



1Q18 EARNINGS RELEASE

São Paulo, May 11, 2018.

QUARTER HIGHLIGHTS; SUBSEQUENT EVENTS

- Rollover of the Alto Sertão III bridge loan, in the amount of R\$ 920.5 million, to July 15, 2018.
- Termination, on May 10, 2018, of the negotiations with BER involving the sale of assets of the entire Alto Sertão III Wind Complex, and approximately 1.1 GW in wind projects in development. Negotiations were terminated as no agreement was reached on the final terms of the transaction. (Subsequent event)
- Non-acceptance, on May 3, 2018, of the binding offer from Companhia Energética de Minas Gerais ("Cemig"), received on March 27, 2018, for the acquisition of 100% of Renova's stake in Brasil PCH S.A. ("Brasil PCH"). (Subsequent event)
- Main highlights of 1Q18's results: Net Operational Revenue of R\$ 173.4 million, negative EBITDA of R\$ 39.2 million, negative Adjusted EBITDA of R\$ 64.6 million and Net Loss of R\$ 120.5 million.

¹ 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 RNEW11 security on the date in question.

RESULTS CONFERENCE CALL

May 14, 2018

10:00 a.m. (BRT) and 9:00 a.m. (EDT)

Conference code: Renova Energy

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

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DATA AT MAY 10, 2018

RNEW11 = R\$ 2.51/Unit

MARKET CAP¹

RNEW11 = R\$ 349.1 million

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1. ABOUT RENOVA ENERGIA

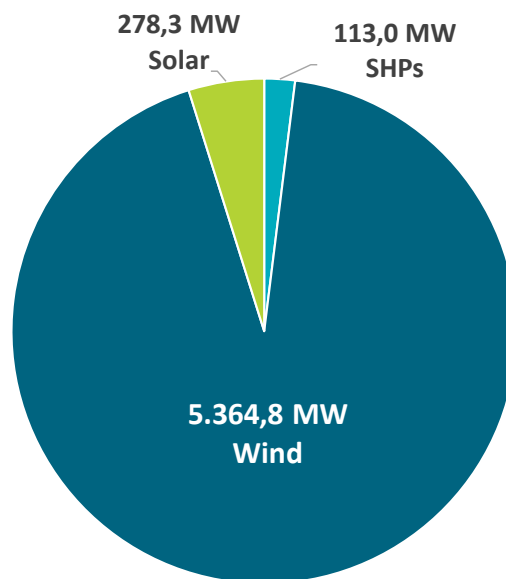
Renova Energia S.A. ('the Company' or 'Renova') is a company producing electric power from renewable sources, focused on wind and solar generation and small hydroelectric plants. Its key differential is that it operates throughout the value chain – from prospecting and development to construction and operation of renewable energy generation projects. In its 16 years of activity, Renova has invested to build a highly qualified multidisciplinary team of professionals with vast experience in the sector.

2. PROTFOLIO OF PROJECTS

In development

Projects at development stage are those that are in the phase of leasing of properties, licensing, environmental impact studies and measurement of wind and solar radiation levels, with no commitment to any power purchase agreement (PPA) yet made.

Project portfolio under development (Estimated MW)



The Portfolio above is estimated, since the effective potential will depend on topographical and vegetation characteristics of the contracted area, in addition to the Micrositing project, in which the layout of the plant, type of machine, manufacturer will be defined.

Under construction

Once PPAs have been contracted, projects pass to the implementation and construction phase until they are operational.

Currently Renova is building the Alto Sertão III Wind Complex III, with installed capacity for 437.4MW.

This comprises: Alto Sertão III Phase A – 389.4 MW;
Hybrid (Wind) Project – 43.2 MW;
Hybrid (Solar) Project – 4.8 MW (with no PPA).

When operational they will serve contracts in Brazil's free and regulated markets.

In operation

Today, Renova has 3 Small Hydroelectric Plants ('SHPs') in operation, of Espra (installed capacity 41.8 MW), and owns 51% of the SHPs of Brasil PCH ('BrPCH') (installed capacity 148.4 MW).

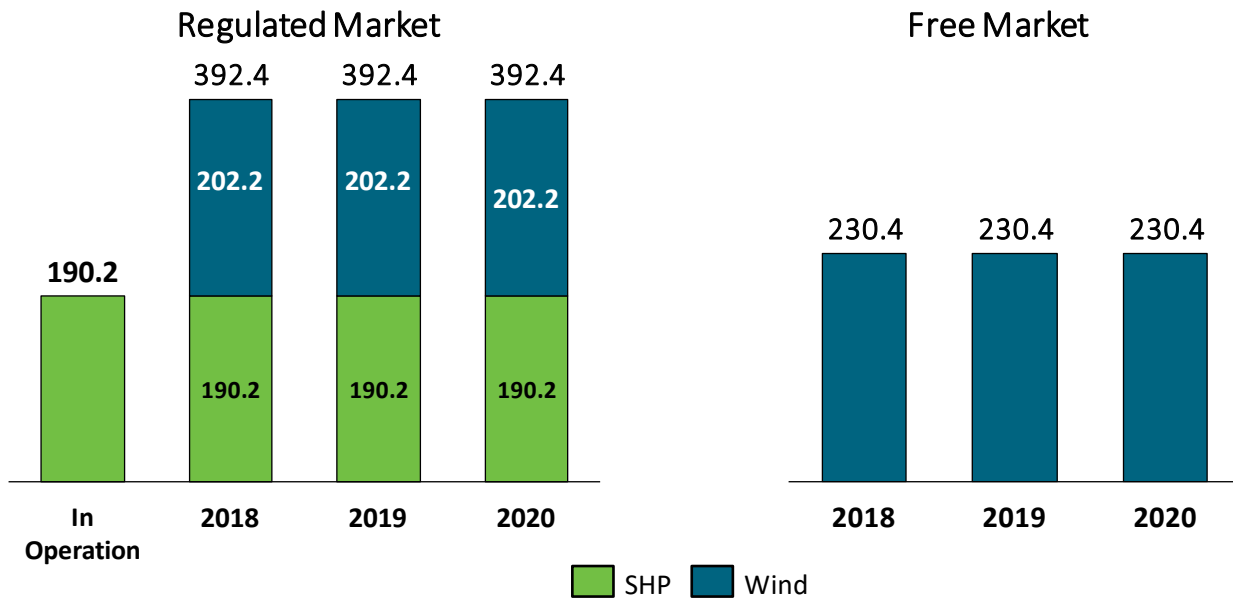
Installed and contracted capacity

Font	Complex	Contract	Number of wind farms	Installed Capacity (MW)	Energy Sold (MWm)	Start of PPA	
Wind	AS-III	LER2013	9	159.0	74.8	Sep-15	
		Light I	14	230.4	108.4	Sep-15/Jan-16	
			23	389.4	183.2	-	
	Power Trader	Hybrid	LER2014	3	43.2	20.6	Oct-17
		Light II		-		100.2	Sep-16/Jan-20
		Free Market I		-		11.0	Jan-16
		Free Market II ¹		-		50.0	Jan-17
		Free Market III ¹		-		15.0	Sep-15
				-		176.2	-
			Total Wind		26	432.6	380.0
SHP	Espra	Proinfa	3	41.8	18.8	2008	
	BrPCH ²	Proinfa	13	148.4	95.8	2008/2009	
	Total SHP		16	190.2	114.6		
Solar	Hybrid	Decontracted	1	4.8		-	
	Total Solar		1	4.8			
Total			43	627.6	494.6		

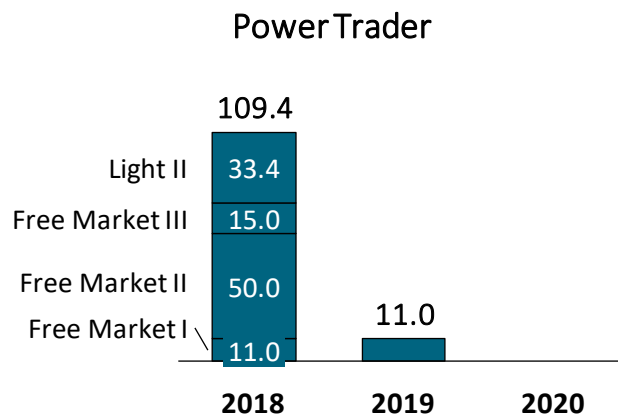
¹ The contract will be assigned to Engie in July 2019, as part of the Umburanas sale transaction.

² Figure representing the 51% equity that Renova holds in Brasil PCH.

Installed Capacity (MW), by contracting environment



Contracted Energy not backed by generation (MW_{average})



MESSAGE FROM MANAGEMENT

After completing the **restructuring of internal processes and teams** and a **revision of the business plan** in 2017, the company focused on the negotiation of the binding offer received from Brookfield Energia Renovável for the acquisition of the Alto Sertão III Wind Complex and projects in development portfolio in 1Q18.

This offer, received on February 23, 2018, pursuant to the material fact disclosed, was proposed to replace the original primary capitalization offer, originally accepted on November 24, 2017. In line with the asset purchase transaction negotiation, on January 31, 2018 the Company rolled over its BNDES bridge loan for the Alto Sertão III project, changing the maturity date of the single amortization payment to July 15, 2018.

On April 28, the exclusivity period granted to BER expired without prejudice to the continuity of negotiations between the parties for the conclusion of the transaction.

On April 28 the exclusivity period granted to BER expired and, later, on May 10 (subsequent event), the Company informed the market, through a Material Fact, of the termination of the negotiations involving the sale of the assets, for no agreement has been reached on the final terms of the transaction.

As a subsequent event, on May 4, 2018 the Company disclosed to the market that its Board of Directors resolved not to accept Cemig's offer and announced that its executive board, together with its controlling shareholders, was working on the preparation of a New Restructuring Plan, which shortly would be presented to its Board of Directors.

Thus, Renova is moving toward presenting a global and definitive solution to its capital structure and fulfilling the commitments made, including to the shareholders.

Summary of the Quarter's Results

At the end of the first quarter of 2018, excluding liabilities directly associated with assets held for sale, Renova's consolidated gross financial debt totaled R\$ 383.5 million, liabilities with related parties of R\$ 427.4 million and liabilities with suppliers of R\$ 82.9 million, totaling R\$ 893.8 million.

Balances related to the Alto Sertão III wind complex and to certain wind power projects in development were transferred to the asset lines classified as held for sale and liabilities directly associated with assets for sale. The gross financial debt of these projects totaled R\$ 949.8 million and liabilities with suppliers stood at R\$ 243.8 million.

Net Operating Revenue in the first quarter of 2018 was R\$ 173.4 million, an increase of 13.6% over the same period of 2017. EBITDA totaled a negative R\$ 39.2 million, while Adjusted EBITDA totaled a negative R\$ 64.6 million in the quarter. Finally, the Net Loss for the quarter was R\$120.5 million.

4. HIGHLIGHTS IN DETAIL

4.1. Receipt of BER's new binding offer for acquisition of assets

Renova, in accordance with the Material Fact dated February 23, 2018, received a new binding offer from BER to replace the original primary capitalization offer, which was accepted on November 24, 2017.

This offer was for the acquisition of the assets of the entire Alto Sertão III Wind Complex, and approximately 1.1 GW in wind projects in development. The amount presented for the ASIII Complex was R\$ 650 million, to be paid on the closing date of the transaction, subject to the usual adjustments for this type of transaction. The offer could be increased by up to R\$ 150 million based on future generation by the Complex, to be verified five years after its start-up, in addition to R\$ 187,000 per MW of installed capacity for the wind farm projects in development.

The Company's Board of Directors, in accordance with the Material Fact released to the market on February 27, 2018, approved the acceptance of BER's binding proposal. The Board also approved the granting of a new period of exclusivity to the BER for 30 (thirty) days, automatically extendable for an additional 30 (thirty) days, to finalize the transaction documents, which will be concluded after inspection and approval by the Company and its controlling shareholders, as well as after the fulfillment of usual precedent conditions in transactions of this nature. On April 28 the exclusivity period granted to BER expired.

Later, on May 10 (subsequent event), the Company informed the market, through a Material Fact, of the termination of the negotiations involving the sale of the assets, for no agreement has been reached on the final terms of the transaction.

4.2. Rollover of the Alto Sertão III bridge loan

On October 15, 2017, the Company signed the seventh amendment to the financing agreement entered into between the BNDES and the Diamantina Eólica indirect subsidiary, changing the maturity date of the single amortization payment to January 15, 2018. The "A" Subcredit interest rates of 8% p.a. above the TJLP were also changed to 9% p.a. above the TJLP and the "C" sub-credit from 7.34% p.a. to 8.24% p.a.

Subsequently, on Jan. 31, 2018, the Company signed an addendum to the agreement, changing the due date of a single amortization payment to July 15, 2018 of R\$920.5 million (balance in Mar/18). In addition, the Long-Term Interest Rate ("TJLP") was replaced by the Long-Term Rate ("TLP") as of January 15, 2018 for the "A" and "B" subloans.

4.3. Receipt of Cemig's Binding Offer to acquire Renova's interest in Brasil PCH

Renova, pursuant to a Material Fact dated March 27, 2018, received a binding offer from Companhia Energética de Minas Gerais ("Cemig") for the acquisition of 100% of the shares issued by Chipley SP Participações S.A. ("Chipley") owned by Renova or 51% of the shares issued by Brasil PCH S.A. ("Brasil PCH") owned by Chipley.

On May 4, 2018, the Company disclosed to the market that its Board of Directors had resolved not to accept Cemig's offer to acquire Brasil PCH.

5. CONSOLIDATED PROFIT AND LOSS ACCOUNT

Renova Energia S.A.			
(Amounts in R\$ '000)	1Q18	1Q17	Change
Gross operational revenue	190,429	167,638	13.6%
(-) Taxes - Pis, Cofins and ICMS	17,027	15,293	11.3%
Net Operational Revenue (NOR)	173,402	152,345	13.8%
Non-manageable costs	(207)	(4,362)	-95.3%
Manageable costs	(205,883)	(119,421)	72.4%
Depreciation	(2,422)	(2,533)	-4.4%
Gross profit	35,110	26,029	n.a.
Administrative expenses	(31,920)	(9,731)	147.2%
Administrative depreciation	(406)	(565)	-28.1%
Financial Income/Expenses	(68,346)	(127,245)	-46.3%
Equity in earnings of unconsolidated investees, net	25,389	27,962	-9.2%
Amortization of goodwill	(9,075)	(9,075)	n.a.
Income Tax and Social Contribution Tax	(1,075)	(3,073)	-65.0%
Net Loss	(120,543)	(95,698)	17.7%
<i>Net Margin</i>	<i>-69.5%</i>	<i>-62.8%</i>	<i>-2.2 p.p.</i>

1Q17's amounts included the Alto Sertão II wind complex, sold in August 2017.

5.1. Consolidated net operational revenue

In the first quarter of 2018, the Company's reported Net Operational Revenue was R\$ 173.4 million.

Renova Energia S.A.			
(Amounts in R\$ '000)	1Q18	1Q17	Change
Net revenue - Wind power	-	32,260	n.a.
Net revenue - SHPs	10,111	9,537	6.0%
Net revenue - Power trading	163,291	110,548	47.7%
Net operational revenue (NOR)	173,402	152,345	13.8%

The 13.8% increase in net revenue in 1Q18 was due to a combination of the following factors:

- 47.7% increase in power sales revenue, due mainly to the increase in the volume of energy sold in order to meet the Company's contracts.
- 6% increase in net revenue from SHPs due to contract price adjustments occurring in June of each year.
- No wind power revenue due to the sale of the Alto Sertão II park, sold to AES in August 2017.

5.2. Consolidated costs

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

Non-manageable costs: (i) the tariff for use of the distribution system (TUSD) – for the use of the distribution system of Coelba (concession holder to which the small hydro plants of ESPRA are connected), and the tariff for use of the transmission system (TUST), for the transmission system; and (ii) Aneel's inspection charge. These costs are related to ESPRA's SHPs.

In 1Q18 non-manageable costs totaled R\$ 207,000, declining by 95.3%, due mainly to the ending of accounting for the costs of Alto Sertão II, sold to AES in August/17.

Manageable costs: (i) operation and maintenance activities of wind farms and SHPs, and (ii) purchase of power supply.

Renova Energia S.A.			
(Amounts in R\$ '000)	1Q18	1Q17	Change
Outsourced Services	(1,097)	11,842	-90.7%
Rents and leasing	314	1,156	-72.8%
Insurance	60	495	-87.9%
Material for Use and Consumption	52	163	-68.1%
Electricity purchased for resale	203,793	104,876	94.3%
Penalty payment re reimbursement	-	365	n.a.

Renegotiation of hydrological risk	487	463	5.2%
Other	80	61	31.1%
Total (*)	(205,883)	(119,421)	72.4%

In the first quarter of 2018, manageable costs totaled R\$ 205.9 million, an increase of 72.4% over the same period of the previous year, mainly due to:

- **Electricity Purchased for Resale:** Increase of R\$ 98.9 million in power purchases in the quarter mainly due to the higher volumes needed to meet the Company's sales contracts.
- **Outsourced Services:** Reduction of R\$ 10.7 million, due mainly to the sale of the Alto Sertão II wind farms.

Excluding the cost of buying energy for resale, manageable costs totaled R\$2 million in the quarter, a decrease of 85.8% compared to 1T17. This reduction was due to the sale of the Alto Sertão II wind farm in August 2017.

5.3. Consolidated administrative expenses

Administrative expenses in the first quarter of 2018 totaled R\$ 31.9 million, an increase of 228.0% compared to the first quarter of 2017.

Considering only SG&A, we posted a R\$ 7.8 million (102.6%) rise for the quarter, mainly due to the R\$ 6.1 million increase in the Personnel and Management line.

With respect to non-recurring expenses in 1Q18, there was an increase of R\$ 14.4 million, with the highlights being the Civil and labor-law legal contingencies line in the amount of R\$ 8 million and the Regulatory charges line in the amount of R\$ 5.9 million.

Renova Energia S.A.			
(Amounts in R\$ '000)	1Q18	1Q17	Change
Personnel and Management	8,057	1,957	311.7%
Outsourced Services	3,317	(2,461)	34.8%
Rentals and leasing	385	557	-30.9%
Travel	373	360	3.6%
Insurance	2,244	46	n.a.
Telephony and IT	818	1,686	-51.5%
Materials for use and consumption	164	128	28.1%
Taxes and charges	83	426	-80.5%
Subtotal SG&A(*)	15,441	7,621	102.6%
Civil and labor-law legal contingencies	7,961	-	n.a.
Regulatory charges	5,879	-	n.a.
Penalty payment re reimbursement	(3,722)	3,035	22.6%

Contractual and regulatory penalty payments	17	-	n.a.
Other	(1,100)	(925)	18.9%
Total (*)	(31,920)	(9,731)	228.0%

The main changes shown in the table above are due to the following:

- **Civil and labor-law legal contingencies:** R\$ 8.0 million, mainly resulting from the upholding of an indemnity lawsuit regarding the Alto Sertão II construction project.
- **Regulatory charges:** expense of R\$ 5.9 million due to the payment of the tariffs for the use of the transmission system by the Alto Sertão III complex's wind farms.
- **Personnel and Management:** R\$ 8.1 million (+312%), mainly due to the positive effect of R\$ 5.4 million in 1Q17, which was not repeated in 1Q18, related to the reversal of the bonus provision related to the 2016 profit sharing plan that, through a decision of the Company, was not paid.
- **Insurance:** R\$ 2.2 million increase due to higher premiums resulting from the delay of the resumption of works at the Alto Sertão III Complex.

5.4. Consolidated financial revenue (expenses)

Renova Energia S.A.			
(Amounts in R\$ '000)	1Q18	1Q17	Change
Financial Revenues	267	2,579	-89.6%
Revenue from Cash Investments	378	2,853	-86.8%
Other Financial Revenues	(111)	(274)	-59.5%
Financial Expenses	(68,613)	(129,824)	-47.1%
Debt Charges and Interest	(50,999)	(82,438)	-38.1%
Other Financial Expenses	(17,614)	(47,386)	-62.8%
Financial Revenues	(68,346)	(127,245)	-46.3%

The **Financial Revenue** was 89.6% lower in the first quarter of 2018 than the same quarter of the previous year, mainly due to the lower balance of amounts deposited in escrow accounts.

Financial expenses were down 47.1% compared to the first quarter of 2017, mainly on the basis of (i) final settlement of a loan with Banco do Brasil and (ii) transfer of the Alto Sertão II wind complex's financing.

The **net financial** revenue represented a loss of R\$ 68.3 million in the first quarter of 2018, a 46.3% improvement over the same period last year, due to the reduction in financial expenses between the periods.

5.5. Brasil PCH

In the first quarter of 2018, Brasil PCH's reported consolidated net revenue totaled R\$ 100 million, 1.9% higher than the same quarter of 2017, mainly due to the revenue adjustment based on the IGPM in June of each year.

Brasil PCH (100%)			
(Amounts in R\$ '000)	1Q18	1Q17	Change
Net Revenue	99,991	98,137	1.9%
Depreciation expense	8,629	8,509	1.4%
Other costs	(12,029)	(12,044)	-0.1%
General and administrative expenses	(5,679)	2,792	103.4%
Reversal of loss on onerous contract	5,520	11,220	-50.8%
Financial revenue	(25,812)	(25,448)	1.4%
Income tax and Social Contribution tax	(3,579)	3,841	-6.8%
Net Profit	49,783	56,723	-12.2%

There was a 103.4% increase in general and administrative expenses between the periods, mainly due to the write-off of residual values of property, plant and equipment in 1Q18.

Brasil PCH's net financial revenue in 1Q18 was negative by R\$ 25.8 million, down 1.4% in relation to 1Q17.

Consolidated net profit in 1Q18 was R\$ 49.8 million, a decrease of 12.2% in relation to the same period in 2017, mainly due to the reduction in the Reversal of loss on onerous contract* line, in addition to the increase in expenses between the periods.

Renova, through Chipley, earns 51% of the profit of Brasil PCH, as shown in the table below, and reflected in Renova's result for the period.

Renova (51% Brasil PCH)	1Q18
Equity in earnings of unconsolidated investees, net	25,389
Amortization of goodwill	-9,075
Result	16,314

* On December 4, 2014, Brasil PCH S.A. and BTG Pactual entered into an Agreement for the Purchase and Sale of 15 MW-average/month Conventional Electric Energy during the period from January 2015 to December 2021. The Company has identified this agreement as being onerous because the contracted energy prices are higher than the price of the energy that the Company expects to obtain in the market.

5.6. Income tax, social contribution and net profit

Renova's revenues from generation are taxed by the Presumed Profit method of tax reporting. Under this scheme, the income tax calculation base is calculated at 8% on gross revenues from energy generation and 100% on financial income, on which the regular rates of 15% are applied, plus the additional tax of 10%, for income tax. The basis for calculation of social contribution is calculated at a rate of 12% on gross revenues from energy generation and 100% on financial income, on which the regular rate of 9% is applied.

In the first quarter of 2018, income tax and social contribution totaled R\$ 1.1 million, compared to R\$ 3.1 million in the same period of the previous year.

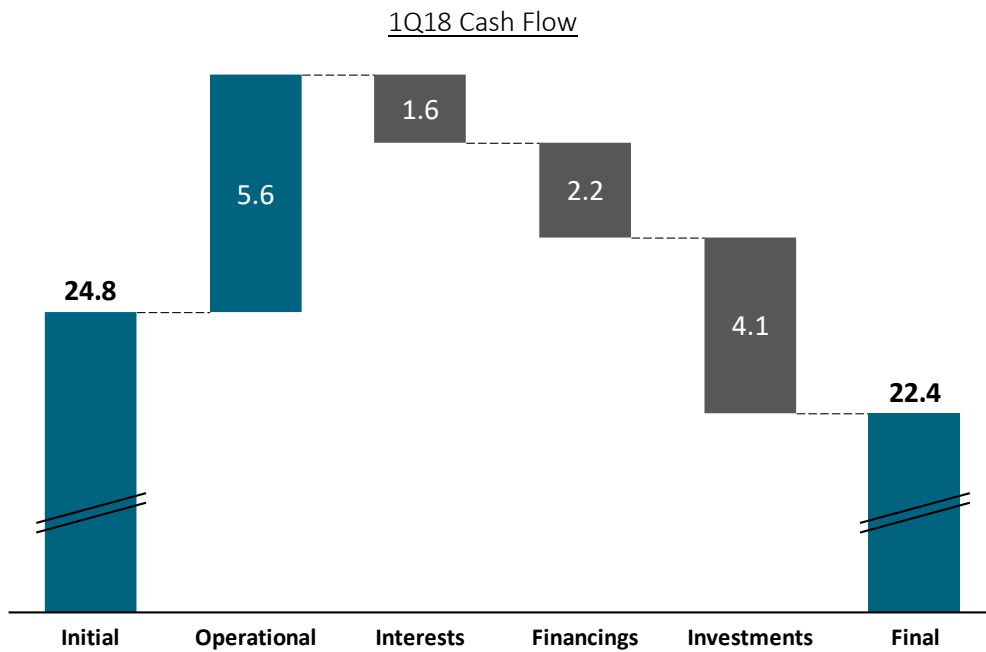
In the same period, the Company reported a net loss of R\$ 112.7 million, compared to a net loss of R\$ 95.6 million in the same period of the previous year. The 1Q18 result mainly was impacted by the need to purchase energy to fulfill the current energy sales contracts whose wind farms are not yet in operation.

5.7. EBITDA

Renova Energia S.A.			
(Amounts in R\$ '000)	1Q18	1Q17	Change
Net operational revenue (NOR)	173,402	152,345	13.8%
Net income (Loss)	(120,543)	(95,698)	26.0%
(+) Income Tax and Social Contribution Tax	1,075	(3,073)	-65.0%
(+) Depreciation and Amortization	11,903	12,173	-2.2%
Financial Expenses	68,613	(129,824)	-47.1%
Financial Revenues	(267)	2,579	-89.6%
EBITDA	(39,219)	46,793	n.a.
<i>EBITDA Margin</i>	<i>-22.6%</i>	<i>30.7%</i>	<i>-53.3 p.p.</i>
Equity methods gains (losses)	25,389	27,962	-9.2%
Other expenses (income)	17	-	-
Adjusted EBITDA	(64,591)	18,831	n.a.
<i>Adjusted EBITDA margin</i>	<i>68,613</i>	<i>(129,824)</i>	<i>-47.1%</i>

In the first quarter of 2018, the Company's EBITDA was negative at R\$ 39.2 million and adjusted EBITDA was negative by R\$ 64.6 million. The reduction of the value of the adjusted EBITDA in the quarter was mainly due to the sale of Alto Sertão II and the lower EBITDA posted by the Renova Comercializadora power trading company.

6. CASH FLOW



In the first quarter of 2018, Renova's cash flow was R\$ 2.4 million lower than the position on December 31, 2017. The change were due to the following:

- **Operational (-):** cash generation from operating activities of R\$ 5.6 million, net of interest.
- **Payment of interest (-)** on loans and financing in the amount of R\$ 1.6 million.
- **Financings (-):** payment of R\$ 2.2 million in principal of loans and financing;
- **Investments (-):** payment of R\$ 4.1 million, mainly due to the acquisition of property, plant and equipment.

7. ANALYSIS OF THE BALANCE SHEET

Balance Sheet							
Amounts in R\$ thousands							
Consolidated Assets				Consolidated Liabilities			
	3/31/2018	12/31/2017	12/31/2016		3/31/2018	12/31/2017	12/31/2016
Current Assets	1,957,880	143,538	135,860	Current Liabilities	1,899,086	1,750,936	3,346,901
Cash and cash equiv.	22,315	24,750	35,786	Loans and Financing	314,577	1,212,702	2,045,371
Investments	-	-	-	Debentures	-	-	670,173
Clients	36,543	44,611	49,138	Suppliers	82,884	259,377	546,911
Other	55,766	57,979	50,936	Others	269,675	235,857	84,446
Assets for Sale	1,843,256	16,198	-	Liabilities associated with assets for sale	1,231,950	43,000	-
Long-term Assets	975,875	2,785,799	5,765,276	Long-term Liabilities	375,404	398,593	598,637
Investments	7,679	7,789	-	Loans and Financing	68,967	80,636	93,338
Loans and Financing	11,538	11,361	87,836	Debentures	-	-	-
Others	29,632	28,955	7,709	Suppliers	-	25,220	27,703
Investments	701,676	685,362	947,027	Other	306,437	292,737	477,596
Fixed Assets in Use	225,350	2,052,332	4,722,704	Shareholder's Equity	659,265	779,808	1,955,598
Fixed Assets in Progress	-	-	-	Capital Stock	2,919,019	2,919,019	2,856,255
				Capital Reserve	55,379	55,379	55,379
				Profit Reserve	-	-	-
				Accumulated conversion adjustments	-	-	99,019
				Retained Losses	- 2,315,133	- 2,194,590	- 1,055,055
Ativo Total	2,933,755	2,929,337	5,901,136	Passivo Total	2,933,755	2,929,337	5,901,136

Pursuant to IFRS 5/CPC 31, assets whose selloff is highly probable, with management engaged for that outcome, and that the sale is likely to be completed within one year, should be classified as assets held for sale.

On March 31, 2018, assets held for sale in the amount of R\$ 1,843.3 million and directly associated liabilities in the amount of R\$ 1,231.9 million relate to the projects previously involved in the transaction with Brookfield, as well as other projects involved in negotiations for debt settlements with the suppliers. Despite the closure of the negotiations with Brookfield, the projects are still classified as held for sale, as the Company remains interested in trading them.

7.1. Assets

The Company's total assets ended 1Q18 at R\$ 2,933.8 million, an increase of 0.15% compared to the balance at the end of 2017.

As of March 31, 2018, available cash (cash and cash investments) totaled R\$ 22.3 million, a decrease of R\$ 2.4 million (9.8%) compared to the balance on December 31, 2017. The fixed asset line presented a reduction of R\$ 1,823 million (89.0%) due to the transfer of the assets involved in the transaction to Brookfield for the assets held for sale line item.

7.2. Liabilities

The total balance of loans and financing during the first quarter increased 3.1%, reaching R\$1,333.5 million due to accrued interest in the period, partially offset by the depreciation of the debt with the BNB and Finep, as shown in the following table:

Contract	Rate	R\$ '000
BNDES - Ponte I Diamantina Eólica (subcredit "A")	TLP + 9.00% p.a. ⁴	208,429
BNDES - Ponte I Diamantina Eólica (subcredit "B")	TLP + 2.5% p.a. ⁴	471,311
BNDES - Ponte I Diamantina Eólica (subcredit "C")	TJ6 + 8.24% p.a.	240,773
BNB ² - ESPRA	9.5% p.a.	76,068
Finep - CEOL Itaparica	3.5% p.a.	11,670
Other short-term loans	CDI + 4.3% to 8.7% p.a.	325,262
Total debt		1,333,513
Funding cost		- 148
End net of costs		1,333,365
Cash and cash equivalents		22,315
Net debt³		1,311,050

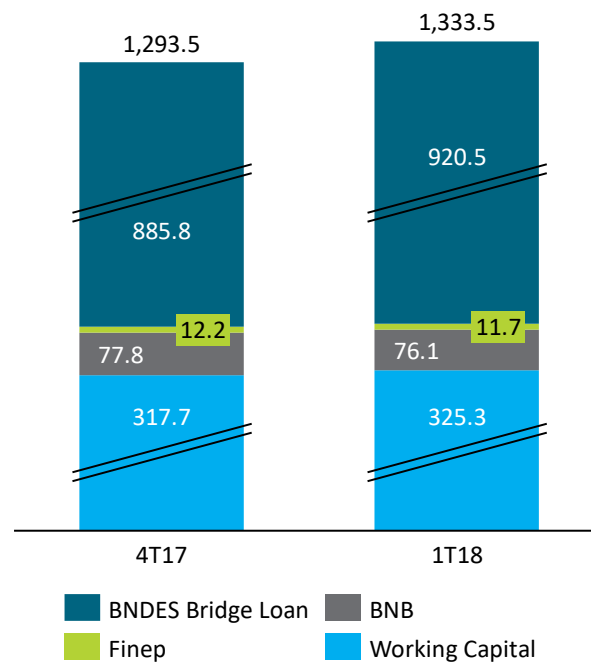
¹ The total represents the amount accounted for, plus the interest generated, without considering the funding costs of the transactions.

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 Takes into account cash and cash equivalents plus cash investments.

⁴ As from January 15, 2018 the index known as the 'TJLP' was replaced by the 'TLP'

Financial debt by Institution - R\$ million



7.3. Stockholders' Equity

Stockholders' equity at the end of the quarter was R\$ 659.3 million and the negative R\$ 120.5 million change in relation to 4Q17 was due to losses in 1Q18.

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 March 31, 2018:

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 Participações*	6,302,757	1.91%	1,213,600	1.39%	7,516,357	1.80%
BNDESPAR	6,966,829	2.11%	13,933,658	15.94%	20,900,487	5.01%
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	19,162,227	5.81%	38,001,224	43.48%	57,163,451	13.70%
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 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	24 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.
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.
PPA	<i>Power Purchase Agreement</i> – contract to buy power supply.
Regulated Market	Contracting environment in which prices are laid down by the regulator, Aneel.
SHPs	Small Hydroelectric Plants (<i>Pequenas Centrais Hidrelétricas – PCHs</i>).
Spot Price	The Spot Market Price (<i>Preço de Liquidação das Diferenças – ‘Differences Settlement Price’</i>), 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, 2018 the external auditors, Ernst & Young Auditores Independentes ('EY'), 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 statements

As at March 31, 2018

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A free translation from Portuguese into English of the Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

STATEMENTS OF FINANCIAL POSITION

As of March 31, 2018

(In thousands of reais)

ASSETS	Note	Consolidated		Parent	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
CURRENT					
Cash and cash equivalents	6	22,315	24,750	330	342
Trade receivables	7	36,543	44,611	492	484
Recoverable taxes	8	17,558	14,400	1,713	2,132
Related parties	24	-	-	747	2,892
Dividends receivable	11.4	28,119	33,219	5,039	5,039
Advances to suppliers		4,346	2,327	1,081	1,128
Other credits		5,743	8,033	2,902	3,027
		<u>114,624</u>	<u>127,340</u>	<u>15,044</u>	<u>15,044</u>
Assets classified as held for sale	27	1,843,256	16,198	16,198	16,198
Total current assets		<u>1,957,880</u>	<u>143,538</u>	<u>31,242</u>	<u>31,242</u>
NON-CURRENT ASSETS					
Financial Investments	6	7,679	7,789	7,789	7,789
Collaterals and restricted deposits	9	11,538	11,361	-	-
Deferred taxes	10	1,386	1,442	-	-
Judicial deposits	18	22,316	21,384	21,661	21,384
Related parties	24	-	-	22	54,876
Other credits		5,930	6,129	60	60
Investments	11	701,676	685,362	1,057,350	1,490,068
Property, plant and equipment	12	225,350	2,052,332	71,177	105,212
Total non-current assets		<u>975,875</u>	<u>2,785,799</u>	<u>1,157,949</u>	<u>1,679,389</u>
TOTAL ASSETS		<u>2,933,755</u>	<u>2,929,337</u>	<u>1,691,871</u>	<u>1,710,631</u>

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

STATEMENTS OF FINANCIAL POSITION

As at March 31, 2018

(In thousands of reais)

<u>LIABILITIES AND EQUITY</u>	Note	Consolidated		Parent	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
CURRENT					
Suppliers	13	82,884	259,377	39,305	39,305
Loans and financing	14	314,577	1,212,702	300,486	300,486
Taxes payable	15	4,990	18,467	4,368	4,368
Payroll and related charges		9,739	8,133	8,133	8,133
Accounts payable - CCEE/Eletrabras/Distributors	16	27,059	46,222	-	-
Other accounts payable	17	71,103	77,057	3	3
Related parties	24	155,770	84,964	-	-
Provision for social and environmental costs		1,014	1,014	-	-
		<u>667,136</u>	<u>1,707,936</u>	<u>352,295</u>	<u>352,295</u>
Liabilities directly associated with assets classified as held for sale	27	1,231,950	43,000	43,000	43,000
Total current liabilities		<u>1,899,086</u>	<u>1,750,936</u>	<u>395,295</u>	<u>395,295</u>
NON-CURRENT					
Suppliers	13	-	25,220	-	-
Loans and financing	14	68,967	80,636	-	-
Accounts payable - CCEE/Eletrabras/Distributors	16	-	522	-	-
Related Parties	24	271,590	265,236	318,586	278,414
Provision for investments loss	11	-	-	277,183	230,135
Provisions	18	34,847	26,979	34,847	26,979
Total non-current liabilities		<u>375,404</u>	<u>398,593</u>	<u>630,616</u>	<u>535,528</u>
EQUITY					
Share capital	19	2,960,776	2,960,776	2,960,776	2,960,776
(-) Share issue expenses		(41,757)	(41,757)	(41,757)	(41,757)
Capital reserves		55,379	55,379	55,379	55,379
Accrued losses		(2,315,133)	(2,194,590)	(2,315,133)	(2,194,590)
Total equity		<u>659,265</u>	<u>779,808</u>	<u>659,265</u>	<u>779,808</u>
TOTAL LIABILITIES AND NET EQUITY		<u><u>2,933,755</u></u>	<u><u>2,929,337</u></u>	<u><u>1,691,871</u></u>	<u><u>1,710,631</u></u>

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

STATEMENTS OF PROFIT OR LOSS

As at March 31, 2018

(In thousands of reais, except loss per share)

	Note	Consolidated		Parent	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
NET REVENUE	20	173,402	152,345	-	-
COST OF SERVICES					
Depreciation	12, 21	(2,422)	(2,533)	(1,036)	(1,151)
Operating costs		(205,883)	(119,421)	-	-
Charges on use of distribution system		(207)	(4,362)	-	-
Total	21	(208,512)	(126,316)	(1,036)	(1,151)
GROSS PROFIT (LOSS)		(35,110)	26,029	(1,036)	(1,151)
INCOME (EXPENSES)					
General and administrative		(23,396)	(7,691)	(14,968)	(5,019)
Depreciation and amortization	12, 21	(406)	(565)	(406)	(564)
Other income (expense)		(8,524)	(2,040)	581	1,902
Total	21	(32,326)	(10,296)	(14,793)	(3,681)
Equity pick-up	11.3	16,314	18,887	(91,918)	(47,004)
Total		(16,012)	8,591	(106,711)	(50,685)
LOSS BEFORE FINANCE INCOME AND		(51,122)	34,620	(107,747)	(51,836)
FINANCIAL INCOME					
Finance income		267	2,579	142	981
Finance expense		(68,613)	(129,824)	(12,938)	(44,843)
Total	22	(68,346)	(127,245)	(12,796)	(43,862)
LOSS BEFORE INCOME TAX AND		(119,468)	(92,625)	(120,543)	(95,698)
Income tax and social contribution - current		(1,050)	(3,133)	-	-
Income tax and social contribution - deferred	10.1	(25)	60	-	-
Total	23	(1,075)	(3,073)	-	-
LOSS FOR THE PERIOD		(120,543)	(95,698)	(120,543)	(95,698)
Loss per share (in reais R\$)	26	(0,29)	(0,28)	(0,29)	(0,28)

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

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

As at March 31, 2018

(In thousands of reais)

	Note	Consolidated		Parent	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
Loss for the period		(120,543)	(95,698)	(120,543)	(95,698)
Items that will be reclassified to P&L subsequently					
Available assets for sale	11.3.1	-	47,457	-	47,457
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		<u>(120,543)</u>	<u>(48,241)</u>	<u>(120,543)</u>	<u>(48,241)</u>

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

STATEMENTS OF CHANGES IN EQUITY

As at March 31, 2018

(In thousands of reais)

	Note	Capital		Capital Reserve		Accumulated losses	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		Available Assets for sale	
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		18,000	-	-	-	-	-	18,000
Loss for the period		-	-	-	-	(95,698)	-	(95,698)
Other Comprehensive Income:								
Avaible assets for sale	11.3.	-	-	-	-	-	47,457	47,457
BALANCE AS OF MARCH 31, 2017		2,916,012	(41,757)	55,378	1	(1,150,753) ¹	146,476	1,925,357
BALANCE AS OF DECEMBER 31, 2017		2,960,776	(41,757)	55,378	1	(2,194,590)	-	779,808
Loss for the period		-	-	-	-	(120,543)	-	(120,543)
BALANCE AS OF MARCH 31, 2018		<u>2,960,776</u>	<u>(41,757)</u>	<u>55,378</u>	<u>1</u>	<u>(2,315,133)</u>	-	<u>659,265</u>

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

STATEMENTS OF CASH FLOWS

As at March 31, 2018

(In thousands of reais)

	Note	Consolidated		Parente	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the year		(120,543)	(95,698)	(120,543)	(95,698)
Adjustments to reconcile loss for the year to cash used in operating activities:					
Depreciation	12, 21	2,828	3,098	1,442	1,715
Residual value of fixed assets disposed of	12.2, 12.4	-	1,079	-	12
Interest on short-term investments and collaterals	22	(378)	(2,853)	(58)	(998)
Net interest on related parties	24	9,107	13,993	5,064	4,949
Interest on accounts payable		6,294	-	(428)	-
Interest on debentures, borrowing and financing	14.4, 22	43,838	76,351	6,990	38,200
Recognition of costs on debentures, borrowing and	14.4	7	386	-	240
Recognition and provision (reversal) CCEE/Eletrabras	16.1	474	3,672	-	-
Fine on reimbursement	16.1, 21	3,722	3,400	-	-
Deferred taxes	10.1	56	(130)	-	-
Restatement and provision for social and environmental		-	136	-	-
Provision for civil, tax and labor taxes	18	7,868	-	7,868	-
Accrued bonuses (reversal)		1,059	(3,734)	1,059	(3,734)
Equity result	11.3	(16,314)	(18,887)	91,918	47,004
(Decrease) increase in operating assets					
Trade receivables		8,068	(9,205)	(8)	-
Judicial deposits		(932)	-	(277)	-
Recoverable taxes		(4,607)	(2,298)	419	(48)
Advances to suppliers		(2,903)	(2,212)	47	(1,113)
Other receivables		850	556	125	(54)
Decrease (Increase) in operating liabilities:					
Trade payables		(1,610)	40,994	(850)	(11,349)
Taxes payables		54	2,479	(1,636)	(1,224)
Payroll and related charges		547	525	547	525
Accounts payable – CCEE/Eletrabras/Distributors	16.1	(4,683)	(6,905)	-	-
Provision for social and environmental costs		-	(393)	-	4
Other payables		68,053	-	-	-
Payment of income tax and social contribution		(373)	(3,248)	-	-
Payment of interest on borrowings and financing	14.4	(1,598)	(23,478)	-	(21)
Dividends received	11.4	5,100	5,100	-	-
Net cash used (applied) in operating activities		3,984	(17,272)	(8,321)	(21,590)
CASH FLOWS FROM INVESTING ACTIVITIES					
Resources for future capital decrease	11.3.2	-	-	-	143
Short-term investments		311	-	168	-
Collaterals and restricted deposits		-	25,107	-	11,010
Purchase of property, plant and equipment		(3,080)	(6,161)	(2,158)	(4,430)
Payment of property, plant and equipment purchased in		(1,370)	(305)	-	-

Related parties		-	-	(25,822)	-
Net cash provided by (used in) investing activities		(4,139)	18,641	(27,812)	2,002
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments of shares		-	18,000	-	18,000
Payment of Debentures, borrowing and financing	14.4	(2,220)	(16,332)	-	(414)
Related parties y		-	-	36,121	1,758
Net cash provided by (used in) financing activities		(2,220)	1,668	36,121	19,344
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS					
		(2,375)	3,037	(12)	(244)
Cash and cash equivalents at beginning of the year					
	6	24,750	35,786	342	7,993
Cash and cash equivalents at end of the year					
	6	22,375	38,823	330	7,749
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS					
		(2,375)	3,037	(12)	(244)

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

STATEMENTS OF VALUE ADDED

As at March 31, 2018

(In thousands of reais)

	Note	Consolidated		Parent	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
REVENUE					
Electric power sales	20	190,429	167,638	-	-
Revenue from construction of own assets		1,516	1,832	1,516	1,831
INPUTS ACQUIRED FROM THIRD PARTIES					
Costs of services rendered and goods sold		(206,089)	(123,793)	-	-
Material, power, outside services and other		(23,503)	(10,115)	(10,572)	(3,800)
Gross added value		(37,647)	35,562	(9,056)	(1,969)
Depreciation	12, 21	(2,828)	(3,0989)	(1,442)	(1,715)
NET WEALTH CREATED		(40,475)	32,464	(10,498)	(3,684)
WEALTH RECEIVED IN TRANSFER					
Equity income	11.3	16,314	18,887	(91,918)	(47,004)
Financial revenues		478	2,854	142	998
TOTAL WEALTH TO BE DISTRIBUTED		(23,683)	54,205	(102,274)	(49,690)
DISTRIBUTION OF WEALTH					
Personnel:					
Payroll and related charges		4,413	(2,379)	1,432	(2,568)
Management fees	24.4	1,964	3,073	1,964	3,073
Benefits		1,291	981	682	684
FGTS		485	576	253	420
Tax, Fees and contributions:					
Federal		19,670	20,085	735	1,010
Remuneration on third- party capital:					
Interest		66,891	109,560	11,707	43,418
Rentals		435	637	277	459
Other		1,711	17,370	1,219	(488)
Loss for the year		(120,543)	(95,698)	(120,543)	(95,698)
TOTAL WEALTH DISTRIBUTED		(23,683)	54,205	(102,274)	(49,690)

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

NOTES TO FINANCIAL STATEMENTS

As at March 31, 2018

(In thousands of reais)

1. Operations

Renova Energia S.A. (“Renova”, “Company” or “Parent”), is a publicly-held company enrolled with Brazilian IRS Registry of Legal Entities (CNPJ) under No. 08.534.605/0001-74, with shares traded at B3 S.A. – Brasil, Bolsa, Balcão (“B3”) under the Corporate Governance Level 2. Headquartered at Av. Roque Petroni Junior, 850, 14º andar, Torre Jaceru, Jardim das Acácias, 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, production 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 March 31, 2018, 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”):

			% Interest			
			03/31/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
	PCH	Consolidation				
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	-
Chiplely SP Participações S.A. (Holding)	(d)	Full	99.99	-	99.99	-
			% Interest			
			03/31/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
	Wind	Consolidation				
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

- (Continued)

- Continuation -

Wind	Consolidation	% Interest			
		03/31/2018		12/31/2017	
		Direct	Indirect	Direct	Indirect
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 Facheio 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 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	-
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 Caliandra 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 Putumuju S.A.*	(j) Full	99.00	-	99.00	-
Centrais Elétricas Itaparica S.A.*	(j) Full	99.00	-	99.00	-
Centrais Eólicas Itapuã VII LTDA.	(m) Full	99,00	-	99,00	-
Centrais Eólicas Itapuã XX LTDA.	(k) Full	99,00	-	99,00	-
Centrais Eólicas Bela Vista XIV LTDA.	(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 Itapuã XV LTDA.	(k) Full	99,00	-	99,00	-
Parque Eólico Iansã LTDA	(k) Full	99,00	-	99,00	-

- Continuation -

Wind	Consolidation	% Interest			
		03/31/2018		12/31/2017	
		Direct	Indirect	Direct	Indirect
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 Facheio 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 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	-
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 Alcauz S.A.*	(j) Full	99.00	-	99.00	-
Centrais Eólicas Caliandra S.A.*	(j) Full	99.99	-	99.99	-
Centrais Eólicas Cansação 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 Putumuju S.A.*	(j) Full	99.00	-	99.00	-
Centrais Elétricas Itaparica S.A.*	(j) Full	99.00	-	99.00	-
Centrais Eólicas Itapuã VII LTDA.	(m) Full	99,00	-	99,00	-
Centrais Eólicas Itapuã XX LTDA.	(k) Full	99,00	-	99,00	-
Centrais Eólicas Bela Vista XIV LTDA.	(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 Itapuã XV LTDA.	(k) Full	99,00	-	99,00	-
Parque Eólico Iansã LTDA	(k) Full	99,00	-	99,00	-

- Continued -

UFV (Usina Fotovoltaica)		Consolidation	% Interest			
			03/31/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
Centrais Eólicas Itapuã IV LTDA.	(j)	Full	99.00	-	99.00	-
Centrais Eólicas Itapuã V LTDA.	(j)	Full	99.00	-	99.00	-

Trading		Consolidation	% Interest			
			03/31/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
Renova Comercializadora de Energia S.A.	(k)	Full	100.00	-	100.00	-

Holding		Consolidation	% Interest			
			03/31/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
Renovapar S.A.	(l)	Full	100.00	-	100.00	-
Espra Holding S.A.	(l)	Full	99.00	-	99.00	-
Bahia Holding S.A.	(l)	Full	99.00	-	99.00	-
CMNPAR Fifty Four Participações S.A.	(l)	Full	99.99	-	99.99	-

PCH		Non-Consolidated shared control	% Interest			
			03/31/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
Brasil PCH S.A.	(m)	Indirect by Chipley	-	51.00	-	51.00

(*) Companies of the Alto Sertão III wind farm complex, classified at assets held for sale

- (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) Espra, 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 SHPs 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”) and 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 and is in its pre-operating 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 the states of São Paulo and Bahia, which are mainly engaged in holding equity interests in other companies that operate, directly or indirectly, in wind power generation.
- (f) 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, 100% of its production was contracted with those distributors that declared demand in the New Power Auction – 2012 (“LEN 2012 (A-5)”). On May 19, 2017, the Company permanently canceled the 10.2 MWh contracted from January 2018 until the end of the

contract, under the Mechanism for Offsetting Surpluses and Deficits ("MCSD") A4 +.

- (g) Privately-held companies which are mainly engaged in the design, implementation, development and operation of a specific wind farm, located in the State of Bahia. Under an authorization regime, 100% of its production is contracted with CCEE, in the context of the Reserve Auction – 2013 ("LER 2013"). The wind farms are under implementation. (Note 1.1)
- (h) 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 regime, all production is sold in the free market. The wind farms are in implementation phase.
- (i) Direct subsidiaries which are mainly engaged in the construction, implementation, operation, maintenance and generation of wind power. These companies are under implementation.
- (j) 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. Under an authorization regime, 100% of its production is contracted with CCEE, in the context of the Reserve Auction – 2014 ("LER 2014"). The wind farms are under implementation. On August 28, 2017, the Company terminated the contracts with the farms trading solar power (Note 1.3).
- (k) 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.
- (l) Directs subsidiaries, mainly engaged in holding equity interests in other companies that operate, directly or indirectly, in the generation and sale of power of all types.
- (m) Brasil PCH S.A. ("Brasil PHC") is a privately-held company, mainly engaged in holding equity interests in other businesses, as a 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 SHPs.

On October 24, 2017, due to the revocation of the concession of the Umburanas Wind Farm (sold to Engie) and the cancellation of the concession of certain parks, ANEEL decided to suspend the Company's right to contract or participate in bids promoted by ANEEL for a period of one (1) year. This penalty may be waived in the event of the transfer of control of the Company.

1.1 Commercial operation of wind farms under LER 2013

The Reserve Auction contracts establish that the wind farms should enter into commercial operation on September 1, 2015 (LER 2013) and October 1, 2017 (LER 2014), nevertheless, both are delayed and are estimated to enter into operation, contingent on inflow of funds, in the second half of 2018. Under the contract terms, 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), whose amounts are considered at the time of the calculation of the differences between generated power and contracted power (Note 16).

1.2 Disposal of assets

1.2.1 Alto Sertão II Wind Farm (LER 2010 and LEN 2011 (A-3))

On August 3, 2017, the Company concluded the sale to AES Tietê of all shares of Nova Energia that holds Alto Sertão II Wind Farm, through Renova Eólica Participações S.A.. The transaction base value was R\$600,000 adjusted for certain changes in working capital and net debt of Alto Sertão II Wind Farm, and it may increase by up to R\$100,000 as *earn out*, contingent on the Wind Farm performance, calculated after a 5-year period from the operation closing date.

AES Tietê set up guarantees in the total amount of R\$ 128,000, which may be paid to the Company, as follows:

<u>Guarantee</u>	<u>Amount</u>
Litigations	58,000
Earn-out	50,000
General indemnity	20,000
Total	<u>128,000</u>

On March 31, 2018, the contingencies related to the Alto Sertão II Wind Complex exceeded the amount of the guarantees constituted (litigation and general indemnity), due to the addition of the provision related to a civil claim for damages to a third party property. Accordingly, the Company recorded a provision in the amount of R\$ 7,462, recognized in income for the period (Note 18).

(a)

(b) Correspond to expenses on financial and legal advisors.

1.2.2 Alto Sertão III Wind Farm

On February 27, 2018, the Company accepted the binding proposal of Brookfield Renewable Energy ("Brookfield") to purchase the Alto Sertão III Wind Farm, in the amount of R\$ 650,000, which exclusivity period ended on April 28, 2018 and, pursuant to a Material Fact published on May 10, 2018, the negotiations with Brookfield were terminated without the parties involved reaching an agreement (Note 29.3).

Although the negotiations with Brookfield were closed, the Company's management concluded that the classification of the assets and liabilities related to Alto do Sertão III remains adequate since the Company and its shareholders are committed to the plan to sell these assets.

1.3 Going concern

As at March 31, 2018, the Company incurred loss of R\$120,543 and has accumulated losses of R\$2,315,133, the Company needs to raise capital in order to comply with the commitment to build wind and solar farms.

This scenario is mainly due to the recognition of losses on disposal of certain investments in the amount of R\$ 147,721, provision for impairment of property, plant and equipment in progress, in the amount of R\$ 786,543

(Note 12.9), which impacted the results for the year ended December 31 of 2017, in addition to the existing accumulated losses.

In view of this scenario, the Company has been carrying out various actions for the purpose of rebalancing its liquidity and cash generating structure, as follows:

- (1) In 2017, upon the conclusion of the sale of Alto Sertão II wind farms and Umburanas wind farm, the Company settled the debentures balance and transferred the debt balance to the buyers, reducing its indebtedness.
- (2) The Company performed the optimization of portfolio contract with: a) permanent cancellation of 210 MWm in projects; b) cancellation of 66.8 MWm related to Lot 02 of the PPA of ACL Light II, without burden to both parties; c) assignment of 98.4 MWm to Engie, as of July 1, 2019, relating to the PPAs of ACL Light II, Mercado Livre II and Mercado Livre III, thus reducing the need for Capex in the medium term and the exposure of trading.
- (3) On November 24, 2017, with the sales conclusion of Umburanas Wind Farm and in compliance with the conditions set forth in clause 2.3 of the debt acknowledgement agreement executed on August 18, 2017, between the subsidiaries Alto Sertão III and GE Energias Renováveis Ltda. ("GE"), the Company obtained a debt relief from GE, in the amount of R\$66,292.
- (4) The shareholders are committed with the Company's financial support for reestablishment of its liquidity. Among the measures already implemented are the contributions made by shareholders in the first quarter of 2018 in the form of advances for the purchase of energy totaling R\$68,052 (Notes 24.3 and 29.2).

The Company is working jointly with its controlling partners on a New Restructuring Plan to equalize the capital structure and honor the Company's commitments

Based on the facts and circumstances that existed on this date, Management assessed the Company's ability to continue operating and understands that with the implementation of the above measures, the support of its shareholders and the generation of resources from its operations are sufficient to continue its operations in the future. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue operating. Therefore, these interim financial information were prepared based on the assumption of continuity.

(*) Information not reviewed by the independent auditors.

2. Significant accounting practices

2.1 Statement 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”.

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, 2017. Thus, the Interim Financial Information must be read jointly with the referred Accounting Statements, approved by the Company’s Board of Directors on March 27, 2018.

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 financial statements

The financial statements, stated in thousands of reais, rounded to the nearest thousand, unless otherwise stated, were approved for filing with the CVM by the Board of Directors on May 11, 2018.

2.3 New standards and changes in standards interpretation

In preparing these financial statements, Company management considered, when applicable, new revisions and interpretations to IFRS and accounting pronouncements, issued by IASB and CPC, respectively, which are mandatorily in effect for annual periods ending on or after January 1, 2017.

a) Effective from January 1, 2018:

IFRS 15 (CPC 47) – Revenue from Contracts with Customers

IFRS 15 (CPC 47- Revenue from Contracts with Customers) establishes a five-step model for accounting for revenues from customer contracts. Under IFRS 15, revenue is recognized at an amount that reflects the consideration that an entity expects to be entitled in exchange for the transfer of goods or services to a customer. This new statement replaced all current revenue recognition requirements under CPCs / IFRSs. In addition, CPC 47 / IFRS 15 establishes more detailed presentation and disclosure requirements than the standards currently effective.

The Company evaluated the five steps for recognition and measurement of revenue, as required by CPC 47 / IFRS 15:

1. Identify the types of contracts entered into with your clients;
 2. Identify the obligations present in each type of contract;
 3. Determine the price of each type of transaction;
 4. Allocation of the price to the obligations contained in the contracts; and
 5. Recognize revenue when (or to the extent that) the entity meets each contract obligation.
-
-
-

No material impact from adoption of these standard in the period of January to march of 2018.

IFRS 9 (CPC 48) – Financial Instruments

IFRS 9 / CPC 48 - Financial instruments - establishes that all recognized financial assets that are included in the scope of IAS 39 (equivalent to CPC 38) are subsequently measured at amortized cost or fair value, reflecting the business model in which the assets are managed and their cash flow characteristics. The new standard also establishes that in relation to the impairment losses of financial assets, the expectation of loss model in the credit is no longer losses incurred, but a prospective model of expected credit losses, based on probabilities.

The Company has assessed and understands that there are no significant impacts on its balance sheet and / or financial result in applying the classification and measurement requirements of IFRS 9 (CPC 48), except those mentioned in note 25.b, referring to the new classification categories of financial instruments.

b) Effective for the annual periods beginning on or after January 1, 2019

IFRS 16 (CPC 06-R2) – Leases

IFRS 16 (CPC 06-R2) was issued in January 2016, and establishes the principles, for both customer (lessee) and supplier (lessor), on disclosure of relevant information about leases, in a way that lease transactions are clearly presented in the financial statements. For that purpose, lessee must recognize assets and liabilities arising from a lease contract.

Although the Company is still evaluating, it believes that this amendment will have a significant impact on its operations.

2.4 Basis of consolidation and investments in subsidiaries

The interim financial information of the subsidiaries mentioned in Note 1 has been consolidated. All transactions, balances, revenues and expenses among Renova Group companies are eliminated in full in the interim financial information. Operating assets sold are consolidated in the income statement up to the date of disposal.

The accounting criteria used in the determination of the subsidiaries' information were applied uniformly. The main consolidation practices adopted were:

- elimination of the balances of the assets and liabilities accounts among consolidated companies;

- elimination of equity interests, reserves and accumulated profits (losses) of the consolidated companies;
- elimination of intercompany business income and expenses.

3 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>					
Centrais Eólicas São Salvador S.A. ⁽¹⁾⁽²⁾	LEN 06/2012 (A-5)	162	05/22/2013	35 years	18.90 MW
Centrais Eólicas Abil S.A. ⁽²⁾	LER 05/2013	109	03/19/2014	35 years	23.70 MW
Centrais Eólicas Acácia S.A. ⁽²⁾	LER 05/2013	123	03/24/2014	35 years	16.20 MW
Centrais Eólicas Angico S.A. ⁽²⁾	LER 05/2013	111	03/19/2014	35 years	8.10 MW
Centrais Eólicas Folha da Serra S.A. ⁽²⁾	LER 05/2013	115	03/19/2014	35 years	21.00 MW
Centrais Eólicas Jabuticaba S.A. ⁽²⁾	LER 05/2013	113	03/19/2014	35 years	9.00 MW
Centrais Eólicas Jacaranda do Serrado S.A. ⁽²⁾	LER 05/2013	116	03/19/2014	35 years	21.00 MW
Centrais Eólicas Taboquinha S.A. ⁽²⁾	LER 05/2013	114	03/19/2014	35 years	21.60 MW
Centrais Eólicas Tabua S.A. ⁽²⁾	LER 05/2013	110	03/19/2014	35 years	15.00 MW
Centrais Eólicas Vaqueta S.A. ⁽²⁾	LER 05/2013	132	03/28/2014	35 years	23.40 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Mulungu) ⁽²⁾	LER 08/2014	241	06/01/2015	35 years	14.70 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Quina) ⁽²⁾	LER 08/2014	242	06/01/2015	35 years	10.80 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Pau Santo) ⁽²⁾	LER 08/2014	285	06/25/2015	35 years	18.00 MW

Nota (1): Installed production capacity changed by Decision No. 1814, of July 7, 2016. The electricity sale contract of LEN 06/2012 (A-5) was canceled, as described in Note 1.3, but the authorization remains in force.

(*) Information not reviewed by the independent auditors.

3.2 Free-trading market (ACL)

Wind	Contract ref.	ANEEL resolution	Resolution date	Authorized year	Installed Production capacity*
Centrais Eólicas Amescla S.A. ⁽¹⁾	ACL (Light I)	5099	03/26/2015	30 years	13.50 MW
Centrais Eólicas Angelim S.A. ⁽¹⁾	ACL (Light I)	5092	03/26/2015	30 years	21.60 MW
Centrais Eólicas Barbatimão S.A. ⁽¹⁾	ACL (Light I)	5093	03/26/2015	30 years	16.20 MW
Centrais Eólicas Facheio S.A. ⁽¹⁾	ACL (Light I)	5098	03/26/2015	30 years	16.50 MW
Centrais Eólicas Imburain Macho S.A. ⁽¹⁾	ACL (Light I)	5085	03/26/2015	30 years	16.20 MW
Centrais Eólicas Jataí S.A. ⁽¹⁾	ACL (Light I)	5081	03/26/2015	30 years	16.20 MW
Centrais Eólicas Juazeiro S.A. ⁽¹⁾	ACL (Light I)	5088	03/26/2015	30 years	18.90 MW
Centrais Eólicas Sabiu S.A. ⁽¹⁾	ACL (Light I)	5084	03/26/2015	30 years	13.50 MW
Centrais Eólicas Umbuzeiro S.A. ⁽¹⁾	ACL (Light I)	5091	03/26/2015	30 years	21.60 MW
Centrais Eólicas Unha d'Anta S.A. ⁽¹⁾	ACL (Light I)	5096	03/26/2015	30 years	13.50 MW
Centrais Eólicas Vellozia S.A. ⁽¹⁾	ACL (Light I)	5087	03/26/2015	30 years	21.90 MW
Centrais Eólicas Cedro S.A. ⁽¹⁾	ACL (Light I)	5496	10/01/2015	30 years	12.00 MW
Centrais Elétricas Itaparica S.A. ⁽¹⁾	ACL (Mercado livre I)	5124	04/01/2015	30 years	8.10 MW
Centrais Elétricas Itaparica S.A. ⁽¹⁾	ACL (Mercado livre I)	5128	04/01/2015	30 years	13.50 MW
Centrais Eólicas Manineiro S.A. ⁽¹⁾	ACL (Mercado livre III)	5125	04/01/2015	30 years	14.40 MW
Centrais Eólicas Pau D'Água S.A. ⁽¹⁾	ACL (Mercado livre III)	5126	04/01/2015	30 years	18.00 MW
Centrais Eólicas Anísio Teixeira S.A. ⁽¹⁾	ACL (Light II)	5094	03/26/2015	30 years	13.50 MW
Centrais Eólicas Cabeça de Frade S.A. ⁽¹⁾	ACL (Light II)	5090	03/26/2015	30 years	5.70 MW
Centrais Eólicas Botuquara Ltda. ⁽¹⁾	ACL (Light II)	5101	03/26/2015	30 years	21.60 MW
Centrais Eólicas Canjoão S.A. ⁽¹⁾	ACL (Light II)	5086	03/26/2015	30 years	6.00 MW
Centrais Eólicas Carrancudo S.A. ⁽¹⁾	ACL (Light II)	5089	03/26/2015	30 years	18.90 MW
Centrais Eólicas Conquista Ltda. ⁽¹⁾	ACL (Light II)	5102	03/26/2015	30 years	24.30 MW
Centrais Eólicas Coxilha Alta Ltda. ⁽¹⁾	ACL (Light II)	5170	04/27/2015	30 years	19.20 MW
Centrais Eólicas Ipê Amarelo S.A. ⁽¹⁾	ACL (Light II)	5097	03/26/2015	30 years	18.00 MW
Centrais Eólicas Jequitibá S.A. ⁽¹⁾	ACL (Light II)	5100	03/26/2015	30 years	8.10 MW
Centrais Eólicas Macambira S.A. ⁽¹⁾	ACL (Light II)	5083	03/26/2015	30 years	21.60 MW
Centrais Eólicas Tamboril S.A. ⁽¹⁾	ACL (Light II)	5095	03/26/2015	30 years	27.00 MW
Centrais Eólicas Tingui S.A. ⁽¹⁾	ACL (Light II)	5082	03/26/2015	30 years	18.90 MW
Centrais Eólicas Alcaçuz S.A. ⁽¹⁾	ACL (Mercado livre II)	5118	04/01/2015	30 years	18.90 MW
Centrais Eólicas Calíandra S.A. ⁽¹⁾	ACL (Mercado livre II)	5119	04/01/2015	30 years	5.40 MW
Centrais Eólicas Embiruçu S.A. ⁽¹⁾	ACL (Mercado livre II)	5121	04/01/2015	30 years	6.00 MW
Centrais Eólicas Ico S.A. ⁽¹⁾	ACL (Mercado livre II)	5122	04/01/2015	30 years	10.80 MW
Centrais Eólicas Imburain de Cabão S.A. ⁽¹⁾	ACL (Mercado livre II)	5123	04/01/2015	30 years	20.10 MW
Centrais Eólicas Lençóis Ltda. ⁽¹⁾	ACL (Mercado livre II)	5171	04/27/2015	30 years	10.80 MW
Centrais Eólicas Putumuju S.A. ⁽¹⁾	ACL (Mercado livre II)	5127	04/01/2015	30 years	14.70 MW
Centrais Eólicas Cansanção S.A. ⁽¹⁾	ACL (Mercado livre II)	5120	04/01/2015	30 years	14.70 MW

Note 1: Companies part of Alto Sertão III wind farm, classified as asset held for sale.

(*) Information not reviewed by the independent auditors.

4. Power sale

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	255.40	may/08	apr/28	IGP-M	June
Colino 1	PROINFA	Eletrobras	149,297	57.903	121.35	255.40	sep/08	aug/28	IGP-M	June
Colino 2	PROINFA	Eletrobras	213,370	41.084	121.35	255.40	jul/08	jun/28	IGP-M	June
Wind power generation										
Centrais Eólicas Abil S.A. ⁽¹⁾	LER 05/2013	CCEE	202,880	96.360	105.20	137.02	sep/15	aug/35	IPCA	September
Centrais Eólicas Acácia S.A. ⁽¹⁾	LER 05/2013	CCEE	137,544	60.444	113.70	148.09	sep/15	aug/35	IPCA	September
Centrais Eólicas Angico S.A. ⁽¹⁾	LER 05/2013	CCEE	76,101	34.164	111.30	144.97	sep/15	aug/35	IPCA	September
Centrais Eólicas Folha de Serra S.A. ⁽¹⁾	LER 05/2013	CCEE	176,183	84.972	103.60	134.94	sep/15	aug/35	IPCA	September
Centrais Eólicas Jabuticaba S.A. ⁽¹⁾	LER 05/2013	CCEE	82,350	39.420	104.38	135.96	sep/15	aug/35	IPCA	September
Centrais Eólicas Jacaranda do Cerrado S.A. ⁽¹⁾	LER 05/2013	CCEE	173,200	83.220	103.99	135.45	sep/15	aug/35	IPCA	September
Centrais Eólicas Taboquinha S.A. ⁽¹⁾	LER 05/2013	CCEE	187,680	88.476	105.99	138.05	sep/15	aug/35	IPCA	September
Centrais Eólicas Tabua S.A. ⁽¹⁾	LER 05/2013	CCEE	135,964	64.824	104.80	136.50	sep/15	aug/35	IPCA	September
Centrais Eólicas Vaqueta S.A. ⁽¹⁾	LER 05/2013	CCEE	198,004	93.732	105.55	137.48	sep/15	aug/35	IPCA	September
Renova Energia S.A. (Mulungu) ⁽¹⁾	LER 10/2014	CCEE	158,288	56.940	138.90	168.46	oct/17	sep/37	IPCA	November
Renova Energia S.A. (Pau Santo) ⁽¹⁾	LER 10/2014	CCEE	224,038	80.592	138.90	168.46	oct/17	sep/37	IPCA	November
Renova Energia S.A. (Quina) ⁽¹⁾	LER 10/2014	CCEE	126,630	45.552	138.90	168.46	oct/17	sep/37	IPCA	November

Note 1: Companies part of Alto Sertão III wind farm, classified as asset held for sale.

4.2 Free-trading market (ACL)

The Company has contracts on the free-trading market, which total 209.6 average MW ^(*) of contracted energy, as follows:

Farms	Source	Power Sold (average MW*)	Validity of the contract
Light I	Wind	100.2	Until Aug/2035
Light II ^(a)	Wind	33.4	Until Jun/2019
Mercado livre I	Wind	11.0	Until Dec/ 2019
Mercado livre II ^(a)	Wind	50.0	Until Jun/2019
Mercado livre III ^(a)	Wind	15.0	Until Jun/2019
		<u>209.6</u>	

(*) Information not reviewed by the independent auditors.

(a) As of July 1, 2019, the PPAs of ACL Light II, Mercado Livre II and Mercado Livre III, which total 98.4 average MW of power sold, will be assigned to Engie, due the sale of Umburanas Complex.

5. Operating segments

The Company has four reportable segments representing its strategic business units, besides performance of its administrative activities. Such strategic business units offer different renewable power sources and are managed separately as they require different technologies, developments and operating characteristics. The operations on each one of the Company's reportable segments are summarized as follows:

- a) SHP – This segment is responsible for the development, implementation and operation of water source power generation projects. It includes the development of studies on inventories and basic projects and power generation. The SHPs are in operating phase.
- b) Wind – This segment is responsible for the development, implementation and operation of wind source power generation projects. It includes wind measurement, leased land, implementation and power generation. In August and November 2017, the Alto Sertão II and Umburanas wind farms, respectively, were sold.
- c) Solar – This segment is responsible for the development, implementation and operation of solar source power generation projects. It includes measurements, development of solar projects for generation in high scale and distributed generation, as well as the sale of goods and services.
- d) Sale – This segment is responsible for the sale of power in all its forms, and for the management of power purchase and sale contracts of the Company
- e) Administrative – This segment is responsible for the Company's management and administrative operations.

Segment information as at March 31, 2018 and 2017 for P&L and as at March 31, 2018 and December 31, 2017 to total assets and liabilities are as follows:

	03/31/2018				
	PCH	Wind	Sale	Administrative	Consolidated
Net revenue	10,111	-	163,291	-	173,402
Non-manageable cost	(207)	-	-	-	(207)
Gross Margin	9,904	-	163,291	-	173,195
Manageable costs	(3,386)	(15,600)	(204,429)	(14,388)	(237,803)
Depreciation	(1,386)	(1,036)	-	(406)	(2,828)
Equity Income	16,314	-	-	-	16,314
Finance income	2,259	(5,251)	3,117	142	267
Finance costs	(1,509)	(44,327)	(9,839)	(12,938)	(68,613)
Income tax and social contribution	(1,075)	-	-	-	(1,075)
Net profit (loss) at the year	21,121	(66,214)	(47,860)	(27,590)	(120,543)
Total assets	913,876	1,852,374	70,629	96,876	2,933,755
Total liabilities	106,184	1,048,789	682,678	436,839	2,274,490

	12/31/2017					
	PCH	Wind	Solar	Sale	Administrative	Consolidated
Net revenue	9,537	32,260	-	110,548	-	152,345
Non-manageable costs	(171)	(4,191)	-	-	-	(4,362)
Gross margin	9,366	28,069	-	110,548	-	147,983
Manageable costs	(6,825)	(32,418)	-	(86,469)	(3,440)	(129,152)
Equity Income	18,887	-	-	-	-	18,887
Depreciation	(1,382)	-	-	-	(1,716)	(3,098)
Finance income	712	997	-	(111)	981	2,579
Finance costs	(1,692)	(73,905)	-	(14,334)	(39,893)	(129,824)
Income tax and social contribution	(872)	(2,201)	-	-	-	(3,073)
Net profit (loss) at the year	18,194	(79,458)	-	9,634	(44,068)	(95,698)
Total assets	902,132	4,420,235	471	51,807	600,824	5,975,469
Total liabilities	113,955	2,841,439	-	270,945	823,773	4,050,112

6. Cash and cash equivalents, and short-term investments

	Consolidated		Parent	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Cash	188	196	181	169
Banks checking account	398	1,405	134	132
Short-term investments	19,895	23,149	15	41
Investments held until maturity	9,573	7,789	7,679	7,789
Total	30,054	32,539	8,009	8,131
Assets classified as held for sale: 27.2				
Cash and cash equivalents	(60)	-	-	-
Total	29,994	32,539	8,009	8,131
Presented as:				
Cash and cash equivalents	22,315	24,750	330	342
Investment held until maturity	7,679	7,789	7,679	7,789
Total	29,994	32,539	8,009	8,131

Highly-liquid short-term investments that are readily convertible into a known cash amount and pose lower risk of change in value were classified as cash equivalents. These investments refer to fixed-income repurchase agreements, remunerated at rates ranging from 50% to 100% of the Interbank Deposit Certificate (CDI).

The short-term investment under noncurrent assets does not have the characteristics of cash and cash equivalents and therefore was classified in the short-term investment held to maturity line item. This investment is the guarantee set for the Mercado Livre I project and its yield is 98.5% of the CDI rate.

7. Trade accounts receivable

	Consolidated		Parent	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Free trading market	30,683	38,901	-	-
Eletrobras - ESPRA	5,368	5,226	-	-
Others	492	484	492	484
Total	36,543	44,611	492	484

As of March 31, 2018, these refer substantially to amounts falling due, with day sales outstanding of 30 days, for which no losses are expected upon collection. Trade accounts receivable include receivables from related parties CEMIG GT and LightCom which total of R\$22,428 (R\$ 25.009, as of December 31, 2017) (Note 24).

8. Taxes recoverable

	Notes	Consolidated		Parent	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
IRRF		4,182	3,209	347	345
IRPJ		2,583	2,588	1,330	1,330
COFINS		9,914	6,640	5	5
PIS		2,208	1,491	1	1
Other recoverable taxes		120	472	30	451
		<u>19,007</u>	<u>14,400</u>	<u>1,713</u>	<u>2,132</u>
Assets classified as held for sale	27,2	(1,449)	-	-	-
Total		<u>17,558</u>	<u>14,400</u>	<u>1,713</u>	<u>2,132</u>

The increase in balance basically refers to credits accumulated in Renova Comercializadora's operations, due to the cost of power purchased being higher than its selling price.

9. Pledges and restricted deposits

Company	Pledges	Institution	Contractual object	Consolidated	
				03/31/2018	12/31/2017
Espra	Garantia	BNB	Financiamento BNB	11,538	11,361
				<u>11,361</u>	<u>121,346</u>
				<u>11,361</u>	<u>33,510</u>
				<u>11,361</u>	<u>87,836</u>
				<u>11,361</u>	<u>33,510</u>

Refers to the financial application of a fixed income instrument, with a rate of 98.5% of CDI, linked to the financing of Banco do Nordeste do Brasil ("BNB"), whose application can only be carried out with the express authorization of the creditors.

10. Deferred taxes (Consolidated)

	Assets	
	03/31/2018	12/31/2017
PIS	133	139
COFINS	618	643
IRPJ	376	392
CSLL	259	268
Total	1,386	1,442

Consolidated deferred taxes were recorded due to the difference between power generated and power effectively billed. These deferred taxes were calculated by computing taxable profit as a percentage of gross revenue (“*lucro presumido*”).

10.1 Net changes (assets and liabilities) in deferred taxes

	Consolidate			Parent
	IRPJ/CSLL	PIS/COFINS	Total	IRPJ/CSLL
Balance as of December 31, 2016	(119,172)	2,658	(116,514)	(121,415)
Changes in net revenue	60	70	130	-
Transfer to assets held for sale (*)	(1,512)	(1,791)	(3,303)	-
Balance as of March 31, 2017	(120,624)	937	(119,687)	(121,415)
Balance as of December 31, 2017	660	782	1,442	-
Changes in net revenue	(25)	(31)	(56)	-
Balance as of March 31, 2018	635	751	1,386	-

(*) Amounts related to Alto Sertão II.

11. Investments

11.1 Breakdown of investments

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

Company	Consolidated		Parent	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
PCH				
Enerbras Centrais Elétricas S.A. (Holding)	-	-	123,089	119,068
Renova PCH LTDA.	-	-	(5)	5
Chipley SP Participações S.A. (Holding)	-	-	803,404	786,294
Brasil PCH S.A.	701,676	685,362	-	-
Wind				
Nova Energia Holding S.A. ⁽¹⁾	-	-	-	-
Alto Sertão Participações S.A. (Holding) ⁽¹⁾	-	-	-	385,172
Centrais Eólicas Carrancudo S.A. ⁽¹⁾	-	-	-	7,832
Centrais Eólicas Botuquara S.A. ⁽¹⁾	-	-	-	3,744
Centrais Eólicas Alcacuz S.A. ⁽¹⁾	-	-	-	4,897
Centrais Eólicas Tamboril S.A. ⁽¹⁾	-	-	-	6,491
Centrais Eólicas Conquista S.A. ⁽¹⁾	-	-	-	2,713
Centrais Eólicas Coxilha Alta S.A. ⁽¹⁾	-	-	-	3,198
Centrais Eólicas Tingui S.A. ⁽¹⁾	-	-	-	(4,082)
Centrais Eólicas Cansanção S.A. ⁽¹⁾	-	-	-	2,358
Centrais Eólicas Macambira S.A. ⁽¹⁾	-	-	-	4,432
Centrais Eólicas Imburana de Cabão S.A. ⁽¹⁾	-	-	-	(3,890)
Centrais Eólicas Ipê Amarelo S.A. ⁽¹⁾	-	-	-	7,699
Centrais Eólicas Putumuju S.A. ⁽¹⁾	-	-	-	2,759
Centrais Eólicas Lençóis S.A. ⁽¹⁾	-	-	-	(868)
Centrais Eólicas Anísio Teixeira S.A. ⁽¹⁾	-	-	-	(1,044)
Centrais Eólicas Ico S.A. ⁽¹⁾	-	-	-	3,158
Centrais Eólicas Jequitiba S.A. ⁽¹⁾	-	-	-	(2,335)
Centrais Eólicas Caliandra S.A. ⁽¹⁾	-	-	-	(1,504)
Centrais Eólicas Canjoão S.A. ⁽¹⁾	-	-	-	(1,206)
Centrais Eólicas Cabeça de Frade S.A. ⁽¹⁾	-	-	-	850
Centrais Eólicas Embiruçu S.A. ⁽¹⁾	-	-	-	861
Centrais Elétricas Itaparica S.A. ⁽¹⁾	-	-	-	32,619
Centrais Eólicas Itapuã VII LTDA ⁽¹⁾	-	-	-	(449)
Centrais Eólicas Itapuã XX LTDA ⁽¹⁾	-	-	-	(9)
Centrais Eólicas Itapuã IV LTDA ⁽¹⁾	-	-	(134)	(398)
Centrais Eólicas Itapuã V LTDA.	-	-	(84)	(179)
Centrais Eólicas Bela Vista XIV S.A.	-	-	130,857	130,847
Other Corporate Interest ⁽²⁾	-	-	(11)	(11)
Renovapar S.A.	-	-	(1)	(1)
Trading				
Renova Comercializadora de Energia S.A.	-	-	(276,948)	(229,088)
Total	701.676	683.362	780.167	1.259.933
Stated as:				
Assets				
Investment	701.676	685.362	1,057,350	1,490,068
Liabilities				
Provision for investments loss	-	-	(277,183)	(230,135)
Total	701.676	695.362	780.167	1.259.933

Note 1: Investment held for sale, as per Note 12

Note 2: Other companies listed in Note 1

11.2 Information on investees

Significant information on subsidiaries is as follows:

Company	03/31/2018					12/31/2017					
	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Profit (loss) for the year	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Other companies listed in Note 1	Loss for the year
PCH											
Enerbras Centrais Elétricas S.A. (Holding)	5,170,101	100.00	101,955	123,089	4,021	5,170,101	100.00	101,955	119,068	(2,537)	10,681
Renova PCH LTDA.	353,589	99.00	32	(5)	(10)	353,589	99.00	32	5	-	(59)
Chipley SP Participações S.A. (Holding)	739,944,343	99.99	739,944	803,404	17,110	739,944,343	99.99	739,944	786,294	(2,066)	73,539
Wind											
Alto Sertão Participações S.A. (Holding) ⁽¹⁾	1,348,076,402	99.99	1,348,076	(327,048)	(58,124)	1,348,076,402	99.99	1,348,076	385,172	-	(578,396) ^(a)
Centrais Eólicas Carrancudo S.A. ⁽¹⁾	14,565,233	99.00	14,565	(7,495)	(337)	14,565,233	99.00	14,565	7,832	-	(5,306) ^(a)
Centrais Eólicas Botuquara S.A. ⁽¹⁾	6,528,519	99.00	6,529	(3,355)	(389)	6,528,519	99.00	21	3,744	-	(2,512) ^(a)
Centrais Eólicas Alcacuz S.A. ⁽¹⁾	12,247,433	99.00	12,247	(4,807)	(90)	12,247,433	99.00	12,247	4,897	-	(6,022) ^(a)
Centrais Eólicas Tamboril S.A. ⁽¹⁾	15,875,486	99.00	15,875	(6,061)	(430)	15,875,486	99.00	15,875	6,491	-	(8,080) ^(a)
Centrais Eólicas Conquista S.A. ⁽¹⁾	22,459,715	99.00	22,460	(2,943)	230	22,459,715	99.00	22,460	2,713	-	(16,857) ^(a)
Centrais Eólicas Coxilha Alta S.A. ⁽¹⁾	6,003,140	99.00	6,003	(2,915)	(283)	6,003,140	99.00	6,003	3,198	-	(2,578) ^(a)
Centrais Eólicas Tingui S.A. ⁽¹⁾	14,879,944	99.00	14,880	4,486	(404)	14,879,944	99.00	14,880	(4,082)	-	(17,266) ^(a)
Centrais Eólicas Cansanção S.A. ⁽¹⁾	3,940,779	99.00	3,941	(2,105)	(253)	3,940,779	99.00	3,941	2,358	-	(1,387) ^(a)
Centrais Eólicas Macambira S.A. ⁽¹⁾	11,852,244	99.00	11,852	(4,070)	(362)	11,852,244	99.00	11,852	4,432	-	(6,262) ^(a)
Centrais Eólicas Imburana de Cabão S.A. ⁽¹⁾	10,657,338	99.00	10,657	4,267	(377)	10,657,338	99.00	10,657	(3,890)	-	(13,422) ^(a)
Centrais Eólicas Ipê Amarelo S.A. ⁽¹⁾	13,699,946	99.00	13,700	(7,333)	(366)	13,699,946	99.00	13,700	7,699	-	(4,548) ^(a)
Centrais Eólicas Putumaju S.A. ⁽¹⁾	8,309,591	99.00	8,310	(2,394)	(365)	8,309,591	99.00	8,310	2,759	-	(4,509) ^(a)
Centrais Eólicas Lençóis S.A. ⁽¹⁾	18,949,369	99.00	18,949	799	69	18,949,369	99.00	18,949	(868)	-	(16,558) ^(a)
Centrais Eólicas Anísio Teixeira S.A. ⁽¹⁾	18,617,092	99.00	18,617	1,372	(328)	18,617,092	99.00	18,617	(1,044)	-	(16,527) ^(a)
Centrais Eólicas Ico S.A. ⁽¹⁾	8,639,675	99.99	8,640	(2,940)	(218)	8,639,675	99.99	8,640	3,158	-	(4,393) ^(a)
Centrais Eólicas Jequitiba S.A. ⁽¹⁾	5,156,482	99.00	5,156	2,538	(208)	5,156,482	99.00	5,156	(2,335)	-	(6,930) ^(a)

-(Continued)-

Company	12/31/2017					12/31/2016					
	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Profit (loss) for the year	Total number of shares	Interest Renova (%)	Capital	Equity (unsecured liability)	Proposed Dividends	Loss for the year
Wind											
Centrais Eólicas Caliandra S.A. ⁽¹⁾	5,600,432	99,99	5,600	1,663	(159)	5,600,432	99,99	5,600	(1,504)	-	(6,520) ^(a)
Centrais Eólicas Canjoão S.A. ⁽¹⁾	3,013,149	99,00	3,013	1,350	(144)	3,013,149	99,00	3,013	(1,206)	-	(3,832) ^(a)
Centrais Eólicas Cabeça de Frade S.A. ⁽¹⁾	1,832,694	99,00	1,833	(682)	(168)	1,832,694	99,00	1,833	850	-	(830) ^(a)
Centrais Eólicas Embiruçu S.A. ⁽¹⁾	2,727,065	99,00	2,727	(720)	(142)	2,727,065	99,00	2,727	861	-	(1,586) ^(a)
Centrais Elétricas Itaparica S.A. ⁽¹⁾	106,891,263	99,00	106,891	(31,074)	(1,545)	106,891,263	99,00	106,891	32,619	-	(47,836) ^(a)
Centrais Eólicas Itapuã VII S.A. ⁽¹⁾	543,349	99,99	543	1,610	(1,161)	543,349	99,99	543	(449)	-	(915)
Centrais Eólicas Itapuã XX S.A. ⁽¹⁾	32,092	99,99	32	9	-	32,092	99,99	32	(9)	-	(9)
Centrais Eólicas Bela Vista XIV S.A. ⁽¹⁾	249,938,073	100,00	249,938	130,847	10	249,938,073	100,00	249,938	130,847	-	(201,057)
Centrais Eólicas Itapuã IV S.A. ⁽¹⁾	937,809	99,99	938	(134)	265	937,809	99,99	938	(398)	-	(1,205)
Centrais Eólicas Itapuã V LTDA. ⁽¹⁾	861,489	99,99	861	(84)	95	861,489	99,00	861	(179)	-	(945)
Renovapar S.A.	22,062	100,00	22	(1)	-	22,062	100,00	22	(1)	-	(1)
Other Corporate Interest ⁽²⁾	-	-	-	(11)	-	-	-	-	(11)	-	(2,199)
Trading											
Renova Comercializadora de Energia S.A.	58,377	100,00	58	(276,948)	(47,860)	58,377	100,00	58	(229,088)	-	(171,050) ^(b)

Note 1: Investment held for sale, Note 1.2

Note 2: Other companies listed in Note 1.

11.3 Changes in investments

11.3.1 Consolidated

Company	12/31/2017	Share of profit		03/31/2018			
		Profit	Amortization of added value				
PCH							
Brasil PCH S.A.	685,362	25,389	(9,075)	701,676			
Company	12/31/2016	Profit	Amortization of added value	Dividends Received	Fair value Adjustment	03/31/2017	
PCH							
Brasil PCH S.A.	685,366	27,962	(9,075)	(5,100)	-	699,153	
Outros							
Terraform Global, Inc.	261,661	-	-	-	47,457	309,118	
Total	<u>947,027</u>	<u>27,962</u>	<u>(9,075)</u>	<u>(5,100)</u>	<u>47,457</u>	<u>1,008,271</u>	

In the period ended in March, 2017, the positive adjustment to fair value of R\$47,457, was recorded in other comprehensive income.

The TerraForm Global's shares were sold to Brookfield Asset Management in 2017

11.3.1.1 Jointly controlled investee – Brasil PCH S.A.

The Company measures its investment in equity interests in joint ventures using the equity method of accounting, in accordance with IFRS 11 / CPC 19 (R2) – Joint Ventures. On February 14, 2014, Chipley (a subsidiary of the Company) acquired 51% equity interest in Brasil PCH S.A. and, as a result of the Shareholders' Agreement, obtained the jointly control of this investee. Brasil PCH holds 13 small hydroelectric plants (SHPs), with installed capacity of 291 MW and average guaranteed power of 194 MW. All SHPs have long-term agreements (20 years) for the sale of electric power in the context of PROINFA (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 statements of Brasil PCH (jointly controlled entity) are as follows:

BALANCE SHEET AS OF MARCH 31, 2018 (CONSOLIDATED)

ASSETS	03/31/2018	12/31/2017	EQUITY AND LIABILITIES	03/31/2018	12/31/2017
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash and cash equivalents	144,890	148,692	Borrowings and financing	205,552	216,492
Other current assets	55,093	65,201	Other current assets	170,835	174,019
Total current assets	<u>199,983</u>	<u>213,893</u>	Total current liabilities	<u>376,387</u>	<u>390,511</u>
<u>NON-CURRENT ASSETS</u>			<u>NON-CURRENT LIABILITIES</u>		
Property, plant and equipment	1,075,878	1,076,252	Borrowings and financing	565,818	621,002
Others non-current assets	48,638	59,555	Other current liabilities	57,153	64,503
Total non-current assets	<u>1,124,516</u>	<u>1,135,807</u>	Total current liabilities	<u>629,971</u>	<u>685,505</u>
			EQUITY	325,141	273,684
TOTAL ASSETS	<u>1,324,499</u>	<u>1,349,700</u>	TOTAL LIABILITIES AND EQUITY	<u>1,324,499</u>	<u>1,349,700</u>

INCOME STATEMENT FOR THE QUARTER ENDED MARCH 31, 2018 (CONSOLIDATED)

	03/31/2018	03/31/2017
NET REVENUE	99,991	98,137
Depreciation	(8,629)	(8,509)
Other costs	(12,029)	(12,044)
General and administrative expenses	(5,679)	(2,792)
Reversal of onerous contract loss	5,520	11,220
Finance results	(25,812)	(25,448)
Income taxes and social contribution expenses	(3,579)	(3,841)
NET INCOME FOR THE PERIOD	<u>49,783</u>	<u>56,723</u>

This P&L was mainly impacted by the reversal for onerous contract was lower in the first quarter of 2018, by R\$5,700 compared to the same period in 2017.

11.3.2 Company

Company	12/31/2017	Equity Income	Assets classified as held for sale	03/31/2018
PCH				
Enerbras Centrais Elétricas S.A. (Holding)	119,068	4,021	-	123,089
Renova PCH LTDA.	5	(10)	-	(5)
Chipley SP Participações S.A. (Holding)	786,294	17,110	-	803,404
Wind				
Alto Sertão Participações S.A. (Holding) ⁽¹⁾	385,172	(58,124)	(327,048)	-
Centrais Eólicas Carrancudo S.A. ⁽¹⁾	7,832	(337)	(7,495)	-
Centrais Eólicas Botuquara S.A. ⁽¹⁾	3,744	(389)	(3,355)	-
Centrais Eólicas Alcacuz S.A. ⁽¹⁾	4,897	(90)	(4,807)	-
Centrais Eólicas Tamboril S.A. ⁽¹⁾	6,491	(430)	(6,061)	-
Centrais Eólicas Conquista S.A. ⁽¹⁾	2,713	230	(2,943)	-
Centrais Eólicas Coxilha Alta S.A. ⁽¹⁾	3,198	(283)	(2,915)	-
Centrais Eólicas Tingui S.A. ⁽¹⁾	(4,082)	(404)	4,486	-
Centrais Eólicas Cansanção S.A. ⁽¹⁾	2,358	(253)	(2,105)	-
Centrais Eólicas Macambira S.A. ⁽¹⁾	4,432	(362)	(4,070)	-
Centrais Eólicas Imburana de Cabão S.A. ⁽¹⁾	(3,890)	(377)	4,267	-
Centrais Eólicas Ipê Amarelo S.A. ⁽¹⁾	7,699	(366)	(7,333)	-
Centrais Eólicas Putumuju S.A. ⁽¹⁾	2,759	(365)	(2,394)	-
Centrais Eólicas Lençóis S.A. ⁽¹⁾	(868)	69	799	-
Centrais Eólicas Anísio Teixeira S.A. ⁽¹⁾	(1,044)	(328)	1,372	-
Centrais Eólicas Ico S.A. ⁽¹⁾	3,158	(218)	(2,940)	-
Centrais Eólicas Jequitiba S.A. ⁽¹⁾	(2,335)	(203)	2,538	-
Centrais Eólicas Caliandra S.A. ⁽¹⁾	(1,504)	(159)	1,663	-
Centrais Eólicas Canjoão S.A. ⁽¹⁾	(1,206)	(144)	1,350	-
Centrais Eólicas Cabeça de Frade S.A. ⁽¹⁾	850	(168)	(682)	-
Centrais Eólicas Embiruçu S.A. ⁽¹⁾	861	(141)	(720)	-
Centrais Elétricas Itaparica S.A. ⁽¹⁾	32,619	(1.545)	(31,074)	-
Centrais Eólicas Itapuã VII LTDA. ⁽¹⁾	(449)	(1.161)	1,610	-
Centrais Eólicas Itapuã XX LTDA. ⁽¹⁾	(9)	-	9	-
Centrais Eólicas Bela Vista XIV S.A.	130,847	10	-	130,857
Centrais Eólicas Itapuã IV LTDA.	(399)	265	-	(134)
Centrais Eólicas Itapuã V LTDA.	(179)	95	-	(84)
Renovapar S.A.	(1)	-	-	(1)
Other Corporate Interest ⁽²⁾	(10)	(1)	-	(11)
Trading				
Renova Comercializadora de Energia SA.	(229,088)	(47.860)	-	(276.948)
Total	1,259,933	(91,918)	(387,848)	780,167

Note 1: Investment sold on August 3, 2017.

Note 2: Investment sold on November 24, 2017.

Note 3: Other companies listed in Note 1.

Note 4: Investment sold on July 29, 2017.

(Continued)

- (Continued)

Company	12/31/2016	Additions	Assets classified as held for sale	Equity Income	Fair Value adjustment	Others	03/31/2017
PCH							
Enerbras Centrais Elétricas S.A. (Holding)	110,924	-	-	5	-	-	110,929
Renova PCH LTDA.	(4)	-	-	(27)	-	-	(31)
Chipley SP Participações S.A. (Holding)	714,821	-	-	19,252	-	-	734,073
Wind							
Nova Energia Holding S.A.	394,159	35,056	(410,165)	(19,050)	-	-	-
Alto Sertão Participações S.A. (Holding)(2)	790,182	-	-	(22,343)	-	-	767,839
Centrais Eólicas Carrancudo S.A.	6,184	-	-	(463)	-	-	5,721
Centrais Eólicas Botuquara S.A.	7,181	-	-	(146)	-	-	7,035
Centrais Eólicas Alcacuz S.A.	8,141	-	-	(425)	-	-	7,716
Centrais Eólicas Tamboril S.A.	7,442	-	-	(509)	-	-	6,933
Centrais Eólicas Conquista S.A.	5,590	-	-	2,448	-	-	8,038
Centrais Eólicas Coxilha Alta S.A.	6,697	-	-	(109)	-	-	6,588
Centrais Eólicas Tingui S.A.	6,713	-	-	(495)	-	-	6,218
Centrais Eólicas Cansanção S.A.	5,247	-	-	(99)	-	(143)	5,005
Centrais Eólicas Macambira S.A.	6,205	-	-	(429)	-	-	5,776
Centrais Eólicas Imburana de Cabão S.A.	7,032	-	-	(353)	-	-	6,679
Centrais Eólicas Ipê Amarelo S.A.	5,491	-	-	(449)	-	-	5,042
Centrais Eólicas Putumaju S.A.	4,640	-	-	(342)	-	-	4,298
Centrais Eólicas Lençóis S.A.	1,000	-	-	3,019	-	-	4,019
Centrais Eólicas Anísio Teixeira S.A.	2,181	-	-	2,816	-	-	4,997
Centrais Eólicas Ico S.A.	4,390	-	-	(313)	-	-	4,077
Centrais Eólicas Jequitiba S.A.	3,203	-	-	(157)	-	-	3,046
Centrais Eólicas Calianira S.A.	3,860	-	-	(137)	-	-	3,723
Centrais Eólicas Canjoão S.A.	2,293	-	-	(105)	-	-	2,188
Centrais Eólicas Cabeça de Frade S.A.	2,397	-	-	(33)	-	-	2,364
Centrais Eólicas Embiruçu S.A.	2,819	-	-	(36)	-	-	2,783
Centrais Eólicas Itapuã V LTDA.	198	-	-	-	-	-	198
Centrais Eólicas Bela Vista XIV S.A.	207,666	-	-	(2)	-	-	207,664
Centrais Eólicas Umbranas 1 S.A.	2,048	-	-	-	-	-	2,048
Centrais Eólicas Umbranas 2 S.A.	225	-	-	(1)	-	-	224
Centrais Eólicas Umbranas 3 S.A.	322	-	-	1	-	-	323
Centrais Eólicas Umbranas 4 S.A.	194	-	-	-	-	-	194
Centrais Eólicas Umbranas 5 S.A.	232	-	-	(1)	-	-	231
Centrais Eólicas Umbranas 6 S.A.	141	-	-	(1)	-	-	140
Centrais Eólicas Umbranas 7 S.A.	213	-	-	-	-	-	213
Centrais Eólicas Umbranas 8 S.A.	94	-	-	(1)	-	-	93
Centrais Elétricas Itaparica S.A.	24,898	-	-	(2,555)	-	-	22,343
Renovapar S.A.	(2)	-	-	1	-	-	(1)
Other Corporate Interest (*)	(20)	-	-	2	-	-	(18)
Trading							
Renova Comercializadora de Energia S.A.	(58,038)	-	-	(25,967)	-	-	(84,005)
Other							
TerraForm Global, Inc.	261,661	-	-	-	47,457	-	309,118
Total	2,548,620	35,056	(410,165)	(47,004)	47,457	(143)	2,173,821

(*) Other companies listed in note 1

The investment balance is presented net of provision for investment loss in the amount of R\$277,183 (R\$230,135 as of December, 31/2017).

11.4 Changes in dividends receivable

	<u>Consolidated</u>	<u>Parent</u>
Balance as of December 31, 2016	-	620
Proposed dividends	5,100	-
Dividends received	<u>(5,100)</u>	<u>-</u>
Balance as of March 31, 2017	<u>-</u>	<u>620</u>
Balance as of December 31, 2017	33,219	5,039
Dividends received	<u>(5,100)</u>	<u>-</u>
Balance as of March 31, 2018	<u>28,119</u>	<u>5,039</u>

Dividends receivable correspond to:

- a) Company: balance of R\$5,039 relating to dividends receivable from subsidiaries Enerbras (R\$ 2,974) and Chipley (R\$2,065) which might be received until December 2018.
- b) Consolidated: balance of R\$ 28,119 related to dividends receivable from Brasil PCH which might be received until December 2018.

12. Property, plant and equipment

12.1 Consolidated

	Annual depreciation rates %	03/31/2018			12/31/2017		
		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 watermains	3%	95,797	(21,719)	74,078	95,797	(21,168)	74,629
Buildings, civil works and improvements	3%	46,336	(12,223)	34,113	46,336	(11,900)	34,436
Machinery and equipment	4%	65,015	(19,650)	45,365	65,015	(19,151)	45,864
Furniture and fixtures	10%	142	(121)	21	142	(110)	32
IT equipment	20%	245	(245)	-	245	(245)	-
Measurement towers	20%	22,692	(18,022)	4,670	22,692	(17,325)	5,367
Measurement equipment	20%	3,739	(2,115)	1,624	3,739	(1,899)	1,840
Tower equipment	20%	2,372	(1,522)	850	2,372	(1,399)	973
Other	20%	16	(13)	3	16	(11)	5
		<u>236,949</u>	<u>(75,630)</u>	<u>161,319</u>	<u>236,949</u>	<u>(73,208)</u>	<u>163,741</u>
Administration							
Machinery and equipment	10%	5,356	(2,218)	3,138	5,356	(2,021)	3,335
Improvements	10%	2,955	(559)	2,396	2,955	(542)	2,413
Furniture and fixtures	10%	5,857	(2,775)	3,082	5,857	(2,713)	3,144
Software	20%	3,310	(3,044)	266	3,310	(2,993)	317
IT equipment	20%	3,762	(3,008)	754	3,762	(2,929)	833
		<u>21,240</u>	<u>(11,604)</u>	<u>9,636</u>	<u>21,240</u>	<u>(11,198)</u>	<u>10,042</u>
		<u>258,189</u>	<u>(87,234)</u>	<u>170,955</u>	<u>258,189</u>	<u>(84,406)</u>	<u>173,783</u>
Construction in progress							
Generation							
Unapportioned		685,829	-	685,829	683,353	-	683,353
Studies and projects		1,062	-	1,062	1,062	-	1,062
Land		12,487	-	12,487	12,095	-	12,095
Buildings, civil works and improvements		265,872	-	265,872	265,872	-	265,872
Measurement towers		3,989	-	3,989	3,989	-	3,989
Wind generators		1,496,025	-	1,496,025	1,504,327	-	1,504,327
Substation equipment		432,098	-	432,098	427,792	-	427,792
Advances to suppliers		523	-	523	523	-	523
Impairment of property, plant and equipment assets		(1,004,266)	-	(1,004,266)	(1,004,266)	-	(1,004,266)
Transfer to assets held for sale (Note 28.2)		(1,839,224)	-	(1,839,224)	(16,198)	-	(16,198)
		<u>54,395</u>	<u>-</u>	<u>54,395</u>	<u>1,878,549</u>	<u>-</u>	<u>1,878,549</u>
Total construction in progress		<u>312,584</u>	<u>(87,234)</u>	<u>225,350</u>	<u>2,136,738</u>	<u>(84,406)</u>	<u>2,052,332</u>
Total property, plant and equipment							

12.2 Changes in property, plant and equipment (Consolidated)

	12/31/2017	Additions	Reclassifications (*)	Transfer to assets kept for sale	03/31/2018
Property, plant and equipment					
Cost					
Generation					
Plant					
Land	595	-	-	-	595
Reservoirs, dams and watermains	95,797	-	-	-	95,797
Buildings, civil works and improvements	46,336	-	-	-	46,336
Machinery and equipment	65,015	-	-	-	65,015
Furniture and fixtures	142	-	-	-	142
IT equipment	245	-	-	-	245
Measurement towers	22,692	-	-	-	22,692
Measurement equipment	3,739	-	-	-	3,739
Tower equipment	2,372	-	-	-	2,372
Other	16	-	-	-	16
Transmission and connection system					
Land	-	-	-	-	-
Buildings, civil works and improvements	-	-	-	-	-
Machinery and equipment	-	-	-	-	-
	236,949	-	-	-	236,949
Administration					
Machinery and equipment	5,356	-	-	-	5,356
Improvements	2,955	-	-	-	2,955
Furniture and fixtures	5,857	-	-	-	5,857
Software	3,310	-	-	-	3,310
IT equipment	3,762	-	-	-	3,762
	21,240	-	-	-	21,240
Total property, plant and equipment - cost	258,189	-	-	-	258,189
(-) Depreciation					
Generation					
Plant					
Reservoirs, dams and watermains	(21,168)	(551)	-	-	(21,719)
Buildings, civil works and improvements	(11,900)	(323)	-	-	(12,223)
Machinery and equipment	(19,151)	(499)	-	-	(19,650)
Furniture and fixtures	(110)	(11)	-	-	(121)
IT equipment	(245)	-	-	-	(245)
Measurement towers	(17,325)	(697)	-	-	(18,022)
Measurement equipment	(1,899)	(216)	-	-	(2,115)
Tower equipment	(1,399)	(123)	-	-	(1,522)
Other	(11)	(2)	-	-	(13)
	(73,208)	(2,422)	-	-	(75,630)

(Continued)-

- (Continued)

	<u>12/31/2017</u>	<u>Additions</u>	<u>Reclassifications (*)</u>	<u>Transfer to assets</u>	<u>03/31/2018</u>
Administration					
Machinery and equipment	(2,021)	(197)	-	-	(2,218)
Improvements	(542)	(17)	-	-	(559)
Furniture and fixtures	(2,713)	(62)	-	-	(2,775)
Software	(2,993)	(51)	-	-	(3,044)
IT equipment	(2,929)	(79)	-	-	(3,008)
	<u>(11,198)</u>	<u>(406)</u>	<u>-</u>	<u>-</u>	<u>(11,604)</u>
Total property, plant and equipment - depreciation	<u>(84,406)</u>	<u>(2,828)</u>	<u>-</u>	<u>-</u>	<u>(87,234)</u>
Total property, plant and equipment	<u>173,783</u>	<u>(2,828)</u>	<u>-</u>	<u>-</u>	<u>170,955</u>
Construction in progress					
Generation					
Unapportioned	667,155	2,476	-	(435,370)	234,261
Studies and projects	1,062	-	-	-	1,062
Land	12,095	392	-	(12,301)	186
Building, civil works and improvements	265,872	-	-	(265,872)	-
Measurement towers	3,989	-	-	(3,989)	-
Wind generator	1,504,327	212	(8,514)	(1,496,025)	-
Substation equipment	427,792	-	4,306	(431,964)	134
Advances to suppliers	523	-	-	(156)	367
Impairment of property, plant and equipment	(1,004,266)	-	-	822,651	(181,615)
Total construction in progress	<u>1,878,549</u>	<u>3,080</u>	<u>(4,208)</u>	<u>(1,823,026)</u>	<u>54,395</u>
Total property, plant and equipment	<u>2,052,332</u>	<u>252</u>	<u>(4,208)</u>	<u>(1,823,026)</u>	<u>225,350</u>

(*) Effect of trade accounts payable reconciliation for the period.

	12/31/2016	Additions	Disposals	Reclassifications (*)	Transfer to assets kept for sale	03/31/2017
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	-	-	-	(1,403,550)	65,031
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>-</u>	<u>-</u>	<u>-</u>	<u>(1,761,034)</u>	<u>238,074</u>
Administration						
Machinery and equipment	5,356	-	-	-	-	5,356
Improvements	2,352	179	-	-	-	2,531
Furniture and fixtures	5,895	-	-	-	(24)	5,871
Software	3,310	-	-	-	-	3,310
IT equipment	3,847	-	(74)	-	-	3,773
	<u>20,760</u>	<u>179</u>	<u>(74)</u>	<u>-</u>	<u>(24)</u>	<u>20,841</u>
Inventory						
Warehouse	6,275	175	-	-	(6,450)	-
	<u>6,275</u>	<u>175</u>	<u>-</u>	<u>-</u>	<u>(6,450)</u>	<u>-</u>
Total property, plant and equipment - cost	<u>2,026,143</u>	<u>354</u>	<u>(74)</u>	<u>0</u>	<u>(1,767,508)</u>	<u>258,915</u>
(-) Depreciation						
Generation						
Plant						
Reservoirs, dams and water mains	(18,880)	(475)	-	-	-	(19,355)
Buildings, civil works and improvements	(13,485)	(316)	-	-	2,848	(10,953)
Machinery and equipment	(138,541)	(587)	-	-	121,360	(17,768)
Furniture and fixtures	(106)	(3)	-	-	-	(109)
IT equipment	(240)	(1)	-	-	-	(241)
Measurement towers	(14,871)	(832)	-	-	-	(15,703)
Measurement equipment	(1,186)	(179)	-	-	-	(1,365)
Tower equipment	(997)	(140)	-	-	-	(1,137)
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>(2,533)</u>	<u>-</u>	<u>-</u>	<u>145,461</u>	<u>(66,642)</u>

- Continued -

- Continuation-

	12/31/2016	Additions	Disposals	Reclassifications (*)	Transfer to assets kept for sale	03/31/2017
Administration						
Machinery and equipment	(1,469)	(134)	-	-	-	(1,603)
Improvements	(431)	(24)	-	-	-	(455)
Furniture and fixtures	(2,135)	(148)	-	-	5	(2,278)
Software	(2,617)	(109)	-	-	-	(2,726)
IT equipment	(2,442)	(150)	62	-	-	(2,530)
	<u>(9,094)</u>	<u>(565)</u>	<u>62</u>	<u>-</u>	<u>5</u>	<u>(9,592)</u>
Total property, plant and equipment - depreciation	<u>(218,664)</u>	<u>(3,098)</u>	<u>62</u>	<u>-</u>	<u>145,466</u>	<u>(76,234)</u>
Total property, plant and equipment	<u>1,807,479</u>	<u>(2,744)</u>	<u>(12)</u>	<u>-</u>	<u>(1,622,042)</u>	<u>182,681</u>
Construction in progress						
Generation						
Unapportioned	767,750	16,975	-	-	-	784,725
Studies and projects	10,440	-	-	-	-	10,440
Land	13,966	-	-	-	-	13,966
Building, civil works and improvements	274,866	-	-	(46)	-	274,820
Measurement towers	5,230	36	-	-	-	5,266
Wind generator	890,049	4,821	(1,067)	435,557	-	1,329,360
Substation equipment	387,674	759	-	5,358	-	393,791
Advances to suppliers	826,973	-	-	(440,915)	(10,095)	375,963
Allowance for impairment of property, plant and	(261,723)	-	-	-	-	(261,723)
Total construction in progress	<u>2,915,225</u>	<u>22,591</u>	<u>(1,067)</u>	<u>(46)</u>	<u>(10,095)</u>	<u>2,926,608</u>
Total property, plant and equipment	<u>4,722,704</u>	<u>19,847</u>	<u>(1,079)</u>	<u>(46)</u>	<u>(1,632,137)</u>	<u>3,109,289</u>

12.3 Company

	Annual depreciation rates %	31/03/2018			31/12/2017		
		Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plant and equipment							
Generation							
Measurement towers	20%	22,692	(18,022)	4,670	22,692	(17,325)	5,367
Measurement equipment	20%	3,739	(2,1150)	1,624	3,739	(1,899)	1,840
Tower equipment	20%	2,372	(1,522)	850	2,372	(1,399)	973
		<u>28,803</u>	<u>(21,659)</u>	<u>7,144</u>	<u>28,803</u>	<u>(20,623)</u>	<u>8,180</u>
Administration							
Machinery and equipment	10%	5,356	(2,218)	3,138	5,356	(2,021)	3,335
Improvements	10%	2,955	(559)	2,396	2,955	(542)	2,413
Furniture and fixtures	10%	5,857	(2,775)	3,082	5,857	(2,713)	3,144
Software	20%	3,310	(3,044)	266	3,310	(2,993)	317
IT equipment	20%	3,744	(2,988)	756	3,744	(2,909)	835
		<u>21,222</u>	<u>(11,5840)</u>	<u>9,638</u>	<u>21,222</u>	<u>(11,178)</u>	<u>10,044</u>
Total property, plant and equipment		<u>50,025</u>	<u>(33,243)</u>	<u>16,782</u>	<u>50,025</u>	<u>(31,801)</u>	<u>18,224</u>

- Continuation-

	Annual depreciation rates %	31/03/2018			31/12/2017		
		Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Construction in progress							
Generation							
Unapportioned		105,587	-	105,587	103,429	-	103,429
Studies and projects		1,062	-	1,062	1,062	-	1,062
Land		50	-	50	50	-	50
Advances to suppliers		367	-	367	367	-	367
Provision for impairment of property, plant and equipment		(1,722)	-	(1,722)	(1,722)	-	(1,722)
Transfer to assets held for sale (Note 28.2)		(50,949)	-	(50,949)	(16,198)	-	(16,198)
Total construction in progress		54,395	-	54,395	86,988	-	86,988
Total property, plant and equipment		104,420	(33,243)	71,177	137,013	(31,801)	105,212

12.4 Changes in property, plant and equipment (Company)

	12/31/2017	Additions	Transfer to assets held for sale	03/31/2018
Property, plant and equipment				
Generation				
Measurement towers	22,692	-	-	22,692
Measurement equipment	3,739	-	-	3,739
Tower equipment	2,372	-	-	2,372
	28,803	-	-	28,803
Administration				
Machinery and equipment	5,356	-	-	5,356
Improvements	2,955	-	-	2,955
Furniture and fixtures	5,857	-	-	5,857
Software	3,310	-	-	3,310
IT equipment	3,744	-	-	3,744
	21,222	-	-	21,222
Total property, plant and equipment - cost	50,025	-	-	50,025
(-) Depreciation				
Generation				
Measurement towers	(17,325)	(697)	-	(18,022)
Measurement equipment	(1,899)	(216)	-	(2,115)
Tower equipment	(1,399)	(123)	-	(1,522)
	(20,623)	(1,036)	-	(21,659)
Administration				
Machinery and equipment	(2,021)	(197)	-	(2,218)
Improvements	(542)	(17)	-	(559)
Furniture and fixtures	(2,713)	(62)	-	(2,775)
Software	(2,993)	(51)	-	(3,044)
IT equipment	(2,909)	(79)	-	(2,988)
	(11,178)	(406)	-	(11,584)
Total property, plant and equipment - depreciation	(31,801)	(1,442)	-	(33,243)
Total property, plant and equipment	18,224	(1,442)	-	16,782
Construction in progress				

Generation				
Unapportioned	87,231	2,158	(34,751)	87,231
Studies and projects	1,062	-	-	1,062
Land	50	-	-	50
Advances to suppliers	367	-	-	367
Allowance for impairment of property, plant	(1,722)	-	-	(1,722)
Total construction in progress	<u>86,988</u>	<u>2,158</u>	<u>(34,751)</u>	<u>54,395</u>
Total property, plant and equipment	<u>105,212</u>	<u>716</u>	<u>(34,751)</u>	<u>71,177</u>
	<u>12/31/2016</u>	<u>Additions</u>	<u>Disposals</u>	<u>03/31/2017</u>
Property, plant and equipment				
Generation				
Measurement towers	23,801	-	-	23,801
Measurement equipment	3,739	-	-	3,739
Tower equipment	<u>2,372</u>	<u>-</u>	<u>-</u>	<u>2,372</u>
	<u>29,912</u>	<u>-</u>	<u>-</u>	<u>29,912</u>
Administration				
Machinery and equipment	5,356	-	-	5,356
Improvements	2,352	179	-	2,531
Furniture and fixtures	5,872	-	-	5,872
Software	3,310	-	-	3,310
IT equipment	<u>3,830</u>	<u>-</u>	<u>(74)</u>	<u>3,756</u>
	<u>20,720</u>	<u>179</u>	<u>(74)</u>	<u>20,825</u>
Total property, plant and equipment - cost	<u>50,632</u>	<u>179</u>	<u>(74)</u>	<u>50,737</u>
(-) Depreciation				
Generation				
Measurement towers	(14,871)	(832)	-	(15,703)
Measurement equipment	(1,186)	(179)	-	(1,365)
Tower equipment	<u>(997)</u>	<u>(140)</u>	<u>-</u>	<u>(1,137)</u>
	<u>(17,054)</u>	<u>(1,151)</u>	<u>-</u>	<u>(18,205)</u>
Administration				
Machinery and equipment	(1,469)	(134)	-	(1,603)
Improvements	(431)	(24)	-	(455)
Furniture and fixtures	(2,132)	(147)	-	(2,279)
Software	(2,617)	(109)	-	(2,726)
IT equipment	<u>(2,424)</u>	<u>(150)</u>	<u>62</u>	<u>(2,512)</u>
	<u>(9,073)</u>	<u>(564)</u>	<u>62</u>	<u>(9,575)</u>
Total property, plant and equipment - depreciation	<u>(26,127)</u>	<u>(1,715)</u>	<u>62</u>	<u>(27,780)</u>
Total property, plant and equipment	<u>24,505</u>	<u>(1,536)</u>	<u>(12)</u>	<u>22,957</u>
Construction in progress				
Generation				
Unapportioned	227,992	9,170	-	237,162
Studies and projects	10,440	1	-	10,441
Land	2,365	-	-	2,365
Advances to suppliers	<u>18,065</u>	<u>2,572</u>	<u>-</u>	<u>20,637</u>
Total construction in progress	<u>258,862</u>	<u>11,743</u>	<u>-</u>	<u>270,605</u>
Total property, plant and equipment	<u>283,367</u>	<u>10,207</u>	<u>(12)</u>	<u>293,562</u>

12.5 Property, plant and equipment in use

ANEEL, in accordance with the Brazilian regulatory framework, defines the useful lives of power generation assets, including 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 PPE depreciation.

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. This also includes investments in portfolio and development projects. The balance of property, plant and equipment in progress at December 31, 2017 relating to the Alto Sertão III Wind Complex, as well as certain projects under development were transferred to assets held for sale (Note 27).

12.7 Breakdown of PPE per project

As of March 31, 2018, consolidated PPE in progress mainly comprises the following portfolio projects:

Projects	Consolidated
Alto Sertão III - Fase A	
ACL (Light I) ⁽¹⁾	834,621
LER 2013 ⁽¹⁾	533,232
ACL (Mercado livre III) ⁽¹⁾	138,841
São Salvador ⁽¹⁾	75,776
	<u>1,582,470</u>
Alto Sertão III - Fase B	
ACL (Light II) ⁽¹⁾	73,150
ACL (Mercado livre II) ⁽¹⁾	40,658
	<u>113,808</u>
Others	
ACL (Mercado livre I) ⁽¹⁾	91,550
LER 2014	447
Others construction in progress ⁽²⁾	105,344
	<u>197,341</u>
Assets classified as held for sale	(1,839,224)
Others construction in progress	<u>54,395</u>

Note 1: The ACL (Light I), LER 2013, ACL (Mercado Livre III), São Salvador, ACL (Light II), ACL (Mercado Livre I) projects and certain wind projects under development that represent R\$34,751 of “Other construction in progress” are classified as asset held for sale.

Note 2: Includes the portfolio of development of wind projects and small hydropower plants, with no deadline.

12.8 Write-off of projects

The Company reviews its portfolio of wind projects, basic projects and SHP inventories periodically. After reviewing its portfolio of wind projects and of small hydropower plants projects, the Company concluded that as of March 31, 2018 there was no project to be discontinued.

12.9 Impairment of property, plant and equipment

For the year ended December 31, 2017, the Company reviewed the recoverable amount of its property, plant and equipment and recognized an impairment loss of R\$786,543 for Alto Sertão III Wind Farm (R\$604,927), Graúna Project (R\$181,079), and Croaranga Project (R\$537), which was recorded in P&L for the year of 2017.

The loss relating to Alto Sertão III Wind Farm was calculated based substantially on the financial and commercial assumptions of the sale transaction which was being negotiated by the Company (Note 1.2.2).

For the projects under development, the calculation was made based on the multiples of MW used as reference, taking into account the level of wind and the capacity factor estimated by project. For projects with low measurement time, a capital cost discount was considered between the reporting date and the expected completion dated of the project less the remaining costs of each project. Lastly, a 20% liquidity discount (reference of 20% to 35%) was applied, taking into account the low liquidity for the disposal and conversion into cash of all these projects. Based on this methodology, the Company recognized a loss of R\$138,245 relating to Graúna and Croaranga projects in the year ended as of December 31, 2017.

The Company revalued the Graúna Project and, due to the PPA cancellation and lack of expected realization of the investment, decided to set up a supplementary impairment provision of R\$43,371, thus lowering the remaining balance of this asset.

For the other assets, Espira's SHPs and goodwill on the acquisition of Brasil PCH, the Company uses the asset value in use method as assumption. The actual discount rate, calculated by the WACC methodology, in order to adjust the projects' cash flows to their present value, was 7% and 7.9% per annum, respectively.

For the period ended March 31, 2018, there was no new addition to the provision for impairment of the Company's assets.

12.10 Assets pledged as collateral

At March 31, 2018, the indirect subsidiary Espira has assets pledged as collateral for its financing with BNB, in the amount of R\$154,173 (Note 14.3).

13. Trade accounts payable

Note	Consolidated		Parent	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Trade payables	326,703	327,597	81,027	82,305
Transfer to liabilities directly related to assets held for sale	27.2 (243,819)	(43,000)	(43,000)	(43,000)
	<u>82,884</u>	<u>284,597</u>	<u>38,027</u>	<u>39,305</u>
Stated as:				
Current	82,884	259,377	38,027	39,305
Non-current	-	25,220	-	-
Total	<u>82,884</u>	<u>284,597</u>	<u>38,027</u>	<u>39,305</u>

At March 31, 2018, the consolidated balance of trade accounts payable mainly includes the amounts related to the purchase of energy by Renova Comercializadora.

Due the decision of the Alto Sertão III alienation, the amounts payable related to agreements entered into for the supply of equipment and materials intended for the construction of plants, and other agreements relating to wind power generators, substations and civil construction were transferred to liabilities directly associated to assets classified as held to sale.

The Company negotiated the settlement of total debt, in the amount of R\$43,000, with Casa dos Ventos through the delivery of certain projects under development. Thus, at March 31, 2018, these asset and liability balances are still stated as assets classified as held for sale and liabilities directly associated with assets held for sale, awaiting the conclusion of the previous conditions in this type of negotiation. The partial settlement of the debt with supplier Seta, in the amount of R\$10,000, is also under negotiation, upon delivery of a certain project under development.

14. Loans, financing and debentures

14.1 Consolidated

	Debit Cost	Consolidated									
		03/31/2018			12/31/2017						
		Finance charges	Principal	Total	Finance charges	Principal	Total	Finance charges	Principal	Total	
Local currency											
FNE - Banco do Nordeste do Brasil S.A. - Espra ^(14.6 a)	9.5% a.a. (8.08% a.a.)*	-	7,101	7,101	68,967	76,068	-	7,101	7,101	70,687	77,788
Finep - CEOL Itaparica ^(14.6 b)	3.5% a.a.	18	1,997	2,015	9,655	11,670	19	2,048	2,067	10,104	12,171
BNDES - Ponte I Diamantina Eólica (Subcredit "A") ^(14.6 c)	TJLP + 9% a.a.	1,371	207,058	208,429	-	208,429	1,242	199,341	200,583	-	200,583
BNDES - Ponte I Diamantina Eólica (Subcredit "B") ^(14.6 c)	TJLP + 2.5% a.a.	1,841	469,470	471,311	-	471,311	1,666	458,812	460,478	-	460,478
BNDES - Ponte I Diamantina Eólica (Subcredit "C") ^(14.6 c)	TJ6 + 8.24% a.a.	76,810	163,963	240,773	-	240,773	60,762	163,963	224,725	-	224,725
Banco Daycoval ^(14.6 d)	1,60% a.m.	-	7,011	7,011	-	7,011	-	6,685	6,685	-	6,685
Citibank ^(14.6 d)	100% CDI + 4,5%	31,892	120,500	152,392	-	152,392	30,045	120,500	150,545	-	150,545
BTG Pactual ^(14.6 d)	100% CDI + 7,4%	13,130	134,9423	148,073	-	148,073	8,314	134,942	143,256	-	143,256
Banco Modal ^(14.6 d)	100% CDI + 6%	2,786	15,000	17,786	-	17,786	2,262	15,000	17,262	-	17,262
Subtotal borrowings and financing		127,848	1,127,043	1,254,891	78,622	1,333,513	104,310	1,108,392	1,212,702	80,791	1,293,493
Borrowings cost		-	-	-	(148)	(148)	-	-	-	(155)	(155)
Assets classified as held for sale		(82,826)	(857,488)	(940,314)	(9,507)	(949,821)	-	-	-	-	-
TOTAL BORROWINGS AND FINANCING		45,022	269,555	314,577	68,967	383,544	104,310	1,108,392	1,212,702	80,636	1,293,338

14.2 Company

		Parent					
		31/03/2018			31/12/2017		
		Current			Non Current		
<u>Debit Cost</u>	<u>Finance Charges</u>	<u>Principal</u>	<u>Total</u>	<u>Finance Charges</u>	<u>Principal</u>	<u>Total</u>	
Banco Daycoval ^(14.6.d)	1.60% a.m.	-	7,011	7,011	-	6,685	6,685
Banco Citibank ^(14.6.d)	100% CDI + 4.5%	31,892	120,500	152,392	30,045	120,500	150,545
BTG Pactual ^(14.6.d)	100% CDI + 7.4%	13,130	134,943	148,073	8,314	134,942	143,256
TOTAL BORROWINGS		45,022	262,454	307,476	38,359	262,127	300,486

14.3 Collaterals

At March 31, 2018, the financing balance payable is collateralized as follows:

	BNB (note 14.6.a)
Trade receivables	429,122
Pledge of shares	123,089
Mortgage/sale of assets	154,173
Surety - money	11,538
Total	717,922

The other collaterals relating to financings are described at Note 14.6.

14.4 Changes

Changes in loans, financing and debentures are as follows:

	Consolidated			Parent		
	Principal	Charges	Total	Principal	Charges	Total
Balances at December 31, 2016	<u>2,754,585</u>	<u>54,297</u>	<u>2,808,882</u>	<u>730,628</u>	<u>21,649</u>	<u>752,277</u>
Provisioned financial charges	-	76,351	76,351	-	38,200	38,200
Finance charges paid	-	(23,478)	(23,478)	-	(21)	(21)
Amortization of loans, financing and debentures	(16,332)	-	(16,332)	(414)	-	(414)
Updating and incorporation of interest to principal	13,686	(13,686)	-	3,199	(3,199)	-
Funding cost allocation	386	-	386	240	-	240
Balances related to the sold assets	(1,126,526)	(8,233)	(1,134,759)	-	-	-
Balances as at March 31, 2017	<u>1,625,799</u>	<u>85,251</u>	<u>1,711,050</u>	<u>733,653</u>	<u>56,629</u>	<u>790,282</u>
Balances at December 31, 2017	<u>1,179,5298</u>	<u>113,810</u>	<u>1,293,338</u>	<u>250,711</u>	<u>49,775</u>	<u>300,486</u>
Provisioned financial charges	-	43,838	43,838	-	6,990	6,990
Finance charges paid	-	(1,598)	(1,598)	-	-	-
Amortization of loans, financing and debentures	(2,220)	-	(2,220)	-	-	-
Updating and incorporation of interest to principal	28,202	(28,202)	-	11,743	(11,743)	-
Funding cost allocation	7	-	7	-	-	-
Transfer to liabilities directly related to assets held for sale (note 2)	(866,995)	(82,826)	(949,821)	-	-	-
Balances as at March 31, 2018	<u>338,522</u>	<u>45,022</u>	<u>383,544</u>	<u>262,454</u>	<u>45,022</u>	<u>307,476</u>

14.5 Maturity of installments – noncurrent (principal and charges)

The aging list of installments classified under noncurrent liabilities is as follows:

Maturity year	<u>03/31/2018</u>
	<u>Consolidated</u>
2019	5,603
2020	7,900
2021	8,394
2022	8,918
2023	9,472
2024 to 2028	<u>28,680</u>
Total	<u><u>68,967</u></u>

14.6 Summary of agreements

a. BNB Agreement

Subsidiary Espira, with the intermediation of subsidiary Enerbras, obtained a financing with BNB on June 30, 2006, totaling R\$120,096, maturing on June 30, 2026.

This financing is collateralized by mortgage of properties belonging to Serra da Prata Complex, pledged shares, pledged rights arising from the Authorization Resolutions, right to receive any and all amounts that, effectively or potentially, are or may become payable by the granting authority to Espira, in the amount of R\$429,122 (representing the receivables calculated up to the end of the contract), all other tangible or intangible rights of the respective Authorization Resolutions, and liquidity fund in reserve account, in the amount of R\$11,538 at March 31, 2018 (Note 9). The financing agreement with BNB does not include covenants for early payment of the debt.

b. FINEP

On December 19, 2013, subsidiary Centrais Elétricas Itaparica S.A. entered into a financing agreement with the Funding Authority for Studies and Projects (FINEP), in the amount of R\$107,960. The funds from this financing will be used to implement a hybrid solar 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. At March 31, 2018, 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 lien on assets (equipment) acquired in the course of the financing.

This financing agreement does not include covenants requiring early payment of the debt.

c. 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 associated loans: Sub-loan “A” in the amount of R\$140,000 and Sub-loan “B” in the amount of R\$560,000, for plants operating under LEN 2012 (A-5), LER 2013 and in the free market. On February 18, 2016, pursuant to the first contract amendment entered into between the parties, a portion

of sub-loan "B" was reallocated with the creation of sub-loan "C" in the amount of R\$ 163,963. According to the contractual amendments, the bridge loans shall be settled on July 15, 2018 or on the date of disbursement of the BNDES long-term financing (Note 30.1).

The loans are collateralized by all shares issued by Diamantina (Alto Sertão III) and the SPEs in which Diamantina holds shares. This agreement does not include covenants requiring early payment of the debt.

a. Other loans – working capital

On November 10, 2015, the subsidiary Alto Sertão Participações S.A. issued a Bank Credit Note in the principal amount of R\$15,000, jointly with Banco Modal S.A., maturing on August 15, 2018, plus 100% of CDI added to a fixed rate of 6% per annum. The guarantors of this transaction is the Company and Diamantina Eólica.

On November 13, 2015, the Company entered into a Private Instrument of Acknowledgement of Debt with Banco Daycoval S.A., in the principal amount of R\$14,999. On December 15, 2017, the Company signed an amendment to the Judicial Agreement for payment of the debt balance in nine (9) monthly and consecutive installments, plus interest of 1.6% per month, with the first installment paid on April 16, 2018. The transaction is guaranteed by lien on credit rights arising from the Power Purchase and Sale Agreement (Light II) and its 3 amendments entered into with LIGHTCOM Comercializadora de Energia.

On March 24, 2016, the Company entered into a Bank Credit Note with Banco Citibank S.A., in the principal amount of R\$120,500, with maturity on January 31, 2017 and interest of 4.5% p.a. plus 100% of the CDI. The penalties provided for in the contract for default are interest of 1% per month and a compensatory fine of 2% on the amounts payable, as well as reimbursement of court costs and attorney's fees incurred by Citibank. The Company is currently negotiating the extension of the maturity period and the payment conditions with Citibank. The guarantors of this transaction is Renova Comercializadora and Chipley.

On June 29, 2017 and August 23, 2017, respectively, the Company entered into two Private Instruments of Transaction and Acknowledgement of Debt with Banco BTG Pactual S.A., in the amount of R\$54,228 and R\$89,323, respectively. Both are remunerated at 100% of the CDI plus a spread of 7.4% p.a., maturing on December 20, 2018. The instruments are collateralized by a lien, under a condition precedent, of 35.28% of the total shares issued by Chipley, and a lien, under a condition precedent, of 50.40% of all and any dividends, interest on equity or any other proceeds attributable to Chipley as a result of the interest held by it in Brazil PCH.

15. Taxes payable

	Consolidated		Parent	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
IRPJ	4,777	4,467	-	-
CSLL	1,825	1,748	-	-
COFINS	3,825	3,844	26	32
PIS	829	832	5	5
Payroll charges	1,189	2,109	1,189	2,109
Third party retained taxes	3,729	3,511	984	680
Taxes installments	1,541	1,541	1,541	1,541
Other	433	415	-	1
	<u>18,148</u>	<u>18,467</u>	<u>3,745</u>	<u>4,368</u>
Transfer to liabilities associated to assets held for sale (Note 27.2)	(13,158)	-	-	-
Total	<u>4,490</u>	<u>18,467</u>	<u>3,745</u>	<u>4,368</u>

The balance relating to IRPJ and CSLL payable by the Company in the amount of R\$1,541, were included in the tax debts payable in installments established by the Provisional Executive Order No. 783, of May 31, 2017 (converted in the Law 13.496, of October 24, 2017). In order to settle the debt, the Company opted for the cash payment method in cash of 7.5% of the consolidated debt, and the remainder will be settled using tax loss carryforwards and negative CSLL calculation basis, when the consolidation of the Federal Revenue.

16. Accounts payable - CCEE/Eletróbrás (consolidated)

	<u>03/31/2018</u>	<u>12/31/2017</u>
Current		
Eletróbrás	27,059	27,383
CCEE	18,676	18,839
	45,735	46,222
Transfer to liabilities directly associated with assets held for sale (note 27.2)	<u>(18,676)</u>	<u>-</u>
Total current	<u>27,059</u>	<u>46,222</u>
Non-current		
CCEE	522	522
Transfer to liabilities directly associated with assets held for sale (note 27.2)	<u>(522)</u>	<u>-</u>
Total non-current	<u>-</u>	<u>522</u>
Total	<u>27,059</u>	<u>46,744</u>

Eletróbrás

The Power Purchase and Sale Agreement entered into between the indirect subsidiary Espra and Eletróbrás determines that sales revenues be determined every year (from January to December) within the Eletróbrás scope. The financial adjustment portion resulting from this calculation will be offset in the monthly invoices of the subsequent year.

As provided for by the Provisional Executive Order No. 688, in December 2015, the Government enacted Law No. 13203/2015 addressing the renegotiation of the hydrological risk of electric power generation for agents participating in the Energy Relocation Mechanism (“MRE”), effective from 2015. The indirect subsidiary Espira joined the renegotiation of the hydrological risk relating to SHPs Colino I and Cachoeira da Lixa, choosing to transfer in full the hydrological risk (SP100) to the consumer. In this product, the generator fully transfers the hydrological risk inherent in regulated contracts by means of payment of a risk premium of 11.27 R\$/MWh (base date January 2017, annually restated by the IPCA) until the shorter of the expiration of the power sale contracts or of the authorization. The recording of such effects resulted in the set-up of a prepaid expense account as a matching entry to net sales revenue and electric power selling costs.

CCEE

The Reserve Energy Agreements entered into between the indirect subsidiaries under LER 2013 and LER 2014 and CCEE determine that the difference between the power generated by plants and the contracted power be calculated every year.

The reimbursement for negative differences (below the tolerance level – 10%) of generation will be paid in 12 equal monthly installments over the following year, at 115% (annual reimbursement – reimbursement of 100% of volume + 15% of fine for failure to deliver).

Reimbursements that are in the tolerance range - 10% of generation will be reimbursed in 12 installments after possible compensations with positive deviations beginning at the end of the first four-year period from the beginning of the commercial operation, valued at 106%. (four-year reimbursement - reimbursement of 100% of the volume + 6% of fine for non-delivery).

16.1 Changes

Changes for the periods are presented below:

	<u>12/31/2017</u>	<u>Provision</u>	<u>Fine on reimbursement</u>	<u>Amortization</u>	<u>Transfer to assets held for sale</u>	<u>03/31/2018</u>
Eletrobras	27,383	474	-	(798)	-	27,059
CCEE	19,361	-	3,722	(3,885)	(19,198)	-
Total liabilities	46,744	474	3,722	(4,683)	(19,198)	27,059

Changes in Assets 2017

	<u>12/31/2016</u>	<u>Additions</u>	<u>Transfer to assets held for sale</u>	<u>03/31/2017</u>
CCEE	2,500	276	(2,776)	-
Total assets	2,500	276	(2,776)	-

Changes in Liabilities 2017

	<u>12/31/2016</u>	<u>Provision/ Reversion</u>	<u>Fine on reimbursement</u>	<u>Amortization</u>	<u>Transfer to assets held for sale</u>	<u>03/31/2018</u>
Eletrobras	25,293	799	-	(697)	-	25,395
CCEE	37,278	2,350	3,400	(5,642)	(23,694)	13,692
Distributors	34,969	799		(566)	(35,202)	-
Total liabilities	97,540	3,948	3,400	(6,905)	(58,896)	39,087
Total net	(95,040)	(3,672)	3,400	6,905	56,120	(39,087)

17. Other accounts payable

	<u>Consolidated</u>		<u>Parent</u>	
	<u>03/31/2018</u>	<u>31/12/2017</u>	<u>31/03/2018</u>	<u>12/31/2017</u>
Indemnities payable to Related parties - Light	71,100	71,100	-	-
ANEEL penalty	5,940	5,940	-	-
Others	17,000	17,000	3	3
	77,057	77,057	3	3
Transfer to liabilities directly associated with assets held for sale (Note 27.2)	5,954	-	-	-
Total	71,103	77,057	3	3

At March 31, 2018, the consolidated balance of other accounts payable basically includes amounts relating to the indemnity payable to the related party Light, in the amount of R\$71,100, within the scope of the amendment executed on December 21, 2017, to record new commercial terms to the agreement (Note 24.3.a) and the amount of the penalty applied by ANEEL, in the amount of R\$5,940, relating to the cancellation of the concession of certain plants of Alto Sertão III, whose were transferred to liabilities directly related to assets classified as held to sale (Note 27.2).

18. Provision for civil, tax and labor contingencies (Company and consolidated)

At March 31, 2018, the individual and consolidated provision for civil, tax and labor contingencies amounted to R\$34,847 (R\$26,979 at December 31, 2017) of which R\$ 30,291 is civil, R\$4,429 is labor and R\$127 is administrative. Changes for the period ended March 31, 2018 were as follows:

	<u>Civil</u>	<u>Labor</u>	<u>Administrative</u>	<u>Total</u>
Balances at December 31, 2017	22,595	4,258	126	26,979
Additions (*)	7.694	202	-	7.896
Payments	-	(33)	-	(33)
Update	2	2	1	5

Balance at March 31, 2018	<u>30,291</u>	<u>4,429</u>	<u>127</u>	<u>34,847</u>
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(*) Refers substantially to a civil process of indemnification for damages to third party property. (Note 1.2.1).

Management of Company and its subsidiaries, based on the opinion of their legal advisors with respect to the likelihood of a favorable outcome in various claims, considers that the provisions recorded in the statement of financial position are sufficient to cover probable losses.

Company and its subsidiaries are parties to several contingencies amounting to approximately R\$305,103 (R\$281,343 at December 31, 2017), of which R\$295,559 (R\$271,638 at December 31, 2017) refer to civil claims, R\$1,641 (R\$1,701 at December 31, 2017) refer to administrative proceedings, and R\$7,904 (R\$8,004 at December 31, 2017) refer to labor claims. Based on the opinion of its legal advisors, management classified such claims as possible losses, and thus did not set up any provisions for period ended March 31, 2018.

(i) Civil lawsuits classified as probable and possible losses mainly concern the following issues: Civil action filed by Elite Administrative Services and Data Processing Ltda. which has as its object the possible noncompliance with the service contract by the Company for the non-payment of the obligations of this agreement, for which the Company filed a declaratory action for rescission of the contract and recognition of the contractual imbalance. The Company understands that the probability of loss in this lawsuit is probable for which a provision of R\$19,853 was recorded.

(ii) Other civil lawsuits classified as probable losses refer substantially to lawsuits related to executions of extrajudicial documents, collection actions, declaratory actions and indemnities, and are widely dispersed.

In order to face these legal discussions related to the lawsuit filed by Elite Serviços, as mentioned in item (i) above, the Company maintains a judicial deposit in the amount of R\$19,853, which is being challenged by the Company through its legal counsel.

18.1 Risk relating to compliance with laws and regulations

On January 19, 2018, the Company responded to a letter from the Civil Police of Minas Gerais State received in November 2017 relating to the investigation conducted by that Police Authority in connection with certain contributions made to the Company by the controlling shareholders and contributions made by the Company to certain projects under development in prior years. As a result, the Company's governance bodies have requested an internal investigation as regards this matter, which is being conducted by an independent company. In addition, a monitoring committee was set up, consisting of an independent director, the chairman of the Supervisory Board and the chairman of the Board of Directors, who, together with the Audit Committee, will monitor the internal investigation.

The Company clarifies that the internal investigation work is under way and that it is not possible at this moment to measure any effects of this investigation, as well as any impacts on the individual and consolidated interim financial statements of the Company for the period ended March 31, 2018.

19. Equity and compensation of shareholders

a) Authorized capital

As provided for by article 8 of its Articles of Incorporation, the Company is authorized to increase its capital, upon approval by the Board of Directors, regardless of any amendment to the Articles of Incorporation, through the issue of common or preferred shares, up to the limit of R\$5,002,000.

b) Capital

As at March 31, 2018 and at December 31, 2017 the subscribed and paid-in capital amounted to R\$ 2,960,776, distributed as follows:

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	6,966,829	2.11%	13,933,658	15,94%	20,900,487	5.01%
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	19,162,227	5.81%	38,001,224	43,48%	57,163,451	13,70%
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 issue costs

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

<u>Event</u>	<u>Date</u>	<u>Costs on issuance of shares Parent and Controlled</u>
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 under capital reserve the effect of the share-based payment plan costs relating to certain projects, as well as the rewards paid relating to the successful IPO and also agreements entered into with its executive officers. These records reflect both provisions for shares already granted and the recognition of provision for shares to be granted in the medium and short term. The accounting records are detailed in Note 24.5.

e) Dividends

The shareholders are entitled to receive twenty-five percent (25%) on net income for the year as mandatory dividends every 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 provided for by the Company's Articles of Incorporation. Preferred shares are entitled to the same conditions of the common shares in the distribution of profit.

20. Net revenue

	Consolidated			
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
	MWh*	MWh*		
Generation				
Electric power supply - PCHs	32,444	28,996	10,494	9,898
Electric power supply - Wind	-	231,251	-	26,684
Subtotal			10,494	36,582
Other revenues				
Operations – Sale of electric power			179,935	131,056
			190,429	167,638
Deductions from revenue:				
(-) Taxes from revenue (PIS/COFINS)			(17,027)	(15,293)
Total			173,402	152,345

(*) Information not reviewed by the independent auditors.

21. Costs and expenses (revenues)

	Consolidated					
	03/31/2018			03/31/2017		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Tusd/Tust(1)	180	5,857	6,037	4,001	794	4,795
Inspection fee	27	22	976	361	19	380
	207	5,879	6,086	4,362	813	5,175
Personnel and management ⁽²⁾	-	8,057	8,057	-	1,957	1,957
Third party services	1,097	3,317	4,414	11,842	2,461	14,303
Rentals and leases	314	385	699	1,156	557	1,713
Travels	-	373	373	-	360	360
Depreciation	2,422	406	2,828	2,533	565	3,098
Insurance	60	2,244	2,304	495	46	541
Telephony and IT	-	818	818	-	1,686	1,686
Materials and consumables	52	164	216	163	128	291
Fine on reimbursement (note 16.1)	-	3,722	3,722	365	3,035	3,400
Purchase of energy ⁽³⁾	203,793	-	203,793	104,876	-	104,876
Contractual and regulatory penalties	-	17	17	-	-	-
Civil and labor contingencies	-	7,961	7,961	-	-	-
Renegotiation of hydrological risk	487	-	487	463	-	463
Taxes and fees	-	83	83	-	426	426
Other revenues (expenses)	80	(1,100)	(1,020)	61	(1,738)	(1,677)
	208,305	26,447	234,752	121,954	9,483	131,437
Total	208,512	32,326	240,838	126,316	10,296	136,612

	Parent					
	03/31/2018			03/31/2017		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Personnel and management ⁽²⁾	-	3,614	3,614	-	862	862
Third party services	-	2,174	2,174	-	1,961	1,961
Rentals and leases	-	227	227	-	380	380
Travels	-	202	202	-	155	155
Depreciation	1,036	406	1,442	1,151	564	1,715
Insurance	-	33	33	-	46	46
Telephony and IT	-	461	461	-	1,262	1,265
Materials and consumables	-	78	78	-	93	93
Civil and labor contingencies	-	7,954	7,954	-	-	-
Taxes and Fees	-	225	225	-	260	260
Other revenues (expenses)	-	(581)	(581)	-	(1,902)	(1,902)
Total	1,036	14,793	15,829	1,151	3,681	4,832

1. TUSD – distribution system use tariff and TUST – transmission system use tariff.
2. In the period ended as of March 31, 2017 the amount of R\$ 5,387 was reverted related to the Profit Sharing Program for 2016.
3. Refers to the acquisition of energy in the free market for resale made by Renova Comercializadora to honor the commitments assumed in the energy sales contracts of the parks in arrears in their commercial operation.

22. Finance income (expense)

	Note	Consolidated		Parent	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
Finance income					
Income from short-term investments		378	2,853	58	998
Other finance income		100	-	84	-
(-) PIS/COFINS on finance income		(211)	(274)	-	(17)
Total finance income		267	2,579	142	981
Finance expense					
Debt charges	14.4	(43,838)	(76,351)	(6,990)	(38,200)
Interest		(7,161)	(6,087)	361	(399)
Fine on debt		-	(18,321)	-	-
Interest - related parties	24	(9,107)	(13,993)	(5,064)	(4,949)
IOF		(1,295)	(1,192)	(1,230)	(1,150)
Bank expenses		(314)	(103)	(15)	(39)
Bank guarantee for debt		(6,627)	(13,082)	(169)	-

Other financial expenses	(271)	(695)	169	(106)
Total financial expenses	(68,613)	(129,824)	(12,938)	(44,843)
Total financial results	(68,346)	(127,245)	(12,796)	(43,862)

23. Income and social contribution taxes

	Consolidated		Parent	
	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Profit (loss) before income tax and social contribution	(119,468)	(92,625)	(120,543)	(95,698)
Combined income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	40,619	31,493	40,985	32,537
Permanent deductions (additions)				
Nondeductible expenses	(2,089)	(119)	(64)	(119)
Share of (loss) profit of subsidiaries	5,547	6,422	(31,252)	(15,981)
Effect on subsidiaries taxed under the deemed income	(946)	(3,274)	-	-
Effect of unrecognized deferred tax assets on:				
Temporary provisions	(2,525)	3,052	(2,525)	3,052
Tax loss carryforwards	(39,531)	(40,647)	(7,144)	(19,489)
Income tax and social contribution in P&L	1,075	(3,073)	-	-

The Company did not record taxable income for the period. At March 31, 2018, the Company recorded income and social contribution tax losses recoverable, in the amounts stated in the table below for which deferred taxes were not recorded:

	Parent	
	03/31/2018	03/31/2017
Tax loss for the period	(21,011)	(57,320)
Prior periods' tax loss carryforwards	(691,450)	(375,283)
Total tax loss carryforwards	(712,461)	(432,603)

24. Transactions with related parties

	Parent							
	Assets		Liabilities		Finance income		Expenses	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017	03/31/2018	03/31/2017	03/31/2018	03/31/2017
Loans								
Energética Serra da Prata S.A.	-	-	46,428	44,009	(742)	(593)	-	-
Renova Comercializadora de Energia S.A.	-	-	206,448	169,703	(3.193)	(3.912)	-	-
Chiplely SP Participações S.A.	-	-	65,710	64,343	(1.128)	(444)	-	-
Centrais Eólicas Conquista S.A.	-	-	-	125	-	-	-	-
Centrais Eólicas Coxilha Alta S.A.	-	-	-	107	-	-	-	-
Centrais Eólicas Cansanção S.A.	-	-	-	127	(1)	-	-	-
Subtotal	-	-	318,586	278,414	(5,064)	(4,949)	-	-
Apportionment of expenses								
Energética Serra da Prata S.A.	606	84	-	-	-	-	(1,272)	16
Renova Comercializadora de Energia S.A.	126	223	-	-	-	-	(571)	(364)
Controlada - LEN 2012 (A-5)	143	64	-	-	-	-	(79)	(34)
Controladas - LER 2013	1,214	542	-	-	-	-	(672)	(285)
Controladas - LER 2014	22	22	-	-	-	-	-	14
Controladas - ACL (Mercado livre I)	183	82	-	-	-	-	(101)	(35)
Controladas - ACL (Light I)	1,548	691	-	-	-	-	(856)	(359)
Controladas - ACL (Mercado livre III)	251	112	-	-	-	-	(139)	(58)
Controladas - ACL (Light II)	1,561	697	-	-	-	-	(863)	(363)
Controladas - ACL (Mercado livre II)	835	375	-	-	-	-	(460)	(179)
Subtotal	6,489	2,892	-	-	-	-	(5,013)	(1,647)
Advance for future capital increase (**)								
Alto Sertão Participações S.A.	54,874	37,427	-	-	-	-	-	-
Centrais Eólicas Carrancudo S.A.	1,445	1,244	-	-	-	-	-	-
Centrais Eólicas Botuquara S.A.	217	-	-	-	-	-	-	-
Centrais Eólicas Alcaçuz S.A.	1,609	1,383	-	-	-	-	-	-

Centrais Eólicas Tamboril S.A.	1,715	1,486	-	-	-	-	-	-
Centrais Eólicas Conquista S.A.	180	-	-	-	-	-	-	-
Centrais Eólicas Coxilha Alta S.A.	121	-	-	-	-	-	-	-
Centrais Eólicas Tingui S.A.	1,693	1,499	-	-	-	-	-	-
Centrais Eólicas Cansanção S.A.	112	-	-	-	-	-	-	-
Centrais Eólicas Macambira S.A.	1,099	967	-	-	-	-	-	-
Centrais Eólicas Imburana de Cabão S.A.	1,263	1,076	-	-	-	-	-	-
Centrais Eólicas Ipê Amarelo S.A.	1,491	1,308	-	-	-	-	-	-
Centrais Eólicas Putumuju S.A.	1,055	934	-	-	-	-	-	-
Centrais Eólicas Lençóis S.A.	76	-	-	-	-	-	-	-
Centrais Eólicas Anísio Teixeira S.A.	210	111	-	-	-	-	-	-
Centrais Eólicas Ico S.A.	1,894	1,776	-	-	-	-	-	-
Centrais Eólicas Jequitiba S.A.	547	482	-	-	-	-	-	-
Centrais Eólicas Caliandra S.A.	477	422	-	-	-	-	-	-
Centrais Eólicas Canjoão S.A.	440	379	-	-	-	-	-	-
Centrais Eólicas Cabeça de Frade S.A.	95	52	-	-	-	-	-	-
Centrais Eólicas Embiruçu S.A.	152	93	-	-	-	-	-	-
Centrais Eólicas Bela Vista XIV S.A.	8	-	-	-	-	-	-	-
Centrais Eólicas Itaparica S.A.	6,294	4,224	-	-	-	-	-	-
Other	34	13	-	-	-	-	-	-
Subtotal	77,101	54,876	-	-	-	-	-	-
Transfer for assets held for sale (note 27.2)	(82.821)	-	-	-	-	-	-	-
Total	769	57,768	318,586	278,414	(5,064)	(4,949)	(5,013)	(1,647)

(*) 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	
	03/31/2018	03/31/2017	31/03/2018	31/03/2017
<u>Renova Comercializadora de Energia S.A.</u>				
Advances from Customers (24.3a)	68,773	-	(721)	(10,888)
Related-party transactions (24.3 a and 24.3b)		350,200	(8,386)	(3,321)
	<u>417,360</u>	<u>350,200</u>	<u>(9,107)</u>	<u>(14,209)</u>

We present below the other transactions with direct and indirect related parties occurred in the year:

	Consolidated		
	Accounts receivable from		
	customers (note 7)	Revenue	Cost
CEMIG Geração e Transmissão S.A.	9,624	30,798	-
Clime Trading Comercializadora de Energia Ltda.	-	-	1,318
LIGHTCOM Comercializadora de Energia S.A.	12,804	44,397	3,315
	<u>22,428</u>	<u>75,195</u>	<u>4,633</u>

24.1 Loans

Trade accounts payable – loans entered into with the subsidiaries described in the table. These loans are intended to meet the Company's cash needs. These contracts are subject to restatement by the TJLP rate, plus interest ranging from 0.25% to 0.5% p.a.

24.2 Apportionment of expenses

Refers to expenses reimbursed in accordance with expenses apportionment contracts, and 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) Electric power purchase and sale agreement

Light ("Light I" and "Light II")

On October 17, 2013, the subsidiary Renova Comercializadora and Light Com Comercializadora de Energia S.A. ("Light Com") entered into electric power purchase and sale agreements (Light I and Light II) under which Renova Comercializadora compromised to deliver 33.4 average MW of wind power for each contract totaling 66.8 average MW. On November 6, 2017, the Light II contract was amended, reducing the contract's supply period to June 30, 2019, until this date Renova Comercializadora will remain responsible for compliance with this agreement. As of July 1, 2019, this contract will be assigned to Engie, according to the negotiations of the sale of Umburanas Complex.

On December 21, 2017, the Light I contract was also amended in order to add new commercial conditions, such as electricity price, restatement index and seasonality, required to comply with certain conditions of BNDES, by means of indemnity payment of R\$71,100 to Light Com which was recognized in the income for the year ended December 31, 2017. The maturity of this indemnity occurred in April 30, 2018, and as the payment was not made, the amount due will be updated by the IGPM variation with interest rate of 1% per month until the effective payment date that is still being negotiated between the parties.

Under the energy purchase and sale agreement, advances were also made, totaling R \$ 21,502, the characteristics of which are described below:

	1 st Advance	2 nd Advance	3 rd Advance	Total
Advance on:	April, 2018	July and August, 2018	May and June, 2018	
Delivery date	01/19/2018	02/27/2018	03/08/2018	
Amount received	R\$3,609	R\$9,428	R\$8,465	R\$21,502
Discount applied	R\$ 5.00 (five reais)/MWh	R\$ 11,21 (eleven reais and twenty-one centavos)/MWh	R\$ 4.75 (four reais and seventy-five centavos)/MWh	
Amount to be paid with energy supply	R\$3,712	R\$10,053	R\$8,695	R\$22,460

CEMIG GT

On December 23, 2013, Renova Comercializadora and CEMIG GT entered into an electric power purchase and sale agreement under which Renova Comercializadora shall deliver to Lot I 66.8 average MW of wind power, and to Lot II another 66.8 average MW, totaling 133.6 average MW, i.e. a total supply of 200.4 average MW of contracted energy.

Under this power purchase and sale agreement, two advances were made relating to Lot II, as follows:

	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 March 31, 2018:	R\$ 124,659	R\$ 146,932	R\$ 271,591

On November 24, 2017, the Board of Directors approved and the parties executed the 6^o amendment to the referred to agreement, canceling the power supply of 66.8 average MWh of Lot II, and as a result of the sale of Umburanas Complex. On that same date, the parties entered into two (2) terms of Acknowledgement of Debt ("TARDs") with the purpose of defining guarantees and conditions for payment of debts arising from the aforementioned advances. The TARDs will be paid in 12 installments throughout 2020 and 2021, with the first installment to be paid on January 25, 2020 and January 25, 2021, respectively, plus eleven monthly and consecutive installments, restated at 155% of CDI Cetip, from the date of the respective disbursements until the effective payment date. Due to this cancellation, the balance previously classified under the advances from

customers account was reclassified to amounts to pay to related parties. At March 31, 2018, the payable balance to CEMIG GT arising from these Acknowledgement of Debt is R\$271,591 (R\$265,236 at December 31, 2017).

Under this purchase and sale of energy, it was also made new advances totaling R\$ 46,550, whose characteristics are described below:

	1 st Advance	2 nd Advance	3 rd Advance	Total
Advance on:	April, 2018	July and August, 2018	May and June, 2018	
Delivery date	01/19/2018	02/08/2018 and 02/19/2018	03/08/2018	
Amount received	R\$7,950	R\$20,000	R\$18,600	R\$46,550
Discount applied	155% of CDI	155% of CDI	155% of CDI	
Amount to be paid with energy supply	R\$8,239	R\$22,350	R\$19,331	R\$49,920

b) Acknowledgement of debt to CEMIG – PPA CEMIG

On December 15, 2015, the Board of Directors approved an advance of R\$60,000 referring to the electric power purchase and sale agreement entered into between Renova Comercializadora and CEMIG on March 25, 2014, under which Renova Comercializadora would deliver 308 average MW of wind power. On June 10, 2016, this agreement was cancelled and the prepayment was recognized by Renova Comercializadora as a debt, with a down-payment of R\$6,000 payable until February 10, 2018, plus eleven monthly and consecutive installments of R\$4,909, restated at 150% of the CDI Cetip, payable from December 15, 2015 until the effective payment date, with installments in arrears at 155% of CDI. On March 31, 2018, the updated balance of this debt is R\$ 86,996 (R\$ 84,964, as of December 31, 2017).

c) Electric power purchase and sale among LEN 2011 (A-3), LEN 2012 (A-5) and Renova Comercializadora

In order to comply with the commitments of the electric power purchase and sale agreements for the plants that were not operations on the contract dates, Renova Comercializadora used the reserve of the LEN 2011(A-3) wind farms to acquire subsidized power settled at CCEE. In the first quarter of 2017, power purchased by Renova Comercializadora from the LEN 2011 (A-3) wind farms totaled 40,516 MWh* (R\$5,276). During the same period, the São Salvador wind farm (LEN 2012 (A-5)) purchased 14,453.40MWh* (R\$1,383) from LEN 2011 plants and 7,589MWh* (R\$1,641) from Renova Comercializadora.

(*) Information not reviewed by the 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 purpose of decreasing overcontracting by distributors. The Company took part in the MCSD on December 27, 2016, cancelling a total volume of 100.2 average MW from the LEN 2011 (A-3) plants for the period from January to December 2017, earning R\$104,309 until December 31, 2017.

The indirect subsidiary São Salvador took part in the MCSD on March 24, 2017, cancelling a total volume of 10.2 average MW from the 15th New Power Auction (LEN 2012 (A-5)) from April 2017 to December 2017. On May 19, 2017, the Company permanently canceled this agreement. Thus, São Salvador will no longer need to buy electric power to meet contractual demands.

24.4 Key management personnel compensation

Key management personnel compensation for the quarters ended March 31, 2018 and 2017, as required by CVM Rule No. 560, of December 11, 2008 amounted to R\$1,964 and R\$3,073, respectively, comprising only short-term benefits.

Compensation of the Executive Board, Administration Counsel and the Tax Fiscal

	03/31/2018						03/31/2017			
	Statutory Board	Non-statutory Board	Total	Administration Council	Tax Council	Total	Statutory Board	Non-statutory Board	Total	
Number of members	1.67	2.00	3.6	2.00	4.00	9.6	3.0	3.3	6.33	
Accrued fixed compensation	715	460	1.1	62	114	1,3	1,1	1,1	2.288	
Salary or pro-labore	392	313	706	52	95	853	838	489	1.327	
Direct and indirect benefits	70	45	116	-	-	116	121	84	205	
Variable compensation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Others	252	102	354	10	19	29	192	564	756	
Fixed Bonuses	64	-	64	-	-	-	7	255	262	
Charges arising from fixed remuneration	188	102	290	10	19	29	185	309	494	
Cumulative variable	160	240	400	-	-	400	444	315	759	
Provision for profit sharing	160	240	400	-	-	400	444	315	759	
Post-employment benefits	6	11	17	-	-	17	19	7	26	
Benefits due to termination of	196	-	196	-	-	196	-	-	-	
Total compensation by	<u>1,077</u>	<u>711</u>	<u>1.7</u>	<u>62</u>	<u>114</u>	<u>1,9</u>	<u>1,6</u>	<u>1,4</u>	<u>3,073</u>	

Monthly average compensation of the Executive Board, Administration Counsel and the Tax Fiscal

	03/31/2018				03/31/2017		
	Statutory Board	Non-statutory Board	Administrative Council	Tax Council	Statutory Board	Non-statutory Board	
Number of members	1.67	2.00	2.00	4.00	3.00	3.33	
Highest individual compensation amount	570	353	31	28	596	450	
Lowest individual compensation amount	508	349	31	28	161	272	
Average individual compensation amount	539	237	31	28	403	365	

The Ordinary Shareholders Meeting held on April 30, 2018 approved the amount of up to R\$ 5,520 for the overall management compensation related to the 2018 fiscal year, as well as the correction of the amount of the overall compensation of the managers related to the 2017 fiscal year, up to R \$ 3,183 to R\$ 5,676.

Upon their termination, the members of the Executive Board are entitled, in addition to the benefits defined by the Brazilian labor legislation, to payment of bonus or reward by the Company, as the case may be.

24.5 Share-based payments

24.5.1 Information regarding the Company's stock option plan

The Company has a share-based compensation plan (“PBA”) established under the terms of article 168, paragraph 3, of Law No. 6404/76. According to the general conditions for the granting of option plans involving shares issued by the Company, as approved by the shareholders in the Special General Meeting of January 18, 2010, the plan determined that the beneficiaries be administrators, executives and employees of the Company, as well as individuals rendering services to the Company or entities under its control. According to the PBA contracts with beneficiaries, the latter may receive stock options for a certain strike price per unit (corresponding to one common share and two preferred shares) referring to two Company PBA programs, “Program 2011”: strike price of thirty-four cents (R\$0.34); and “Program 2013” (series 1): strike price of thirty-eight reais and forty-two cents (R\$38.42). The strike price of Program 2013 (series 1) is restated by the General Market Price Index (IGP-M/FGV) up to the option exercise date.

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 fully associated with the successful outcome of key events of each project, namely: 1) success in the auction of electric power; 2) obtaining financing; 3) wind farms becoming operational; and 4) one year anniversary of operations, calculated at a percentage of 3% of the Net Present Value of the project calculated on the date of such events. The Company has not yet issued shares relating to the success of the IPO and agreements with key executives, in which the last vesting occurred in 2015. On June 26, 2013, the Company’s Board of Directors decided to suspend Program 2011, not permitting new participants and limiting it to the projects traded between December 2009 and June 2013. The beneficiaries will continue to participate in this program until the end of all the projects’ key events, and the last event is expected to occur in 2018 (4th event LER 2010). As stipulated in the contract, the LEN 2011(A-3) project did not reach the expected VPL and, therefore, the PBA relating to this project was cancelled.

On that same date, another program was approved: Program 2013, in which grants are exercisable within up to 6 years, i.e. from December 2014 to 2020, with a vesting period of four years (25% per annum), subsequent to the grant date.

Granting of options must follow a maximum limit of five per cent (5%) of all shares representing the Company’s capital, on a fully diluted basis, thus including all options already granted under the terms of the plan. No amount is paid or shall be paid by the beneficiary upon receiving the option. The options do not entitle the holder to the Company shareholders’ rights, including the right to receive 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 underlying this option will be issued through the Company’s capital increase, to be approved under the applicable law and the Company’s Articles of Incorporation.

The number of options granted is calculated under a formula based on performance and approved by the shareholders in General Meetings. The formula rewards administrators, executives and employees entitled to the plan, to the extent the Company’s goals are reached in relation to pre-established qualitative and quantitative criteria.

24.5.2 Fair value of stock options

The options were priced based on the Black-Scholes mathematical model. When relevant, the life expectancy used in the model was adjusted based on the management’s best estimate for the effects of the non-transfer of exercise restrictions (including probability of meeting market conditions relating to the option) and behavioral aspects. The expected volatility is based on the historical price volatility of the past five years.

No stock option was exercised in the period ended March 31, 2018.

25. Financial instruments and risk management

The Company and its subsidiaries conduct transactions with financial instruments. These instruments are managed through operational strategies and internal controls in order to ensure liquidity, security and profitability. Gains and losses on these transactions are consistent with the policies set by the Company's management.

The risks associated with these transactions 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 be 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 as the amount by which an asset could be exchanged or a liability could be settled, between parties that are knowledgeable of the business and are willing to conduct it on an arm's length basis. The definition of fair value covers several variations on the metrics used to measure an amount reliably.

The calculation of fair value was determined based on information available on the market and on appropriate valuation methodologies. However, considerable judgment is required to interpret market information and estimate fair value. Some accounts have their accounting balance equivalent to 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 various market methodologies may have a material effect on the estimated realizable values. The transactions involving financial instruments are recorded in the Company's statement of financial position at their carrying amount, which is equivalent to their fair value, in cash and cash equivalents, trade accounts receivable, related parties, pledges and restricted deposits and trade accounts payable. The accounting balances of loans, financing and debt charges differ from fair value.

	Consolidated			
	Fair value		Carrying amount	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Financial assets				
Current				
Cash and cash equivalents	526	1,601	526	1,601
Short-term investments	19,895	23,149	19,895	23,149
Trade receivables	36,543	44,611	36,543	44,611
Non-current assets				
Long-term investments	9,573	7,789	9,573	7,789
Collaterals and restricted deposits	11,538	11,361	11,538	11,361
Financial liabilities				
Current				
Trade payables	82,884	259,377	82,884	259,377
Borrowings and financing	314,577	1,212,702	314,577	1,212,702
Related parties	155,770	84,964	155,770	84,964
Non-current liabilities				
Trade payables	-	25,220	-	25,220
Borrowings and financing	68,967	80,791	68,967	80,636
Related parties	271,590	265,236	271,590	265,236

	Parent			
	Fair value		Carrying amount	
	03/31/2018	12/31/2017	03/31/2018	12/31/2017
Financial assets				
Current				
Cash and cash equivalents	315	301	315	301
Short-term investments	15	41	15	41
Trade receivables	492	484	492	484
Related Parties	747	2,892	747	2,892
Non-current assets				
Long-term investments	7,679	7,789	7,679	7,789
Collaterals and restricted deposits	22	54,876	22	54,876
Financial liabilities				
Current				
Trade payables	38,027	39,305	38,027	39,305
Borrowings and financing	307,476	300,486	307,476	300,486
Non-current liabilities				
Related parties	318,586	278,414	318,586	278,414

b. Financial instruments by category

The classification of financial instruments and their accounting balances are broken down as follows:

	Consolidated					
	03/31/2018			12/31/2017		
	Fair value through profit or loss	Other at amortized cost	Total	Fair value through profit or loss	Other at amortized cost	Total
Financial assets						
Current						
Cash and cash equivalents	526	-	526	1,601	-	1,601
Short-term investments	19,895	-	19,895	23,149	-	23,149
Trade receivables	-	36,543	36,543	-	44,611	44,611
Non-current assets						
Long-term investments	9,573	-	9,573	7,789	-	7,789
Collaterals and restricted deposits	-	11,538	11,538	-	11,361	11,361
Financial liabilities						
Current						
Trade payables	-	82,884	82,884	-	259,377	259,377
Borrowings and financing	-	314,577	314,577	-	1,212,702	1,212,702
Related parties	-	155,770	155,770	-	84,964	84,964
Non-current liabilities						
Trade receivables	-	-	-	-	25,220	25,220
Borrowings and financing	-	68,967	68,967	-	80,636	80,636
Related parties	-	271,590	271,590	-	265,236	265,236

Parent

	03/31/2018			12/31/2017		
	Fair value through profit or loss	Other at amortized cost	Total	Fair value through profit or loss	Other at amortized cost	Total
Financial assets						
Current						
Cash and cash equivalents	315	-	315	301	-	301
Short-term investments	15	-	15	41	-	41
Trade receivables	-	492	492	-	484	484
Related parties	-	747	747	-	2,892	2,892
Non-current assets						
Long-term investments	7,679	-	7,679	7,789	-	7,789
Related parties	-	22	22	-	54,876	54,876
Financial liabilities						
Current						
Trade payables	-	38,027	38,027	-	39,305	39,305
Borrowings and financing	-	307,476	307,476	-	300,486	300,486
Non-current liabilities						
Related parties	-	318,586	318,586	-	278,414	278,414

c. Measurement at fair value

The tables below show the fair value measurement hierarchy of Renova Group's assets:

Consolidated				
DESCRIPTION	Balance on 03/31/2018	Fair value as at March 31, 2018		
		Active Market - quoted price (level)	No active Market - Valuation technique (level 2)	No active Market - Nonobservable inputs (level 3)
Assets				
Short-term investments	29,486	-	29,486	-

Consolidated				
DESCRIPTION	Balance on 12/31/2017	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	30,938	-	30,938	-

Short-Term Investments: prepared taking into consideration the security market quotation or market information used in such calculation, as well as future interest and exchange rates of similar instruments. The fair value of a security corresponds to its value at the maturity date, adjusted to present value by using a discount obtained from the market interest curve, in Brazilian reais.

For purposes of consistency and comparison, the fair value hierarchy prioritizes the inputs adopted to measure at three major 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 provided through a 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 such prices represent market transactions conducted on an arm's length basis.

Level 2. Without Active Market: Valuation method – For financial instruments not traded in an active market, the fair value must be determined based on the valuation/pricing methodology. The criteria used include current fair value of another significantly similar financial instrument, analysis of discounted cash flow, and option pricing models. The purpose of the valuation method is to determine the transaction price on the measurement date under the arm's length principle.

Level 3. Without Active Market: Inputs for assets or liabilities that are not based on observable market data (non-observable inputs). As at March 31, 2018, the Company did not have any financial instrument classified in this category.

For the period ended March 31, 2018, there were neither transfers between fair value measurements "Level 1" and "Level 2" nor transfers between fair value measurements "Level 3" and "Level 2".

d. Market risk

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

The Company's and its subsidiaries' loans and financing, as described in Note 14, were entered into with BNB, BNDES, and fund raising for working capital. The contractual rules applicable to financial liabilities create risks related to these exposures. As at March 31, 2018, the Company and its subsidiaries are exposed to market risk associated with the CDI, TLP, 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 Rule No. 475/08, specifically on the sensitivity analysis in addition to the sensitivity analysis required by the IFRS and accounting practices adopted in Brazil. In preparing this sensitivity analysis, the Company has adopted the following assumptions, as defined in CVM Rule No. 475/08:

- 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 deteriorations of at least 25% and 50% in the considered risk variable (Scenario II and Scenario III, respectively); and
- presentation of impact of the defined scenarios on the fair value of financial instruments used by the Company and its subsidiaries.

The balances in the tables below are consolidated.

Risk	Transaction	Scenario I	Scenario II	Scenario III
		Probable scenario	25% decrease	50% decrease
CDI decrease	Investments	19,895	19,895	19,895
	Estimated annual rate of CDI to 2019	8,10%	6,08%	4,05%
	Annual effect:			
	Annual Loss	<u>(10)</u>	<u>(398)</u>	<u>(787)</u>
CDI increase	Other short-term loans	325,262	325,262	325,262
	Related Parties CEMIG	358,587	358,587	358,587
	Estimated annual rate of CDI to 2019	8,10%	10,13%	12,15%
	Annual Loss in Debentures and other borrowings	<u>(14,992)</u>	<u>(31,981)</u>	<u>(49,320)</u>
TJLP increase	BNDES - Diamantina Eólica (Subcredict "A" and "B")	679,740	679,740	679,740
	Estimated annual rate of TJLP to 2019	2,71%	3,39%	4,07%
	Annual Loss in Financing with BNDES	<u>-</u>	<u>(4,605)</u>	<u>(9,210)</u>
TJ6 increase	BNDES - Diamantina Eólica (Subcredict "C")	240,773	240,773	240,773
	Rates considering the scenario for TJ6	6,22%	7,78%	9,33%
	Annual Loss in Financing with BNDES	<u>-</u>	<u>(3,744)</u>	<u>(7,488)</u>

For short-term investments, the probable scenario considers future SELIC rates of 8.1%, which is the basis for determining the CDI rate, according to expectations obtained from the Central Bank of Brazil, with a one-year horizon. Scenarios II and III consider a decrease in this rate of 25% (6.08% p.a.) and 50% (4.05% p.a.), respectively. These projections are also made for the other short-term loans and related-party transactions that are pegged to the CDI rates, which were projected in scenarios II and III, considering an increase of this rate by 25% (10.13% p.a.) and 50% (12.15% p.a.). The weighted average spread observed in short-term loans is 47.16% + 100% of CDI.

Financing with BNDES pegged to the TLP considers a probable scenario based on the rate for the first quarter of 2018 of 6.75%. Scenarios II and III consider an increase in this rate of 25% (8.44% p.a.) and 50% (10.13% p.a.), respectively. The weighted average spread observed for financing with BNDES is 4.19% + TLP. Financing with BNDES pegged to TJ6 considers a probable scenario based on the effective rate at March 31, 2018 of 6.22%. Scenarios II and III consider an increase in this rate of 25% (7.78% p.a.) and 50% (9.33% p.a.).

Settlement of transactions involving these estimates could result in amounts different from those estimated due the subjectivity inherent in the process used to prepare such analyses.

f. Liquidity risk

The liquidity risk determines the Company's and its subsidiaries' 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 of other obligations are included in the disclosure. For further information on the Company's borrowings, refer to Note 15.

The Company management uses only lines of credit that enable its operating leverage. This assumption is confirmed based on the characteristics of the Company's borrowings.

As at March 31, 2018, the Company presented loss in the period and relevant accumulated losses. Management detailed its plans in Note 1.3. and understands that with the successful outcome of the measures mentioned in referred note, 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 have been prepared using the undiscounted cash flows of 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 year end. The contractual maturity presented at March 31, 2018 also considers as current liability the debts that did not achieve the covenants stipulated in the contracts.

	Consolidated				
	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	Total
<u>Instruments at interest rate</u>					
Borrowings and financing – principal and finance charge	157,279	1,097,612	41,248	37,374	1,333,513
	Parent				
<u>Instruments at interest rate</u>	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	155,088	152,388	-	-	307,476

g. Credit risk

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

	Note	Carrying amount			
		Consolidated		Parent	
		03/31/2018	12/31/2017	03/31/2018	12/31/2017
Financial assets					
Current					
Trade receivables	7	36,543	44,611	492	484

In the electricity industry, the operations are directed to the regulatory agency that maintains active information on the positions of produced and consumed power. Based on this structure, plans intended for the system operation without interferences or interruptions are made. Power is sold through auctions, agreements, among others. This system is reliable and controls the payments by the players.

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 use financial instruments to hedge its equity, as it believes that the risks to which its assets and liabilities are exposed can be offset among them over the ordinary course of its activities. These financial instruments are managed through operational strategies intended to provide liquidity, profitability and security. The control policy consists of permanent follow-up of contracted conditions and current market conditions. As at March 31, 2018, the Company did not make speculative investments in derivatives or any other risky assets.

h. Capital management

	Consolidated	
	03/31/2018	12/31/2017
Borrowings, financing debt and debentures	810,904	1,643,538
(-) Cash and financing debt	(29,994)	(32,539)
Net debt	780,910	1,610,999
Equity	659,265	779,808
Financial leverage ratio - %	118%	207%

The objectives of the Company in managing its capital are to safeguard its ability to continue as a going concern in order to provide returns to its shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce this cost.

In order to maintain or adjust its capital structure, the Company may revise its policy for payment of dividends, return capital to shareholders, issue new shares, or sell assets to reduce its indebtedness level, for example.

i. Hydrological risk

The electric power in Brazil's National Interconnected System (SIN) is mostly supplied by hydroelectric power plants. As SIN operates in an optimized delivery system that is centralized by ONS, each hydroelectric power plant, including Espira, is subject to variations in hydrological conditions, both in the geographic region in which it operates and in other Brazilian regions.

The occurrence of unfavorable hydrological conditions, and the obligation to deliver the electric power contracted, may result in the exposure of the respective Power Purchase and Sale Agreements within the scope of PROINFA (CCVE-PROINFA) of the Company's plants, which would affect its future income or loss. Nonetheless, the Company's total hydroelectric generation capacity is part of the Energy Reallocation Mechanism (MRE), which mitigates part of the hydrological risk, allocating it among all MRE-related plants. The two of the three SHPs of the indirect subsidiary, ESPRA, decided to renegotiate their hydrological risk, against payment of a premium, thus mitigating their contractual exposure, if any.

26. Loss per share

Basic loss per share is calculated by dividing loss for the period attributed to the holders of the Company's common and preferred shares by the weighted average number of common and preferred shares available during the period.

Diluted loss per share is calculated by dividing loss attributed to the holders of the Company's common and preferred shares by the weighted average number of common and preferred shares available during the period, plus the weighted average number of common shares that would be issued under the assumption of the exercise of the option to purchase shares at a strike price lower than their market value.

According to the Company's articles of incorporation, preferred shares are entitled to the same conditions of the common shares in the distribution of profit.

The table below presents the data and number of shares used to calculate basic and diluted loss per share, for each of the periods presented in the statement of profit or loss:

	<u>03/31/2018</u>	<u>12/31/2016</u>
Loss for the period	(120,543)	(95,698)
<u>Basic loss per share:</u>		
Weighted average of outstanding common shares (in thousands)	417,197	340,943
<u>Basic loss per share</u> (in R\$)	<u>(0,29)</u>	<u>(0,28)</u>
<u>Diluted loss per share:</u>		
Weighted average of outstanding common shares (in thousands)	417,197	340,943
<u>Diluted loss per share</u> (in R\$)	<u>(0,29)</u>	<u>(0,28)</u>

27. Assets classified as held for sale

As mentioned in Note 1.2.2, at March 31, 2018, the Company classified the assets and liabilities of certain projects as assets held for sale and liabilities directly related to assets held for sale, as follows:

27.1 Parent and consolidated

Breakdown of investments – Parent:

<u>Assets classified as held for sale</u>	<u>03/31/2018</u>	<u>12/31/2017</u>
Alto Sertão III Complex	470,669	-
Wind Projects under development	50,949	16,198
<u>Total</u>	<u>521,618</u>	<u>16,198</u>
<u>Liabilities directly associated with assets held for sale</u>	<u>03/31/2018</u>	<u>12/31/2017</u>
Trade payables	43,000	43,000

27.2 Statements of Financial Position – Assets classified as held for sale

The balance sheet as of March 31, 2018 of the projects classified as held for sale are as follow:

ASSETS	<u>Wind Farm in development</u>	<u>Alto Sertão III Wind Farm</u>	<u>Total</u>	LIABILITIES AND EQUITY	<u>Wind Farm in development</u>	<u>Alto Sertão III Wind Farm</u>	<u>Total</u>
CURRENT				CURRENT			
Cash and cash equivalents	-	60	60	Suppliers	43,000	187,790	230,790

Recoverable taxes	-	1,449	1,449	Loans and financing	-	940,314	940,314
Prepaid expenses	-	852	852	Taxes payable	-	13,158	13,158
Advances to suppliers	-	884	884	Accounts payable - CCEE/Eletrabras/Distributors	-	18,676	18,676
Other credits	-	787	787	Related parties	-	5,742	5,742
Total current assets	-	4,032	4,032	Other accounts payable	-	5,954	5,954
				Total current liabilities	43,000	1,171,634	1,214,634
NON-CURRENT ASSETS				NON-CURRENT			
Property, plant and equipment	50,949	1,788,275	1,839,224	Suppliers	-	13,815	13,815
Total non-current assets	50,949	1,788,275	1,839,224	Loans and financing	-	9,507	9,507
				Accounts payable - CCEE/Eletrabras/Distributors	-	522	522
				Related Parties	-	77,079	77,079
				Total non-current liabilities	-	100,923	100,923
				EQUITY			
				Share capital	-	1,528,375	1,528,375
				Accrued losses	-	(1,140,527)	(1,140,527)
				Total equity	-	387,848	387,848
TOTAL ASSETS	50,949	1,792,307	1,843,256	TOTAL LIABILITIES AND NET EQUITY	43,000	1,660,405	1,703,405

Classified as	03/31/2018	12/31/2017
Assets classified as held for sale	1,843,256	16,198
Liabilities directly associated with assets held for sale	1,231,950	43,000

(*)The balance of suppliers presented in the balance sheet above differs from the balance shown in Note 7, due to the eliminations of transactions with related parties between the companies classified as held for sale and certain subsidiaries of Renova, in the amount of R \$ 786.

(**)The balance of the liabilities directly associated with assets held for sale differs from the total liabilities presented in the above balance sheet due to the eliminations of transactions with related parties between the companies classified as held for sale, Renova Energia and certain subsidiaries of Renova, total of R \$ 83,607.

Statements of income and cash flows as of March 31, 2018:

Losses on assets classified as held for sale	Alto Sertão III Wind Farm
Expenses	(15,958)
Financial result	(49,590)
Loss for the period	(65,548)
Cash flow from assets classified as held for sale	
Net cash flow from operating activities	(28,199)
Net cash flow from investing activities	1,723
Net cash flow from financing activities	25,673
Reduction in the balance of cash and cash equivalents	(803)
Cash and cash equivalents at the beginning of the period	863
Cash and cash equivalents at end of period	60
Reduction in the balance of cash and cash equivalents	(803)

28. Noncash transactions

As at March 31, 2018, the Company and its subsidiaries conducted the following noncash transactions; therefore, these transactions are not reflected in the statement of cash flows:

	Not e	Consolidated		Parent	
		03/31/2018	03/31/2017	03/31/2018	03/31/2017
Acquisition of property, plant and equipment – trade payables	12.3	-	16,784	-	7,492
Effect of reconciliation property, plant and equipment – trade payables	12.4	(4,208)	-	-	-

29. Subsequent Events

29.1 Reprobation of the binding proposal of shareholder CEMIG

On May 4, 2018, the Company disclosed to the market that its Board of Directors resolved not to approve the binding proposal received from the shareholder Companhia Energética de Minas Gerais ("CEMIG") on March 27, 2018, related to the acquisition of 100% of shares issued by Chipley owned by Renova or 51% of the shares of Brasil PCH issued by Chipley.

29.2 Advance from customers

In April and May 2018, the shareholder CEMIG GT made a transfer of financial resources in the amount of R\$ 54,200 to the Company as an advance for future delivery of energy with the same conditions described in Note 24.3.

The shareholder Light also made transfers of financial resources to the Company related to future delivery of energy in the amount of R \$ 25,899 with the same conditions described in Note 24.3.

29.3 Alto Sertão III Wind Farm

On May 10, 2018, the Company published a Relevant Fact to the market informing that the negotiations with Brookfield Renewable Energy involving the sale of the Alto Sertão III Wind Farm were terminated, since no agreement was reached regarding the final terms of the transaction. In addition, in this same communication, the Company clarified that it is working together with its controlling shareholders in a New Restructuring Plan to equalize the capital structure and honor its commitments.

* * *

Cristiano Corrêa de Barros
Interim Vice-President and Vice-President for
Finance, Business Development and Investor
Relations

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 March 31, 2018, which comprise the balance sheet as of March 31, 2018, and the related statements of income and comprehensive income, statements of changes in equity and cash flows for the quarter 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).

Risks related to compliance with laws and regulations

As mentioned in Note 18.1 to the quarterly information related to the individual and consolidated interim financial information, there are currently ongoing investigations conducted by public authorities on certain expenditures and their allocations that involve and also include some of its shareholders. At this time, it is not possible to predict the future developments resulting from these investigation procedures by the public authorities, nor their possible effects on the individual and consolidated financial statements of the Company. Our conclusion has not been modified with respect to this matter.

Significant going concern uncertainty

We draw attention to Note 1.3 of the quarterly information related to the individual and consolidated interim financial information, which indicates that on March 31, 2018 the Company presented loss of R\$ 120,543 thousand, and accumulated losses, in the parent company and in the consolidated, of R\$ 2,315,133 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 three month period ended March 31, 2018, 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.

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

The amounts corresponding to the quarter ended March 31, 2017 presented for the purposes of comparison, were previously reviewed by other independent auditors that issued a review report on the individual and consolidated interim financial statements on May 12, 2017, not modified and containing the emphasis related to the material uncertainty related to the Company's going concern and to the possibility of changes in the useful lives associated with property, plant and equipment of certain investees of the Company arising from possible changes in the regulations issued by the regulatory body.

Salvador, May 11, 2018

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

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