto Sertão	43.5	20.9	3	Oct-17
LER 2014	Solar	Alto Sertão	53.5	10.9	4	Oct-17
ESPRA	SHP	-	41.8	18.7	3	2008
Brasil PCH ¹	SHP	-	148.4	95.8	13	2008/2009
REGULATED MARKET	-	-	554.2	269.5	37	-
Light I	Wind	Alto Sertão III - Fase A	200.7	100.2	12	Sep-15/Jan-16
Light II	Wind	Alto Sertão III - Fase B	199.8	100.2	12	Jan-20
Mercado Livre I	Wind	Alto Sertão III - Fase B	21.6	11.0	2	Jan-16
Mercado Livre II	Wind	Alto Sertão III - Fase B	98.1	50.0	8	Jan-17
Mercado Livre III	Wind	Alto Sertão III - Fase A	32.4	15.0	2	Sep-2015
Híbrido	Solar	Alto Sertão	4.8	1.0	1	2016
FREE MARKET	-	-	557.4	277.4	37	-
TOTAL	-	-	1,111.6	546.9	74	-

¹ Figures are for Renova's 51% interest.

² On August 3rd, 2017, Renova completed the sale of the Alto Sertão II Complex (LER 2010 and LEN 2011) with 386 MW of installed capacity.

MESSAGE FROM MANAGEMENT

In recent months Renova has concluded two important transactions which jointly represent a major step toward re-establishment of its financial equilibrium. On June 29, 2017 Renova sold to Brookfield Asset Management 20.3 million shares that it held in TerraForm Global, for **US\$ 92.8 million** (R\$ 302.2 million). As part of the same transaction, Renova terminated the arbitration proceedings against TerraForm Global, in consideration of payment to Renova of US\$ 15.0 million (R\$ 48.6 million) – bringing the total amount of the transaction to US\$ 107.8 million. Subsequently, on August 3, 2017, Renova completed the sale of the Alto Sertão II wind farm complex to AES Tietê for a base transaction amount of R\$ 600 million. [TSZ1]

The proceeds from these two transactions are being used to reduce the Company's debt, and for the Alto Sertão III project (installed capacity 437MW). These two transactions are part of a restructuring plan with three pillars: Adaptation of capital structure, revision of business plan, and restructuring of internal processes and equipment.

Adaptation of capital structure

In 2Q17 Renova continued the adaptation of its capital structure, begun last year, with three principal steps:

- 1) Capital increase: On June 20, 2017 Renova completed the process of capital increase for a total of R\$ 112.7 million, of which R\$ 56 million was subscribed by Cemig GT, R\$ 30 million by Light Energia, R\$ 10.0 million by RR Comercializadora, and R\$ 16.7 million by minority stockholders.
- 2) Sale of the shares in TerraForm Global to Brookfield Asset Management, with termination of the arbitration proceedings against Brookfield, for a total transaction amount of US\$ 108.0 million.
- 3) Sale of the Alto Sertão II Complex: On August 3 the sale to AES Tietê of this complex, of 15 wind farms with total capacity of 386 MW, for R\$ 600 million, was completed.

As well as reducing the Company's debt, these transactions are fundamental for conclusion of the works of the Alto Sertão III project and the Hybrid project, both of which are at an advanced stage of construction (87%).

Revision of the business plan

In 2016 Renova began the revision of its business plan. It canceled the Jacobina ('Zeus') project (676 MW); opted not to participate in the 2015 LER auction project (30 MW); postponed the start of operation of 67% of the Light II PPA until 2020; and temporarily de-contracted the PPA signed under the 2011 LEN auction, through the Surpluses and Deficits Compensation Mechanism (MCSD). In 2017 Renova intends to maintain the same line of action, optimizing its portfolio of contracts by adhering to new processes of the MCSD, as follows:

- 1) MCSD: for the 2011 LEN contract (Alto Sertão II Complex) – Decontracting of 100.2 MW average of the 2011 LEN PPA for January through September 2017, substituting the revenue of these contracts in the regulated market for the revenue of the Light I contract.
- 2) MCSD A4+: for the contract under the 2012 LEN auction (Alto Sertão III Complex) – Permanent cancellation of 10.2 MW average from January 2018 until termination of the contract. The aims of this operation are to increase the revenue from the Alto Sertão III project and reduce Renova's trading risk, by replacing the 2012 LEN contract with a PPA made in the Free Market.

- 3) MCS D A4+: for the 2013 LEN contract (Umburanas Complex) – Permanent cancellation of 178.0 MW average from January 2018 until termination of the contract. This operation aims to reduce the need for capex in the medium term and mitigate the financial and regulatory risks arising from the delay in delivery of the wind farms.

Restructuring of internal processes, and teams

Due to the re-scaling of teams and the review of internal processes, the *Personnel and administration* expense line was 46.5% lower in 2Q17.

The actions reported above confirm the commitment of Renova's management and stockholders to re-establishing the Company's financial stability and ensuring it remains sustainable for the long term. On completion of the Alto Sertão III works, Renova will have installed capacity of 627 MW operational, and will continue to be one of Brazil's largest renewable energy companies.

4. HIGHLIGHTS IN DETAIL:

4.1. Sale of the shares in Terraform

On May 15, 2017 Renova and Brookfield Asset Management signed a Share Purchase Agreement for 20.3 million shares owned by Renova in TerraForm Global Inc. of the US. ('TerraForm Global'). The total acquisition price of the shares was US\$ 92.8 million. This was paid to the Company on June 29, 2017.

On the same date, Renova and Terraform Global signed an agreement for the parties to terminate arbitration proceedings, upon compensation to Renova of US\$15.0 million.

On completion of the transaction Renova amortized R\$ 185 million of the holding company's debenture with Banco do Brasil.

4.2. Completion of sale of Alto Sertão II

In line with the Company's strategy of adaptation of its capital structure, on August 3, 2017 Renova signed the document completing its transaction with AES Tietê for Sale of the assets of the Alto Sertão II complex (announced on April 18, 2017).

Under the contract, AES became holder of 100% of the shares of Nova Energia Holding S.A., the company that controls the 15 special-purpose companies comprising the Alto Sertão II Complex, for R\$ 600.0 million. The acquisition price will be subsequently adjusted based on the variation in working capital and net debt of the project. The acquisition amount may be further increased by up to R\$ 100 million, conditional upon the Company's power generation performance, as ascertained after five years from the completion date of the transaction.

The sale of Alto Sertão II is fully in line with the Company's strategy, which aims to adapt the present capital structure to ensure sustainability of the business in the long term. With the sale, Renova settled the remaining balance of the 3rd debenture issue of the holding company (R\$ 365 million) with Banco do Brasil. The remainder of the proceeds will be used, as priority, on the Alto Sertão III Project.

4.3. Non-binding offer

On July 17 the Board of Directors approved concession of exclusivity to Brookfield Energia Renovável ('Brookfield') for due diligence and negotiation of final documents for a primary subscription of capital in the Company, as proposed in a non-binding offer received. This exclusivity was granted for a period of 60 calendar days from that date, renewable for a further 30 days at Renova's option.

Brookfield is also assessing purchase of the interest in Renova held by Light Energia, currently 22% of the total voting stock of Renova.

4.4. Umburanas Complex

The Company is at an advanced stage of negotiation with Engie Brasil Energia S.A. (“Engie”) for the sale of the Umburanas Wind Farm Complex, which has installed generation capacity of 605MW. The negotiations with Engie do not in any way adversely affect the negotiations currently in progress with Brookfield Energia Renovável, of which Renova informed the market on July 17th, 2017.

Renova will keep the market informed on all events and developments related to this transaction.

4.5. Capital increase

On June 20, 2017 Renova’s Board of Directors partially ratified the Capital Increase with the issue of 50,888,993 new common shares and 5,492,938 new preferred shares, representing a total subscription volume of R\$ 112,763,862.00.

The capital increase was decided on December 23, 2016. A total of R\$ 96 million was subscribed by the controlling stockholders Cemig GT, RR Comercializadora and Light Energia. Of the total amount (R\$ 112.8 million), R\$ 34.6 million was subscribed in the second quarter of 2017.

The Company’s stockholding structure is now as follows:

RENOVA ENERGIA	ON Shares		PN Shares		Total Shares	
Controlling Block	280,251,670	85.0%	-	-	280,251,670	67.17%
RR Comerc de Energia e Participações	57,461,797	17.42%	-	-	57,461,797	13.77%
Light Energia	71,636,173	21.72%	-	-	71,636,173	17.17%
Cemig GT	151,153,700	45.83%	-	-	151,153,700	36.23%
Other Shareholders	49,553,573	15.03%	87,392,001	100.00%	136,945,574	32.83%
RR Comerc de Energia e Participações*	6,302,757	1.91%	1,213,600	1.39%	7,516,357	1.80%
BNDESPAR	8,315,289	2.52%	16,630,578	19.03%	24,945,867	5.98%
InfraBrasil	11,651,467	3.53%	23,302,933	26.66%	34,954,400	8.38%
FIP Caixa Ambiental	5,470,293	1.66%	10,940,586	12.52%	16,410,879	3.93%
Outros	17,813,767	5.40%	35,304,304	40.40%	53,118,071	12.73%
Total	329,805,243	100.0%	87,392,001	100.00%	417,197,244	100.00%

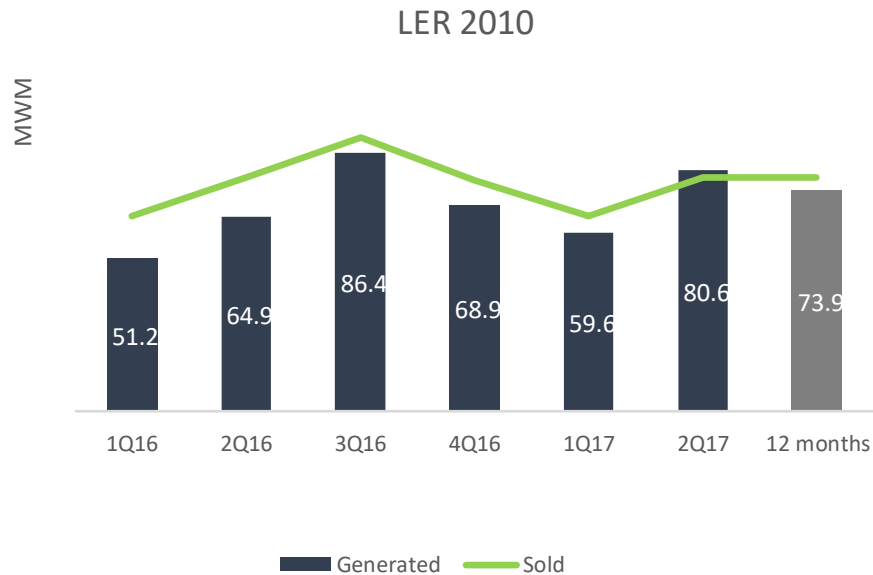
* Shares outside the controlling block.

4.6. Generation output of Alto Sertão II

Assets of the 2010 Reserve (‘LER’) Auction

In 2Q17, the six wind farms that contracted supply of 78.0 MW average at the 2010 LER auction generated 80.6 MW average, or 3.0% higher than the seasonal power level sold; meanwhile average generation in the last 12 months was 73.9 MW average, 5.3% below the total of power sold. The lower generation than volume sold in the last 12 months reflects lower than average wind strength in 2016 and also restriction on outflow of power due to transmission lines not being available.

Recovery is visible in 2017: The wind farms generated 21% more than in 1H16. The improvement is due to higher availability of wind in the region, plus the increase in availability of installed machines.



Assets of the 2011 LEN (New build) Auction

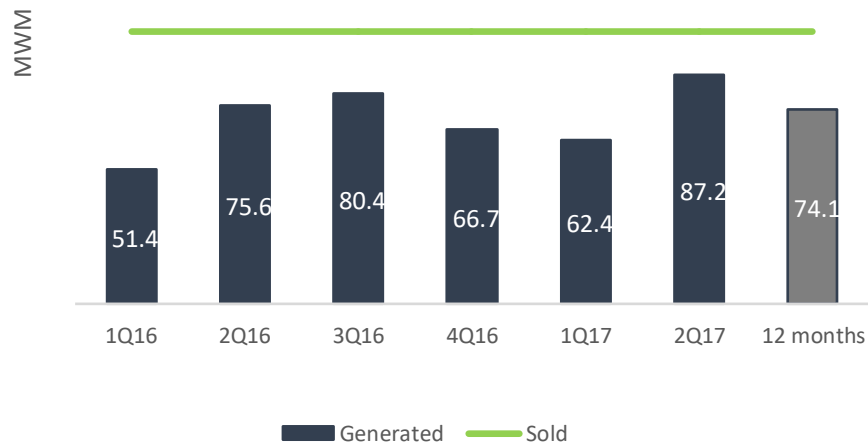
In 2Q17, the nine wind farms that contracted supply of 103.6 MW average at the 2011 LER auction generated an average power level of 87.2 MW, and an average level over the last 12 months of 74.1 MW – 15.9% lower than the volume of power sold. The generation by these wind farms in the last 12 months was lower due to lower than average wind in 2016 in the region and, principally, due to the shortfall in availability of transmission lines.

Recovery of the wind farms is shown by the volume generated in 2017 – this was up 18% year-on-year in the first half of 2017. The improvement is due to greater wind availability in the region, plus increased availability of machines.

According to the countrywide report by the electricity trading exchange (CCEE) the *Espigão* wind farm, contracted at the 2011 LEN auction, reached a generation factor of 63.2% in May 2017, the highest-ever generation factor in Brazil.

On June 19, 2017 the *Pindaí II* substation, owned by Chesf, was connected to the grid, eliminating the restriction on transmission capacity which had prevented the 2010 and 2011 LEN wind farms from generating at full capacity. The Company now expects no further cuts in generation as a result of restriction on transmission in this region.

LEN 2011



4.7 Decontracting in the MCS D

To optimize its portfolio of contracts and reduce the need to invest in the medium term, on May 19, 2017 Renova opted to permanently de-contract the projects contracted under the LEN auctions of 2012 (10.2 MWaverage) and 2013 (178.0 MWaverage) through the Surpluses and Deficits Compensation Mechanism (MCS D A4+). The result of this action mitigates the financial and regulatory risks arising from possible delay in delivery by the wind farms.

In 2017, to improve Renova's balance of supply and demand, reducing the Company's exposure to the spot market and, above all, increasing the cash flow of the Alto Sertão II project, by substituting the regulated market revenue from the Light I contract (price 21% higher), Renova decontracted 100.2 MWaverage under the 2011 A-3 LEN auction.

This action shows the firm intention of Renova and its controlling stockholders to re-scale Renova's portfolio of businesses, adapting its capital structure.

5. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Renova Energia S.A.						
R\$ '000	2Q17	2Q16	Change	1H17	1H16	Change
Gross operational revenue	204,846	133,539	53.4%	372,484	238,338	56.3%
(-) Taxes – PIS, Cofins and ICMS	(19,956)	(9,200)	116.9%	(35,249)	(17,941)	96.5%
Net operational revenue	184,890	124,339	48.7%	337,235	220,397	53.0%
Non-manageable costs	(4,684)	(4,337)	8.0%	(9,046)	(8,313)	8.8%
Manageable costs	(158,696)	(80,835)	96.3%	(278,117)	(180,392)	54.2%
Depreciation	(2,506)	(22,569)	-88.9%	(5,039)	(48,604)	-89.6%
Gross profit	19,004	16,598	14.5%	45,033	(16,912)	-366.3%
Administrative expenses	(7,767)	9,882	-178.6%	(17,498)	(19,278)	-9.2%
Administrative depreciation	(543)	(525)	3.4%	(1,108)	(1,314)	-15.7%
Impairment of fixed assets	(31,903)	-	0.0%	(31,903)	-	0.0%
Financial revenue (expenses)	(128,900)	(102,215)	26.1%	(256,145)	(190,395)	34.5%
Equity in earnings of unconsolidated investees, net	36,006	11,492	213.3%	63,968	21,416	198.7%
Amortization of goodwill	(9,075)	(9,076)	0.0%	(18,150)	(18,151)	0.0%
Loss on sale of assets	(32,666)	-	0.0%	(32,666)	-	0.0%
Other revenues	-	-	0.0%	-	20,373	-100.0%
Gain/loss on investment	172,243	(62,995)	-373.4%	172,243	(445,906)	-138.6%
Income tax and Social Contribution tax	117,798	97,864	20.4%	114,725	59,610	92.5%
Net profit (loss)	134,197	(38,975)	-444.3%	38,499	(590,557)	-106.5%
<i>Net margin</i>	<i>72.6%</i>	<i>-31.3%</i>	<i>103.9 p.p.</i>	<i>11.4%</i>	<i>-268.0%</i>	<i>279.4 p.p.</i>

5.1. Consolidated net operational revenue

Renova reports 2Q17 net operational revenue of R\$ 184.9 million, 48.7% higher than in 2Q16:

Renova Energia S.A.						
R\$ '000	2Q17	2Q16	Change	1H17	1H16	Change
Net revenue – Wind power	37,181	43,107	-13.7%	69,441	65,065	6.7%
Net revenue – SHPs	9,584	9,215	4.0%	19,121	20,317	-5.9%
Net revenue – Solar power	-	17	-100.0%	-	98	-100.0%
Net revenue – Other	-	892	-100.0%	-	1,665	-100.0%
Net revenue – Power trading	138,125	71,108	94.2%	248,673	133,252	86.6%
Net operational revenue	184,890	124,339	48.7%	337,235	220,397	53.0%

The YoY increase of 48.7% in net revenue in 2Q17 arises from a combination of the following factors:

- Revenue from trading in power supply 94.2% higher YoY due to higher volumes sold in the free market in the quarter, as a result of the start of: 1/3 of the Light II contract in September 2016, and the whole of the Mercado Livre I contract in January 2017.
- Net revenue of the Small Hydro Plants 4.0% higher, due to higher volume of generation in the quarter; and also the annual price increase in the contract, which takes place in June each year.
- Revenue from wind farms 13.7% lower YoY, due to de-contracting of the 2011 LEN contract in the MCSD; partly offset by higher generation by the 2010 LER plants in 2Q17 than in 2Q16;

Net operational revenue in the first half of the year was R\$ 337.2 million, 53.0% higher than in 1H16. The change was mainly due to start of the free market contracts and generation by the wind farms, consolidated, 21% higher in the half-year.

5.2. Consolidated costs

Costs of production of electricity are separated into manageable, and non-manageable, costs.

Non-manageable costs are:

- The tariff for use of the distribution system (TUSD) – for the use of the distribution system of Coelba, the concession holder to which the small hydro plants are connected, and the tariff for use of the transmission system (TUST), for the transmission system; and
- the inspection charge made by Aneel.

These costs are related to the small hydro plants and the wind plants that are in operation.

In 2Q17 non-manageable costs totaled R\$ 4.7mn, or 8.0% more than in 2Q16. The increase is due to the annual adjustment of the TUST tariffs, and regulatory charges, which takes place in the third quarter of the year.

In 1H17 there was an increase of 8.8%, due to the same factor mentioned above.

Manageable costs are:

- (i) costs of operation and maintenance of the wind farms at SHPs; and
- (ii) purchase of power supply:

Renova Energia S.A.						
R\$ '000	2Q17	2Q16	Change	1H17	1H16	Change
Outsourced services	7,879	5,451	44.5%	19,721	9,904	99.1%
Rentals and leasing	714	1,030	-30.7%	1,870	1,949	-4.1%
Insurance	595	802	-25.8%	1,090	1,238	-12.0%
Material for use and consumption	(24)	1,418	n.m	139	3,721	-96.3%
Electricity purchased for resale	148,694	71,312	108.5%	253,570	162,415	56.1%
Penalty payment related to reimbursement	93	788	-88.2%	458	1,131	-59.5%
Renegotiation of hydrological risk	678	-	-	1,141	-	-
Other	67	34	97.1%	128	34	276.5%
Total (*)	158,696	80,835	96.3%	278,117	180,392	54.2%

Manageable costs in 2Q17 totaled R\$ 158.7 mn, or 96.3% more than in 2Q16, mainly due to the following:

- Expense on purchase of supply R\$ 77.4 mn higher in the quarter, to cover the needs of the free market contracts: 1/3 of *Light II*, which began in September 2016; *Mercado Livre I*, which started in January 2017; and *Mercado Livre III*, which started in September 2015; and also the effect of the increase in the spot price in the period.
- Outsourced services R\$ 2.4 million higher, mainly due to maintenance operations on the plants of *Espra* and the wind farms of the *Alto Sertão II* complex.
- The *Other costs* line was R\$ 1.9 million lower, mainly reflecting lower *Material for use and consumption*.

Excluding the costs of electricity purchased for resale, manageable costs totaled R\$ 10.0 million in the quarter, or 5.07% higher than in 2Q16.

In the half year, manageable costs totaled R\$ 278.1 million, or 54.2% more than in 1H16. The main factor in the higher figure was power supply purchased for resale, totaling, R\$ 253.6 million in 1H17, compared to R\$ 162.4 million in 1H16. Excluding the costs of electricity purchased for resale, management costs in the half-year totaled R\$ 24.5 million, or 36.5% more than in 1H16.

5.3. Consolidated administrative expenses

Administrative expenses in 2Q17 totaled R\$ 39.7 million, a significant increase over 2Q16. Details of variations:

Renova Energia S.A.						
R\$ '000	2Q17	2Q16	Change	1H17	1H16	Change
Personnel and management	9,122	6,686	36.4%	11,079	18,112	-38.8%
Outsourced services	22,893	9,324	145.5%	25,354	15,385	64.8%
Rentals and leasing	934	174	436.8%	1,491	1,306	14.2%
Travel	290	1,066	-72.8%	650	1,918	-66.1%
Insurance	28	-	-	74	25	196.0%
Telephony and IT	650	1,387	-53.1%	2,336	2,545	-8.2%
Material for use and consumption	114	297	-61.6%	242	632	-61.7%
Civil and labor-law legal contingencies	1,883	-	-	1,883	-	-
Other	(7,695)	168	-4680.4%	(8,194)	3,402	-340.9%
SG&A subtotal	28,219	19,102	47.7%	34,915	43,325	-19.4%
Regulatory charges	1,642	-	-	1,642	-	-
Projects discontinued	169	1,205	-86.0%	169	3,322	-94.9%
Espra break-up fee	-	(35,790)	-100.0%	-	(35,790)	-100.0%
Penalty payment re reimbursement	3,255	5,601	-41.9%	6,290	8,421	-25.3%
Impairment of fixed assets	31,903	-	-	31,903	-	-
Received from TerraForm	(25,518)	-	-	(25,518)	-	-
Total (*)	39,670	-9,882	-501.4%	49,401	19,278	156.3%

- Impairment of the wind farms of the Alto Sertão III Wind Farm Complex, R\$ 31.9 million.
- Outsourced services: R\$ 13.6 million higher than in 2Q16, primarily for payment of the structuring fee of the holding company debentures settled in the quarter.
- Personnel and management: 36.4% higher than in 2Q16 due to halting of the works on Alto Sertão III. Due to the works being halted, personnel spending on the project was no longer capitalized, as it was in 2Q16. Excluding this effect, the *Personnel expenses* line would have been 46.5% lower.
- Provision of R\$ 1.9 million for contingencies relating to civil and employment-law litigation contingencies.
- Regulatory charges: Expense of R\$ 1.6 million reflecting start of payment of charges for the contracts: *Mercado Livre I, Light I* and *Mercado Livre III*.

Partially offset by:

- Reduction of R\$ 2.3 million in the payment related to reimbursement caused by de-contracting of the 2012 LEN project in the mechanism of the MCS D A4+.

- The 'Other' administrative expenses line: R\$ 7.7 million positive, mainly due to the reversal of provision for loss on guarantee accounts arising from the transaction with TerraForm Global (sale of the 2009 LER wind farms in September 2015).
- Receipt of R\$ 25.5 million as part of the settlement of the arbitration proceeding against TerraForm.

Administrative expenses in 1H17 totaled R\$ 47.8 million, or R\$ 28.5 mn more than in 1H16: This reflected the same factors referred to above, as well as the non-recurring receipt of the break-up fee of Espra, of R\$ 35.8 mn in 2Q16. Excluding the non-recurring events in both half-year periods, administrative expenses were 21.9% lower year-on-year.

5.5 Consolidated financial revenue (expenses)

Renova Energia S.A.						
R\$ '000	2Q17	2Q16	Change	1H17	1H16	Change
Financial revenues	2,283	5,657	-59.6%	4,862	9,743	-50.1%
Revenue from cash investments	2,482	4,011	-38.1%	5,335	8,213	-35.0%
Other financial revenues	(199)	1,646	-112.1%	(473)	1,530	-130.9%
Financial expenses	(131,183)	(107,872)	21.6%	(261,007)	(200,138)	30.4%
Debt charges and interest	(104,660)	(78,526)	33.3%	(187,098)	(159,875)	17.0%
Other financial expenses	(26,523)	(29,346)	-9.6%	(73,909)	(40,263)	83.6%
Net financial revenues (expenses)	(128,900)	(102,215)	26.1%	(256,145)	(190,395)	34.5%

Renova reports Net financial expenses of R\$ 128.9 mn in 2Q17.

Financial revenues were 59.6% lower than in 2Q16, reflecting a lower average cash position in the period.

Financial expenses were 21.6% higher than in 2Q16, mainly due to: (i) costs resulting from agreements for advances on supply [trad SF2]; and (ii) accounting of costs of financing of Alto Sertão III in the income statement, since while these works were halted these costs are not capitalized until works resume.

In the half-year, also reflecting the above factors, Renova reports net financial expenses of R\$ 256.1 million, or 34.5% more than in 1H16.

5.6 Brasil PCH

Consolidated net revenue of Brasil PCH in 2Q17 was R\$ 98.1 million, 5.8% higher than in 2Q16, mainly reflecting the adjustment of invoicing levels by the IGP-M inflation index, in June of each year.

In the second quarter there was a reversal of provision of R\$ 2.2 million, relating to amounts of expected gains resulting from the bilateral contract signed by Brasil PCH, since in the present scenario it becomes a contract for purchase of supply at lower than the current spot market price.

In 2Q17, Brasil PCH reported net financial expenses of R\$ 4.3 million, which represents a reduction of 89.2% in relation to its financial expenses in 2Q16. The reduction is due to the lower exposure to [\[trad SF3\]](#) debt, due to the amortization of the financing from Petros, and also to the negative variation of the IGP-M inflation index in the period, which results in a positive item (negative financial cost) on the updating of the loan.

Consolidated net profit in the quarter was R\$ 68.7 million. One factor affecting the result was the reversal of the provision arising from the reduction of administrative expenses, and the reduction of financial expenses on amortization of the financing from Petros.

Renova (through Chipley) is entitled to 51% of the profit of Brasil PCH. This table shows the consolidated result:

Brasil PCH (100%)						
R\$ '000	2Q17	2Q16	Change	1H17	1H16	Change
Net revenue	98,070	92,707	5.8%	196,207	184,054	6.6%
Depreciation expense	(8,402)	(8,588)	-2.2%	(16,911)	(17,174)	-1.5%
Other costs	12,627	(13,306)	-5.1%	(24,671)	(25,357)	-2.7%
General and administrative expenses	(2,721)	(5,120)	-46.9%	(5,513)	(9,867)	-44.1%
Reversal of loss of debt contract	2,168	-	n.m.	13,388	-	n.m.
Financial revenue (expenses)	(4,281)	(39,592)	-89.2%	(29,729)	(82,778)	-64.1%
Income tax and Social Contribution tax	(3,499)	(3,567)	-1.9%	(7,340)	(6,886)	6.6%
Net profit	68,708	22,534	204.9%	125,431	41,992	198.7%

This table gives the resulting figures, in Renova, for the acquisition of Brasil PCH:

Renova	2Q17	1H17
Equity in earnings of unconsolidated investees, net	36,006	63,968
Amortization of goodwill	(9,075)	(18,150)
Result	26,931	45,818

5.7 TerraForm Global

In September 2015 Renova received 20,327,499 shares in TerraForm Global (11.66% of the total share capital of TerraForm Global at March 31, 2017) as part payment for the sale of the assets of the 2009 LER wind farms.

On May 26, 2017 Renova and Brookfield Asset Management announced signature of a share purchase contract for the equity interest held by Renova in TerraForm Global, for a total price of R\$ 302.2 million (US\$ 92.8 million). This amount was paid to Renova in cash on the date of closing of the transaction.

The table below shows the global value of the transaction³:

TerraForm Global	R\$ mn
Sale value	302.2
Cost of the investment	334.9
Loss on the sale	(32.7)

As a consequence of the sale of the shares, the Company reclassified the gains on the accumulated prior adjustments, a total of R\$ 172.2 million, from Other comprehensive income, to the Profit and loss account in the line 'Gain (loss) on investment'.

5.8. Income tax, Social Contribution tax and net profit

Renova's revenues from generation are taxed by the Presumed Profit method of tax reporting. Under this regime, the amount on which income tax is calculated is: 8% of gross revenue from generation of electricity; and 100% of financial revenues. The rates applied are: the regular rate of 15% up to a certain income threshold, plus an additional 10% for the part of the amount that is above the threshold. The basis for calculation of the Social Contribution tax is 12% of gross revenues arising from electricity generation, and 100% of financial revenues – to both, the rate applied is 9%.

The total of income tax and the Social Contribution tax in 2Q17 was a positive item (tax credit) of R\$ 117.8 million, which compares to a credit of R\$ 97.9 million in 2Q16. In 2Q17, the deferred taxes due to sale of the shares in TerraForm Global were realized, which compares to 2Q16, when the deferred taxes line referred to the purchase/sale option on 7 million shares of that company.

Renova reports net profit of R\$ 134.2 million for 2Q17, which compares to a net loss of R\$ 39.0 million in 2Q16. The profit in 2Q17 mainly reflects the result of the transaction with TerraForm Global – the disposal of the shares, in June, partially offset by the increase in operational costs and administrative expenses, as detailed above.

³ This does not take into consideration the compensations to Renova, of R\$ 25.8 million (US\$15.0 million), due to termination of the arbitration proceedings against TerraForm Global. These compensation amounts were reported as reversal of administrative expenses.

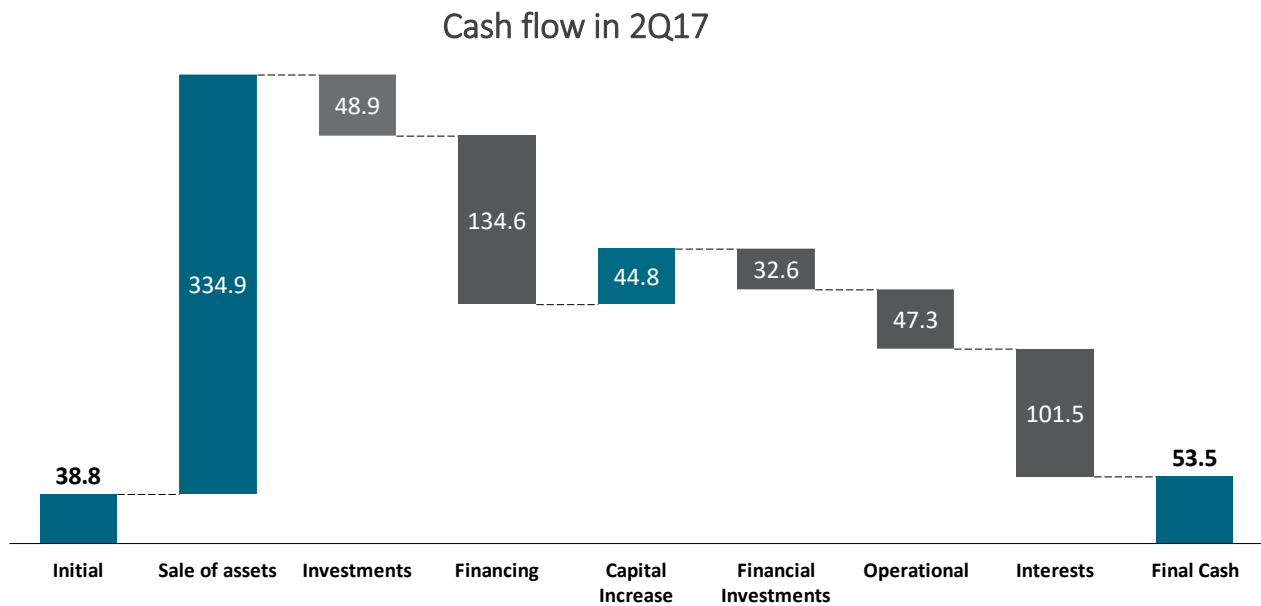
5.9. Ebitda

Renova Energia S.A.						
R\$ '000	2Q17	2Q16	Change	1H17	1H16	Change
Net profit (loss)	134,197	(38,975)	-444.3%	38,499	(590,557)	-106.5%
(+) Income tax and Social Contribution tax	(117,798)	(97,864)	20.4%	(114,725)	(59,610)	92.5%
(+) Depreciation and amortization	12,124	32,170	-62.3%	24,297	68,069	-64.3%
(+) Financial expenses	131,183	107,872	21.6%	261,007	200,138	30.4%
(-) Financial revenues	(2,283)	(5,657)	-59.6%	(4,862)	(9,743)	-50.1%
Ebitda	157,423	(2,454)	-6515.0%	204,216	(391,703)	-152.1%
<i>Ebitda margin</i>	<i>85.1%</i>	<i>-2.0%</i>	<i>87.1 p.p.</i>	<i>60.6%</i>	<i>-177.7%</i>	<i>238.3 p.p.</i>
(+) Gain/loss on disposal of assets	32,666	-	n.m	(32,666)	-	n.m
(+) Gain/loss on investments	(172,243)	62,995	n.m	(172,243)	445,906	-138.6%
(+) Impairment of fixed assets	31,903	-	n.m	31,903	-	n.m
(+) Equity method gains (losses)	(36,006)	(11,492)	213.3%	(63,968)	(21,416)	198.7%
(+) Other revenues	(25,518)	(35,790)	-28.7%	(25,518)	(56,163)	-54.6%
Adjusted Ebitda	(11,775)	13,259	-188.8%	(58,276)	(23,376)	149.3%
<i>Adjusted Ebitda margin</i>	<i>-6.4%</i>	<i>10.7%</i>	<i>-17.03 p.p.</i>	<i>-17.3%</i>	<i>-10.6%</i>	<i>-6.7 p.p.</i>

The Company's Ebitda in 2Q17 was R\$ 157.4 million positive; adjusted Ebitda was R\$ 11.8 million negative. The lower figure for adjusted Ebitda mainly reflected the negative Ebitda of the trading company, and increased expenses in the quarter.

On the effect of this factor, Ebitda in the first half of the year was R\$ 204.2 million positive, and adjusted Ebitda was R\$ 58.3 million negative.

6. CASH FLOW



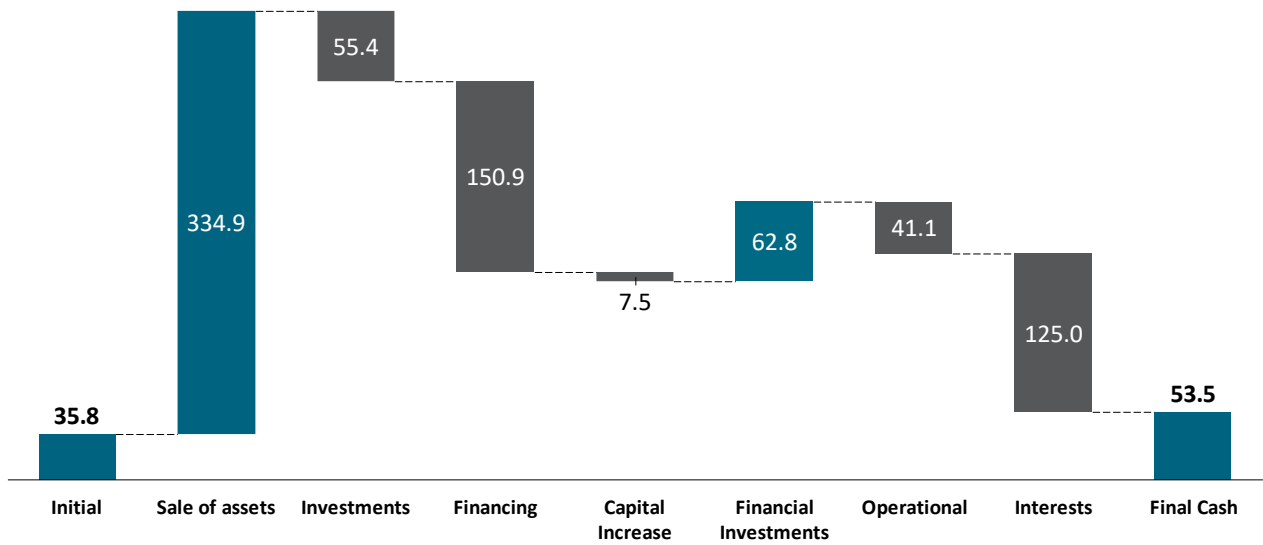
* In the cash flow statements, cash investments are classified as investing activities.

In the second quarter of 2017 Renova's cash position increased by R\$ 14.7 million in relation to March 31, 2017.

The main factors are:

- Consumption of R\$ 47.3 mn in cash on operational activities, net of payment of interest.
- Inflow of R\$ 44.8 million from the capital increase, now completed – announced on December 23, 2016, ratified by the Board on June 20, 2017.
- Outflow of R\$ 134.6 mn on amortization of loans and financings.
- Inflow of R\$ 334.9 million from sale of the shares in TerraForm Global.
- Investments of R\$ 48.9 million, principally redemption of bound deposit accounts related to the transaction with TerraForm Global.

Cash flow in 1H17



In the first half of 2017 Renova's cash position increased by R\$ 17.7 mn from December 31, 2016.

The main factors are:

- Consumption of R\$ 41.1 mn in cash on operational activities, net of payment of interest.
- Inflow of R\$ 62.8 million from the capital increase (now completed), initially announced on December 23, 2016, completed and ratified on June 20, 2017.
- Payment of R\$ 150.9 million in loans and financings.
- Write-off of R\$ 334.9 million on the sale of the shares in TerraForm Global.
- Investments, of R\$ 55.4 million, relating mainly to redemption of bound deposit accounts in the transaction with Terraform Global.

7. COMMENTS ON THE MAIN FINANCIAL AND ECONOMIC INDICATORS

Balance Sheet							
Amounts in R\$ thousands							
Consolidated Assets				Consolidated Liabilities			
	6/30/2017	3/31/2017	12/31/2016		6/30/2017	3/31/2017	12/31/2016
Current Assets	1,825,764	1,841,324	135,860	Current Liabilities	3,274,586	3,511,504	3,346,901
Cash and cash equiv.	42,241	25,238	35,786	Loans and Financing	1,143,313	1,103,425	2,045,371
Investments	7,521	-	-	Debentures	351,107	517,679	670,173
Clients	39,088	44,736	49,138	Suppliers	458,520	547,077	546,911
Other	19,116	39,728	50,936	Others	62,063	58,401	84,446
Assets for Sale	1,717,798	1,731,622	-	Liabilities associated with assets for sale	1,259,583	1,284,922	-
Long-term Assets	3,827,493	4,134,145	5,765,276	Long-term Liabilities	420,829	538,608	598,637
Loans and Financing	121,072	14,717	87,836	Loans and Financing	87,698	89,946	93,338
Others	1,844	1,868	7,709	Debentures	-	-	-
Investments	720,984	1,008,271	947,027	Suppliers	-	8,497	27,703
Fixed Assets in Use	180,045	182,681	1,807,479	Other	333,131	440,165	477,596
Fixed Assets in Progress	2,803,548	2,926,608	2,915,225	Shareholder's Equity	1,957,842	1,925,357	1,955,598
				Capital Stock	2,919,019	2,874,255	2,856,255
				Capital Reserve	55,379	55,379	55,379
				Profit Reserve	-	-	-
				Accumulated conversion adjustments	-	146,476	99,019
				Retained Losses	- 1,016,556	- 1,150,753	- 1,055,055
Ativo Total	5,653,257	5,975,469	5,901,136	Passivo Total	5,653,257	5,975,469	5,901,136

Under IFRS 5 / CPC 31, assets that have a high probability of sale, where management is engaged for that outcome and the sale is likely to be concluded in less than a year, are to be classified as assets held for sale. Thus, in the reporting at the end of 2015 all the lines of assets and liabilities relating to Espra were classified, within current assets, in a single line – assets held for sale – due to the transaction with TerraForm Global.

7.1. Main variations in assets

On June 30, 2017, the total cash position (cash, cash equivalents and cash investments) was R\$ 49.8 million. The increase of R\$ 24.5 million in relation to March 31, 2017 was mainly due to the cash inflow from the sale of the shares in Terraform Global, closing out of the arbitration proceedings, and the capital increase, partially offset by the payment of R\$ 204.2 million for the Banco do Brasil debenture.

7.2. Shareholders' equity

Stockholders' equity at the end of the quarter was R\$ 1.958 billion. The main variation from the end of the first quarter (R\$ 32.5 million) was the combination of the profit for 2Q17, offset by the line in Other comprehensive income which, with the sale of the shares of TerraForm, ceased to exist.

7.3 Financings

The total of short and long-term loans, financings and debentures at the end of the second quarter of 2017 was R\$ 2.712 billion¹, as follows:

Contract	Rate	R\$ '000
BNDES Renova Eólica	TJLP + 2.45%	687,942
BNDES Renova Eólica	TJLP + 2.60%	257,002
BNDES – Renova Eólica (social subcredit)	TJLP	4,815
BNDES – Bridge I Diamantina Eólica	TJLP + 8.00	186,346
BNDES – Bridge I Diamantina Eólica	TJLP + 2.5%	439,552
BNDES – Bridge I Diamantina Eólica	TJ6 + 7.34% p.a.	212,048
BNB ² – Espra	9.5% p.a.	81,229
Finep – Itaparica wind farm	3.5 % p.a.	13,172
Debentures – 3rd issue – holding company	143% of CDI	358,268
Debentures – 1st issue – Renova Eólica	IPCA + 7.60% p.a.	172,657
Other short-term loans	CDI rate + from 4.3% to 8.7% p.a.	298,832
Total indebtedness		2,711,863
Funding transaction costs		-13,995
Debt net of costs		2,697,868
Cash + cash equivalents		49,762
Net debt³		2,648,106

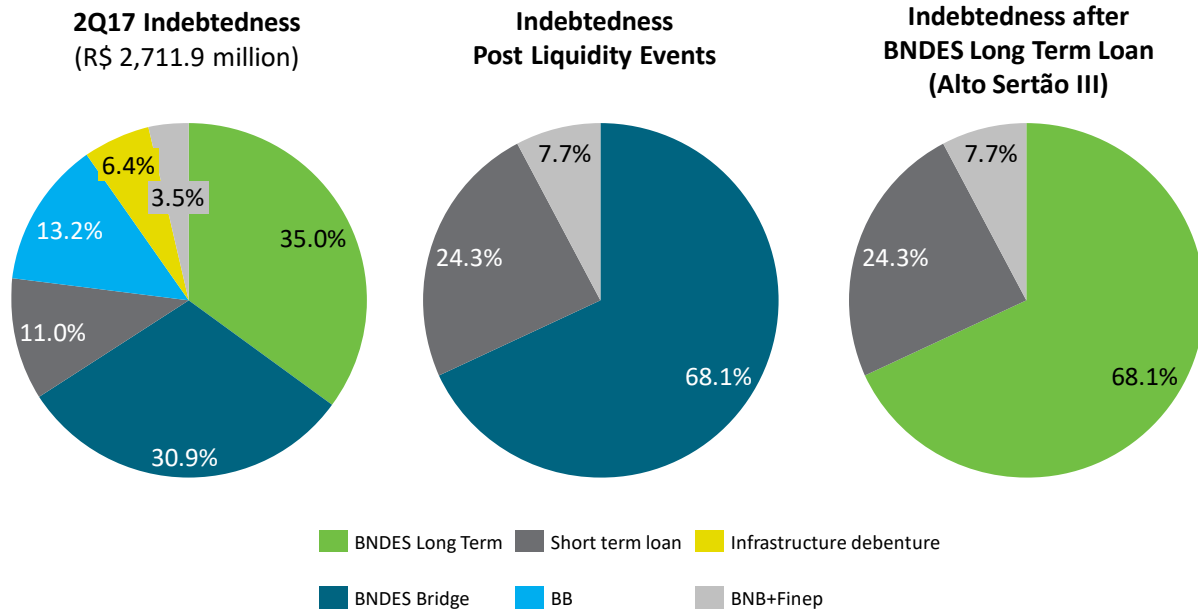
¹ The total represents the amount accounted, plus the interest generated, without considering the funding costs of the transactions.

² The financings have interest rates of 9.5% p.a. (able to be reduced to 8.08% by a 15% non-default bonus).

³ Cash and cash equivalents plus cash investments.

⁴ Based on the average rate for short-term loans.

Financial debt by institution



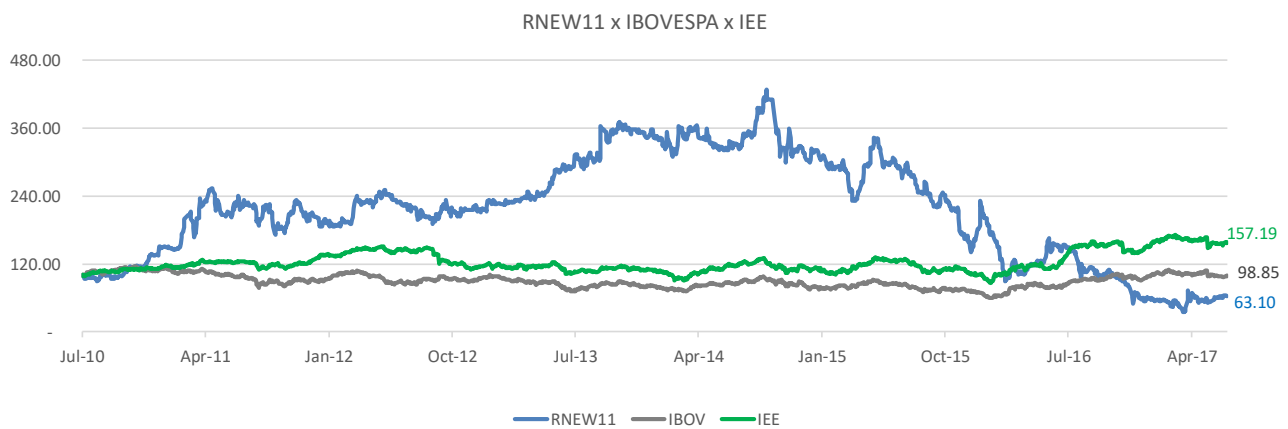
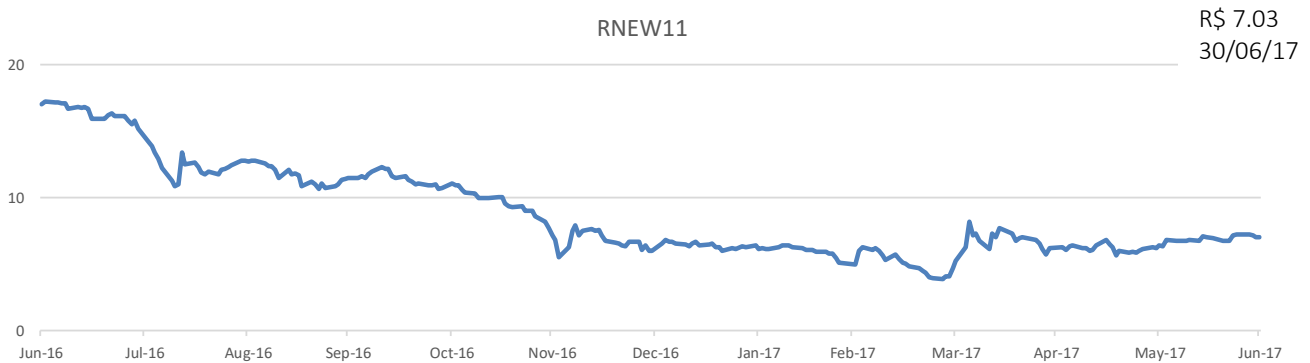
The total of loans, financings and debentures in current liabilities at the end of 2Q17 was R\$ 1.494 billion. Since the end of 2016, the portion of the debt that was previously accounted in non-current liabilities was reclassified to current liabilities, under the accounting rule relating to non-compliance with the debt coverage index, since the Company did not succeed in obtaining all the necessary waivers by June 30, 2017.

On August 3rd, 2017, the Company concluded the sale of the Alto Sertão II parks to AES Tietê, which also assumed the Complex's debt (R \$ 1,122 million). With the sale, Renova paid off the remaining balance of the 3rd Debenture Issue of the Holding (R \$ 358 million) with Banco do Brasil.⁴

⁴ Debt amount on June 30th, 2017, as shown on page 22.

8. STOCK PRICE: RNEW11 ON THE BM&FBOVESPA

These charts compare the stock price of RNEW11, the Bovespa index and the Brazilian electricity index, in the last 12 months.



With the tools of the Company’s website, and its constant relationship with stockholders and potential investors at public events and at events organized by investment banks, Renova’s Investor Relations team seeks to operate with transparency in relation to the market, updating its investors on its positioning, projects under development, and outlook.

The Company’s information and publications can be accessed on the website (www.renovaenergia.com.br), where news items of the sector that could affect the Company’s business plan are also highlighted.

9. STOCKHOLDING STRUCTURE

Share capital of Renova at June 30, 2017:

RENOVA ENERGIA	ON Shares		PN Shares		Total Shares	
Controlling Block	280,251,670	85.0%	-	-	280,251,670	67.17%
RR Comerc de Energia e Participações	57,461,797	17.42%	-	-	57,461,797	13.77%
Light Energia	71,636,173	21.72%	-	-	71,636,173	17.17%
Cemig GT	151,153,700	45.83%	-	-	151,153,700	36.23%
Other Shareholders	49,553,573	15.03%	87,392,001	100.00%	136,945,574	32.83%
RR Comerc de Energia e Participações*	6,302,757	1.91%	1,213,600	1.39%	7,516,357	1.80%
BNDENPAR	8,315,289	2.52%	16,630,578	19.03%	24,945,867	5.98%
InfraBrasil	11,651,467	3.53%	23,302,933	26.66%	34,954,400	8.38%
FIP Caixa Ambiental	5,470,293	1.66%	10,940,586	12.52%	16,410,879	3.93%
Outros	17,813,767	5.40%	35,304,304	40.40%	53,118,071	12.73%
Total	329,805,243	100.0%	87,392,001	100.00%	417,197,244	100.00%

* Shares outside the controlling block.

For calculation of *market capitalization* the total number of shares of Renova is divided by three (due to its trading in *Units* – one common share and two preferred shares) and multiplied by the price of the security RNEW11 on the date in question.

10. GLOSSARY

A–3 or A–5 Auctions	‘New-build’ auctions, to contract supply starting respectively 3 and 5 years ahead.
Alto Sertão I	14 wind farms owned by Renova in the interior of Bahia State, with installed capacity of 294.4 MW, which contracted electricity sales in the 2009 Reserve Energy auction (LER).
Alto Sertão II	15 Renova wind farms in the interior of Brazilian State of Bahia, with installed capacity of 386.1 MW, which contracted electricity sales in the Reserve Energy (LER) Auction of 2010 and the A–3 Auction of 2011.
Alto Sertão III	44 Renova wind farms in the interior of Brazilian State of Bahia, which sold supply in the 2012 (A–5) LEN Auction, in the 2013 LER auction, and in the Free Market, with total installed capacity of 736.8MW.
Alto Sertão III Phase A	23 Renova wind farms in the interior of the Brazilian State of Bahia with installed capacity of 411.0MW, which sold power supply in the 2012 (A–5) LEN auction, the 2013 LER auction, and in the Free Market.
Aneel	The Brazilian electricity regulator (<i>Agência Nacional de Eletricidade</i>).
CCEE	The Electricity Trading Exchange: Brazil’s Wholesale Electricity Market (<i>Câmara de Comercialização de Energia Elétrica</i>).
Espra	The company Energética Serra da Prata S.A., indirect subsidiary of Renova, and holder and operator of Renova’s three Small Hydroelectric Plants.
ICB	Cost-Benefit Index (<i>Índice Custo Benefício</i>) calculated by Aneel for new-build auctions.
ICSD	Debt servicing coverage index (<i>Índice de Cobertura do Serviço da Dívida</i>).
LEN	‘New-build’ auction, held to contract supply to be provided by facilities yet to be built (<i>Leilão de Energia Nova – ‘New Electricity Auction’</i>).
LER	‘Reserve Capacity’ auction (<i>Leilão de Energia de Reserva – ‘Reserve Energy Auction’</i>).
Free Market	Contracting environment in which prices for electricity supply are freely negotiated between the consumer and the generating agent or trader.
Mercado Livre I	A Renova wind farm with installed capacity of 21.6MW, in the interior of the State of Bahia, which has placed power supply in the Free Market.
Mercado Livre II	A group of eight Renova wind farms in the interior of Bahia, with installed capacity of 101.4MW, which has placed power supply in the Free Market.
Mercado Livre III	A Renova wind farm with installed capacity of 32.4MW, in the interior of Bahia State, which has placed power supply in the Free Market.

MRE	Electricity Reallocation Mechanism (<i>Mecanismo de Realocação de Energia</i>).
O&M	Operation and maintenance
P50	An estimate of average electricity output for which the possibility of its being exceeded in the long term is estimated at 50%. Regarded as an average estimate for electricity production.
P90	An estimate of average electricity output for which the possibility of its being exceeded in the long term is estimated at 50%. Regarded as a conservative estimate for electricity production.
PPA	<i>Power Purchase Agreement</i> – contract to buy power supply.
Proinfa	The Program to Encourage Alternative Sources of Electric Power (<i>Programa de Incentivos às Fontes Alternativas de Energia</i>).
Regulated Market	Contracting environment in which prices are laid down by the regulator, Aneel.
SHPs	Small Hydroelectric Plants (<i>Pequenas Centrais Hidrelétricas</i> – PCHs).
SPC	Special-purpose company (Sociedade de Propósito Específico or ‘SPE’).
Spot Price	The Spot Market Price (<i>Preço de Liquidação das Diferenças</i> – ‘Differences Settlement Price’), published weekly by the CCEE.

In compliance with Instruction 381/03 of the Brazilian Securities Commission (CVM), we report that in the period ended March 31, 2017 the external auditors, Deloitte Touche Tohmatsu Auditores Independentes, which provide services to the Company and its subsidiaries and jointly-held subsidiary, did not carry out any services not related to the external auditing that represented more than 5% of the annually contracted fees.



Individual and Consolidated Interim Financial Information

As at June 30, 2017

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A free translation from Portuguese into English of Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS)

BALANCE SHEETS

As of June 30, 2017

In thousands of Brazilian Reais

ASSETS	Note	Consolidated		Parent	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
CURRENT					
Cash and cash equivalents	6	42,241	35,786	37,155	7,993
Financial investments kept until maturity	6	7,521	-	7,521	-
Trade receivables	7	39,088	49,138	328	341
Recoverable taxes	8	14,180	9,453	1,905	1,862
Prepaid expenses		605	2,073	524	467
Collaterals and restricted deposits	9	-	33,510	-	33,510
Related parties	24	-	-	21,965	18,004
Dividends receivable	11.4	-	-	437	620
Advances to suppliers		1,408	3,005	1,152	1,725
Other credits		2,923	2,895	2,746	1,892
		<u>107,966</u>	<u>135,860</u>	<u>73,733</u>	<u>66,414</u>
Assets classified as held for sale	27	1,717,798	-	453,711	-
Total current assets		<u>1,825,764</u>	<u>135,860</u>	<u>527,444</u>	<u>66,414</u>
NON-CURRENT ASSETS					
Accounts receivable - CCEE	16	-	2,500	-	-
Related parties	24	-	-	297,177	309,448
Collaterals and restricted deposits	9	121,072	87,836	109,598	-
Deferred taxes	10	1,704	5,069	-	-
Other credits		140	140	115	115
Investments	11	720,984	947,027	1,877,135	2,606,684
Property, plant and equipment	12	180,045	1,807,479	21,702	24,505
Construction in progress	12	2,803,548	2,915,225	248,768	258,862
Total non-current assets		<u>3,827,493</u>	<u>5,765,276</u>	<u>2,554,495</u>	<u>3,199,614</u>
TOTAL ASSETS		<u>5,653,257</u>	<u>5,901,136</u>	<u>3,081,939</u>	<u>3,266,028</u>

The accompanying notes are an integral part of these interim financial information.

BALANCE SHEETS

As at June 30, 2017

In thousands of Brazilian Reais – R\$

LIABILITIES AND NET EQUITY	Note	Consolidated		Parent	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
CURRENT					
Suppliers	13	458,520	546,911	70,277	87,984
Loans and financing	14	1,089,048	2,045,371	226,783	252,508
Debentures	14	351,107	670,173	351,107	496,577
Tax payable	15	12,974	20,698	9,534	9,282
Payroll and related taxes		6,845	8,372	6,845	8,372
Accounts payable - CCEE/Elektrobras/Distributors	16	39,569	51,149	-	-
Related parties	24	40,730	-	-	-
Provision for social and environmental costs	18	1,014	2,540	-	-
Other accounts payable		1,661	1,687	849	1,281
		<u>2,001,468</u>	<u>3,346,901</u>	<u>665,395</u>	<u>856,004</u>
Liabilities directly associated with assets classified as held for sale	27	1,259,583	-	-	-
Total current liabilities		<u>3,261,051</u>	<u>3,346,901</u>	<u>665,395</u>	<u>856,004</u>
NON-CURRENT					
Suppliers	13	-	27,703	-	-
Loans and financing	14	141,963	93,338	56,219	3,192
Deferred Taxes	10	-	121,583	-	121,415
Accounts payable - CCEE/Elektrobras/Distributors	16	522	46,391	-	-
Related Parties	24	39,275	73,722	274,273	270,295
Provision for investments loss	11	-	-	124,862	58,064
Provision for social and environmental costs	18	-	5,387	-	-
Provision for civil, tax and labor risks	17	3,348	1,460	3,348	1,460
Advances from clients	24.3	249,256	229,053	-	-
Total non-current liabilities		<u>434,364</u>	<u>598,637</u>	<u>458,702</u>	<u>454,426</u>
EQUITY					
Share capital	19	2,960,776	2,898,012	2,960,776	2,898,012
(-) Share issue expenses		(41,757)	(41,757)	(41,757)	(41,757)
Capital reserves		55,379	55,379	55,379	55,379
Accumulated losses		(1,016,556)	(1,055,055)	(1,016,556)	(1,055,055)
Other comprehensive income		-	99,019	-	99,019
Totalequity		<u>1,957,842</u>	<u>1,955,598</u>	<u>1,957,842</u>	<u>1,955,598</u>
TOTAL LIABILITIES AND NET EQUITY		<u><u>5,653,257</u></u>	<u><u>5,901,136</u></u>	<u><u>3,081,939</u></u>	<u><u>3,266,028</u></u>

The accompanying notes are an integral part of these interim financial information.

STATEMENTS OF PROFITS AND LOSS

As at June 30, 2017

In thousands of Brazilian Reais

	Note	Consolidated			
		04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016
NET REVENUE	20	184,890	124,339	337,235	220,397
COST OF SERVICES					
Depreciations	12, 21	(2,506)	(22,569)	(5,039)	(48,604)
Operating costs		(158,696)	(80,835)	(278,117)	(180,392)
Charges on use of distribution system		(4,684)	(4,337)	(9,046)	(8,313)
Total	21	(165,886)	(107,741)	(292,202)	(237,309)
GROSS PROFIT (LOSS)		19,004	16,598	45,033	(16,912)
INCOME (EXPENSES)					
General and administrative		(36,787)	(13,136)	(44,478)	(42,343)
Depreciations and amortizations	12, 21	(543)	(525)	(1,108)	(1,314)
Decrease to the recoverable amount of fixed asset	14.9, 23	(31,903)	-	(31,903)	-
Other revenues		29,020	23,018	26,980	23,065
Total	21	(40,213)	9,357	(50,509)	(20,592)
Equity Income	11.3	26,931	2,416	45,818	3,265
Loss of sale assets	11.3.1	(32,666)	-	(32,666)	-
Gain (losses) on investment	11.3.1	172,243	(62,995)	172,243	(445,906)
Other revenues		-	-	-	20,373
Total		126,295	(51,222)	134,886	(442,860)
LOSS BEFORE FINANCE INCOME AND TAX ON PROFIT		145,299	(34,624)	179,919	(459,772)
FINANCIAL INCOME					
Finance income		2,283	5,657	4,862	9,743
Finance costs		(131,183)	(107,872)	(261,007)	(200,138)
Total	22	(128,900)	(102,215)	(256,145)	(190,395)
LOSS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		16,399	(136,839)	(76,226)	(650,167)
Income tax and social contribution - current		(3,566)	(2,575)	(6,699)	(5,992)
Income tax and social contribution - deferred	10.1	121,364	100,439	121,424	65,602
Total	23	117,798	97,864	114,725	59,610
NET PROFIT (LOSS) FOR THE PERIOD		134,197	(38,975)	38,499	(590,557)

The accompanying notes are an integral part of these interim financial information.

STATEMENT OF LOSS AND PROFIT

As at June 30, 2017

In thousands of Brazilian Reais

	Note	Parent			
		04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016
NET REVENUE	20	-	909	-	1,763
COST OF SERVICES					
Depreciations	12, 21	(1,125)	(1,312)	(2,276)	(2,623)
Operating costs		-	(20)	-	(20)
Total	21	(1,125)	(1,332)	(2,276)	(2,643)
GROSS LOSS		1,125	(423)	(2,276)	(880)
INCOME (EXPENSES)					
General and administrative		(31,082)	(9,240)	(36,101)	(36,472)
Depreciations and amortizations	12, 21	(542)	(641)	(1,106)	(1,311)
Other revenues		33,077	26,844	34,979	30,411
Total	21	1,453	16,963	(2,228)	(7,372)
Equity income	11,3	(90,958)	(41,117)	(137,962)	(116,573)
Loss of sale assets	11,3,1	(32,666)	-	(32,666)	-
Gain (losses) on Investment	11,3,1	172,243	(62,995)	172,243	(445,906)
Other revenues		-	-	-	20,373
Total		50,072	(87,149)	(613)	(549,478)
PROFIT (LOSS) BEFORE FINANCE INCOME AND TAX ON PROFIT		48,947	(87,572)	(2,889)	(550,358)
FINANCIAL INCOME					
Finance income		596	4,241	1,577	6,707
Finance costs		(36,761)	(55,627)	(81,604)	(111,028)
Total	22	(36,165)	(51,386)	(80,027)	(104,321)
PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		12,782	(138,958)	(82,916)	(654,679)
Income tax and social contribution - Deferred	10,1	121,415	99,983	121,415	64,122
Total	23	121,415	99,983	121,415	64,122
NET PROFIT (LOSS) FOR THE PERIOD		134,197	(38,975)	38,499	(590,557)

The accompanying notes are an integral part of these interim financial information.

STATEMENTS OF COMPREHENSIVE INCOME

As at June 30, 2017

In thousands of Brazilian Reais

	Note	Consolidated				Parent			
		04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2017 to 30/06/2017	01/01/2016 to 06/30/2016	04/01/2017 to 06/30/2017	04/01/2016 to 06/30/2016	01/01/2017 to 06/30/2017	01/01/2016 to 06/30/2016
Net Profit (loss) for the period		134,197	(38,975)	38,499	(590,557)	134,197	(38,975)	38,499	(590,557)
Items that will be subsequently reclassified to profit or loss:									
Available assets for sale	11.3.1	(25,768)	40,523	(172,243)	(230,986)	(25,768)	40,523	(172,243)	(230,986)
Impairment of available assets for sale	11.3.1	25,768	-	172,243	271,509	25,768	-	172,243	271,509
TOTAL COMPREHENSIVE TO PROFIT OR LOSS FOR THE PERIOD		134,197	1,548	38,499	(550,034)	134,197	1,548	38,499	(550,034)

The accompanying notes are an integral part of these interim financial information.

STATEMENTS OF CHANGES IN EQUITY

As at June 30, 2017

In thousands of Brazilian Reais

	Note	Capital		Capital Reserve		Profits Reserve			Other comprehensive income	Total consolidated and parent's equity	
		Paid-In	Cost on issuance of shares	Reserve of benefits to employees settled with equity instruments	Goodwill	Legal Reserve	Retained earnings	Special reserve of dividends not distributes	Accumulated losses		Available Assets for sale
BALANCE ON DECEMBER 31, 2015		2,568,010	(41,757)	55,245	1	2,321	33,072	11,024	-	-	2,627,916
Share Capital Increase - share issue	19.b	280,002	-	-	-	-	-	-	-	-	280,002
Recognition of share - based payment	24.5.1	-	-	95	-	-	-	-	-	-	95
Loss for the period		-	-	-	-	-	-	-	(590,557)	-	(590,557)
Other Comprehensive Income:											
Avaible assets for sale	11.3.1	-	-	-	-	-	-	-	-	(230,986)	(230,986)
<i>Impairment</i> of available assets for sale	11.3.1.1	-	-	-	-	-	-	-	-	271,509	271,509
BALANCE ON JUNE 30, 2016		2,848,012	(41,757)	55,340	1	2,321	33,072	11,024	(590,557)	40,523	2,357,979
BALANCE ON DECEMBER 31, 2016		2,898,012	(41,757)	55,378	1	-	-	-	(1,055,055)	99,019	1,955,598
Share capital increase - share issue	19.b	62,764	-	-	-	-	-	-	-	-	62,764
Net profit for the period		-	-	-	-	-	-	-	38,499	-	38,499
Other Comprehensive Income:											
Avaible assets for sale	11.3.1	-	-	-	-	-	-	-	-	73,224	73,224
Effect of sale of assets available for sale	13.3.1	-	-	-	-	-	-	-	-	(172,243)	(172,243)
BALANCE ON JUNE 30, 2017		2,960,776	(41,757)	55,378	1	-	-	-	(1,016,556)	-	1,957,842

The accompanying notes are an integral part of these interim financial information.

STATEMENTS OF CASH FLOWS

As at June 30, 2017

In thousands of Brazilian Reais

	Note	Consolidated		Parent	
		06/30/2017	06/30/2016	06/30/2017	06/30/2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the period		38,499	(590,557)	38,499	(590,557)
Adjustments to reconcile net profit (loss) for the period to cash used in operating activities:					
Depreciation	12, 21	6,147	49,918	3,382	3,934
Residual value of fixed assets disposed of property	12.9	31,903	-	-	-
Interest on short-term investments and collaterals	12	5,602	4,057	132	4,057
Net interest on related parties	22	(5,335)	(8,213)	(1,609)	(5,214)
Interest on debentures, borrowing and financing	24	26,486	7,122	9,543	2,632
Recognition of costs on debentures, borrowing and financing	14.4, 22	164,141	133,072	67,385	67,165
Recognition and provision (reversal) CCEE/Eletrobras/Distributors	14.4	745	994	477	517
Recognition and provision CCEE/Eletrobras/Distributors	16.1	3,812	49,306	-	-
Fine on reimbursement	16.1, 21	6,748	9,552	-	-
Deferred taxes	10.1	(121,424)	(67,357)	(121,415)	(64,122)
Restatement and provision for social and environmental costs	18.1	105	54	-	-
Provision for civil, tax and labor taxes		1,888	7	1,888	7
Accrued Bonuses (reversal)		(2,700)	3,794	(2,700)	3,794
Expenses on share-based payment	24.5.1	-	95	-	95
Permanent Investment loss disposed of	11.3.1	334,885	-	334,885	-
Effect of sale of asset available for sale	11.3.1	(172,243)	-	(172,243)	-
Loss of investment	11.3.1.1	-	445,906	-	445,906
Recognition of dividends of investee	11.4	-	(20,373)	-	(20,373)
Equity result	11.3	(45,818)	(3,265)	137,962	116,573
(Decrease) increase in operating assets					
Trade receivables		(1,679)	(20,460)	13	(202)
Recoverable taxes		(6,418)	(4,014)	(43)	(1,135)
Prepaid expenses		920	(1,263)	(57)	(1,832)
Advances to suppliers		920	(2,005)	573	(1,593)
Other receivables		(624)	1,172	(854)	782
Decrease (Increase) in operating liabilities:					
Trade payables		26,418	143,114	(23,300)	(13,913)
Taxes payable		7,610	4,471	(1,657)	389
Payroll and accrued vacation		1,173	(3,675)	1,173	(3,675)
Accounts payable – CCEE/Eletrobras/Distributors	16.1	(13,808)	(1,394)	-	-
Provision for social and environmental costs	18.1	-	(43)	-	-
Other payables		(26)	(1,850)	(432)	(1,434)
Advance from clients	24.3	-	94,000	-	-
Payment of income tax and social contribution		(4,358)	(9,305)	-	(5,671)
Payment of interest on borrowings and financing	14.4	(124,972)	(170,824)	(43,430)	(107,993)
Dividends received	11.4	10,200	35,673	183	20,873
Net cash used in operating activities		<u>168,797</u>	<u>77,709</u>	<u>228,355</u>	<u>(150,990)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Resources for future capital decrease	11.3.2	-	-	-	(91,045)
Short-term investments		(6,508)	2,001	(7,173)	5,214
Collaterals and restricted deposits		(46,615)	18,865	(74,827)	39,757
Purchase of property, plant and equipment	12, 28	(8,924)	(340,179)	(4,430)	(220,342)
Payment of property, plant and equipment purchased in prior periods		(853)	(264,435)	-	-
Related parties		-	-	(29,271)	9,119
Net cash provided by investing activities		<u>(62,900)</u>	<u>(583,748)</u>	<u>(115,701)</u>	<u>(257,297)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of shares	19.b	62,764	280,002	62,764	280,002
Debentures, borrowing and financing	14.4, 28	-	359,540	-	194,577
Payment of Debentures, borrowing and financing	14.4	(150,928)	(132,698)	(142,600)	(105,167)
Related parties - entry		-	-	80,078	-
Related parties - payment		-	-	(83,734)	71,932
Net cash (use in) provided by financing activities		<u>(88,164)</u>	<u>506,844</u>	<u>(83,492)</u>	<u>441,344</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>17,733</u>	<u>805</u>	<u>29,162</u>	<u>33,057</u>
Cash and cash equivalents at beginning of the period	6	35,786	66,824	7,993	20,369
Cash and cash equivalents at end of the period (*)	6	<u>53,519</u>	<u>67,629</u>	<u>37,155</u>	<u>53,426</u>
DECREASE IN CASH AND CASH EQUIVALENTS		<u>17,733</u>	<u>805</u>	<u>29,162</u>	<u>33,057</u>

(*) Cash and cash equivalents for the period includes balance of cash and cash equivalents of Alto Sertão II (asset kept for sale).

STATEMENTS OF VALUE ADDED

As at June 30, 2017

In thousands of Brazilian Reais

	Note	Consolidated		Parent	
		06/30/2017	06/30/2016	06/30/2017	06/30/2016
REVENUE					
Electric power sales	20	372,484	238,338	-	2,050
Revenue from construction of own assets		949	54,213	949	16,063
INPUTS ACQUIRED FROM THIRD PARTIES					
Costs of services rendered and goods sold.		(287,172)	(188,741)	-	(4)
Material, power, outside services and other		(47,923)	(35,784)	(31,310)	(22,620)
Decrease to the recoverable value of fixed asset	14, 23	(31,903)	-	-	-
Investment loss		-	(445,906)	-	(445,906)
Loss of sale of assets	11.3. 1	(32,666)	-	(32,666)	-
Gross value added		<u>(26,231)</u>	<u>(377,880)</u>	<u>(63,027)</u>	<u>(450,417)</u>
Depreciation	12, 21	(6,147)	(49,918)	(3,382)	(3,934)
NET WEALTH CREATED		<u>(32,378)</u>	<u>(427,798)</u>	<u>(66,409)</u>	<u>(454,351)</u>
WEALTH RECEIVED IN TRANSFER					
Equity income	11.3	45,818	3,265	(137,962)	(116,573)
Other revenues	11.4	-	20,373	-	20,373
Effect of asset sale available for sale		172,243	-	172,243	-
Financial revenues		5,425	11,122	1,669	6,707
TOTAL WEALTH TO BE DISTRIBUTED		<u>191,108</u>	<u>(393,038)</u>	<u>30,459</u>	<u>(543,844)</u>
DISTRIBUTION OF WEALTH					
Personnel:					
Payroll and related taxes		2,067	18,122	(698)	18,122
Management fees	24.4	4,297	3,921	4,297	3,921
Benefits		1,781	3,655	1,135	3,655
FGTS		993	2,641	638	2,641
Tax, Fees and contributions:					
Federal		(76,194)	(36,798)	(119,621)	(58,965)
Municipal		-	92	-	92
Lessers and lessors:					
Interest		236,653	223,765	78,537	99,621
Rentals		1,611	2,074	1,072	2,037
Other		(18,599)	(19,953)	(34,318)	(24,411)
Net profit (loss) for the period		<u>38,499</u>	<u>(590,557)</u>	<u>38,499</u>	<u>(590,557)</u>
TOTAL WEALTH DISTRIBUTED		<u>191,106</u>	<u>(393,038)</u>	<u>(30,459)</u>	<u>(543,844)</u>

The accompanying notes are an integral part of these interim financial information.

ACCOMPANYING NOTES TO THE INTERIM ACCOUNTING INFORMATION

As at June 30, 2017

In thousands of Brazilian Reais

1. General Information

Renova Energia S.A. (“Renova” or “Company” or “Parent”) is a publicly-held company enrolled with CNPJ under no. 08.534.605/0001-74, with shares traded at BM&FBOVESPA (“BOVESPA”) under the Corporate Governance Level 2. Headquartered at Av. Roque Petroni Júnior, 999, 4º andar, City of São Paulo, State of São Paulo, the Company is primarily engaged in the development, implementation and operation of projects for generation of energy from renewable sources – wind, small hydroelectric plants (PCHs) and solar, and in the sale of power and related activities. The Company’s corporate purposes are the generation and sale of power of all types, manufacturing of fuel from natural and renewable sources, provision of logistics supporting services to companies or environmental advisory companies, provision of advisory services for power solutions relating to the generation, sale, transmission and other businesses involving alternative power sources, provision of engineering, construction and logistics services, and development of studies and projects related to the power generation plants of all types and systems, as well as the implementation, operation, maintenance and development, manufacturing and sale of parts and equipment for power generation, transmission and distribution, operation in the electric power generation market through solar power generation equipment, including, but not limited to, sale of solar power and equipment for generation, transmission and distribution of solar power, processing of polysilicon, ingots, wafers, cells, panels, modules and inverters, sale, lease, rental or other type for provision of power generation assets, and investment in other companies’ capital.

As at June 30, 2017, the Company holds equity interests in the following direct and indirect subsidiaries which are in the operating and pre-operating stages and under construction (“Renova Group”):

PCH	Consolidation	% Interest			
		06/30/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Enerbras Centrais Elétricas S.A. (Holding)	(a) Full	100.00	-	100.00	-
Energética Serra da Prata S.A.	(b) Full in Enerbras	-	99.99	-	99.99
Renova PCH LTDA.	(c) Full	99.00	-	99.00	-
Chipley SP Participações S.A. (Holding)	(d) Full	99.99	-	99.99	-

Wind	Consolidation	% Interest			
		06/30/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Nova Energia Holding S.A. (Holding)*	(e) Full	99.99	-	99.99	-
Renova Eólica Participações S.A. (Holding) *	(e) Full in Nova Energia	-	100.00	-	100.00
Centrais Eólicas da Prata S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas dos Araçás S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Morrão S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Seraíma S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Tanque S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Ventos do Nordeste S.A.*	(f) Full in Renova Eólica	-	99.99	-	99.99

- Continued -

- Continuation -

		% Interest			
		06/30/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
Wind	Consolidation				
Centrais Eólicas Ametista S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Borgo S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Caetité S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Dourados S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Espigão S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Maron S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Pelourinho S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Pilões S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Centrais Eólicas Serra do Espinhaço S.A.*	(g) Full in Renova Eólica	-	99.99	-	99.99
Alto Sertão Participações S.A. (Holding)	(e) Full	99.99	-	99.99	-
Diamantina Eólica Participações S.A. (Holding)	(e) Full in Alto Sertão	-	99.99	-	99.99
Centrais Eólicas São Salvador S.A.	(h) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Abil S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Acácia S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Angico S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Folha da Serra S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jabuticaba S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jacarandá do Serrado S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Taboquinha S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Tabua S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Vaqueta S.A.	(i) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Unha d'Anta S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Cedro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Vellozia S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Angelim S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Facheiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Sabiu S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Barbatimão S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Juazeiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jataí S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Imburana Macho S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Amescla S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Umbuzeiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Pau d'Água S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Manineiro S.A.	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Bela Vista XIV S.A.	(e) Full	99.00	-	99.00	-
Ventos de São Cristóvão Energias Renováveis S.A.	(k) Full in Bela Vista XIV	-	99.00	-	99.00
Centrais Eólicas Botuquara S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Anísio Teixeira S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Cabeça de Frade S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Canjoão S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Carrancudo S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Conquista S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Coxilha Alta S.A.	(j) Full	99.00	-	99.00	-
Centrais Eólicas Ipê Amarelo S.A.	(j) Full	99.00	-	99.00	-

- Continued -

- Continuation -

Wind		Consolidation	% Interest			
			06/30/2017		12/31/2016	
			Direct	Indirect	Direct	Indirect
Centrais Eólicas Jequitiba S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Macambira S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Tamboril S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Tingui S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Alcacuz S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Calianbra S.A.	(j)	Full	99.99	-	99.99	-
Centrais Eólicas Cansanção S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Embiruçu S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Ico S.A.	(j)	Full	99.99	-	99.99	-
Centrais Eólicas Imburana de Cabão S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Lençóis S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Putumaju S.A.	(j)	Full	99.00	-	99.00	-
Centrais Elétricas Itaparica S.A.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Bela Vista XV LTDA.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Itapuã IV LTDA.	(m)	Full	99.00	-	99.00	-
Centrais Eólicas Itapuã V LTDA.	(m)	Full	99.00	-	99.00	-
Centrais Eólicas Itapuã VII LTDA.	(m)	Full	99.00	-	99.00	-
Centrais Eólicas Itapuã XV LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Itapuã XX LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 1 S.A.*	(l)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 2 S.A.*	(l)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 3 S.A.*	(l)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 4 S.A.*	(l)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 5 S.A.*	(l)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 6 S.A.*	(l)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 7 LTDA.*	(n)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 8 LTDA.*	(n)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 9 LTDA.	(n)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 10 LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 11 LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 12 LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 13 LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 14 LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 15 LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 16 LTDA.	(k)	Full	99.00	-	99.00	-
Centrais Eólicas Umburanas 18 LTDA.	(k)	Full	99.00	-	99.00	-
Parque Eólico Iansã LTDA	(k)	Full	99.99	-	99.99	-

Holding		Consolidation	% Interest			
			06/30/2017		12/31/2016	
			Direct	Indirect	Direct	Indirect
Renovapar S.A.	(p)	Full	100.00	-	100.00	-
Espra Holding S.A.	(p)	Full	99.00	-	99.00	-
Bahia Holding S.A.	(p)	Full	99.00	-	99.00	-
CMNPAR Fifty Four Participações S.A.	(p)	Full	99.99	-	99.99	-

Trading		Consolidation	% Interest			
			06/30/2017		12/31/2016	
			Direct	Indirect	Direct	Indirect
Renova Comercializadora de Energia S.A.	(o)	Full	100.00	-	100.00	-

PCH		Non-Consolidated shared control	% Interest			
			06/30/2017		12/31/2016	
			Direct	Indirect	Direct	Indirect
Brasil PCH S.A.	(q)	Indirect by Chipley	-	51.00	-	51.00

- Continued -

- Continuation-

Holding	Other interest	% Interest			
		06/30/2017		12/31/2016	
		Direct	Indirect	Direct	Indirect
TerraForm Global, Inc.	(r) Direct	-	-	11.64	-

(*) On January 2017, the balances of these investments had been transferred to the assets and liabilities classified as held for sale, on the current assets and liabilities of the Company (see note 27).

- (a) Enerbras Centrais Elétricas S.A. (“Enerbras”), a direct subsidiary, is a privately-held company, headquartered in the State of Bahia, exclusively engaged in holding equity interest in Energética Serra da Prata S.A. (“Espra”).
- (b) Energética Serra da Prata S.A., an indirect subsidiary, is a privately-held company, exclusively engaged in the generation and sale of electric power from Serra da Prata Hydroelectric Complex, which are comprised of PCHs Cachoeira da Lixa, Colino I and Colino II, located in the State of Bahia. Under an authorization regime, 100% of its production is contracted with Centrais Elétricas Brasileiras (“Eletrobras”), in the context of the Alternative Electric Power Source Incentive Program (PROINFA). Espra started operations in 2008.
- (c) Renova PCH Ltda. (“Renova PCH”), a direct subsidiary, is mainly engaged in the construction, implementation, operation, maintenance and generation of water source power. The company is in the preoperating stage.
- (d) Chipley SP Participações S.A. (“Chipley”) is a privately-held company, mainly engaged in holding equity interests in other businesses, as partner or shareholder, which may include participating in consortia, and operating, directly or indirectly, as the case may be, electric power services, encompassing generation systems and other related services.
- (e) Privately-held companies, headquartered in State of São Paulo and in Bahia, which are mainly engaged in holding equity interests in other companies that operate, directly or indirectly, in the wind power generation.
- (f) Privately-held companies which are mainly engaged in the design, implementation, development and operation of specific wind farm, located in the State of Bahia. Under an authorization regime, all the production is contracted with Electric Energy Trade Chamber (CCEE), in the context of the Reserve Auction – 2010 (“LER 2010”), see note 1.1.
- (g) Privately-held companies which are mainly engaged in the design, implementation, development and operation of specific wind farm, located in the State of Bahia. Under an authorization regime, all the production is contracted with those distributors which declared demand in the New Power Auction – 2011 (“LEN 2011(A-3)”), see note 1.1.
- (h) Centrais Eólicas São Salvador S.A. (“São Salvador”), direct subsidiary, is a privately-held company specifically engaged in the design, implementation, development and operation of São Salvador wind farm, located in the State of Bahia. Under an authorization regime, all the production is contracted with those distributors which declared demand in the New Power Auction – 2012 (“LEN 2012 (A-5)”). The wind farm is under implementation, see note 1.1.
- (i) Privately-held companies, which are mainly engaged in the design, implementation, development and operation of specific wind farm, located in the State of Bahia. Under an authorization regime, all the production is contracted with the CCEE, in the context of the Reserve Auction – 2013 (“LER 2013”). The

wind farms are under implementation phase.

- (j) Direct and indirect subsidiaries, whose purpose is to project, implement, operate and exploit specific Wind farms, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted in the free market. The wind farms are in the phase of implementation.
- (k) Direct subsidiaries which are mainly engaged in the construction, implementation, operation, maintenance and generation of wind power. These companies are under implementation.
- (l) Direct subsidiaries, whose purpose is to project, implement, operate and exploit specific wind farms, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted with distributors who declared demand in the New Power Auction – 2013 (“LEN 2013 (A-5)”). These companies are in the phase of implementation.
- (m) Direct subsidiaries, whose purpose is to project, implement, operate and exploit electric power generation plants from wind farms and solar power, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted with CCEE, under the Power Reserve Auction – 2014 (“LER 2014”). These wind farms are in the phase of implementation.
- (n) Direct subsidiaries, whose purpose is to project, implement, operate and exploit electric power generation plants from wind farms and solar power, located in the state of Bahia. Subject to an authorization regimen, all the production is contracted with distributors who declared demand in the New Power Auction – 2014 (“LEN 2014 (A-5)”). These companies are in the phase of implementation.
- (o) Renova Comercializadora de Energia S.A. (“Renova Comercializadora”), a direct, wholly-owned subsidiary, which is mainly engaged in the sale of power of all types.
- (p) Direct subsidiaries, mainly engaged in holding equity interests in other companies which operate, directly or indirectly, in the generation and sale of power of all types.
- (q) Brasil PCH S.A. (“Brasil PCH”) is a privately-held company, mainly engaged in holding equity interests in other businesses, as partner or shareholder, which may include conducting activities related to the management, construction, planning, operation, maintenance and development of renewable electric power generation projects through PCHs.
- (r) TerraForm Global, Inc. (“TerraForm” or “TerraForm Global”) is a globally diversified company guided towards the payment of dividends, established to hold and operate clean energy generation assets in emerging markets with strong growth. On June 29, 2017, the Company sold the total of shares of TerraForm Global, see note 1.3.2.

1.1 Commercial operation of wind farms under LER 2013 and LEN 2012 (A-5)

LER 2013 – The Reserve Auction Contracts establish that the wind farms should enter into commercial operation on September 1, 2015, nevertheless, these are delayed and are estimated to enter into operation between the second half of 2017 and the first trimester of 2018. According to the contract, the effective payment of the fixed revenue is conditioned to the startup of commercial operation of the wind farms, with the financial resources associated to this payment to be withheld at CONER (reserve energy account), which amounts are considered at the time of the calculation of the differences between the generated power and the contracted power (see note 16).

LEN 2012 (A-5) – For the period April to December 2017, the Company terminated contract of the total volume of 10.2 MW and on May 19, 2017, it permanently cancelled this contract (see note 24.3d). For the period January to March, 2017 the Company bought energy from related parties (see note 24.3c).

1.2 Operation with TerraForm Global

a) Description of operation

On July 2015 the Company signed contracts of divestment and exchange of certain assets, as well as other agreements (“Operation”) with TerraForm and associated companies, as follows:

(i) Purchase and sale contracts of shares for the divestment of assets of the Espira project (3 PCHs with installed production capacity of 41.8 MW) in the amount of R\$136,000, through cash payment. The divestment deal of this Project to TerraForm Global was cancelled, in accordance with the relevant fact published on April 1, 2016. Due to this cancellation, on April 1, 2016 TerraForm Global paid to the Company a fine of R\$35,790;

(ii) Purchase and sale contract of shares for the divestment of assets of the Bahia project, corresponding to five wind farms that commercialize energy in LER 2009, with 99.2 MW of installed capacity for the contractual value of R\$451,000, through cash payment; and

(iii) Contract for the exchange of shares for exchanging shares of parents of the Company holding assets of the Salvador project, corresponding to nine wind parks that commercialize energy in LER 2009, with 195.2 MW of installed capacity, for the contractual value of R\$ 1,026,000, for 20,327,499 Class A shares of TerraForm Global, whereby the price per share of the public offering of shares (IPO) of TerraForm Global (i.e. US\$15.00 per share) was used as a basis for this exchange.

On September 18, 2015 the Company signed the deal of the operation with TerraForm Global, with the conclusion of the divestment/exchange of the Bahia (ii) and Salvador (iii) projects. The date of accounting recognition of the divestment was considered for the purpose of measuring the fair value of the exchange of the Salvador project, which comprises the fair value of the 20,327,499 (twenty million, three hundred and twenty-seven thousand, four hundred and ninety-nine) shares of TerraForm in the amount of R\$716,259 plus the fair value of the sales option of 7,000,000 (seven million) shares and in the amount of R\$128,767.

b) Collateral, guarantees and respective provisions related to the operation

As determined by contract, part of the amounts received by the Company, from the divestment of assets of the Bahia project, and part of the shares of TerraForm Global, received by Renova in exchange for the assets of the Salvador project, has been deposited in an escrow account, subject to commitments for the fulfillment of certain contractual obligations. The guarantees were released as follows:

- i) In March, 2017 the parties agreed to release the amount of R\$3,338, from the amount of R\$8,511 provisioned, referring to the guarantee for the repair of the farms, and the remaining R\$5,173 acknowledged as loss for the period of 2015 (R\$3,234) and 2016 (R\$1,939).
- ii) In June, 2017, the parties agreed to release the total amount of R\$23,012, of the guarantee relative to the quantity of energy generated by the farms and the amount of R\$10,000 acknowledged as the income in 2015 was reverted in 2017.

c) Sale Option Contract with SunEdison (TerraForm Parent)

On September 18, 2015 a contract was signed with a sales option for Renova and a purchase option for SunEdison, by means of which, as at March 31, 2016, the Company had the option of divesting to SunEdison up to 7 million shares of TerraForm Global received by Renova for the closing of the exchange of assets of the Salvador project, previously described, and SunEdison had the option to acquire from Renova, up to 7 million shares of TerraForm. On April 1, 2016, the Company notified SunEdison and TerraForm Global in relation to its intention of exercising the sale option of 7 million shares which, as per the contract, SunEdison will have up to 60 days for settling this transaction. On April 21, 2016, SunEdison filed for judicial reorganization in the United States (Chapter 11), and did not settle this transaction. See details in notes 11.3.1.1 and 17.2.

1.3 Sale of assets

1.3.1 Alto Sertão II wind power complex (LER 2010 and LEN 2011 (A-3))

On April 18, 2017 the Company signed the share purchase contract with AES for the acquisition of Alto Sertão II wind power complex, made up by 15 wind farms that sold energy in LER 2010 and LEN 2011 (A-3). The acquisition of the Alto Sertão II Complex by AES occurs by means of the sale of the total of shares issued by Nova Energia Holding S.A. directly held by the Company and its controlled company Renovapar S.A. for the base price of R\$600,000 and it may reach the amount of up to R\$700,000, dependent upon the performance of the Alto Sertão II Complex, calculated after the period of five years to count from the transaction closing date, among other conditions described in the Share Purchase Contract. The transaction was closed on August 3, 2017, as per note 29.1.

1.3.2 TerraForm Shares

On May 15, 2017, the Company and Brookfield Asset Management (“Brookfield”), by means of its vehicle Orion US Holding 1 L.P., signed the Purchase and Sale Contract of the shares that the Company held in the North-American company TerraForm Global Inc. (“TerraForm Global”). The total price of acquisition of shares was R\$302,219 (US\$ 92.8 million), paid to the Company on June, 29, 2017.

Also on this date an Agreement between the Company and TerraForm Global was entered into, in which the parties agreed to close the arbitration process by means of offsetting to Renova of the amount of R\$ 48,559 (US\$15 million).

1.4 Going concern

In the semester ended June 30, 2017, the Company presented accumulated losses of R\$1,016,556, as well as current liabilities in excess to the current assets in the amount of R\$137,951 (parent) and R\$1,435,287 (consolidated) and presents the need to obtain capital in order to fulfill the commitments for the construction of the wind and solar farms.

The main reasons for this scenario are: i) significant investments in the construction of the farms of the Alto Sertão III wind complex; ii) delay in the release of the long-term financing with BNDES; and iii) failure to achieve certain *covenants* indicators and failure to obtain agreement by the creditors until June 30, 2017 made the long-term debentures to be reclassified to the current.

Due to this scenario, the Company has been taking several actions with the purpose of rebalancing its liquidity structure and cash generation, as follows:

- (1) On August 3, 2017, with the closing of the sale of the Alto Sertão II wind farms, the Company settled the balance of debentures and transferred the debt balance of those farms, (R\$1,115,750), on June 30, 2017 to AES Tietê, reducing its indebtedness in R\$1,480,684.
- (2) Contracting of long-term financing with BNDES – The Company is under arrangements for the signing of the long-term financing contract, in the approximate amount of R\$900,000 that will substitute for the bridge-loan borrowed and recorded in the current liability until June 30, 2017 in the amount of R\$837,946 (principal and charges), and the remaining portion will be used for the works related to the Alto Sertão III – Phase A project. Once the long-term is contracted, a portion of the current liability will be reclassified to the non-current. Up to now, the amount of R\$ 2.1 billion has already been invested in the Alto Sertão III – Phase A, which corresponds to 87% (*) of the physical complex of the work, with no long-term financing clearance by BNDES.
- (3) The shareholders continue to make efforts to provide financial support so that the Company will achieve the liquidity rebalance. Among the already implemented measures, one finds the funding made by the shareholders, which in 2017, totaled R\$62,764.
- (4) Optimization of the contract portfolios with permanent cancellation of 188.2 MWm of LEN 2012 and LEN 2013 projects, in the scope of the MCS D A4+.
- (5) As an alternative for the feasibility of new funds, there is the possibility of portfolio optimization, sale of projects and/or operating assets, as well as the entry of new shareholders (note 29.2).

The Management sees that, with the success of the measures above, it will be possible to resume the economic, financial and liquidity balance of the Company.

(*) Information not reviewed by the independent auditors.

2. Main Accounting Standards

2.1 Declaration of compliance

The consolidated Interim financial Information, identified as “Consolidated”, has been elaborated and prepared as per the Technical Pronouncement CPC 21 (R1) – Interim statement and as per the International Standard IAS 34 – *Interim Financial Reporting issued by the International Accounting Standards Board* – IASB, as well as by the presentation of those information in compliance with the Standards issued by the Securities Exchange Commission (CVM), applicable to the elaboration of the Quarterly Information (ITR).

The individual Interim financial Information of the Parent has been prepared as per the technical pronouncement CPC 21 (R1), identified as “Parent”. In the Company’s case, those practices differ from the IFRSs, in relation to the individual interim accounting information, only with regard to the capitalization of interest incurred by the

parent, in relation to the assets under construction of its subsidiaries, on December 31, 2016. For the purposes of the IFRS, this capitalization is only allowed in the consolidated financial information.

The referred interim financial Information has been elaborated by complying with the principles, practices and criteria that are consistent with those adopted in the elaboration of the Annual Financial Information as at December 31, 2016. Thus, the Interim Financial Information must be read jointly with the referred Accounting Statements, approved by the Company's Board of Directors on March 22, 2017.

The Management acknowledges that all the significant information which is peculiar to the interim financial information and, only those, is being evidenced and correspond to the ones used by the Management in its management term.

2.2 Approval of the interim financial information

The consolidated and individual interim financial information, which is expressed in thousands of Brazilian reais, rounded to the closest thousands, except when referred, was approved for filing at the CVM by the Management Board on August 10, 2017.

2.3 New standards and amendments to interpretation of standards

For the Accounting Pronouncements and Interpretations that were effective on December 31, 2016 and which were in force as from January 1, 2017, there were no significant amendment and neither relevant impact to those Interim Financial Information in relation to those disclosed in the accompanying note 2 of the financial statements as at December 31, 2016.

2.4 Bases of consolidation and investments in subsidiaries

The interim financial information of the subsidiaries referred to in note 1 has been consolidated.

3. The authorizations

3.1 Regulated Market (ACR)

<u>PCH</u>					
	Contract ref.	ANEEL resolution	Resolution date	Authorized year	Installed Production capacity*
Cachoeira da Lixa	PROINFA	697	12/24/2003	30 years	14.80 MW
Colino 2	PROINFA	695	12/24/2003	30 years	16.00 MW
Colino 1	PROINFA	703	12/24/2003	30 years	11.00 MW

<u>Wind</u>					
	Contract ref.	MME ordinance	Ordinance date	Authorized year	Installed Production capacity*
Centrais Eólicas da Prata S.A.	LER 05/2010	177	03/25/2011	35 years	21.84 MW
Centrais Eólicas dos Araçás S.A.	LER 05/2010	241	04/07/2011	35 years	31.86 MW
Centrais Eólicas Morrão S.A.	LER 05/2010	268	04/20/2011	35 years	30.24 MW
Centrais Eólicas Seraíma S.A.	LER 05/2010	332	05/27/2011	35 years	30.24 MW
Centrais Eólicas Tanque S.A.	LER 05/2010	330	05/26/2011	35 years	30.00 MW
Centrais Eólicas Ventos do Nordeste S.A.	LER 05/2010	161	03/18/2011	35 years	23.52 MW
Centrais Eólicas Ametista S.A.	LEN 02/2011 (A-3)	135	03/14/2012	35 years	28.56 MW
Centrais Eólicas Borgo S.A.	LEN 02/2011 (A-3)	222	04/13/2012	35 years	20.16 MW
Centrais Eólicas Caetitê S.A.	LEN 02/2011 (A-3)	167	03/21/2012	35 years	30.24 MW
Centrais Eólicas Dourados S.A.	LEN 02/2011 (A-3)	130	03/13/2012	35 years	28.56 MW
Centrais Eólicas Espigão S.A.	LEN 02/2011 (A-3)	172	03/22/2012	35 years	10.08 MW
Centrais Eólicas Maron S.A.	LEN 02/2011 (A-3)	107	03/08/2012	35 years	30.24 MW
Centrais Eólicas Pelourinho S.A.	LEN 02/2011 (A-3)	168	03/21/2012	35 years	21.84 MW
Centrais Eólicas Pilões S.A.	LEN 02/2011 (A-3)	128	03/13/2012	35 years	30.24 MW
Centrais Eólicas Serra do Espinhaço S.A.	LEN 02/2011 (A-3)	171	03/22/2012	35 years	18.48 MW
Centrais Eólicas São Salvador S.A.	LEN 06/2012 (A-5)	162	05/22/2013	35 years	18.90 MW ⁽¹⁾
Centrais Eólicas Abil S.A.	LER 05/2013	109	03/19/2014	35 years	23.70 MW
Centrais Eólicas Acácia S.A.	LER 05/2013	123	03/24/2014	35 years	16.20 MW
Centrais Eólicas Angico S.A.	LER 05/2013	111	03/19/2014	35 years	8.10 MW
Centrais Eólicas Folha da Serra S.A.	LER 05/2013	115	03/19/2014	35 years	21.00 MW
Centrais Eólicas Jabuticaba S.A.	LER 05/2013	113	03/19/2014	35 years	9.00 MW
Centrais Eólicas Jacaranda do Serrado S.A.	LER 05/2013	116	03/19/2014	35 years	21.00 MW
Centrais Eólicas Taboquinha S.A.	LER 05/2013	114	03/19/2014	35 years	21.60 MW
Centrais Eólicas Tabua S.A.	LER 05/2013	110	03/19/2014	35 years	15.00 MW
Centrais Eólicas Vaqueta S.A.	LER 05/2013	132	03/28/2014	35 years	23.40 MW
Centrais Eólicas Uburains 1 S.A. (Uburains 1)	LEN 10/2013 (A-5)	390	08/01/2014	35 years	27.00 MW
Centrais Eólicas Uburains 1 S.A. (Uburains 2)	LEN 10/2013 (A-5)	397	08/04/2014	35 years	27.00 MW
Centrais Eólicas Uburains 1 S.A. (Uburains 3)	LEN 10/2013 (A-5)	398	08/04/2014	35 years	18.90 MW
Centrais Eólicas Uburains 2 S.A. (Uburains 4)	LEN 10/2013 (A-5)	388	08/01/2014	35 years	18.90 MW
Centrais Eólicas Uburains 2 S.A. (Uburains 5)	LEN 10/2013 (A-5)	389	08/04/2014	35 years	18.90 MW
Centrais Eólicas Uburains 2 S.A. (Uburains 6)	LEN 10/2013 (A-5)	415	08/12/2014	35 years	21.60 MW
Centrais Eólicas Uburains 3 S.A. (Uburains 7)	LEN 10/2013 (A-5)	550	11/27/2013	35 years	24.30 MW
Centrais Eólicas Uburains 3 S.A. (Uburains 8)	LEN 10/2013 (A-5)	551	11/27/2013	35 years	24.30 MW
Centrais Eólicas Uburains 3 S.A. (Uburains 9)	LEN 10/2013 (A-5)	400	08/04/2014	35 years	18.00 MW
Centrais Eólicas Uburains 4 S.A. (Uburains 10)	LEN 10/2013 (A-5)	399	08/04/2014	35 years	21.00 MW
Centrais Eólicas Uburains 4 S.A. (Uburains 11)	LEN 10/2013 (A-5)	407	08/08/2014	35 years	15.00 MW
Centrais Eólicas Uburains 4 S.A. (Uburains 12)	LEN 10/2013 (A-5)	433	08/21/2014	35 years	22.80 MW
Centrais Eólicas Uburains 5 S.A. (Uburains 13)	LEN 10/2013 (A-5)	434	08/21/2014	35 years	18.90 MW
Centrais Eólicas Uburains 5 S.A. (Uburains 14)	LEN 10/2013 (A-5)	435	08/21/2014	35 years	24.90 MW
Centrais Eólicas Uburains 5 S.A. (Uburains 15)	LEN 10/2013 (A-5)	436	08/21/2014	35 years	18.90 MW
Centrais Eólicas Uburains 6 S.A. (Uburains 16)	LEN 10/2013 (A-5)	437	08/21/2014	35 years	27.00 MW
Centrais Eólicas Uburains 6 S.A. (Uburains 18)	LEN 10/2013 (A-5)	438	08/21/2014	35 years	8.10 MW
Centrais Eólicas Uburains 7 Ltda. (Uburains 17)	LEN 6/2014 (A-5)	382	07/03/2015	35 years	24.30 MW
Centrais Eólicas Uburains 7 Ltda. (Uburains 19)	LEN 6/2014 (A-5)	343	08/04/2015	35 years	25.80 MW
Centrais Eólicas Uburains 7 Ltda. (Uburains 21)	LEN 6/2014 (A-5)	342	08/04/2015	35 years	24.30 MW
Centrais Eólicas Uburains 8 Ltda. (Uburains 23)	LEN 6/2014 (A-5)	341	08/04/2015	35 years	16.50 MW

- Continued -

- Continuation -

Wind	Contract ref.	MME ordinance	Ordinance date	Authorized year	Installed Production capacity*
Centrais Eólicas Umburains 8 Ltda. (Umburains 25)	LEN 6/2014 (A-5)	340	08/04/2015	35 years	17.10 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Mulungu)	LER 08/2014	241	06/01/2015	35 years	14.70 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Quina)	LER 08/2014	242	06/01/2015	35 years	10.80 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Pau Santo)	LER 08/2014	285	06/25/2015	35 years	18.00 MW

UFV (Fotovoltaica Plant)	Contract ref.	MME ordinance	Ordinance date	Authorized year	Installed Production capacity*
Centrais Eólicas Itapuã IV Ltda. (Caetité I)	LER 08/2014	246	06/01/2015	35 years	29.75 MW
Centrais Eólicas Itapuã IV Ltda. (Caetité II)	LER 08/2014	245	06/01/2015	35 years	29.75 MW
Centrais Eólicas Itapuã V Ltda. (Caetité IV)	LER 08/2014	244	06/01/2015	35 years	29.75 MW
Centrais Eólicas Itapuã V Ltda. (Caetité V)	LER 08/2014	243	06/01/2015	35 years	10.50 MW

Note (1): installed power changed, as per Order 1.814, as of July 7, 2016. Contract cancelled as per note 1.1.

(*) Information not reviewed by the independent auditors.

3.2 Free Market (ACL)

Wind	Contract ref.	ANEEL resolution	Resolution date	Authorized year	Installed Production capacity*
Centrais Eólicas Amescla S.A.	ACL (Light I)	5099	03/26/2015	30 years	13.50 MW
Centrais Eólicas Angelim S.A.	ACL (Light I)	5092	03/26/2015	30 years	21.60 MW
Centrais Eólicas Barbatimão S.A.	ACL (Light I)	5093	03/26/2015	30 years	16.20 MW
Centrais Eólicas Facheio S.A.	ACL (Light I)	5098	03/26/2015	30 years	16.50 MW
Centrais Eólicas Imburain Macho S.A.	ACL (Light I)	5085	03/26/2015	30 years	16.20 MW
Centrais Eólicas Jataí S.A.	ACL (Light I)	5081	03/26/2015	30 years	16.20 MW
Centrais Eólicas Juazeiro S.A.	ACL (Light I)	5088	03/26/2015	30 years	18.90 MW
Centrais Eólicas Sabiu S.A.	ACL (Light I)	5084	03/26/2015	30 years	13.50 MW
Centrais Eólicas Umbuzeiro S.A.	ACL (Light I)	5091	03/26/2015	30 years	21.60 MW
Centrais Eólicas Unha d'Anta S.A.	ACL (Light I)	5096	03/26/2015	30 years	13.50 MW
Centrais Eólicas Vellozia S.A.	ACL (Light I)	5087	03/26/2015	30 years	21.90 MW
Centrais Eólicas Cedro S.A.	ACL (Light I)	5496	10/01/2015	30 years	12.00 MW
Centrais Elétricas Itaparica S.A.	ACL (Mercado livre I)	5124	04/01/2015	30 years	8.10 MW
Centrais Elétricas Itaparica S.A.	ACL (Mercado livre I)	5128	04/01/2015	30 years	13.50 MW
Centrais Eólicas Manineiro S.A.	ACL (Mercado livre III)	5125	04/01/2015	30 years	14.40 MW
Centrais Eólicas Pau D'Água S.A.	ACL (Mercado livre III)	5126	04/01/2015	30 years	18.00 MW
Centrais Eólicas Anísio Teixeira S.A.	ACL (Light II)	5094	03/26/2015	30 years	13.50 MW
Centrais Eólicas Cabeça de Frade S.A.	ACL (Light II)	5090	03/26/2015	30 years	5.70 MW
Centrais Eólicas Botuquara Ltda.	ACL (Light II)	5101	03/26/2015	30 years	21.60 MW
Centrais Eólicas Canjoão S.A.	ACL (Light II)	5086	03/26/2015	30 years	6.00 MW
Centrais Eólicas Carrancudo S.A.	ACL (Light II)	5089	03/26/2015	30 years	18.90 MW
Centrais Eólicas Conquista Ltda.	ACL (Light II)	5102	03/26/2015	30 years	24.30 MW
Centrais Eólicas Coxilha Alta Ltda.	ACL (Light II)	5170	04/27/2015	30 years	19.20 MW
Centrais Eólicas Ipê Amarelo S.A.	ACL (Light II)	5097	03/26/2015	30 years	18.00 MW
Centrais Eólicas Jequitibá S.A.	ACL (Light II)	5100	03/26/2015	30 years	8.10 MW
Centrais Eólicas Macambira S.A.	ACL (Light II)	5083	03/26/2015	30 years	21.60 MW
Centrais Eólicas Tamboril S.A.	ACL (Light II)	5095	03/26/2015	30 years	27.00 MW
Centrais Eólicas Tingui S.A.	ACL (Light II)	5082	03/26/2015	30 years	18.90 MW
Centrais Eólicas Alcaçuz S.A.	ACL (Mercado livre II)	5118	04/01/2015	30 years	18.90 MW
Centrais Eólicas Calíandra S.A.	ACL (Mercado livre II)	5119	04/01/2015	30 years	5.40 MW
Centrais Eólicas Embiruçu S.A.	ACL (Mercado livre II)	5121	04/01/2015	30 years	6.00 MW
Centrais Eólicas Ico S.A.	ACL (Mercado livre II)	5122	04/01/2015	30 years	10.80 MW
Centrais Eólicas Imburain de Cabão S.A.	ACL (Mercado livre II)	5123	04/01/2015	30 years	20.10 MW
Centrais Eólicas Lençóis Ltda.	ACL (Mercado livre II)	5171	04/27/2015	30 years	10.80 MW
Centrais Eólicas Putumaju S.A.	ACL (Mercado livre II)	5127	04/01/2015	30 years	14.70 MW
Centrais Eólicas Cansanção S.A.	ACL (Mercado livre II)	5120	04/01/2015	30 years	14.70 MW

(*) Information not reviewed by the independent auditors.

4. Power trading

4.1 Regulated market (ACR)

Group Companies	Contract ref.	Buyer	Amounts				Term			
			Contract Original Amount	Annual Power contracted (MWh)	Historic Price MWh	Updated Price MWh	Start	End	Correction Index	Radjustment Month
					(R\$)	(R\$)				
Small hydroelectric plants:										
Cachoeira da Lixa	PROINFA	Eletrobras	168,009	65.174	121.35	251.44	may/08	apr/28	IGP-M	June
Colino 1	PROINFA	Eletrobras	149,297	57.903	121.35	251.44	sep/08	aug/28	IGP-M	June
Colino 2	PROINFA	Eletrobras	213,370	41.084	121.35	251.44	jul/08	jun/28	IGP-M	June
Wind power generation										
Centrais Eólicas da Prata S.A.	LER 05/2010	CCEE	214,701	88.476	121.25	184.63	nov/14	oct/33	IPCA	September
Centrais Eólicas dos Araçás S.A.	LER 05/2010	CCEE	295,480	121.764	121.25	184.63	nov/14	oct/33	IPCA	September
Centrais Eólicas Morrão S.A.	LER 05/2010	CCEE	312,486	128.772	121.25	184.63	nov/14	oct/33	IPCA	September
Centrais Eólicas Seraíma S.A.	LER 05/2010	CCEE	325,241	134.028	121.25	184.63	nov/14	oct/33	IPCA	September
Centrais Eólicas Tanque S.A.	LER 05/2010	CCEE	295,480	121.764	121.25	184.63	nov/14	oct/33	IPCA	September
Centrais Eólicas Ventos do Nordeste S.A.	LER 05/2010	CCEE	214,701	88.476	121.25	184.63	nov/14	oct/33	IPCA	September
Centrais Eólicas Ametista S.A.	LEN 02/2011	Distributors	245,424	121.764	101.53	145.30	jan/16	dec/35	IPCA	January
Centrais Eólicas Berto S.A.	LEN 02/2011	Distributors	169,917	84.972	100.73	144.15	jan/16	dec/35	IPCA	January
Centrais Eólicas Caetité S.A.	LEN 02/2011	Distributors	250,919	125.268	100.90	144.39	jan/16	dec/35	IPCA	January
Centrais Eólicas Dourados S.A.	LEN 02/2011	Distributors	231,549	115.632	100.87	144.35	jan/16	dec/35	IPCA	January
Centrais Eólicas Espigão S.A.	LEN 02/2011	Distributors	86,976	42.924	102.07	146.07	jan/16	dec/35	IPCA	January
Centrais Eólicas Maron S.A.	LEN 02/2011	Distributors	243,154	120.888	101.32	145.00	jan/16	dec/35	IPCA	January
Centrais Eólicas Pelourinho S.A.	LEN 02/2011	Distributors	207,730	103.368	101.23	144.87	jan/16	dec/35	IPCA	January
Centrais Eólicas Pilões S.A.	LEN 02/2011	Distributors	228,018	114.756	100.09	143.24	jan/16	dec/35	IPCA	January
Centrais Eólicas Serra do Espinhaço S.A.	LEN 02/2011	Distributors	154,294	77.964	99.69	142.66	jan/16	dec/35	IPCA	January
Centrais Eólicas São Salvador S.A.	LEN 06/2012	Distributors	161,069	89.352	90.07	119.40	jan/17	dec/36	IPCA	January
Centrais Eólicas Abil S.A.	LER 05/2013	CCEE	202,880	96.360	105.20	133.74	sep/15	aug/35	IPCA	September
Centrais Eólicas Acácia S.A.	LER 05/2013	CCEE	137,544	60.444	113.70	144.54	sep/15	aug/35	IPCA	September
Centrais Eólicas Angico S.A.	LER 05/2013	CCEE	76,101	34.164	111.30	141.49	sep/15	aug/35	IPCA	September
Centrais Eólicas Folha de Serra S.A.	LER 05/2013	CCEE	176,183	84.972	103.60	131.71	sep/15	aug/35	IPCA	September
Centrais Eólicas Jabuticaba S.A.	LER 05/2013	CCEE	82,350	39.420	104.38	132.70	sep/15	aug/35	IPCA	September
Centrais Eólicas Jacaranda do Cerrado S.A.	LER 05/2013	CCEE	173,200	83.220	103.99	132.20	sep/15	aug/35	IPCA	September
Centrais Eólicas Taboquinha S.A.	LER 05/2013	CCEE	187,680	88.476	105.99	134.74	sep/15	aug/35	IPCA	September
Centrais Eólicas Tabua S.A.	LER 05/2013	CCEE	135,964	64.824	104.80	133.23	sep/15	aug/35	IPCA	September
Centrais Eólicas Vaqueta S.A.	LER 05/2013	CCEE	198,004	93.732	105.55	134.18	sep/15	aug/35	IPCA	September
CRNV&M (Umburains 1) (*)	LEN 10/2013	Distributors	291,353	123.516	119.83	149.99	may/18	dec/37	IPCA	January
CRNV&M (Umburains 2) (*)	LEN 10/2013	Distributors	287,149	121.764	119.80	149.95	may/18	dec/37	IPCA	January
CRNV&M (Umburains 3) (*)	LEN 10/2013	Distributors	204,343	85.848	120.92	151.35	may/18	dec/37	IPCA	January
CRNV&M (Umburains 4) (*)	LEN 10/2013	Distributors	203,161	84.972	121.46	152.03	may/18	dec/37	IPCA	January
CRNV&M (Umburains 5) (*)	LEN 10/2013	Distributors	195,008	81.468	121.60	152.21	may/18	dec/37	IPCA	January
CRNV&M (Umburains 6) (*)	LEN 10/2013	Distributors	234,353	98.988	121.32	150.54	may/18	dec/37	IPCA	January
CRNV&M (Umburains 7) (*)	LEN 10/2013	Distributors	236,789	98.988	121.52	152.10	may/18	dec/37	IPCA	January
CRNV&M (Umburains 8) (*)	LEN 10/2013	Distributors	257,430	109.500	119.43	149.50	may/18	dec/37	IPCA	January
CRNV&M (Umburains 9) (*)	LEN 10/2013	Distributors	180,849	75.336	121.95	152.64	may/18	dec/37	IPCA	January
CRNV&M (Umburains 10) (*)	LEN 10/2013	Distributors	214,971	91.104	119.87	150.03	may/18	dec/37	IPCA	January
CRNV&M (Umburains 11) (*)	LEN 10/2013	Distributors	150,043	63.072	120.85	151.27	may/18	dec/37	IPCA	January
CRNV&M (Umburains 12) (*)	LEN 10/2013	Distributors	242,407	102.492	120.15	150.39	may/18	dec/37	IPCA	January
CRNV&M (Umburains 13) (*)	LEN 10/2013	Distributors	206,806	87.600	119.93	150.11	may/18	dec/37	IPCA	January
CRNV&M (Umburains 14) (*)	LEN 10/2013	Distributors	248,911	104.244	121.30	151.83	may/18	dec/37	IPCA	January
CRNV&M (Umburains 15) (*)	LEN 10/2013	Distributors	196,797	82.344	121.41	151.97	may/18	dec/37	IPCA	January
CRNV&M (Umburains 16) (*)	LEN 10/2013	Distributors	266,301	111.252	121.60	152.20	may/18	dec/37	IPCA	January
CRNV&M (Umburains 18) (*)	LEN 10/2013	Distributors	87,373	36.792	120.64	151.00	may/18	dec/37	IPCA	January
Renova Energia S.A. (Mulungu)	LER 10/2014	CCEE	158,288	56.940	138.90	164.29	oct/17	sep/37	IPCA	November
Renova Energia S.A. (Pau Santo)	LER 10/2014	CCEE	224,038	80.592	138.90	164.29	oct/17	sep/37	IPCA	November
Renova Energia S.A. (Quina)	LER 10/2014	CCEE	126,630	45.552	138.90	164.29	oct/17	sep/37	IPCA	November
CRNV&M 2 (Umburains 17) (*)	LEN 06/2014	Distributors	278,931	99.864	139.56	165.45	jan/19	dec/38	IPCA	July
CRNV&M 2 (Umburains 19) (*)	LEN 06/2014	Distributors	289,608	103.368	139.99	165.96	jan/19	dec/38	IPCA	July
CRNV&M 2 (Umburains 21) (*)	LEN 06/2014	Distributors	252,252	90.228	139.69	165.61	jan/19	dec/38	IPCA	July
CRNV&M 2 (Umburains 23) (*)	LEN 06/2014	Distributors	172,351	62.196	138.46	164.14	jan/19	dec/38	IPCA	July
CRNV&M 2 (Umburains 25) (*)	LEN 06/2014	Distributors	183,770	65.700	139.76	165.69	jan/19	dec/38	IPCA	July
UFV (Photovoltaic Plant)										
Renova Energia S.A. (Caetité I)	LER 10/2014	CCEE	251,049	56.940	220.30	260.56	oct/17	sep/37	IPCA	November
Renova Energia S.A. (Caetité II)	LER 10/2014	CCEE	251,049	56.940	220.30	260.56	oct/17	sep/37	IPCA	November
Renova Energia S.A. (Caetité IV)	LER 10/2014	CCEE	251,049	56.940	220.30	260.56	oct/17	sep/37	IPCA	November
Renova Energia S.A. (Caetité V)	LER 10/2014	CCEE	88,833	20.148	220.30	260.56	oct/17	sep/37	IPCA	November

It includes ICB (Benefit Cost Index) and CEC (Short-Term Economic Cost) in price.

4.2 Free market (ACL)

The Company has contracts in the free market, that totals average (*) 277.4MW of contracted power, as per the chart below:

Farms	Source	Power Sold (average MW*)
Light I	Wind	100.2
Light II	Wind	100.2
Mercado livre I	Wind	11.0
Mercado livre II	Wind	50.0
Mercado livre III	Wind	15.0
Híbrido	Solar	1.0
		<u>277.4</u>

(*) Information not reviewed by the independent auditors.

The contract in the free market entered into with CEMIG (PPA CEMIG) was cancelled as per the relevant fact disclosed on June 14, 2016. The Company is reassessing the optimization of that project, with installed capacity of 676.2 MW.

5. Operational segments

The Company presents four reportable segments that represent the strategic business units in addition to the performance of its administrative activities. The referred strategic business units offer different sources of renewable energy and are managed separately, as they require different technologies, developments and operating characteristics. Below, we present a summary of the operations in each one of the Company's reportable segments:

- PCH – This segment is responsible for the development, implementation and operation of power generation projects from water sources. This segment includes the development of studies of inventories and basic projects and power generation. The PCHs are under operation phase.
- Wind – This segment is responsible for the development, implementation and operation of power generation projects from wind sources. It includes the measurement of the winds, leasing of lands, implementation and power generation. The Alto Sertão II farms are under the operation phase. Once the assets have been classified as kept for sale, depreciation was ceased for comparison of the periods ended June 30, 2017 and 2016.
- Solar – This segment is responsible for the development, implementation and operation of the power generation from solar source. It includes measurements, development solar project of large scale generation and distributed generation and also the sale of goods and services.
- Trading – This segment is responsible for the power trading in all its forms and management of power purchase and sale contracts of the Company, and also receiving power generated by the Alto Sertão II farms and selling it, as bound, as per the contract.

The information per segment on June 30, 2017 and 2016 for the income and June 30, 2017 and December 31, 2016 for total assets and liabilities are presented below:

06/30/2017

	PCH	Wind	Solar	Sale	Administrative	Consolidated
Net revenue	19,121	69,441	-	248,673	-	337,235
Non-manageable cost	(288)	(8,758)	-	-	-	(9,046)
Gross Margin	18,833	60,683	-	248,673	-	328,189
Manageable costs	(9,809)	(74,976)	-	(219,303)	(17,045)	(321,133)
Other revenues	-	-	-	-	25,518	25,518
Decrease to the recoverable amount of fixed asset	-	(31,903)	-	-	-	(31,903)
Equity Income	45,818	-	-	-	-	45,818
Loss of sale of assets	-	-	-	-	(32,666)	(32,666)
Profit (loss) of investment	-	-	-	-	172,243	172,243
Depreciation	(2,765)	-	-	-	(3,382)	(6,147)
Finance income	1,131	2,279	-	(125)	1,577	4,862
Finance costs	(3,366)	(148,963)	-	(27,023)	(81,655)	(261,007)
Income tax and social contribution	(1,727)	(4,963)	-	-	121,415	114,725
Net profit (loss) at the period	48,115	(197,843)	-	2,222	186,005	38,499
Total assets	914,739	4,512,263	471	42,940	182,844	5,653,257
Total liabilities	109,434	2,495,059	-	365,960	724,962	3,695,415

06/30/2016

	PCH	Wind	Solar	Sale	Administrative	Consolidated
Net revenue	20,317	65,065	98	133,252	1,665	220,397
Non-manageable costs	(331)	(7,982)	-	-	-	(8,313)
Gross margin	19,986	57,083	98	133,252	1,665	212,084
Manageable costs	(5,497)	(33,409)	(19)	(154,730)	(41,805)	(235,460)
Equity income	3,265	-	-	-	-	3,265
Loss of investment	-	-	-	-	(445,906)	(445,906)
Other revenues	-	-	-	-	56,163	56,163
Depreciation	(6,466)	(39,518)	-	-	(3,934)	(49,918)
Finance income	1,667	866	-	502	6,708	9,743
Finance costs	(5,721)	(78,436)	(244)	(7,342)	(108,395)	(200,138)
Income tax and social contribution	(1,686)	(2,826)	-	-	64,122	59,610
Net profit (loss) at the period	5,548	(96,240)	(165)	(28,318)	(471,382)	(590,557)
Total assets	900,466	4,610,951	481	37,024	352,214	5,901,136
Total liabilities	114,942	2,529,455	-	319,070	982,071	3,945,538

6. Cash and cash equivalents and financial investment

Note	Consolidated		Parent	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016

Cash		64	15	53	4
Banks checking account		28,309	8,329	14,013	767
Short-term investments		25,146	27,442	23,089	7,222
Investments kept until maturity		7,521	-	7,521	-
Total		61,040	35,786	44,676	7,993
Transfer to assets held for sale:					
Cash and cash equivalents	27.2	(11,278)	-	-	-
Total		49,762	35,786	44,676	7,993
Presented as:					
Cash and cash equivalents		42,241	35,786	37,155	7,993
Investment kept until maturity		7,521	-	7,521	-
Total		49,762	35,786	44,676	7,993

The Company has short-term and high liquidity financial investments, which are promptly convertible into a known cash amount and are subjected to one insignificant value change risk, they have been classified as cash equivalents. Those financial investments refer to fixed income instruments from committed transactions, remunerated at rates that vary from 86.81% up to 100% of the CDI.

The financial investments corresponding to investment funds which do not have cash and cash equivalents characteristics were classified in the entry of financial investments kept up to the maturity.

7. Trade receivables

	Note	Consolidated		Parent	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
Eletrabras - ESPRA		6,192	4,161	-	-
Câmara de Comercialização de Energia Elétrica - LER 2010 e LEN 2011 (A-3)		11,505	15,881	-	-
Distributors - LEN 2011 (A-3)		224	19	-	-
Distributors - LEN 2012 (A-5)		41	-	-	-
Free trading market		31,728	28,736	-	-
Others		1,127	341	328	341
		50,817	49,138	328	341
Transfer to assets held for sale	27.2	(11,729)	-	-	-
Total		39,088	49,138	328	341

The balances as at June 30, 2017 are substantially made up by amounts due, with average receipt term of 30 days, to which one does not expect losses in its realization.

8. Recoverable taxes

Note	Consolidated		Parent	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
IRRF to offset	5,067	5,535	468	1,654
Balance to offset IRPJ	3,570	1,041	1,343	109
COFINS to offset	5,706	2,128	-	-
IRRF on investments	109	125	63	63
CSLL to offset	146	138	31	31
PIS to offset	1,273	481	-	-
Other recoverable taxes	-	5	-	5
	<u>15,871</u>	<u>9,453</u>	<u>1,905</u>	<u>1,862</u>
Transfer to assets held for sale	27.2	(1,691)	-	-
Total	<u>14,180</u>	<u>9,453</u>	<u>1,905</u>	<u>1,862</u>

9. Collateral and restricted deposits

Note	Consolidated		Parent	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Collateral and restricted deposits	172,283	121,346	109,598	33,510
Transfer to assets held for sale	27.2	(51,211)	-	-
Total	<u>121,072</u>	<u>121,346</u>	<u>109,598</u>	<u>33,510</u>
Stated as:				
Current	-	33,510	-	33,510
Non-current	121,072	87,836	109,598	-
Total	<u>121,072</u>	<u>121,346</u>	<u>109,598</u>	<u>33,510</u>

As at June 30, 2017, the balance breakdown of the collaterals and restricted deposits is presented in the chart below:

Company	Collateral	Institution	Contractual Subject	Consolidated		Parent	
				06/30/2017	12/31/2016	06/30/2017	12/31/2016
Renova	Other	-	Property rental/other items	-	2,230	-	2,230
Renova	Guarantee	J P Morgan	Related to asset divestment ^{(i) (ii)}	-	31,280	-	31,280
			Total current	<u>-</u>	<u>33,510</u>	<u>-</u>	<u>33,510</u>
Renova	Guarantee		Income advance with CEMIG GT ⁽ⁱⁱⁱ⁾	109,598	-	109,598	-
Espra	Guarantee	BNB	BNB financing	11,474	16,608	-	-
Renova Eólica	Guarantee	Itaú	BNDES financing	40,372	60,429	-	-
Renova Eólica	Guarantee	Itaú	Debêntures	10,839	10,799	-	-
			Transfer to assets held for sale (note 27.2)	(51,211)	-	-	-
			Total non-current	<u>121,072</u>	<u>87,836</u>	<u>109,598</u>	<u>-</u>

the balances basically refer to the financial investments of fixed income instruments, with a rate of 98.16% of the CDI, bound to the financing by BNDES and Banco do Nordeste do Brasil (“BNB”) and to the issuance of Infrastructure Debentures, whose investment may only be transacted by means of express authorization by the creditors and related to the sale of certain assets (see note 1.2b), as follows:

(i) Guarantee relative to the power average production estimate – guarantee used to ensure the power average production estimate adopted by the parties in the operation contracts. As at December 31, 2016, the balance in an

escrow account was in the amount of R\$21,625 in addition to the 792,495 TerraForm shares, that were released in June 2017 (note 1.2.b) and therefore, are not part of the balance of June 30, 2017.

(ii) Guarantee relative to the repair of the farms: as per the contract related to the transaction with TerraForm, Renova is in charge of performing certain repairs on the farms (“remediation Items”) As at December, 31, 2016, the balance in the escrow account was in the amount of R\$8,084 in addition to the 313,333 shares of TerraForm, which were released in March, 20017 (note 1.2.b) and, therefore, are not part of the balance of June 30, 2017.

(iii) Guarantee backed in the scope of the advance contract of power purchase and sale revenues with CEMIG GT (see note 24.3.a).

10. Deferred taxes

	Note	Consolidated				Parent
		Assets		Liabilities		Liabilities
		06/30/2017	12/31/2016	06/30/2017	12/31/2016	12/31/2016
PIS deferred		512	490	27	16	-
COFINS deferred		2,301	2,259	127	75	-
IRPJ deferred		1,646	1,607	85	89,326	89,276
CSLL deferred		737	713	46	32,166	32,139
Total		5,196	5,069	285	121,583	121,415
Transfer to assets held for sale	27.2	(3,492)	-	(285)	-	-
		<u>1,704</u>	<u>5,069</u>	<u>-</u>	<u>121,583</u>	<u>121,415</u>

Consolidated deferred taxes were constituted due to the difference between the generated power and the one effectively invoices (note 16). Those deferred taxes have been calculated by using the percentages based on the presumed profit.

Additionally, as at June 30, 2017, the deferred taxes were realized recorded in the Parent due to the sale of TerraForm shares, related to the exchange of share of the Salvador Project (see note 1.2).

10.1 Net transaction (asset and liability) of the deferred taxes

	Consolidate			Parent
	IRPJ/CSLL	PIS/COFINS	Total	IRPJ/CSLL
Balance at December 31, 2015	(184,000)	1,822	(182,178)	(185,537)
Cancellation of assets divestments	(765)	(907)	(1,672)	-
Changes in net revenue	65,602	1,755	67,357	64,122
Balance at June 30, 2016	(119,163)	2,670	(116,493)	(121,415)
Balance at December 31, 2016	(119,172)	2,658	(116,514)	(121,415)
Changes in net revenue	121,424	(836)	120,588	121,415
Transfer to assets held for sale	(1,518)	(1,689)	(3,207)	-
Balance at June 30, 2017	734	133	867	-

11. Investments

11.1 Breakdown of investments

Investments in subsidiaries, investees and jointly controlled entities are as follows:

Company	Consolidated		Parent	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
PCH				
Enerbras Centrais Elétricas S.A. (Holding)	-	-	114,770	110,924
Renova PCH LTDA.	-	-	(32)	(4)
Chiplely SP Participações S.A. (Holding)	-	-	761,427	714,821
Brasil PCH S.A.	720,984	685,366	-	-
Wind				
Nova Energia Holding S.A.	-	-	-	394,159
Alto Sertão Participações S.A. (Holding)	-	-	702,796	790,182
Centrais Eólicas Carrancudo S.A.	-	-	5,054	6,184
Centrais Eólicas Botuquara S.A.	-	-	3,970	7,181
Centrais Eólicas Alcacuz S.A.	-	-	7,089	8,141
Centrais Eólicas Tamboril S.A.	-	-	6,679	7,442
Centrais Eólicas Conquista S.A.	-	-	7,842	5,590
Centrais Eólicas Coxilha Alta S.A.	-	-	3,729	6,697
Centrais Eólicas Tingui S.A.	-	-	5,580	6,713
Centrais Eólicas Cansanção S.A.	-	-	2,244	5,247
Centrais Eólicas Macambira S.A.	-	-	5,528	6,205
Centrais Eólicas Imburana de Cabão S.A.	-	-	5,632	7,032
Centrais Eólicas Ipê Amarelo S.A.	-	-	4,365	5,491
Centrais Eólicas Putumuju S.A.	-	-	3,785	4,640
Centrais Eólicas Lençóis S.A.	-	-	3,856	1,000
Centrais Eólicas Anísio Teixeira S.A.	-	-	4,784	2,181
Centrais Eólicas Ico S.A.	-	-	3,517	4,390
Centrais Eólicas Jequitiba S.A.	-	-	2,753	3,203
Centrais Eólicas Caliandra S.A.	-	-	3,521	3,860
Centrais Eólicas Canjoão S.A.	-	-	1,474	2,293
Centrais Eólicas Cabeça de Frade S.A.	-	-	1,012	2,397
Centrais Eólicas Embiruçu S.A.	-	-	1,840	2,819
Centrais Eólicas Itapuã V LTDA.	-	-	192	198
Centrais Eólicas Bela Vista XIV S.A.	-	-	207,664	207,666
Centrais Eólicas Umburanas 1 S.A.	-	-	2,044	2,048
Centrais Eólicas Umburanas 2 S.A.	-	-	220	225
Centrais Eólicas Umburanas 3 S.A.	-	-	319	322
Centrais Eólicas Umburanas 4 S.A.	-	-	190	194
Centrais Eólicas Umburanas 5 S.A.	-	-	228	232
Centrais Eólicas Umburanas 6 S.A.	-	-	137	141
Centrais Eólicas Umburanas 7 S.A.	-	-	209	213
Centrais Eólicas Umburanas 8 S.A.	-	-	90	94
Centrais Elétricas Itaparica S.A.	-	-	2,595	24,898
Other Corporate Interest (*)	-	-	(44)	(20)
Renovapar S.A.	-	-	(1)	(2)
Trading				
Renova Comercializadora de Energia S.A.	-	-	(124,785)	(58,038)
Other				
TerraForm Global, Inc.	-	261,661	-	261,661
Total	720,984	947,027	1,752,273	2,548,620
Stated as:				
Assets				
Investment	720,984	947,027	1,877,135	2,606,684
Liabilities				
Provision for investments loss	-	-	(124,862)	(58,064)
Total	720,984	947,027	1,752,273	2,548,620

(*) Other companies listed in Note 1

1.2 Information on investees

The main information on subsidiaries and jointly controlled entities is broken down as follows:

Company	06/30/2017					12/31/2016					
	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Profit (loss) for the period	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Proposed Dividends	Loss for the year
PCH											
Enerbras Centrais Elétricas S.A. (Holding)	5,170,101	100.00	101,955	114,770	3,846	5,170,101	100.00	101,955	110,924	(1,896)	(1,092)
Renova PCH LTDA.	31,875	99.00	32	(32)	(28)	31,875	99.00	32	(4)	-	(252)
Chiplely SP Participações S.A. (Holding)	739,944,343	99.99	739,944	761,427	46,606	739,944,343	99.99	739,944	714,821	-	(4,362)
Wind											
Nova Energia Holding S.A.	598,361,724	99.99	498,454	-	(9,925)	598,361,724	99.99	498,454	394,159	-	(106,093)
Alto Sertão Participações S.A. (Holding)	1,065,591,845	99.99	1,065,592	702,796	(87,386)	1,065,591,845	99.99	1,065,592	790,182	-	(266,600)
Centrais Eólicas Carrancudo S.A.	100	99.00	-	5,054	(1,130)	100	99.00	-	6,184	-	(1,388)
Centrais Eólicas Botuquara S.A.	21,197	99.00	21	3,970	(258)	21,197	99.00	21	7,181	-	(255)
Centrais Eólicas Alcacuz S.A.	100	99.00	-	7,089	(1,052)	100	99.00	-	8,141	-	(1,270)
Centrais Eólicas Tamboril S.A.	100	99.00	-	6,679	(763)	100	99.00	-	7,442	-	(1,242)
Centrais Eólicas Conquista S.A.	100	99.00	-	7,842	2,252	100	99.00	-	5,590	-	(2,876)
Centrais Eólicas Coxilha Alta S.A.	100	99.00	-	3,729	(241)	100	99.00	-	6,697	-	(213)
Centrais Eólicas Tingui S.A.	100	99.00	-	5,580	(1,133)	100	99.00	-	6,713	-	(1,471)
Centrais Eólicas Cansanção S.A.	100	99.00	-	2,244	(159)	100	99.00	-	5,247	-	(178)
Centrais Eólicas Macambira S.A.	10,000	99.00	10	5,528	(677)	10,000	99.00	10	6,205	-	(1,112)
Centrais Eólicas Imburana de Cabão S.A.	100	99.00	-	5,632	(539)	100	99.00	-	7,032	-	(882)
Centrais Eólicas Ipê Amarelo S.A.	100	99.00	-	4,365	(1,126)	100	99.00	-	5,491	-	(1,361)
Centrais Eólicas Putumuju S.A.	10,000	99.00	10	3,785	(855)	10,000	99.00	10	4,640	-	(1,007)
Centrais Eólicas Lençóis S.A.	100	99.00	-	3,856	2,856	100	99.00	-	1,000	-	(3,246)
Centrais Eólicas Anísio Teixeira S.A.	100	99.00	-	4,784	2,603	100	99.00	-	2,181	-	(3,090)
Centrais Eólicas Ico S.A.	10,000	99.99	10	3,517	(873)	10,000	99.99	10	4,390	-	(1,057)

- Continued -

-Continuation-

Company	06/30/2017					12/31/2016					
	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Profit (loss) for the period	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Proposed Dividends	Loss for the year
Wind											
Centrais Eólicas Jequitiba S.A.	100	99.00		2,753	(270)	100	99.00		3,203		(480)
Centrais Eólicas Caliandra S.A.	10,000	99.99	10	3,521	(324)	10,000	99.99	10	3,860	-	(468)
Centrais Eólicas Canjoão S.A.	100	99.00	-	1,474	(191)	100	99.00	-	2,293	-	(357)
Centrais Eólicas Cabeça de Frade S.A.	-	99.00	-	1,012	(65)	-	99.00	-	2,397	-	(136)
Centrais Eólicas Embiruçu S.A.	100	99.00	-	1,840	(17)	100	99.00	-	2,819	-	(126)
Centrais Eólicas Itapuã V LTDA.	100	99.00	-	192	(6)	100	99.00	-	198	-	(72)
Centrais Eólicas Bela Vista XIV S.A.	249,938,073	100.00	249,938	207,664	(2)	249,938,073	100.00	249,938	207,666	-	(44,018)
Centrais Eólicas Umburanas 1 S.A.	-	99.00	-	2,044	(4)	-	99.00	-	2,048	-	(10)
Centrais Eólicas Umburanas 2 S.A.	-	99.00	-	220	(5)	-	99.00	-	225	-	(4)
Centrais Eólicas Umburanas 3 S.A.	-	99.00	-	319	(3)	-	99.00	-	322	-	(5)
Centrais Eólicas Umburanas 4 S.A.	-	99.00	-	190	(4)	-	99.00	-	194	-	(4)
Centrais Eólicas Umburanas 5 S.A.	-	99.00	-	228	(4)	-	99.00	-	232	-	(4)
Centrais Eólicas Umburanas 6 S.A.	-	99.00	-	137	(4)	-	99.00	-	141	-	(3)
Centrais Eólicas Umburanas 7 S.A.	-	99.00	-	209	(4)	-	99.00	-	213	-	(5)
Centrais Eólicas Umburanas 8 S.A.	-	99.00	-	90	(4)	-	99.00	-	94	-	(8)
Centrais Elétricas Itaparica S.A.	51,130	99.00	51	2,595	(22,303)**	51,130	99.00	51	24,898	-	(2,375)
Renovapar S.A.	100	100.00	-	(1)	1	100	100.00	-	(2)	-	(2)
Other Corporate Interest (*)	-	-	-	(44)	(24)	-	-	-	(20)	-	(209)
Trading											
Renova Comercializadora de Energia S.A.	58,377	100.00	58	(124,785)	(66,747)	58,377	100.00	58	(58,038)		(52,887)

11.3 Changes in investments

11.3.1 Consolidated

Company	12/31/2016	Share of profit		Dividends Received	Fair value adjustment (**)	Investment write-off	06/30/2017
		Profit	Amortization of added value				
PCH							
Brasil PCH S.A.	685,366	63,969	(18,151)	(10,200)	-	-	720,984
Others							
Terraform Global, Inc.	261,661	-	-	-	73,224	(334,885)	-
Total	947,027	63,969	(18,151)	(10,200)	73,224	(334,885)	720,984

Companhia	12/31/2015	Share of profit		Dividends Received	Fair value adjustment (**)	06/30/2016
		Profit	Amortization of added value			
PCH						
Brasil PCH S.A.	715,879	21,416	(18,151)	(15,300)	-	703,844
Outros						
Terraform Global, Inc.	443,672	-	-	-	(230,986)	212,686
Total	1,159,551	21,416	(18,151)	(15,300)	(230,986)	916,530

(**) In the first semester, 2017, the positive adjustment of R\$73,224, was recognized in other comprehensive incomes in the Company. In 2016, the negative adjustment in the fair value (R\$230,986) was recognized in income. As referred to in note 1.3.2 the investment held at TerraForm was sold to Brookfield Asset Management.

On May 15, 2017, the Company and Brookfield Asset Management (“Brookfield”) (by means of its vehicle Orion US Holding 1 L.P), entered into the Purchase and Sale Contract of Shares that the Company holds in company TerraForm Global. The total price of share acquisition was R\$302,219 (US\$ 92.8 million), to be paid to the Company in cash on the date of the transaction closing, after fulfillment of certain previous conditions.

On June 30, 2017, with the fulfillment of the previous conditions, the transaction was concluded. Below we demonstrate the amount of loss in the entire transaction without taking the tax effects into consideration:

Description	Total
Amount of sale	302,219
Investment cost	(334,885)
Loss of sale	<u>32,666</u>

As a consequence of the sale of shares, the Company reclassified the previously accrued positive adjustments, recorded in other comprehensive incomes, in the amount of R\$172.243, for the income of the period in entry Gain (loss) in investment.

11.3.1.1 Investment Loss

Sale option of shares – TerraForm

On September 18, 2015, a sale option contract was entered into, in which, as from March 31, 2016 the Company had the option to sell to SunEdison up to 7,000,000 (seven million) shares of TerraForm Global received by the Company due to the closing of the first phase of the operation referred to in note 1.2. The share sale price was set at R\$50.48 (fifty reais and forty-eight cents) or US\$15.00 (fifteen dollars) exchanged to the date rate, as per SunEdison's choice. The contract also sets purchase option by SunEdison of the same 7,000,000 (seven million) shares with the same aforementioned characteristics.

For March 31, 2016, the Company made the pricing of the option by taking into consideration the mathematical model of *Black-Scholes* and the credit risk, and recognized the negative variation of this option in the amount of R\$111,402 in the income of the period. On April 21, 2016, SunEdison filed for judicial reorganization (*Chapter 11*) and on June, 1, 2016 the deadline for the option payment by SunEdison was expired. On June 1, 2016 the Company recognized in income the amount of R\$62,995 as loss in relation to the extinction of the option and filed an arbitration process requesting, among other claims, indemnity for the losses. In June, 2017, the Company entered into an agreement with TerraForm Global in which the parties agree to finish the arbitration process by means of offsettings to Renova in the amount of R\$ 48,559 (US\$15 million).

Impairment – TerraForm Investment

The Company classified the investments in shares from TerraForm (GLBL) with financial assets available for sale marked to market and recognized the balance in other permanent investments.

After the negative volatility in the share quotations of TerraForm (GLBL), the Company evaluated and concluded an impairment of the investment on June 30, 2016, in the amount of R\$271,509, under profit or loss, according to the accounting policies of the Company:

<i>Impairment</i> of available assets for sale	(271,509)
Variation of fair value considering the credit risk	(111,402)
Loss by the extinction of option at June 1, 2016	<u>(62,995)</u>
Investment loss as at June 1, 2016	<u><u>(445,906)</u></u>

11.3.1.2 Shared Control investment – Brasil PCH S.A.

The Company measures its investments in equity interests in joint ventures using the equity method of accounting, in accordance with IFRS 11 / CPC 19 (R2) – Joint businesses. On February 14, 2014, Chipley acquired a 51% equity interest in Brasil PCH S.A. and, as a result of the Shareholders Agreement, obtained the shared control of this venture.

Brasil PCH holds 13 small hydroelectric plants (PCHs), with an installed capacity of 291 MW and average guaranteed power of 194 MW. All PCHs have long-term agreements (20 years) for the sale of electric power in the context of PROINFA - Incentive Program for Alternative Energy Sources (physical information and information relating to power capacity measures not reviewed by the independent auditors).

As required by CPC 45 (IFRS 12), the interim financial information of Brasil PCH (jointly controlled entity) are as follows:

BALANCE SHEET AS AT JUNE 30, 2017 (CONSOLIDATED)

<u>ASSETS</u>	<u>06/30/2017</u>	<u>12/31/2016</u>	<u>EQUITY AND LIABILITIES</u>	<u>06/30/2017</u>	<u>12/31/2016</u>
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash and cash equivalents	121,576	138,158	Borrowings and financing	218,094	209,390
Other current assets	51,653	51,652	Other current assets	162,342	134,386
Total current assets	<u>173,229</u>	<u>189,810</u>	Total current liabilities	<u>380,436</u>	<u>343,776</u>
<u>NON-CURRENT ASSETS</u>			<u>NON-CURRENT LIABILITIES</u>		
Property, plant and equipment	1,099,597	1,113,461	Borrowings and financing	647,376	781,659
Others non-current assets	60,983	60,504	Other current liabilities	68,493	82,552
Total non-current assets	<u>1,160,580</u>	<u>1,173,965</u>	Total current liabilities	<u>715,869</u>	<u>864,211</u>
			EQUITY	237,504	155,788
TOTAL ASSETS	<u><u>1,333,809</u></u>	<u><u>1,363,775</u></u>	TOTAL LIABILITIES AND EQUITY	<u><u>1,333,809</u></u>	<u><u>1,363,775</u></u>

INCOME STATEMENT FOR THE QUARTER ENDED AT JUNE 30, 2017 (CONSOLIDATED)

	<u>06/30/2017</u>	<u>06/30/2016</u>
NET REVENUE	196,207	184,054
Costs of depreciation	(16,911)	(17,174)
Other cost	(24,671)	(25,357)
General and administrative expenses	(5,513)	(9,867)
Reversal of onerous contract loss	13,388	-
Finance results	(29,729)	(82,778)
Expenses with income taxes and social contribution	(7,340)	(6,886)
NET PROFIT FOR THE PERIOD	<u><u>125,431</u></u>	<u><u>41,992</u></u>

11.3.2 Parent

Company	12/31/2016	Additions	Transfer to assets held for sale	Equity	Fair Value adjustment	Others	Investment write-off	06/30/2017
PCH								
Enerbras Centrais Elétricas S.A. (Holding)	110,924	-	-	3,846	-	-	-	114,770
Renova PCH LTDA.	(4)	-	-	(28)	-	-	-	(32)
Chipley SP Participações S.A. (Holding)	714,821	-	-	46,606	-	-	-	761,427
Wind								
Nova Energia Holding S.A.	394,159	37,788	(422,022)	(9,925)	-	-	-	-
Alto Sertão Participações S.A. (Holding)	790,182	-	-	(87,386)	-	-	-	702,796
Centrais Eólicas Carrancudo S.A.	6,184	-	-	(1,130)	-	-	-	5,054
Centrais Eólicas Botuquara S.A.	7,181	-	-	(258)	-	(2,953)	-	3,970
Centrais Eólicas Alcauz S.A.	8,141	-	-	(1,052)	-	-	-	7,089
Centrais Eólicas Tamboril S.A.	7,442	-	-	(763)	-	-	-	6,679
Centrais Eólicas Conquista S.A.	5,590	-	-	2,252	-	-	-	7,842
Centrais Eólicas Coxilha Alta S.A.	6,697	-	-	(241)	-	(2,727)	-	3,729
Centrais Eólicas Tingui S.A.	6,713	-	-	(1,133)	-	-	-	5,580
Centrais Eólicas Cansanção S.A.	5,247	-	-	(159)	-	(2,844)	-	2,244
Centrais Eólicas Macambira S.A.	6,205	-	-	(677)	-	-	-	5,528
Centrais Eólicas Imburana de Cabão S.A.	7,032	-	-	(539)	-	(861)	-	5,632
Centrais Eólicas Ipê Amarelo S.A.	5,491	-	-	(1,126)	-	-	-	4,365
Centrais Eólicas Putumuju S.A.	4,640	-	-	(855)	-	-	-	3,785
Centrais Eólicas Lençóis S.A.	1,000	-	-	2,856	-	-	-	3,856
Centrais Eólicas Anísio Teixeira S.A.	2,181	-	-	2,603	-	-	-	4,784
Centrais Eólicas Ico S.A.	4,390	-	-	(873)	-	-	-	3,517
Centrais Eólicas Jequitiba S.A.	3,203	-	-	(270)	-	(180)	-	2,753
Centrais Eólicas Caliandra S.A.	3,860	-	-	(324)	-	(15)	-	3,521
Centrais Eólicas Canjoão S.A.	2,293	-	-	(191)	-	(628)	-	1,474
Centrais Eólicas Cabeça de Frade S.A.	2,397	-	-	(65)	-	(1,320)	-	1,012
Centrais Eólicas Embiruçu S.A.	2,819	-	-	(17)	-	(962)	-	1,840
Centrais Eólicas Itapuã V LTDA.	198	-	-	(6)	-	-	-	192
Centrais Eólicas Bela Vista XIV S.A.	207,666	-	-	(2)	-	-	-	207,664
Centrais Eólicas Umburanas 1 S.A.	2,048	-	-	(4)	-	-	-	2,044
Centrais Eólicas Umburanas 2 S.A.	225	-	-	(5)	-	-	-	220
Centrais Eólicas Umburanas 3 S.A.	322	-	-	(3)	-	-	-	319
Centrais Eólicas Umburanas 4 S.A.	194	-	-	(4)	-	-	-	190
Centrais Eólicas Umburanas 5 S.A.	232	-	-	(4)	-	-	-	228
Centrais Eólicas Umburanas 6 S.A.	141	-	-	(4)	-	-	-	137
Centrais Eólicas Umburanas 7 S.A.	213	-	-	(4)	-	-	-	209
Centrais Eólicas Umburanas 8 S.A.	94	-	-	(4)	-	-	-	90
Centrais Elétricas Itaparica S.A.	24,898	-	-	(22,303)	-	-	-	2,595
Renovapar S.A.	(2)	-	-	1	-	-	-	(1)
Other Corporate Interest (*)	(20)	-	-	(24)	-	-	-	(44)
Trading								
Renova Comercializadora de Energia S.A.	(58,038)	-	-	(66,747)	-	-	-	(124,785)
Other								
TerraForm Global, Inc.	261,661	-	-	-	73,224	-	(334,885)	-
Total	2,548,620	37,788	(422,022)	(137,962)	73,224	(12,490)	(334,885)	1,752,273

(*)other companies listed in note 1

- Continued -

- Continuation -

Company	12/31/2015	AFAC**	Cancellation of assets divestments	Equity	Fair value adjustment	06/30/2016
PCH						
Enerbras Centrais Elétricas S.A. (Holding)	2,470	-	111,442	3,269	-	117,181
Renova PCH LTDA.	248	4	-	(4)	-	248
Chiplely SP Participações S.A. (Holding)	719,183	-	-	3,504	-	722,687
Wind						
Nova Energia Holding S.A.	500,252	9,702	-	(80,848)	-	429,106
Alto Sertão Participações S.A. (Holding)	527,966	18,349	-	(12,257)	-	534,058
Centrais Eólicas Carrancudo S.A.	7,572	1,830	-	(10)	-	9,392
Centrais Eólicas Botuquara S.A.	8,100	760	-	(10)	-	8,850
Centrais Eólicas Alcacuz S.A.	9,411	2,475	-	(26)	-	11,860
Centrais Eólicas Tamboril S.A.	8,684	3,148	-	(15)	-	11,817
Centrais Eólicas Conquista S.A.	8,744	354	-	(12)	-	9,086
Centrais Eólicas Coxilha Alta S.A.	7,548	812	-	(14)	-	8,346
Centrais Eólicas Tingui S.A.	8,184	3,299	-	(39)	-	11,444
Centrais Eólicas Cansação S.A.	5,545	462	-	(13)	-	5,994
Centrais Eólicas Macambira S.A.	7,317	1,613	-	(20)	-	8,910
Centrais Eólicas Imburana de Cabão S.A.	7,914	1,449	-	(14)	-	9,349
Centrais Eólicas Ipê Amarelo S.A.	6,852	2,235	-	(26)	-	9,061
Centrais Eólicas Putumuju S.A.	5,647	1,644	-	(21)	-	7,270
Centrais Eólicas Lençóis S.A.	4,871	157	-	(6)	-	5,022
Centrais Eólicas Anísio Teixeira S.A.	5,271	608	-	(7)	-	5,872
Centrais Eólicas Ico S.A.	5,447	1,332	-	(21)	-	6,758
Centrais Eólicas Jequitiba S.A.	3,683	963	-	(16)	-	4,630
Centrais Eólicas Caliandra S.A.	4,328	513	-	(23)	-	4,818
Centrais Eólicas Canjoão S.A.	2,650	365	-	(10)	-	3,005
Centrais Eólicas Cabeça de Frade S.A.	2,533	237	-	(6)	-	2,764
Centrais Eólicas Embiruçu S.A.	2,945	228	-	(14)	-	3,159
Centrais Eólicas Itapuã V LTDA.	270	15	-	(8)	-	277
Centrais Eólicas Bela Vista XIV S.A.	251,684	23,222	-	(14)	-	274,892
Centrais Eólicas Umburanas 1 S.A.	2,058	550	-	(7)	-	2,601
Centrais Eólicas Umburanas 2 S.A.	229	483	-	(4)	-	708
Centrais Eólicas Umburanas 3 S.A.	327	239	-	(4)	-	562
Centrais Eólicas Umburanas 4 S.A.	198	122	-	(4)	-	316
Centrais Eólicas Umburanas 5 S.A.	236	90	-	(3)	-	323
Centrais Eólicas Umburanas 6 S.A.	144	36	-	(3)	-	177
Centrais Eólicas Umburanas 7 S.A.	218	102	-	(4)	-	316
Centrais Eólicas Umburanas 8 S.A.	102	48	-	(8)	-	142
Centrais Elétricas Itaparica S.A.	27,273	13,494	-	(264)	-	40,503
Renovapar S.A.	-	1	-	(1)	-	-
Other Corporate Interest (*)	182	104	-	(81)	-	205
Trading						
Renova Comercializadora de Energia S.A.	(5,151)	-	-	(29,509)	-	(34,660)
Other						
TerraForm Global, Inc.	443,672	-	-	-	(230,986)	212,686
Total	2,594,807	91,045	111,442	(116,573)	(230,986)	2,449,735

(*) Other companies listed in note 1

(**) AFACs have features of irrevocability, irrevocability and irreversibility. Values not fixed and will be capitalized

11.4 Changes in dividends receivable

	<u>Consolidated</u>	<u>Parent</u>
Balance as at December 31, 2015	-	1,986
Proposed dividends	35,673	20,373
Dividends received	<u>(35,673)</u>	<u>(20,873)</u>
Balance as at December 31, 2016	<u>-</u>	<u>1,486</u>
Balance as at December 31, 2016	-	620
Proposed dividends	10,200	-
Dividends received	<u>(10,200)</u>	<u>(183)</u>
Balance as at March 2017	<u>-</u>	<u>437</u>

Dividends proposed correspond to:

- a) Parent: it presents a balance of R\$437 relative to dividends receivable from the subsidiary Enerbras (December 31, 2016, R\$620).
- b) Consolidated: contemplate proposed and received dividends of Brasil PCH, in the amount of R\$10,200.

12. Property, plant and equipment

12.1 Consolidated

	Annual depreciation rates %	06/30/2017			12/31/2016		
		Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plant and equipment							
Generation							
Land		595	-	595	595	-	595
Reservoirs, dams and water mains	3%	95,797	(19,831)	75,966	95,797	(18,880)	76,917
Buildings, civil works and improvements	3%	91,876	(14,117)	77,759	91,876	(13,485)	78,391
Machinery and equipment	4%	1,468,871	(139,715)	1,329,156	1,468,581	(138,541)	1,330,040
Furniture and fixtures	10%	142	(111)	31	142	(106)	36
IT equipment	20%	245	(241)	4	245	(240)	5
Measurement towers	20%	23,801	(16,509)	7,292	23,801	(14,871)	8,930
Measurement equipment	20%	3,739	(1,544)	2,195	3,739	(1,186)	2,553
Tower equipment	20%	2,372	(1,277)	1,095	2,372	(997)	1,375
Other	20%	16	(11)	5	16	(11)	5
Transmission and connection system							
Land							
Land		2,503	-	2,503	2,503	-	2,503
Buildings, civil works and improvements	3%	7,561	(518)	7,043	7,561	(518)	7,043
Machinery and equipment	4%	301,880	(20,735)	281,145	301,880	(20,735)	281,145
		<u>1,999,398</u>	<u>(214,609)</u>	<u>1,784,789</u>	<u>1,999,108</u>	<u>(209,570)</u>	<u>1,789,538</u>
Administration							
Machinery and equipment	10%	5,356	(1,737)	3,619	5,356	(1,469)	3,887
Improvements	10%	2,955	(484)	2,471	2,352	(431)	1,921
Furniture and fixtures	10%	5,880	(2,423)	3,457	5,895	(2,135)	3,760
Software	20%	3,310	(2,821)	489	3,310	(2,617)	693
IT equipment	20%	3,763	(2,661)	1,102	3,847	(2,442)	1,405
		<u>21,264</u>	<u>(10,126)</u>	<u>11,138</u>	<u>20,760</u>	<u>(9,094)</u>	<u>11,666</u>
Inventory							
Warehouse							
Warehouse		6,379	-	6,379	6,275	-	6,275
Transfer to assets held for sale (Note 27.2)							
		(1,767,724)	145,463	(1,622,261)	-	-	-
Total property, plant and equipment							
		<u>259,317</u>	<u>(79,272)</u>	<u>180,045</u>	<u>2,026,143</u>	<u>(218,664)</u>	<u>1,807,479</u>
Construction in progress							
Generation							
Unapportioned		785,499	-	785,499	767,750	-	767,750
Studies and projects		10,466	-	10,466	10,440	-	10,440
Land		13,966	-	13,966	13,966	-	13,966
Buildings, civil works and improvements		263,201	-	263,201	274,866	-	274,866
Measurement towers		5,266	-	5,266	5,230	-	5,230
Wind generators		1,368,468	-	1,368,468	890,049	-	890,049
Substation equipment		413,329	-	413,329	387,674	-	387,674
Advances to suppliers		247,054	-	247,054	826,973	-	826,973
Impairment of property, plant and equipment assets		(293,626)	-	(293,626)	(261,723)	-	(261,723)
Transfer to assets held for sale (Note 27.2)							
		(10,075)	-	(10,075)	-	-	-
Total construction in progress							
		<u>2,803,548</u>	<u>-</u>	<u>2,803,548</u>	<u>2,915,225</u>	<u>-</u>	<u>2,915,225</u>
Total property, plant and equipment							
		<u>3,062,865</u>	<u>(79,272)</u>	<u>2,983,593</u>	<u>4,941,368</u>	<u>(218,664)</u>	<u>4,722,704</u>

12.2 Changes in property, plant and equipment (consolidated)

	12/31/2016	Additions	Write -offs	Reclassifications	Transfer to assets kept for sale	06/30/2017
Property, plant and equipment						
Cost						
Generation						
Plant						
Land	595	-	-	-	-	595
Reservoirs, dams and water mains	95,797	-	-	-	-	95,797
Buildings, civil works and improvements	91,876	-	-	-	(45,540)	46,336
Machinery and equipment	1,468,581	290	-	-	(1,403,838)	65,033
Furniture and fixtures	142	-	-	-	-	142
IT equipment	245	-	-	-	-	245
Measurement towers	23,801	-	-	-	-	23,801
Measurement equipment	3,739	-	-	-	-	3,739
Tower equipment	2,372	-	-	-	-	2,372
Other	16	-	-	-	-	16
Transmission and connection system						
Land	2,503	-	-	-	(2,503)	-
Buildings, civil works and improvements	7,561	-	-	-	(7,561)	-
Machinery and equipment	301,880	-	-	-	(301,880)	-
	<u>1,999,108</u>	<u>290</u>	<u>-</u>	<u>-</u>	<u>(1,761,322)</u>	<u>238,076</u>
Administration						
Machinery and equipment	5,356	-	-	-	-	5,356
Improvements	2,352	603	-	-	-	2,955
Furniture and fixtures	5,895	-	(15)	-	(23)	5,857
Software	3,310	-	-	-	-	3,310
IT equipment	3,847	-	(84)	-	-	3,763
	<u>20,760</u>	<u>603</u>	<u>(99)</u>	<u>-</u>	<u>(23)</u>	<u>21,241</u>
Inventory						
Warehouse	6,275	104	-	-	(6,379)	-
	<u>6,275</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>(6,379)</u>	<u>-</u>
Total property, plant and equipment - cost	<u>2,026,143</u>	<u>997</u>	<u>(99)</u>	<u>-</u>	<u>(1,767,724)</u>	<u>259,317</u>
(-) Depreciation						
Generation						
Plant						
Reservoirs, dams and water mains	(18,880)	(951)	-	-	-	(19,831)
Buildings, civil works and improvements	(13,485)	(632)	-	-	2,847	(11,270)
Machinery and equipment	(138,541)	(1,174)	-	-	121,359	(18,356)
Furniture and fixtures	(106)	(5)	-	-	-	(111)
IT equipment	(240)	(1)	-	-	(1)	(241)
Measurement towers	(14,871)	(1,638)	-	-	-	(16,509)
Measurement equipment	(1,186)	(358)	-	-	-	(1,544)
Tower equipment	(997)	(280)	-	-	-	(1,277)
Other	(11)	-	-	-	-	(11)
Transmission and connection system						
Buildings, civil works and improvements	(518)	-	-	-	518	-
Machinery and equipment	(20,735)	-	-	-	20,735	-
	<u>(209,570)</u>	<u>(5,039)</u>	<u>-</u>	<u>-</u>	<u>145,459</u>	<u>(69,150)</u>
Administration						
Machinery and equipment	(1,469)	(268)	-	-	-	(1,737)
Improvements	(431)	(53)	-	-	-	(484)
Furniture and fixtures	(2,135)	(294)	6	-	4	(2,419)
Software	(2,617)	(204)	-	-	-	(2,821)
IT equipment	(2,442)	(289)	70	-	-	(2,661)
	<u>(9,094)</u>	<u>(1,108)</u>	<u>76</u>	<u>-</u>	<u>4</u>	<u>(10,122)</u>
Total property, plant and equipment - depreciation	<u>(218,664)</u>	<u>(6,147)</u>	<u>76</u>	<u>-</u>	<u>145,463</u>	<u>(79,272)</u>
Total property, plant and equipment	<u>1,807,479</u>	<u>(5,150)</u>	<u>(23)</u>	<u>-</u>	<u>(1,622,261)</u>	<u>180,045</u>

- Continued -

- Continuation -

	12/31/2016	Additions	Write -offs	Reclassifications	Transfer to assets kept for sale	06/30/2017
Construction in progress						
Generation						
Unapportioned	767,750	17,749	-	-	-	785,499
Studis and projects	10,440	26	-	-	-	10,466
Land	13,966	-	-	-	-	13,966
Bulding, civil works and improvements	274,866	-	-	(11,665)	-	263,201
Measurement towers	5,230	36	-	-	-	5,266
Wind generator	890,049	4,821	(5,579)	479,177	-	1,368,468
Substation equipment	387,674	759	-	24,896	-	413,329
Advances to suppliers	826,973	-	-	(579,919)	(10,075)	236,979
Impairment of property, plant and equipment assets	(261,723)	(31,903)	-	-	-	(293,626)
Total construction in progress	<u>2,915,225</u>	<u>(8,512)</u>	<u>(5,579)</u>	<u>(87,511)</u>	<u>(10,075)</u>	<u>2,803,548</u>
Total property, plant and equipment	<u>4,722,704</u>	<u>(13,662)</u>	<u>(5,602)</u>	<u>(87,511)^(*)</u>	<u>(1,632,336)</u>	<u>2,983,593</u>

(*) Effect of the conciliation of suppliers in the period.

	12/31/2015	Additions	Write -offs	Reclassifications	Transfer to assets kept for sale	06/30/2016
Property, plant and equipment						
Cost						
Generation						
Plant						
Land	-	-	-	-	595	595
Reservoirs, dams and watermain	-	-	-	-	95,797	95,797
Buildings, civil works and improvements	45,540	28	-	-	46,336	91,904
Machinery and equipment	1,403,844	27	-	-	65,015	1,468,886
Vehicles	-	-	-	-	-	-
Furniture and fixtures	-	-	-	-	142	142
IT equipment	-	-	-	-	245	245
Measurement towers	23,801	-	-	-	-	23,801
Measurement equipment	3,739	-	-	-	-	3,739
Tower equipment	2,318	69	-	-	-	2,387
Other	1	-	-	-	15	16
Transmission and connection system						
Land	2,503	-	-	-	-	2,503
Buildings, civil works and improvements	7,561	-	-	-	-	7,561
Machinery and equipment	301,880	-	-	-	-	301,880
	<u>1,791,187</u>	<u>124</u>	<u>-</u>	<u>-</u>	<u>208,145</u>	<u>1,999,456</u>
Administration						
Machinery and equipment	5,363	-	-	-	-	5,363
Improvements	2,304	92	-	-	-	2,396
Furniture and fixtures	7,616	-	(868)	-	-	6,748
Software	3,315	-	-	-	-	3,315
IT equipment	3,809	53	(37)	-	18	3,843
	<u>22,407</u>	<u>145</u>	<u>(905)</u>	<u>-</u>	<u>18</u>	<u>21,665</u>
Inventory						
Warehouse	3,635	749	-	-	21	4,405
	<u>3,635</u>	<u>749</u>	<u>-</u>	<u>-</u>	<u>21</u>	<u>4,405</u>
Total property, plant and equipment - cost	<u>1,817,229</u>	<u>1,018</u>	<u>(905)</u>	<u>-</u>	<u>208,184</u>	<u>2,025,526</u>
(-) Depreciation						
Generation						
Plant						
Reservoirs, dams and watermain	2	(2,580)	-	-	(15,213)	(17,791)
Buildings, civil works and improvements	(1,026)	(2,385)	-	-	(8,531)	(11,942)
Machinery and equipment	(55,024)	(35,539)	-	-	(13,775)	(104,338)
Vehicle	-	-	-	-	-	-
Furniture and fixtures	-	(22)	-	-	(78)	(100)
IT equipment	-	(18)	-	-	(222)	(240)
Measurement towers	(10,948)	(1,987)	-	-	-	(12,935)
Measurement equipment	(471)	(357)	-	-	-	(828)
Tower equipment	(438)	(279)	-	-	-	(717)
Other	(2)	-	-	-	(8)	(10)
Transmission and connection system						
Buildings, civil works and improvements	(255)	(131)	-	-	-	(386)
Machinery and equipment	(10,122)	(5,306)	-	-	-	(15,428)
	<u>(78,284)</u>	<u>(48,604)</u>	<u>-</u>	<u>-</u>	<u>(37,827)</u>	<u>(164,715)</u>
Administration						
Machinery and equipment	(939)	(268)	-	-	-	(1,207)
Improvements	(338)	(47)	-	-	-	(385)
Furniture and fixtures	(1,952)	(374)	158	-	-	(2,168)
Software	(2,102)	(281)	-	-	-	(2,383)
IT equipment	(1,772)	(344)	12	-	(18)	(2,122)
	<u>(7,103)</u>	<u>(1,314)</u>	<u>170</u>	<u>-</u>	<u>(18)</u>	<u>(8,265)</u>
Total property, plant and equipment - depreciation	<u>(85,387)</u>	<u>(49,918)</u>	<u>170</u>	<u>-</u>	<u>(37,845)</u>	<u>(172,980)</u>
Total property, plant and equipment	<u>1,731,842</u>	<u>(48,900)</u>	<u>(735)</u>	<u>-</u>	<u>170,339</u>	<u>1,852,546</u>

- Continued -

- Continuation-

	12/31/2016	Additions	Write -offs	Reclassifications	Transfer to assets kept for sale	06/30/2017
Construction in progress						
Generation						
Unapportioned	517,602	140,403	-	795	-	658,800
Studies and projects	14,708	21	(3,322)		-	11,407
Land	13,888	-	-	(3)	-	13,885
Building, civil works and improvements	226,317	20,060	-	4,308	-	250,685
Measurement towers	11,635	21	-		-	11,656
Wind generator	518,281	155,869	-	72,917	-	747,067
Substation equipment	317,091	28,016	-	5,378	-	350,485
Advances to suppliers	936,741	157,836	-	(83,395)	-	1,011,182
Total construction in progress	2,556,263	502,226	(3,322)	-	-	3,055,167
Total property, plant and equipment	4,288,105	453,326	(4,057)	-	170,339	4,907,713

12.3 Parent

	Annual depreciation rates %	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plant and equipment							
Generation							
Measurement towers	20%	23,801	(16,509)	7,292	23,801	(14,871)	8,930
Measurement equipment	20%	3,739	(1,544)	2,195	3,739	(1,186)	2,553
Tower equipment	20%	2,372	(1,277)	1,095	2,372	(997)	1,375
		29,912	(19,330)	10,582	29,912	(17,054)	12,858
Administration							
Machinery and equipment	10%	5,356	(1,737)	3,619	5,356	(1,469)	3,887
Improvements	10%	2,955	(484)	2,471	2,352	(431)	1,921
Furniture and fixtures	10%	5,857	(2,419)	3,438	5,872	(2,132)	3,740
Software	20%	3,310	(2,821)	489	3,310	(2,617)	693
IT equipment	20%	3,746	(2,643)	1,103	3,830	(2,424)	1,406
		21,224	(10,104)	11,120	20,720	(9,073)	11,647
Total property, plant and equipment		51,136	(29,434)	21,702	50,632	(26,127)	24,505
Construction in progress							
Generation							
Unapportioned		235,369	-	235,369	227,992	-	227,992
Studies and projects		10,466	-	10,466	10,440	-	10,440
Land		2,365	-	2,365	2,365	-	2,365
Advances to suppliers		568	-	568	18,065	-	18,065
Total construction in progress		248,768	-	248,768	258,862	-	258,862
Total property, plant and equipment		299,904	(29,434)	270,470	309,494	(26,127)	283,367

12.4 Changes in property, plant and equipment (parent)

	12/31/2016	Additions	Write-offs	Funding at wind SPEs	06/30/2017
Property, plant and equipment					
Generation					
Measurement towers	23,801	-	-	-	23,801
Measurement equipment	3,739	-	-	-	3,739
Tower equipment	2,372	-	-	-	2,372
	<u>29,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,912</u>
Administration					
Machinery and equipment	5,356	-	-	-	5,356
Improvements	2,352	603	-	-	2,955
Furniture and fixtures	5,872	-	(15)	-	5,857
Software	3,310	-	-	-	3,310
IT equipment	3,830	-	(84)	-	3,746
	<u>20,720</u>	<u>603</u>	<u>(99)</u>	<u>-</u>	<u>21,224</u>
Total property, plant and equipment - cost	<u>50,632</u>	<u>603</u>	<u>(99)</u>	<u>-</u>	<u>51,136</u>
(-) Depreciation					
Generation					
Measurement towers	(14,871)	(1,638)	-	-	(16,509)
Measurement equipment	(1,186)	(358)	-	-	(1,544)
Tower equipment	(997)	(280)	-	-	(1,277)
	<u>(17,054)</u>	<u>(2,276)</u>	<u>-</u>	<u>-</u>	<u>(19,330)</u>
Administration					
Machinery and equipment	(1,469)	(268)	-	-	(1,737)
Improvements	(431)	(53)	-	-	(484)
Furniture and fixtures	(2,132)	(292)	5	-	(2,419)
Software	(2,617)	(204)	-	-	(2,821)
IT equipment	(2,424)	(289)	70	-	(2,643)
	<u>(9,073)</u>	<u>(1,106)</u>	<u>75</u>	<u>-</u>	<u>(10,104)</u>
Total property, plant and equipment - depreciation	<u>(26,127)</u>	<u>(3,382)</u>	<u>75</u>	<u>-</u>	<u>(29,434)</u>
Total property, plant and equipment	<u>24,505</u>	<u>(2,779)</u>	<u>(24)</u>	<u>-</u>	<u>21,702</u>
Construction in progress					
Generation					
Unapportioned	227,992	7,485	(108)	-	235,369
Studies and projects	10,440	26	-	-	10,466
Land	2,365	-	-	-	2,365
Advances to suppliers	18,065	1,909	-	(19,406)	568
Total construction in progress	<u>258,862</u>	<u>9,420</u>	<u>(108)</u>	<u>(19,406)</u>	<u>248,768</u>
Total property, plant and equipment	<u>283,367</u>	<u>6,641</u>	<u>(132)</u>	<u>(19,406)</u>	<u>270,470</u>

	12/31/2015	Additions	Write-offs	06/30/2016
Property, plant and equipment				
Generation				
Measurement towers	23,801	-	-	23,801
Measurement equipment	3,739	-	-	3,739
Tower equipment	2,318	54	-	2,372
	<u>29,858</u>	<u>54</u>	<u>-</u>	<u>29,912</u>
Administration				
Machinery and equipment	5,363	-	-	5,363
Improvements	2,303	92	-	2,395
Furniture and fixtures	7,593	-	(868)	6,725
Software	3,316	-	-	3,316
IT equipment	3,810	52	(37)	3,825
	<u>22,385</u>	<u>144</u>	<u>(905)</u>	<u>21,624</u>
Total property, plant and equipment - cost	<u>52,243</u>	<u>198</u>	<u>(905)</u>	<u>51,536</u>
(-) Depreciation				
Generation				
Measurement towers	(10,948)	(1,987)	-	(12,935)
Measurement equipment	(471)	(357)	-	(828)
Tower equipment	(438)	(279)	-	(717)
	<u>(11,857)</u>	<u>(2,623)</u>	<u>-</u>	<u>(14,480)</u>
Administration				
Machinery and equipment	(939)	(268)	-	(1,207)
Improvements	(338)	(47)	-	(385)
Furniture and fixtures	(1,951)	(372)	158	(2,165)
Software	(2,102)	(281)	-	(2,383)
IT equipment	(1,772)	(343)	12	(2,103)
	<u>(7,102)</u>	<u>(1,311)</u>	<u>170</u>	<u>(8,243)</u>
Total property, plant and equipment - depreciation	<u>(18,959)</u>	<u>(3,934)</u>	<u>170</u>	<u>(22,723)</u>
Total property, plant and equipment	<u>33,284</u>	<u>(3,736)</u>	<u>(735)</u>	<u>28,813</u>
Construction in progress				
Generation				
Unapportioned	197,317	71,728	-	269,045
Studies and projects	14,708	21	(3,322)	11,407
Land	2,361	-	-	2,361
Advances to suppliers	332,158	148,395	-	480,553
Total construction in progress	<u>546,544</u>	<u>220,144</u>	<u>(3,322)</u>	<u>763,366</u>
Total property, plant and equipment	<u>579,828</u>	<u>216,408</u>	<u>(4,057)</u>	<u>792,179</u>

12.5 Property, plant and equipment

ANEEL, in accordance with the Brazilian regulatory framework, defines the economic useful lives of the power generation assets, with periodical reviews on the estimates. The rates established by ANEEL are recognized as a reasonable estimate of the useful life of the assets. Accordingly, these rates were used as the basis for depreciation of property, plant and equipment.

12.6 Construction in progress

Property, plant and equipment in progress include investments in water projects, divided into inventories and basic projects already authorized by ANEEL. They also include investments in the wind projects of Alto Sertão III – Phase A and B and others which are under construction through the Company’s subsidiaries. The investments include amounts to purchase wind power generators, civil works, substations and sundry costs.

As at June 30, 2017, the consolidated balance of Advances to suppliers amounts to R\$ 236,979 (December 31, 2016, R\$826,973), comprised basically of the following: an advance for the acquisition and installation of substations with ABB Ltda., Metalurgica Santa Rita and Sadesul, in the amount of R\$11,911, an advance to purchase wind power generators, in the amount of R\$ 140,470 with GE, Alstom and others.

Amounts to be apportioned refer mainly to project costs, with the implementation of plants and capitalized interest. As at June 30, 2017, there wasn’t capitalized interest in the period (R\$39,491, June 30, 2016).

12.7 Project breakdown

As at June 30, 2017, consolidated property, plant and equipment in progress broken down as follows:

Projects	Consolidated
Alto Sertão III - Fase A	
ACL (Light I)	1,022,555
LER 2013	650,738
ACL (Mercado livre III)	166,713
LEN 2012 (A-5)	79,683
	<u>1,919,689</u>
Alto Sertão III - Fase B	
ACL (Light II)	156,749
ACL (Mercado livre II)	83,535
	<u>240,284</u>
Others	
Projeto Zeus*	333,340
ACL (Mercado livre I)	109,428
LEN 2013 (A-5)	56,419
LEN 2014 (A-5)	774
LER 2014	2,391
Others construction in progress	141,223
	<u>643,575</u>
Others construction in progress	<u><u>2,803,548</u></u>

(*) The Company is reevaluating the optimization of Zeus Project, whose investments made until June 30, 2017 basically refer to the project acquisition costs and advances to suppliers, which will be reallocated to the other projects of the Company. Additionally, PPA CEMIG Project related to this project was cancelled in accordance with the relevant fact disclosed on June 14, 2016.

12.8 Write-off of projects

The Company reviews its portfolio of basic projects and inventories on an annual basis. After reviewing its portfolio of development of small hydroelectric plant projects and wind farms, the Company opted to discontinue the projects on the year ended in December 31, 2016, in the total amount of R\$169 (R\$ 3,322, as June 30, 2016) (see note 21).

12.9 Reduction of recoverable value (impairment) of fixed assets

The Company proceeded for the year ended in June 30, 2017 with the review of the recoverable value of its fixed assets using the method of value in use of the assets. The actual discount rate (calculated using the WACC methodology) used for calculating the present value of the cash flow of the projects was of 7.95% per year, which resulted in a loss of R\$ 31,903 (R\$ 261,723, as December 31, 2016), in the wind farms Alto Sertão III – Phase A, which was registered under profit or loss of the period.

13. Trade payables

Note	Consolidated		Parent	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Trade payables	528,132	574,614	70,277	87,984
Transfer to liabilities directly related to assets held for sale	27,2	(69,612)	-	-
	<u>458,520</u>	<u>574,614</u>	<u>70,277</u>	<u>87,984</u>
Stated as:				
Current	458,520	546,911	70,277	87,984
Non-current	-	27,703	-	-
Total	<u>458,520</u>	<u>574,614</u>	<u>70,277</u>	<u>87,984</u>

As at June 30, 2017 and at December 31, 2016, the consolidated balance of trade payables mainly includes the amounts relating to the agreements for supply of equipment and materials contracted for the construction of plants under LEN 2012(A-5), LER 2013, LEN 2013 (A-5), LER 2014, LEN 2014 (A-5) and free trading market, among others, relating to wind power generators, substations and civil construction. Includes also amounts related to acquisition of projects, and negotiation with suppliers, segregated between current and non-current liabilities, according to contractually defined schedules, as well as finance incomes, when applicable.

14. Borrowing, financing and debentures

14.1 Consolidated

		Consolidated										
		06/30/2017			12/31/2016							
		Current		Non-current		Grand Total	Current		Non-current		Grand Total	
		Debit	Cost	charges	Principal	Total	charges	Principal	Total	Principal		
Local currency												
FNE - Banco do Nordeste do Brasil S.A. - Espra ^(b)	9.5% a.a. (8.08% a.a.)*	-	6,470	6,470	74,759	74,759	81,229	-	6,470	6,470	77,994	84,464
Finep - CEOL Itaparica ^(c)	3.5% a.a.	21	1,998	2,019	11,153	11,153	13,172	22	1,998	2,020	12,152	14,172
BNDES - Renova Eólica ^(a)	TJLP + 2.45% a.a.	2,517	685,425	687,942	-	-	687,942	2,552	705,984	708,536	-	708,536
BNDES - Renova Eólica ^(a)	TJLP + 2.60% a.a.	1,823	255,179	257,002	-	-	257,002	1,170	260,809	261,979	-	261,979
BNDES - Renova Eólica (Subcredit "P") ^(a)	TJLP	13	4,802	4,815	-	-	4,815	13	4,928	4,941	-	4,941
BNDES - Ponte I Diamantina Eólica (Subcredit "A") ^(d)	TJLP + 8% a.a.	1,045	185,301	186,346	-	-	186,346	2,298	171,325	173,623	-	173,623
BNDES - Ponte I Diamantina Eólica (Subcredit "B") ^(d)	TJLP + 2.5% a.a.	12,942	426,610	439,552	-	-	439,552	4,256	415,140	419,396	-	419,396
BNDES - Ponte I Diamantina Eólica (Subcredit "C") ^(d)	TJ6 + 7.34% a.a.	13,973	198,075	212,048	-	-	212,048	21,710	185,850	207,560	-	207,560
Other borrowings	100% CDI + 4% a 8.73% a.a.	32,192	210,421	242,613	56,219	56,219	298,832	17,442	249,644	267,086	3,192	270,278
Subtotal borrowings and financing		64,526	1,974,281	2,038,807	142,131	142,131	2,180,938	49,463	2,002,148	2,051,611	93,338	2,144,949
Borrowings cost		-	(5,853)	(5,853)	(168)	(168)	(6,021)	-	(6,240)	(6,240)	-	(6,240)
Transfer to liabilities directly related to assets held for sale (Note 27.2)		(4,353)	(939,553)	(943,906)	-	-	(943,906)	-	-	-	-	-
TOTAL BORROWINGS AND FINANCING		60,173	1,028,875	1,089,048	141,963	141,963	1,231,011	49,463	1,995,908	2,045,371	93,338	2,138,709
*15% timely payment bonus												
Debentures – 3rd issuance - Renova Energia S.A. ^(c)	143% CDI	-	358,268	358,268	-	-	358,268	4,216	500,000	504,216	-	504,216
Debentures – 1st issuance - Renova Eólica Participações S.A. ^(f)	IPCA + 7.60% a.a.	489	172,168	172,657	-	-	172,657	618	173,839	174,457	-	174,457
Subtotal Debentures		489	530,436	530,925	-	-	530,925	4,834	673,839	678,673	-	678,673
Borrowings cost		-	(7,974)	(7,974)	-	-	(7,974)	-	(8,500)	(8,500)	-	(8,500)
Transfer to liabilities directly related to assets held for sale (Note 27.2)		(489)	(171,355)	(171,844)	-	-	(171,844)	-	-	-	-	-
TOTAL DEBENTURES		-	351,107	351,107	-	-	351,107	4,834	665,339	670,173	-	670,173

14.2 Parent

		Consolidated									
		06/30/2017			12/31/2016						
		Current	Non-current	Grand Total	Current	Non-current	Grand Total				
		Finance			Finance						
		charges	Principal	Total	charges	Principal	Total	Principal			
Other short-term borrowings	Debit Cost 100% CDI + 4.3% a 8.7% a.a.	31,550	195,233	226,783	56,219	283,002	17,433	235,075	252,508	3,192	255,700
Debentures – 3rd issuance - Renova Energia S.A. ^(c)	143% CDI	-	358,268	358,268	-	358,268	4,216	500,00	504,216	-	504,216
Borrowings cost		-	(7,161)	(7,161)	-	(7,161)	-	(7,639)	(7,639)	-	(7,639)
TOTAL DEBENTURES		-	351,107	351,107	-	351,107	4,216	492,361	496,577	-	496,577

14.3 Collaterals

As at June 30, 2017, the balance payable of borrowings, financing and debentures are collateralized as follows:

	BNDES (note 14.6.a)	BNB (note 14.6.b)	Debentures (note 14.6.c)	Total
Receivable	4,478,326	453,426	-	4,931,752
Pledge of shares	422,022	114,770	1,183,449	1,720,241
Mortgage/sale of assets	1,265,607	158,343	-	1,423,950
Surety - money	40,372	11,474	10,839	62,685
Total	6,206,327	738,013	1,194,288	8,138,628

14.4 Changes

Changes in borrowings, financing and debentures are as follows:

	Consolidated			Parent		
	Principal	Charges	Total	Principal	Charges	Total
Balances at December 31, 2016	2,754,585	54,297	2,808,882	730,628	21,649	752,277
Accrued finance charges	-	164,141	164,141	-	67,385	67,385
Finance charges paid	-	(124,972)	(124,972)	-	(43,430)	(43,430)
Amortization of loans, financing and debentures	(150,928)	-	(150,928)	(142,600)	-	(142,600)
Updating and incorporation of interest to principal	28,451	(28,451)	-	14,054	(14,054)	-
Funding cost allocation	745	-	745	477	-	477
Transfer to liabilities directly linked to assets kept for sale	(1,110,908)	(4,842)	(1,115,750)	-	-	-
Balances as at June 30, 2017	1,521,945	60,173	1,582,118	602,559	31,550	634,109

	Consolidated			Parent		
	Principal	Charges	Total	Principal	Charges	Total
Balances at December 31, 2015	2,307,918	64,338	2,372,256	576,280	48,204	624,484
Loans and financing obtained	359,540	-	359,540	194,577	-	194,577
Accrued finance charges	-	133,072	133,072	-	67,165	67,165
Finance charges paid	-	(170,824)	(170,824)	-	(107,993)	(107,993)
Finance charges capitalized	-	39,491	39,491	-	-	-
Amortization of loans, financing and debentures	(132,698)	-	(132,698)	(105,167)	-	(105,167)
Updating and incorporation of interest to principal	38,862	(38,862)	-	-	-	-
Funding Cost Allocation	994	-	994	517	-	517
Asset sale cancellation	90,761	-	90,761	-	-	-
Balances as at June 30, 2016	2,665,377	27,215	2,692,592	666,207	7,376	673,583

14.5 Maturity of non-current amounts (principal and finance charges)

Maturities of the amounts classified in non-current liabilities are as follows:

Maturity year	06/30/2017	
	Consolidated	Parent
2018	63,542	56,219
2019	9,545	-
2020	10,019	-
2021	10,521	-
2022	11,052	-
2023 to 2027	37,452	-
Total	<u>142,131</u> (*)	<u>56,219</u> (*)

(*) This amount does not include borrowings costs, financing or debentures.

14.6 Summary of agreements

a. BNDES agreements (Long term)

Subsidiary Renova Eólica, with the intermediation of subsidiaries, its direct subsidiary Nova Energia and the Company obtained a financing in the amount of R\$1,044,100 (a direct agreement executed on June 4, 2014, in the amount of R\$734,020, and a transfer agreement entered into with Banco do Brasil, in the amount of R\$310,080), for the construction of the wind power complex Alto Sertão II.

The financing was divided into 16 subcredit, from “A” to “P”, having the followings features:(a) subcredit A, C, D, E, F, G, I, J, M and P have a use and grace period through December 15, 2015, with a repayment term of 192, in monthly consecutive installments, each one in the amount of the debt principal falling due, divided by the number of installments yet to fall due. The first installment will mature on January 15, 2016 and the last, on December 15, 2031; and (b) subcredit B, H, K, L, N and O have a use and grace period through December 15, 2014, with a repayment term of 192, in monthly consecutive installments, each one in the amount of the debt principal falling due, divided by the number of installments yet to fall due. The first installment fell due on January 15, 2015 and the last will mature on December 15, 2030.

All agreements entered into with BNDES are collateralized by pledged shares, collateral assignment of receivables and emerging rights, financed assets, bank guarantee letter and reserve accounts equivalent to three months of debt service and three months of operation and maintenance. Under this transaction, the Debt Service Coverage Ratio (ICSD) = [(activity cash generation + closing cash balance from prior year)/debt service] must be greater than or equivalent to 1.3 calculated at the end of the year. As at December 31, 2016 the Company did not reach this index, having a portion of the balance of non-current liabilities reclassified to current liabilities, in accordance with the accounting standard. Nevertheless the creditors did not demand immediate liquidation.

When the sales operation mentioned under note 1.3. and 29.1 is achieved, the debt related to the Alto Sertão II wind farms, which as at June 30, 2017 amount to R\$943,906, shall be transferred to AES Tietê.

b. BNB agreement

Subsidiary Espra, with the intermediation of subsidiary Enerbras, obtained a financing with BNB on June 30, 2006, in the total amount of R\$120,096. The agreement matures on June 30, 2026.

This financing is collateralized by property mortgage of Serra da Prata Complex, pledged shares, pledged emerging rights of Authorization Resolutions, right to receive any and all amounts that, actually or potentially, are or may become payable by the Concession Grantor to Espra, all other tangible or intangible rights of the respective Authorization Resolutions and liquidity fund in reserve account (Note 9). The financing agreement with BNB does not include covenants requiring compliance with financial ratios subject to accelerated payment of the debt.

c. Simple and non-convertible debentures

On December 15, 2014, a new debenture (3rd issuance) was issued in the amount of R\$500,000. The proceeds from this debenture were used to prepay the already existing debenture (2nd issuance) in the amount of R\$370,754, generating an additional cash for the Company in the amount of R\$129,246. The amortization will begin on December 15, 2018 with annual consecutive installments through December, 2024. Interest will be paid in semi-annual installments, with no grace period, in September and December of each year.

The 3rd issuance of debentures was made in accordance with CVM Instruction 476, as resolved by the Company's Board of Directors' meeting of December 17, 2014 ("RCA"). Debentures have no restructuring clause.

A statutory lien of 99.99% of the shares issued by Chipley, holder of 51% of equity interest of Brasil PCH is the guarantee of the debentures; fiduciary assignment of the flow of dividends derived from Chipley attributed to Renova, of the flow of dividends from Brasil PCH attributed to Chipley; fiduciary assignment of the flow of dividends derived from Nova Energia attributed to Renova from the flow of dividends derived from Renova Eólica due to equity interest in the companies integrating LER 2010 and LER 2011; divestment of 100% of the shares issued by Nova Energia, controlling company of Renova Eólica;

This transaction sets forth that the ICSD (Debt Service Coverage Ratio = dividends received/debt service) must be greater than or equivalent to 1.0. The debt service is represented by the payment of principal and interest of the falling due series in each year of verification. The measurement of this index is annual and, as at December 31, 2016, the Company did not attain the index, having the non-current liability reclassified to the current, in accordance with the accounting standards. Nevertheless the creditors did not demand immediate liquidation.

d. BNDES (bridge loan)

On December 19, 2014, a short-term financing agreement was entered into between BNDES and Diamantina, in the total amount of R\$700,000, divided into two subcredit: subcredit "A", in the amount of R\$140,000, and tranche "B", in the amount of R\$560,000, for wind farms under LEN 2012 (A-5), LER 2013 and free trading market. On February 18, 2016, as 1st contract amendment between the parties, there was the relocation of part of the Subcredit "B" with the creation of Subcredit "C" in the amount of R \$ 163,963. In accordance with addendums to the contract, the bridge loans will be settled on August 15, 2017 or on the date the long-term financing with BNDES is released.

The loans are collateralized by the shares issued by Diamantina and the SPEs in which Diamantina holds shares. This agreement does not include covenants requiring compliance with financial ratios subject to accelerated payment of the debt.

e. FINEP

On December 19, 2013, subsidiary Centrais Elétricas Itaparica S.A. entered into a financing agreement with Financiadora de Estudos e Projetos - FINEP, in the amount of R\$107,960. The funds from this financing will be used to implement a hybrid and wind power generation and distribution plant. The financing has a grace period of 36 months, which covers the period from the agreement signature date and to the date of maturity of the amortization installment, payable in 85 installments, with the first one falling due on January 15, 2017 and the last on January 15, 2024. As at June 30, 2017, the amount of R\$14,149 had been released.

This financing is collateralized by bank letters of guarantee in an amount equivalent to 50% of each release, plus finance charges, and the alienated assets (equipment) acquired in the course of the financing.

The financing agreement doesn't require financial rates for the debt's accelerated payment.

f. Infrastructure debentures

On November 15, 2014, the 1st issuance of simple, non-convertible debentures, occurred, subject to collateral and an additional unsecured guarantee, in two series ("Debentures"), for public distribution, with restrict placement efforts, of the Company's indirect subsidiary, Renova Eólica, in the total amount of R\$146,000.

Debentures were issued as infrastructure debentures, considering the classification of the ventures as priority projects, under the ordinances issued by the Ministry of Mines and Energy (MME). The proceeds from these debentures were allocated to LER 2010 and LEN 2011 (A-3) in order to supplement the BNDES financing for acquisition of new assets.

The amortization began on June 15, 2016 with semi-annual, consecutive installments through December 15, 2025. The interest is payable in semi-annual installments, with no grace period, in September and December of each year.

Under this transaction, the Debt Service Coverage Ratio (ICSD) = [(activity cash generation + closing cash balance from prior year)/debt service] must be greater than or equivalent to 1.3 calculated at the end of the year. As at December 31, 2016, the Company did not attain the index, having the non-current liability reclassified to the current, in accordance with the accounting standards. Nevertheless, the creditors did not demand immediate liquidation.

When the sales operation mentioned under note 1.3 and 29.1 is achieved, the debt related to the Alto Sertão II wind farms, which as at June 30, 2017 amount to R\$171,844, shall be transferred to AES Tietê

15. Taxes payable

	Note	Consolidated		Parent	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
IRPJ		4,925	4,586	1,166	1,165
COFINS		4,121	1,974	8	31
CSLL		2,714	2,442	561	561
INSS (third parties)		427	701	25	27
INSS		3,878	3,928	3,878	3,928
IRRF (payroll)		1,795	1,793	992	965
FGTS		1,604	1,662	1,604	1,662
ISS		1,065	1,401	83	71
PIS		861	424	-	5
PIS, COFINS and CSLL		773	767	385	426
IRRF		889	447	719	336
Other		898	573	113	105
		<u>23,950</u>	<u>20,698</u>	<u>9,534</u>	<u>9,282</u>
Transfer to liabilities directly related to assets held for sale	27.2	<u>(10,976)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL		<u>12,974</u>	<u>20,698</u>	<u>9,534</u>	<u>9,282</u>

16. Accounts payable / receivable - CCEE/Eletrabras/Distributors (consolidated)

	Note	Assets		Liabilities	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
Current					
Eletrabras		-	-	25,703	25,293
CCEE		-	-	24,375	25,856
Distributors		-	-	1,648	-
		<u>-</u>	<u>-</u>	<u>51,726</u>	<u>51,149</u>
Transfer to liabilities directly related to assets held for sale	27.2	<u>-</u>	<u>-</u>	<u>(12,157)</u>	<u>-</u>
Total Current		<u>-</u>	<u>-</u>	<u>39,569</u>	<u>51,149</u>
Non-current					
CCEE		4,241	2,500	11,307	11,422
Distributors		-	-	33,000	34,969
		<u>4,241</u>	<u>2,500</u>	<u>44,307</u>	<u>46,391</u>
Transfer to liabilities directly related to assets held for sale	27.2	<u>(4,241)</u>	<u>-</u>	<u>(43,785)</u>	<u>-</u>
Total Non-current		<u>-</u>	<u>2,500</u>	<u>522</u>	<u>46,391</u>
Total		<u>-</u>	<u>2,500</u>	<u>40,091</u>	<u>97,540</u>

Eletrabras

The Power Purchase and Sale Agreement, entered into the indirect parent company Espra and Eletrobrás, sets forth that the sales revenues in the context of the Eletrobrás is determined each year (from January to December). The financial adjustment portion resulting from this calculation will be offset in the monthly invoices of the next year.

As established in Provisional Measure 688, in December 2015 the government sanctioned Law 13.203 which addresses the renegotiation of the hydrological risk of electric energy generation for the MRE participating agents, with effect as of 2015. The indirect subsidiary Espra adhered to the renegotiation of the hydrological risk related to PCHs Colino I and Cachoeira da Lixa, making the option for the full transfer of the hydrological risk (SP100) to the Consumer. In this product, the power generator fully transfers the hydrological risk inherent to the contracts through the payment of a risk premium of 11.27 R\$/MWh (base-date January 2017, annually adjusted by the IPCA up until the end of contracts for trading energy or until the end of the concession, whichever the smaller. The recognition of such effects was the register of a prepaid expense as a counterentry to net revenue from sales and cost of sales of energy. The effects of the renegotiation under profit or loss for the year of 2016 are demonstrated below:

Increase on net revenue	R\$7,003
Increase on cost	(R\$2,484)
Effect, net as at December 31, 2016	R\$ 4,519

CCEE and Distributors

The Reserve Power Agreements entered into the indirect subsidiaries under LER 2009, LER 2010, LER 2013 and CCEE and New Power Auction between LEN 2011(A-3) and distributors set forth that the differences between the power generated by plants and contracted power are calculated in each contractual year.

The reimbursement for negative deviations (below the tolerance level – 10%) of generation will be paid in 12 equal monthly installments over the next agreement, at 115% of the current sales price for the wind farms of LER 2010 and LER 2013 and the higher value between the PLD average and the unit fixed revenue for the wind farms of LEN 2011, as set forth of such agreement. The returns within the tolerance level – 10% of generation will be reimbursed in 12 installments after possible offset against the positive deviations as from the end of the first four-year period, counted from the startup in commercial operation. For LER 2013, the compensations within the tolerance range will be valued at 106% of the prevailing price of energy.

The reimbursement for positive deviations (above the tolerance level – 30%) of generation will be paid in 12 equal monthly installments over the next agreement, at 70% of the current sales price, as set forth of such agreement. The returns within the tolerance level – 30% of generation will be reimbursed in 12 installments after possible offset against the negative deviations as from the end of the first four-year period, counted from the startup in commercial operation.

16.1 Changes

Changes in the quarters are as follows:

Changes in Assets 2017						
	12/31/2016	Additions	Transfer to assets held for sale	06/30/2017		
CCEE	2,500	1,741	(4,241)	-		
Total assets	2,500	1,741	(4,241)	-		

Changes in Liabilities 2017						
	12/31/2016	Provision/ Reversion	Fine on reimbursement	Amortization	Transfer to liabilities directly related to assets held for sale	06/30/2017
Eletrobras	25,293	1,805	-	(1,395)	-	25,703
CCEE	37,278	2,937	6,748	(11,281)	(21,294)	14,388
Distributors	34,969	811	-	(1,132)	(34,648)	-
Total liabilities	97,540	5,553	6,748	(13,808)	(55,942)	40,091
Total net	(95,040)	(3,812)	(6,748)	13,808	51,701	(40,091)

Changes in Assets			
	12/31/2015	Reversion / Additions	06/30/2017
CCEE	4,245	(1,511)	2,734
Total assets	4,245	(1,511)	2,734

Changes in Liabilities						
	12/31/2016	Cancel of assets' sale	Provision/ Reversion	Fine on reimbursement	Amortization	06/30/2017
Eletrobras	-	20,668	1,732	-	(1,394)	21,006
CCEE	7,079	-	5,810	9,552	-	22,441
Distributors	-	-	40,253	-	-	40,253
Total liabilities	7,079	20,668	47,795	9,552	(1,394)	83,700
Total net	(2,834)	(20,668)	(49,306)	(9,552)	1,394	(80,966)

17. Provision for civil, tax and labor risks (parent and consolidated)

As at June 30, 2017, the individual and consolidated provision for civil, tax and labor risks amounted to R\$3,348 (December 31, 2016, R\$ 1,460). Changes of the quarter are broken down as shown below:

	Changes			06/30/2017
	12/31/2016	Addition	Updating	
Provision for civil, tax and labor risks	1,460	1,883	5	3,348

	Changes		06/30/2016
	12/31/2015	Updating	
Provision for civil, tax and labor risks	710	7	717

The Company's and its subsidiaries' management, based on the opinion of their legal advisors with respect to the likelihood of favorable outcome from several claims, considers that the provisions recorded in the balance sheet are sufficient to cover probable losses.

The Company and its subsidiaries are parties to several contingencies amounting to approximately R\$ 393,289 (December 31, 2016, R\$ 160,212), out of which civil claims in the amount of R\$ 262,082 (December 31, 2016 R\$ 38,189), R\$ 122,565 (December 31, 2016, R\$ 113.253) administrative ones and R\$ 6,431 labor claims (December 31, 2016, R\$ 8,770), which Management, based on the opinion of its legal counsel, assessed as possible loss and did not record any provisions for the quarter ended June 30, 2017.

17.1 Power Grid Charges - National Energy Policy Council Resolution

CNPE Resolution 3, of March 6, 2013, defined new criteria for apportionment of the additional commissioning cost of thermal power plants. According to the new criteria, the Power Grid Charges (ESS), for purposes of power security, which was fully apportioned amongst free consumers and distributors, would be apportioned amongst all members of the National Interconnected System (SIN), including generators and sellers.

The Brazilian Association of Independent Power Producers (APINE), of which the Company is a member, obtained the preliminary injunction to suspend the effects of article 2nd and 3rd of CNPE Resolution 3, which exempted the generators from the ESS payment in accordance with such Resolution.

The risk involved approximately R\$1,420. Based on Management's understanding and on the legal counsel's opinion, this risk was classified as possible loss and did not recognize a provision for the period ended in June 30, 2017.

17.2 Arbitration proceedings

As mentioned under notes 1.2.d the Company filed arbitration proceedings against Terraform, with the aim, among other claims, to receiving indemnity for the loss from the operation with SunEdison and Terraform.

As at May 15, 2017, an agreement was entered into between the Company and TerraForm Global in which the parties agreed to end the arbitration proceedings by means of compensations to the Company in the amount of R\$48,559 (US\$15 million), of which R\$25,518 were recognized in profit or loss (see note 21). The settlement of this compensation occurred on June 30, 2017.

18. Provision for environmental costs (Consolidated)

	06/30/2017	12/31/2016
Current	3,971	2,540
Transfer to liabilities directly related to assets held for sale	(2,957)	-
Total Current	<u>1,014</u>	<u>2,540</u>
Non-current	4,061	5,387
Transfer to liabilities directly related to assets held for sale	(4,061)	-
Total Non-current	<u>-</u>	<u>5,387</u>

Considering that: (a) before the projects are placed into service, the Company obtains all the environmental permits and, consequently, has a present obligation to comply with all the obligations set out in such permits to be able to operate; (b) such obligation arises from past events (power plant construction); and (c) it is expected that there will be cash outflows capable of generating future economic benefits, the Company provides for socio-environmental costs in current and non-current liabilities, and capitalizes such costs in fixed assets over the projects' construction periods. After plant startup, such costs are recognized directly in profit or loss.

The provision is initially measured at fair value and, subsequently, adjusted to present value and upon change in the value or timeliness of the estimated cash flows, which are considered sufficient for the subsidiaries' future disbursements during the phase of construction and the operation of wind farms in operation

18.1 Changes

	12/31/2016	Update	Transfer to liabilities directly related to assets held for sale	06/30/2017
Provision for environmental costs	<u>7,927</u>	<u>105</u>	<u>(7,018)</u>	<u>1,014</u>
	12/31/2016	Payments	Update	06/30/2017
Provision for environmental costs	<u>7,927</u>	<u>(43)</u>	<u>54</u>	<u>7,105</u>

19. Equity and compensation of shareholders

a) Authorized capital

As prescribed by article 8 of the Bylaws, the Company is authorized to increase its capital, as approved by the Board of Directors, regardless of any amendment to the bylaws, through the issuance of common or preferred shares, up to the limit of R\$5,002,000.

b) Capital

On December 23, 2016, the Board of Directors approved a capital increase in the amount of up to R\$300,000 through the issue of up to 115,952,502 new common shares and of up to 34,047,498 new preferred shares, all nominal, book-entry and without par value, for the issue price per common or preferred share of R\$2.00 (two reais) and R\$6.00 (six reais) per unit.

On June 21, 2017, according to the minutes of the Administrative Council meeting, the capital increase of the Company was finalized and approved of R\$ 112,764 (being R\$ 50,000, on December, 2016 and R\$ 62,764, on June 30, 2017) through the issue of 56.381.931 nominal, book shares and without par value of which 50,888.993 common

shares and 5,492,938 preferred shares, already subscribed and paid-in, at the price of issue of R\$2.00 (two reais) per common and preferred share and of R\$6.00 (six reais) per unit.

Hereinafter, we present a summary of the incurred contribution:

		Shareholders				
		CEMIG GT	Light	RR Participações	Others	Total
1 st Trimester of 2016	Homologated on 2016	200,000	-	-	-	200,000
2 nd Trimester of 2016	Homologated on 2016	40,000	40,000	-	2	80,002
Total		240,000	40,000	-	2	280,002
		Shareholders				
4 th Trimester of 2016	Homologated on 2017	37,863	12,137	-	-	50,000
1 st Trimester of 2017	Homologated on 2017	18,000	-	-	-	18,000
2 nd Trimester of 2017	Homologated on 2017	-	18,000	10,000	16,764	44,764
Total		55,863	30,137	10,000	16,764	112,764
		295,863	70,137	10,000	16,766	392,766

As at June 30, 2017, the Company's capital subscribed and paid-in capital was R\$2,960.776 (December 31, 2016, R\$2,898,012), distributed in accordance with the shareholder composition below:

RENOVA ENERGIA	Common		Preferred		Total shares	% of total capital
	Number	%	Number	%	Number	%
Controlling block	280,251,670	84.97%	-	0,00%	280,251,670	67.17%
RR Comerc de Energia e Participações	57,461,797	17.42%	-	0,00%	57,461,797	13.77%
Light Energia	71,636,173	21.72%	-	0,00%	71,636,173	17.17%
Cemig GT	151,153,700	45.83%	-	0,00%	151,153,700	36.23%
Other shareholders	49,553,573	15.03%	87,392,001	100,00%	136,945,574	32.83%
RR Comerc de Energia e participações*	6,302,757	1.91%	1,213,600	1,39%	7,516,357	1.80%
BNDESPAR	8,327,489	2.52%	16,654,978	19,06%	24,982,467	5.99%
InfraBrasil	11,651,467	3.53%	23,302,933	26,66%	34,954,400	8.38%
FIP Caixa Ambiental	5,470,293	1.66%	10,940,586	12,52%	16,410,879	3.93%
Other	17,801,567	5.40%	35,279,904	40,37%	53,081,471	12.72%
Total	329,805,243	100.00%	87,392,001	100,00%	417,197,244	100.00%

* Shares not included in the controlling block

Note: The controlling block considers shares subject to the Shareholders Agreement

c) Share issuance costs

The Company records all share issuance costs in a specific line item. These amounts refer to consulting and financial advisory fees relating to the capital increase operations, as shown below:

Event	Date	Costs on issuance of shares Parent and Controlatod
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Initial Public Offering (IPO)	July/2010	13,686
New investor: Light Energia	September/2011	20,555
New investor: BNDESPAR	September /2012	1,871
New investor: CEMIG GT	September /2014	5,645
Total		41,757

d) Reserves

Capital reserve

The Company recorded in the capital reserve the effect of costs on share-based payment relating to its plants under LER 2009, LER 2010 and LEN 2011 (A-3) and other projects, as well as the awards paid relating to the successful IPO and also agreements entered into with its executive officers. These records both reflect the shares granted and the shares to be granted in the medium and short term. These accounting records are detailed in Note 24.5.

Profit reserve – legal reserve

Legal reserve is mandatory, up until the limits established by law, and has the purpose of assuring the integrity of the capital conditioned to its use for loss compensation or capital increase.

Profit reserve – retained earnings

The Company, by complying with the provision in sole paragraph of article 51 of its Bylaws and, in article 194 of Law 6.404/76, used the balance of this reserve in the amount of R\$ 33,072 to compensate part of the loss calculated as at December 31, 2016.

Profit reserve – special reserve of dividends not distributed

As provisioned under article 202 § 4 of Law 6.404/76, the Company recorded a special reserve for non-distributed dividends, in the amount of R\$11,024, in view of the financial situation of the Company, that was used to compensate part of the loss of December 31, 2016.

e) Dividends

The shareholders are entitled to receive as mandatory dividends, in each year, 25% on net profit for the year, less or plus the following: (i) amount allocated to legal reserve; and (ii) amount allocated to reserve for contingencies and reversal of this reserve from prior years, as provisioned in the by-laws of the Company. Preferred shares will take part in the profit sharing in the same manner as common shares.

20. Net operating income

	Consolidated				Parent
	06/30/2017	06/30/2016	06/30/2017	06/30/2016	06/30/2016
	MWh*	MWh*			
Generation					
Electric power supply - PCHs	27,112	25,317	19,845	21,042	-
Electric power supply - Wind	562,386	529,768	75,830	68,412	-
Subtotal			95,675	89,454	-
Other revenues					
Operations – Sale of electric power			276,809	146,834	-
Solar			-	98	98
Other revenues **			-	1,952	1,952
			372,484	238,338	2,050
Deductions from revenue:					
(-) Taxes from revenue (PIS/COFINS)			(35,249)	(17,849)	(195)
(-) Other deductions			-	(92)	(92)
			(35,249)	(17,941)	(287)
Total			337,235	220,397	1,763

(*) Information not reviewed by independent auditors.

(**) Revenue from asset management services provider contract with TerraForm, ended on September 18, 2016.

21. Costs and expenses (income)

	Consolidated					
	06/30/2017			06/30/2016		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Tusd/Tust(1)	8,403	1,604	10,007	7,736	-	7,736
Inspection fee	643	38	681	577	-	577
	<u>9,046</u>	<u>1,642</u>	<u>10,688</u>	<u>8,313</u>	<u>-</u>	<u>8,313</u>
Personnel and management	-	11,079	11,079	-	18,112	18,112
Outside services ⁽⁵⁾	19,721	25,354	45,075	9,904	15,385	25,289
Rentals and leases	1,870	1,491	3,361	1,949	1,306	3,255
Travels	-	650	650	-	1,918	1,918
Depreciation	5,039	1,108	6,147	48,604	1,314	49,918
Discontinued projects ⁽²⁾	-	169	169	-	3,322	3,322
Insurance	1,090	74	1,164	1,238	25	1,263
Telephony and IT	-	2,336	2,336	-	2,545	2,545
Materials and consumables	139	242	381	3,721	632	4,353
Fine on reimbursement	458	6,290	6,748	1,131	8,421	9,552
Purchase of energy ⁽³⁾	253,570	-	253,570	162,415	-	162,415
decrease to recoverable amount of fixed asset	-	31,903	31,903	-	-	-
Civil and labor contingencies	-	1,883	1,883	-	-	-
Terraform ⁽⁴⁾ receivable	-	(25,518)	(25,518)	-	(35,790)	(35,790)
Renegotiation of hydrological risk	1,141	-	1,141	-	-	-
Taxes and fees	-	1,315	1,315	-	2,379	2,379
Other revenues (expenses)	128	(9,509)	(9,381)	34	1,023	1,057
	<u>283,156</u>	<u>48,867</u>	<u>332,023</u>	<u>228,996</u>	<u>20,592</u>	<u>249,588</u>
Total	<u>292,202</u>	<u>50,509</u>	<u>342,711</u>	<u>237,309</u>	<u>20,592</u>	<u>257,901</u>

	Parent					
	06/30/2017			06/30/2016		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Personnel and management	-	6,255	6,255	-	18,112	18,112
Outside services ⁽⁵⁾	-	24,070	24,070	-	11,911	11,911
Rentals and leases	-	952	952	-	1,306	1,306
Travels	-	298	298	-	1,599	1,599
Depreciation	2,276	1,106	3,382	2,623	1,311	3,934
Discontinued projects ⁽²⁾	-	169	169	-	3,322	3,322
Insurance	-	74	74	-	25	25
Telephony and IT	-	1,493	1,493	-	1,998	1,998
Materials and consumables	-	170	170	-	581	581
Terraform ⁽⁴⁾ receivable	-	(25,518)	(25,518)	-	(35,790)	(35,790)
Civil and labor contingencies	-	1,883	1,883	-	-	-
Taxes and Fees	-	907	907	-	939	939
Other revenues (expenses)	-	(9,631)	(9,631)	20	2,058	2,078
Total	<u>2,276</u>	<u>2,228</u>	<u>4,504</u>	<u>2,643</u>	<u>7,372</u>	<u>10,015</u>

(1) Tusd – distribution system use tariff and Turst – transmission system use tariff.

(2) See note 12.8.

(3) Refers to: a) purchase of energy for resale by Renova Comercializadora to honor commitment assumed in energy sale contracts of plants in delay in its commercial operation; and b) acquisition of energy by the wind farms of LEN 2011 (A-3) and LEN 2012 (A-5) through exposure at CCEE.”.

(4) Refer to the receipt by TerraForm due to: sale cancellation of ESPRA (2016), see note 1.2.a. and compensation for arbitrage closing (2017) see note 17.2.

(5) Variation relative to structuring fee payment.

22. Finance income

	Note	Consolidated		Parent	
		06/30/2017	06/30/2016	06/30/2017	06/30/2016
Finance income					
Income from short-term investments		5,335	8,213	1,609	5,214
Other finance income		88	2,000	60	1,847
(-) PIS/COFINS from finance income		(561)	(470)	(92)	(354)
Total finance income		<u>4,862</u>	<u>9,743</u>	<u>1,577</u>	<u>6,707</u>
Finance costs					
Accrued finance charges	14.4	(164,141)	(133,072)	(67,385)	(67,165)
Interest		(22,957)	(26,803)	(1,736)	(24,715)
Fine on debt		(18,322)	-	-	-
Interest-related parties	24	(26,486)	(7,122)	(9,543)	(2,632)
Tax on Financial Transactions (IOF)		(2,388)	(4,582)	(2,287)	(2,676)
Banking fees		(308)	(640)	(43)	(626)
Bank guarantee to debt		(22,996)	(16,639)	-	(4,482)
Other finance costs		<u>(3,409)</u>	<u>(11,280)</u>	<u>(610)</u>	<u>(8,732)</u>
Other finance costs		<u>(261,007)</u>	<u>(200,138)</u>	<u>(81,604)</u>	<u>(111,028)</u>
Other finance income		<u>(256,145)</u>	<u>(190,395)</u>	<u>(80,027)</u>	<u>(104,321)</u>

23. Income tax and social contribution

	Consolidated		Parent	
	06/30/2017	06/30/2016	06/30/2017	06/30/2016
Loss (profit) before income tax and social contribution	(76,226)	(650,167)	(82,916)	(654,679)
Combined income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	<u>25,917</u>	<u>221,057</u>	<u>28,191</u>	<u>222,591</u>
Permanent deductions (additions)				
Nondeductible expenses	(143)	(445)	(143)	(445)
Share of (loss) profit of subsidiaries	15,578	1,110	(46,907)	(39,635)
Effect on subsidiaries taxed under the deemed income	12,575	(11,226)	-	-
Effect of unrecognized deferred tax assets on:				
Temporary provisions	173,927	(87,107)	173,927	(87,107)
Tax loss carryforwards	(113,129)	(63,779)	(33,653)	(31,282)
Income tax and social contribution in (loss) profit	<u>114,725</u>	<u>59,610</u>	<u>121,415</u>	<u>64,122</u>

The Controlling Company didn't assess taxable income in the period. As at June 30, 2017, the Controlling Company had tax losses and negative calculation basis for social contribution balance to compensate, as demonstrated below for which deferred taxes were not registered:

	Parent	
	<u>06/30/2017</u>	<u>12/31/2016</u>
Tax loss for the period	(98,983)	(203,179)
Prior periods' tax loss carryforwards	<u>(375,283)</u>	<u>(172,104)</u>
Total tax loss carryforwards	<u>(474,266)</u>	<u>(375,283)</u>

24. Related parties transactions

	Parent						
	Assets		Liabilities		Finance income		Expenses
	06/30/2017	12/31/2016	06/30/2017	12/31/2016	06/30/2017	06/30/2016	06/30/2017
<u>Mutual</u>							
Energética Serra da Prata S.A.	-	-	42,008	34,827	(1,205)	(1,158)	-
Renova Comercializadora de Energia S.A.	-	-	190,437	216,543	(7,245)	(1,410)	-
Chipley SP Participações S.A.	-	-	40,491	18,925	(1,093)	(64)	-
Centrais Eólicas Conquista S.A.	-	-	501	-	-	-	-
Centrais Eólicas Coxilha Alta S.A.	-	-	468	-	-	-	-
Centrais Eólicas Macambira S.A.	-	-	235	-	-	-	-
Centrais Eólicas Cansanção S.A.	-	-	133	-	-	-	-
Subtotal	-	-	274,273	270,295	(9,543)	(2,632)	-
<u>Apportionment of expenses</u>							
Energética Serra da Prata S.A.	243	105	-	-	-	-	509
Renova Comercializadora de Energia S.A.	358	642	-	-	-	-	1,281
Controlada - LEN 2012 (A-5)	517	413	-	-	-	-	104
Controladas - LER 2013	4,376	3,498	-	-	-	-	879
Controladas - LER 2014	801	791	-	-	-	-	9
Controladas - ACL (Mercado livre I)	679	558	-	-	-	-	121
Controladas - ACL (Light I)	5,555	4,442	-	-	-	-	1,112
Controladas - ACL (Mercado livre III)	900	720	-	-	-	-	180
Controladas - ACL (Light II)	5,607	4,484	-	-	-	-	1,123
Controladas - ACL (Mercado livre II)	2,929	2,351	-	-	-	-	578
Subtotal	21,965	18,004	-	-	-	-	5,896
<u>Other balances</u>							
Nova Energia Holding S.A. (*)	-	25,489	-	-	-	-	-
<u>Advance for future capital increase (**)</u>							
Nova Energia Holding S.A.	-	41,256	-	-	-	-	-
Alto Sertão Participações S.A.	88,630	57,643	-	-	-	-	-
Centrais Eólicas Carrancudo S.A.	3,785	3,576	-	-	-	-	-
Centrais Eólicas Botuquara S.A.	-	-	-	-	-	-	-
Centrais Eólicas Alcauz S.A.	14	3,785	-	-	-	-	-
Centrais Eólicas Tamboril S.A.	2,321	5,471	-	-	-	-	-
Centrais Eólicas Conquista S.A.	11,666	-	-	-	-	-	-
Centrais Eólicas Coxilha Alta S.A.	-	-	-	-	-	-	-
Centrais Eólicas Tingui S.A.	1,065	4,470	-	-	-	-	-
Centrais Eólicas Cansanção S.A.	-	-	-	-	-	-	-
Centrais Eólicas Macambira S.A.	442	2,969	-	-	-	-	-
Centrais Eólicas Imburana de Cabão S.A.	-	2,718	-	-	-	-	-
Centrais Eólicas Ipê Amarelo S.A.	3,304	3,666	-	-	-	-	-
Centrais Eólicas Putumuju S.A.	423	2,409	-	-	-	-	-
Centrais Eólicas Lençóis S.A.	13,664	-	-	-	-	-	-
Centrais Eólicas Anísio Teixeira S.A.	12,016	531	-	-	-	-	-
Centrais Eólicas Ico S.A.	755	2,007	-	-	-	-	-
Centrais Eólicas Jequitiba S.A.	-	1,322	-	-	-	-	-
Centrais Eólicas Caliandra S.A.	-	999	-	-	-	-	-
Centrais Eólicas Canjoão S.A.	-	686	-	-	-	-	-
Centrais Eólicas Cabeça de Frade S.A.	-	89	-	-	-	-	-
Centrais Eólicas Embiruçu S.A.	-	117	-	-	-	-	-
Centrais Eólicas Bela Vista XIV S.A.	124,178	124,042	-	-	-	-	-
Centrais Eólicas Umburanas 1 S.A.	3,271	3,265	-	-	-	-	-
Centrais Eólicas Umburanas 2 S.A.	547	541	-	-	-	-	-
Centrais Eólicas Umburanas 3 S.A.	259	245	-	-	-	-	-
Centrais Eólicas Umburanas 4 S.A.	153	149	-	-	-	-	-
Centrais Eólicas Umburanas 5 S.A.	115	108	-	-	-	-	-
Centrais Eólicas Umburanas 7 S.A.	126	121	-	-	-	-	-
Centrais Eólicas Umburanas 8 S.A.	58	53	-	-	-	-	-
Centrais Elétricas Itaparica S.A.	30,152	21,534	-	-	-	-	-
Outras participações (*)	233	187	-	-	-	-	-
Subtotal	297,177	283,959	-	-	-	-	-
Total	319,142	327,452	274,273	270,295	(9,543)	(2,632)	5,896

(*) Balances of related party as a reflect of the Company's operation with its subsidiaries Nova Renova Holdings S.A. under the Bylaws

(**) Advances for future capital increase made by the Company to theirs investees, without financial cost.

	Consolidated			
	Liabilities		Finance income	
	06/30/2017	12/31/2016	06/30/2017	06/30/2016
<u>Renova Comercializadora de Energia S.A.</u>				
Advances from Customers (24.3a)	249,256	229,053	(20,202)	(921)
Related-party transactions (24.3b)	80,005	73,722	(6,284)	(6,201)
	<u>329,261</u>	<u>302,775</u>	<u>(26,486)</u>	<u>(7,122)</u>

24.1 Mutual

Trade payable – loans entered into with the subsidiaries described in the table. These loans were performed to meet these companies' cash needs. The amount payable is subject to TJPL rate, plus interest varying between 0.25% and 0.5% p.a.

24.2 Apportionment of expenses

Refers to the reimbursement of expenses incurred in a centralized manner by Renova Energia which are apportioned and reimbursed by the subsidiaries. These expenses refer basically to personnel, rent and telephone expenses.

24.3 Sales and Asset Management Agreement

a) Energy purchase and sales agreement with Light and CEMIG GT (“Light I” e “Light II”)

On October 17, 2013 Renova Comercializadora and LIGHT COM Comercializadora de Energia S.A. (“LightCom”) signed energy purchase and sales agreements in which Renova Comercializadora shall deliver 33.4 MW average wind power for each contract totaling an average of 66.8 MW. On December 23, 2013 Renova Comercializadora and CEMIG GT signed an energy purchase and sales agreement in which Renova Comercializadora shall deliver for Lot I an average of 66.8 MW of wind power and for Lot II another 66.8 MW average of wind power, totaling average of 133.6 MW. In the sum of the two contracts there is a total supply of 200.4 MW average of contracted energy.

In the scope of the energy purchase and sale contract signed between Renova Comercializadora and CEMIG GT, on December 23, 2013, whereby Renova Comercializadora shall deliver 66.8 MW average of windpower, related to Lot II, two advances were made:

	1 st Advance	2 nd Advance	Total
Date of approval	May 11, 2016	September 8, 2016	-
Amount approved	R\$ 94,000	R\$ 118,000	R\$ 212,000
Update	155% of CDI	155% of CDI	-
Settlement	As at January 2020	As at May 2021	-
Balance on June 30, 2017:	R\$ 114,508	R\$ 134,748	R\$ 249,256

On January 27, 2017 the advanced payment of R\$10,000 was approved related to the energy purchase and sale contract signed between Renova Comercializadora and Light, on December 17, 2013 in order to enable payment of the short-term financial obligations of the Company. On March 31, 2017, the advance was liquidated.

b) Debt confession with CEMIG – PPA CEMIG

On December 15, 2015 the Executive Board approved the anticipated payment of R\$60,000 related to the power purchase and sales agreement signed between Renova Comercializadora and CEMIG on March 25, 2014, on which Renova Comercializadora will deliver an average of wind power of 308 MW. The anticipated value will be updated for the effect of settlement, at a rate of 150% of the CDI disclosed by CETIP accumulated between the dates of the advance to the date of settlement. On June 10, 2016 this contract was cancelled and the anticipated payment was recognized by Renova Comercializadora as a debt, to be paid with a down-payment of R\$6,000 plus eleven monthly and consecutive installments, with maturity on February 10, 2018, updated at 150% of the CDI CETIP, from the base date of December 15, 2015 until the effective date of payment. Due to this dissolution, the balance previously classified under advances from clients was reclassified to related parties. As at June 30, 2017 the balance is R\$80,005 (December 31, 2016, R\$73,722).

c) Energy purchase and sale with LEN 2011 (A-3), LEN 2012 (A-5) and Renova Comercializadora

In order to honor the commitments of the energy purchase and sales contracts from the parks that did not enter into commercial operation on the contracted dates, Renova Comercializadora used the coverage of the LEN 2011(A-3) wind parks to acquire incentivized energy with settlement at CCEE. In the quarter ended June 30, 2017, the energy purchase operation by Renova Comercializadora from the LEN 2011 (A-3) wind farms was of 44,236,02MWh* (R\$6,081). In that same period, the wind power park São Salvador ((LEN 2012 (A-5)) bought 14,453.40 MWh* (R\$1,803) from the LEN 2011 parks and 7,589 MWh* (R\$1,641) from Renova Comercializadora.

(*) Information not reviewed by independent auditors.

d) Mechanism for Offsetting Surpluses and Deficits (“MCSD”)

The Mechanism for Offsetting Surpluses and Deficits of New Energy (MCSD Energia Nova) was promoted by CCEE with the intention of decreasing the overcontracting of the distributors. The Company participated the MCSD on July 29 and August 19, 2016, respectively, decommissioning a total volume of 103.6 MWm of energy from the 12th auction of new energy (LEN 2011 (A-3)) from the period of July 2016 to December 2016. With this decommissioning the companies of LEN 2011 (A-3) invoiced the amount of R\$70,960 up until December 31, 2016 for Renova Comercializadora with the purpose of attending to the sales of energy of the projects that are in delay for beginning commercial operation (PPA Light, PPA Cemig, PPA Mercado Livre I and Mercado Livre III). Additionally, for 2017, the Company also participated in the MCSD on December 27, 2016, canceling a total volume of 100.2 MWm of energy from the LEN 2011 (A-3) wind farms for the period from January to December 2017, invoicing the amount of R\$ 82,778, until June 30, 2017.

The indirect subsidiary São Salvador took part in the MCSD on March 24, decommissioning a total volume of 10.2 MWm of energy from the 15th auction of new energy (LEN 2012 (A-5)) for the period from April 2017 to December 2017. On May 19, 2017, the Company permanently cancelled this contract. Thus, São Salvador shall not need to purchase energy to supply the requirements of the contract.

e) Asset Management Agreement

On September 18, 2015, the Company signed an asset management agreement with TerraForm for the management of the shares transferred in the Operation (Bahia Eólica and Salvador Eólica) for a 12-month period. For this service, Renova received the amount of R\$3,639 being responsible for the daily management of operations, contract management, financial management, accounting and others contained in the contract. On September 18, 2016, the contract was terminated. In the first trimester of 2016, the recognized revenue amounts to R\$ 1,952 (see note 20).

24.4 Compensation of key management personnel

Key-management compensation for the years ended June 30, 2017 and 2016, as required by CVM Resolution 560, of December 11, 2008 reached the amount of R\$ 4,297 and R\$3,921, respectively, amounts comprising only short-term benefits.

Compensation of the Statutory Board paid by the Company

	06/30/2017				06/30/2016		
	Statutory Board	Non-statutory Board	Total	Tax Council	Statutory Board	Non-statutory Board	Total
Number of members	2.0	3.17	5.67	4.00	4.50	3.17	7.67
Accrued fixed compensation	1,383	1,082	2,465	95	1,703	726	2,429
Salary or pro-labore	1,262	922	2,184	95	1,494	599	2,093
Direct and indirect benefits	121	160	281	-	209	127	336
Variable compensation	7	903	910	-	663	175	838
PPR Provision	-	648	648	-	-	-	-
Bonus	-	-	-	-	613	175	788
Gratuities	7	255	262	-	50	-	50
Charges	304	450	754	19	450	204	654
Post-employment benefits	47	7	54	-	n/a	n/a	n/a
Total compensation by management body	1,741	2,442	4,183	114	2,816	1,105	3,921

Monthly average compensation of Board

	06/30/2017		06/30/2016	
	Statutory Board	Non-statutory Board	Statutory Board	Non-statutory Board
Number of members	2.50	3.17	4.50	3.17
Highest individual compensation amount	454	456	269	147
Lowest individual compensation amount	92	91	89	96
Average individual compensation amount	194	197	176	121

24.5 Share-based payments

24.5.1 Information regarding the Company's Stock Purchase Plan

The Company has a share-based remuneration plan ("PBA") established under the terms of article 168, § 3, of Law 6.404/76. According to the general conditions for the purchase option of shares issued by the Company, as approved by the shareholders in the Extraordinary General Assembly of January 18, 2010, the plan established that eligible beneficiaries are administrators, executives and employees of the Company, as well as individuals rendering services to the Company or societies under the control of the Company. According to the PBA contracts with beneficiaries, these may receive options for the purchase of shares per unit (corresponding to one common share and two preferred

shares) referent to two programs of the Company for the PBA, “Program 2011”: exercise price of R\$0.34 (thirty-four cents) and “Program 2013” (series 1): exercise price of R\$38.42 (thirty-eight reais and forty-two cents), whereby the exercise price of Program 2013 (series 1) is updated by the General Market Price Index (IGP-M/FGV).

The Program 2011 was prepared in view of the high performance of its wind farm projects, in which the grants and vesting are simultaneous and totally related to the successful outcome of the milestones of each project, which are: 1) the success in the auction of power; 2) obtaining senior financing; 3) wind farms entering into operation; and 4) one year anniversary of entering into operation, calculated at a percentage of 3% of Net Present Value of the project calculated on the date of the contracted milestones. The Company has not yet issued shares related to the success of the IPO and agreements with key executives, where the last vesting occurred in 2015. On June 26, 2013 the Company’s Executive Board deliberated the suspension of Program 2011, not permitting new participants and limiting to the projects traded between December 2009 and June 2013. The beneficiaries contemplated will continue to participate in the program until the end of all the milestones of these projects, where it is estimated that the last milestone will occur in 2016. On the same date, another program was approved: Program 2013, in which the grants are exercisable in up to 6 years, in other words, from December 2014 to 2020, with a vesting period of four years (25% per year), subsequent to the grant date.

Options granted must respect a maximum limit of five per cent (5%) of all shares representing the Company’s capital stock, on a total diluted basis, thus calculating all options already granted under the terms of the plan. No amount is paid or shall be paid by the beneficiary on the act of receiving the option. The options do not offer rights to the quality of shareholder of the Company, including the right to receiving dividends. The options may be exercised at any time from the date of purchase to the date of expiration. Once the Option is exercised, shares that are object of this Option will be issued through the Company’s capital increase, to be approved under applicable law and the Company’s Bylaws.

The quantity of options granted is calculated according to a formula based on performance and approved by the shareholders in General Assemblies. The formula rewards eligible management executives and employees in the measure in which the goals of the Company are attained in relation to pre-established qualitative and quantitative criteria.

The following share-based payment contracts were in force during the present and prior year:

Project	Amount of Units	Grant date	Current Exercise price R\$/Unit	Fair value in the grant date	
				Unitary R\$/Unit	total R\$/Unit
<u>Program 2011</u>					
Key executive agreement	48,000	2011	0.34	33.15	1,591
Key executive agreement	54,000	2012	0.34	26.76	1,445
LER 2010 – 3 rd milestones	78,693	2015	0.34	29.40	2,314
LER 2010 – 4 th milestones	215,340	Scheduled for 2017	0.34	29.40	6,331

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As stipulated in the contract, the project LEN 2011(A-3) did not attain the expected VPL and, therefore, the PBA related to this project was cancelled.

The effect of the option in the trimester ended in June 30, 2016 was of R\$95 recognized as a counter entry to net equity.

24.5.2 Fair value of share-purchase option

The options were priced in accordance with the *Black-Scholes* mathematical model. When relevant, the life expectancy used in the model was adjusted based on Management's best estimate in relation to the effects of the non-transfer of restrictions for the exercise (including probability of attending to the market conditions related to the option) and behavioral aspects. Expected volatility is based on historical price volatility during the past five years.

There were no share-purchase options exercised in the period.

25. Financial instruments and risk management

The Company and its subsidiaries conduct transactions with financial instruments. These financial instruments are managed through operating strategies and internal controls that aim at liquidity, profitability and security. Gains and losses on these transactions are consistent with the policies set by Company's management.

The risks associated with these operations are managed according to the practices defined by Management, including the monitoring of the levels of exposure of each market risk and estimated future cash flow. These practices also determine that the information is updated in the operating systems, as well as the information and operation of the transactions with counterparties.

a. Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability could be settled, between parties aware of and interested in the business, through a transaction without beneficiaries. The definition of fair value covers several variations on the metrics adopted to measure an amount at reliable value.

The calculation of the fair value was determined based on the available market information and methodologies adopted in the evaluation. However, significant judgment is necessary to understand the market information and estimate the fair value. Some line items have accounting balance equivalent to the fair value. This results from the fact that these financial instruments have characteristics similar to those that would be obtained had these financial instruments been traded in the market.

The use of different market methodologies may have a material effect on the estimated realizable values. The transactions with financial instruments are recorded in the Company's balance sheet at their carrying amount, which is equivalent to their fair value in cash and cash equivalents, trade receivables, related parties, collaterals and restricted deposits and trade payables. The accounting balances of borrowings, financing and debt charges differ from fair value.

	Consolidated			
	Fair value		Carrying amount	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Financial assets				
Current				
Short-term investments	32,667	27,442	32,667	27,442
Trade receivables	39,088	49,138	39,088	49,138
Collaterals and restricted deposits	-	33,510	-	33,510
Non-current assets				
Collaterals and restricted deposits	121,072	87,836	121,072	87,836
Investments TerraForm	-	261,661	-	261,661
Financial liabilities				
Current				
Trade payables	458,520	546,911	458,520	546,911
Borrowings and financing	1,089,048	2,051,611	1,089,048	2,045,371
Debentures	358,268	678,673	351,107	670,173
Related parties	40,730	-	40,730	-
Non-current liabilities				
Trade payables	-	27,703	-	27,703
Borrowings and financing	142,131	93,338	141,963	93,338
Related parties	39,275	73,722	39,275	73,722
	Parent			
	Fair value		Carrying amount	
	06/30/2017	12/31/2016	06/30/2017	12/31/2016
Financial assets				
Current				
Short-term investments	30,610	7,222	30,610	7,222
Trade receivables	328	341	328	341
Collaterals and restricted deposits	-	33,510	-	33,510
Related parties	21,965	18,004	21,965	18,004
Non-current assets				
Related parties	297,177	309,448	297,177	309,448
Collaterals and restricted deposits	109,598	-	109,598	-
Investments TerraForm	-	261,661	-	261,661
Financial liabilities				
Current				
Trade payables	70,277	87,984	70,277	87,984
Borrowings and financing	226,783	252,508	226,783	252,508
Debentures	358,268	504,216	351,107	496,577
Non-current liabilities				
Trade payables	274,273	270,295	274,273	270,295
Borrowings and financing	226,783	3,192	226,783	3,192

b. Categories of financial instruments

The classification of financial instruments and their accounting balances are broken down below

	Consolidated								
	06/30/2017				12/31/2016				
	Loans and receivables	Fair value through profit or loss	Other at amortized cost	Total	Loans and receivables	Fair value through profit or loss	Available for sale	Other at amortized cost	Total
Financial assets									
Current									
Short-term investments	-	32,667	-	32,667	-	27,442	-	-	27,442
Trade receivables	39,088	-	-	39,088	49,138	-	-	-	49,138
Collaterals and restricted deposits	-	-	-	-	33,510	-	-	-	33,510
Non-current assets									
Collaterals and restricted deposits	121,072	-	-	121,072	87,836	-	-	-	87,836
Investments TerraForm	-	-	-	-	-	-	261,661	-	261,661
Financial liabilities									
Current									
Trade payables	-	-	458,520	458,520	-	-	-	546,911	546,911
Borrowings and financing	-	-	1,089,048	1,089,048	-	-	-	2,045,371	2,045,371
Debentures	-	-	351,107	351,107	-	-	-	670,173	670,173
Related parties	-	-	40,730	40,730	-	-	-	-	-
Non-current liabilities									
Trade payables	-	-	-	-	-	-	-	27,703	27,703
Borrowings and financing	-	-	141,963	141,963	-	-	-	93,338	93,338
Related parties	-	-	39,275	39,275	-	-	-	73,722	73,722

	Consolidated								
	06/30/2017				12/31/2016				
	Loans and receivables	Fair value through profit or loss	Other at amortized cost	Total	Loans and receivables	Fair value through profit or loss	Available for sale	Other at amortized cost	Total
Financial assets									
Current									
Short-term investments	-	30,610	-	30,610	-	7,222	-	-	7,222
Trade receivables	328	-	-	328	341	-	-	-	341
Collaterals and restricted deposits	-	-	-	-	33,510	-	-	-	33,510
Related parties	21,965	-	-	21,965	18,004	-	-	-	18,004
Non-current assets									
Related parties	297,177	-	-	297,177	309,448	-	-	-	309,448
Collaterals and restricted deposits	109,598	-	-	109,598	-	-	-	-	-
Investments TerraForm	-	-	-	-	-	-	261,661	-	261,661
Financial liabilities									
Current									
Trade payables	-	-	70,277	70,277	-	-	-	87,984	87,984
Borrowings and financing	-	-	226,783	226,783	-	-	-	252,508	252,508
Debentures	-	-	351,107	351,107	-	-	-	496,577	496,577
Non-current liabilities									
Borrowings and financing	-	-	-	-	-	-	-	3,192	3,192
Related parties	-	-	274,273	274,273	-	-	-	270,295	270,295

c. Fair value measurement

The Company adopts the measurement at fair value of its financial assets and financial liabilities. Fair value is measured at market value based on the assumptions that the market players are able to measure an asset or liability. For purposes of consistency and comparison, the fair value hierarchy prioritizes the inputs adopted in the measurement of the three main levels, as follows:

Level 1. Active market: Price - a financial instrument is considered as quoted in an active market if the quoted prices are immediately and regularly available in stock exchange or organized over-the-counter market, by operators, brokers or market association, by entities whose purpose is to disclose the prices by regulatory agencies, and if these prices represent market transactions regularly carried out between independent parties, without beneficiaries.

Level 2. Without active market: Valuation method – In relation to financial instruments not traded in an active market, the fair value must be determined based on the valuation/pricing methodology. Criteria used include current fair value of another financial instrument significantly similar, analysis of discounted cash flow and option pricing models. The purpose of the evaluation method is to determine the transaction price on the measurement date through a commercial exchange not subject to personal interests.

Level 3. Without active market: Inputs for an asset or liability not based on observable market variations (non-observable inputs). As at June 30, 2017 – the Company did not have any financial instrument classified in this category.

The instruments stated at fair value are broken down as follows.

DESCRIPTION	Balance on 06/30/2017	Fair value as at June 30, 2017		
		Active Market – quoted price (level)	No active Market- Valuation technique (level 2)	No active Market- Nonobservable inputs (level 3)
Assets				
Short-term investments	32,667	-	32,667	-
Total	<u>32,667</u>	<u>-</u>	<u>32,667</u>	<u>-</u>

Description	Balance on 31/12/2017	Fair value as at December 31, 2017		
		Active Market – quoted price (level)	No active Market- Valuation technique (level 2)	No active Market- Nonobservable inputs (level 3)
Assets				
Short-term investments	27,442	-	27,442	-
TerraForm Investment (Available to sale)	261,661	261,661	-	-
Total	<u>289,103</u>	<u>261,661</u>	<u>27,442</u>	<u>-</u>

Financial investments: prepared taking into consideration the security market quotation or market information used in such calculation, based on future interest and exchange rates of similar instruments. The fair value of a security corresponds to its value at the maturity date, discounted to present value using a discount obtained using the market interest curve, in Brazilian reais.

Other financial assets: prepared considering the Black-Sholes.

In the period ended June 30, 2017, there were no transfers between fair value measurements of level 1 and level 2 or between level 3 and level 2.

d. Market Risk

The market risk reflects the possibility of monetary losses due to the changes in variables that impact the prices and rates traded in the market. These fluctuations basically impact all sectors and, therefore, represent financial risk factors.

The Company's and its subsidiaries' borrowings, financing and debentures, as described in note 16, were entered into with BNB, BNDES, the Debenture holders and for working capital. The contractual rules applicable to financial liabilities represent risks related to these exposures. As at June 30, 2017, the Company and its subsidiaries are exposed to market risk associated to the CDI, TJLP, IPCA, TJ6 and fixed rates.

e. Sensitivity Analysis (Consolidated)

The Company and its subsidiaries present below the additional disclosures on their financial instruments required by CVM Instruction 475/08, specifically on the sensitivity analysis in addition to the sensitivity analysis required by IFRSs and accounting practices adopted in Brazil. The Company adopted the assumptions below, defined in CVM Instruction 475/08, to conduct this sensitivity analysis:

- definition of a probable scenario for risk behavior that, if materialized, can generate adverse results for the Company, and which is benchmarked by an independent external source (Scenario I);
- definition of two additional scenarios with stresses of at least 25% and 50% in the risk variable considered (Scenario II and Scenario III, respectively); and
- presentation of the impact of the defined scenarios on the fair values of the financial instruments operated by the Company and its subsidiaries.

The balances presented in the tables below contemplate consolidated values including the balances of assets classified as held for sale and liabilities directly associated with assets classified as held for sale.

Risk	Transaction - Borrowings, financings and debentures	Scenario I Probable scenario	Scenario II 25% decrease	Scenario III 50% decrease
CDI increase	Debentures - Renova Energia	358,268	358,268	358,268
	Other short-term loans	298,832	298,832	298,832
	Total	657,100	657,100	657,100
	Effective rate as at June 30, 2017	12.15%	12.15%	12.15%
	Estimated annual rate of CDI to 2017	12.15%	15.19%	18.23%
	Annual Loss in Debentures and other borrowings	-	(24,095)	(48,189)
IPCA increase	Debentures - Renova Eólica	172.657	172.657	172.657
	Effective rate as at June 30, 2017;	3.71%	3.71%	3.71%
	Estimated annual rate of IPCA to 2017	3.71%	4.64%	5.57%
	Annual Loss in Debentures - Renova Eólica	-	(1,655)	(3,310)
TJLP increase	BNDES - Renova Eólica	949,759	949,759	949,759
	BNDES - Diamantina Eólica (Subcredit "A" and "B")	625,898	625,898	625,898
	Total	1,575,657	1,575,657	1,575,657
	Effective rate as at June 30, 2017	7.50%	7.50%	7.50%
	Estimated annual rate of TJLP to 2017	7.50%	9.38%	11.25%
	Annual Loss in Financing with BNDES	-	(29,469)	(58,938)
TJ6 increase	BNDES - Diamantina Eólica (Subcredit "C")	212,048	212,048	212,048

Effective rate as at June 30, 2017	10.30%	10.30%	10.30%
Rates considering the scenario for TJ6	10.30%	12.88%	15.45%
Annual Loss in Financing with BNDES	-	(5,145)	(10,291)

For the debentures of Renova Energia and for short-term loans lined to the CDI, the effective rate considered for June 30, 2017, 2017 was of 12.15%. Scenarios II and III considered a 25% increase in this rate (15.19% p.a.) and 50% (18.23% p.a.). The average weighted spread observed on the short-term loans was of 6.83% + 100% of the CDI and for the Renova Energia debentures of 143% of the CDI. For the debentures of Renova Eólica linked to the IPCA, the effective rate considered as a probable scenario in June 30, 2017 is of 3.71%, projected in scenarios II and III considering an increase of 25% (4.64%) and 50% (5.57%).

For financing with BNDES linked to the long-term interest rate (TJLP), the probable scenario considered based on the rate for the first semester of 2017 was of 7.50%. Scenarios II and III considered an increase in this rate of 25% (9.38%) and 50% (11.25%), respectively. The weighted average spread observed is of 1.60% + TJLP for BNDES financing. For BNDES financing linked to the TJ6, the probable scenario was considered based on the effective rate as at June 30, 2017 of 10.30%. Scenarios II and III consider an increase in the rate of 25% (12.88%) and 50% (15.45%).

Those sensitivity analyses have been prepared as per Instruction CVM nr. 475/2008, with the purposes of measuring the impact to the changes in the market variations on each financial instrument of the Company and its subsidiaries. However, the settlement of the transaction involving those estimates may result in amounts that are different from the estimated ones, due to the subjectivity that is contained in the process used for the preparation of those analyses.

f. Liquidity Risk

The liquidity risk determines the parent's and subsidiary's ability to settle the obligations assumed. In order to determine the subsidiary's financial capacity to properly comply with the commitments assumed, the maturity flows of the funds raised and other obligations are included in the disclosure. For further information on the Company's borrowings, see Note 14.

The Company's management solely enters into with credit lines to leverage its operating capacity. This assumption is confirmed based on the characteristics of the Company's borrowings.

As at June 30, 2017, the Company presented relevant negative working capital and the Management detailed its plans in Note 1.4. Management understands that with the successful outcome of the measures mentioned in Note 1.3, it will be possible to resume the economic, financial and liquidity balance of the Company.

f.1. Liquidity and interest rate risk tables

The tables below detail the remaining contractual maturity of the Company's and its subsidiaries' non-derivative financial liabilities and the contractual repayment periods. These tables were prepared using the undiscounted cash flows of the financial liabilities based on the nearest date on which the Company and its subsidiaries should settle the related obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at the year end. The contractual maturity presented on June 30, 2017 also considers as current liability the debts that didn't achieve the covenants stipulated in their contracts.

Instruments at interest rate	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
Borrowings and financing – principal and finance charge	1,058,442	29,369	105,016	38,352	1,231,179
Debentures - principal and finance charge	358,268	-	-	-	358,268
Total	1,416,710	29,369	105,016	38,352	1,589,447

Instruments at interest rate	Parent				Total
	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Borrowings and financing – principal and finance charge	204,064	22,719	56,219	-	283,002
Debentures - principal and finance charge	358,268	-	-	-	358,268
Total	562,332	22,719	56,219	-	641,270

g. Credit risk

The credit risk reflects the possibility that the Company may not exercise its rights. This description is directly related to line item Trade receivables

Financial assets	Note	Carrying amount			
		Consolidated		Parente	
		06/30/2017	12/31/2016	06/30/2017	12/31/2016
Current					
Trade receivables	7	39,088	49,138	328	341

In the power sector, the operations carried out are directed to the regulatory agency that maintains the active information on the positions of produced and consumed power. Based on structure, planning is made to operate the system without interferences or interruptions. Power is sold through auctions, agreements, among others. This system is reliable and controls the payments by the players in the market.

The Company does not carry out transactions for speculative purposes. The Company manages its risks on a continuous basis, evaluating whether the practices adopted in the performance of its activities are aligned with Management's policies. The Company does not carry out transactions with financial instruments for equity hedge purposes as it believes that the risks to which its assets and liabilities are exposed can be compensated between each other over the normal course of its activities. These financial instruments are managed using operating strategies that seek to obtain liquidity, profitability, and security. The control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions. As at June 30, 2017, the Company did not make speculative investments in derivatives or any other risk assets.

h. Capital Management

Consolidated	
06/30/2017	12/31/2016

Borrowings, financing debt and debentures	1,582,118	2,808,882
(-) Cash and financing debt	(49,462)	(35,786)
Net debt	1,532,356	2,773,096
Equity	1,957,842	1,955,598
Financial leverage ratio - %	78%	142%

The objectives of the Company in managing its capital are to ensure that the Company is always capable of providing return to its shareholders and benefits to other stakeholders, and maintain an ideal capital structure to reduce this cost.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to stockholders, return capital to stockholders or, also, issue new shares or sell assets to reduce, for example, indebtedness.

i. Risk of shortage of wind

This risk results from the shortage of wind due to natural factors, which is reduced because the “wind deposits” in Brazil are one of the best in the world, as in addition to high speed, wind is considered stable, different from certain regions in Asia and the United States, which are subject to cyclones, typhoons and other natural factors

j. Risk of shortage of water

Indirect subsidiary Energética Serra da Prata S.A. and the jointly controlled entity Brasil PCH generate power through small hydroelectric plants (PCHs). A long period of shortage of rain, during the humid season, will reduce the water volume of the plants’ reservoirs. An extreme condition would imply decrease in revenues.

The occurrence of unfavorable hydrologic conditions, and the obligation to deliver the contracted energy, may result in the Company’s exposure to the long-term energy market, which would affect its future financial results. However, except for one PCH, 100% of the hydroelectric generation capacity of the other PCHs is part of the Power Relocation Mechanism (“MRE”), which mitigates part of the hydrologic risk, through the allocation between all plants linked to the MRE.

26. Net Profit (loss) per share

Basic net profit (loss) per share is calculated by dividing net profit (loss) for the period attributable to the holders of the Parent’s common and preferred shares by the weighted average number of common and preferred shares available during the year.

Diluted net profit (loss) per share is calculated by means of the division of net profit (loss) attributed to the holders of common and preferred shares of the Parent company by the weighted average of common and preferred shares available during the year, plus the weighted average of common shares to be issued in the assumption of the exercise period of the option for the purchase of shares in amounts for the year below market value.

According to the Company’s bylaws, preferred shares are entitled to the same conditions of the common shares in profit sharing.

The table below shows the data and number of shares used to calculate basic and diluted net profit (loss) per share for each one of the quarters indicated in the income statement.

	Parent	
	06/30/2017	06/30/2016
Net profit (loss) for the period	38,499	(1,101,472)
Basic net profit (loss) per share:		
Weighted average of outstanding common shares (in thousands)	340,943	340,943
<u>Basic net profit (loss) per share (in R\$)</u>	<u>0.11</u>	<u>(3.23)</u>
Diluted net profit (loss) per share:		
Weighted average of outstanding common shares (in thousands)	340,943	340,943
Total shares applicable to dilution (in thousands)	340,943	340,943
<u>Diluted net profit (loss) per share (in R\$)</u>	<u>0.11</u>	<u>(3.23)</u>

27. Assets classified as held for sale

As at June 30, 2017, assets and liabilities of Nova Energia were classified as assets kept for sale and liabilities directly associate to assets kept for sale.

27.1 Parent

Changes in Parent's investments:

<u>Assets classified as held for sale</u>	<u>06/30/2017</u>
Nova Energia Holding S.A.	453,711

27.2 Consolidated

Below we present the balance Sheet, the cash flow statements and income statements as at June 30, 2017 of Nova Energia and subsidiaries:

Balance Sheet as at June 30, 2017:

ASSETS	<u>Nova Energia</u>	LIABILITIES AND EQUITY	<u>Nova Energia</u>
CURRENTS		CURRENTS	
Cash and cash equivalents	11,278	Trade payables (*)	73,330
Trade receivables(*)	17,323	Financing	943,906
Recoverable taxes	1,691	Debentures	171,844
Prepaid expenses	548	Taxes payable	10,976
Advances to suppliers	677	Provision for social environmental costs	2,957
Other receivables	595	Accounts payable - CCEE/Distributors	12,157
Total current assets	<u>32,112</u>	Other payables (*)	6,380
		Total current liabilities	<u>1,221,550</u>
NON-CURRENTS		NON-CURRENTS	
Trade receivables CCEE	4,241	Deferred taxes	285
Collaterals and restricted deposits	51,211	Accounts payable - CCEE/Distributors	43,785
Deferred taxes	3,492	Related parties	34,420
Property, plant and equipment	1,632,336	Provision for social environmental costs	4,061
Total non-current assets	<u>1,691,280</u>	Total non-current liabilities	<u>82,551</u>
		EQUITY	
		Capital	541,056
		Acumulated losses	(121,765)
		Total equity	<u>419,291</u>
TOTAL ASSETS	<u><u>1,723,392</u></u>	TOTAL LIABILITIES AND EQUITY	<u><u>1,723,392</u></u>

Classified as:

Assets classified as held for sale	1,717,798
Liabilities directly related to assets held for sale	1,259,583

(*) The trade receivables and receivables from suppliers presented in the above mentioned balance sheet differ from the balances of Notes 7 and 13, respectively, due to the elimination of the related party transactions, classified as held-for-sale in certain subsidiaries of Renova

Income and cash flow statements as at June 30, 2017

	<u>Nova Energia</u>
Loss of assets classified as held for sale	
Revenue	160,635
Costs and expenses	<u>(123,988)</u>
Profit before taxes	36,647
Finance income	(81,130)
Income tax and social contribution	<u>(4,963)</u>
Loss for the period	<u><u>(49,446)</u></u>
Cash flow of assets classified as held for sale	
Net cash flow of operating activities	15,456
Net cash flow provided of investing activities	21,935
Net cash flow of financing activities	<u>(31,839)</u>
Increase in cash and cash equivalents	<u><u>5,552</u></u>
Cash and cash equivalents at beginning of period	5,726
Cash and cash equivalents at end of period	<u><u>11,278</u></u>
Increase in cash and cash equivalents	<u><u>5,552</u></u>

28. Non-cash Transactions

As at June 30, 2017, the Company and its subsidiaries conducted the following non-cash transactions; therefore, these transactions are not reflected in the statement of cash flows:

	Note	Consolidated		Parent	
		06/30/2017	06/30/2016	06/30/2017	06/30/2016
Finance charges capitalized	12.2, 12.4, 14.4	-	39,491	-	-
Finance income capitalized	12.2	-	(1,380)	-	-
Acquisition of property, plant and equipment – trade payables	12.2	15,464	124,954	5,593	-
Capital integralization in subsidiaries through property, plant and equipment	12.4	-	-	(19,406)	-
Effect of the conciliation of property, plant and equipment - trades payable	12.4	(87,511)	-	-	-

29. Subsequent event

29.1 Sale deal of Alto Sertão II

On August 03, 2017, the Company concluded the sale to AES Tietê Energia (“AES Tietê”) of 100% of the shares of Nova Energia Holding S.A., holder, through Renova Eólica Participações S.A., of Alto Sertão II Wind Power Complex.

The base amount of the transaction was R\$600 million and AES Tietê took over the debt of Alto Sertão II Wind Power Complex in the amount of R\$ 1.125 million (amount of the debt on June 30, 2017), as disclosed in note 1.3.1.

The portion of the amount received as acquisition price, in the amount of R\$364,6 million, was intended to the extraordinary amortization of debentures object of the 3rd Single Debenture Issuance of the Company with full payment of the respective debt balance of principal and remuneration interest due by the Company in the scope of the referred issuance.

29.2 Non-binding offer

On July 17, 2017, the Board of Directors approved of the granting of the exclusivity right to Brookfield Energia Renovável (“Brookfield”) for the performance of due diligence and negotiation of the final documents for the primary funding in the Company, as proposed in the received non-binding offer. The exclusivity was granted for a period of 60 days, to count from that date, renewable for additional 30 days, as per Renova’s discretion.

Brookfield is also analyzing the shareholding purchase of Light Energia at Renova, which currently holds 22% of the Company’s voting capital.

29.3 Sale of assets – Umburains Wind Farm

The Company is under negotiation with Engie Brasil Energia S.A. for the sale of Umburains Wind Farm with total installed capacity of 605MW (“Umburains Projects”), as per relevant fact disclosed on August 8, 2017. This negotiation does not incur into loss to the negotiations already in course with Brookfield Energia Renovável, disclosed by the Company in a Market Press Release on July 4, and relevant fact on July 17, 2017.

* * *

Carlos Figueiredo Santos
Chief Executive Officer

Cristiano Corrêa de Barros
Vice-President
for Finance, Business Development and
Investors Relations Officer

Gina Abreu Batista dos Santos
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**A free translation from Portuguese into English of Independent auditor's review report
Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil
and International Financial Reporting Standards (IFRS), issued by International Accounting Standards
Board- IASB**

Independent auditor's review report

To the Management and Shareholders of
Renova Energia S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim accounting information of Renova Energia S.A. ("Company"), contained in the Quarterly Information Form – ITR, for the quarter ended June 30, 2017, which comprise the balance sheet as of June 30, 2017, and the related statements of income and comprehensive income for the three and six month periods then ended and statements of changes in equity and cash flows for the six month period then ended, including the accompanying notes.

Management is responsible for the preparation of the individual and consolidated interim accounting information in accordance with CPC 21(R1) – Interim Financial Reporting and IAS 34 –*Interim Financial Reporting*, issued by the *International Accounting Standards Board* – IASB, as well as for the presentation of this information in conformity with the rules issued by the Brazilian Securities Commission (CVM) applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR2410 and ISRE 2410 –*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, respectively). A review of the interim information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on individual and consolidated interim accounting information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim accounting information included in the quarterly information referred above was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34 applicable to the preparation of the Quarterly Information - ITR, and presented consistently with the standards issued by the Brazilian Securities and Exchange Commission (CVM).

Material uncertainty related to going concern

We draw attention to Note 1.4 of the quarterly information related to the individual and consolidated interim financial information, which indicates that on June 30, 2017 the Company's current liabilities exceeded the total of the current assets in R\$ 137.951 thousand and R\$ 1.435.287 thousand, respectively, in the parent and in the consolidated, and, on that date, the Company presented accumulated losses, in the parent company and in the consolidated, of R\$ 1.016.556 thousand. In addition, the Company is dependent upon obtaining funds to fulfill the commitments of the construction of the wind and solar farms, as well as to settle their short-term liabilities. Those events or conditions, jointly with other matters, described in the Note 1, indicate the existence of material uncertainty that may raise significant doubt about the Company's going concern as well as of its subsidiaries. The individual and consolidated interim financial information has been prepared under the hypothesis of the normal continuity of the Company's operations, and of its subsidiaries and do not include any adjustment related to the realization and classifications of amounts of the assets, or even relative to the amounts and classification of the liabilities, that would be required under the going concern impossibility of the Company and/or its subsidiaries. Our conclusion is not modified in relation to this matter.

Other matters

Statements of value added

We have also reviewed the statements of value added – SVA, individual and consolidated, for the six month period ended June 30, 2017, prepared under responsibility of the Company's management, the presentation of interim information is required in accordance with CVM Standards applicable to the preparation of Quarterly Information – ITR and as supplementary information by the IFRS, which do not require SVA presentation. These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that would make us believe that they were not prepared, in all material respects, in accordance with the overall interim financial information.



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Audit and review of the amounts corresponding to the year-end and previous period

The amounts corresponding to the balance sheet as of December 31, 2016, and the related statements of income and the comprehensive income for the three and six month periods ended June 30, 2016 and the statements of changes in equity, cash flow and value added for the six month period then ended presented for the purposes of comparison, have been previously audited and reviewed, respectively, by other independent auditors that issued a report on the individual and consolidated financial statements on March 22, 2017, and the review report on the individual and consolidated interim financial information on August 3, 2016, both were not modified and containing the emphasis related to the depreciation of assets of the fixed assets of certain investees of the Company intended for the power generation activity under the independent production regime. Additionally, the report on the financial statements as at December 31, 2016 contained a paragraph relative to the significant uncertainty related to the Company's going concern.

Salvador (BA), August 10, 2017

ERNST & YOUNG
Auditores Independentes S.S.
CRC 2SP015199/F-6

Shirley Nara S. Silva
Accountant CRC-1BA 022.650/O-0