



2Q18 EARNINGS RELEASE

São Paulo, August 10, 2018.

QUARTER HIGHLIGHTS AND SUBSEQUENT EVENTS

- Ending, on May 10, 2018, of the negotiations with Brookfield Energias Renováveis S.A. ("Brookfield") involving the sale of the assets of the Alto Sertão III ("AS-III") Wind Complex, and approximately 1.1 GW in wind projects in development.
- Non-acceptance, on May 3, 2018, of the binding offer of Companhia Energética de Minas Gerais ("Cemig"), received on March 27, for the acquisition of 100% of Renova's stake in Brasil PCH S.A. ("Brasil PCH").
- Receipt of non-binding proposals from several investors for the acquisition of the Alto Sertão III wind farm. (Subsequent event)
- Rollover, on July 31, of the bridge loan for Alto Sertão III, in the amount of R\$ 937.2 million, to January 15, 2019. (Subsequent event)
- Main Highlights of 2Q18's results: Net Operational Revenue of R\$ 205.9 million, negative EBITDA of R\$ 49.1 million, negative Adjusted EBITDA of R\$ 67.3 million and Net Loss of R\$ 125.4 million.

¹ For the market cap calculation, Renova's total shares should be considered, divided by 3 (due to trading in Units, consisting of one common share and two preferred shares) and multiplied by the RNEW11 price on the desired date.

RESULTS CONFERENCE CALL

August 13, 2018

3:00 p.m. (BRT) and 2:00 p.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 8/9/2018

RNEW11 = R\$ 2.86/Unit

MARKET CAP¹

RNEW11 = R\$ 397.7 million

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1. ABOUT RENOVA ENERGIA

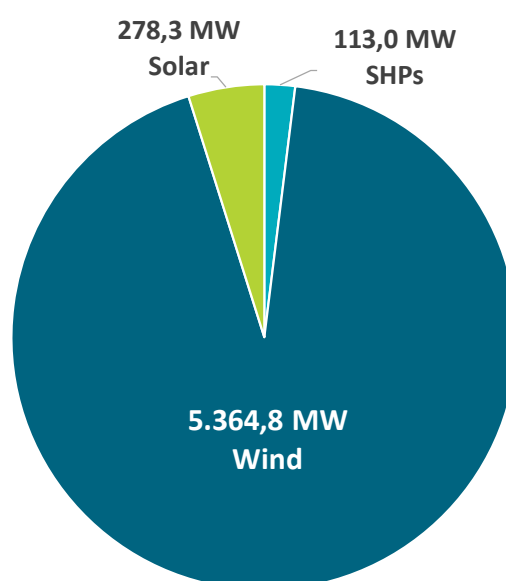
Renova Energia S.A. ('the Company' or 'Renova') is a company producing electric power from renewable sources, focused on wind and solar generation and small hydroelectric plants. Its key differential is that it operates throughout the value chain – from prospecting and development to construction and operation of renewable energy generation projects. In its 17 years of activity, Renova has invested to build a highly qualified multidisciplinary team of professionals with vast experience in the sector.

2. PORTFOLIO 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).

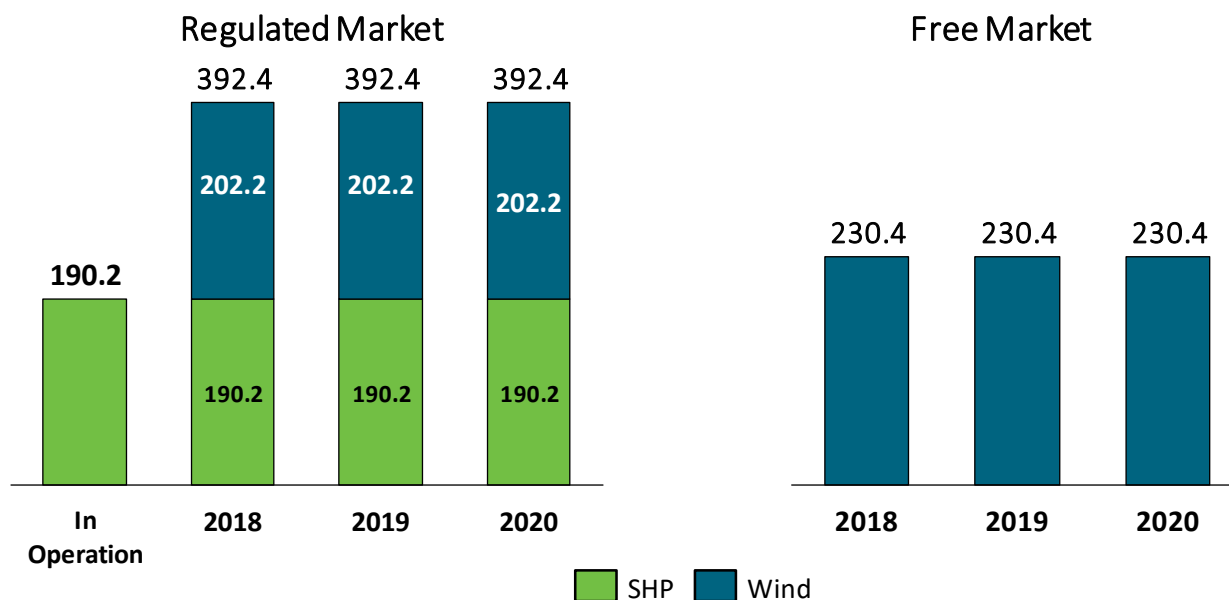
Installed and contracted capacity

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	100,2	Sep-15/Jan-16
			21	389,4	183,2	-
	Hybrid	LER2014	3	43,2	20,6	Oct-17
		Light II	-	-	100,2	Sep-16/Jan-20
	Comercializadora	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		24	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			41	627,6	494,6	

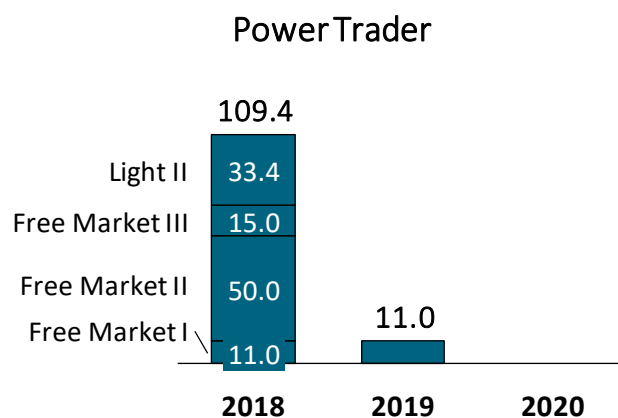
¹ The contract will be assigned to Engie in July 2019, as part of the Umburanas sale transaction.

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})



3. MESSAGE FROM MANAGEMENT

Following the conclusion of the negotiations with Brookfield on May 10, the Company continues to negotiate the sale of the Alto Sertão III Wind Farm Complex and has already received non-binding proposals from several investors, who are in the due diligence process regarding the asset.

To provide the company with financial backing until the sale of ASIII is completed and to avoid the asset's loss of value, the Board of Directors resolved to partially suspend PPA Light I between July and December and for early receipt of payments per the contract, whose counterparties are Light and Cemig, in the amount of R\$ 154.7 million. Which was destined to the resumption of the construction work and negotiation with respective suppliers regarding arrears.

At the same time, the Company signed with the BNDES an extension of the bridge loan for the project to January 15, 2019 and is in discussions with Aneel to renegotiate the work implementation schedule.

After the sale of Alto Sertão III, Renova no longer will have any committed investment or regulatory matters pending and will be composed of SHP operating assets with a total of 190.2 MW of installed capacity and a portfolio of renewable projects under development totaling approximately 6 GW that will constitute an important platform for growth and value generation.

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 second quarter of 2018, excluding liabilities directly associated with assets held for sale, Renova's consolidated gross financial debt totaled R\$ 390.1 million, liabilities with related parties R\$ 515.4 million and liabilities with suppliers of R\$ 89.7 million, totaling R\$ 995.2 million.

Balances related to 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 held for sale, in view of the intention of not selling them in the short term. The gross financial debt of these projects totaled R\$ 966.6 million and liabilities with suppliers stood at R\$ 259.9 million.

Net Operating Revenue in the second quarter of 2018 was R\$ 205.9 million, an increase of 11.3% over the same period of 2017. EBITDA totaled a negative R\$ 40.3 million, while Adjusted EBITDA totaled a negative R\$ 67.3 million in the quarter. Finally, the Net Loss for the quarter was R\$125.4 million.

4. HIGHLIGHTS IN DETAIL

4.1. Ending of the negotiations with Brookfield Asset for new assets acquisition

On May 10, the Company informed the market, through a Material Fact, of the ending of the negotiations involving the sale of the assets, due to the failure to reach agreement on the final terms of the transaction.

4.2. Non-acceptance of Cemig's binding offer to acquire Renova's stake in Brasil PCH

On May 4, 2018, the Company disclosed to the market that its Board of Directors resolved not to accept Cemig's proposal for the acquisition of Brasil PCH, since it was working on a restructuring plan to resolve its capital structure and honor all the commitments assumed for the company

4.3. Receipt of non-binding proposals from several investors for the acquisition of the Alto Sertão III wind farm

In accordance with Material Fact dated July 17, 2018, the Company, informed that, after the end of negotiations with Brookfield Energia Renovável S.A. for the sale of the Alto Sertão III Wind Project, it continued to negotiate the sale of the project and had received non-binding proposals from several investors, who were in the due diligence process.

4.4. Rollover of the Alto Sertão III bridge loan

On July 31, 2018 (subsequent event), the Company signed the ninth amendment to the agreement, changing the maturity date of the single amortization installment to January 15, 2019, in the amount of R\$ 937.2 million (balance at June/18). In addition, the spread of the sub-credit "C" interest rate above the TJ6 was changed to 8.28%.

5. CONSOLIDATED PROFIT AND LOSS STATEMENTS

Renova Energia S.A.						
(Amounts in R\$ '000)	2Q18	2Q17	Change	1H18	1H17	Change
Gross operational revenue	225,504	204,846	18.4%	415,933	372,484	16.2%
(-) Taxes - Pis, Cofins and ICMS	(19,635)	19,956	83.7%	(36,662)	(35,249)	52.3%
Net Operational Revenue (NOR)	205,869	184,890	11.3%	379,271	337,235	12.5%
Non-manageable costs	(119)	(4,684)	-97.5%	(326)	(9,046)	-96.4%
Non-manageable costs	(242,821)	(158,696)	53.0%	(448,704)	(278,117)	61.3%
Depreciation	(2,352)	(2,506)	-6.1%	(4,774)	5,039	-5.3%
Gross profit	(39,423)	19,004	n.a.	(74,533)	45,033	n.a.
Administrative expenses	(31,767)	(7,767)	309.0%	(63,687)	17,498	264.0%
Administrative depreciation	(490)	(543)	-9.8%	(896)	(1,108)	-19.1%
Impairment of property, plant and equipment	-	(31,903)	n.a.	-	(31,903)	n.a.
Financial Income/Expenses	(62,408)	(128,900)	-51.6%	(130,754)	(256,145)	-49.0%
Equity method	19,691	36,007	-45.3%	45,080	63,969	-29.5%
Amortization of goodwill	(9,076)	(9,076)	n.a.	(18,151)	(18,151)	n.a.
Loss on sale of assets	-	(32,666)	n.a.	-	(32,666)	n.a.
Gain/Loss on Investment	-	172,243	n.a.	-	172,243	n.a.
Income Tax and Social Contribution Tax	(1,673)	117,798	n.a.	(2,748)	114,725	n.a.
Net income (Loss)	(125,146)	134,197	n.a.	(245,689)	38,499	n.a.

2Q17's amounts included the Alto Sertão II wind complex, sold in August 2017.

5.1. Consolidated net operational revenue

In the second quarter of 2018, the Company posted Net Operating Revenue of R\$ 205.9 million.

Renova Energia S.A.						
(Amounts in R\$ '000)	2Q18	2Q17	Change	1H18	1H17	Change
Net revenue - Wind power	-	37,181	n.a.	-	69,441	n.a.
Net revenue - SHPs	9,977	9,584	4.1%	20,088	19,121	5.1%
Net revenue - Power trading	195,892	138,125	41.8%	359,183	248,673	44.4%
Net operational revenue (NOR)	205,869	184,890	11.3%	379,271	337,235	12.5%

The 11.3% increase in net revenue in 2Q18 was due to a combination of the following factors:

- 41.8% increase in revenue from power sales, due mainly to the increase in the volume of energy sold to meet the Company's contracts.
- Increase of 4.1% in SHP net sales due to the price adjustment in the contract that occurs 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..

In 2Q18, non-manageable costs totaled R\$ 119 thousand, a reduction of 97.5%, mainly due to the end of accounting for the costs of the Alto Sertão II Complex, sold to AES in August/17. Accumulated for 2018, this amount was R\$ 326 thousand, a reduction of 96.4%, for the same reason.

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)	2Q18	2Q17	Change	1H18	1H17	Change
Outsourced Services	765	7,879	-90.3%	1,862	19,721	-90.6%
Rents and leasing	524	714	-26.6%	838	1,870	-55.2%
Insurance	60	595	-89.9%	120	1,090	-89.0%
Materials for Use and Consumption	222	(24)	n.a.	274	139	97.1%
Electricity purchased for resale	240,667	148,694	61.9%	444,460	253,570	75.3%

Penalty payment re reimbursement	-	93	n.a.	-	458	n.a.
Renegotiation of hydrological risk	492	678	-27.4%	979	1,141	-14.2%
Other	91	67	35.8%	171	128	33.6%
Total	242,821	158,696	53.0%	448,704	278,117	61.3%

In the second quarter of 2018, manageable costs totaled R\$ 242.8 million, an increase of 53.0% over the same period of the previous year, mainly due to:

- **Electricity Purchased for Resale:** Increase of R\$ 92.0 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\$ 7.1 million, due mainly to the sale of the Alto Sertão II wind farms.

In the first half of 2018, the manageable costs totaled R\$ 448.7 million, an increase of 61.3% over the same period of the previous year, mainly due to:

- **Electricity Purchased for Resale:** Increase of R\$ 190.9 million in power purchases in the quarter, mainly resulting from the higher volumes needed to meet the Company's sales contracts.
- **Outsourced Services:** Reduction of R\$ 17.9 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\$2.2 million in the quarter, a decrease of 78.5% compared to 2Q17. In the year, this amount would total R\$ 4.2 million, a reduction of 82.71%.

5.3. Consolidated administrative expenses

Administrative expenses recorded in the second quarter of 2018 totaled R\$ 31.8 million, a decrease of 19.9% compared to the second quarter of 2017. Considering only SG&A, there was a reduction of R\$ 21.3 million (-61%) in the quarter, mainly due to the reduction of R\$ 18.7 million in the line 'Outsourced Services' line.

Renova Energia S.A.						
(Amounts in R\$ '000)	2Q18	2Q17	Change	1H18	1H17	Change
Personnel and Management	7,176	9,122	-21.3%	15,233	11,079	37.5%
Outsourced Services	4,163	22,893	-81.8%	7,480	25,354	-70.5%
Rentals and leasing	345	934	-63.1%	730	1,491	-51.0%
Travel	423	290	45.9%	796	650	22.5%
Insurance	271	28	n.a.	2,515	74	n.a.
Telephony and IT	620	650	-4.6%	1,438	2,336	-38.4%
Materials for use and consumption	235	114	106.1%	399	242	64.9%
Taxes and charges	379	889	-57.4%	462	1,315	-64.9%
Subtotal SG&A	13,612	34,920	-61.0%	29,053	42,541	-31.7%

Civil and labor-law legal contingencies	9,943	1,883	428.0%	17,904	1,883	n.a.
Regulatory charges	4,975	1,642	203.0%	10,854	1,642	561.0%
Discontinued projects	-	169	n.a.	-	169	n.a.
Penalty payment re reimbursement	4,488	3,255	37.9%	8,210	6,290	30.5%
Impairment of property, plant and equipment	-	31,903	n.a.	-	31,903	n.a.
TerraForm Receipt	-	(25,518)	n.a.	-	(25,518)	n.a.
Contractual and regulatory penalty payments	1,725	-	n.a.	1,742	-	n.a.
Other	(2,976)	(8,584)	-65.3%	(4,076)	(9,509)	-57.1%
Total	31,767	39,670	-19.9%	63,687	49,401	28.9%

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

- **Outsourced Services:** a reduction of R\$ 18.7 million due mainly to the sale of the Alto Sertão II Complex in August/2017, which generated expenses in 2Q17, a non-recurring effect in 2Q18.
- **Civil and labor contingencies:** R\$ 9.9 million, due to adjustment of the provision related to a legal dispute with a supplier.
- **Regulatory charges:** expense of R\$ 4.9 million due to the payment of the tariffs for the use of the transmission system by the Alto Sertão III complex's wind farms, booked as an expense in view of the fact they were not operational. The R\$ 3.3 million increase was due to the fact that in 2Q17, TUST was paid only by six SPEs that made up the 2013 LER and, in 2Q18, all SPEs in the Alto Sertão III Complex incur this expense.
- **Personnel and Administration:** R\$ 7.2 million, a reduction of R\$ 2.0 million (-21.3%), mainly due to the positive effect of R\$ 1.4 million in 2Q17, which was not repeated in 2Q18, related to the reversal of the bonus for the 2016 PPR, which, by decision of the Company, was not paid.
- **Contractual and regulatory penalties:** mainly due to the fine applied by ANEEL in the amount of R\$ 1.35 million due to the delay of the Alto Sertão III wind farms referring to the LER2013 auction.
- **Others:** positive effect of positive R\$ 2.9 million due to the receipt of R\$ 1.7 million insurance indemnity by ESPRA and recognition of an INSS credit in the amount of R\$ 1.2 million.

5.4. Consolidated financial revenue

Renova Energia S.A.						
(Amounts in R\$ '000)	2Q18	2Q17	Change	1H18	1H17	Change
Financial Revenues	541	2,283	-76.3%	808	4,862	-83.4%
Revenue from Cash Investments	531	2,482	-78.6%	909	5,335	-83.0%
Other Financial Revenues	10	(199)	n.a.	(101)	(473)	-78.6%
Financial Expenses	(62,949)	(131,183)	-52.0%	(131,562)	(261,007)	-49.6%
Debt Charges and Interest	(44,702)	(104,660)	-57.3%	(96,701)	(187,098)	-48.8%
Other Financial Expenses	(18,247)	(26,523)	-31.2%	(35,861)	(73,909)	-51.5%
Financial Revenues	(62,408)	(128,900)	-51.6%	(130,754)	(256,145)	-49.0%

The **Financial Revenues** were 76.3% lower in the second 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 52.0% 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 result** in the second quarter of 2018 was a negative R\$ 62.4 million, a 51.6% improvement over the same period of the previous year, due to the reduction in financial expenses between the periods.

5.5. Brasil PCH

In the second quarter of 2018, Brasil PCH's consolidated net revenue totaled R\$ 101.9 million, 3.9% higher than the same quarter of 2017. This increase was due to the adjustment of the MRE (Energy Relocation Mechanism) and the IGPM revenue readjustment that occurs in June of each year.

Brasil PCH (100%)						
(Amounts in R\$ '000)	2Q18	2Q17	Change	1H18	1H17	Change
Net Revenue	101,928	98,070	3.9%	201,919	196,207	2.9%
Depreciation expense	(8,624)	(8,402)	2.6%	(17,253)	(16,911)	2.0%
Other costs	(11,752)	(12,627)	-6.9%	(23,781)	(24,671)	-3.6%
General and administrative expenses	(4,739)	(2,721)	74.2%	(10,418)	(5,513)	89.0%
Reversal of profit/loss on onerous contract*	(544)	2,168	n.a.	4,976	13,388	-62.8%
Financial revenue	(33,843)	(4,281)	690.5%	(59,655)	(29,729)	100.7%
Income tax and Social Contribution tax	(3,817)	(3,499)	9.1%	(7,396)	(7,340)	0.8%
Net Profit	38,609	68,708	-43.8%	88,392	125,431	-29.5%

Brasil PCH's net financial revenue in 2Q18 was negative by R\$ 33.8 million, down 690.5% in relation to 2Q17. This worsening mainly was due to the increase of R\$ 27.6 million in interest expenses on loans and financing indexed to the IGPM, which had opposite effects in the two periods (-2.68% in 2Q17 and 3.86% in 2Q18). In addition, in 2Q18, there was a non-recurring financial expense of R\$ 2.77 million referring to the provision of financial advisory services.

Consolidated net income in 2Q18 was R\$ 38.6 million, a decrease of 43.8% over the same period in 2017, mainly due to the worsening of the financial result in the period.

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

Renova	2Q18	1H18
Equity method	19,691	45,080
Amortization of goodwill	-9,076	-18,151
Result	10,615	26,929

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

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\$ 1.7 million, compared to R\$ 117.8 million in the same period of the previous year.

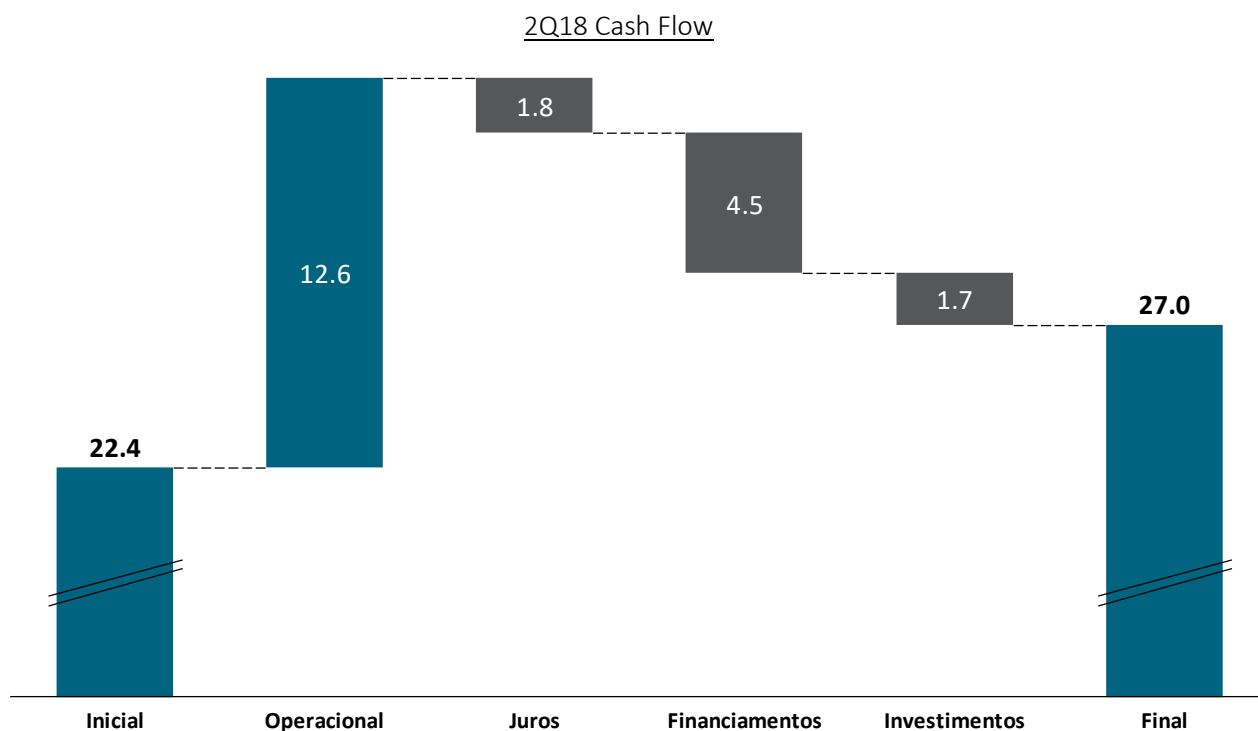
In the same period, the Company recorded a net loss of R\$ 125.4 million, compared to a net profit of R\$ 134.2 million in the same period of the previous year. The 2Q18 result mainly was impacted by the need to purchase energy to fulfill the current energy sales contracts whose wind farms are not yet in operation.

5.7. EBITDA

Renova Energia S.A.						
(Amounts in R\$ '000)	2Q18	2Q17	Change	1H18	1H17	Change
Net income (Loss)	(125,146)	134,197	n.a.	(245,689)	38,499	n.a.
(+) Income Tax and Social Contribution Tax	1,673	(117,798)	n.a.	2,748	(114,725)	n.a.
(+) Depreciation and Amortization	11,918	12,125	-1.7%	23,821	24,298	-2.0%
Financial Expenses	62,949	131,183	-52.0%	131,562	261,007	-49.6%
Financial Revenues	(541)	(2,283)	-76.3%	(808)	(4,862)	-83.4%
EBITDA	(49,147)	157,424	n.a.	(88,366)	204,217	n.a.
(+) Gain/Loss asset disposal	-	32,666	n.a.	-	32,666	n.a.
(+) Gain/Loss Investments	-	(172,243)	n.a.	-	(172,243)	n.a.
(+) Impairment of property, plant and equipment	-	31,903	n.a.	-	31,903	n.a.
(+) Equity method	(19,691)	(36,007)	-45.3%	(45,080)	(63,969)	-15.3%
(+) Other Revenues	1,725	(25,518)	-106.8%	1,742	(25,518)	n.a.
Adjusted EBITDA	(67,113)	(11,775)	470.0%	(131,704)	7,056	n.a.

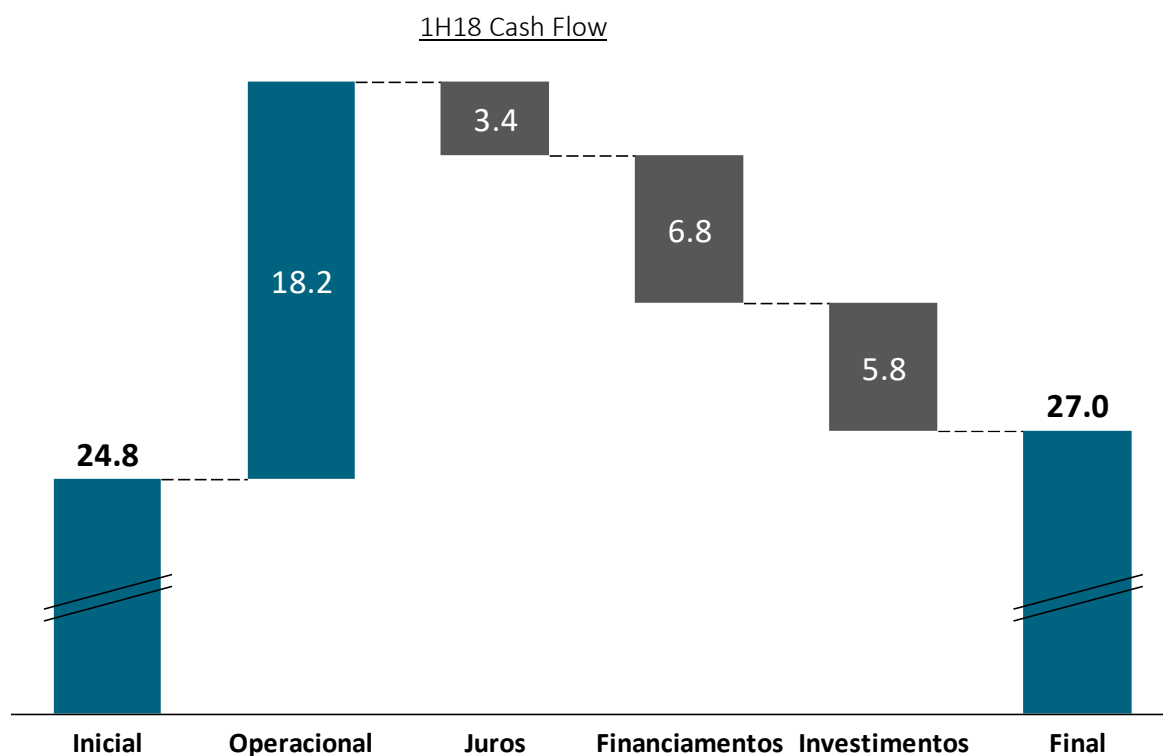
In the second quarter of 2018, the Company's EBITDA was negative by R\$ 49.1 million and adjusted EBITDA was negative by R\$ 67.1 million. The negative EBITDA in 2Q18, when compared to 2Q17, related to the disposal of Terraform shares, reversion of deferred taxes and impairment of Alto Sertão III.

6. CASH FLOW



In the second quarter of 2018, Renova's cash increased by R\$ 4.6 million compared to the position on March 31, 2018. The changes were due to the following:

- **Operational (-):** The generation of cash flow from operating activities of R\$ 12.6 million, net of interest. The balance is positive because the inflow of anticipated energy payments are consolidated in the operating cash.
- **Payment of interest (-)** on loans and financing in the amount of R\$ 1.8 million.
- **Financing (-):** consumption of R\$ 4.5 million referring to the amortization of loans and financing.
- **Investments (-):** payment of R\$ 1.7 million, mainly due to the acquisition of property, plant and equipment.



In the first half of 2018, Renova's cash flow increased by R\$ 2.2 million from the position as of December 31, 2017. The changes were due to the following:

- **Operational (-):** The generation of cash flow from operating activities of R\$ 18.2 million, net of interest. The balance is positive because the inflow of anticipated energy payments are consolidated in the operating cash.
- **Payment of interest (-)** on loans and financing in the amount of R\$ 3.4 million.
- **Financing (-):** consumption of R\$ 6.8 million referring to the amortization of loans and financing.
- **Investments (-):** payment of R\$ 5.8 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			
	6/30/2018	3/31/2018	12/31/2017		6/30/2018	3/31/2018	12/31/2017
Current Assets	1.971.222	1.957.880	143.538	Current Liabilities	2.030.412	1.899.086	1.750.936
Cash and cash equiv.	26.954	22.315	24.750	Loans and Financing	322.891	314.577	1.212.702
Investments	-	-	-	Debentures	-	-	-
Clients	40.363	36.543	44.611	Suppliers	89.708	82.884	259.377
Other	57.293	55.766	57.979	Related Parties	236.966	155.770	84.964
				Others	116.276	113.905	150.893
Assets for Sale	1.846.612	1.843.256	16.198	Liabilities associated with assets for sale	1.264.571	1.231.950	43.000
Long-term Assets	983.589	975.875	2.785.799	Long-term Liabilities	390.280	375.404	398.593
Investments	7.756	7.679	7.789	Loans and Financing	67.246	68.967	80.636
Loans and Financing	11.714	11.538	11.361	Debentures	-	-	-
Others	28.799	29.632	28.955	Suppliers	-	-	25.220
				Related Parties	278.395	271.590	265.236
Investments	712.291	701.676	685.362	Other	44.639	34.847	27.501
Fixed Assets in Use	223.029	225.350	2.052.332	Shareholder's Equity	534.119	659.265	779.808
Fixed Assets in Progress	-	-	-	Capital Stock	2.919.019	2.919.019	2.919.019
				Capital Reserve	55.379	55.379	55.379
				Profit Reserve	-	-	-
				Accumulated conversion adjustments	-	-	-
				Retained Losses	- 2.440.279	- 2.315.133	- 2.194.590
Total Assets	2.954.811	2.933.755	2.929.337	Total Liabilities	2.954.811	2.933.755	2.929.337

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

On June 30, 2018, assets held for sale in the amount of R\$ 1,846.6 million and directly associated liabilities in the amount of R\$ 1,264.6 million relate to the projects involved in the transaction with Brookfield, as well as other projects involved in negotiations for debt settlements with the suppliers. Despite the ending of the negotiations with Brookfield, the projects are still classified as held for sale, as the Company maintains interest in selling them and is in negotiation with several investors

7.1. Assets

The Company's total assets ended 2Q18 at R\$ 2,954.8 million, an increase of 0.72% compared to the balance at the end of 1Q18.

At June 30, 2018, cash and cash equivalents (cash on hand + marketable securities) totaled R\$ 27.0 million, an increase of R\$ 4.6 million (+ 20.8%) compared to the balance on March 31, 2018.

7.2. Liabilities

The total balance of loans, financing and parties relating during the second quarter increased by 6.3%, to R\$ 1,872.2 million, due to the new early payments for the Light I PPA and accrued interest in the period, partially offset by the depreciation of the debt with the BNB and Finep, as shown in the following table:

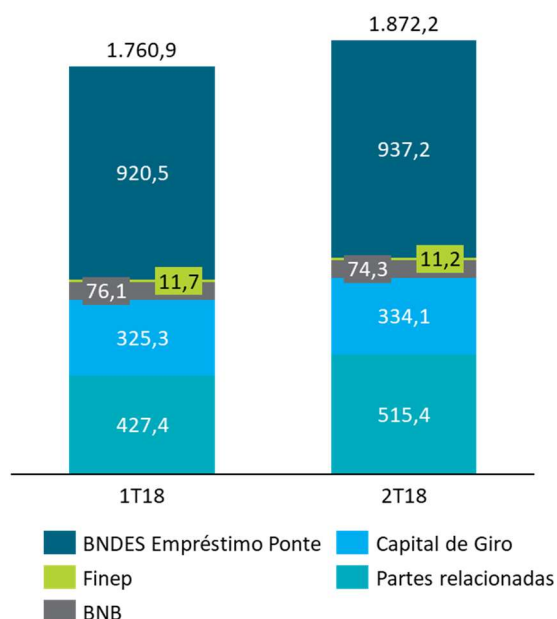
Contract	Rate	R\$ '000
BNDES - Ponte I Diamantina Eólica (subcredit "A")	TLP + 9.00% p.a.	215,834
BNDES - Ponte I Diamantina Eólica (subcredit "B")	TLP + 2.5% p.a.	480,613
BNDES - Ponte I Diamantina Eólica (subcredit "C")	TJ6 + 8.24% p.a. ³	240,773
BNB ¹ – ESPRA	9.5% p.a.	74,347
Finep - CEOL Itaparica	3.5% p.a.	11,169
Other short-term loans	CDI + 4.3% to 8.7% p.a.	334,119
Related parties (Light and Cemig)	155% * CDI	515,361
Total debt		1,872,216
Funding cost		- 142
End net of costs		1,872,074
Cash and cash equivalents		26,954
Net Debt²		1.845.120

¹ The financings have interest rates of 9.5% p.a. (able to be reduced to 8.08% by a 15% non-default bonus).

² Takes into account cash and cash equivalents plus cash investments.

³ As of July 31, 2018, the rate was changed to TJ6 + 8.28% p.a.

Financial debt by Institution - R\$ million



7.3. Stockholders' Equity

Stockholders' equity closed the quarter at R\$ 534.1 million and the negative variation of R\$ 125.1 million in relation to 1Q18 is due to the accumulated loss during 2Q18.

7.4. Risk related to compliance with laws and regulations

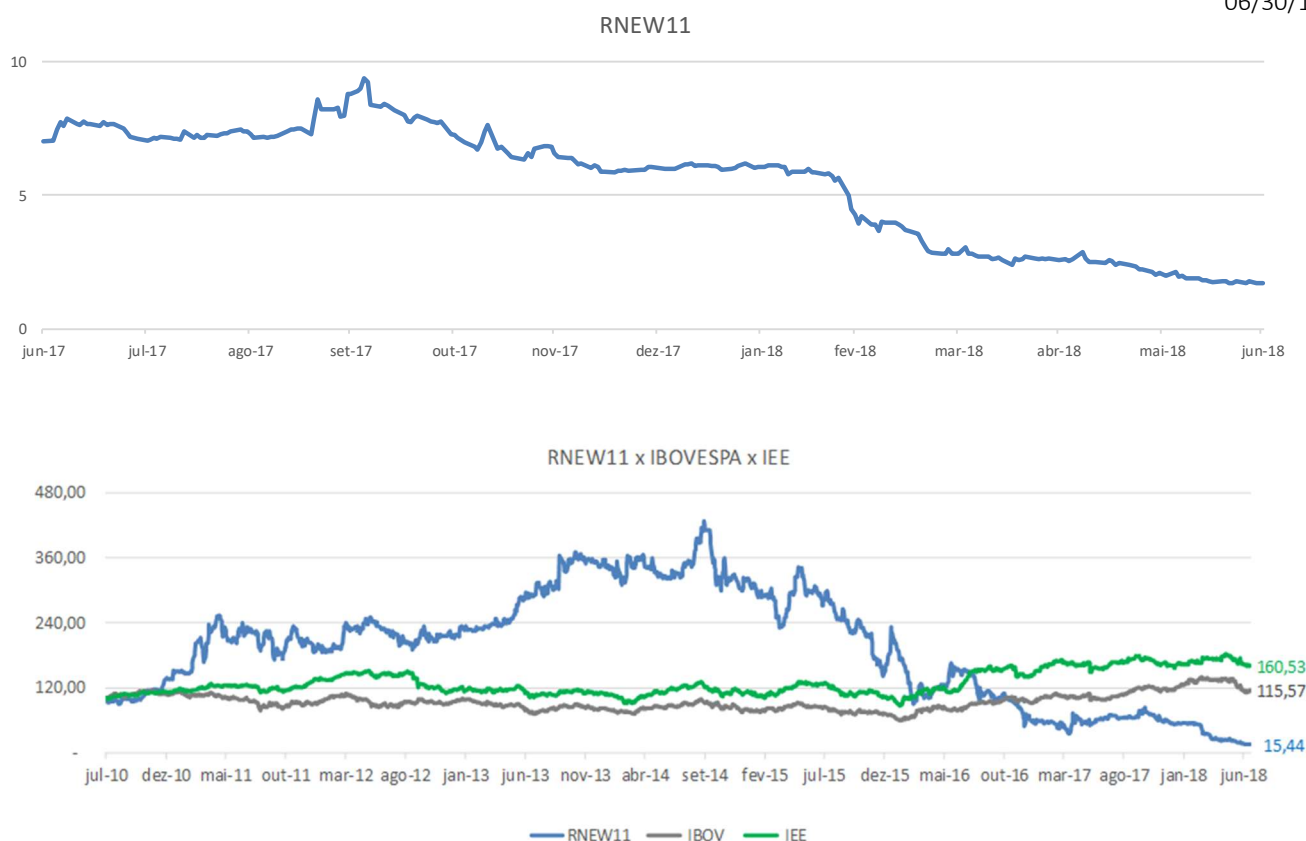
On January 19, 2018, the Company responded to a letter from the Civil Police of the State of Minas Gerais, received in November 2017, related to the investigation being conducted by this Police Authority regarding certain funding operations made by the controlling shareholders in the Company and funding made by the Company for certain projects under development in previous years. As a result of this matter, the Company's governing bodies have requested the initiation of an internal investigation related to this matter, which is being conducted by an independent firm. In addition, a monitoring committee was set up, consisting of an independent director, a tax advisor, 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 is in progress and it is not possible at this moment to measure any effects of this investigation, nor any impacts on the individual and consolidated financial statements of the Company for the period ended June 30, 2018.

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.

R\$ 1.73
06/30/18



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

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

9. STOCKHOLDING STRUCTURE

Share capital of Renova at June 30th, 2018:

RENOVA ENERGIA	Ações ON		Ações PN		Total de Ações	
Bloco de Controle	280.251.670	84,97%	-	-	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%
Outros Acionistas	49.553.573	15,03%	87.392.001	100,00%	136.945.574	32,83%
CG I FIP MULTISTRATÉGIA*	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	100,00%	87.392.001	100,00%	417.197.244	100,00%

* In June 2018, the shares outside the controlling block belonging to RR Comercializadora de Energia e Participações were transferred to CG I Fundo de Investimentos em Participações, a member of the same economic group as RR Comercializadora

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 June 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 June 30, 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 June 30, 2018

(In thousands of reais)

ASSETS	Note	Consolidated		Parent	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
CURRENT					
Cash and cash equivalents	6	26,954	24,750	240	342
Trade receivables	7	40,363	44,611	546	484
Recoverable taxes	8	24,372	14,400	1,780	2,132
Related parties	24	-	-	1,511	2,892
Dividends receivable	11,4	23,019	33,219	5,039	5,039
Advances to suppliers		4,348	2,327	1,083	1,128
Other credits		5,554	8,033	3,091	3,027
		124,610	127,340	13,290	15,044
Assets classified as held for sale	27	1,846,612	16,198	492,361	16,198
Total current assets		1,971,222	143,538	505,651	31,242
NON-CURRENT ASSETS					
Financial Investments	6	7,756	7,789	7,756	7,789
Collaterals and restricted deposits	9	11,714	11,361	-	-
Deferred taxes	10	1,371	1,442	-	-
Judicial deposits	18	21,485	21,384	21,486	21,384
Related parties	24	-	-	31	54,876
Other credits		5,943	6,129	60	60
Investments	11	712,291	685,362	1,074,312	1,490,068
Property, plant and equipment	12	223,029	2,052,332	70,233	105,212
Total non-current assets		983,589	2,785,799	1,173,878	1,679,389
TOTAL ASSETS		2,954,811	2,929,337	1,679,529	1,710,631

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

STATEMENTS OF FINANCIAL POSITION

As at June 30, 2018

(In thousands of reais)

LIABILITIES AND EQUITY	Note	Consolidated		Parent	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
CURRENT					
Suppliers	13	89,708	259,377	36,763	39,305
Loans and financing	14	322,891	1,212,702	315,790	300,486
Taxes payable	15	6,561	18,467	3,723	4,368
Payroll and related charges		8,036	8,133	8,036	8,133
Accounts payable - CCEE/Elektrobras/Distributors	16	27,028	46,222	-	-
Other accounts payable	17	73,637	77,057	3	3
Related parties	24	236,966	84,964	-	-
Provision for social and environmental costs		1,014	1,014	-	-
		<u>765,841</u>	<u>1,707,936</u>	<u>364,315</u>	<u>352,295</u>
Liabilities directly associated with assets classified as held for sale	27	1,264,571	43,000	43,000	43,000
Total current liabilities		<u>2,030,412</u>	<u>1,750,936</u>	<u>407,315</u>	<u>395,295</u>
NON-CURRENT					
Suppliers	13	-	25,220	-	-
Loans and financing	14	67,246	80,636	-	-
Accounts payable - CCEE/Elektrobras/Distributors	16	-	522	-	-
Related Parties	24	278,395	265,236	359,670	278,414
Provision for investments loss	11	-	-	333,786	230,135
Provisions	18	44,639	26,979	44,639	26,979
Total non-current liabilities		<u>390,280</u>	<u>398,593</u>	<u>738,095</u>	<u>535,528</u>
EQUITY	19				
Share capital		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			(2,194,590)		(2,194,590)
		<u>(2,440,279)</u>		<u>(2,440,279)</u>	
Total equity		<u>534,119</u>	<u>779,808</u>	<u>534,119</u>	<u>779,808</u>
TOTAL LIABILITIES AND NET EQUITY		<u><u>2,954,811</u></u>	<u><u>2,929,337</u></u>	<u><u>1,679,529</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 June 30, 2018

(In thousands of reais, except loss per share)

	Note	Consolidated			
		01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2017 to 06/30/2017
NET REVENUE	20	205,869	184,890	379,271	337,235
COST OF SERVICES					
Depreciation	12, 21	(2,352)	(2,506)	(4,774)	(5,039)
Operation cost		(242,821)	(158,696)	(448,704)	(278,117)
Charges for use of the distribution system		(119)	(4,684)	(326)	(9,046)
Total	21	(245,292)	(165,886)	(453,804)	(292,202)
GROSS PROFIT (LOSS)		(39,423)	19,004	(74,533)	45,033
INCOME (EXPENSES)					
General and administrative		(25,279)	(36,787)	(48,675)	(44,478)
Depreciation and amortization	12, 21	(490)	(543)	(896)	(1,108)
Impairment of property, plant and equipment	12.2, 21	-	(31,903)	-	(31,903)
Other income (expense)		(6,488)	29,020	(15,012)	26,980
Total	21	(32,257)	(40,213)	(64,583)	(50,509)
Equity pick-up	11,3	10,615	26,931	26,929	45,818
Loss on disposal of assets		-	(32,666)	-	(32,666)
Investment gain		-	172,243	-	172,243
Total		(21,642)	126,295	(37,654)	134,886
LOSS BEFORE FINANCE INCOME AND		(61,129)	145,299	(112,187)	179,919
FINANCIAL INCOME					
Finance income		541	2,283	808	4,862
Finance expense		(62,949)	(131,183)	(131,562)	(261,007)
Total	22	(62,408)	(128,900)	(130,754)	(256,145)
LOSS BEFORE INCOME TAX AND SOCIAL		(123,693)	16,399	(242,941)	(76,226)
Income tax and social contribution - current		(1,666)	(3,566)	(2,716)	(6,699)
Income tax and social contribution - deferred	10,1	(7)	121,364	(32)	121,424
Total	23	(1,673)	117,798	(2,748)	114,725
LOSS FOR THE PERIOD		(125,146)	134,197	(245,689)	38,499

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

STATEMENTS OF PROFIT OR LOSS

As at June 30, 2018

(In thousands of reais, except loss per share)

	Not e	Parent			
		01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2017 to 06/30/2017
COST OF SERVICES					
Depreciation	12,	(969)	(1,125)	(2,005)	(2,276)
GROSS PROFIT (LOSS)		<u>(969)</u>	<u>(1,125)</u>	<u>(2,005)</u>	<u>(2,276)</u>
INCOME (EXPENSES)					
General and administrative		(16,716)	(31,082)	(31,684)	(36,101)
Depreciation and amortization	12,	(490)	(542)	(896)	(1,106)
Other income (expense)		787	33,077	1,368	34,979
Total	21	<u>(16,419)</u>	<u>1,453</u>	<u>(31,212)</u>	<u>(2,228)</u>
Equity pick-up	11,3	(89,393)	(90,958)	(181,311)	(137,962)
Loss on disposal of assets		-	(32,666)	-	(32,666)
Investment gain		-	172,243	-	172,243
Total		<u>(105,812)</u>	<u>50,072</u>	<u>(212,523)</u>	<u>(613)</u>
LOSS BEFORE FINANCE INCOME AND		<u>(106,781)</u>	<u>48,947</u>	<u>(214,528)</u>	<u>(2,889)</u>
FINANCIAL INCOME					
Finance income		197	596	339	1,577
Finance expense		(18,562)	(36,761)	(31,500)	(81,604)
Total	22	<u>(18,365)</u>	<u>(36,165)</u>	<u>(31,161)</u>	<u>(80,027)</u>
LOSS BEFORE INCOME TAX AND		<u>(125,146)</u>	<u>12,782</u>	<u>(245,689)</u>	<u>(82,916)</u>
Income tax and social contribution - deferred	10,1	-	121,415	-	121,415
Total	23	<u>-</u>	<u>121,415</u>	<u>-</u>	<u>121,415</u>
LOSS FOR THE PERIOD		<u>(125,146)</u>	<u>134,197</u>	<u>(245,689)</u>	<u>38,499</u>
Profit (loss) per basic and diluted share (expressed in reais - R\$)	26			(0.59)	0.11

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

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

As at June 30, 2018

(In thousands of reais)

Note	Consolidated				Parent				
	01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2017 to 06/30/2017	01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	01/01/2017 to 06/30/2017	
Loss for the period	(125,146)	134,197	(245,689)	38,499	(125,146)	134.197	(245,689)	38,499	
Items that will be subsequently reclassified to the result:									
Assets available for sale	11.3.1	-	(25,768)	-	(172,243)	-	(25,768)	-	(172,243)
Effect of disposal / impairment of assets available for sale	11.3.1	-	25,768	-	172,243	-	25,768	-	172,243
COMPREHENSIVE INCOME		(125,146)	134,197	(245,689)	38,499	(125,146)	134.197	(245,689)	38,499

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

STATEMENTS OF CHANGES IN EQUITY

As at June 30, 2018

(In thousands of reais)

		Capital		Capital Reserve			Other comprehensive income	
	Note	Paid-In	Cost on issuance of shares	Reserve of benefits to employees settled with equity instruments	Goodwill	Accumulated losses	Available Assets for sale	Total consolidated and parent's equity
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		62,764	-	-	-	-	-	62,764
Loss for the period		-	-	-	-	38,499	-	38,499
Other Comprehensive Income:								
Avaible assets for sale	11.3.1	-	-	-	-	-	73,224	73,224
Effect on disposal of assets held for sale	11.3.1	-	-	-	-	-	(172,243)	(172,243)
BALANCE AS OF JUNE 30, 2017		2,960,776	(41,757)	55,378	1	(1,016,556)	-	1,957,842
BALANCE AS OF DECEMBER 31, 2017		2,960,776	(41,757)	55,378	1	(2,194,590)	-	779,808
Loss for the period		-	-	-	-	(245,689)	-	(245,689)
BALANCE AS OF JUNE 30, 2018		2,960,776	(41,757)	55,378	1	(2,440,279)	-	534,119

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

STATEMENTS OF CASH FLOWS

As at June 30, 2018

(In thousands of reais)

		Consolidated		Parente	
	Note	06/30/2018	06/30/2017	06/30/2018	06/30/2017
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the year		(245,689)	38,499	(245,689)	38,499
Adjustments to reconcile loss for the year to cash used in operating activities:					
Depreciation	12, 21	5,670	6,147	2,901	3,382
Impairment of property, plant and equipment		-	31,903	-	-
Residual value of fixed assets disposes of	12,2, 12,4	-	5,602	-	132
Interest on short-term investments and collaterals	22	(909)	(5,335)	(238)	(1,609)
Net interest on related parties	24	20,846	26,486	10,808	9,543
Interest on accounts payable		6,294	-	(340)	-
Interest on debentures, borrowing and financing	14,4, 22	73,511	164,141	17,819	67,385
Recognition of costs on debentures, borrowing and financing	14,4	12	745	-	477
Recognition and provision (reversal) CCEE/Eletrabras CCEE/Eletrabras/Distributors	16,1	1,252	3,812	-	-
Fine on reimbursement	16,1, 21	8,210	6,748	-	-
Deferred taxes	10,1	71	(121,425)	-	(121,415)
Restatement and provision for social and environmental		-	105	-	-
Provision for civil, tax and labor taxes	18	17,940	1,888	17,757	1,888
Accrued bonuses (reversal)		(968)	(2,700)	(968)	(2,700)
Writeoff of Company investment's		-	334,885	-	334,885
Effect on disposal of assets held for sale		-	(172,243)	-	(172,243)
Equity result	11,3	(26,929)	(45,818)	181,311	137,962
(Decrease) increase in operating assets					
Trade receivables		4,248	(1,679)	(62)	13
Judicial deposits		(785)	-	(102)	-
Recoverable taxes		(12,450)	(6,418)	352	(43)
Prepaid expenses		-	920	-	(57)
Advances to suppliers		(2,053)	920	45	573
Other receivables		711	(623)	(64)	(854)
Decrease (Increase) in operating liabilities:					
Trade payables		19,697	26,418	(2,202)	(23,300)
Taxes payables		1,876	7,610	(2,807)	(1,657)
Payroll and related charges		871	1,173	871	1,173
Accounts payable – CCEE/Eletrabras/Distributors	16,1	(9,377)	(13,808)	-	-
Other payables		2,534	(26)	-	(432)
Related parties		144,315	-	-	-
Payment of income tax and social contribution					
		(790)	(4,358)	-	-
Payment of interest on borrowings and financing	14,4	(3,388)	(124,972)	(195)	(43,430)
Contingencies payments		(97)	-	(97)	-
Dividends received	11,4	10,200	10,200	-	183
Net cash used (applied) in operating activities		(14,823)	168,797	(20,900)	228,355

CASH FLOWS FROM INVESTING ACTIVITIES

Short-term investments		589	(6,508)	271	(7,173)
Collaterals and restricted deposits		-	(46,615)	-	(74,827)
Purchase of property, plant and equipment		(5,028)	(8,924)	(3,985)	(4,430)
Payment of property, plant and equipment purchased in prior periods		(1,370)	(853)	-	-
Related parties		-	-	(47,271)	(29,271)
Net cash provided by (used in) investing activities		(5,809)	(62,900)	(50,985)	(115,701)

CASH FLOWS FROM FINANCING ACTIVITIES

Payments of shares		-	62,764	-	62,764
Payment of Debentures, borrowing and financing	14,4	(6,760)	(150,928)	(2,320)	(142,600)
Related parties		-	-	74,103	(3,656)
Net cash provided by (used in) financing activities		(6,760)	(88,164)	71,783	(83,492)

(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

	2,254	17,733	(102)	29,162
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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	27,004	53,519	240	37,155

(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS

	2,254	17,733	(102)	29,162
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The accompanying notes are an integral part of these interim financial statement.

STATEMENTS OF VALUE ADDED

As at June 30, 2018

(In thousands of reais)

	Note	Consolidated		Parent	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
REVENUE					
Electric power sales	20	415,933	372,484	-	-
Revenue from construction of own assets		2,989	949	2,989	949
INPUTS ACQUIRED FROM THIRD PARTIES					
Costs of services rendered and goods sold		(449,030)	(287,172)	-	-
Material, power, outside services and other		(49,467)	(47,923)	(23,179)	(31,310)
Impairment of property, plant and equipment		-	(31,903)	-	-
Loss on disposal of assets		-	(32,666)	-	(32,666)
Gross added value		(79,575)	(26,231)	(20,190)	(63,027)
Depreciation	12, 21	(5,670)	(6,147)	(2,901)	(3,382)
NET WEALTH CREATED		(85,245)	(32,378)	(23,091)	(66,409)
WEALTH RECEIVED IN TRANSFER					
Equity income	11,3	26,929	45,818	(181,311)	(137,962)
Effect on disposal of assets held for sale		-	172,243	-	172,243
Financial revenues		1,292	5,425	356	1,669
TOTAL WEALTH TO BE DISTRIBUTED		(57,024)	191,108	(204,046)	(30,459)
DISTRIBUTION OF WEALTH					
Personnel:					
Payroll and related charges		8,962	2,067	3,263	(698)
Management fees	24,4	3,437	4,297	3,437	4,297
Benefits		2,281	1,781	1,173	1,135
FGTS		850	993	464	638
Tax, Fees and contributions:					
Federal		42,540	(76,194)	1,417	(119,621)
Remuneration on third- party capital:					
Interest		127,754	236,653	28,440	78,537
Rentals		818	1,611	473	1,072
Other		2,023	(18,599)	2,976	(34,318)
Loss for the year		(245,689)	38,499	(245,689)	38,499
TOTAL WEALTH DISTRIBUTED		(57,024)	191,108	(204,046)	(30,459)

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

NOTES TO FINANCIAL STATEMENTS

As at June 30, 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 June 30, 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			
PCH	Consolidation	06/30/2018		12/31/2017	
		Direct	Indirect	Direct	Indirect
Enerbras Centrais Elétricas S.A, (Holding)	(a) Full	100.00	-	100.00	-
Energética Serra da Prata S.A,	(b) Full in Enerbras	-	99.99	-	99.99
Renova PCH LTDA,	(c) Full	99.00	-	99.00	-
Chipley SP Participações S.A, (Holding)	(d) Full	99.99	-	99.99	-

		% Interest			
Wind	Consolidation	06/30/2018		12/31/2017	
		Direct	Indirect	Direct	Indirect
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			
		06/30/2018		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 Facheiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Sabiu S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Barbatimão S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Juazeiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jataí S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Imburana Macho S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Amescla S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Umbuzeiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Pau d'Água S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Manineiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Botuquara S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Anísio Teixeira S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Cabeça de Frade S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Canjoão S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Carrancudo S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Conquista S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Coxilha Alta S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Ipê Amarelo S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Jequitiba S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Macambira S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Tamboril S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Tingui S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Alcacuz S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Calianandra S,A,*	(j) Full	99.99	-	99.99	-
Centrais Eólicas Cansanção S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Embiruçu S,A,**	(j) Full	99.99	-	99.00	-
Centrais Eólicas Ico S,A,**	(j) Full	99.99	-	99.99	-
Centrais Eólicas Imburana de Cabão S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Lençóis S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Putumaju S,A,*	(j) Full	99.99	-	99.00	-
Centrais Elétricas Itaparica S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Itapuã VII LTDA,	(m) Full	99.99	-	99.00	-
Centrais Eólicas Itapuã XX LTDA,	(k) Full	99.99	-	99.00	-
Centrais Eólicas Bela Vista XIV LTDA,	(e) Full	99.99	-	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	99.99	-	99.00	-
Parque Eólico Iansã LTDA	(k) Full	99.99	-	99.00	-

- Continuation -

Wind	Consolidation	% Interest			
		06/30/2018		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 Facheiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Sabiu S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Barbatimão S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Juazeiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jataí S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Imburana Macho S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Amescla S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Umbuzeiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Pau d'Água S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Manineiro S,A,*	(j) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Botuquara S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Anísio Teixeira S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Cabeça de Frade S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Canjoão S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Carrancudo S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Conquista S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Coxilha Alta S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Ipê Amarelo S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Jequitiba S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Macambira S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Tamboril S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Tingui S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Alcacuz S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Calianandra S,A,*	(j) Full	99.99	-	99.99	-
Centrais Eólicas Cansanção S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Embiruçu S,A,**	(j) Full	99.99	-	99.00	-
Centrais Eólicas Ico S,A,**	(j) Full	99.99	-	99.99	-
Centrais Eólicas Imburana de Cabão S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Lençóis S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Putumaju S,A,*	(j) Full	99.99	-	99.00	-
Centrais Elétricas Itaparica S,A,*	(j) Full	99.99	-	99.00	-
Centrais Eólicas Itapuã VII LTDA,	(m) Full	99.99	-	99.00	-
Centrais Eólicas Itapuã XX LTDA,	(k) Full	99.99	-	99.00	-
Centrais Eólicas Bela Vista XIV LTDA,	(e) Full	99.99	-	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	99.99	-	99.00	-
Parque Eólico Iansã LTDA	(k) Full	99.99	-	99.00	-

- Continued -

			% Interest			
UFV (Usina Fotovoltaica)		Consolidation	06/30/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
Centrais Eólicas Itapuã IV LTDA,	(j)	Full	99.99	-	99.00	-
Centrais Eólicas Itapuã V LTDA,	(j)	Full	99.99	-	99.00	-

			% Interest			
Trading		Consolidation	06/30/2018		12/31/2017	
			Direct	Indirect	Direct	Indirect
Renova Comercializadora de Energia S,A,	(k)	Full	100.00	-	100.00	-

			% Interest			
Holding		Consolidation	06/30/2018		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	-

			% Interest			
PCH		Non-Consolidated shared control	06/30/2018		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

- 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”),
- 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,
- 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,
- 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,
- 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,
- 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,
- (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 wind farms, 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 and LER 2014

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, on the last trimester 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\$ 134,655 (R\$ 128,000, December 31, 2017), which may be paid to the Company, as follows:

<u>Guarantee</u>	<u>06/30/2018</u>	<u>12/31/2017</u>
Litigations	61,019	58,000
Earn-out	52,601	50,000
General indemnity	21,035	20,000
Total	<u>134,655</u>	<u>128,000</u>

On June 30, 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\$ 7,679, recognized in income for the period (Note 18).

1.2.2 Alto Sertão III Wind Farm

The Company continues to negotiate the sale of tAlto Sertão III Wind Complex and as disclosed in the relevant fact of July 17, 2018, the Company received non-binding proposals for the acquisition of this project from several investors, which are in due diligence process (Note 29.1).

Accordingly, the Company's management concluded that the classification of Alto Sertão III assets and liabilities, carried out on March 31, 2018 and the provision for impairment of the asset recorded on December 31, 2017, based on market information available in the period, remain adequate.

1.3 Going concern

As at June 30, 2018, the Company incurred loss of R\$245,689 for the year then ended and has accumulated losses of R\$2,440,279, as well as consolidated current liabilities in excess of consolidated current assets in the amount of R\$59,190. In addition, 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 Terraform Global shares, of Alto Sertão II wind farms and Umburanas wind farm complex, 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 Company is negotiating with the National Bank for Economic and Social Development ("BNDES") the extension of the bridge loan of Alto Sertão III Phase A contracted by the indirect subsidiary Diamantina Eólica Participações SA, in the amount of R\$ 937,220 from July 15, 2018 to January 15, 2019, (Note 29.4).
- (5) The shareholders are committed with Company's financial support for reestablishment of its liquidity. Among the measures already implemented are:
 - i) grant of financial resources through advances under the energy purchase agreement, that amounts R\$183,377 on the first semester of 2018 (Note 24.3).
 - ii) new advances under the energy purchase that amounts R\$ 154,679, starting on July, 2018, which will be used to the resumption of the works of Alto Sertão III Phase A Project and payment of Company's operating expenses (Note 29.2).
- (6) As alternative to obtain new resources the Company is analyzing the possibility of sale of wind-farm projects in progress.

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 other material uncertainties, besides the one mentioned above, that could generate significant doubts about its ability to continue operating. Therefore, these interim financial information were prepared based on the assumption of continuity.

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 August 10, 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 June 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, but the authorization remains in force.

Nota (2): Companies that integrate Alto Sertão III Wind Complex, classified as assets held for sale.

(*) 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 Facheiro 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 Putumaju 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	Updated Price	Start	End	Correction Index	Readjustment Month
					MWh	MWh				
					(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) 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
- d) Administrative – This segment is responsible for the Company's management and administrative operations.

Segment information as at June 30, 2018 and 2017 for P&L and as at June 30, 2018 and December 31, 2017 to total assets and liabilities are as follows:

	06/30/2018				
	PCH	Wind	Sale	Administrative	Consolidated
Net revenue	20,088	-	359,183	-	379,271
Non-manageable cost	(326)	-	-	-	(326)
Gross Margin	19,762	-	359,183	-	378,945
Manageable costs	(4,650)	(31,470)	(445,954)	(30,317)	(512,391)
Depreciation	(2,769)	(2,005)	-	(896)	(5,670)
Equity Income	26,929	-	-	-	26,929
Finance income	395	2	72	339	808
Finance costs	(3,009)	(83,481)	(24,280)	(20,692)	(131,562)
Income tax and social contribution	(2,748)	-	-	-	(2,748)
Net profit (loss) at the year	33,910	(116,954)	(111,079)	(51,566)	(245,689)
<hr/>					
Total assets	912,023	1,794,361	89,889	158,538	2,954,811
Total liabilities	105,857	1,222,829	640,051	451,955	2,420,692

	PCH	Wind	Sale	Administrative	Consolidated
Net revenue	19,121	69,441	248,673	-	337,235
Non-manageable costs	(288)	(8,758)	-	-	(9,046)
Gross margin	18,833	60,683	248,673	-	328,189
Manageable costs	(9,809)	(74,976)	(219,303)	(17,045)	(321,133)
Other income	-	-	-	25,518	25,518
Depreciation	(2,765)	-	-	(3,382)	(6,147)
Impairment of property, plant and equipment	-	(31,903)	-	-	(31,903)
Equity Income	45,818	-	-	-	45,818
Loss on assets disposal	-	-	-	(32,666)	(32,666)
Investment gain	-	-	-	172,243	172,243
Finance income	1,131	2,279	(125)	1,577	4,862
Finance costs	(3,366)	(148,963)	(27,023)	(81,655)	(261,007)
Income tax and social contribution	(1,727)	(4,963)	-	121,415	114,725
Net profit (loss) at the year	48,115	(197,843)	2,222	186,005	38,499
Total assets	914,739	4,512,263	42,940	183,315	5,653,257
Total liabilities	109,434	2,495,059	365,960	724,962	3,695,415

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

	Consolidated		Parent	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Cash	189	196	166	169
Banks checking account	2,544	1,405	63	132
Short-term investments	24,271	23,149	11	41
Investments held until maturity	7,756	7,789	7,756	7,789
Total	34,760	32,539	7,996	8,131
Assets classified as held for sale:	27.2			
Cash and cash equivalents	(50)	-	-	-
Total	34,710	32,539	7,996	8,131
Presented as:				
Cash and cash equivalents	26,954	24,750	240	342
Investment held until maturity	7,756	7,789	7,756	7,789
Total	34,710	32,539	7,996	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% of the CDI rate.

7. Trade accounts receivable

	Consolidated		Parent	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Free trading market	33,844	38,901	-	-
Elektrobras - ESPRA	5,973	5,226	-	-
Others	546	484	546	484
Total	40,363	44,611	546	484

As of June 30, 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\$26,832 (R\$ 25,009, as of December 31, 2017) (Note 24).

8. Taxes recoverable

	Notes	Consolidated		Parent	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
IRRF		2,866	3,209	371	345
IRPJ		5,301	2,588	1,313	1,330
COFINS		14,976	6,640	5	5
PIS		3,317	1,491	1	1
INSS		59	-	59	-
Other recoverable taxes		331	472	31	451
		26,850	14,400	1,780	2,132
Assets classified as held for sale	27.2	(2,478)	-	-	-
Total		24,372	14,400	1,780	2,132

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	
				06/30/2018	12/31/2017
Espra	Garantia	BNB	Financiamento BNB	11,714	11,361

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	
	06/30/2018	12/31/2017
PIS	132	139
COFINS	611	643
IRPJ	371	392
CSLL	257	268
Total	1,371	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	121,424	1	121,425	121,415
Transfer to assets held for sale (*)	(1,472)	(1,735)	(3,207)	-
Balance as of June 30, 2017	780	924	1,704	-
Balance as of December 31, 2017	660	782	1,442	-
Changes in net revenue	(32)	(39)	(71)	-
Balance as of June 30, 2018	628	743	1,371	-

(*) 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	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
PCH				
Enerbras Centrais Elétricas S.A, (Holding)	-	-	128,650	119,068
Renova PCH LTDA,	-	-	-	5
Chipley SP Participações S.A, (Holding)	-	-	814,848	786,294
Brasil PCH S.A,	712,291	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 Putumaju 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 Calianira 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⁾	-	-	(124)	(398)
Centrais Eólicas Itapuã V LTDA,	-	-	(75)	(179)
Centrais Eólicas Bela Vista XIV S.A,	-	-	130,814	130,847
Other Corporate Interest ⁽²⁾	-	-	(9)	(11)
Renovapar S.A,	-	-	-	(1)
Trading				
Renova Comercializadora de Energia S.A,	-	-	(333,578)	(229,088)
Total	712,291	685,362	740,526	1,259,933
Stated as:				
Assets				
Investment	712,291	685,362	1,074,312	1,490,068
Liabilities				
Provision for investments loss	-	-	(333,786)	(230,135)
Total	712,291	685,362	740,526	1,259,933

Note 1: Investment held for sale, as per Note 1.2.2.

Note 2: Other companies listed in Note 1.

11.2 Information on investees

Significant information on subsidiaries is as follows:

Company	06/30/2018					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	128,650	9,582	5,170,101	100.00	101,955	119,068	(2,537)	10,681
Renova PCH LTDA,	358,966	99.99	359	-	(10)	353,589	99.00	32	5	-	(59)
Chiplei SP Participações S,A, (Holding)	744,871,373	99.99	744,871	814,848	28,554	739,944,343	99.99	739,944	786,294	(2,066)	73,539
Wind											
Alto Sertão Participações S,A, (Holding) ⁽¹⁾	1,411,349,399	99.99	1,301,465	351,971	(95,688)	1,348,076,402	99.99	1,348,076	385,172	-	(578,396) ^(a)
Centrais Eólicas Carrancudo S,A, ⁽¹⁾	16,233,668	99.99	16,234	8,701	(799)	14,565,233	99.00	14,565	7,832	-	(5,306) ^(a)
Centrais Eólicas Botuquara S,A, ⁽¹⁾	7,013,980	99.99	7,014	3,602	(606)	6,528,519	99.00	21	3,744	-	(2,512) ^(a)
Centrais Eólicas Alcacuz S,A, ⁽¹⁾	14,062,843	99.99	14,063	5,801	(921)	12,247,433	99.00	12,247	4,897	-	(6,022) ^(a)
Centrais Eólicas Tamboril S,A, ⁽¹⁾	17,896,013	99.99	17,896	7,052	(1,460)	15,875,486	99.00	15,875	6,491	-	(8,080) ^(a)
Centrais Eólicas Conquista S,A, ⁽¹⁾	22,907,473	99.99	22,907	3,122	(39)	22,459,715	99.00	22,460	2,713	-	(16,857) ^(a)
Centrais Eólicas Coxilha Alta S,A, ⁽¹⁾	6,349,667	99.99	6,350	3,051	(494)	6,003,140	99.00	6,003	3,198	-	(2,578) ^(a)
Centrais Eólicas Tingui S,A, ⁽¹⁾	16,794,120	99.99	16,794	(3,283)	(1,115)	14,879,944	99.00	14,880	(4,082)	-	(17,266) ^(a)
Centrais Eólicas Cansanção S,A, ⁽¹⁾	4,227,729	99.99	4,228	2,241	(404)	3,940,779	99.00	3,941	2,358	-	(1,387) ^(a)
Centrais Eólicas Macambira S,A, ⁽¹⁾	13,228,740	99.99	13,229	4,549	(1,259)	11,852,244	99.00	11,852	4,432	-	(6,262) ^(a)
Centrais Eólicas Imburana de Cabão S,A, ⁽¹⁾	12,149,773	99.99	12,150	(3,596)	(1,198)	10,657,338	99.00	10,657	(3,890)	-	(13,422) ^(a)
Centrais Eólicas Ipê Amarelo S,A, ⁽¹⁾	15,403,464	99.99	15,403	8,702	(700)	13,699,946	99.00	13,700	7,699	-	(4,548) ^(a)
Centrais Eólicas Putumaju S,A, ⁽¹⁾	9,542,222	99.99	9,542	2,900	(1,091)	8,309,591	99.00	8,310	2,759	-	(4,509) ^(a)
Centrais Eólicas Lençóis S,A, ⁽¹⁾	19,171,089	99.99	19,171	(761)	(115)	18,949,369	99.00	18,949	(868)	-	(16,558) ^(a)
Centrais Eólicas Anísio Teixeira S,A, ⁽¹⁾	18,989,816	99.99	18,990	(1,216)	(545)	18,617,092	99.00	18,617	(1,044)	-	(16,527) ^(a)
Centrais Eólicas Ico S,A, ⁽¹⁾	10,672,071	99.99	10,672	3,551	(1,639)	8,639,675	99.99	8,640	3,158	-	(4,393) ^(a)
Centrais Eólicas Jequitiba S,A, ⁽¹⁾	5,811,258	99.99	5,811	(2,287)	(607)	5,156,482	99.00	5,156	(2,335)	-	(6,930) ^(a)

-(Continued)-

Company	06/30/2017						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)	Proposed Dividends	Loss for the year
Wind												
Centrais Eólicas Caliandra S.A., ⁽¹⁾	6,158,673		99.99	6,159	(1,367)	(421)	5,600,432	99.99	5,600	(1,504)	-	(6,520) ^(a)
Centrais Eólicas Canjoão S.A., ⁽¹⁾	3,540,704		99.99	3,541	(1,066)	(388)	3,013,149	99.00	3,013	(1,206)	-	(3,832) ^(a)
Centrais Eólicas Cabeça de Frade S.A., ⁽¹⁾	2,012,791		99.99	2,013	796	(234)	1,832,694	99.00	1,833	850	-	(830) ^(a)
Centrais Eólicas Embiruçu S.A., ⁽¹⁾	2,966,799		99.99	2,967	889	(212)	2,727,065	99.00	2,727	861	-	(1,586) ^(a)
Centrais Elétricas Itaparica S.A. ⁽¹⁾	90,410		99.99	90,410	37,010	(2,764)	106,891,263	99.00	106,891	32,619	-	(47,836) ^(a)
Centrais Eólicas Itapuã VII S.A., ⁽¹⁾	589,157		99.99	589	(2,787)	(2,384)	543,349	99.99	543	(449)		(915)
Centrais Eólicas Itapuã XX S.A., ⁽¹⁾	32,091		99.99	32	(9)	-	32,092	99.99	32	(9)		(9)
Centrais Eólicas Bela Vista XIV S.A.,	376,157,298		99.99	376,157	130,814	(221)	249,938,073	100.00	249,938	130,847	-	(201,057)
Centrais Eólicas Itapuã IV S.A.,	949,426		99.99	949	(124)	263	937,809	99.99	938	(398)		(1,205)
Centrais Eólicas Itapuã V LTDA,	871,778		99.99	872	(75)	94	861,489	99.00	861	(179)	-	(945)
Renovapar S.A.,	22,809		100.00	23	-	-	22,062	100.00	22	(1)	-	(1)
Other Corporate Interest ⁽²⁾	-		-	-	(9)	-	-	-	-	(11)	-	(2,199)
Trading												
Renova Comercializadora de Energia S.A.,	4,305		100.00	4,306	(333,578)	(104,490)	58,377	100.00	58	(229,088)		(171,050) ^(b)

Note 1: Investment held for sale, Note 1,2,2.

Note 2: Other companies listed in Note 1.

11.3 Changes in investments

11.3.1 Consolidated

Company	12/31/2017	Share of profit		06/30/2018
		Profit	Amortization of added value	
PCH				
Brasil PCH S.A,	685,362	45,080	(18,151)	712,291

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

In the period ended in June, 2017, the positive adjustment to fair value of R\$73,224, was recorded in other comprehensive income, The TerraForm Global's shares were sold to Brookfield Asset Management in 2017, for R\$ 302,219 (US\$ 92,8 million), paid to the Company on June 29, 2017,

As consequence of share's disposal, the Company reclassified the accumulated positive adjustments previously recorded in other comprehensive income, in the amount of R\$ 172,243, to the year P&L statement on the line of investments earnings.

Also on this date an agreement was entered between the Company and TerraForm Global in which the parties agree to terminate the arbitration process, by compensating Renova for R\$ 48,559 (US\$ 15 million), of which R\$ 25,518 was recognized in P&L statement (see note 21). The settlement of this transaction occurred on June 30, 2017.

See below the transaction effects without considering the tax effects:

Description	Total
Value of the sale	302,219
Cost of investment	(334,885)
Loss on sale	(32,666)

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 JUNE 30, 2018 (CONSOLIDATED)

<u>ASSETS</u>	<u>06/30/2018</u>	<u>12/31/2017</u>	<u>EQUITY AND LIABILITIES</u>	<u>06/30/2018</u>	<u>12/31/2017</u>
<u>CURRENT ASSETS</u>			<u>CURRENT LIABILITIES</u>		
Cash and cash equivalents	118,752	148,692	Borrowings and financing	199,096	216,492
Other current assets	76,174	65,201	Other current assets	251,550	174,019
Total current assets	<u>194,926</u>	<u>213,893</u>	Total current liabilities	<u>450,646</u>	<u>390,511</u>
<u>NON-CURRENT ASSETS</u>			<u>NON-CURRENT LIABILITIES</u>		
Property, plant and equipment	1,067,996	1,076,252	Borrowings and financing	528,086	621,002
Others non-current assets	55,558	59,555	Other current liabilities	58,633	64,503
Total non-current assets	<u>1,123,554</u>	<u>1,135,807</u>	Total current liabilities	<u>586,719</u>	<u>685,505</u>
			EQUITY	281,115	273,684
TOTAL ASSETS	<u>1,318,480</u>	<u>1,349,700</u>	TOTAL LIABILITIES AND EQUITY	<u>1,318,480</u>	<u>1,349,700</u>

INCOME STATEMENT FOR THE SEMESTER ENDED ON JUNE 30, 2018 (CONSOLIDATED)

	<u>06/30/2018</u>	<u>06/30/2017</u>
NET REVENUE	201,919	196,207
Depreciation	(17,253)	(16,911)
Other costs	(23,781)	(24,671)
General and administrative expenses	(10,418)	(5,513)
Reversal of onerous contract loss	4,976	13,388
Finance results	(59,655)	(29,729)
Income taxes and social contribution expenses	(7,396)	(7,340)
NET INCOME FOR THE PERIOD	<u>88,392</u>	<u>125,431</u>

This P&L was substantially impacted by the reversal of onerous contract loss that was lower in the first semester of 2018, by R\$8,412 compared to the same period in 2017 and by the negative financial result that was greater by R\$ 29,926, mainly due to IGP-M fluctuation, over the loans and financing of Group's companies and provision of the cost of the refinancing project.

11.3.2 Company

Company	12/31/2017	Equity Income	Equity pick-up	Assets classified as held for sale	06/30/2018
PCH					
Enerbras Centrais Elétricas S.A, (Holding)	119,068	-	9,582	-	128,650
Renova PCH LTDA,	5	5	(10)	-	-
Chipley SP Participações S.A,	786,294	-	28,554	-	814,848
Wind					
Alto Sertão Participações S.A,	385,172	62,487	(95,688)	(351,971)	-
Centrais Eólicas Carrancudo S.A, ⁽¹⁾	7,832	1,668	(799)	(8,701)	-
Centrais Eólicas Botuquara S.A, ⁽¹⁾	3,744	464	(606)	(3,602)	-
Centrais Eólicas Alcacuz S.A, ⁽¹⁾	4,897	1,825	(921)	(5,801)	-
Centrais Eólicas Tamboril S.A, ⁽¹⁾	6,491	2,021	(1,460)	(7,052)	-
Centrais Eólicas Conquista S.A, ⁽¹⁾	2,713	448	(39)	(3,122)	-
Centrais Eólicas Coxilha Alta S.A, ⁽¹⁾	3,198	347	(494)	(3,051)	-
Centrais Eólicas Tingui S.A, ⁽¹⁾	(4,082)	1,914	(1,115)	3,283	-
Centrais Eólicas Cansanção S.A, ⁽¹⁾	2,358	287	(404)	(2,241)	-
Centrais Eólicas Macambira S.A, ⁽¹⁾	4,432	1,376	(1,259)	(4,549)	-
Centrais Eólicas Imburana de Cabão	(3,890)	1,492	(1,198)	3,596	-
Centrais Eólicas Ipê Amarelo S.A, ⁽¹⁾	7,699	1,703	(700)	(8,702)	-
Centrais Eólicas Putumaju S.A, ⁽¹⁾	2,759	1,232	(1,091)	(2,900)	-
Centrais Eólicas Lençóis S.A, ⁽¹⁾	(868)	222	(115)	761	-
Centrais Eólicas Anísio Teixeira S.A, ⁽¹⁾	(1,044)	373	(545)	1,216	-
Centrais Eólicas Ico S.A, ⁽¹⁾	3,158	2,032	(1,639)	(3,551)	-
Centrais Eólicas Jequitiba S.A, ⁽¹⁾	(2,335)	655	(607)	2,287	-
Centrais Eólicas Calíandra S.A, ⁽¹⁾	(1,504)	558	(421)	1,367	-
Centrais Eólicas Canjoão S.A, ⁽¹⁾	(1,206)	528	(388)	1,066	-
Centrais Eólicas Cabeça de Frade S.A,	850	180	(234)	(796)	-
Centrais Eólicas Embiruçu S.A, ⁽¹⁾	861	240	(212)	(889)	-
Centrais Elétricas Itaparica S.A, ⁽¹⁾	32,619	7,155	(2,764)	(37,010)	-
Centrais Eólicas Itapua VII LTDA, ⁽¹⁾	(449)	46	(2,384)	2,787	-
Centrais Eólicas Itapua XX LTDA, ⁽¹⁾	(9)	-	-	9	-
Centrais Eólicas Bela Vista XIV S.A,	130,847	188	(221)	-	130,814
Centrais Eólicas Itapua IV LTDA,	(399)	12	263	-	(124)
Centrais Eólicas Itapua V LTDA,	(179)	10	94	-	(75)
Renovapar S.A,	(1)	1	-	-	-
Other Corporate Interest ⁽²⁾	(10)	1	-	-	(9)
Trading					
Renova Comercializadora de Energia	(229,088)	-	(104,490)	-	(333,578)
Total	1,259,933	89,470	(181,311)	(427,566)	740,526

Note 1: Investment held for sale, Note 1.2.2.

Note 2: Other companies listed in Note 1.

(Continued)

- (Continued)

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

(*) Other companies listed in Note 1.

The investment balance is presented net of provision for investment loss in the amount of R\$333,786 (R\$230,135 as of December 31, 2017).

11.4 Changes in dividends receivable

	Consolidated	Parent
Balance as of December 31, 2016	-	620
Proposed dividends	10,200	-
Dividends received	(10,200)	(183)
Balance as of June 30, 2017	-	437
Balance as of December 31, 2017	33,219	5,039
Dividends received	(10,200)	-
Balance as of June 30, 2018	23,019	5,039

Dividends receivable correspond to:

- 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,
- Consolidated: balance of R\$ 23,019 related to dividends receivable from Brasil PCH which might be received until December 2018.

12. Property, plant and equipment

12.1 Consolidated

		06/30/2018			12/31/2017		
	Annual depreciation rates %	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 watermain	3%	95,797	(22,277)	73,520	95,797	(21,168)	74,629
Buildings, civil works and improvements	3%	46,336	(12,539)	33,797	46,336	(11,900)	34,436
Machinery and equipment	4%	65,015	(20,156)	44,859	65,015	(19,151)	45,864
Furniture and fixtures	10%	142	(124)	18	142	(110)	32
IT equipment	20%	245	(245)	-	245	(245)	-
Measurement towers	20%	22,692	(18,693)	3,999	22,692	(17,325)	5,367
Measurement equipment	20%	3,739	(2,295)	1,444	3,739	(1,899)	1,840
Tower equipment	20%	2,372	(1,640)	732	2,372	(1,399)	973
Other	20%	16	(13)	3	16	(11)	5
		236,949	(77,982)	158,967	236,949	(73,208)	163,741
Administration							
Machinery and equipment	10%	5,356	(2,352)	3,004	5,356	(2,021)	3,335
Improvements	10%	2,955	(589)	2,366	2,955	(542)	2,413
Furniture and fixtures	10%	5,857	(2,922)	2,935	5,857	(2,713)	3,144
Software	20%	3,310	(3,102)	208	3,310	(2,993)	317
IT equipment	20%	3,762	(3,129)	633	3,762	(2,929)	833
		21,240	(12,094)	9,146	21,240	(11,198)	10,042
Stocks							
General warehouse		6	-	6	-	-	-
Total property, plant and equipment		258,195	(90,076)	(168,119)	258,189	(84,406)	173,783
Construction in progress							
Generation							
Unapportioned		687,773	-	687,773	683,353	-	683,353
Studies and projects		1,062	-	1,062	1,062	-	1,062
Land		12,521	-	12,521	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		1,496,007	-	1,496,007	1,504,327	-	1,504,327
Substation equipment		432,843	-	432,843	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)		(1,841,414)	-	(1,841,414)	(16,198)	-	(16,198)
Total construction in progress		54,910	-	54,910	1,878,549	-	1,878,549
Total property, plant and equipment		313,105	(90,076)	223,029	2,136,738	(84,406)	2,052,332

12.2 Changes in property, plant and equipment (Consolidated)

	12/31/2017	Additions	Reclassifications (*)	Transfer to assets kept for sale(**)	06/30/2018
Property, plant and equipment					
Cost					
Generation					
Plant					
Land	595	-	-	-	595
Reservoirs, dams and watermain	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
	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
Stocks					
General warehouse	-	6	-	-	6
Total property, plant and equipment - cost	258,189	6	-	-	258,195
(-) Depreciation					
Generation					
Plant					
Reservoirs, dams and watermain	(21,168)	(1,109)	-	-	(22,277)
Buildings, civil works and improvements	(11,900)	(639)	-	-	(12,539)
Machinery and equipment	(19,151)	(1,005)	-	-	(20,156)
Furniture and fixtures	(110)	(14)	-	-	(124)
IT equipment	(245)	-	-	-	(245)
Measurement towers	(17,325)	(1,368)	-	-	(18,693)
Measurement equipment	(1,899)	(396)	-	-	(2,295)
Tower equipment	(1,399)	(241)	-	-	(1,640)
Other	(11)	(2)	-	-	(13)
	(73,208)	(4,774)	-	-	(77,982)

(Continued)-

- (Continued)

	12/31/2017	Additions	Reclassifications (*)	Transfer to assets kept for sale(**)	06/30/2018
Administration					
Machinery and equipment	(2,021)	(331)	-	-	(2,352)
Improvements	(542)	(47)	-	-	(589)
Furniture and fixtures	(2,713)	(209)	-	-	(2,922)
Software	(2,993)	(109)	-	-	(3,102)
IT equipment	(2,929)	(200)	-	-	(3,129)
	<u>(11,198)</u>	<u>(896)</u>	<u>-</u>	<u>-</u>	<u>(12,094)</u>
Total property, plant and equipment - depreciation	<u>(84,406)</u>	<u>(5,670)</u>	<u>-</u>	<u>-</u>	<u>(90,076)</u>
Total property, plant and equipment	<u>173,783</u>	<u>(5,664)</u>	<u>-</u>	<u>-</u>	<u>168,119</u>
Construction in progress					
Generation					
Unapportioned	667,155	4,420	-	(436,800)	234,775
Studies and projects	1,062	-	-	-	1,062
Land	12,095	426	-	(12,335)	186
Building, civil works and improvements	265,872	-	-	(265,872)	-
Measurement towers	3,989	-	-	(3,989)	-
Wind generator	1,504,327	176	(8,496)	(1,496,007)	-
Substation equipment	427,792	-	5,051	(432,708)	135
Advances to suppliers	523	-	-	(156)	367
Impairment of property, plant and equipment	<u>(1,004,266)</u>	<u>-</u>	<u>-</u>	<u>822,651</u>	<u>(181,615)</u>
Total construction in progress	<u>1,878,549</u>	<u>5,022</u>	<u>(3,445)</u>	<u>(1,825,216)</u>	<u>54,910</u>
Total property, plant and equipment	<u>2,052,332</u>	<u>(642)</u>	<u>(3,445)</u>	<u>(1,825,216)</u>	<u>223,029</u>

- Continued -

	12/31/2016	Additions	Disposals	Reclassifications(*)	Transfer to assets kept for sale(**)	06/30/2017
Property, plant and equipment						
Cost						
Generation						
Plant						
Land	595	-	-	-	-	595
Reservoirs, dams and watermains	95,797	-	-	-	-	95,797
Building, civil works and improvements	91,876	-	-	-	(45,540)	46,336
Machinery and equipment	1,468,581	290	-	-	(1,403,838)	65,033
Furniture and fixtures	142	-	-	-	-	142
IT equipment	245	-	-	-	-	245
Measurement towers	23,801	-	-	-	-	23,801
Measurement equipment	3,739	-	-	-	-	3,739
Tower equipment	2,372	-	-	-	-	2,372
Other	16	-	-	-	-	16
Transmission and connection system						
Land	2,503	-	-	-	(2,503)	-
Building, civil works and improvements	7,561	-	-	-	(7,561)	-
Machinery and equipment	301,880	-	-	-	(301,880)	-
	1,999,108	290	-	-	(1,761,322)	238,076
Administration						
Machinery and equipment	5,356	-	-	-	-	5,356
Improvements	2,352	603	-	-	-	2,955
Furniture and fixtures	5,895	-	(15)	-	(23)	5,857
Softwares	3,310	-	-	-	-	3,310
IT equipment	3,847	-	(84)	-	-	3,763
	20,760	603	(99)	-	(23)	21,241
Inventory						
Warehouse	6,275	104	-	-	(6,379)	-
	6,275	104	-	-	(6,379)	-
Total property, plant and equipment - cost	2,026,143	997	(99)	-	(1,767,724)	259,317
(-) Depreciation						
Generation						
Plant						
Reservoirs, dams and watermains	(18,880)	(951)	-	-	-	(19,831)
Building, civil works and improvements	(13,485)	(632)	-	-	2,847	(11,270)
Machinery and equipment	(138,541)	(1,174)	-	-	121,359	(18,356)
Furniture and fixtures	(106)	(5)	-	-	-	(111)
IT equipment	(240)	(1)	-	-	-	(241)
Measurement towers	(14,871)	(1,638)	-	-	-	(16,509)
Measurement equipment	(1,186)	(358)	-	-	-	(1,544)
Tower equipment	(997)	(280)	-	-	-	(1,277)
Other	(11)	-	-	-	-	(11)
Transmission and connection system						
Building, civil works and improvements	(518)	-	-	-	518	-
Machinery and equipment	(20,735)	-	-	-	20,735	-
	(209,570)	(5,039)	-	-	145,459	(69,150)

- Continuation -

Administration						
Machinery and equipment	(1,469)	(268)	-	-	-	(1,737)
Improvements	(431)	(53)	-	-	-	(484)
Furniture and fixtures	(2,135)	(294)	6	-	4	(2,419)
Softwares	(2,617)	(204)	-	-	-	(2,821)
IT equipment	(2,442)	(289)	70	-	-	(2,661)
	<u>(9,094)</u>	<u>(1,108)</u>	<u>76</u>	<u>-</u>	<u>4</u>	<u>(10,122)</u>
Total property, plan and equipment - depreciation	<u>(218,664)</u>	<u>(6,147)</u>	<u>76</u>	<u>-</u>	<u>145,463</u>	<u>(79,272)</u>
Total property, plan and equipment	<u>1,807,479</u>	<u>(5,150)</u>	<u>(23)</u>	<u>-</u>	<u>(1,622,261)</u>	<u>180,045</u>
Construction in progress						
Generation						
Unapportioned	767,750	17,749	-	-	-	785,499
Studies and projects	10,440	26	-	-	-	10,466
Land	13,966	-	-	-	-	13,966
Building, civil works and improvements	274,866	-	-	(11,665)	-	263,201
Measurement towers	5,230	36	-	-	-	5,266
Wind generator	890,049	4,821	(5,579)	479,177	-	1,368,468
Substation equipment	387,674	759	-	24,896	-	413,329
Advances to suppliers	826,973	-	-	(579,919)	(10,075)	236,979
Allowance for impairment of property, plant and equipment	(261,723)	(31,903)	-	-	-	(293,626)
Total construction in progress	<u>2,915,225</u>	<u>(8,512)</u>	<u>(5,579)</u>	<u>(87,511)</u>	<u>(10,075)</u>	<u>2,803,548</u>
Total property, plant and equipment	<u>4,722,704</u>	<u>(13,662)</u>	<u>(5,602)</u>	<u>(87,511)</u>	<u>(1,632,336)</u>	<u>2,983,593</u>

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

(**) Values related to the sale of Alto Sertão II.

	Annual depreciation rates %	06/30/2018			12/31/2017		
		Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plan and equipment							
Generation							
Measurement towers	20%	22,692	(18,693)	3,999	22,692	(17,325)	5,367
Measurement equipment	20%	3,739	(2,295)	1,444	3,739	(1,899)	1,840
Tower equipment	20%	2,372	(1,640)	732	2,372	(1,399)	973
		28,803	(22,628)	6,175	28,803	(20,623)	8,180
Administration							
Machinery and equipment	10%	5,356	(2,352)	3,004	5,356	(2,021)	3,335
Improvements	10%	2,955	(589)	2,366	2,955	(542)	2,413
Furniture and fixtures	10%	5,857	(2,922)	2,935	5,857	(2,713)	3,144
Softwares	20%	3,310	(3,102)	208	3,310	(2,993)	317
IT equipment	20%	3,744	(3,109)	635	3,744	(2,909)	835
		21,222	(12,074)	9,148	21,222	(11,178)	10,044
Total property, plant and equipment		50,025	(34,702)	15,323	50,025	(31,801)	18,224
Construction in progress							
Generation							
Unapportioned		107,414	-	107,414	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 27.2)		(52,261)	-	(52,261)	(16,198)	-	(16,198)
Total construction in progress		54,910	-	(54,910)	86,988	-	86,988
Total property, plant and equipment		104,935	(34,702)	70,233	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	06/30/2018
Property, plant and equipment				
Generation				
Measurement towers	22,692	-	-	22,692
Measurement equipment	3,739	-	-	3,739
Tower equipment	2,372	-	-	2,372
	<u>28,803</u>	<u>-</u>	<u>-</u>	<u>28,803</u>
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
	<u>21,222</u>	<u>-</u>	<u>-</u>	<u>21,222</u>
Total property, plant and equipment - cost	<u>50,025</u>	<u>-</u>	<u>-</u>	<u>50,025</u>
(-) Depreciation				
Generation				
Measurement towers	(17,325)	(1,368)	-	(18,693)
Measurement equipment	(1,899)	(396)	-	(2,295)
Tower equipment	(1,399)	(241)	-	(1,640)
	<u>(20,623)</u>	<u>(2,005)</u>	<u>-</u>	<u>(22,628)</u>
Administration				
Machinery and equipment	(2,021)	(331)	-	(2,352)
Improvements	(542)	(47)	-	(589)
Furniture and fixtures	(2,713)	(209)	-	(2,922)
Software	(2,993)	(109)	-	(3,102)
IT equipment	(2,909)	(200)	-	(3,109)
	<u>(11,178)</u>	<u>(896)</u>	<u>-</u>	<u>(12,074)</u>
Total property, plant and equipment - depreciation	<u>(31,801)</u>	<u>(2,901)</u>	<u>-</u>	<u>(34,702)</u>
Total property, plant and equipment	<u>18,224</u>	<u>(2,901)</u>	<u>-</u>	<u>15,323</u>
Construction in progress				
Generation				
Unapportioned	87,231	3,985	(36,063)	55,153
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)
	<u>86,988</u>	<u>3,985</u>	<u>(36,063)</u>	<u>54,910</u>
Total construction in progress	<u>86,988</u>	<u>3,985</u>	<u>(36,063)</u>	<u>54,910</u>
Total property, plant and equipment	<u>105,212</u>	<u>1,084</u>	<u>(36,063)</u>	<u>70,233</u>

	12/31/2016	Additions	Disposals	SPEs Eólicas Capital payment	06/30/2017
Property, plant and equipment					

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

12.5 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 June 30, 2018, consolidated PPE in progress mainly comprises the following portfolio projects:

Projects	Consolidated
Alto Sertão III - Fase A	
ACL (Light I) ⁽¹⁾	835,277
LER 2013 ⁽¹⁾	533,299
ACL (Mercado livre III) ⁽¹⁾	138,959
São Salvador ⁽¹⁾	75,804
	<u>1,583,339</u>
Alto Sertão III - Fase B	
ACL (Light II) ⁽¹⁾	73,155
ACL (Mercado livre II) ⁽¹⁾	40,664
	<u>113,819</u>
Others	
ACL (Mercado livre I) ⁽¹⁾	91,549
LER 2014 ⁽¹⁾	446
Others construction in progress ⁽²⁾	107,171
	<u>199,166</u>
Assets classified as held for sale	(1,841,141)
Others construction in progress	<u>54,910</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\$52,261 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 June 30, 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 is being negotiated by the Company (Note 1.2.2 and 29.1).

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 on June 30, 2018, Management updated the impairment analysis and concluded that the provision recorded is sufficient to cover future potential losses on the assets realization.

12.10 Assets pledged as collateral

At June 30, 2018, the indirect subsidiary Espira has assets pledged as collateral for its financing with BNB, in the amount of R\$152,795 (Note 14,3),

13. Trade accounts payable

	Note	Consolidated		Parent	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
Trade payables		348,773	327,597	79,763	82,305
Transfer to liabilities directly related to assets held for sale	27,2	(259,065)	(43,000)	(43,000)	(43,000)
		<u>89,708</u>	<u>284,597</u>	<u>36,763</u>	<u>39,305</u>
Stated as:					
Current		89,708	259,377	36,763	39,305
Non-current		-	25,220	-	-
Total		<u>89,708</u>	<u>284,597</u>	<u>36,763</u>	<u>39,305</u>

At June 30, 2018, the consolidated balance of trade accounts payable mainly includes the amounts related to the purchase of energy by Renova Comercializadora, in the amount of R\$49,468.

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 June 30, 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

Consolidated											
06/30/2018						12/31/2017					
Current			Non-current		Grand Total	Current			Non-current		Grand Total
Debit Cost	Finance charges	Principal	Total	Principal	Total	Finance charges	Principal	Total	Principal		
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	67,246	74,347	-	7,101	7,101	70,687	77,788
Finep - CEOL Itaparica ^(14,6 b)	3.5% a.a.	16	1,998	2,014	9,155	11,169	19	2,048	2,067	10,104	12,171
BNDES - Ponte I Diamantina Eólica (Subcredit "A") ^(14,6 c)	TJLP + 9% a.a.	1,509	214,325	215,834	-	215,834	1,242	199,341	200,583	-	200,583
BNDES - Ponte I Diamantina Eólica (Subcredit "B") ^(14,6 c)	TJLP + 2.5% a.a.	2,077	478,536	480,613	-	480,613	1,666	458,812	460,478	-	460,478
BNDES - Ponte I Diamantina Eólica (Subcredit "C") ^(14,6 c)	TJ6 + 8.24% a.a.	76,811	163,962	240,773	-	240,773	60,762	163,963	224,725	-	224,725
Banco Daycoval ^(14,6 d)	1.60% a.m.	1,971	2,815	4,786	-	4,786	-	6,685	6,685	-	6,685
Citibank ^(14,6 d)	100% CDI + 4.5%	37,407	120,500	157,907	-	157,907	30,045	120,500	150,545	-	150,545
BTG Pactual ^(14,6 d)	100% CDI + 7.4%	28,021	125,076	153,097	-	153,097	8,314	134,942	143,256	-	143,256
Banco Modal ^(14,6 d)	100% CDI + 6%	3,329	15,000	18,329	-	18,329	2,262	15,000	17,262	-	17,262
Subtotal borrowings and financing		151,141	1,129,313	1,280,454	76,401	1,356,855	104,310	1,108,392	1,212,702	80,791	1,293,493
Borrowings cost		-	-	-	(142)	(142)	-	-	-	(155)	(155)
Assets classified as held for sale		(83,742)	(873,821)	(957,563)	(9,013)	(966,576)	-	-	-	-	-
TOTAL BORROWINGS AND FINANCING		67,399	255,492	322,891	67,246	390,137	104,310	1,108,392	1,212,702	80,636	1,293,338

14.2 Company

		Parent					
		06/30/2018			12/31/2017		
		Current			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,	1,971	2,815	4,786	-	6,685	6,685
Banco Citibank ^(14,6,d)	100% CDI + 4.5%	37,407	120,500	157,907	30,045	120,500	150,545
BTG Pactual ^(14,6,d)	100% CDI + 7.4%	28,021	125,076	153,097	8,314	134,942	143,256
TOTAL BORROWINGS		67,399	248,391	315,790	38,359	262,127	300,486

14.3 Collaterals

At June 30, 2018, the financing balance payable is collateralized as follows:

	BNB (note 14.6.a)
Trade receivables	418,641
Pledge of shares	128,650
Mortgage/sale of assets	152,795
Surety - money	11,714
Total	<u>711,800</u>

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	-	164,141	164,141	-	67,385	67,385
Finance charges paid	-	(124,972)	(124,972)	-	(43,430)	(43,430)
Amortization of loans, financing and	(150,928)	-	(150,928)	(142,600)	-	(142,600)
Updating and incorporation of interest	28,451	(28,451)	-	14,054	(14,054)	-
Funding cost allocation	745	-	745	477	-	477
Balances related to the sold assets	(1,110,908)	(4,842)	(1,115,750)	-	-	-
Balances as at June 30, 2017	<u>1,521,945</u>	<u>60,173</u>	<u>1,582,118</u>	<u>602,559</u>	<u>31,550</u>	<u>634,109</u>
Balances at December 31, 2017	<u>1,179,528</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	-	73,511	73,511	-	17,819	17,819
Finance charges paid	-	(3,388)	(3,388)	-	(195)	(195)
Amortization of loans, financing and	(6,760)	-	(6,760)	(2,320)	-	(2,320)
Updating and incorporation of interest	32,792	(32,792)	-	-	-	-
Funding cost allocation	12	-	12	-	-	-
Transfer to liabilities directly related to	(882,834)	(83,742)	(966,576)	-	-	-
Balances as at June 30, 2018	<u>322,738</u>	<u>67,399</u>	<u>390,137</u>	<u>248,391</u>	<u>67,399</u>	<u>315,790</u>

14.5 Maturity of installments – noncurrent (principal and charges)

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

Maturity year	06/30/2018
	Consolidated
2019	3,889
2020	7,900
2021	8,394
2022	8,918
2023	9,472
2024 to 2028	28,673
Total	67,246

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\$418,641 (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\$11,714 at June 30, 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 June 30, 2018, R\$14,149 had been released.

This financing is collateralized by bank letters of guarantee in an amount equivalent to 100% of each release, plus incidental charges, issued by financial institutions.

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 29.4).

Are guarantees of the financing, pledge of total shares of Alto Sertão Participações S.A, Diamantina Eólica Participações S.A and the SPEs as interveners to the contract. Pledge of Machinery and Equipment, pledge of rights arising from Authorizations issued by ANEEL, pledge of receivables from contracts for the supply of wind turbines, fiduciary assignment of receivables from energy sales agreements concluded between SPEs and Free-trading market (CCVEs), in Regulated market (CCEARs) and (RECs).

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

d. 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	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
IRPJ	5,817	4,467	-	-
CSLL	2,194	1,748	-	-
COFINS	3,884	3,844	34	32
PIS	841	832	6	5
Payroll charges	1,475	2,109	1,475	2,109
Third party retained taxes	3,229	3,511	662	680
Taxes installments	1,541	1,541	1,541	1,541
Other	572	415	5	1
	19,553	18,467	3,723	4,368
Transfer to liabilities associated to assets held for sale (Note 27.2)	(12,992)	-	-	-
Total	6,561	18,467	3,723	4,368

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/Eletróbras (consolidated)

	06/30/2018	12/31/2017
Current		
Eletróbras	27,028	27,383
CCEE	19,279	18,839
	46,307	46,222
Transfer to liabilities directly associated with assets held for sale (note 27.2)	(19,279)	-
Total current	27,028	46,222
Non-current		
CCEE	522	522
Transfer to liabilities directly associated with assets held for sale (note 27.2)	(522)	-
Total non-current	-	522
Total	27,028	46,744

Eletróbras

The Power Purchase and Sale Agreement entered into between the indirect subsidiary Espra and Eletróbras determines that sales revenues be determined every year (from January to December) within the Eletróbras 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 Espra 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>06/30/2018</u>
Eletrobras	27,383	1,252	-	(1,607)	-	27,028
CCEE	19,361	-	8,210	(7,770)	(19,801)	-
Total liabilities	46,744	1,252	8,210	(9,377)	(19,801)	27,028

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

Changes in Liabilities 2017

	12/31/2016	Provision/ Reversion	Fine on reimbursement	Amortization	Transfer to assets held for sale (*)	06/30/2018
Eletrobras	25,293	1.805	-	(1.395)	-	25.703
CCEE	37,278	2.937	6.748	(11.281)	(21.294)	14.388
Distributors	34,969	811	-	(1.132)	(34.648)	-
Total liabilities	97,540	5.553	6.748	(13.808)	(55.942)	40.091
Total net	(95,040)	(3,812)	(6,748)	13,808	51,701	(40,091)

(*) Values related to Alto Sertão II sale

17. Other accounts payable

	Consolidated		Parent	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Indemnities payable to Related parties - Light	73,634	71,100	-	-
ANEEL penalty	5,940	5,940	-	-
Others	17	17	3	3
	79,591	77,057	3	3
Transfer to liabilities directly associated with assets held for sale (Note 27.2)	(5,954)	-	-	-
Total	73,637	77,057	3	3

At June 30, 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\$73,634, 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 June 30, 2018, the individual and consolidated provision for civil, tax and labor contingencies amounted to R\$44,639 (R\$26,979 at December 31, 2017) of which R\$40,707 is civil, R\$3,800 is labor and R\$132 is administrative. Changes for the period ended June 30, 2018 were as follows:

	Civil	Labor	Administrative	Total
Balance at December 31, 2017	22,595	4,258	126	26,979
Additions (*)	18,328	245	-	18,573
Write-off	(474)	(608)	-	(1,082)
Payments	-	(97)	-	(97)
Update	441	2	6	449
Transfer to liabilities associated to assets held for sale (Note 27.2)	(183)	-	-	(183)
Balance at June 30, 2018	40,707	3,800	132	44,639

(*) Refers substantially to a civil process of indemnification for damages to third party property (Note 1.2.1) and provision complement to the civil action filed by the Elite Serviços Administrativos e Processamento de Dados Ltda.

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\$274,805 (R\$281,343 at December 31, 2017), of which R\$265,191 (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\$7,845 (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 June 30, 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\$ 29,735 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 June 30, 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 June 30, 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%
CG I FIP MULTIESTRATÉGIA*	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%

* In July, 2018 the shares not included in the controlling block belonging to RR Comercializadora de Energia e Participações were transferred to the CG IFundo de Investimentos em Participações, of the same economic group as RR Comercializadora. 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:

Costs on issuance of shares

		Parent and Controlled
Event	Date	
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			
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
	MWh*	MWh*		
Generation				
Electric power supply - PCHs	65,769	27,112	20,838	19,845
Electric power supply - Wind	-	562,386	-	75,830
Subtotal			20,838	95,675
Other revenues				
Operations – Sale of electric power			395,095	276,809
			415,933	372,484
Deductions from revenue:				
(-) Taxes from revenue (PIS/COFINS)			(36,662)	(35,249)
Total			379,271	337,235

(*) Information not reviewed by the independent auditors.

21. Costs and expenses (revenues)

	Consolidated					
	06/30/2018			06/30/2017		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Tusd/Tust ⁽¹⁾	272	10,813	11,085	8,403	1,604	10,007
Inspection fee	54	41	95	643	38	681
	<u>326</u>	<u>10,854</u>	<u>11,180</u>	<u>9,046</u>	<u>1,642</u>	<u>10,688</u>
Personnel and management ⁽²⁾	-	15,233	15,233	-	11,079	11,079
Third party services	1,862	7,480	9,342	19,721	25,354	45,075
Rentals and leases	838	730	1,568	1,870	1,491	3,361
Travels	-	796	796	-	650	650
Depreciation	4,774	896	5,670	5,039	1,108	6,147
Discontinued projects (note 12.8)	-	-	-	-	169	169
Insurance	120	2,515	2,635	1,090	74	1,164
Telephony and IT	-	1,438	1,438	-	2,336	2,336
Materials and consumables	274	399	673	139	242	381
Fine on reimbursement (note 16,1)	-	8,210	8,210	458	6,290	6,748
Purchase of energy ⁽³⁾	444,460	-	444,460	253,570	-	253,570
Provision of assets Impairment (note 12.2)	-	-	-	-	31,903	31,903
Contractual and regulatory penalties	-	1,742	1,742	-	-	-
Civil and labor contingencies	-	17,904	17,904	-	1,883	1,883
TerraForm Receipt ⁽⁴⁾	-	-	-	-	(25,518)	(25,518)
Renegotiation of hydrological risk	979	-	979	1,141	-	1,141
Taxes and fees	-	462	462	-	1,315	1,315
Other revenues (expenses)	171	(4,076)	(3,905)	128	(9,509)	(9,381)
	<u>453,478</u>	<u>53,729</u>	<u>507,207</u>	<u>283,156</u>	<u>48,867</u>	<u>332,023</u>
Total	<u>453,804</u>	<u>64,583</u>	<u>518,387</u>	<u>292,202</u>	<u>50,509</u>	<u>342,711</u>

	Parent					
	06/30/2018			06/30/2017		
	Cost of services	Expenses	Total	Cost of services	Expenses	Total
Personnel and management ⁽²⁾	-	6,857	6,857	-	6,255	6,255
Third party services	-	4,816	4,816	-	24,070	24,070
Rentals and leases	-	385	385	-	952	952
Travels	-	372	372	-	298	298
Depreciation	2,005	896	2,901	2,276	1,106	3,382
Discontinued projects (note 12.8)	-	-	-	-	169	169
Insurance	-	57	57	-	74	74
Telephony and IT	-	756	756	-	1,493	1,493
Materials and consumables	-	148	148	-	170	170
Terra Form Receipt ⁽⁴⁾	-	-	-	-	(25,518)	(25,518)
Civil and labor contingencies	-	17,844	17,844	-	1,883	1,883
Taxes and Fees	-	449	449	-	907	907
Other revenues (expenses)	-	(1,368)	(1,368)	-	(9,631)	(9,631)
Total	<u>2,005</u>	<u>31,212</u>	<u>33,217</u>	<u>2,276</u>	<u>2,228</u>	<u>4,504</u>

1. Tusd - distribution system use tariff and Tust - transmission system use tariff. In the period ended on June 30, 2017, the Tust values recorded in the cost refer to Alto Sertão II Wind Complex operation.

2. In the period ended as of June 30, 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.
4. Refers to TerraForm receivment as compensation for the termination of the arbitration (2017), see note 11.3.1.

22. Finance income (expense)

Note	Consolidated		Parent	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Finance income				
Income from short-term investments	909	5,335	238	1,609
Other finance income	383	88	118	60
(-) PIS/COFINS on finance income	(484)	(561)	(17)	(92)
Total finance income	808	4,862	339	1,577
Finance expense				
Debt charges	14,4	(73,511)	(164,141)	(17,819)
Interest		(22,190)	(22,957)	245
Fine on debt		-	(18,322)	-
Interest - related parties	24	(20,846)	(26,486)	(10,808)
IOF		(2,794)	(2,388)	(2,633)
Bank expenses		(523)	(308)	(57)
Bank guarantee for debt		(10,839)	(22,996)	(169)
Other financial expenses		(859)	(3,409)	(259)
Total financial expenses		(131,562)	(261,007)	(31,500)
Total financial results		(130,754)	(256,145)	(31,161)

23. Income and social contribution taxes

	Consolidated		Parent	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Profit (loss) before income tax and social contribution	(242,941)	(76,226)	(245,689)	(82,916)
Combined income tax and social contribution rate	34%	34%	34%	34%
Income tax and social contribution at statutory rates	82,600	25,917	83,534	28,191
Permanent deductions (additions)				
Nondeductible expenses	(5,710)	(143)	(64)	(143)
Share of (loss) profit of subsidiaries	9,156	15,578	(61,646)	(46,907)
Effect on subsidiaries taxed under the deemed income	(2,015)	12,575	-	-
Effect of unrecognized deferred tax assets on:				
Temporary provisions	(5,111)	173,927	(5,111)	173,927
Tax loss carryforwards	(76,172)	(113,129)	(16,713)	(33,653)
Income tax and social contribution in P&L	2,748	114,725	-	121,415

The Company did not record taxable income for the period. At June 30, 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	
	06/30/2018	06/30/2017
Tax loss for the period	(49,159)	(98,995)
Prior periods' tax loss carryforwards	(689,608)	(373,440)
Total tax loss carryforwards	<u>(738,767)</u>	<u>(472,435)</u>

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
<u>Loans</u>								
Energética Serra da Prata S,A,	-	-	46,755	44,009	(1,495)	(1,205)	-	-
Renova Comercializadora de Energia S,A,	-	-	240,921	169,703	(7,038)	(7,245)	-	-
Chiple SP Participações S,A,	-	-	71,994	64,343	(2,274)	(1,093)	-	-
Centrais Eólicas Conquista S,A,	-	-	-	125	-	-	-	-
Centrais Eólicas Coxilha Alta S,A,	-	-	-	107	-	-	-	-
Centrais Eólicas Cansanção S,A,	-	-	-	127	(1)	-	-	-
Subtotal	-	-	359,670	278,414	(10,808)	(9,543)	-	-
<u>Apportionment of expenses</u>								
Energética Serra da Prata S,A,	1,059	84	-	-	-	-	(2,173)	(509)
Renova Comercializadora de Energia S,A,	459	223	-	-	-	-	(1,282)	(1,281)
Controlada - LEN 2012 (A-5)	45	64	-	-	-	-	(140)	(104)
Controladas - LER 2013	385	542	-	-	-	-	(1,191)	(879)
Controladas - LER 2014	-	22	-	-	-	-	-	(9)
Controladas - ACL (Mercado livre I)	59	82	-	-	-	-	(180)	(121)
Controladas - ACL (Light I)	492	691	-	-	-	-	(1,518)	(1,112)
Controladas - ACL (Mercado livre III)	80	112	-	-	-	-	(247)	(180)
Controladas - ACL (Light II)	496	697	-	-	-	-	(1,531)	(1,123)
Controladas - ACL (Mercado livre II)	267	375	-	-	-	-	(819)	(578)
	3,342	2,892	-	-	-	-	(9,081)	(5,896)
Transfer for assets held for sale (note 27.2)	(1,831)	-	-	-	-	-	-	-
Subtotal	1,511	2,892	-	-	-	-	(9,081)	(5,896)

Advance for future capital increase (**)

Alto Sertão Participações S,A,	7,878	37,427	-	-	-	-	-	-
Centrais Eólicas Carrancudo S,A,	116	1,244	-	-	-	-	-	-
Centrais Eólicas Botuquara S,A,	125	-	-	-	-	-	-	-
Centrais Eólicas Alcaçuz S,A,	104	1,383	-	-	-	-	-	-
Centrais Eólicas Tamboril S,A,	167	1,486	-	-	-	-	-	-
Centrais Eólicas Conquista S,A,	149	-	-	-	-	-	-	-
Centrais Eólicas Coxilha Alta S,A,	123	-	-	-	-	-	-	-
Centrais Eólicas Tingui S,A,	118	1,499	-	-	-	-	-	-
Centrais Eólicas Cansanção S,A,	82	-	-	-	-	-	-	-
Centrais Eólicas Macambira S,A,	136	967	-	-	-	-	-	-
Centrais Eólicas Imburana de Cabão S,A,	110	1,076	-	-	-	-	-	-
Centrais Eólicas Ipê Amarelo S,A,	113	1,308	-	-	-	-	-	-
Centrais Eólicas Putumaju S,A,	81	934	-	-	-	-	-	-
Centrais Eólicas Lençóis S,A,	64	-	-	-	-	-	-	-
Centrais Eólicas Anísio Teixeira S,A,	76	111	-	-	-	-	-	-
Centrais Eólicas Ico S,A,	64	1,776	-	-	-	-	-	-
Centrais Eólicas Jequitiba S,A,	46	482	-	-	-	-	-	-
Centrais Eólicas Caliandra S,A,	31	422	-	-	-	-	-	-
Centrais Eólicas Canjoão S,A,	40	379	-	-	-	-	-	-
Centrais Eólicas Cabeça de Frade S,A,	33	52	-	-	-	-	-	-
Centrais Eólicas Embiruçu S,A,	35	93	-	-	-	-	-	-
Centrais Eólicas Itapuã VII Ltda.	91	9	-	-	-	-	-	-
Centrais Eólicas Bela Vista XIV S,A,	30	-	-	-	-	-	-	-
Centrais Eólicas Itaparica S,A,	921	4,224	-	-	-	-	-	-
Other	1	4	-	-	-	-	-	-
Subtotal	10,734	54,876	-	-	-	-	-	-
Transfer for assets held for sale (note 27,2)	(10,703)	-	-	-	-	-	-	-
Total	1,542	57,768	359,670	278,414	(10,808)	(9,543)	(9,081)	(5,896)

	Consolidated			
	Liabilities		Finance income	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
<u>Renova Comercializadora de Energia S.A.</u>				
Advances from Customers (24,3)	147,926	-	(3,610)	(20,202)
CEMIG Geração e Transmissão S.A.	99,253	-	(2,490)	(20,202)
LIGHT COM Comercializadora de Energia	48,673	-	(1,120)	-
Related-party transactions (24,3a and 24,3b)	367,435	350,200	(17,236)	(6,284)
	<u>515,361</u>	<u>350,200</u>	<u>(20,846)</u>	<u>(26,486)</u>
Presented as:				
Current	236,966	84,964		
Non Current	278,395	265,236		
Total	<u>515,361</u>	<u>350,200</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,	11,971	62,462	-
Clima Trading Comercializadora de Energia Ltda,	-	3,221	5,395
LIGHTCOM Comercializadora de Energia S.A,	14,861	93,077	6,736
	<u>26,832</u>	<u>158,760</u>	<u>12,131</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\$73,634 (R\$71,100 as of December 31, 2017) 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 is being updated by the IGPM variation with interest rate of 1% per month plus a moratorium fine of 2% 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\$59,627, the characteristics of which are described below:

	1 st Advance	2 nd Advance	3 rd Advance	4 rd Advance
Advance on:	April, 2018	July and August, 2018	May and June, 2018	September, October and November 2018
Delivery date	01/19/2018	02/27/2018	03/08/2018	04/24/2018
Amount received	R\$3,609	R\$9,428	R\$8,465	R\$15,104
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	R\$ 3,70 (three reais and seventy centavos)/MWh
Amount to be paid with energy supply	R\$3,712	R\$10,053	R\$8,695	R\$15,418
	5 st Advance	6 nd Advance	Total	
Advance on:	December, 2018, January and February 2019	February, March and April 2019		
Delivery date	05/09/2018	08 and 06/26/2018	R\$ 59,627	
Amount received	R\$10,795	R\$12,226		
Discount applied	R\$ 11,57 (eleven reais and fifty-seven centavos)/MWh	R\$ 14,91 (fourteen reais and ninety-one centavos)/MWh		
Amount to be paid with energy supply	R\$11,520	R\$13,294	R\$ 62,692	

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 June 30, 2018:	R\$ 127,894	R\$ 150,501	R\$ 278,395

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 June 30, 2018, the payable balance to CEMIG GT arising from these Acknowledgement of Debt is R\$278,395 (R\$265,236 at December 31, 2017).

Under this purchase and sale of energy, it was also made new advances totaling R\$123,750, whose characteristics are described below:

	1 st Advance	2 nd Advance	3 rd Advance	4 rd Advance
Advance on:	April, 2018	July and August, 2018	May and June, 2018	September, October and November 2018
Delivery date	01/19/2018	02/08/2018 and 02/19/2018	03/08/2018	04/09/2018
Amount received	R\$7,950	R\$20,000	R\$18,600	R\$32,400
Discount applied	155% of CDI	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\$34,324
	5 st Advance	6 nd Advance	Total	
Advance on:	December 2018, January and February 2019	February, March and April 2019		
Delivery date	05/09/2018	06/08/2018		
Amount received	R\$21,800	R\$23,000	R\$123,750	
Discount applied	155% of CDI	155% of CDI		
Amount to be paid with energy supply	R\$23,736	R\$25,499	R\$133,479	

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 received 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 June 25, 2018, the parties executed the 6th amendment to the Agreement and Debt Recognition ("TARD"), postponing the maturity of the entry and the six installments of the TARD mentioned for July 10, 2018 and August 3, 2018, the debt was renegotiated and maturity postponed to January 10, 2019. The updated balance of this debt is R\$ 89,040 (R\$ 84,964 as of December 31, 2017).

c) TARDs guarantees

The outstanding balance of the TARDs signed between CEMIG GT and the subsidiary Renova Comercializadora is guaranteed by as follows:

- (i) Fiduciary lien on 30% of Chipley's shares held by the Parent Company;
- (ii) Fiduciary assignment of 30% of the receivables arising from the sale of Chipley's shares held by the Parent Company and disposed of as per item (i) above;
- (iii) Fiduciary lien on 100% of Enerbras' share capital;
- (iv) Fiduciary lien on the entire shares of Bahia Holding and on 49.9% of Ventos de São Cristóvão's shares;
- (v) Fiduciary assignment on the remaining warranties products represented by items (i), (iii) and (iv) above,

24.4 Key management personnel compensation

Key management personnel compensation for the quarters ended June 30, 2018 and 2017, as required by CVM Rule No, 560, of December 11, 2008 amounted to R\$3,437 e R\$4,297 respectively, comprising only short-term benefits.

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

	06/30/2018						06/30/2017					
	Statutory Board	Non-statutory Board	Total	Administration Council	Tax Council	Total	Statutory Board	Non-statutory Board	Total	Tax Council	Total	
Number of members	1.67	1.83	3.5	2.00	4.33	9.83	2.5	3.17	5.67	4.00	9.67	
Accrued fixed compensation	1,222	972	2,193	116	253	2,562	1,694	1,787	3,481	114	3,595	
Salary or pro-labore	746	670	1,416	96	211	1,753	1,262	922	2,184	95	2,279	
Direct and indirect benefits	125	75	200	-	-	200	121	160	281	-	281	
Variable compensation	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	
Others	350	197	548	20	42	62	311	705	1,016	19	1,035	
Fixed Bonuses	64	-	64	-	-	-	7	255	262	-	262	
Charges arising from fixed remuneration	286	197	483	20	42	62	304	450	754	19	773	
Cumulative variable	428	168	596	-	-	596	-	648	648	-	648	
Provision for profit sharing program	428	168	596	-	-	596	-	648	648	-	648	
Post-employment benefits	6	11	17	-	-	17	47	7	54	-	54	
Benefits due to termination	235	27	262	-	-	262	-	-	-	-	-	
Total compensation by	1,891	1,178	3,068	116	253	3,437	1,741	2,442	4,183	114	4,297	

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

	06/30/2018				06/30/2017	
	Statutory Board	Non-statutory Board	Administrative Counsel	Tax Counsel	Statutory Board	Non-statutory Board
Number of members	1,67	1,83	2,00	4,33	2,50	3,17
Highest individual compensation amount	1,077	811	58	58	454	456
Lowest individual compensation amount	1,077	601	58	58	92	91
Average individual compensation amount	819	474	39	51	194	197

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 June 30, 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	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Financial assets				
Current				
Cash and cash equivalents	2,683	1,601	2,683	1,601
Short-term investments	24,271	23,149	24,271	23,149
Trade receivables	40,363	44,611	40,363	44,611
Non-current assets				
Long-term investments	7,756	7,789	7,756	7,789
Collaterals and restricted deposits	11,714	11,361	11,714	11,361
Financial liabilities				
Current				
Trade payables	89,708	259,377	89,708	259,377
Borrowings and financing	322,891	1,212,702	322,891	1,212,702
Related parties	236,966	84,964	236,966	84,964
Non-current liabilities				
Trade payables	-	25,220	-	25,220
Borrowings and financing	67,246	80,791	67,246	80,636
Related parties	278,395	265,236	278,395	265,236

	Parent			
	Fair value		Carrying amount	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Financial assets				
Current				
Cash and cash equivalents	229	301	229	301
Short-term investments	11	41	11	41
Trade receivables	546	484	546	484
Related Parties	1,511	2,892	1,511	2,892
Non-current assets				
Long-term investments	7,756	7,789	7,756	7,789
Collaterals and restricted deposits	31	54,876	31	54,876
Financial liabilities				
Current				
Trade payables	36,763	39,305	36,763	39,305
Borrowings and financing	315,790	300,486	315,790	300,486
Non-current liabilities				
Related parties	359,670	278,414	359,670	278,414

b. Financial instruments by category

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

	Consolidated					
	06/30/2018			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	2,683	-	2,683	1,601	-	1,601
Short-term investments	24,271	-	24,271	23,149	-	23,149
Trade receivables	-	40,363	40,363	-	44,611	44,611
Non-current assets						
Long-term investments	7,756	-	7,756	7,789	-	7,789
Collaterals and restricted deposits	-	11,714	11,714	-	11,361	11,361
Financial liabilities						
Current						
Trade payables	-	89,708	89,708	-	259,377	259,377
Borrowings and financing	-	322,891	322,891	-	1,212,702	1,212,702
Related parties	-	236,966	236,966	-	84,964	84,964
Non-current liabilities						
Trade receivables	-	-	-	-	25,220	25,220
Borrowings and financing	-	67,246	67,246	-	80,636	80,636
Related parties	-	278,395	278,395	-	265,236	265,236

	Parent					
	06/30/2018			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	229	-	229	301	-	301
Short-term investments	11	-	11	41	-	41
Trade receivables	-	546	546	-	484	484
Related parties	-	1,511	1,511	-	2,892	2,892
Non-current assets						
Long-term investments	7,756	-	7,756	7,789	-	7,789
Related parties	-	31	31	-	54,876	54,876
Financial liabilities						
Current						
Trade payables	-	36,763	36,763	-	39,305	39,305
Borrowings and financing	-	315,790	315,790	-	300,486	300,486
Non-current liabilities						
Related parties	-	359,670	359,670	-	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 06/30/2018	Fair value as at June 30, 2018		
		Active Market - quoted price (level)	No active Market - Valuation technique (level 2)	No active Market - Nonobservable inputs (level 3)
Assets				
Short-term investments	32,027	-	32,027	-

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 June 30, 2018, the Company did not have any financial instrument classified in this category.

For the period ended June 30, 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 June 30, 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	24,271	24,271	24,271
	Estimated annual rate of CDI to 2019	7.88%	5.91%	3.94%
	Annual effect:			
	Annual Loss	<u>(63)</u>	<u>(524)</u>	<u>(985)</u>
CDI increase	Other short-term loans	334,119	334,119	334,119
	Related Parties CEMIG	367,435	367,435	367,435
	Estimated annual rate of CDI to 2019	7.88%	9.85%	11.82%
	Annual Loss in Debentures and other borrowings	<u>(13,308)</u>	<u>(29,952)</u>	<u>(47,055)</u>
TJLP increase	BNDES - Diamantina Eólica (Subcredit "A" and "B")	696,453	696,53	696,453
	Estimated annual rate of TJLP to 2019	7.61%	9.51%	11.42%
	Annual Loss in Financing with BNDES	<u>(3,970)</u>	<u>(17,220)</u>	<u>(30,470)</u>
TJ6 increase	BNDES - Diamantina Eólica (Subcredit "C")	240,773	240,773	240,773
	Rates considering the scenario for TJ6	6.83%	8.54%	10.25%
	Annual Loss in Financing with BNDES	<u>-</u>	<u>(4,111)</u>	<u>(8,222)</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, 7.88%, Scenarios II and III consider a decrease in this rate of 25% (5.91% p.a.) and 50% (3.94% 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% (9.85% p.a.) and 50% (11.82% p.a.). The weighted average spread observed in short-term loans is 33.32% + 100% of CDI.

Financing with BNDES pegged to the TLP considers a probable scenario based on the rate for the first semester of 2018 of 7.61%, Scenarios II and III consider an increase in this rate of 25% (9.51% p.a.) and 50% (11.42% p.a.), respectively. The weighted average spread observed for financing with BNDES is 4.51% + TLP. Financing with BNDES pegged to TJ6 considers a probable scenario based on the effective rate at June 30, 2018 of 6.83%, Scenarios II and III consider an increase in this rate of 25% (8.54% p.a.) and 50% (10.25% 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 June 30, 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 June 30, 2018 also considers as current liability the debts that did not achieve the covenants stipulated in the contracts.

	Consolidated				Total
	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Instruments at interest rate					
Borrowings and financing – principal and finance charge	162,075	160,816	42,029	25,217	390,137
	Parent				Total
	1 to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years	
Instruments at interest rate					
Borrowings and financing – principal and finance charge	160,300	155,490	-	-	315,790

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	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
Financial assets					
Current					
Trade receivables	7	40,363	44,611	546	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 June 30, 2018, the Company did not make speculative investments in derivatives or any other risky assets.

h. Capital management

	Consolidated	
	06/30/2018	12/31/2017
Borrowings, financing debt and debentures	905,498	1,643,538
(-) Cash and financing debt	(34,710)	(32,539)
Net debt	870,788	1,610,999
Equity	534,119	779,808
Financial leverage ratio - %	163%	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. Profit (loss) per share

Basic profit (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 profit (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 profit (loss) per share, for each of the periods presented in the statement of profit or loss:

	<u>06/30/2018</u>	<u>12/31/2016</u>
Loss for the period	(245,689)	38,499
<u>Basic loss per share:</u>		
Weighted average of outstanding common shares (in thousands)	417,197	340,943
Basic loss per share (in R\$)	<u>(0.59)</u>	<u>0.11</u>
<u>Diluted loss per share:</u>		
Weighted average of outstanding common shares (in thousands)	417,197	340,943
	<u>(0.59)</u>	<u>0.11</u>
Diluted loss per share (in R\$)	<u>(245,689)</u>	<u>38,499</u>

27. Assets classified as held for sale

As mentioned in Note 1,2,2, at June 30, 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, which are measured at fair value less costs to sell, as follows:

27.1 Parent and consolidated

Breakdown of investments – Parent:

Assets classified as held for sale	06/30/2018	12/31/2017
Alto Sertão III Complex	440,100	-
Wind Projects under development	52,261	16,198
Total	492,361	16,198
Liabilities directly associated with assets held for sale	06/30/2018	12/31/2017
Trade payables	43,000	43,000

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

The balance sheet as of June 30, 2018 of the projects classified as held for sale are as follow:

ASSETS	Wind Farm in development	Alto Sertão III Wind Farm	Total	LIABILITIES AND EQUITY	Wind Farm in development	Alto Sertão III Wind Farm	Total
CURRENT				CURRENT			
Cash and cash equivalents	-	50	50	Suppliers	43,000	203,036	246,036
Recoverable taxes	-	2,478	2,478	Loans and financing	-	957,563	957,563
Prepaid expenses	-	1,832	1,832	Taxes payable	-	12,992	12,992
Advances to suppliers	-	32	32	Accounts payable -	-	19,279	19,279
Other credits	-	122	122	Related parties	-	1,831	1,831
Total current assets	-	4,514	4,514	Other accounts payable	-	5,954	5,954
				Total current liabilities	43,000	1,200,655	1,243,655
Judicial deposits	-	684	684	Suppliers	-	13,815	13,815
Property, plant and equipment	52,261	1,789,153	1,841,414	Loans and financing	-	9,013	9,013
Total non-current assets	52,261	1,789,837	1,842,098	Accounts payable -	-	522	522
				Related Parties	-	10,703	10,703
				Provisions	-	183	183
				Total non-current liabilities	-	34,236	34,236
				EQUITY			
				Share capital	-	1,617,628	1,617,628
				Accrued losses	-	(1,190,062)	(1,190,062)
				Total equity	-	427,566	427,566
TOTAL ASSETS	52,261	1,794,351	1,846,612	TOTAL LIABILITIES	43,000	1,662,457	1,705,457

Classified as	06/30/2018	12/31/2017
Assets classified as held for sale	1,846,612	16,198
Liabilities directly associated with assets held for sale	1,264,571	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\$13,320.

Statements of income and cash flows as of June 30, 2018:

Losses on assets classified as held for sale	Alto Sertão III Wind Farm
Expenses	(31,616)
Financial result	(83,466)
Loss for the period	(115,082)
Cash flow from assets classified as held for sale	
Net cash flow from operating activities	(46,667)
Net cash flow from investing activities	1,723
Net cash flow from financing activities	44,130
Reduction in the balance of cash and cash equivalents	(814)
Cash and cash equivalents at the beginning of the period	864
Cash and cash equivalents at end of period	50
Reduction in the balance of cash and cash equivalents	(814)

28. Noncash transactions

As at June 30, 2018, the Company and its subsidiaries conducted the following noncash transactions; therefore, these transactions are not reflected in the statement of cash flows:

	Note	Consolidated		Parent	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
Acquisition of property, plant and equipment – trade payables	12.3	-	15,464	-	5,593
Payment of capital in subsidiaries with property, plant and equipment	12.4	-	-	-	(19,406)
Effect of reconciliation property, plant and equipment – trade payables	12.4	(3,445)	(87,511)	-	-

29. Subsequent Events

29.1 Alto Sertão III wind farm

As disclosed in the relevant fact dated July 17, 2018, the Company received non-binding proposals, for the acquisition of this project, from several investors who are in due diligence process.

29.2 Advance from clients

Between July 2018 and August 10, 2018, the Company received from its shareholders CEMIG GT and Light the amount of R\$ 116,774, as advances for future energy delivery, for the period from May 2019 to May 2021, being R\$ 52,100, from CEMIG and R\$ 64,674 from Light, with interest rate of 155% and 167% of the CDI, respectively,

29.3 Partial suspension of power supply for CEMIG GT

On August 3, 2018, the Company signed the 7th amendment to the wind energy purchase and sale agreement entered between the subsidiary Renova Comercializadora and CEMIG GT, suspending the supply of incentive wind power contracted from July to December 2018 and defining the formula of the compensation to be paid to CEMIG GT, which is estimated at R\$ 55,957, to be recognized during the second half of 2018 according to its competence and whose settlement is contractually scheduled for January 10, 2019.

Considering the suspension of the energy supply mentioned above, the advances received by Renova Comercializadora for the period from July to December 2018, in the total amount of R\$ 55,880, will be recognized as debt, according to TARD signed on August 3, 2018, which establishes the settlement of the entire amount in a single payment on January 10, 2019, updated by 155% of the CDI.

29.4 BNDES loan (bridge)

On July 31, 2018, the Company signed the 9th amendment to the loan agreement entered between BNDES and the indirect subsidiary Diamantina Eólica, extending the maturity date of the single amortization installment to January 15, 2019, changing the interest rate of the "C" sub-credit from 8.24% to 8.28% p.y. and including the following main clauses:

- a) formalization of the obligation to partially settle the debt of the "A" and "C" subcredits in the global amount of up to R\$ 60,000, due to the recomposition of the original exposure between the BNDES and the guarantors of the project;
- b) presentation by August 15, 2018, of new guarantee letters with minimum validity until March 15, 2019;
- c) creation of additional guarantees.

* * *

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

Gustavo Henrique Simões dos Santos
Diretor Vice Presidente Jurídico, Regulação e de
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Gina Abreu Batista dos Santos
Accountant CRC 027321-O-BA

A free translation from Portuguese into English of Independent Auditor's Report on the Review of Interim 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

Report on the review of interim information - ITR

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

Introduction

We have reviewed the individual and consolidated interim financial information of Renova Energia S.A. ("Company"), contained in the Quarterly Information Form - ITR, for the quarter ended June 30, 2018, which comprise the statement of financial position as at June 30, 2018, and the statements of profit or loss and comprehensive income for the three and six-month periods then ended and the changes in equity and cash flows for the six-month period then ended, including notes to the interim financial information.

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

Scope of review

We conducted our review in accordance with Brazilian and International Standards on review of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial 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 International Standards on Auditing 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 financial information

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

Emphasis of matter

Risks related to compliance with laws and regulations

As mentioned in Note 18.1 to the individual and consolidated interim financial information, there are currently ongoing investigations conducted by public authorities regarding certain expenditures and their allocations, which involve and also include some of its shareholders. As mentioned in the note, at this point, it is not possible to forecast future developments arising from these investigation procedures by the public authorities, nor their possible effects on the Company's interim financial information. Our conclusion is not modified in respect of this matter.

Significant going concern uncertainty

We draw attention to Note 1.3 of the individual and consolidated interim financial information, which indicates that on June 30, 2018 the Company's current liabilities exceeded the total of the current assets in R\$ 59,190 thousand, consolidated, and, on that date, the Company presented individual and consolidated accumulated losses of R\$ 2,440,279 thousand and individual and consolidated loss of R\$ 245,689 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 relevant uncertainty that may raise significant doubt about the Company's ability to continue as 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 respect of this matter.



Other matters

Statements of value added

We have also reviewed the individual and consolidated Statements of Value Added (SVA) for the six-month period ended June 30, 2018, prepared under the responsibility of Company's management, the presentation of which in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, whereby no SVA presentation is required. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not consistently prepared, in all material respects, in relation to the overall accompanying interim financial information.

Salvador, August 10, 2018

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