



2Q19 EARNINGS RELEASE

São Paulo, August 15, 2019.

QUARTER HIGHLIGHTS AND SUBSEQUENT EVENTS

- **On April 9th**, signed a Purchase and Sale Agreement (“Agreement”) for the sale, to AES, of shares representing all the share capital of the special-purpose companies that represent Alto Sertão III Wind Farm and certain wind farm projects under development.
- **On April 12th**, the Company signed the 12th amendment to the financing contract between the BNDES and the indirectly controlled Diamantina Eólica (Diamantina Wind Farm), changing the maturity date of the single-tranche amortization to May 15, 2019.
- **On May 3rd**, signed debt confession instruments with Banco BTG totaling R\$172 million for overdue debt reprofiling.
- **On May 15th**, the Company signed the 13th amendment to the financing contract between the BNDES and the indirectly controlled Diamantina Eólica (Diamantina Wind Farm), changing the maturity date of the single-tranche amortization to July 15, 2019.
- **On July 15th**, the Company signed the 14th amendment to the financing contract between the BNDES and the indirectly controlled Diamantina Eólica (Diamantina Wind Farm), changing the maturity date of the single-tranche amortization to August 15, 2019. (Subsequent Event)
- **On July 23rd**, a bank credit note was signed with CitiBank totaling R\$185.5 million for overdue debt reprofiling. (Subsequent Event)
- **On August 14th**, approval of the extension of the financing agreement entered between BNDES and the indirect subsidiary Diamantina Eólica, changing the maturity date of the single amortization installment to October 15, 2019. (Subsequent Event)
- Main Highlights of 2Q19 Results: Net Operating Revenue of R\$15.6 million, negative EBITDA of R\$74.8 million, negative Adjusted EBITDA of R\$17.0 million and Net Loss of R\$182.3 million.

¹ To calculate the 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.

EARNINGS CONFERENCE CALL

August 16, 2019

15:00 a.m. (BRT) and 14:00 p.m. (EDT)

Conference Code: Renova Energia

Connection: Brazil: +55 11 2188 0155

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

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DATA ON AUGUST 14, 2019

RNEW11 = R\$20.50/Unit

MARKET CAP¹

RNEW11 = R\$285.1 million

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1. ABOUT RENOVA ENERGIA

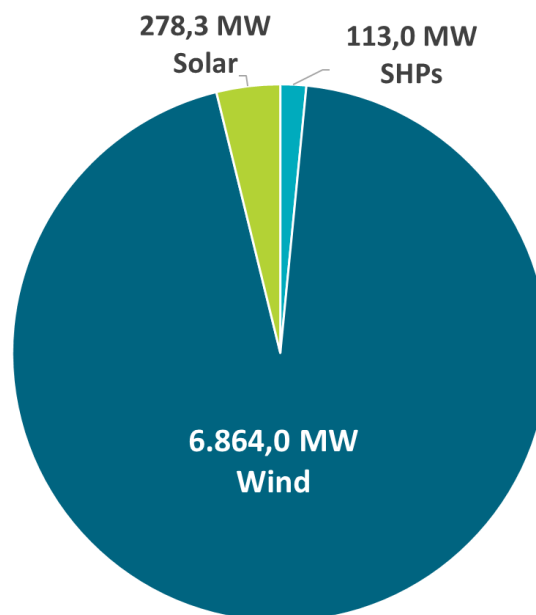
Renova Energia S.A. (‘the Company’ or ‘Renova’) is a company producing electric power from renewable sources, focused on wind and solar generation and small hydroelectric plants. Its key differential is that it operates throughout the value chain – from prospecting and development to construction and operation of renewable energy generation projects. In its 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 Implementation

After hiring PPAs, the projects move to the implementation phase until they become operational.

Currently, Renova is implementing the Alto Sertão III wind farm with 437.4MW of installed capacity (Alto Sertão III Phase A - 389.4 MW, Hybrid Project (Wind Farm) - 43.2 MW, Hybrid Project (Sun Power) - 4.8 MW, without PPA), which, when operational, will meet Free and Regulated Market contracts.

If the sale of Alto Sertão III to AES is completed, the Company will no longer have any projects under implementation.

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

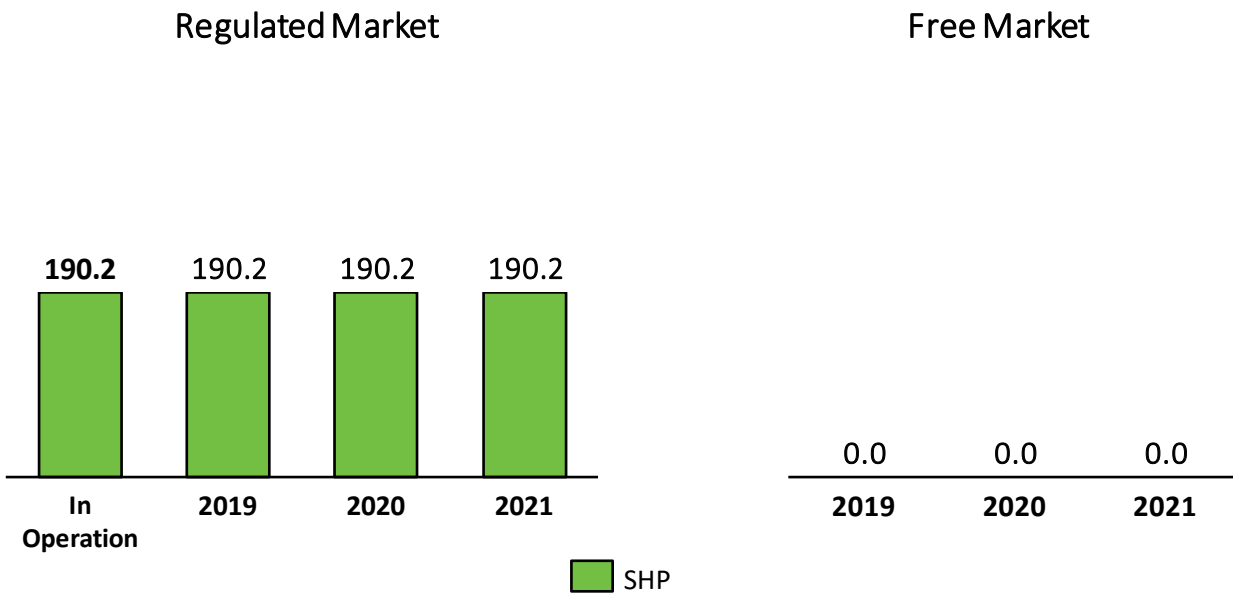
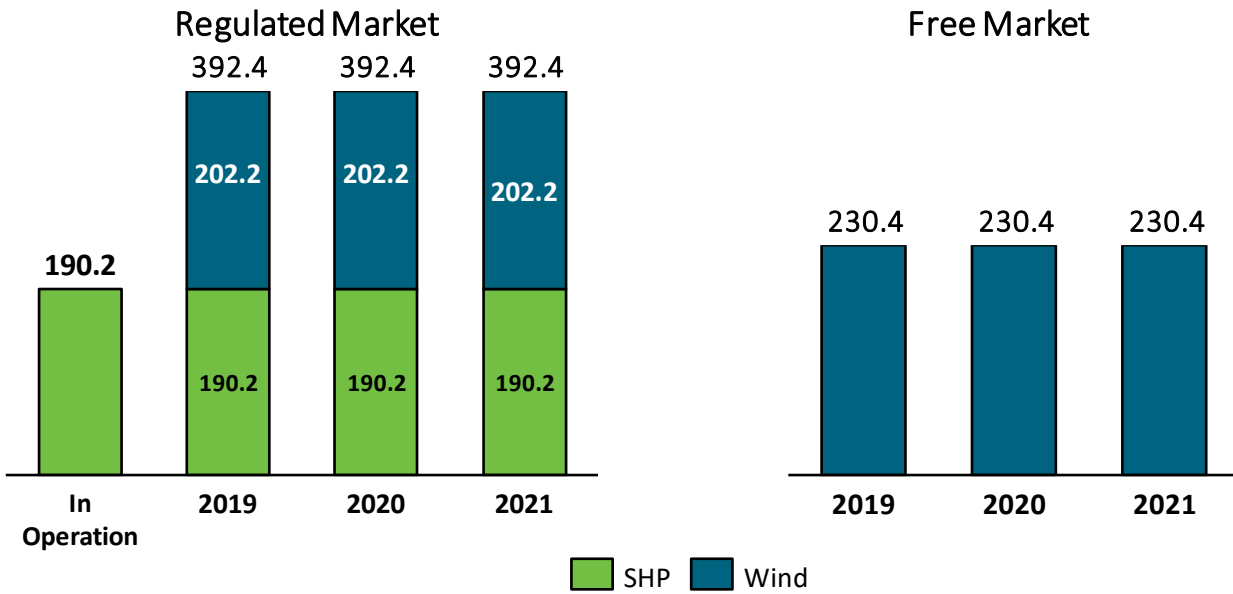
Font	Complex	Contract	Number of wind farms	Installed Capacity (MW)	Energy Sold (MWm)	Start of PPA
Wind	AS-III	LER2013 ³	9	159,0	73,7	set-15
		Light I ^{1 3}	14	231,3	100,2	set-15/jan-16
	Hybrid	LER2014 ³	3	43,2	20,9	out-17
		Mercado Livre I	-	-	11,0	jan-16
	Total Wind			26	433,5	205,8
SHP	Espra	Proinfa	3	41,8	18,8	2008
	BrPCH ²	Proinfa	13	148,4	95,8	2008/2009
	Total SHP		16	190,2	114,6	-
Solar	Hybrid	Decontracted	1	4,8	-	-
	Total Solar		1	4,8	-	-
Total			43	628,5	320,4	

¹Contract partially suspended from January to December 2019.

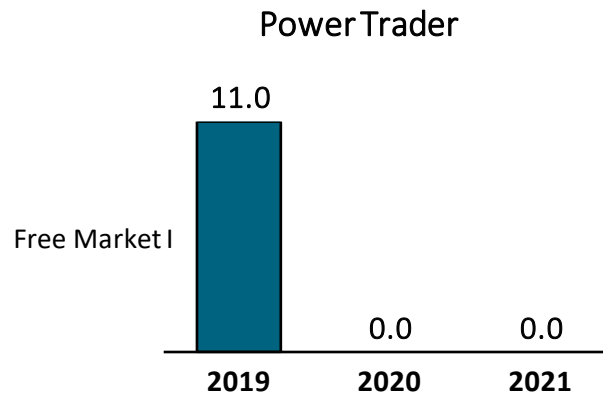
³Considers 51% of the shareholding that Renova has in Brasil PCH.

⁴The LER 2013, LER 2014 and Light I contracts are part of the negotiation with AES.

Installed Capacity (MW), by contracting environment



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



3. MESSAGE FROM MANAGEMENT

In line with the global solution that has been discussed to equate its capital structure and honor its commitments, Renova approved, on March 21st, the equalization and extension of debts and accepting AES binding proposal for the sale of Alto Sertão III Wind Farm and certain wind projects under development (“Transaction”), which have evolved to the date of disclosure of this document as follows:

- i. Debts with related parties are being restructured by issuing debentures, whose coordinating bank will be BTG and whose registration should occur within the next 30 days.
- ii. Debts with the banks BTG and Citibank were renegotiated and extended, totaling R\$172 million and R\$186 million, respectively.
- iii. The Sale of Alto Sertão III and certain projects under development is still subject to the conclusion of final documents between the parties involved, which include, among other provisions, the compliance with previous conditions and obtaining the necessary approvals for its conclusion. The proceeds from the sale will be allocated to equalize all project liabilities, whose project finance debts with BNDES, Finep and Modal will be assumed by the buyer. Subsequently, on August 13th, the Company’s Board of Directors decided in favor of signing an amendment to the Share Purchase and Sale Agreement of this transaction, partially changing its scope and commercial conditions.

In addition, on March 21st, the Company’s controlling shareholders approved signing the Share Purchase and Sale Agreement referring to the purchase of shares issued by CG I Fundo de Investimento em Participações and certain related parties, subject to certain precedent conditions. In this sense, BNDESPar has already positioned itself by exercising its right to sell all its interest in Renova, if the transaction is concluded, as provided for in the Shareholders’ Agreement of the Company. In addition, the controlling shareholders also approved, subject to the final acquisition of CG I shares, Cemig GT and Light Energia holding a public offering for the acquisition of outstanding shares issued by Renova, on a date to be announced in due time, which will be offered to Renova’s shareholders under the same conditions granted to CG I. On August 9th, the Company’s controlling shareholders approved, in their governance bodies, signing an amendment to the share purchase and sale agreement between Light Energia, CGI Investimentos, Cemig GT and BNDESPar, authorizing the acquisition by Light Energia of Renova’s shares held by CGI and BNDESPar, for up to R\$37.94 per unit, and subsequently launching an offering for the acquisition of minority shareholders who wish to sell their shares,

under the same conditions offered to CGI and BNDESPar. Payments for the purchase of shares will be made with simple non-convertible debentures, as per CVMI 400 or CVMI 476, issued by Renova.

When the transactions above are concluded, the Company will have a new structure, all its debts will be equated and extended; there will be no repo investment or regulatory pending issue; and will include SHP's operational assets with a total of 190.2 MW of installed capacity and a portfolio of renewable projects under development of approximately 6.8 GW. From then on, the controlling shareholders will have to present a business plan for the portfolio development, which will eventually require new resources.

Summary of results for the quarter

At the end of the second quarter of 2019, excluding liabilities directly related to assets held for sale, loans and financing totaled R\$425.6 million, liabilities with related parties totaled R\$943.9 million, liabilities with suppliers totaled R\$295.3 million and other liabilities totaled R\$190.1 million, resulting in a total liability of R\$1.8 billion; of this total, R\$ 1.2 billion are due in the short term.

The balances related to Alto Sertão III Wind Farm and certain wind farm projects under development are listed in the accounts of assets classified as held for sale and liabilities directly related to assets held for sale, given the Company's negotiation to sell them in the short term. Loans and financing related to Alto Sertão III totaled R\$1.02 billion and liabilities with suppliers and other accounts payable R\$139.4 million.

Net Operating Revenue in the second quarter of 2019 was R\$15.6 million, down 92.4% over 2Q 2018, due to the assignment of power purchase and sale agreements to Cemig and Light. EBITDA totaled a negative R\$334.2 million, while Adjusted EBITDA totaled a negative R\$17 million in the quarter. Lastly, the loss in the quarter was of R\$426.5 million. The negative result was mainly due to the losses under the power purchase and sale agreements, the recognition of the penalty applied by ANEEL due to the cancellation of the Phase B grants of the Alto Sertão III Wind Farm, and the recognition of impairment and financial expenses.

4. HIGHLIGHTS IN DETAIL

4.1. Acceptance of the Binding Proposal from AES Tietê to Purchase the Alto Sertão III Wind Farm.

On April 9th, signed a Purchase and Sale Agreement for the sale, to AES Tietê, of Alto Sertão III Wind Farm and certain wind farm projects under development.

The Transaction includes the sale of the Alto Sertão III Wind Farm, subdivided in Phase A, with installed capacity of 438MW, for R\$350 million, and Phase B, with 305 MW of capacity to be installed, for R\$90 million, and a purchase option of up to 1.1 GW of wind farm projects under development, for up to R\$76 million. The

Transaction is still subject to a possible increase, as an earn-out, if the performance of the Phase A winds exceeds the reference number used in the negotiation.

The Transaction provides for the settlement of debts with the project's creditors, and AES Tietê will assume the financial debt estimated at around R\$1 billion, mostly with BNDES. The conclusion of the Transaction is also be subject to the compliance with certain suspensive conditions, common to this type of transaction.

During the period of fulfillment of the referred suspensive conditions, usual in this type of transaction, events occurred that had material adverse effects on the value and term for the conclusion of the operation, notably commercial changes not initially foreseen in the dealings for AES to contract to the completion of the works, the delay in the approval, by ANEEL, of the asset transfer plan and the delay in the start-up dates of the parks (due to the delay in closing the operation and the resumption of the works). Thus, the revision of the trading assumptions, within the Company's best expectations, complemented by R \$ 259,421 the provision to cover potential losses on the realization of the assets of the Alto Sertão III Wind Complex. This allowance for losses was determined based on the business conditions currently being discussed with AES and reflects Management's best estimate of potential losses on realization of the asset.

The new business conditions of the transaction will be timely disclosed as soon as they are properly negotiated and formalized.

4.2. Extension of the Bridge Loan of Alto Sertão III Complex

On April 12, 2019, the Company signed the 12th amendment to the financing contract between the BNDES and the indirectly controlled Diamantina Eólica (Diamantina Wind Farm), changing the maturity date of the single-tranche amortization to May 15, 2019.

On May 15th, the 13th amendment to the above agreement was signed, changing the maturity date of the single-tranche amortization to July 15, 2019 and creating sub-credit "D" to incorporate R\$2.4 in the outstanding balance of the agreement, as Renegotiation Commission.

On July 15th, the 14th amendment to the said agreement was signed, changing the maturity date of the single-tranche amortization to August 15, 2019 and creating sub-credit "E" to incorporate R\$2.5 in the outstanding balance of the agreement, as Renegotiation Commission. (Subsequent Event)

To date, Renova and BNDES are negotiating a new amendment to extend this agreement and adjust its maturity to the closing of the sale transaction of the AS3 project to AES Tietê.

4.3. Debt Reprofiting Instruments Signed

On May 3, 2019, the 2nd and 1st amendments to the private instruments of transaction and debt confession, CD 8/17 and 14/17, respectively, were signed totaling R\$172 million, which establish the following conditions and guarantees: the debt will be paid in 20 equal and consecutive quarterly installments, after the grace period of one year as of the date of signature of these amendments. The principal is subject to interest of 155% p.a. of CDI, which will be paid during the entire term of the debt in quarterly installments, without any grace period.

On July 23rd, the Company signed a Bank Credit Note (CCB) with Citibank totaling R\$185.6 million for overdue debt reprofiling, with a total maturity of 6 years, payment of principal and quarterly interest and a one-year grace period to start the principal payment. The main guarantees of the transaction are: i) Chipley's endorsement and ii) assignment in trust of 40% of Chipley's dividends.

5. CONSOLIDATED INCOME STATEMENT

Renova Energia S.A.						
(Amount in R\$ thousand)	2Q19	2Q18	Change	1H19	1H18	Change
Gross operating revenues	16,592	225,504	-92.6%	83,035	415,933	-80.0%
(-) Taxes - Pis, Cofins and ICMS	(947)	(19,635)	-95.2%	(6,428)	(36,662)	-82.5%
Net Operating Revenue (ROL)	15,645	205,869	-92.4%	76,607	379,271	-79.8%
Non-Manageable Costs	(140)	(119)	17.6%	(328)	(326)	0.6%
Manageable Costs	(7,336)	(242,821)	-97.0%	(51,537)	(448,704)	-88.5%
Depreciation	(2,381)	(2,352)	1.2%	(4,774)	(4,774)	n.a.
Gross Profit	5,788	(39,423)	n.a.	19,968	(74,533)	n.a.
Administrative Expenses	(102,851)	(31,767)	232.4%	(209,080)	(63,687)	232.6%
Administrative Depreciation	(1,267)	(490)	158.6%	(2,156)	(896)	140.6%
Impairments of Fixed Assets	(259,403)	-	n.a.	(259,403)	-	n.a.
Financial Revenues/Expenses	(77,631)	(62,408)	24.4%	(185,620)	(130,754)	42.0%
Equity income/(loss)	19,831	19,691	0.7%	49,650	45,080	10.1%
Amortization of Goodwill	(9,076)	(9,076)	n.a.	(18,151)	(18,151)	n.a.
Income Tax and Social Contribution Tax	(1,930)	(1,673)	15.4%	(4,033)	(2,748)	46.8%
Net Loss	(426,539)	(125,146)	240.8%	(608,825)	(245,689)	147.8%

The Company's loss grew by 240.8% in the second quarter of 2019 vs. 2Q18, mainly due to (i) the decrease in operating revenues, (ii) the increase in administrative expenses, plus the recognition of the penalty applied by ANEEL due to the cancellation of the Phase B grants of Alto Sertão III Wind Farm, (iii) suspension and assignment of the power purchase and sale agreement to Cemig and Light, which also affected manageable costs that fell 97%, (iv) the recognition of impairment of the Alto Sertão III Project, (v) the increase in financial expenses (affected by the increase in interest on transactions with related parties and interest on bank loans).

5.1. Consolidated Net Operational Revenue

Renova reports Net operational revenue of R\$15.6 million for 2Q19. Net Operating Revenue reached 76.6 million in 1H19.

Renova Energia S.A.						
(Amount in R\$ thousand)	2Q19	2Q18	Change	1H19	1H18	Change
Net Revenue – SHPs	10,009	9,977	0.3%	21,553	20,088	7.3%
Net Revenue - Power Trading	5,636	195,892	-97.1%	55,054	359,183	-84.7%
Net Operating Revenue (ROL)	15,645	205,869	-92.4%	76,607	379,271	-79.8%

The net revenue in 2Q19 fell by 92.4% due to the suspension of Light I's and Cemig I's agreements, as well as the assignment of other agreements to Cemig and Light in March 2019.

5.2. Consolidated Costs

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

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 2Q19, non-manageable costs totaled R\$140,000, up 17.6%. In 1H 2019, this amount reached R\$328,000, up 0.6%.

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

Renova Energia S.A.						
(Amount in R\$ thousand)	2Q19	2Q18	Change	1H19	1H18	Change
Third Party Services	862	765	12.7%	1,490	1,862	-20.0%
Rents and Leases	-	524	-100.0%	-	838	-100.0%
Insurance	53	60	-11.7%	106	120	-11.7%
Material for Use and Consumption	420	222	89.2%	518	274	89.1%
Power for Resale	5,474	240,667	-97.7%	48,247	444,460	-89.1%
Renegotiation of Hydrological Risk	462	492	-6.1%	1,016	979	3.8%
Other	65	91	-28.6%	160	171	-6.4%
Total (*)	7,336	242,821	-97.0%	51,537	448,704	-88.5%

In 2Q19, manageable costs totaled R\$7.33 million, down 97.0% year-over-year, mainly due to the purchase of Energy for Resale, which decreased by 235 million in 2Q19 due to the suspension of the Light I and Cemig I

contracts and the assignment of other contracts to Cemig and Light.

Excluding costs with power purchase for resale, manageable costs would total R\$1.9 million in the quarter, down 13.6% over 2Q18.

5.3. Consolidated Administrative Expenses

Administrative expenses in 2Q19 totaled R\$364.9 million, up R\$333.2 million over 2Q18. Considering only SG&A, there was a decrease by R\$1.4 million (-10.8%) in the quarter.

Renova Energia S.A.						
(Amount in R\$ thousand)	2Q19	2Q18	Change	1H19	1H18	Change
Personnel and Management	6,087	7,176	-15.2%	13,792	15,233	-9.5%
Third Party Services	3,214	4,163	-22.8%	3,435	7,480	-54.1%
Rents and Leases	(172)	345	n.a.	240	730	-67.1%
Travels	721	423	70.4%	1,615	796	102.9%
Insurance	1,034	271	281.5%	2,689	2,515	6.9%
Telephony and IT	769	620	24.0%	1,245	1,438	-13.4%
Material for Use and Consumption	152	235	-35.3%	307	399	-23.1%
Subtotal SG&A	11,805	13,233	-10.8%	23,323	28,591	-18.4%
Civil and labor lawsuits	16,141	9,943	62.3%	28,620	17,904	59.9%
Environmental Licenses and Studies	1,019	-	n.a.	2,263	-	n.a.
Regulatory Fees	6,006	4,975	20.7%	12,220	10,854	12.6%
Loss in the deactivation of rights and assets	6,740	-	-	6,740	-	n.a.
Onerous contract	(22,595)	-	n.a.	(34,507)	-	n.a.
Reimbursement-Related Fine	5,666	4,488	26.2%	21,919	8,210	167.0%
Impairments of Fixed Assets	259,403	-	n.a.	259,403	-	n.a.
Reversal provision for impairment of PIS/COFINS credit	(351)	-	n.a.	(1,384)	-	n.a.
Contractual and Regulatory Penalties	61,081	1,725	3440.9%	61,081	1,742	3406.4%
Contractual Indemnities	16,588	-	n.a.	87,449	-	n.a.
Other	751	(2,597)	n.a.	1,356	(3,614)	n.a.
Total	364,990	31,767	1049.0%	471,219	63,687	639.9%

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

- **Personnel and Management:** Difference in 2Q19 vs. 2Q18 due to the reversal in 2019 of the provision for Personnel and Management.
- **Third-Party Services:** In the quarter and in the first half of the year, the decrease year-on-year was mainly due to the reversal of provisions for which there is no expectation of realization.

- **Civil and labor-law legal contingencies:** In 2Q19, there was a 62% increase year-on-year due to provisions mainly related to legal disputes with suppliers.
- **Loss on the deactivation of assets and rights:** recognition of the write-off of a wind turbine of Alto Sertão III Wind Farm.
- **Onerous contract:** in the fourth quarter of 2018 a provision was created for a loss referring to power purchase and sale agreements considering the projected power purchase prices and the estimated cash flows of power purchase and sale contracts and, subsequently, adjusted to present value. On June 30, 2019, R\$22.5 million were reversed.
- **Reimbursement-Related Fine:** In the 1H19, the increase refers to the additional provision for a fine of four-year reimbursement of arrears delayed contracts LER 2013 and LER 2014. The change between 2Q 2019 vs. 2Q 2018, refers to the contractual price adjustment used as grounds to calculate the fine.
- **Impairments of Fixed Assets:** For the semester ended June 30, 2019, the Management reviewed the provision recorded based on the new trading conditions under the share purchase and sale agreement of April 9, 2019 with AES Tietê for the sale of AS3 wind farm and certain projects under development. Based on the certain contractual assumptions updated, in accordance with the most realistic trading expectations, the company added R\$259.4 million to the provision for losses to cover potential losses on the realization of the assets of the Alto Sertão III Wind Farm.
- **Provision for impairment of PIS/COFINS credit:** On December 31, 2018, the Company assessed the PIS and COFINS credits accumulated in the purchase and sale of power from the subsidiary Renova Comercializadora and identified the need to establish a provision for impairment of these credits, totaling around R\$21,000, with an outflow from the result of the year, considering the uncertainty in its realization. For the quarter ended June 30, 2019, part of this provision was reversed, in the amount of R\$351,000, due to the result recorded in the period. In 1H 2019, R\$1.4 million was reversed.
- **Contractual and regulatory penalties:** Refers to the penalty imposed by ANEEL due to the cancellation of Phase B grants of Alto Sertão III Wind Complex on June 4, 2019.
- **Contractual Indemnities:** Reimbursement to be paid due to the suspension and assignment of electric power purchase and sale agreements.
- **Others:** In 2Q18 there was a reversal referring to the provision that was not used, a nonsequential event in 2Q19.

5.4. Consolidated Financial Revenue (Expenses)

Renova Energia S.A.						
(Amount in R\$ thousand)	2Q19	2Q18	Change	1H19	1H18	Change
Total financial income	521	541	-3.7%	639	808	-20.9%
Income from Investments	281	531	-47.1%	758	909	-16.6%
Other Operating Revenues (Expenses)	240	10	2300.0%	(119)	(101)	17.8%
Financial Expenses	(78,152)	(62,949)	24.2%	(186,259)	(131,562)	41.6%
Debt Charges	(31,824)	(29,673)	7.2%	(92,654)	(73,511)	26.0%
Interests Related Parties	(25,135)	(11,739)	114.1%	(46,600)	(20,846)	123.5%
Other Financial Expenses	(21,193)	(21,537)	-1.6%	(47,005)	(37,205)	26.3%
Financial Result	(77,631)	(62,408)	24.4%	(185,620)	(130,754)	42.0%

Financial revenues went 3.7% down in 2Q19 year-over-year. Compared to the first half of 2019, revenues fell by R\$169,000 (-20.9%) YoY.

Financial expenses went 24.2% up over 2Q 2018, mainly due to an increase in interest on bank loans and interest on related party transactions. The difference between 1H19 vs. 1H18 is of 41.6% or around R\$54.9 million.

The Company's net financial result for the second quarter of 2019 was a negative R\$77.6 million, down 24.2% year-over-year, mainly due to the increase in financial expenses between the periods. The difference between 1H19 vs. 1H18 is of 42%.

5.5. Brasil PCH

In the second quarter of 2019, Brasil PCH's consolidated net revenues totaled R\$101.3 million, similar to 2Q 2018.

Brasil PCH (100%)						
(Amount in R\$ thousand)	2Q19	2Q18	Change	1H19	1H18	Change
Net Revenue	101,341	101,928	-0.6%	205,338	201,920	1.7%
Depreciation Cost	(9,089)	(8,624)	5.4%	(18,022)	(17,253)	4.5%
Other Costs	(14,493)	(11,752)	23.3%	(26,976)	(23,781)	13.4%
General and Administrative Expenses	(3,246)	(4,739)	-31.5%	(6,503)	(7,403)	-37.6%
Reversal of Loss with an Onerous Contract	(4,181)	(544)	668.6%	4,766	4,976	-4.2%
Financial Result	(27,950)	(33,843)	-17.4%	(54,046)	(59,655)	-9.4%
Income Tax and Social Contribution Tax	(3,500)	(3,817)	-8.3%	(7,204)	(7,395)	-2.6%
Net Profit	38,882	38,609	0.7%	97,353	91,409	10.1%

The net financial result of Brasil PCH in 2Q19 was negative by R\$ million, improving 17.4% over 2Q18.

While the QoQ result remained unchanged, the half-over-half result was substantially affected by the: (i) increase in revenues due to the contractual adjustment of 7.64%; (ii) increases in costs with preventive and corrective maintenance at SHPs; and (iii) decrease of negative financial result due to the increase in income from investments and reduction in debt charges.

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

Renova (51% Brasil PCH)	2Q19	1H19
Equity Pickup	19,831	49,650
Amortization of Goodwill	-9,076	-18,151
Results	10,755	31,499

5.6. Income tax, Social Contribution Tax and Net Income (Loss)

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

In 2Q 2019, income tax and social contribution tax totaled R\$1.9 million, over R\$1.7 million year-over-year.

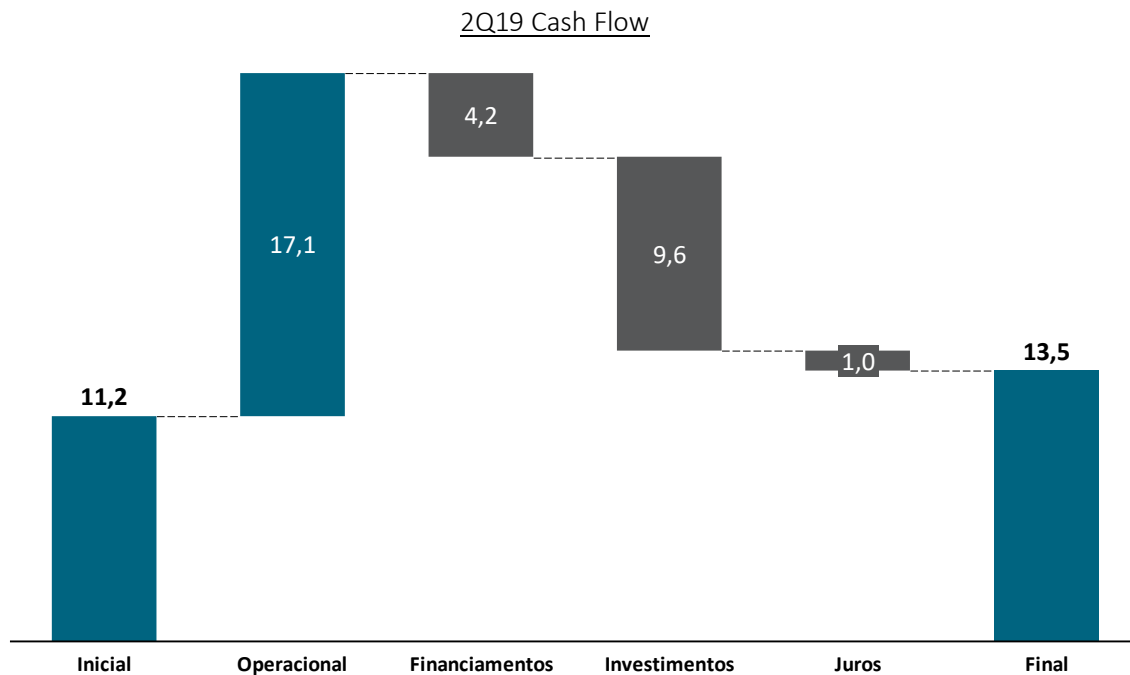
In the same period, the Company recorded a loss of R\$426.5 million, over a loss of R\$125.1 million (240.8% worsening) year-over-year. The 2Q19 result was mainly impacted by the decrease in operating revenue, the increase in administrative expenses, which were affected by the suspension and sale of the sale and purchase agreement, recognition of Alto Sertão III impairment and the increase in financial expenses, which were affected by the increase in interest on transactions with related parties and interest on bank loans.

5.7. EBITDA

Renova Energia S.A.						
(Amount in R\$ thousand)	2Q19	2Q18	Change	1H19	1H18	Change
Net Operating Revenue (ROL)	15,645	205,869	-92.4%	76,607	379,271	-79.8%
Net Loss	(426,539)	(125,146)	240.8%	(608,825)	(245,689)	147.8%
(+) Income Tax and Social Contribution Tax	1,930	1,673	15.4%	4,033	2,748	46.8%
(+) Depreciation and Amortization	12,724	11,918	6.8%	25,081	23,821	5.3%
(+) Financial expenses	78,152	62,949	24.2%	186,259	131,562	41.6%
(-) Financial Revenues (Expenses)	(521)	(541)	-3.7%	(639)	(808)	-20.9%
EBITDA	(334,254)	(49,147)	580.1%	(394,091)	(88,366)	346.0%
(+) Impairments of Fixed Assets	259,403	-	n.a.	259,403	-	n.a.
(+) Equity Income	(19,831)	(19,691)	0.7%	(49,650)	(45,080)	10.1%
(+) Other Expenses/Revenues	77,669	1,725	4402.6%	147,146	1,742	8347.0%
Adjusted EBITDA	(17,034)	(67,113)	-74.6%	(37,192)	(131,704)	-71.8%

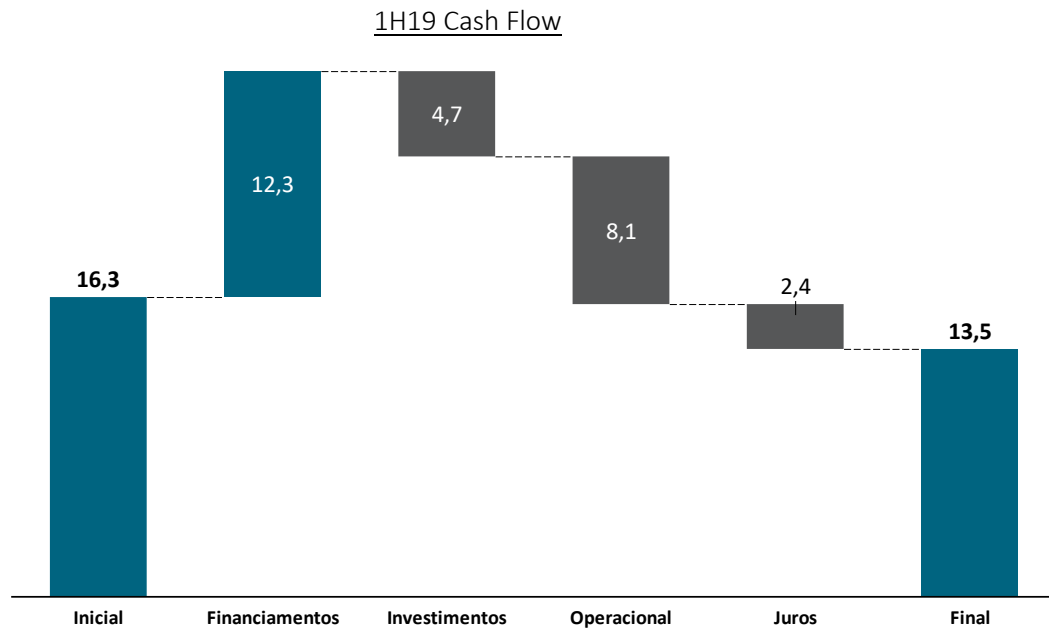
In 2Q 2019, the Company's EBITDA was negative by R\$334.2 million and adjusted EBITDA was negative by R\$19.7 million. The Company's negative EBITDA in 2Q19 was mainly due to the recognition of contractual and regulatory penalties and the Alto Sertão III impairment.

6. CASH FLOW



In 2Q19, Renova's cash position increased by R\$2.3 million over March 31, 2019. The variations are due to:

- **Operational (+):** cash generated in operational activities, of R\$17.1 million, net of payment of interest.
- **Payment of interest (-):** payment of interest on loans, financings and debentures: R\$1 million.
- **Financing (-):** consumption of R\$4.2 million referring to the amortization of loans and financing.
- **Investments (-):** consumption of R\$9.6 million related to investments.



In 2Q19, Renova's cash position decreased by R\$2.8 million over December 31, 2018. The variations are due to:

- **Operational (-):** cash invested in operational activities, of R\$8.1 million, net of payment of interest.
- **Payment of interest (-):** payment of interest on loans, financings and debentures: R\$2.4 million.
- **Financing (+):** consumption of R\$22 million related to the payment of loans and financing, in addition to leased liabilities partially offset by receipt of related parties.
- **Investments (+):** consumption of R\$18.1 million related to the acquisition of fixed assets, partially offset by investments.

8. BALANCE SHEET ANALYSIS

Balance Sheet							
Amounts in R\$ thousands							
Consolidated Assets				Consolidated Liabilities			
	6/30/2019	3/31/2019	12/31/2018		6/30/2019	3/31/2019	12/31/2018
Current Assets	1.468.707	1.744.832	1.737.707	Current Liabilities	2.409.635	2.400.039	2.195.371
Cash and cash equiv.	13.431	11.188	14.929	Loans and Financing	208.929	365.684	348.669
Investments	1.526	441	13.778	Debentures	-	-	-
Clients	4.527	9.612	8.210	Suppliers	295.268	47.126	48.531
Other	10.859	17.273	17.022	Related Parties	646.046	565.097	283.472
				Others	54.211	66.044	216.284
Assets for Sale	1.438.364	1.706.318	1.683.768	Liabilities associated with assets for sale	1.205.181	1.356.088	1.298.415
Long-term Assets	906.103	932.669	882.814	Long-term Liabilities	650.489	536.897	509.503
Investments	7.015	7.015	7.864	Loans and Financing	216.648	61.196	63.587
Loans and Financing	11.194	11.027	10.866	Debentures	-	-	-
Others	14.504	28.628	28.805	Suppliers	-	-	-
				Related Parties	297.911	337.137	337.548
Investments	607.707	624.491	603.747	Other	135.930	138.564	108.368
Fixed Assets in Use	265.683	261.508	239.396	Shareholder's Equity	685.314	258.775	76.489
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	3.659.712	3.233.173	3.050.887
				Accumulated conversion adjustments	-	-	-
				Retained Losses	-	-	-
Ativo Total	2.374.810	2.677.501	2.620.521	Passivo Total	2.374.810	2.678.161	2.628.385

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.

As of June 30, 2019, all assets/liabilities related to the Alto Sertão III Wind Farm and some projects under development were classified in a single line as assets/liabilities held for sale due to negotiations for the sale of assets and/or for the settlement of debts with suppliers.

8.1. Assets

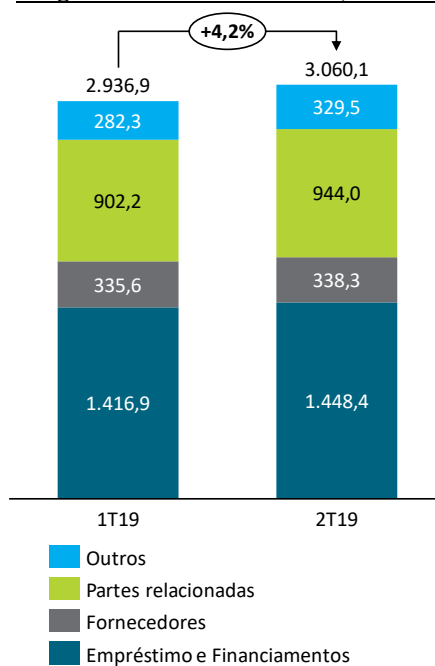
The decrease of 302.7 million in the Company's assets was mainly due to the impairment in the period (drop in fixed assets under development), drop in fixed assets under development and the increase in investments.

On June 30, 2019, cash and cash equivalents (cash + financial investments) totaled R\$14.9 million, up 29% over March 31, 2019.

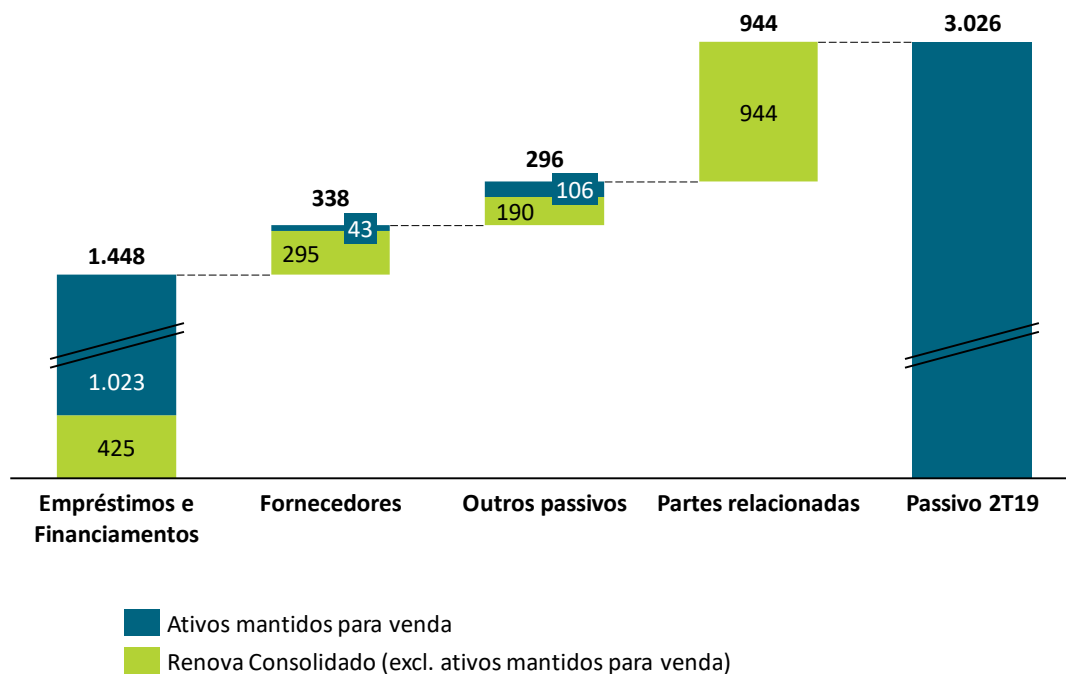
8.2. Liabilities

Liabilities increased 3.4% in 2Q19, reaching R\$3,069.1 million.

Progress Total Liabilities - R\$ million



Breakdown of Liabilities - R\$ million



Loans and financing		
Contract	Rate	R\$ thousand
BNDES - Bridge I Diamantina Eólica (sub-credit "A")	TLP + 9.0%	8,248
BNDES - Bridge I Diamantina Eólica (sub-credit "B")	TLP + 2.5%	531,166
BNDES - Bridge I Diamantina Eólica (sub-credit "C")	TJ6 + 8.15% p.a.	451,220
BNDES - Bridge I Diamantina Eólica (sub-credit "D")	100 SELIC + 8.5% p.a.	2,478
BNB ¹ - ESPRA	9.5% p.a.	68,135
Finep - CEOL Itaparica	3.5% p.a.	9,169
Other Short-Term Loans		378,084
Total Indebtedness		1,448,500
Capture Cost		(116)
Indebtedness Net of Costs		1,448,384
Cash and Cash Equivalents		33,166
Net Debt²		1,415,218

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

²Considers cash and cash equivalents plus cash investments.

8.3. Shareholders' Equity

Shareholders' equity closed the quarter at a negative R\$685.3 million, with a negative variation of R\$426.5 million over 1Q19 due to the accumulated loss during 2Q19.

8.4. Risk related to Compliance with Laws and Regulations

Since 2017, the Company is part of an investigation carried out by the Civil Police of the State of Minas Gerais related to certain contributions made by the controlling shareholders in the Company and contributions made by the Company in certain projects under development in previous years, including certain payments to suppliers. As a result, the Company's governing bodies have requested an internal investigation related to this matter, which is under development by an independent company with a notable expertise in investigative proceedings. In addition, a monitoring committee was established with an independent Board Member, a member of the Fiscal Council, the Chairman of the Board of Directors and the Coordinator of the Audit Committee, who will monitor the internal investigation.

In this context, the scope of the independent internal investigation includes evaluating possible irregularities, including on the Brazilian law concerning acts of corruption and money laundering, Renova's Code of Ethics and Integrity Policies.

On April 11, 2019, during the 4th phase of the "Descarte" operation, the Federal Police, the Federal Revenue Service and the Federal Public Prosecutor's Office carried out the "E o Vento Levou" operation, which resulted in a search and seizure warrant in the Company's head office to investigate possible overpriced contracts and contracts without the due service provision. On July 25, 2019, the second phase of this operation was started, which did not result in direct actions to the Company. Investigations of the "E o Vento Levou" operation have not yet been concluded and the Federal Police, the Federal Revenue Service and the Federal Public Prosecutor's Office may need more time to conclude all their investigation procedures. Accordingly, new material information may be disclosed in the future, which may lead the Company to evaluate any impacts on its individual and consolidated financial statements.

The Company, through a Notice to the Market published on April 11, 2019, clarified that this is an ongoing investigation related to the period prior to 2015, and that it will provide all the due information to assist the work of the Federal Police and the Judiciary. On April 25, 2019, the Company's governing bodies requested that the internal investigation carried out by an independent company be extended to include the new information of this investigation.

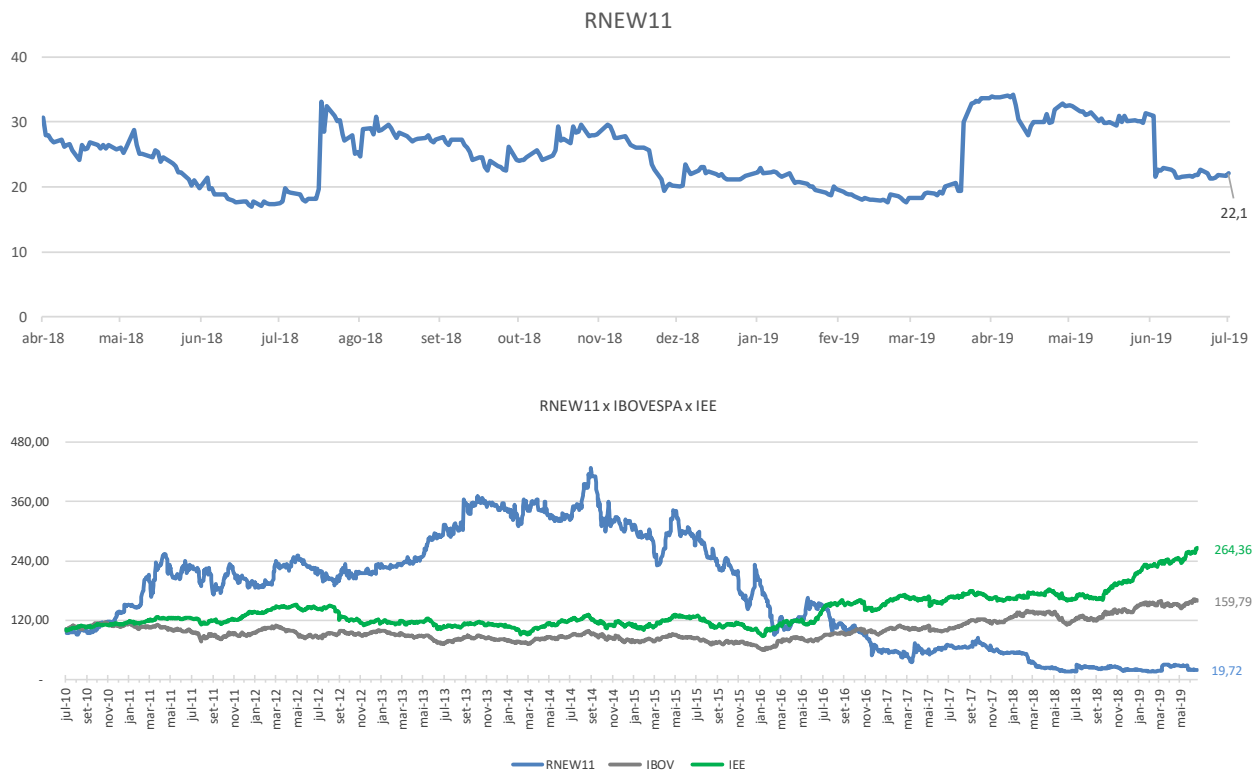
In June 2019, the Brazilian Internal Revenue Service issued a tax assessment notice against a subsidiary of the Company regarding agreements signed for the provision of services that supposedly did not have their due consideration for the service, thus requiring the payment of withholding income tax, with corrected value plus fines and interest estimated at around R\$1,788. The Company is meeting all the requirements required by the lawsuit (deadlines, audit and inspection times, submission of reports and all required documents), and has provisioned the amount in its individual and consolidated interim financial statements of June 30, 2019.

The Company clarifies that the internal investigation work has not yet been concluded, which should happen within the second half of the current year and, to the best of the Company's knowledge, despite the evidence of flaws in the internal control procedures referring to the approval of Payments and maintenance of supporting documents for certain services hired with third parties under investigation, additional procedures are still required to establish the existence of elements that can support or refute the claims under consideration. Thus, it's not possible, at this moment, to measure any effects of this investigation, as well as any impacts on the individual and consolidated financial statements of the Company for the period ended on

June 30, 2019 and previous periods.

9. RNEW11 STOCK PRICE ON BM&FBOVESPA

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



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

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

10. OWNERSHIP STRUCTURE

As at June 30, 2019 Renova's share capital was as follows:

RENOVA ENERGIA	Ações ON		Ações PN		Total de Ações	
Bloco de Controle	28.154.191	85,37%	99	0,00%	28.154.290	67,48%
CG I FIP MULTIELSTRATÉGIA	5.875.746	17,82%	-	0,00%	5.875.746	14,08%
Light Energia	7.163.074	21,72%	98	0,00%	7.163.172	17,17%
Cemig GT	15.115.371	45,83%	1	0,00%	15.115.372	36,23%
Outros Acionistas	4.826.033	14,63%	8.739.401	100,00%	13.565.434	32,52%
CG I FIP MULTIELSTRATÉGIA	762.108	2,31%	644.156	7,37%	1.406.264	3,37%
BNDESPAR	696.683	2,11%	1.393.366	15,94%	2.090.049	5,01%
InfraBrasil	1.165.148	3,53%	2.330.295	26,66%	3.495.443	8,38%
FIP Caixa Ambiental	547.030	1,66%	1.094.059	12,52%	1.641.089	3,93%
Outros	1.655.064	5,02%	3.277.525	37,50%	4.932.589	11,82%
Total	32.980.224	100,00%	8.739.500	100,00%	41.719.724	100,00%

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.

11. GLOSSARY

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 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 the 2013 LER auction, and in the Free Market.
Aneel	The Brazilian electricity regulator (Agência Nacional de Eletricidade).
CCEE	The Electricity Trading Exchange: Brazil's Wholesale Electricity Market (Câmara de Comercialização de Energia Elétrica).
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 (Leilão de Energia Nova – 'New Electricity Auction').
LER	'Reserve Capacity' auction (Leilão de Energia de Reserva – 'Reserve Energy Auction').
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.
PPA	Power Purchase Agreement – contract to buy power supply.
Regulated Market	Contracting environment in which prices are laid down by the regulator, Aneel.
SHPs	Small Hydroelectric Plants (Pequenas Centrais Hidrelétricas – PCHs).
Spot Price	The Spot Market Price (Preço de Liquidação das Diferenças – 'Differences Settlement Price'), published weekly by the CCEE.

In compliance with Instruction 381/03 of the Brazilian Securities Commission (CVM), we report that in the period ended 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 Information

At June 30, 2019

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A free translation from Portuguese into English of Individual and Consolidated Interim Financial Information 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

At June 30, 2019

In thousands of Reais

ASSETS	Note	Consolidated		Individual	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
CURRENT ASSETS					
Cash and cash equivalents	6	13,431	14,929	108	69
Short-term investments	6	1,526	13,778	-	-
Trade accounts receivable	7	4,527	8,210	35	18
Taxes recoverable	8	9,169	4,482	212	458
Related parties	24	-	-	2,896	1,217
Dividends receivable	10.4	-	9,180	10,177	10,177
Advances to suppliers		941	2,491	802	766
Other receivables		749	869	10,686	366
		<u>30,343</u>	<u>53,939</u>	<u>24,916</u>	<u>13,071</u>
Assets classified as held for sale	27	1,438,364	1,683,768	16,867	281,712
Total current assets		<u>1,468,707</u>	<u>1,737,707</u>	<u>41,783</u>	<u>294,783</u>
NONCURRENT ASSETS					
Short-term investments	6	7,015	7,864	7,015	7,864
Pledges and restricted deposits	9	11,194	10,866	-	-
Deferred taxes		1,310	1,773	-	-
Judicial deposits	17	7,084	20,818	7,084	20,818
Related parties	24	-	-	231	3
Other receivables		6,110	6,214	60	60
Investments	10	607,707	603,747	1,038,340	1,141,674
Property, plant and equipment	11	265,683	239,396	81,586	58,500
Total noncurrent assets		<u>906,103</u>	<u>890,678</u>	<u>1,134,316</u>	<u>1,228,919</u>
TOTAL ASSETS		<u>2,374,810</u>	<u>2,628,385</u>	<u>1,176,099</u>	<u>1,523,702</u>
See accompanying notes.					

STATEMENTS OF FINANCIAL POSITION

At June 30, 2019

In thousands of Reais

LIABILITIES AND EQUITY	Note	Consolidated		Individual	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
CURRENT LIABILITIES					
Trade accounts payable	12	295,268	48,531	43,787	44,673
Loans and financing	13	208,929	348,669	201,150	341,568
Taxes payable	14	21,060	5,373	10,292	3,658
Salaries, charges and vacation payable		6,478	8,625	6,478	8,625
Accounts payable - CCEE/Eletrabras	15	12,912	13,114	-	-
Lease payable	11.12	1,999	-	1,759	-
Other accounts payable	16	1,788	151,136	-	-
Related parties	24	646,046	283,472	-	-
Provision for contract for valuable consideration	18	8,960	37,022	-	-
Provision for social and environmental costs		1,014	1,014	-	-
		<u>1,204,454</u>	<u>896,956</u>	<u>263,466</u>	<u>398,524</u>
Liabilities directly associated with assets held for sale	27	1,205,181	1,298,415	43,000	43,000
Total current liabilities		<u>2,409,635</u>	<u>2,195,371</u>	<u>306,466</u>	<u>441,524</u>
NONCURRENT LIABILITIES					
Loans and financing	13	216,648	63,587	156,292	-
Accounts payable - CCEE/Eletrabras	15	14,719	20,664	-	-
Lease payable	11.12	25,055	-	16,422	-
Related parties	24	297,911	337,548	649,790	527,981
Provision for investment loss	10	-	-	636,364	549,427
Provision for civil, tax and labor contingencies	17	96,156	81,259	96,079	81,259
Provision for contract for valuable consideration	18	-	6,445	-	-
Total noncurrent liabilities		<u>650,489</u>	<u>509,503</u>	<u>1,554,947</u>	<u>1,158,667</u>
EQUITY					
Capital	19	2,960,776	2,960,776	2,960,776	2,960,776
(-) Share issue costs		(41,757)	(41,757)	(41,757)	(41,757)
Capital reserves		55,379	55,379	55,379	55,379
Accumulated losses		(3,659,712)	(3,050,887)	(3,659,712)	(3,050,887)
Total equity		<u>(685,314)</u>	<u>(76,489)</u>	<u>(685,314)</u>	<u>(76,489)</u>
TOTAL LIABILITIES AND EQUITY		<u>2,374,810</u>	<u>2,628,385</u>	<u>1,176,099</u>	<u>1,523,702</u>

See accompanying notes.

STATEMENTS OF PROFIT OR LOSS

At June 30, 2019

In thousands of Reais

		Consolidated			
Note		01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018
NET REVENUE	20	15,645	205,869	76,607	379,271
COST OF SERVICES					
Electric power purchase costs		(5,474)	(240,667)	(48,247)	(444,460)
Operating costs		(1,862)	(2,154)	(3,290)	(4,244)
Depreciation and amortization		(2,381)	(2,352)	(4,774)	(4,774)
Charges on use of distribution system		(140)	(119)	(328)	(326)
Total	21	(9,857)	(245,292)	(56,639)	(453,804)
GROSS PROFIT (LOSS)		5,788	(39,423)	19,968	(74,533)
INCOME (EXPENSES)					
General and administrative		(89,943)	(25,279)	(114,282)	(48,675)
Depreciation and amortization		(1,267)	(490)	(2,156)	(898)
Impairment of property, plant and equipment	13.2	(259,403)	-	(259,403)	-
Other income (expenses), net		(12,908)	(6,488)	(94,798)	(15,012)
Total	21	(363,521)	(32,257)	(470,639)	(64,583)
Equity pickup	10.3	10,755	10,615	31,499	26,929
LOSS BEFORE FINANCE INCOME (COSTS) AND TAXES		(346,978)	(61,065)	(419,172)	(112,187)
FINANCE INCOME (COSTS)					
Finance income		521	541	639	808
Finance costs		(78,152)	(62,949)	(186,259)	(131,562)
Total	22	(77,631)	(62,408)	(185,620)	(130,754)
LOSS BEFORE INCOME AND SOCIAL CONTRIBUTION TAXES		(424,609)	(123,473)	(604,792)	(242,941)
Income and social contribution taxes - current		(1,851)	(1,666)	(3,821)	(2,716)
Income and social contribution taxes –		(79)	(7)	(212)	(32)
Total	23	(1,930)	(1,673)	(4,033)	(2,748)
LOSS FOR THE PERIOD		(426,539)	(125,146)	(608,825)	(245,689)

See accompanying notes.

STATEMENTS OF PROFIT OR LOSS

At June 30, 2019

In thousands of Reais

	Note	Individual			
		01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018
COST OF SERVICES					
Depreciation and amortization	11	(957)	(969)	(1,929)	(2,005)
INCOME (EXPENSES)					
General and administrative expenses		(21,327)	(16,716)	(40,669)	(31,684)
Depreciation and amortization		(1,233)	(490)	(2,087)	(896)
Other income (expenses), net		2,332	787	2,003	1,368
Total	21	(20,228)	(16,419)	(40,753)	(31,212)
Equity pickup	10.3	(392,991)	(89,393)	(525,037)	(181,311)
LOSS BEFORE FINANCE INCOME (COSTS) AND TAXES					
		<u>(414,176)</u>	<u>(106,781)</u>	<u>(567,719)</u>	<u>(214,528)</u>
FINANCE INCOME (COSTS)					
Finance income		798	197	899	339
Finance costs		<u>(13,161)</u>	<u>(18,562)</u>	<u>(42,005)</u>	<u>(31,500)</u>
Total	22	(12,363)	(18,562)	(41,106)	(31,161)
LOSS FOR THE PERIOD					
		<u>(426,539)</u>	<u>(125,146)</u>	<u>(608,825)</u>	<u>(245,689)</u>
Basic and diluted loss per share (in Reais - R\$)	26			(14,59)	(5,89)

See accompanying notes.

STATEMENTS OF COMPREHENSIVE INCOME

At June 30, 2019

In thousands of Reais

	Consolidated				Individual			
	01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018	01/04/2019 to 30/06/2019	01/04/2018 to 30/06/2018	01/01/2019 to 30/06/2019	01/01/2018 to 30/06/2018
Loss for the period	(426,539)	(125,146)	(608,825)	(245,689)	(426,539)	(125,146)	(608,825)	(245,689)
Other comprehensive income	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	(426,539)	(125,146)	(608,825)	(245,689)	(426,539)	(125,146)	(608,825)	(245,689)

See accompanying notes.

STATEMENTS OF CHANGES IN EQUITY

At June 30, 2019

In thousands of Reais

	Capital		Capital reserves		Accumulated losses	Total equity - Individual and Consolidated
	Paid-in	Share issue costs	Reserve for employees benefits settled with equity instruments	Goodwill		
BALANCES AT DECEMBER 31, 2017	2,960,776	(41,757)	55,378	1	(2,194,590)	779,808
Loss for the period	-	-	-	-	(245,689)	(245,689)
BALANCES AT JUNE 30, 2018	<u>2,960,776</u>	<u>(41,757)</u>	<u>55,378</u>	<u>1</u>	<u>(2,440,279)</u>	<u>534,119</u>
BALANCES AT DECEMBER 31, 2018	2,960,776	(41,757)	55,378	1	(3,050,887)	(76,489)
Loss for the period	-	-	-	-	(608,825)	(608,825)
BALANCES AT JUNE 30, 2019	<u>2,960,776</u>	<u>(41,757)</u>	<u>55,378</u>	<u>1</u>	<u>(3,659,712)</u>	<u>(685,314)</u>

See accompanying notes.

STATEMENTS OF CASH FLOWS

At June 30, 2019

In thousands of Reais

	Note	Consolidated		Individual	
		06/30/2019	06/30/2018	06/30/2019	06/30/2018
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the period		(608,825)	(245,689)	(608,825)	(245,689)
Adjustments to reconcile loss for the period to cash used in operating activities:					
Depreciation	11, 21	6,930	5,670	4,016	2,901
Impairment of property, plant and equipment	11.2, 21	259,403	-	-	-
Residual value of property, plant and equipment	11.2 e 11.4	14,408	-	7,668	-
Interest on short-term investments and pledges	22	(758)	(909)	(61)	(238)
Interest (net) on related parties	22, 24	46,600	20,846	19,961	10,808
Interest on accounts payable		19,866	6,294	(931)	(340)
Charges on loans, financing and debentures	13.4, 22	92,654	73,511	15,874	17,819
Allocation of loans and financing costs	13.4	13	12	-	-
Restatement and provision (reversal) - CCEE/Eletrobras	15.1	493	1,252	-	-
Fine on reimbursement	15.1, 21	21,919	8,210	-	-
Deferred taxes		463	71	-	-
Restatement and provision for civil, tax and labor contingencies	17	29,313	17,940	29,142	17,757
Reversal of/provision for contract for valuable consideration	18	(34,507)	-	-	-
Equity pickup	10.3	(31,499)	(26,929)	525,037	181,311
Commissions fees and penalties		2,849	-	-	-
(Increase) decrease in operating assets:					
Trade accounts receivable		3,683	4,248	(17)	(62)
Judicial deposits		(445)	(785)	(444)	(102)
Taxes recoverable		(5,383)	(12,450)	246	352
Advances to suppliers		1,539	(2,053)	(36)	45
Other receivables		435	711	(10,320)	(64)
Increase (decrease) in operating liabilities:					
Trade accounts payable		(7,814)	19,697	(1,936)	(2,202)
Taxes payable		15,311	1,876	2,642	(2,807)
Salaries and vacation payable		(3,699)	(97)	(3,699)	(97)
Accounts payable - CCEE/Eletrobras	15.1	(16,860)	(9,377)	-	-
Others Accounts Payable		62,867	2,534	-	-
Related parties		87,448	144,315	-	-
Payment of income and social contribution taxes		(1,030)	(790)	-	-
Payment of interest on loans and financing	13.4	(2,417)	(3,388)	-	(195)
Payment of contingencies	17	(144)	(97)	(144)	(97)
Dividends received	10.4	36,719	10,200	-	-
Net cash (used in) from operating activities		<u>(10,468)</u>	<u>14,823</u>	<u>(21,827)</u>	<u>(20,900)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital injection in controlled companies	10.3.2	-	-	(53,532)	-
Short-term investments		13,531	589	910	271
Acquisition of property, plant and equipment	11	18,185	(6,398)	(1,553)	(3,985)
Related parties		-	-	(31,523)	(47,271)
Net cash from (used in) investing activities		<u>(4,654)</u>	<u>(5,809)</u>	<u>(85,698)</u>	<u>(50,985)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of loans and financing	13.4	(22,047)	(6,760)	-	(2,320)
Payment of lease liabilities		(3,405)	-	(1,650)	-
Related parties		37,753	-	109,214	74,103
Net cash from (used in) financing activities		<u>12,301</u>	<u>(6,760)</u>	<u>107,564</u>	<u>71,783</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(2,821)</u>	<u>2,254</u>	<u>39</u>	<u>(102)</u>
Cash and cash equivalents at beginning of period	6	16,310	24,750	69	342
Cash and cash equivalents at end of period	6	13,489	27,004	108	240
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		<u>(2,821)</u>	<u>2,254</u>	<u>39</u>	<u>(102)</u>

See accompanying notes.

(*) Cash and cash equivalents at end of period includes the cash and cash equivalents balance of SPEs of ASIII.

STATEMENTS OF VALUE ADDED

At June 30, 2019

In thousands of Reais

	Note	Consolidated		Individual	
		06/30/2019	06/30/2018	06/30/2019	06/30/2018
REVENUES					
Sale of electric power	20	83,035	415,933	-	-
Other revenues		1,618	2,989	1,618	2,989
INPUTS ACQUIRED FROM THIRD PARTIES					
Costs of services and goods sold		(52,108)	(449,030)	-	-
Materials, electricity, third-party services and other expenses		(197,548)	(49,467)	(35,764)	(23,179)
Impairment of property, plant and equipment	13.2, 23	(259,403)	-	-	-
Gain (loss) on disposal of property, plant and equipment		2,736	-	2,736	-
Gross value added		(421,670)	(79,575)	(31,410)	(20,190)
Depreciation	11, 21	(6,930)	(5,670)	(4,016)	(2,901)
NET VALUE ADDED PRODUCED		(428,600)	(85,245)	(35,426)	(23,091)
VALUE ADDED RECEIVED IN TRANSFER					
Equity pickup	10.3	31,499	26,929	(525,037)	(181,311)
Finance income		1,761	1,292	943	356
TOTAL VALUE ADDED TO BE DISTRIBUTED		(395,340)	(57,024)	(559,520)	(204,046)
DISTRIBUTION OF VALUE ADDED					
Personnel:					
Payroll and related charges		6,070	8,962	846	3,263
Management fees	24.4	4,170	3,437	4,170	3,437
Benefits		2,196	2,281	919	1,173
Unemployment Compensation Fund (FGTS)		701	850	362	464
Taxes, charges and contributions:					
Federal		13,817	42,540	1,147	1,417
Debt remuneration:					
Interest		169,343	127,754	34,923	28,440
Rentals		296	818	(142)	473
Other		16,892	2,023	7,080	2,976
Loss for the period		(608,825)	(245,689)	(608,825)	(245,689)
TOTAL VALUE ADDED DISTRIBUTED		(395,340)	(57,024)	(559,520)	(204,046)

See accompanying notes.

NOTES TO INTERIM FINANCIAL INFORMATION

At June 30, 2019

In thousands of Reais

1. Operations

Renova Energia S.A. (“Renova”, the “Company” or “Parent Company”), is a publicly-held company enrolled with Brazilian IRS Registry of Legal Entities (CNPJ) under No. 08.534.605/0001-74, with shares traded on B3 S.A. – Brasil, Bolsa, Balcão (“B3”) under the Corporate Governance Level 2. The Company is domiciled in Brazil, with head offices at Av. Roque Petroni Júnior, 850, 14º andar, Torre Jaceru, Jardim das Acácias, city and state of São Paulo. It is primarily engaged in the development, implementation and operation of projects for generation of electric power from renewable sources – wind farms, small hydroelectric plants (SHPs) and solar power plants – and in the sale of power and related activities. The Company’s corporate purposes are the generation and sale of all types of power, production of fuel from natural and renewable sources, provision of logistics support 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 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, 2019, the Company holds equity interests in the following direct and indirect subsidiaries, which are in the operating and preoperating stages and under construction (“Renova Group”):

SHP	Consolidation	% Ownership interest			
		06/30/2019		12/31/2018	
		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	99.99	-	99.99	-
Chiplely SP Participações S.A. (Holding)	(d) Full	99.99	-	99.99	-

Wind Farm	Consolidation	% Ownership interest			
		06/30/2019		12/31/2018	
		Direct	Indirect	Direct	Indirect
Centrais Eólicas São Salvador S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Unha d'Anta S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Cedro S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Vellozia S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Angelim S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Facheiro S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Sabiu S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Barbatimão S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Juazeiro S.A.*	(g) Full in Diamantina	-	99.99	-	99.99
Centrais Eólicas Jataí S.A.*	(g) Full in Diamantina	-	99.99	-	99.99

(Continued)

- (Continued)

	Holding	Consolidation	% Ownership interest			
			06/30/2019		12/31/2018	
			Direct	Indirect	Direct	Indirect
Renovapar S.A.		(k) Full	100.00	-	100.00	-
Espra Holding S.A.		(k) Full	99.99	-	99.99	-
Bahia Holding S.A.		(k) Full	99.99	-	99.99	-
CMNPAR Fifty Four Participações S.A.		(k) Full	99.99	-	99.99	-

	SHP	Shared control not consolidated	% Ownership interest			
			06/30/2019		12/31/2018	
			Direct	Indirect	Direct	Indirect
Brasil PCH S.A.		(l) Indirectly by Chipley	-	51.00	-	51.00

(*) Companies that are part of Alto Sertão III Wind Farm Complex classified as held for sale.

- (a) Enerbras Centrais Elétricas S.A. (“Enerbras”), a direct subsidiary, is a privately-held company, headquartered in the State of Bahia, exclusively engaged in holding equity interest in Energética Serra da Prata S.A. (“Espra”).
- (b) Espra, an indirect subsidiary, is a privately-held company, exclusively engaged in the generation and sale of electric power from Serra da Prata Hydroelectric Complex, comprising SHPs Cachoeira da Lixa, Colino I and Colino II, located in the State of Bahia. Under an authorization regime, its entire production has been acquired by Centrais Elétricas Brasileiras (“Eletrobras”), in the context of the Alternative Electric Power Source Incentive Program (“PROINFA”), and it started operations in 2008.
- (c) Renova PCH Ltda. (“Renova PCH”), a direct subsidiary, is mainly engaged in the construction, implementation, operation, maintenance and generation of hydropower and it is in pre-operating phase.
- (d) Chipley SP Participações S.A. (“Chipley”) is a privately-held company, mainly engaged in holding equity interests in other businesses, as partner or shareholder, which may include participating in consortia, and operating, directly or indirectly, as the case may be, electric power services, encompassing generation systems and other related services.
- (e) Privately-held companies, headquartered in the states of São Paulo and Bahia, which are mainly engaged in holding equity interests in other companies that operate, directly or indirectly, in wind power generation.
- (f) Privately-held companies that are mainly engaged in the design, implementation and operation of a specific wind farm located in the State of Bahia. Under an authorization regime, its entire production has been acquired by the Electric Energy Trade Chamber (CCEE), in the context of the Reserve Auction – 2013 (“LER 2013”). The wind farms are under implementation (see Note 1.1).
- (g) Direct and indirect subsidiaries whose purpose is to design, implement and operate specific wind farms located in the state of Bahia. Subject to an authorization regime, its entire production will be sold in the free market. The wind farms are under implementation.
- (h) Direct subsidiaries that are mainly engaged in the construction, implementation, operation, maintenance and generation of wind power. These companies are under implementation.
- (i) Direct subsidiary whose purpose is to design, implement and operate wind farms and solar power plants located in the state of Bahia. Under an authorization regime, its entire production has been acquired by CCEE, in the context of the Reserve Auction - 2014 (“LER 2014”).

- (j) Renova Comercializadora de Energia S.A. (“Renova Comercializadora”), a direct, wholly-owned subsidiary mainly engaged in the sale of all types of electric power.
- (k) Directs subsidiaries mainly engaged in holding equity interests in other companies that operate, directly or indirectly, in the generation and sale of all types of electric power.
- (l) Brasil PCH S.A. (“Brasil SHP”) 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.

1.1 Commercial operation of wind farms under LER 2013 and LER 2014

The Reserve Energy contracts determine that wind farms should begin commercial operations on September 1, 2015 (LER 2013) and October 1, 2017 (LER 2014), however both are behind schedule. According to the contracts, the effective payment of fixed income is conditioned on the beginning of the wind farms' operations, and the funds associated with this payment must be retained in CONER (reserve energy account), which will be considered when calculating the differences between the power generated and sold (see Note 15). These wind farms are part of the Alto Sertão III Wind Farm Complex, whose disposal is being negotiated with AES, according to Note 1.2.1.

1.2 Disposal of assets

1.2.1 Alto Sertão III Wind Farm Complex

On April 9, 2019, the Company entered into a purchase and sale agreement with AES Tietê Energia S.A. (“AES”) relating to shares representing the total capital of the companies that make up the Alto Sertão III Wind Farm Complex (“AS III”), according to a Material News Release published on that same date.

However, during the period of the usual suspensive conditions of this type of transaction, events that had material adverse effects on the original value of the contract and on the deadline for the conclusion of the operation occurred, namely: (i) commercial changes not initially foreseen in the negotiations with suppliers for the completion of construction work by AES, (ii) delay in the approval of the transfer plan by the regulatory agency and (iii) delay in the beginning of operations of wind farms as agreed upon between the parties due to the delay in closing the transaction.

Considering that the parties are committed to adjust and comply with all suspensive conditions in order to close the transaction by October 2019, the Company management concluded that the classification of assets and liabilities relating to Alto Sertão III, as per Note 27.2 at June 30, 2019, is adequate and, moreover, based on the commercial information agreed upon with AES, management concluded that the provision for impairment should be supplemented by R\$259,421 (Note 11.9).

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

On August 3, 2017, the Company concluded the sale to AES Tietê Energia S.A. (“AES”) of all shares of Nova Energia, which holds, through Renova Eólica Participações S.A., Alto Sertão II Wind Farm Complex. The transaction base value was R\$600,000 adjusted for certain changes in working capital and net debt of Alto Sertão II Wind Farm Complex, and may be increased 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 set up guarantees in the total amount of R\$56,443 (R\$88,783 at December 31, 2018) restated at 100% of the Interbank Deposit Certificate (CDI) rate, which may be paid to the Company as follows:

<u>Guarantee</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
Litigation	128	32,428
Earn-Out	55,380	53,983
Indemnification - general	935	2,372
Total	<u>56,443</u>	<u>88,783</u>

In March 2019, Consórcio MGT filed an action to recover the arbitration award, in the amount of R\$34,103, already covered by the guarantees mentioned in the table above. In addition, as regards the arbitration with this supplier, there are still pending decisions for which the Company maintains a provision of R\$37,980, of which R\$15,048 were recognized in the Company's statement of profit or loss in 2018, and R\$22,932 in the six-month period ended June 30, 2019.

In addition to the contingency mentioned in the previous paragraph, the Company also has a provision of R\$8,740 referring to a civil claim for damages to a third-party property in connection with Alto Sertão II Wind Farm Complex.

1.3 Going concern

In the six-month period ended June 30, 2019, the Company recorded loss of R\$608,825, has accumulated losses of R\$3,659,712, as well as consolidated current liabilities in excess of consolidated current assets of R\$940,928 and negative equity (capital deficiency) of R\$685,314. In addition, the Company needs to raise funds to comply with its commitments, including the construction of wind farms and solar power plants.

The results for the six-month period ended June 30, 2019 arises mainly from: i) losses on power purchase and sale contracts on direct subsidiary Renova Comercializadora, amounting to R\$46,895 to comply with the commitments made on the energy purchase and sale contracts; ii) provision relating to the penalty to be applied by ANEEL for the cancellation of Phase B grants, in the amount of R\$61,080; iii) provision for impairment of assets relating to AS III Wind Farm Complex, in the amount of R\$259,421; and iv) finance costs amounting to R\$185,620, which is mainly impacted by the recognition of interest related to loans and financing, trade accounts payable, transactions with related parties, in addition to existing accumulated losses.

In view of this scenario, and in order to rebalance its liquidity and cash generation structure, the Company suspended the supply of wind power produced under tax incentive contracted for 2019 under the wind power purchase and sale agreements entered into with CEMIG GT and LIGHTCOM, as well as the assignment of power purchase and sale agreements with third parties, thus reducing cash requirements in the short term (Note 24.3) and has been receiving funds from shareholders as advances, within the scope of the power purchase agreement totaling R\$37,752 as at June 30, 2019 (R\$300,152 as at December 31, 2018) (Note 24.3).

Furthermore, on March 21, 2019, the Board of Directors approved a financial structuring plan that, among other actions, includes debt settlement and extension and sale of the AS III Wind Farm Complex, as follows:

- (1) Renegotiation and extension of debts with BTG Pactual and CitiBank, as per amendment, and CCB signed by the parties in May and July 2019, respectively (Note 13).
- (2) The rescheduling of amounts payable to related parties Cemig GT and LIGHTCOM through the following instruments to be formalized by the end of the second half of 2019, proportionally to the balance of debts:
 - a) Debt instruments issued by the Company projected for October 2019, amounting to approximately R\$298,000 with a 6-year term, one-year grace period and interest of 155% of the CDI rate, with personal guarantee.
 - b) Debt instruments issued by the Company projected for October 2019, amounting to approximately R\$723,000 with a 6-year term for bullet payment and interest of 155% of the CDI rate, with security interest.
- (3) Negotiations for sale of the AS III Wind Farm Complex, in which the parties are committed to adjust and comply with all suspensive conditions and close the transaction by October 2019.

Based on the facts and circumstances as at this date, management assessed the Company's ability to continue as a going concern and understands that with the successful implementation of the above-mentioned measures, with some of them already implemented, the support from its shareholders and the dividend flow of its investees are sufficient for it to continue as a going concern in the next 12 months. In addition, management is not aware of any material uncertainty, other than those mentioned above, that may cast significant doubt as to its ability to continue as a going concern. Thus, this interim financial information has been prepared under the going-concern assumption.

2. Significant accounting policies

2.1 Statement of compliance

The consolidated interim financial information, identified as "Consolidated", has been prepared in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB). The presentation of this information is in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR).

The individual Interim Financial Information, identified as "Individual", has been prepared in accordance with CPC 21 (R1).

This Interim Financial Information has been prepared under the following principles, practices and criteria that are consistent with those adopted to prepare the Annual Financial Statements as at December 31, 2018, except for the new accounting policy determined by CPC 06 (R2)/IFRS 16 – Leases, which replaces CPC 06 (R1)/IAS 17 – Leases and the corresponding interpretations.

CPC 06 (R2)/IFRS 16 came into effect from January 1, 2019, and the Company adopted it using the prospective method, as provided for in CPC 23 - Accounting policies, changes in accounting estimates and errors. Thus, these Interim Financial Information must be read in conjunction with the aforementioned Financial Statements approved by the Company's Board of Directors on March 27, 2019.

Management hereby represents that all relevant information inherent in the interim financial information, and only such information, is evidenced and correspond to that used by management in managing the Company.

2.2 Approval of interim financial information

The interim financial information, stated in thousands of reais and rounded to the nearest thousand, unless otherwise stated, was approved for filing with the CVM by the Board of Directors on August 15, 2019.

2.3 New standards, interpretations and amendments to standards

IFRS 16 (CPC 06-R2) - Leases (replaces CPC 06 (R1)/IAS 17 and ICPC 03)

CPC 06 (R2)/IFRS 16 – Leases replaces CPC 06 (R1)/IAS 17 – Leases and corresponding interpretations. This standard established the principles for recognition, measurement, presentation and disclosure of leases, requiring lessees to account for all leases under a single on-balance sheet model in a similar way to finance leases under CPC 06 (R1), i.e. to recognize assets representing the right of use (leased PPE) and liabilities for all lease contracts, unless the contract term is less than twelve months or the underlying asset has no significant value. Lessors will continue to segregate leases into operating and finance. CPC 06 (R2)/IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17.

The company and its subsidiaries adopted CPC 06 (R2) retrospectively with cumulative effect as of January 1, 2019, using the practical expedients for lease contracts whose (i) term ends within 12 months from the date of first-time adoption (short term), and the (ii) underlying asset is of low value, such as mobile phones and printers. The adoption of CPC 06 (R2) resulted in an increase in assets, by recognizing the right to use leased assets (leased PPE) and the respective increase in liabilities, as shown in the following reconciliation:

Impacts of first-time adoption	<u>Land</u>
Payment of minimum lease for contracts	100,659
Discount rate impact	(59,243)
Exclusion of low value and short-term lease	(1,285)
Right-of-use asset	<u>40,131</u>
Lease liability	<u>40,131</u>
Contract average term (years)	8

Such contracts will be remeasured upon their respective contractual adjustments.

Additionally, expenses related to operating leases are recognized through the amortization expense of the right to use the assets and interest expenses are recognized on lease liabilities. Finally, the company and its subsidiaries do not expect impacts on their ability to comply with contractual covenants. Below are the impacts for the six-month period ended June 30, 2019 on profit or loss (considering the identified contracts mentioned above and disregarding the potential effects of costs subject to capitalization of the infrastructure under construction):

Impacts on the statement of profit or loss	<u>06/30/2019</u>
Depreciation and amortization expenses	(1,596)
Operating lease expense included in third-party services and other operating income and expenses	(240)
P&L (Gross profit)	(1,836)
Finance costs	(2,893)
Total – impact on net costs	<u>(4,729)</u>

In relation to cash flow, the impact was a net increase in cash from operating activities and a decrease in financing activities by R\$3,405, since amortization of the portion of the principal of lease liabilities was classified as financing activities. There were no changes in interest paid, which continued as operating income (expenses).

2.4 Basis of consolidation and investments in subsidiaries

The interim financial information of the subsidiaries mentioned in Note 1 was consolidated. All transactions, balances, revenues and expenses between the Renova Group companies are fully eliminated in the interim financial information. Operating assets disposed of are consolidated in P&L until the date of their disposal.

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

- elimination of asset and liability balances between consolidated companies;
- elimination of equity interest, reserves and income (losses) accumulated from the consolidated companies;
- elimination of revenue and expense balances arising from intercompany businesses.

3. Effective authorizations

3.1 Regulated market (ACR)

	Ref. Contract	ANEEL Resolution	Resolution date	Authorization term	Installed production capacity*
SHP					
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
Wind Farm					
Centrais Eólicas Abil S.A. ⁽¹⁾	LER 05/2013	109	03/19/2014	35 years	23,70 MW
Centrais Eólicas Acácia S.A. ⁽¹⁾	LER 05/2013	123	03/24/2014	35 years	16,20 MW
Centrais Eólicas Angico S.A. ⁽¹⁾	LER 05/2013	111	03/19/2014	35 years	8,10 MW
Centrais Eólicas Folha da Serra S.A. ⁽¹⁾	LER 05/2013	115	03/19/2014	35 years	21,00 MW
Centrais Eólicas Jabuticaba S.A. ⁽¹⁾	LER 05/2013	113	03/19/2014	35 years	9,00 MW
Centrais Eólicas Jacaranda do Serrado S.A. ⁽¹⁾	LER 05/2013	116	03/19/2014	35 years	21,00 MW
Centrais Eólicas Taboquinha S.A. ⁽¹⁾	LER 05/2013	114	03/19/2014	35 years	21,60 MW
Centrais Eólicas Tabua S.A. ⁽¹⁾	LER 05/2013	110	03/19/2014	35 years	15,00 MW
Centrais Eólicas Vaqueta S.A. ⁽¹⁾	LER 05/2013	132	03/28/2014	35 years	23,40 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Mulungu) ⁽¹⁾	LER 08/2014	241	06/01/2015	35 years	13,50 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Quina) ⁽¹⁾	LER 08/2014	242	06/01/2015	35 years	10,80 MW
Centrais Eólicas Itapuã VII Ltda. (EOL Pau Santo) ⁽¹⁾	LER 08/2014	285	06/25/2015	35 years	18,90 MW

Note (a): companies that are part of Alto Sertão III Wind Farm Complex classified as assets held for sale.

(*) Information not reviewed by the independent auditors.

3.2 Free-trading market (ACL)

<u>Wind Farm</u>	<u>Ref. Contract</u>	<u>ANEEL Resolution</u>	<u>Resolution date</u>	<u>Authorization term</u>	<u>Installed production capacity*</u>
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 Imburana 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	18,90 MW
Centrais Eólicas Vellozia S.A. ⁽¹⁾	ACL (Light I)	5087	03/26/2015	30 years	16,50 MW
Centrais Eólicas Cedro S.A. ⁽¹⁾	ACL (Light I)	5496	10/01/2015	30 years	12,00 MW
Centrais Eólicas Manineiro S.A. ⁽¹⁾	ACL (Light I)	5125	04/01/2015	30 years	14,40 MW
Centrais Eólicas Pau D'Água S.A. ⁽¹⁾	ACL (Light I)	5126	04/01/2015	30 years	18,00 MW
Centrais Eólicas São Salvador S.A. ⁽¹⁾	ACL (Light I)	162	05/22/2013	35 years	18,90 MW
Centrais Eólicas Anísio Teixeira S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5094	03/26/2015	30 years	13,50 MW
Centrais Eólicas Cabeça de Frade S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5090	03/26/2015	30 years	5,70 MW
Centrais Eólicas Botuquara Ltda. ⁽¹⁾	ACL (Light II) ⁽²⁾	5101	03/26/2015	30 years	21,60 MW
Centrais Eólicas Canjoão S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5086	03/26/2015	30 years	6,00 MW
Centrais Eólicas Carrancudo S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5089	03/26/2015	30 years	18,90 MW
Centrais Eólicas Conquista Ltda. ⁽¹⁾	ACL (Light II) ⁽²⁾	5102	03/26/2015	30 years	24,30 MW
Centrais Eólicas Coxilha Alta Ltda. ⁽¹⁾	ACL (Light II) ⁽²⁾	5170	04/27/2015	30 years	19,20 MW
Centrais Eólicas Ipê Amarelo S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5097	03/26/2015	30 years	18,00 MW
Centrais Eólicas Jequitibá S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5100	03/26/2015	30 years	8,10 MW
Centrais Eólicas Macambira S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5083	03/26/2015	30 years	21,60 MW
Centrais Eólicas Tamboril S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5095	03/26/2015	30 years	27,00 MW
Centrais Eólicas Tingui S.A. ⁽¹⁾	ACL (Light II) ⁽²⁾	5082	03/26/2015	30 years	18,90 MW
Centrais Eólicas Alcaçuz S.A. ⁽¹⁾	ACL (Mercado livre II)(2)	5118	04/01/2015	30 years	18,90 MW
Centrais Eólicas Caliantra S.A. ⁽¹⁾	ACL (Mercado livre II)(2)	5119	04/01/2015	30 years	5,40 MW
Centrais Eólicas Embiruçu S.A. ⁽¹⁾	ACL (Mercado livre II)(2)	5121	04/01/2015	30 years	6,00 MW
Centrais Eólicas Ico S.A. ⁽¹⁾	ACL (Mercado livre II)(2)	5122	04/01/2015	30 years	10,80 MW
Centrais Eólicas Imburana de Cabão S.A. ⁽¹⁾	ACL (Mercado livre II)(2)	5123	04/01/2015	30 years	20,10 MW
Centrais Eólicas Lençóis Ltda. ⁽¹⁾	ACL (Mercado livre II)(2)	5171	04/27/2015	30 years	10,80 MW
Centrais Eólicas Putumuju S.A. ⁽¹⁾	ACL (Mercado livre II)(2)	5127	04/01/2015	30 years	14,70 MW
Centrais Eólicas Cansanção S.A. ⁽¹⁾	ACL (Mercado livre II)(2)	5120	04/01/2015	30 years	14,70 MW

Note (a): companies that are part of Alto Sertão III Wind Farm Complex classified as assets held for sale.

Note (2): contracts assigned to Engie Brasil Energia S.A. ("Engie") from July 2019. The grants relating to these parks have been canceled, as mentioned in Note 16.

(*) Information not reviewed by the independent auditors.

4. Electric power sale

4.1 Regulated market (ACR)

Group Companies	Ref. Contract	Buyer	Amounts				Term			
			Original contract amount	Annual electric power contracted (MWh)	Historical price MWh (R\$)	Restated price MWh (R\$)	Beginning	End	Restatement index	Adjustment month
Small Hydropower Plants										
Cachoeira da Lixa	PROINFA	Eletrobras	168,009	65,174	121,35	286,63	May-08	Apr-28	IGP-M	June
Colino 1	PROINFA	Eletrobras	149,297	57,903	121,35	286,63	Sep-08	Aug-28	IGP-M	June
Colino 2	PROINFA	Eletrobras	213,370	41,084	121,35	286,63	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	143,11	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Acácia S.A. ⁽¹⁾	LER 05/2013	CCEE	137,544	60,444	113,70	154,68	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Angico S.A. ⁽¹⁾	LER 05/2013	CCEE	76,101	34,164	111,30	151,41	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Folha da Serra S.A. ⁽¹⁾	LER 05/2013	CCEE	176,183	84,972	103,60	140,94	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Jaboticaba S.A. ⁽¹⁾	LER 05/2013	CCEE	82,350	39,420	104,38	142,00	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Jacaranda do Serrado S.A. ⁽¹⁾	LER 05/2013	CCEE	173,200	83,220	103,99	141,47	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Taboquinha S.A. ⁽¹⁾	LER 05/2013	CCEE	187,680	88,476	105,99	144,19	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Tabua S.A. ⁽¹⁾	LER 05/2013	CCEE	135,964	64,824	104,80	142,57	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Vaqueta S.A. ⁽¹⁾	LER 05/2013	CCEE	198,004	93,732	105,55	143,59	Sep-15	Aug-35	IPCA	September
Centrais Eólicas Itapuã VII Ltda. (EOL Mulungu) ⁽¹⁾	LER 10/2014	CCEE	158,288	56,940	138,90	176,82	Oct-17	Sep-37	IPCA	October
Centrais Eólicas Itapuã VII Ltda. (EOL Quina) ⁽¹⁾	LER 10/2014	CCEE	224,038	80,592	138,90	176,82	Oct-17	Sep-37	IPCA	October
Centrais Eólicas Itapuã VII Ltda. (EOL Pau Santo) ⁽¹⁾	LER 10/2014	CCEE	126,630	45,552	138,90	176,82	Oct-17	Sep-37	IPCA	October

Note (1): companies that are part of Alto Sertão III Wind Farm Complex classified as assets held for sale.

4.2 Free-trading market (ACL)

The Company has contracts on the free-trading market, which total 111.2 average MW^(*) of contracted energy, as follows:

Plants	Source	Electric power sold (average MW*)	Effective term
Light I	Wind	100,2	until Aug/2035
Mercado livre I	Wind	11,0	until Dec/2019
		<u>111,2</u>	

(*) Information not reviewed by the independent auditors.

Note 1: contract assigned to Light and CEMIG.

5. Operating segments

The Company has four reportable segments representing its strategic business units, besides 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 at each reportable segment of the Company are summarized below:

- a) SHP - This segment is responsible for the development, implementation and operation of hydropower generation projects. This segment includes the development of studies on inventories and basic projects and power generation. The SHPs are in the operating phase.
- b) Wind – This segment is responsible for the development, implementation and operation of wind power generation projects. It includes wind measurement, leasing of land, implementation and power generation. This segment basically comprises Alto Sertão III Wind Farm Complex.
- 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 managerial and administrative operations.

Segment information as at June 30, 2019 and 2018 for P&L and as at June 30, 2019 and December 31, 2018 for total assets and liabilities is as follows:

	06/30/2019				
	SHP	Wind	Sale	Administrative	Consolidated
Net revenue	21,553	-	55,054	-	76,607
Non-manageable costs	(328)	-	-	-	(328)
Gross margin	21,225	-	55,054	-	76,279
Manageable costs	(7,177)	(110,089)	(101,949)	(41,402)	(260,617)
Depreciation	(2,845)	(3,440)	-	(645)	(6,930)
Impairment of property, plant and equipment	-	(259,403)	-	-	(259,403)
Equity pickup	31,499	-	-	-	31,499
Finance income	126	112	(498)	899	639
Finance costs	(3,397)	(112,998)	(47,819)	(22,045)	(186,259)
Income and social contribution taxes	(4,276)	243	-	-	(4,033)
Net income (loss) for the period	35,155	(485,575)	(95,212)	(63,193)	(608,825)
Total assets	793,750	1,406,504	16,720	157,836	2,374,810
Total liabilities	112,974	1,413,290	958,602	575,258	3,060,124
	06/30/2018				
	SHP	Wind Farm	Sale	Administrative	Consolidated
Net revenue	20,088	-	359,183	-	379,271
Non-manageable costs	(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 pickup	26,929	-	-	-	26,929
Finance income	395	2	72	339	808
Finance costs	(3,009)	(83,481)	(24,380)	(20,692)	(131,562)
Income and social contribution taxes	(2,748)	-	-	-	(2,748)
Net income (loss) for period	33,910	(116,954)	(111,079)	(51,566)	(245,689)
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

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

	Note	Consolidated		Individual	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash		69	31	34	5
Banks – checking account		214	1,471	67	57
Short-term investments with immediate liquidity		13,206	14,808	7	7
Short-term investments		8,541	21,642	7,015	7,864
		22,030	37,952	7,123	7,933
Transfer to assets held for sale:					
Cash and cash equivalents	27.2	(58)	(1,381)	-	-
Total		21,972	36,571	7,123	7,933
Presented as:					
<u>Current</u>					
Cash and cash equivalents		13,431	14,929	108	69
Short-term investments		1,526	13,778	-	-
<u>Noncurrent</u>					
Short-term investments		7,015	7,864	7,015	7,864
Total		21,972	36,571	7,123	7,933

Highly-liquid short-term investments that are readily convertible into a known cash amount and pose a lower risk of change in value were classified as cash equivalents. These investments refer to fixed-income instruments at rates ranging from 82.90% 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 line item ‘short-term investment’. This investment is the guarantee set for the Mercado Livre I project and its yield is 98.5% of the CDI rate.

7. Trade accounts receivable

	Consolidated		Individual	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Sale - Free-trading market	146	2,750	-	-
Eletrobras - ESPRA	4,346	5,442	-	-
Other	35	18	35	18
Total	4,527	8,210	35	18

As at June 30, 2019, these refer substantially to amounts falling due, with day sales outstanding of 30 days, for which no losses are expected upon their realization. Trade accounts receivable include amounts receivable from related parties amounting to R\$155 at December 31, 2018 (Note 24.2).

8. Taxes recoverable

	Note	Consolidated		Individual	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
Withholding Income Tax (IRFF) to offset		8,759	4,006	163	130
Corporate Income Tax (IRPJ) to offset		1,067	1,593	-	263
Contribution Tax on Gross Revenue for Social Security Financing (COFINS) recoverable		2,453	1,683	-	-
Contribution Tax on Gross Revenue for Social Integration Program (PIS) recoverable		532	365	-	-
Other taxes to offset		439	220	49	65
		<u>13,250</u>	<u>7,867</u>	<u>212</u>	<u>458</u>
Transfer to assets held for sale	27.2	(4,081)	(3,385)	-	-
Total		<u>9,169</u>	<u>4,482</u>	<u>212</u>	<u>458</u>

At December 31, 2018, the Company assessed the PIS and COFINS credits accumulated in power purchase and sale transactions of its subsidiary Renova Comercializadora and identified the need to set up a provision for impairment of these credits, amounting to R\$20,961, matched against P&L for the year, considering the uncertainty on its realization. For the quarter ended June 30, 2019, part of this provision was reversed, in the amount of R\$1,384, due to P&L for the period.

9. Pledges and restricted deposits

Individual	Pledge	Institution	Contractual purpose	Consolidated	
				06/30/2019	12/31/2018
Espra	Guarantee	BNB	Financing - BNB	11,194	10,866

These refer basically to fixed-income short-term investments, at the rate of 99.60% of the CDI, pegged to financing from Banco do Nordeste do Brasil (“BNB”), which may only be invested upon the creditors’ express authorization.

10. Investments

10.1 Breakdown of investments

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

Companies	Consolidated		Individual	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
SHP				
Enerbras Centrais Elétricas S.A. (Holding)	-	-	136,231	127,366
Renova PCH LTDA.	-	-	(6)	-
Chiplely SP Participações S.A. (Holding)	-	-	874,258	837,494
Brasil PCH S.A.	607,707	603,747	-	-
Wind				
Centrais Eólicas Itapuã XX LTDA.	-	-	(34)	(24)
Centrais Eólicas Itapuã IV LTDA.	-	-	(137)	(131)
Centrais Eólicas Itapuã V LTDA.	-	-	(92)	(84)
Centrais Eólicas Bela Vista XIV S.A.	-	-	(1,174)	131,200
Bahia Holding S.A.	-	-	27,851	45,614
Other interests held (2)	-	-	(40)	(27)
Renovapar S.A.	-	-	(2)	(1)
Sale				
Renova Comercializadora de Energia S.A.	-	-	(634,879)	(549,160)
Total	607,707	603,747	401,976	592,247
Presented as:				
Assets				
Investments	607,707	603,747	1,038,340	1,141,674
Liabilities				
Provision for investment loss	-	-	(636,364)	(549,427)
Total	607,707	603,747	401,976	592,247

Note 2: Other companies listed in Note 1.

10.2 Information on investees

Significant information on subsidiaries is as follows:

Company	06/30/2019					12/31/2018					
	Total number of shares	Interest (%)	Capital	Equity (capital deficiency)	Net income (loss) for the period	Total number of shares	Interest (%)	Capital	Equity (capital deficiency)	Proposed dividend	Net income (loss) for the year
PCH											
Enerbras Centrais Elétricas S.A. (Holding)	5,170,101	100.00	101,955	136,231	8,865	5,170,101	100.00	101,955	127,366	(2,585)	10,883
Renova PCH LTDA.	359,784	99.99	360	(6)	(6)	359,784	99.99	360	-	-	(10)
Chiplep SP Participações S.A. (Holding)	744,871,373	99.99	744,871	874,258	36,764	744,871,373	99.99	744,871	837,494	(2,553)	53,753
Wind											
Alto Sertão Participações S.A. (Holding) ⁽¹⁾	1,516,318,129	99.99	1,516,318	-	(337,744)	1,516,318,129	99.99	1,516,318	181,032	-	(372,382)
Centrais Eólicas Carrancudo S.A. ⁽¹⁾	17,361,558	99.99	17,362	4,543	(4,353)	17,361,558	99.99	17,362	8,896	-	(1,733)
Centrais Eólicas Botuquara S.A. ⁽¹⁾	7,559,824	99.99	7,560	(1,116)	(4,703)	7,559,824	99.99	7,560	3,588	-	(1,166)
Centrais Eólicas Alcacuz S.A. ⁽¹⁾	14,996,736	99.99	14,997	385	(4,677)	14,996,736	99.99	14,997	5,062	-	(2,594)
Centrais Eólicas Tamboril S.A. ⁽¹⁾	19,142,404	99.99	19,142	(311)	(6,561)	19,142,404	99.99	19,142	6,251	-	(3,508)
Centrais Eólicas Conquista S.A. ⁽¹⁾	23,542,317	99.99	23,542	(2,516)	(5,499)	23,542,317	99.99	23,542	2,984	-	(811)
Centrais Eólicas Coxilha Alta S.A. ⁽¹⁾	6,885,612	99.99	6,886	(1,018)	(4,154)	6,885,612	99.99	6,886	3,136	-	(945)
Centrais Eólicas Tingui S.A. ⁽¹⁾	18,011,571	99.99	18,012	(7,924)	(4,566)	18,011,571	99.99	18,012	(3,358)	-	(2,408)
Centrais Eólicas Cansação S.A. ⁽¹⁾	4,614,138	99.99	4,614	(934)	(3,203)	4,614,138	99.99	4,614	2,269	-	(763)
Centrais Eólicas Macambira S.A. ⁽¹⁾	14,215,026	99.99	14,215	(1,539)	(5,281)	14,215,026	99.99	14,215	3,743	-	(3,052)
Centrais Eólicas Imburana de Cabão S.A. ⁽¹⁾	13,014,445	99.99	13,014	(9,285)	(4,937)	13,014,445	99.99	13,014	(4,348)	-	(2,815)
Centrais Eólicas Ipê Amarelo S.A. ⁽¹⁾	16,493,153	99.99	16,493	5,332	(3,991)	16,493,153	99.99	16,493	9,324	-	(1,169)
Centrais Eólicas Putumaju S.A. ⁽¹⁾	10,421,120	99.99	10,421	(1,356)	(3,683)	10,421,120	99.99	10,421	2,328	-	(2,542)
Centrais Eólicas Lençóis S.A. ⁽¹⁾	19,464,696	99.99	19,465	(4,594)	(3,226)	19,464,696	99.99	19,465	(1,367)	-	(1,015)
Centrais Eólicas Anísio Teixeira S.A. ⁽¹⁾	19,346,653	99.99	19,347	(5,598)	(3,667)	19,346,653	99.99	19,347	(1,931)	-	(1,617)
Centrais Eólicas Ico S.A. ⁽¹⁾	11,530,260	99.99	11,530	438	(2,757)	11,530,260	99.99	11,530	3,195	-	(2,854)
Centrais Eólicas Jequitiba S.A. ⁽¹⁾	6,428,922	99.99	6,429	(4,441)	(1,959)	6,428,922	99.99	6,429	(2,482)	-	(1,419)

(Continued)

- (Continued)

Company	06/30/2019					12/31/2018					
	Total number of shares	Interest (%)	Capital	Equity (capital deficiency)	Net income (loss) for the period	Total number of shares	Interest (%)	Capital	Equity (capital deficiency)	Proposed dividend	Net income (loss) for the year
Wind											
Centrais Eólicas Calianra S.A. ⁽¹⁾	6,598,699	99.99	6,599	(2,767)	(1,315)	6,598,698	99.99	6,599	(1,452)	-	(946)
Centrais Eólicas Canjoão S.A. ⁽¹⁾	3,903,274	99.99	3,903	(2,598)	(1,386)	3,903,273	99.99	3,903	(1,212)	-	(896)
Centrais Eólicas Cabeça de Frade S.A. ⁽¹⁾	2,181,078	99.99	2,181	(358)	(1,166)	2,181,077	99.99	2,181	809	-	(389)
Centrais Eólicas Embiruçu S.A. ⁽¹⁾	3,143,392	99.99	3,143	(391)	(1,276)	3,143,391	99.99	3,143	885	-	(392)
Centrais Elétricas Itaparica S.A. ⁽¹⁾	130,234,571	99.99	130,235	-	(68,987)	119,383,201	99.99	119,383	34,501	-	(10,610)
Centrais Eólicas Itapuã VII LTDA. ⁽¹⁾	1,408,975	99.99	1,409	(9,783)	(5,336)	772,826	99.99	773	(5,083)	-	(4,863)
Centrais Eólicas Itapuã XX LTDA.	32,338	99.99	32	(34)	(10)	32,338	99.99	32	(24)	-	(15)
Centrais Eólicas Bela Vista XIV S.A.	244,293,570	99.99	244,294	(1,174)	(473)	376,194,387	99.99	376,194	131,200	-	127
Centrais Eólicas Itapuã IV LTDA.	968,664	99.99	969	(137)	(6)	968,663	99.99	969	(131)	-	236
Centrais Eólicas Itapuã V LTDA.	883,194	99.99	883	(92)	(8)	883,193	99.99	883	(84)	-	73
Renovapar S.A.	22,973	100.00	23	(2)	(1)	22,972	100	23	(1)	-	-
Bahia Holding S.A.	73,722,950	99.99	73,723	27,851	(3)	45,616,074	99.99	45,616	45,614	-	(3)
Other interests held ⁽²⁾	-	-	-	(40)	(13)	-	0	-	(27)	-	(16)
Sale											
Renova Comercializadora de Energia S.A.	-	100.00	4,306	(634,879)	(85,719)	-	100.00	4,306	(549,160)	-	(320,072)

Note 1: Investment held for sale, according to Note 1.2.1.

Note 2: Other companies listed in Note 1.

10.3 Changes in investments

10.3.1 Consolidated

Company	12/31/2018	Equity pickup			06/30/2019
		P&L	Amortization of added value	Proposed dividends	
SHP					
Brasil PCH S.A.	603,747	49,650	(18,151)	(27,539)	607,707

Company	12/31/2017	Equity pickup			06/30/2018
		P&L	Amortization of added value	Proposed dividends	
SHP					
Brasil PCH S.A.	685,362	45,080	(18,151)	712,291	

10.3.1.1 Shared control investment – 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 Arrangements.

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

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

STATEMENT OF FINANCIAL POSITION AT JUNE 30, 2019 (CONSOLIDATED)

ASSETS	06/30/2019	12/31/2018	LIABILITIES AND EQUITY	06/30/2019	12/31/2018
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	188,802	158,661	Loans and financing	100,989	41,758
Other current assets	50,996	65,873	Other current liabilities	114,807	160,921
Total current assets	239,798	224,534	Total current liabilities	215,796	202,679
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Property, plant and equipment	1,029,746	1,043,546	Loans and financing	810,523	863,854
Other noncurrent assets	35,619	40,795	Other noncurrent liabilities	50,653	57,506
Total noncurrent assets	1,065,365	1,084,341	Total current liabilities	861,176	921,360
			EQUITY	228,191	184,836
TOTAL ASSETS	1,305,163	1,308,875	TOTAL LIABILITIES AND EQUITY	1,305,163	1,308,875

STATEMENT OF PROFIT OR LOSS FOR THE PERIOD ENDED JUNE 30, 2019 (CONSOLIDATED)

	<u>06/30/2019</u>	<u>06/30/2018</u>
NET REVENUE	205,338	201,919
Depreciation cost	(18,022)	(17,253)
Other costs	(26,976)	(23,781)
General and administrative expenses	(6,503)	(10,418)
Reversal of loss on contracts for valuable consideration	4,766	4,976
Finance income (costs)	(54,046)	(59,655)
Income and social contribution tax expense	(7,204)	(7,396)
NET INCOME FOR THE PERIOD	<u>97,353</u>	<u>88,392</u>

This P&L for the period ended June 30, 2019 was mainly impacted by: (i) increase in revenue due to the contractual adjustment of 7.64%; (ii) increases in costs with preventive and corrective maintenance at the SHPs; and (iii) decrease in negative finance income (costs) due to the increase in income from short-term investments and decrease in debt charges.

10.3.2 Individual

Company	12/31/2018	Additions	Partial Division	Equity Pickup	Transfer to assets held for sale	06/30/2019
SHP						
Enerbras Centrais Elétricas S.A. (Holding)	127,366	-	-	8,865	-	136,231
Renova PCH LTDA.	-	-	-	(6)	-	(6)
Chiplely SP Participações S.A. (Holding)	837,494	-	-	36,764	-	874,258
Wind farm						
Alto Sertão Participações S.A. (Holding) ⁽¹⁾	-	56,206	100,530	(337,744)	181,008	-
Centrais Eólicas Carrancudo S.A. ⁽¹⁾	-	-	-	(4,353)	4,353	-
Centrais Eólicas Botuquara S.A. ⁽¹⁾	-	-	-	(4,703)	4,703	-
Centrais Eólicas Alcauz S.A. ⁽¹⁾	-	-	-	(4,677)	4,677	-
Centrais Eólicas Tamboril S.A. ⁽¹⁾	-	-	-	(6,561)	6,561	-
Centrais Eólicas Conquista S.A. ⁽¹⁾	-	-	-	(5,499)	5,499	-
Centrais Eólicas Coxilha Alta S.A. ⁽¹⁾	-	-	-	(4,154)	4,154	-
Centrais Eólicas Tingui S.A. ⁽¹⁾	-	-	-	(4,566)	4,566	-
Centrais Eólicas Cansanção S.A. ⁽¹⁾	-	-	-	(3,203)	3,203	-
Centrais Eólicas Macambira S.A. ⁽¹⁾	-	-	-	(5,281)	5,281	-
Centrais Eólicas Imburana de Cabão S.A. ⁽¹⁾	-	-	-	(4,937)	4,937	-
Centrais Eólicas Ipê Amarelo S.A. ⁽¹⁾	-	-	-	(3,991)	3,991	-
Centrais Eólicas Putumaju S.A. ⁽¹⁾	-	-	-	(3,683)	3,683	-
Centrais Eólicas Lençóis S.A. ⁽¹⁾	-	-	-	(3,226)	3,226	-
Centrais Eólicas Anísio Teixeira S.A. ⁽¹⁾	-	-	-	(3,667)	3,667	-
Centrais Eólicas Ico S.A. ⁽¹⁾	-	-	-	(2,757)	2,757	-
Centrais Eólicas Jequitiba S.A. ⁽¹⁾	-	-	-	(1,959)	1,959	-
Centrais Eólicas Caliandra S.A. ⁽¹⁾	-	-	-	(1,315)	1,315	-
Centrais Eólicas Canjoão S.A. ⁽¹⁾	-	-	-	(1,386)	1,386	-
Centrais Eólicas Cabeça de Frade S.A. ⁽¹⁾	-	-	-	(1,166)	1,166	-
Centrais Eólicas Embiruçu S.A. ⁽¹⁾	-	-	-	(1,276)	1,276	-
Centrais Elétricas Itaparica S.A. ⁽¹⁾	-	2,713	31,773	(68,987)	34,501	-
Centrais Eólicas Itapuã VII LTDA. ⁽¹⁾	-	1,037	(402)	(5,336)	4,701	-
Centrais Eólicas Itapuã XX LTDA.	(24)	-	-	(10)	-	(34)
Centrais Eólicas Bela Vista XIV S.A.	131,200	-	(131,901)	(473)	-	(1,174)
Centrais Eólicas Itapuã IV LTDA.	(131)	-	-	(6)	-	(137)
Centrais Eólicas Itapuã V LTDA.	(84)	-	-	(8)	-	(92)
Renovapar S.A.	(1)	-	-	(1)	-	(2)
Bahia Holding S.A.	45,614	-	(17,760)	(3)	-	27,851
Other interests held ⁽²⁾	(27)	-	-	(13)	-	(40)
Sale						
Renova Comercializadora de Energia S.A.	(549,160)	-	-	(85,719)	-	(634,879)
Total	592,247	59,956	(17,760)	(525,037)	292,570	401,976

Note 1: Investment held for sale, according to Note 1.2.2.

Note 2: Other companies listed in Note 1.

(Continued)

- (Continued)

Company	12/31/2017	Additions	Equity pickup	Transfer to assets held for sale	06/30/2018
SHP					
Enerbras Centrais Elétricas S.A. (Holding)	119,068	-	9,582	-	128,650
Renova PCH LTDA.	5	5	(10)	-	-
Chiplely SP Participações S.A. (Holding)	786,294	-	28,554	-	814,848
Wind farm					
Alto Sertão Participações S.A. (Holding) ⁽¹⁾	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 S.A. ⁽¹⁾	(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 Caliandra 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. ⁽¹⁾	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 Itapuã VII LTDA. ⁽¹⁾	(449)	46	(2,384)	2,787	-
Centrais Eólicas Itapuã XX LTDA.	(9)	-	-	9	-
Centrais Eólicas Bela Vista XIV S.A.	130,847	188	(221)	-	130,814
Centrais Eólicas Itapuã IV LTDA.	(399)	12	263	-	(124)
Centrais Eólicas Itapuã V LTDA.	(179)	10	94	-	(75)
Renovapar S.A.	(1)	1	-	-	-
Other interests held (2)	(10)	1	-	-	(9)
Sale					
Renova Comercializadora de Energia S.A.	(229,088)	-	(104,490)	-	(333,578)
Total	1,259,933	89,470	(181,311)	(427,566)	740,526

Note 1: Investment held for sale, according to Note 1.2.2.

Note 2: Other companies listed in Note 1.

The investment balance is presented net of the provision for investment losses amounting to R\$635,209 (R\$549,427 at December 31, 2018).

10.4 Changes in dividends receivable

Dividends receivable correspond to:

	<u>Consolidated</u>	<u>Individual</u>
Balance at December 31, 2017	33,219	5,039
Dividends received	<u>(10,200)</u>	<u>-</u>
Balance at June 30, 2018	<u>(23,019)</u>	<u>5,039</u>
Balance at December 31, 2018	9,180	10,177
Dividends proposed	27,539	-
Dividends received	<u>(36,719)</u>	<u>-</u>
Balance at June 30, 2019	<u>-</u>	<u>10,177</u>

- a) Individual: the balance of R\$10,177 refers to dividends receivable from subsidiaries Enerbras (R\$5,559) and Chipley (R\$4,618).
- b) Consolidated: include dividends proposed and received from indirect subsidiary Brasil PCH.

11. Property, plant and equipment

11.1 Consolidated

	Annual depreciation rates %	06/30/2019			12/31/2018		
		Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plant and equipment in use							
Generation							
Land		595	-	595	595	-	595
Reservoirs, dams and aqueducts	2%	95,797	(24,528)	71,269	95,797	(23,410)	72,387
Buildings, civil work and improvements	3%	46,336	(13,798)	32,538	46,336	(13,165)	33,171
Machinery and equipment	4%	65,015	(22,170)	42,845	65,015	(21,164)	43,851
Furniture and fixtures	10%	142	(129)	13	142	(127)	15
IT equipment	17%	245	(245)	-	245	(245)	-
Measurement towers	20%	22,692	(21,399)	1,293	22,692	(20,064)	2,628
Measurement equipment	20%	3,739	(3,010)	729	3,739	(2,652)	1,087
Tower equipment	20%	2,372	(2,112)	260	2,372	(1,876)	496
Other	14%	16	(13)	3	16	(13)	3
		<u>236,949</u>	<u>(87,404)</u>	<u>149,545</u>	<u>236,949</u>	<u>(82,716)</u>	<u>154,233</u>
Administration							
Machinery and equipment	10%	5,356	(2,888)	2,468	5,356	(2,620)	2,736
Improvements	4%	854	(94)	760	854	(78)	776
Furniture and fixtures	10%	2,114	(1,413)	701	2,114	(1,307)	807
Software	20%	3,310	(3,269)	41	3,310	(3,195)	115
IT equipment	20%	<u>3,524</u>	<u>(3,337)</u>	<u>187</u>	<u>3,524</u>	<u>(3,156)</u>	<u>368</u>
		<u>15,158</u>	<u>(11,001)</u>	<u>4,157</u>	<u>15,158</u>	<u>(10,356)</u>	<u>4,802</u>
Inventories							
Storeroom supplies – general		3	-	3	3	-	3
Total PPE in use		<u>252,110</u>	<u>(98,405)</u>	<u>153,705</u>	<u>252,110</u>	<u>(93,072)</u>	<u>159,038</u>
Construction in progress							
Generation							
Unapportioned		693,583	-	693,583	698,256	-	698,256
Studies and projects		1,062	-	1,062	1,062	-	1,062
Land		12,092	-	12,092	12,095	-	12,095
Buildings, civil work and improvements		270,891	-	270,891	266,159	-	266,159
Measurement towers		3,989	-	3,989	3,989	-	3,989
Wind generators		1,490,954	-	1,490,954	1,495,669	-	1,495,669
Substation equipment		440,058	-	440,058	431,732	-	431,732
Advances to suppliers		2,781	-	2,781	1,750	-	1,750
Provision for impairment of PP&E items		<u>(1,413,850)</u>	<u>-</u>	<u>(1,413,850)</u>	<u>(1,154,492)</u>	<u>-</u>	<u>(1,154,492)</u>
Total construction in progress		<u>1,501,560</u>	<u>-</u>	<u>1,501,560</u>	<u>1,756,220</u>	<u>-</u>	<u>1,756,220</u>
Right of use							
Generation							
Lease contracts		43,299	(1,597)	41,702	-	-	-
Transfer to assets held for sale (Note 27.2)		<u>(1,431,284)</u>	<u>-</u>	<u>(1,431,284)</u>	<u>(1,675,862)</u>	<u>-</u>	<u>(1,675,862)</u>
Total property, plant and equipment		<u>365,685</u>	<u>(100,002)</u>	<u>265,683</u>	<u>332,468</u>	<u>(93,072)</u>	<u>239,396</u>

11.2 Changes in property, plant and equipment (Consolidated)

	12/31/2018	Additions	Write-offs	between accounts (*)	Transfer to assets held for sale	06/30/2019
Property, plant and equipment in use						
Cost						
Generation						
Plant						
Land	595	-	-	-	-	595
Reservoirs, dams and aqueducts	95,797	-	-	-	-	95,797
Buildings, civil work 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
	<u>236,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,949</u>
Administrative office						
Machinery and equipment	5,356	-	-	-	-	5,356
Improvements	854	-	-	-	-	854
Furniture and fixtures	2,114	-	-	-	-	2,114
Software	3,310	-	-	-	-	3,310
IT equipment	3,524	-	-	-	-	3,524
	<u>15,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,158</u>
Inventories						
Storeroom supplies – general	3	-	-	-	-	3
Total PPE in use - cost	<u>252,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,110</u>
(-) Depreciation						
Generation						
Plant						
Reservoirs, dams and aqueducts	(23,410)	(1,118)	-	-	-	(24,528)
Buildings, civil work and improvements	(13,165)	(633)	-	-	-	(13,798)
Machinery and equipment	(21,164)	(1,006)	-	-	-	(22,170)
Furniture and fixtures	(127)	(2)	-	-	-	(129)
IT equipment	(245)	-	-	-	-	(245)
Measurement towers	(20,064)	(1,335)	-	-	-	(21,399)
Measurement equipment	(2,652)	(358)	-	-	-	(3,010)
Tower equipment	(1,876)	(236)	-	-	-	(2,112)
Other	(13)	-	-	-	-	(13)
	<u>(82,716)</u>	<u>(4,688)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,404)</u>
Administrative office						
Machinery and equipment	(2,620)	(268)	-	-	-	(2,888)
Improvements	(78)	(16)	-	-	-	(94)
Furniture and fixtures	(1,307)	(106)	-	-	-	(1,413)
Software	(3,195)	(74)	-	-	-	(3,269)
IT equipment	(3,156)	(181)	-	-	-	(3,337)
	<u>(10,356)</u>	<u>(645)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(11,001)</u>
Total PPE in use - depreciation	<u>(93,072)</u>	<u>(5,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(98,405)</u>
Total PPE in use	<u>159,038</u>	<u>(5,333)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>153,705</u>

(Continued)

- (Continued)

	<u>12/31/2018</u>	<u>Additions</u>	<u>Asset Retirement</u>	<u>between accounts (*)</u>	<u>Transfer to assets held for sale</u>	<u>06/30/2019</u>
Construction in progress						
Generation						
Unapportioned	259,979	4,224	(7,668)	(350)	6,367	262,552
Studies and projects	1,062	-	-	-	-	1,062
Land	186	-	-	-	-	186
Buildings, civil work and improvements	-	4,729	-	-	(4,729)	-
Wind generators	-	1,428	(6,740)	(236)	5,548	-
Substation equipment	135	8,326	-	-	(8,326)	135
Advances to suppliers	207	1,030	-	-	(1,030)	207
Provision for impairment of PP&E items	(181,211)	(259,403)	-	-	259,421	(181,193)
Total construction in progress	<u>80,358</u>	<u>(239,666)</u>	<u>(14,408)</u>	<u>(586)</u>	<u>257,251</u>	<u>82,949</u>
Right of use						
Generation						
Lease contracts	-	43,299	-	-	(12,673)	30,626
(-) Amortization of lease contracts - cost	-	(86)	-	-	-	(86)
(-) Amortization of lease contracts - expense	-	(1,511)	-	-	-	(1,511)
Total right of use	<u>-</u>	<u>41,702</u>	<u>-</u>	<u>-</u>	<u>(12,673)</u>	<u>29,029</u>
Total property, plant and equipment	<u>239,396</u>	<u>(203,297)</u>	<u>(14,408)</u>	<u>(586)</u>	<u>244,578</u>	<u>265,683</u>

	12/31/2017	Additions	Reclassifications between accounts (*)	Transfer to assets held for sale	06/30/2018
Property, plant and equipment in use					
Cost					
Generation					
Plant					
Land	595	-	-	-	595
Reservoirs, dams and aqueducts	95,797	-	-	-	95,797
Buildings, civil work 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
	<u>236,949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>236,949</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	3,762	-	-	-	3,762
	<u>21,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,240</u>
Stock					
General Warehouse	-	6	-	-	6
Total PPE in use - cost	<u>258,189</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>258,195</u>
(-) Depreciation					
Generation					
Plant					
Reservoirs, dams and aqueducts	(21,168)	(1,109)	-	-	(22,277)
Buildings, civil work 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)
	<u>(73,208)</u>	<u>(4,774)</u>	<u>-</u>	<u>-</u>	<u>(77,982)</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	(2,929)	(200)	-	-	(3,129)
	<u>(11,198)</u>	<u>(896)</u>	<u>-</u>	<u>-</u>	<u>(12,094)</u>
Total PPE in use - depreciation	<u>(84,406)</u>	<u>(5,670)</u>	<u>-</u>	<u>-</u>	<u>(90,076)</u>
Total PPE in use	<u>173,783</u>	<u>(5,664)</u>	<u>-</u>	<u>-</u>	<u>168,119</u>

- (Continued)

- (Continued)

	12/31/2017	Additions	Reclassifications between accounts (*)	Transfer to assets held for sale	06/30/2018
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
Buildings, civil work and improvements	265,872	-	-	(265,872)	-
Measurement towers	3,989	-	-	(3,989)	-
Wind generators	1,504,327	176	(8,496)	(1,496,007)	-
Substation equipment	427,792	-	5,051	(432,708)	135
Advances to suppliers	523	-	-	(156)	367
Provision for impairment of PP&E items	(1,004,266)	-	-	822,651	(181,615)
Total construction in progress	1,878,549	5,022	(3,445)	(1,825,216)	54,910
Total property, plant and equipment	2,052,332	(642)	(3,445)	(1,825,216)	223,029

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

11.3 Individual

	Annual depreciation rates %	06/30/2019			12/31/2018		
		Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
Property, plant and equipment in use							
Generation							
Measurement towers	20%	22,692	(21,399)	1,293	22,692	(20,064)	2,628
Measurement equipment	20%	3,739	(3,010)	729	3,739	(2,652)	1,087
Tower equipment	20%	2,372	(2,112)	260	2,372	(1,876)	496
		<u>28,803</u>	<u>(26,521)</u>	<u>2,282</u>	<u>28,803</u>	<u>(24,592)</u>	<u>4,211</u>
Administration							
Machinery and equipment	10%	5,356	(2,888)	2,468	5,356	(2,620)	2,736
Improvements	4%	854	(94)	760	854	(78)	776
Furniture and fixtures	10%	2,114	(1,413)	701	2,114	(1,307)	807
Software	20%	3,310	(3,269)	41	3,310	(3,195)	115
IT equipment	20%	3,506	(3,319)	187	3,506	(3,138)	368
		<u>15,140</u>	<u>(10,983)</u>	<u>4,157</u>	<u>15,140</u>	<u>(10,338)</u>	<u>4,802</u>
Total PPE in use		<u>43,943</u>	<u>(37,504)</u>	<u>6,439</u>	<u>43,943</u>	<u>(34,930)</u>	<u>9,013</u>
Construction in progress							
Generation							
Unapportioned		87,574	-	87,574	74,377	-	74,377
Studies and projects		1,062	-	1,062	1,062	-	1,062
Land		50	-	50	50	-	50
Advances to suppliers		207	-	207	207	-	207
Provision for impairment of PP&E items		(1,722)	-	(1,722)	(1,722)	-	1,722
Total construction in progress		<u>87,171</u>	<u>-</u>	<u>87,171</u>	<u>73,974</u>	<u>-</u>	<u>73,974</u>
Right of use							
Generation							
Lease contracts		21,812	(1,442)	20,370	-	-	-
Transfer to assets held for sale (Note 27.1)		(32,394)	-	(32,394)	(24,487)	-	(24,487)
Total property, plant and equipment		<u>120,532</u>	<u>(38,946)</u>	<u>81,586</u>	<u>93,430</u>	<u>(34,930)</u>	<u>58,500</u>

11.4 Changes in property, plant and equipment (Individual)

	12/31/2018	Additions	Disposals	Transfer to assets held for sale	Capital decrease in Bahia Holding	06/30/2019
Property, plant and equipment in use						
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>-</u>	<u>-</u>	<u>28,803</u>
Administration						
Machinery and equipment	5,356	-	-	-	-	5,356
Improvements	854	-	-	-	-	854
Furniture and fixtures	2,114	-	-	-	-	2,114
Software	3,310	-	-	-	-	3,310
IT equipment	3,506	-	-	-	-	3,506
	<u>15,140</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,140</u>
Total PPE in use - cost	<u>43,943</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,943</u>
(-) Depreciation						
Generation						
Measurement towers	(20,064)	(1,335)	-	-	-	(21,399)
Measurement equipment	(2,652)	(358)	-	-	-	(3,010)
Tower equipment	(1,876)	(236)	-	-	-	(2,112)
	<u>(24,592)</u>	<u>(1,929)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(26,521)</u>
Administration						
Machinery and equipment	(2,620)	(268)	-	-	-	(2,888)
Improvements	(78)	(16)	-	-	-	(94)
Furniture and fixtures	(1,307)	(106)	-	-	-	(1,413)
Software	(3,195)	(74)	-	-	-	(3,269)
IT equipment	(3,138)	(181)	-	-	-	(3,319)
	<u>(10,338)</u>	<u>(645)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,983)</u>
Total PPE in use - depreciation	<u>(34,930)</u>	<u>(2,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,504)</u>
Total PPE in use	<u>9,013</u>	<u>(2,574)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,439</u>
Construction in progress						
Generation						
Unapportioned	49,890	3,105	(7,668)	(7,492)	17,760	55,595
Studies and projects	1,062	-	-	-	-	1,062
Land	50	-	-	-	-	50
Advances to suppliers	207	-	-	-	-	207
Provision for impairment of PP&E items	(1,722)	-	-	-	-	(1,722)
Total cost of construction in progress	<u>49,487</u>	<u>3,105</u>	<u>(7,668)</u>	<u>(7,492)</u>	<u>17,760</u>	<u>55,192</u>
Right of use						
Generation						
Lease contracts	-	21,812	-	(415)	-	21,397
(-) Amortization of lease contracts	-	(1,442)	-	-	-	(1,442)
	<u>-</u>	<u>20,370</u>	<u>(415)</u>	<u>(415)</u>	<u>-</u>	<u>19,955</u>
Total property, plant and equipment	<u>58,500</u>	<u>22,343</u>	<u>(7,668)</u>	<u>(7,907)</u>	<u>17,760</u>	<u>81,586</u>

	12/31/2017	Additions	Transfer to assets held for sale	06/30/2018
Property, plant and equipment in use				
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 PPE in use - 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 PPE in use - depreciation	<u>(31,801)</u>	<u>(2,901)</u>	<u>-</u>	<u>(34,702)</u>
Total PPE in use	<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
Provision for impairment of PP&E items	(1,722)	-	-	(1,722)
Total cost of 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>

11.5 Property, plant and equipment in use

In accordance with the Brazilian regulatory framework, ANEEL is responsible for defining the useful lives of power generation assets, including the periodical reviews of 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.

11.6 Construction in progress

Construction in progress includes investments in water projects, divided into inventories and basic projects already authorized by ANEEL. This also includes investments in the portfolio of wind power projects under development. As mentioned in Note 27, the balance of construction in progress at June 30, 2019 and December 31, 2018 relating to Alto Sertão III Wind Farm Complex, as well as certain projects under development were transferred to assets held for sale.

11.7 Breakdown of PPE per project

As at June 30, 2019, consolidated construction in progress comprises the following projects:

Projects	Consolidated
Alto Sertão III - Phase A	
ACL (Light I) ⁽¹⁾	830,839
LER 2013 ⁽¹⁾	424,647
	1,255,486
Alto Sertão III - Phase B	
ACL (Light II) ⁽¹⁾	73,295
ACL (Mercado livre II)(1)	40,680
	113,975
Other	
ACL (Mercado livre I) ⁽¹⁾	29,429
Other PPE in progress ⁽³⁾	135,916
	165,345
Transfer to assets held for sale	(1,431,284)
Total PPE in progress	103,522

Note 1: The ACL (Light I), LER 2013, ACL (Light II), ACL (Mercado livre I) and ACL (Mercado livre II) Projects in the amount of R\$1,398,890 are within the scope of the purchase and sale agreement with AES (Note 27.2) and were therefore classified as assets held for sale.

Note 2: The concession grants of these plants were canceled on June 4, 2019 by ANEEL (Note 16).

Note 3: Includes portfolio of development of wind power plant projects and small hydroelectric power plant projects, with no deadline; of this amount, R\$32,394 is within the scope of negotiations being conducted by the Company, including with AES (Note 27.2), and consequently it was classified as assets held for sale.

11.8 Derecognition of projects

The Company reviews its portfolio of wind power projects, basic projects and SHP inventories periodically. After reviewing its portfolio of wind power projects and of small hydropower plants projects, the Company concluded that at June 30, 2019 there was no project to be derecognized.

On May 8, 2019, the Company concluded the conditions precedent set forth in the agreement and delivered the Seridó wind power project under development to a specific supplier with the purpose of amortizing R\$10,000 of

the total debt. Thus, expenses with this project, which totaled R\$7,263 previously recognized in assets, were derecognized.

11.9 Impairment of property, plant and equipment

For the six-month period ended June 30, 2019, the Company management reviewed the provision for impairment based on the updated business conditions currently under discussion with AES to adjust the share purchase and sale agreement relating to Alto Sertão III Wind Farm Complex and certain wind power projects under development until October 2019, and within the Company's best expectations, supplemented the provision previously recognized by R\$259,421 to cover potential losses on realization of the assets of Alto Sertão III Wind Farm Complex, net of selling costs.

The new commercial conditions are being negotiated as regards the proposal previously received and accepted, mainly relating to the still outstanding suspensive condition that addresses engagement of a supplier to complete the Alto Sertão III construction work.

11.10 Assets pledged as collateral

At June 30, 2019, indirect subsidiary Espra has assets pledged as collateral for its financing with BNB and BTG, amounting to R\$147,264 (Note 13.3).

11.11 Retirement of assets

The provision for retirement of assets refers to the costs and expenses to be incurred, as well as the obligation that the Company is required to settle in the future for retirement of its long-term assets related to wind farms and restoration of land. The Company estimates an approximate cost of R\$57,000, calculated at present value, to be accounted for upon beginning of the commercial operation of wind farms that are currently under construction, in accordance with its accounting practice. The initial measurement will be recognized as a liability discounted to present value and, subsequently, through the increase of finance costs over time. The asset retirement cost equivalent to the initial liability is capitalized as part of the carrying amount of the asset, and depreciated for the remaining authorization term.

11.12 Right of use – Leases

At January 1, 2019, the Company and its subsidiaries identified 2,177 land lease contracts compliant with the recognition and measurement criteria established by IFRS 16, of which 1,944 refer to wind power projects under development, 215 to wind farms under construction, and 13 to SHPs in operation, as well as 5 contracts referring to lease of administrative headquarters.

For these contracts, the Company and its subsidiaries recognized future payment liabilities and the right to use the leased asset, as follows:

Assets	<u>Consolidated</u>	<u>Individual</u>	Liabilities	<u>Consolidated</u>	<u>Individual</u>
Noncurrent Asset			Current		
Property, plant and equipment			Lease Payable	7,500	4,195
Right of use leased asset	43,299	21,812	(-) Interest to be appropriated	<u>(5,431)</u>	<u>(2,436)</u>
(-) Right of use - lease contract	<u>(1,597)</u>	<u>(1,442)</u>		2,069	1,759
	41,702	20,370			
Transfer to assets held for sale	(12,673)	(415)	Transfer to liabilities held for sale	<u>(70)</u>	<u>-</u>
			Current Liabilities	<u>1,999</u>	<u>1,759</u>
			Noncurrent Liabilities		
			Lease Payable	89,820	21,464
			(-) Interest to be appropriated	<u>(52,515)</u>	<u>(5,042)</u>
				37,305	16,422
			Transfer to liabilities held for sale	<u>(12,250)</u>	<u>-</u>
			Noncurrent Liabilities	25,055	16,422
Total Asset	<u>29,029</u>	<u>19,955</u>	Total Liabilities	<u>27,054</u>	<u>18,181</u>

To determine the fair value of the lease, a discount rate was applied, calculated based on the incremental rates of the Company' loans ranging from 14.03% p.a. to 15.66% p.a., to expected minimum payments, considering the shorter of the lease contract term or the authorization term, as applicable.

In addition, the Company and its subsidiaries recognized in P&L for the six-month period the depreciation/amortization of right-of-use assets and interest expense on lease liabilities:

	<u>Consolidated</u>	<u>Individual</u>
Cost		
Amortization right of use	86	-
Income Expenses		
Amortization right of use	1,510	1,442
Finance Income		
Interest on lease obligation	<u>2,893</u>	<u>1,394</u>
Total	<u>4,489</u>	<u>2,836</u>

At June 30, 2019, the aging list is as follows:

Maturity	Consolidated	
	Interest	Principal
2019	2,921	4,812
2020	5,353	9,516
2021	4,588	8,948
2022	4,018	8,209
2023	3,518	6,897
2024 to 2050	<u>37,548</u>	<u>58,938</u>
Total	<u>57,946</u>	<u>97,320</u>

12. Trade accounts payable

	Note	Consolidated		Individual	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
Trade accounts payable		338,268	326,282	86,787	87,673
Transfer to liabilities directly associated with assets held for sale	27.2	(43,000)	(277,751)	(43,000)	(43,000)
		<u>295,268</u>	<u>48,531</u>	<u>43,787</u>	<u>44,673</u>

In view of the new commercial conditions that the Company and AES are currently negotiating for the sale of AS III Wind Farm Complex, the amounts payable relating to equipment and materials supply contracts for the construction of plants, wind turbines, substations and for civil construction will be assumed by the Company. Accordingly, these amounts are no longer classified as liabilities directly associated with assets held for sale.

On August 4, 2017, Casa dos Ventos assumed the obligation to pay a debt of the Company with Banco BTG Pactual, in the amount of R\$43,000, and in return the Company delivered certain projects under development to Casa dos Ventos. Thus, at June 30, 2019, these asset and liability balances continued to be stated as assets classified as held for sale and liabilities directly associated with assets held for sale, awaiting the completion of the conditions precedent in this type of negotiation.

13. Loans, financing and debentures

13.1 Consolidated

	Cost of Debt	Consolidated											
		06/30/2019				12/31/2018							
		Charges	Current Principal	Total	Noncurrent Principal	Grand total	Charges	Current Principal	Total	Noncurrent Principal	Grand total		
Local currency													
FNE - Banco do Nordeste do Brasil S.A. - Espra ^(13.6.a)	9.5% p.a. (8.08% p.a.)*	496	7,283	7,779	60,356	68,135	-	7,101	7,101	63,587	70,688		
Finep - CEOL Itaparica ^(15.6.b)	3.5% p.a.	13	1,998	2,011	7,158	9,169	16	1,997	2,013	8,158	10,171		
BNDES - Ponte I Diamantina Eólica (Subcrédito "A") ^(13.6.c)	TLP + 9% p.a.	99	8,149	8,248	-	8,248	2,015	169,026	171,041	-	171,041		
BNDES - Ponte I Diamantina Eólica (Subcrédito "B") ^(13.6.c)	TLP + 2.5% p.a.	6,214	524,952	531,166	-	531,166	5,799	499,921	505,720	-	505,720		
BNDES - Ponte I Diamantina Eólica (Subcrédito "C") ^(13.6.c)	TJ6 + 8.15% p.a.	200,159	251,061	451,220	-	451,220	1,571	257,258	258,829	-	258,829		
BNDES - Ponte I Diamantina Eólica (Subcrédito "D") ^(13.6.c)	100 SELIC + 8,5% a.a.	45	2,433	2,478	-	2,478	-	-	-	-	-		
Citibank ^(13.6.d)	100% CDI + 4.5%	63,284	120,500	183,784	-	183,784	50,833	120,500	171,333	-	171,333		
BTG Pactual ^(13.6.d)	155% CDI	-	17,366	17,366	156,292	173,658	40,497	129,738	170,235	-	170,235		
Banco Modal ^(13.6.d)	100% CDI + 6%	5,642	15,000	20,642	-	20,642	4,446	15,000	19,446	-	19,446		
Subtotal loans and financing		<u>275,952</u>	<u>948,742</u>	<u>1,224,694</u>	<u>223,806</u>	<u>1,448,500</u>	<u>105,177</u>	<u>1,200,541</u>	<u>1,305,718</u>	<u>71,745</u>	<u>1,377,463</u>		
Borrowing costs		-	-	-	(116)	(116)	-	-	-	(131)	(131)		
Transfer to liabilities directly associated with assets held for sale (Note 27.2)		(212,082)	(798,727)	(1,015,765)	(7,042)	(1,022,807)	(13,847)	(943,202)	(957,049)	(8,027)	(965,076)		
TOTAL LOANS AND FINANCING		<u>63,870</u>	<u>150,015</u>	<u>208,929</u>	<u>216,648</u>	<u>425,577</u>	<u>91,330</u>	<u>257,339</u>	<u>348,669</u>	<u>63,587</u>	<u>412,256</u>		

*15% for timely repayment bonus

13.2 Individual

		Individual							
		06/30/2019					12/31/2018		
		Current		Non-Current					
	<u>Cost of Debt</u>	<u>Charges</u>	<u>Principal</u>	<u>Total</u>	<u>Principal</u>	<u>Total</u>	<u>Charges</u>	<u>Principal</u>	<u>Total</u>
Citibank (13.6.d)	100% CDI + 4.5%	63,284	120,500	183,784	-	183,784	50,833	120,500	171,333
BTG Pactual (13.6.d)	155% CDI	-	17,366	17,366	156,292	173,658	40,497	129,738	170,235
TOTAL LOANS		63,284	137,866	201,150	156,292	357,442	91,330	250,238	341,568

13.3 Collaterals

At June 30, 2019, the balance payable of loans and financing is collateralized as follows:

	BNB (Note 13.6.a)	BNDES (Note 13.6.c)	Banco BTG (Note 13.6.d)	Total
Receivables	422,778	-	422,778	422,778
Pledge of shares	136,231	-	136,231	136,231
Mortgage/disposal of assets	147,264	1,080,000	147,264	1,227,264
Surety – money	11,194	-	-	11,194
Total	717,467	1,080,000	706,273	1,797,467

The other collaterals related to financing are described in Note 13.6

13.4 Changes

Changes in loans and financing are as follows:

	Consolidated			Individual		
	Principal	Charges	Total	Principal	Charges	Total
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>
Accrued finance charges	-	73,511	73,511	-	17,819	17,819
Finance charges paid	-	(3,388)	(3,388)	-	(195)	(195)
Amortization of loans and financing	(6,760)	-	(6,760)	(2,320)	-	(2,320)
Restatement and incorporation of interest to principal	32,792	(32,792)	-	-	-	-
Funding cost allocation	12	-	12	-	-	-
Transfer to liabilities directly associated with assets held for sale	(882,834)	(83,742)	(966,576)	-	-	-
Balances 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>
Balances at December 31, 2018	<u>320,926</u>	<u>91,330</u>	<u>412,256</u>	<u>250,238</u>	<u>91,330</u>	<u>341,568</u>
Accrued finance charges	-	92,654	92,654	-	15,874	15,874
Finance charges paid	-	(2,417)	(2,417)	-	-	-
Commissions and other penalties	2,849	-	2,849	-	-	-
Amortization of loans and financing	(22,047)	-	(22,047)	-	-	-
Restatement and incorporation of interest to principal	(123,262)	123,262	-	-	-	-
Contractual and regulatory penalties	-	-	-	-	-	-
Funding cost allocation	13	-	13	-	-	-
Transfer to liabilities directly associated with assets held for sale	139,399	(197,130)	(57,731)	-	-	-
Balances at June 30, 2019	<u>317,878</u>	<u>107,699</u>	<u>425,577</u>	<u>250,238</u>	<u>107,204</u>	<u>357,442</u>

(*) changes due to relocation of part of subloan "A" to subloan "C".

13.5 Aging list – noncurrent (principal and charges)

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

Maturity	06/30/2019	
	Consolidated	Individual
2020	21,499	17,366
2021	43,254	34,731
2022	43,785	34,731
2023	44,348	34,732
2024	44,943	34,732
2025 to 2027	18,819	-
Total	216,648	156,292

13.6 Summary of agreements

a. BNB Agreement

Indirect subsidiary Espra, with the intermediation of subsidiary Enerbras, obtained financing from 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 (R\$147,264); pledge of shares (R\$136,231); pledged rights arising from the Authorizing Resolutions; right to receive any and all amounts that, effectively or potentially, are or may become payable by the granting authority to Espra, amounting to R\$422,778 (which represents receivables calculated up to the end of the agreement), all other tangible or intangible rights of the respective authorizing resolutions; and liquidity fund in reserve account in the amount of R\$11,194, at June 30, 2019 (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 execution date 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, 2019, R\$14,149 had been released.

This financing is collateralized by bank letters of guarantee at an amount equivalent to 100% of the total amount drawn down, plus charges levied thereon, 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 subloans: Subloan “A” in the amount of R\$140,000 and Subloan “B” in the amount of R\$560,000, for plants operating under LER 2013 and in the free trading market. On February 18, 2016, pursuant to the first contract amendment entered into by and between the parties, a portion of Subloan “B”

was reallocated with the creation of Subloan “C” in the amount of R\$163,963. On May 15, 2019, the 13th amendment was entered into, formalizing the creation of Subloan “D” resulting from the incorporation of the amount due to the outstanding balance of the contract as a Renegotiation Commission, amounting to R\$2,433. According to the contractual amendments, the bridge loan shall be settled on October 15, 2019 (Note 30.2).

This financing is collateralized by: (i) pledge of all shares and dividends of Alto Sertão Participações S.A., Diamantina Eólica Participações S.A. and of SPEs as intervening parties to the agreement, (ii) pledge of machinery and equipment, (iii) pledge of the rights arising from the Authorizations issued by ANEEL, (iv) pledge of receivables of wind turbine supply agreements, (v) pledge of receivables from power sale contracts entered into by and between the SPEs and in the free trading market (CCVEs), in the regulated market (CCEARs), and reserve energy contracts (CERs).

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

d. Other loans - working capital

On November 10, 2015, subsidiary Alto Sertão Participações S.A. issued a Bank Credit Bill (CCB) in the principal amount of R\$15,000 with Banco Modal S.A., maturing on September 10, 2019, according to the 3rd contractual amendment entered into on May 31, 2019, plus 100% of the CDI rate added to a fixed rate of 6% p.a. The guarantors of this transaction are the Company and Diamantina Eólica.

On March 24, 2016, the Company entered into a Bank Credit Bill (“CCB”) with Banco Citibank S.A., in the principal amount of R\$120,500, maturing on January 31, 2017 and with interest of 4.5% p.a. plus 100% of the CDI rate. The penalties provided for in the contract in case of default are arrears interest of 1% per month and a compensatory fine of 2% on the amounts payable, as well as reimbursement of charges and fees incurred by Citibank. This debt was renegotiated by the Company, which on July 23, 2019 entered into a Bank Credit Bill with Citibank amounting to R\$185,614, restated at 155% p.a. of the CDI, for a total term of 6 years, with 1-year grace period. Amortization of principal and payment of interest will be on a quarterly basis. The main guarantees of this transaction are: i) endorsement by Chipley and ii) pledge of 40% of Chipley's dividends.

On June 29 and August 23, 2017, respectively, the Company entered into two Private Instruments of Transaction and Acknowledgement of Debt (CD 8/17 and 14/17) with Banco BTG Pactual S.A., in the amounts of R\$54,228 and R\$89,323, respectively. On May 3, 2019, the Company executed the 2nd and 1st amendments to these instruments establishing the following payment conditions: the debt amount will be paid in 20 equal and consecutive quarterly installments, after the 1-year grace period as from May 3, 2019. The principal is subject to interest of 155% p.a. of the CDI rate, which will be paid during the entire term of the debt in quarterly installments, without any grace period.

This transaction is guaranteed by the pledge of all shares issued by Enerbras held by the Company, second pledge of all shares issued by Espra, second pledge of rights relating to the SHPs of Serra da Prata Hydroelectric Complex and second mortgage of the properties of Serra da Prata Hydroelectric Complex.

14. Taxes payable

	Consolidated		Individual	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Corporate income tax (IRPJ) payable	2,142	5,651	-	-
Social contribution tax on net profit (CSLL) payable	858	2,365	-	-
COFINS payable	93	4,713	33	9
PIS payable	15	1,019	6	1
Taxes on payroll	1,758	1,168	1,758	1,168
Third-party taxes withheld	5,143	3,455	3,322	332
IOF payable	6,205	886	-	-
IRRF payable	5,135	783	4,073	606
Taxes paid in installments	14,729	1,541	1,541	1,541
Other taxes payable	757	973	1	1
	<u>36,835</u>	<u>22,554</u>	<u>10,292</u>	<u>3,658</u>
Transfer to liabilities directly associated with assets held for sale (Note 27.2)	(15,775)	(17,181)	-	-
TOTAL	<u>21,060</u>	<u>5,373</u>	<u>10,292</u>	<u>3,658</u>

The IRPJ and CSLL balance payable in Individual, amounting to R\$1,541, was included in the tax debt installment payment established by Provisional Executive Order No. 783 of May 31, 2017 (signed into Law No. 13496 of October 24, 2017). To settle this debt, the Company elected to pay 7.5% of the consolidated debt in cash, with the remaining amount to be settled using income and social contribution tax loss credits, upon completion of consolidation and approval of the Brazilian Internal Revenue Service (RFB).

At June 30, 2019, certain subsidiaries belonging to the Alto Sertão III Wind Farm Complex included the balances payable of IRPJ, CSLL, PIS and COFINS in the installment program of the Brazilian IRS. These debts were paid in 60 months and are presented in “Taxes paid in installments” in the table above.

15. Accounts payable - CCEE/Eletrobras (consolidated)

	Liabilities	
	06/30/2019	31/12/2018
Current		
Eletrobras	12,912	13,114
CCEE	31,288	22,657
	<u>44,200</u>	<u>35,771</u>
Transfer to liabilities directly associated with assets held for sale (Note 27.2)	(31,288)	(22,657)
Total current	<u>12,912</u>	<u>13,114</u>
Noncurrent		
Eletrobras	14,719	20,664
CCEE	3,068	-
	<u>17,787</u>	<u>20,664</u>
Transfer to liabilities directly associated with assets held for sale (Note 27.2)	(3,068)	-
Total noncurrent	<u>14,719</u>	<u>20,664</u>
Total	<u>27,631</u>	<u>33,778</u>

Eletrobras

The Power Purchase and Sale Contract entered into by and between indirect subsidiary Espra and Eletrobras determines that sales revenues be determined every year (from January to December) within the Eletrobras 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 rescheduling of the hydrological risk of electric power generation for agents participating in the Energy Relocation Mechanism ("MRE"), effective from 2015. Indirect subsidiary Espra joined the rescheduling of the hydrological risk relating to SHPs Colino I, Cachoeira da Lixa and Colino II, 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 11.94 R\$/MWh for Colino I and Cachoeira da Lixa, and of 14.07 R\$/MWh for Colino II (base date January 2019, annually restated by reference to the Extended Consumer Price Index - IPCA) until the shorter of the expiration of the power sale contracts or of the authorization.

CCEE

The Reserve Energy Contracts entered into between the indirect subsidiaries under LER 2013 and LER 2014 and CCEE determine that the differences 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 repaid in 12 equal monthly installments over the subsequent contractual year, at 115% (annual reimbursement - reimbursement of 100% of volume + 15% of fine for failure to deliver).

Reimbursements that are within the tolerance level - 10% of generation, will be repaid in 12 installments after possible offsetting with positive differences, beginning at the end of the first four-year period from the beginning of the commercial operation, at 106% (four-year reimbursement - reimbursement of 100% of volume + 6% of fine for failure to deliver).

15.1 Changes

Changes for the periods are presented below:

	<u>12/31/2018</u>	<u>Provision/ reversal</u>	<u>Fine on reimbursement</u>	<u>Amortization</u>	<u>Transfer to liabilities directly associated with assets held for sale</u>	<u>06/30/2019</u>
Eletrobras	33,778	493	-	(6,640)	-	27,631
CCEE	-	-	21,919	(10,220)	(11,699)	-
Total liabilities	33,778	493	21,919	(16,860)	(11,699)	27,631

	<u>12/31/2017</u>	<u>Provision</u>	<u>Fine on reimbursement</u>	<u>Amortization</u>	<u>Transfer to liabilities directly associated with 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

16. Other accounts payable

	<u>Consolidated</u>	
	<u>06/30/2019</u>	<u>12/31/2018</u>
Indemnification/reimbursement payable to related party - Light	-	89,206
Reimbursement payable to related party – CEMIG	-	61,930
Penalty - ANEEL	67,020	5,940
Other	1,840	53
	<u>68,860</u>	<u>157,129</u>
Transfer to liabilities directly associated with assets held for sale (Note 27.2)	(67,072)	(5,993)
Total	<u>1,788</u>	<u>151,136</u>

At December 31, 2018, the consolidated balance of other accounts payable basically includes indemnification and reimbursement payable to related party LIGHTCOM, amounting to R\$89,206, of which R\$82,960 relating to indemnification due within the scope of the amendment executed on December 21, 2017, to record new commercial terms to the agreement, and R\$6,246 relating to reimbursement due as a result of the suspension of the power supply contract; reimbursement payable to CEMIG, in the amount of R\$61,930, of which R\$51,734 within the scope of the

amendment executed on August 3, 2018 and R\$10,196 relating to the suspension of the electric power purchase and sale contract and consequent payment of reimbursement (Note 24.3.5). With the new TARDs executed in 2019 these amounts were recognized as debt and transferred to related parties.

The balance payable to ANEEL amounting to R\$67,020 refers to penalties imposed due to (i) cancellation of concession grants on December 21, 2017 of the Unha D'anta, Jurema Preta and Saboeiro plants of the Phase A of AS III Wind Farm Complex, in the amount of R\$5,940 and (ii) cancellation of concession grants of projects related to Phase B of the AS III Wind Farm Complex, in the amount of R\$61,080, on June 4, 2019.

17. Provision for civil, tax and labor contingencies (Individual and Consolidated)

At June 30, 2019, the balance of the consolidated provision for civil, tax and labor contingencies is R\$96,156 (R\$81,259 at December 31, 2018), of which R\$88,337 refer to civil contingencies, R\$7,669 to labor contingencies and R\$150 to administrative proceedings. Changes for the period ended June 30, 2019 are as follows:

	Civil	Labor	Administrative	Total
Balances at December 31, 2018	74,933	6,183	143	81,259
Addition ^(a)	40,441	2,131	-	42,572
Restatement	768	213	7	988
Write-off ^(b)	(13,487)	(760)	-	(14,247)
Payment ^(c)	(14,224)	(98)	-	(14,322)
Transfer to liabilities directly associated with assets held for sale	(94)	-	-	(94)
Balances at June 30, 2019	<u>88,337</u>	<u>7,669</u>	<u>150</u>	<u>96,156</u>
	Civil	Labor	Administrative	Total
Balances at December 31, 2017	22,595	4,258	126	26,979
Addition	18,328	245	-	18,573
Restatement	441	2	6	449
Assets Retirement	(474)	(608)	-	(1,082)
Payment	-	(97)	-	(97)
Transfer to liabilities directly associated with assets held for sale	(183)	-	-	(183)
Balances at June 30, 2018	<u>40,707</u>	<u>3,800</u>	<u>132</u>	<u>44,639</u>

(a) refers substantially to the supplementary provision for civil proceedings relating to arbitration (Note 1.2.2), amounting to R\$16,117, as well as to supplementary provision for a civil claim filed by third parties, amounting to R\$28,988.

(b) refers substantially to the reversal of the provision for civil proceeding relating to enforcement of debt with BTG in the amount of R\$12,943, due to the renegotiation of debt with BTG and suspension of said proceeding.

(c) refers substantially to the release to Elite of the judicial deposit amounting to R\$14,178 relating to the lawsuit described in item i(a) below.

The 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.

In addition, the Company and its subsidiaries are parties to various contingencies amounting to approximately R\$144,875 (R\$375,610 at December 31, 2018), of which R\$138,908 (R\$369,755 at December 31, 2018) refer to civil proceedings, R\$2,279 (R\$1,842 at December 31, 2018) refer to administrative proceedings, and R\$3,688 (R\$4,013 at December 31, 2018) refer to labor claims. Based on the opinion of its legal advisors, management classified such proceedings as possible losses, and thus did not set up any provision for period ended June 30, 2019.

The proceedings classified as probable and possible losses mainly challenge the following matters:

Probable loss

(i) Civil proceedings - basically refer to:

- a) civil proceeding filed by Elite Serviços Administrativos e Processamento de Dados Ltda. which challenges the possible noncompliance with the service agreement by the Company for non-payment of the obligations related to this agreement, for which the Company filed a declaratory judgement action for termination of the contract and recognition of the contractual imbalance. The Company understands that the likelihood of loss in this proceeding is probable and recorded a provision of R\$39,422.
- b) arbitration proceeding with Consórcio MGT regarding the reimbursement of alleged financial losses incurred during the execution of the contracts for rendering of engineering and civil work services to Alto Sertão II Wind Farm Complex, amounting to R\$37,890 (Note 1.2.2).
- c) Other civil proceedings assessed as probable losses, amounting to R\$11,025, substantially refer to proceedings related to enforcement of out-of-court notes, collection actions, declaratory judgement actions and compensation claims, which are highly dispersed.

In order to cover these legal disputes related to the proceeding filed by Elite Serviços, as mentioned in item “(i) a” above, the Company maintains a judicial deposit amounting to R\$5,675 (R\$19,853 at December 31, 2018).

Possible losses

- (i) Civil proceedings assessed as possible loss include: proceedings arising from fines related to lease agreements with various lessors, totaling R\$119,867 (R\$200,480 at December 31, 2018), for which the Company's external legal advisors classified the likelihood of loss as possible. In addition, the Company filed an appeal that was upheld in March 2019, dismissing the referred to fine and determining the application of the specific contractual clause for the event of default, which consists of monetary restatement by the index set in contract, default interest of 1% per month and fine of 2% on the overdue annuity amount.
- (ii) Other civil proceedings assessed as possible losses, amounting to R\$25,008, substantially refer to proceedings related to enforcement of out-of-court notes, collection actions, declaratory judgement actions and compensation claims, which are highly dispersed.

17.1 Risk relating to compliance with laws and regulations

Since 2017, the Company is under investigation by the Civil Police of Minas Gerais State relating to certain contributions made to the Company by the controlling shareholders and contributions made by the Company to certain projects under development in prior years, including certain payments to suppliers. As a result, the Company's governance bodies requested the establishment of an internal investigation on this matter, which is being conducted by an independent company specialized in investigative actions and a renowned law firm, and a monitoring committee was created, consisting of an independent advisor, a member of the Supervisory Board, the chairman of the Board of Directors and the coordinator of the Audit Committee, who are accompanying the internal investigation.

In this context, the scope of independent internal investigation comprises assessment of the possible existence of irregularities, including as regards the Brazilian legislation related to acts of corruption and money laundering, and Renova's Code of Ethics and integrity policies.

On April 11, 2019, as part of the 4th phase of operation "Discard", the Brazilian Federal Police, the Internal Revenue Service and the Federal Prosecutor's Office conducted operation "Gone with the Wind", which resulted in search warrant and seizure at the Company's headquarters intended to identify any overpriced contracts and contracts without the proper provision of services. On July 25, 2019, the second phase of this operation was launched, and it did not result in any direct actions against the Company. The investigations of operation "Gone with the Wind" have not yet been completed and the Brazilian Federal Police, the Federal Prosecutor's Office and the Internal Revenue Service may take additional time to complete all their procedures to investigate the facts. Consequently, any new material information could be disclosed in the future, which may lead the Company to evaluate any impacts on its individual and consolidated financial statements.

Through a Notice to the Market published on April 11, 2019, the Company clarified that this is an ongoing investigation related to the period prior to 2015, and that it will provide all the necessary information to assist the work of the Federal Police and the Judiciary. On April 25, 2019, the Company's governance bodies requested that the internal investigation conducted by an independent company be extended to encompass new information from this investigation.

In June 2019, the Brazilian Internal Revenue Service issued a tax assessment notice against the indirect subsidiary Espra relating to contracts for the provision of services that supposedly had not been duly paid, thus requiring payment of withholding income tax, restatement of its amount, plus fines and interest estimated at approximately R\$1,788. The Company is meeting all the requirements of the proceeding (deadlines, inspection time, reporting and all required documents), and has recognized a provision therefor in its individual and consolidated interim financial statements as at June 30, 2019.

The Company clarifies that the internal investigations have not yet been completed and that, with the expected conclusion of such investigation in the 2nd half of this year, and to the best of its knowledge, despite the existence of evidence of failures in internal control procedures concerning approval of payments and maintenance of supporting documentation for certain services engaged with third parties under investigation, additional procedures are still required to determine the existence of elements that could support or refute the allegations under review. Consequently, up to now, it is not possible to measure any effects of this investigation, as well as any impacts on the Company's individual and consolidated financial statements for the period ended June 30, 2019 and prior periods, except as mentioned in the prior paragraph.

18. Provision for contract for valuable consideration

As a result of the delay in the beginning of operations of certain wind farms of Alto Sertão III Complex that would meet the free trading market contracts, subsidiary Renova Comercializadora is buying electric power in the short-term market to honor the commitments assumed under power sale contracts. Considering that the prices established in these contracts are lower than the electric power prices that has been purchased to meet them, the Company classified them as contracts for valuable consideration.

Accordingly, at December 31, 2018 the Company recorded a provision in the total amount of R\$43,467, considering the projected power purchase prices and the estimated cash flows of the contract and, subsequently, adjusted to present value using the CDI rate, of which R\$37,022 are classified in current and R\$6,445 in noncurrent.

At June 30, 2019 the balance of the provision is R\$8,960, considering that part of the provision amount, R\$34,507, was reversed due to the review of the effects of contracts for valuable consideration against the power purchase prices currently used in the market.

19. Equity and compensation of shareholders

a) Authorized capital

As provided for by 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

The Company's capital, amounting to R\$2,960,776 at June 30, 2019 and December 31, 2018, is now divided into 41,719,724 registered book-entry shares with no par value, of which 32,980,224 are common shares and 8,739,500 are preferred shares, which are held by shareholders as follows:

RENOVA ENERGIA	Common registered shares		Preferred registered shares		Total shares	% of total capital
	Number	%	Number	%	Number	%
Controlling block	28,154,191	85.37%	99	0.00%	28,154,290	67.48%
CG I FIP MULTI ESTRATÉGIA	5,875,746	17.82%	-	0.00%	5,875,746	14.08%
Light Energia	7,163,074	21.72%	98	0.00%	7,163,172	17.17%
Cemig GT	15,115,371	45.83%	1	0.00%	15,115,372	36.23%
Other shareholders	4,826,033	14.63%	8,739,401	100.00%	13,565,434	32.52%
CG I FIP MULTI ESTRATÉGIA	762,108	2.31%	644,156	7.37%	1,406,264	3.37%
BNDESPAR	696,683	2.11%	1,393,366	15.94%	2,090,049	5.01%
InfraBrasil	1,165,148	3.53%	2,330,295	26.66%	3,495,443	8.38%
FIP Caixa Ambiental	547,030	1.66%	1,094,059	12.52%	1,641,089	3.93%
Other	1,655,064	5.02%	3,277,525	37.50%	4,932,589	11.82%
Total	32,980,224	100.00%	8,739,500	100.00%	41,719,724	100.00%

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 capital increase, as shown below:

Event	Date	Share issue costs	
		Individual	Consolidated
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.

20. Net revenue

	Consolidated			
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
	MWh*	MWh*		
Generation				
Electric power supply - SHPs	60,987	65,783	22,370	20,838
Other revenues				
Operations – sale of electric power			60,665	395,095
			83,035	415,933
Deductions from revenues:				
(-) Taxes on revenue (PIS/COFINS)			(6,428)	(36,662)
Total			76,607	379,271

(*) Information not reviewed by the independent auditors.

Reduction of selling transactions and consequently of taxes on revenue, due to the suspension of wind power supply under tax incentive program, from January to December 2019 (Note 24.3).

21. Costs and expenses (revenues)

	Consolidated		Individual	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Cost of services				
Purchase of electric power ⁽²⁾	48,247	444,460	-	-
Cost of operation				
Third-party services	1,490	1,862	-	-
Rentals and leases	-	838	-	-
Insurance	106	120	-	-
Storeroom and supplies	518	274	-	-
Renegotiation of hydrological risk	1,016	979	-	-
Other costs	160	171	-	-
	<u>3,290</u>	<u>4,244</u>	<u>-</u>	<u>-</u>
Depreciation and amortization (Note 11)	4,774	4,774	1,929	2,005
Charges on use of distribution system				
Tusd/Tust ⁽¹⁾	266	272	-	-
Inspection fee	62	54	-	-
	<u>328</u>	<u>326</u>	<u>-</u>	<u>-</u>
Total	<u>56,639</u>	<u>453,804</u>	<u>1,929</u>	<u>2,005</u>
Income (expenses)				
General and administrative				
Personnel and management	13,792	15,233	5,849	6,857
Third-party services	3,435	7,480	4,823	4,816
Rentals and leases	240	730	-	385
Travel	1,615	796	437	372
Insurance	2,689	2,515	164	57
Telephone and IT	1,245	1,438	526	756
Storeroom and supplies	307	399	74	148
Contractual and regulatory penalties	61,081	1,742	-	-
Civil and labor contingencies (Note 16)	28,620	17,904	28,547	17,844
Other expenses	1,258	438	249	449
	<u>114,282</u>	<u>48,675</u>	<u>40,669</u>	<u>31,684</u>
Depreciation and amortization (Note 11)	2,156	896	2,087	896
Impairment of equity, plant and equipment (Note 11.3)	259,403	-	-	-
Other income (expenses) net				
Contractual Indemnifications ⁽³⁾	87,449	-	-	-
Fine on reimbursement (Note 15.1)	21,919	8,210	-	-
Loss on deactivation of assets and rights (Note 11.2)	6,740	-	-	-
Contract for valuable consideration (Note 18)	(34,507)	-	-	-
Licenses and environmental studies	2,263	-	-	-
Tusd/Tust ⁽¹⁾	12,173	10,813	-	-
Inspection fee	47	41	-	-
Reversal of provision for PIS/COFINS credit impairment (Note 8)	(1,384)	-	-	-
Other expenses (income)	98	(4,052)	(2,003)	(1,368)
	<u>94,798</u>	<u>15,012</u>	<u>(2,003)</u>	<u>(1,368)</u>
Total	<u>470,639</u>	<u>64,583</u>	<u>40,753</u>	<u>31,212</u>

- (1) TUSD – distribution system use tariff and TUST – transmission system use tariff. The TUST amounts recorded in expenses are related to the Alto Sertão III Complex, whose wind farms are under construction.
- (2) This refers to acquisition of electric power in the free trading market for resale by Renova Comercializadora to meet commitments assumed under power sale contracts involving plants whose commercial operations have been delayed.
- (3) Reimbursement payable to CEMIG GT (R\$62,575) and Light (R\$24,874), according to amendments entered into with Renova Comercializadora (Note 24) due to the suspension and assignment of electric power purchase and sale contracts.

22. Finance income (costs)

	Note	Consolidated		Individual	
		06/30/2019	06/30/2018	06/30/2019	06/30/2018
Finance income					
Short-term investment yield and pledges		758	909	61	238
Other finance income		1,003	383	882	118
(-) PIS/COFINS on finance income*		(1,122)	(484)	(44)	(17)
Total finance income		639	808	899	339
Finance costs					
Debt charges	13.4	(92,654)	(73,511)	(15,874)	(17,819)
Interest - related parties	24	(46,600)	(20,846)	(19,961)	(10,808)
Interest		(19,866)	(22,190)	931	245
Bank letter of guarantee to debt		(9,942)	(10,839)	6	(169)
Interest on lease liability	11.12	(2,893)	-	(1,394)	-
Commissions and other penalties (debt)		(2,728)	-	-	-
Tax on Financial Transactions (IOF)		(5,870)	(2,794)	(4,801)	(2,633)
Bank charges		-	(523)	-	(57)
Other finance costs		(5,706)	(859)	(912)	(259)
Total finance costs		(186,259)	(131,562)	(42,005)	(31,500)
Total finance income (costs)		(185,620)	(130,754)	(41,106)	(31,161)

(*) This comprises PIS and COFINS on finance income from loan transactions with subsidiaries that are eliminated in the consolidated interim financial information.

23. Income and social contribution taxes

	Consolidated		Individual	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Loss before income and social contribution taxes	(604,792)	(242,941)	(608,825)	(245,689)
Combined rate of income and social contribution taxes	34%	34%	34%	34%
Income and social contribution taxes at statutory rates	205,629	82,600	207,001	83,534
<u>Permanent exclusions (additions)</u>				
Nondeductible expenses	(10,975)	(5,710)	(111)	(64)
Equity pickup	10,710	9,156	(178,513)	(61,646)
Effect of subsidiaries operating under the taxable profit computed as a percentage of gross sales regime	2,125	(2,015)	-	-
Effect of deferred tax assets not recognized on:				
Temporary provisions	(85,514)	(5,111)	(9,830)	(5,111)
Income and social contribution tax losses	(117,942)	(76,172)	(18,547)	(16,713)
Income and social contribution taxes recorded in the statement of profit or loss	4,033	2,748	-	-

The Company did not record taxable profit for the period.

At June 30, 2019, the Company recorded income and social contribution tax losses to offset, in the amounts stated below, for which deferred taxes have not been recorded:

	Individual	
	06/30/2019	06/30/2018
Tax loss for the period	(54,549)	(123,268)
Income and social contribution tax loss carryforwards	(814,060)	(690,792)
Total income and social contribution tax loss carryforwards	(868,609)	(814,060)

24. Transactions with related parties

24.1 Individual

	Individual							
	Assets		Liabilities		Finance income (costs)		Expense	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
<u>Loan⁽¹⁾</u>								
Energética Serra da Prata S.A.	-	-	61,339	47,585	(1,680)	(1,495)	-	-
Renova Comercializadora de Energia S.A.	-	-	453,686	377,716	(14,646)	(7,038)	-	-
Chipley SP Participações S.A.	-	-	134,765	102,680	(3,635)	(2,274)	-	-
Centrais Eólicas Cansanção S.A.	-	-	-	-	-	(1)	-	-
Subtotal	-	-	649,790	527,981	(19,961)	(10,808)	-	-
<u>Apportionment of expenses⁽²⁾</u>								
Energética Serra da Prata S.A.	2,446	1,139	-	-	-	-	(2,173)	(2,173)
Renova Comercializadora de Energia S.A.	450	78	-	-	-	-	(2,127)	(1,282)
Subsidiaries - LER 2013	1,838	720	-	-	-	-	(1,115)	(1,191)
Subsidiaries - ACL (Mercado livre I)	51	107	-	-	-	-	(167)	(180)
Subsidiaries - ACL (Light I)	2,403	1,153	-	-	-	-	(1,782)	(1,905)
Subsidiaries - ACL (Light II)	2,359	926	-	-	-	-	(1,433)	(1,531)
Subsidiaries - ACL (Mercado livre II)	1,255	492	-	-	-	-	(764)	(819)
	10,802	4,615	-	-	-	-	(9,561)	(9,081)
Transfer to assets held for sale (Note 27.2)	(7,906)	(3,398)	-	-	-	-	-	-
Subtotal	2,896	1,217	-	-	-	-	(9,561)	(9,081)
<u>Future capital contribution⁽³⁾</u>								
Alto Sertão Participações S.A. (Holding)	14,503	4,815	-	-	-	-	-	-
Centrais Eólicas Carrancudo S.A.	391	86	-	-	-	-	-	-
Centrais Eólicas Botuquara S.A.	400	88	-	-	-	-	-	-
Centrais Eólicas Alcacuz S.A.	410	97	-	-	-	-	-	-
Centrais Eólicas Tamboril S.A.	741	127	-	-	-	-	-	-
Centrais Eólicas Conquista S.A.	412	74	-	-	-	-	-	-
Centrais Eólicas Coxilha Alta S.A.	346	59	-	-	-	-	-	-
Centrais Eólicas Tingui S.A.	556	132	-	-	-	-	-	-
Centrais Eólicas Cansanção S.A.	258	45	-	-	-	-	-	-
Centrais Eólicas Macambira S.A.	458	101	-	-	-	-	-	-
Centrais Eólicas Imburana de Cabão S.A.	534	134	-	-	-	-	-	-
Centrais Eólicas Ipê Amarelo S.A.	398	94	-	-	-	-	-	-
Centrais Eólicas Putumaju S.A.	356	95	-	-	-	-	-	-
Centrais Eólicas Lençóis S.A.	185	32	-	-	-	-	-	-
Centrais Eólicas Anísio Teixeira S.A.	234	41	-	-	-	-	-	-
Centrais Eólicas Ico S.A.	247	46	-	-	-	-	-	-
Centrais Eólicas Jequitiba S.A.	178	39	-	-	-	-	-	-
Centrais Eólicas Caliandra S.A.	123	29	-	-	-	-	-	-
Centrais Eólicas Canjoão S.A.	161	32	-	-	-	-	-	-
Centrais Eólicas Cabeça de Frade S.A.	108	18	-	-	-	-	-	-
Centrais Eólicas Embiruçu S.A.	109	20	-	-	-	-	-	-
Centrais Eólicas Itapuã VII Ltda.	406	371	-	-	-	-	-	-
Centrais Elétricas Itaparica S.A.	853	482	-	-	-	-	-	-
Other interests held	231	3	-	-	-	-	-	-
	22,598	7,060	-	-	-	-	-	-
Transfer to assets held for sale (Note 27.2)	(22,367)	(7,057)	-	-	-	-	-	-
Subtotal	231	3	-	-	-	-	-	-
Total	3,127	1,220	649,790	527,981	(19,961)	(10,808)	(9,561)	(9,081)

24.2 Consolidated

Consolidated

	Assets		Liabilities		Revenue		Cost		Expense	Finance income (costs)	
	12/31/2018	06/30/2019	12/31/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2019	06/30/2018	
Renova Comercializadora de Energia S.A.											
CEMIG Geração e Transmissão S.A.											
Trade accounts receivable (sale of electric power)(4)	112,000	-	-	-	62,462	-	-	-	-	-	-
Other accounts payable(5)	-	-	61,930	-	-	-	-	-	-	-	-
Advances for purchase of electric power(6)	-	-	87,295	-	-	-	-	-	-	-	(2,490)
TARD(7)	-	688,064	445,271	-	-	-	-	(62,575)	(30,990)	(17,236)	
Total	112,000	688,064	594,496	-	62,462	-	-	(62,575)	(30,990)	(19,726)	
LIGHT COM Comercializadora de Energia											
Trade accounts receivable (sale of electric power)(4)	-	-	-	25,317	93,077	-	-	-	-	-	-
Trade accounts payable (purchase of electric power)	-	-	-	-	-	(2,278)	(6,736)	-	-	-	-
Other accounts payable(5)	-	-	89,206	-	-	-	-	-	-	-	-
Advances for purchase of electric power(6)	-	76,130	88,454	-	-	-	-	-	(4,090)	(1,120)	
TARD(8)	-	179,763	-	-	-	-	-	(24,874)	(11,520)	-	
Total	-	255,893	177,660	25,317	93,077	(2,278)	(6,736)	(24,874)	(15,610)	(1,120)	
CLIME Trading Comercializadora de Energia Ltda.											
Trade accounts receivable (sale of electric power)	43,000	-	-	18,478	3,221	(16,944)	-	-	-	-	-
Trade accounts payable (purchase of electric power)	-	-	-	-	-	-	(5,395)	-	-	-	-
Total	43,000	-	-	18,478	3,221	(16,944)	(5,395)	-	-	-	
	155,000	943,957	772,156	43,795	158,760	(19,222)	12,131	(87,449)	(46,600)	20,846	
Presented as:											
Current	155	646,046	434,608								
Assets											
Trade accounts receivable (Note 7)	155	-	-								
Liabilities											
Other accounts payable (Note 16)	-	-	151,136								
Related parties (Note 24)	-	646,046	283,472								
Noncurrent	-	297,911	337,548								
Liabilities											
Related parties (Note 24)	-	297,911	337,548								
Total	155	943,957	772,156								

24.3. Summary of transactions

Significant conditions relating to transactions with related parties are described below:

(1) Loans entered into with subsidiaries in order to meet the Parent Company's cash needs. These agreements are subject to restatement by reference to the Long-Term Interest Rate (TJLP), plus interest of 0.25% p.a.

(2) Reimbursement of expenses receivable from subsidiaries, within the scope of the apportionment agreement entered into by and between the parties. These expenses refer basically to personnel, rent and telephone expenses centralized in subsidiaries.

(3) Future capital contributions made by the Parent Company in subsidiaries.

(4) Electric power purchase and sale transaction, within the scope of the contracts entered into by and between the parties, as follows:

a. Light I contract, with power supply to LIGHTCOM and CEMIG GT until August 2035.

(i) On August 3, 2018, the Company entered into the 7th amendment to the wind power purchase and sale contract entered into by and between subsidiary Renova Comercializadora and CEMIG GT, suspending the supply of wind power under tax incentive contracted from July to December 2018.

(ii) On February 20, 2018, the Company entered into the 8th amendment to this contract suspending the supply of wind power under tax incentive contracted from January to December 2019.

(iii) On March 22, 2019, subsidiary Renova Comercializadora and LIGHTCOM executed the 3rd amendment to the electric power purchase and sale contract (Light I) in order to, among other matters: i) suspend the power supply contracted for the period from December 1, 2018 to December 31, 2019; ii) change the volumes of contracted electric power to be made available during the supply period; and iii) change of price of contracted electric power.

b. Light II Contract, with electric power supply to LIGHTCOM until June 30, 2019. From July 1, 2019, this contract will be assigned to Engie, according to the negotiation related to the sale of Umburanas Complex in 2017.

(5) Amounts payable to CEMIG GT and LIGHTCOM, as follows:

a) Reimbursement payable to CEMIG GT, as provided for in the 7th Amendment entered into on August 3, 2018, due to the suspension of the supply of wind power under tax incentive contracted from July to December 2018, whose settlement is contractually scheduled for July 9, 2019, restated at 155% of the CDI rate. Since the amount was not paid on the defined date, new terms and conditions for settlement are under negotiation between the parties.

b) Indemnification payable to LIGHTCOM, as provided for in the 2nd Amendment entered into on December 21, 2017, to record new commercial terms, such as electric power price, seasonality and restatement index, required to fulfill certain BNDES conditions. The indemnification expired on April 30, 2018 and, since the payment was not made, the amount due has been restated by reference to the IGPM, with interest of 1% p.m., plus late-payment fine/not compensatory fine of 2%, up to the effective payment date, which remains undefined.

In December 2018, direct subsidiary Renova Comercializadora assigned its power purchase and sale contracts with third parties to related parties CEMIG GT and LIGHTCOM. The assignment of these contracts

generated a total reimbursement of R\$16,442, of which R\$10,196 was to CEMIG GT and R\$6,246 to LIGHTCOM.

Considering the execution of TARDs 001/2019 and 002/2019 with CEMIG GT and TARD 001/2019 with LIGHTCOM, these balances previously presented as other accounts payable are being presented under related parties.

(6) Advances made within the scope of the electric power purchase and sale contract entered into with CEMIG GT and LIGHTCOM, at the rate of 155% of the CDI. This balance comprises the advances below plus interest:

CEMIG GT

Advance referring to:	April to June 2018 (settled with delivery of electric power)	July to December 2018 (TARD 001/2018)	January 2019	February to April 2019	May to July 2019	August to October 2019	Total received
Receipt date:	1st quarter of 2018	February, April and May 2018	09/05/2018	08/06/2018	10/07/2018	08/08/2018	
Amount received:	R\$ 36,670	R\$ 55,880	R\$ 8,200	R\$ 23,000	R\$ 26,300	R\$ 25,800	R\$ 175,850
Outstanding amount:	-	-	-	-	-	-	-

Considering the suspension of the power supply mentioned in item 4.a.ii, the advances received by Renova Comercializadora for the period from January to October 2019, in the total amount of R\$83,300, were recognized as debt, according to TARD 002/2019.

LIGHTCOM

Advance referring to:	April to September 2018 (settled with delivery of electric power)	October 2018	November 2018, December 2018 and January 2019	February, March and April 2019	May to July 2019 and November 2019 to October 2020	August to October 2019	November 2020 to July 2021	August 2021	Total received
Receipt date:	1st quarter of 2018	04/24/2018	05/09/2018	June 08 and 26, 2018	July 10, 13 and 23, 2018	08/08/2018	01 and 02/2019	03/07/2019	
Amount received:	R\$ 26,715	R\$ 9,892	R\$ 10,795	R\$ 12,226	R\$ 53,094	R\$ 11,580	R\$ 34,989	R\$ 2,763	R\$ 162,054
Outstanding amount:	-	-	-	-	R\$ 22,213	R\$ 11,580	R\$ 34,989	R\$ 2,763	R\$ 71,545

Between January and March 2019, the Company received from its shareholder Light the amount of R\$37,752, as an advance for future delivery of electric power, for the period from November 2020 to August 2021, whose amounts have been restated at 155% of the CDI rate. Considering the financial restructuring plan disclosed in Note 1.3, the balance of advances received shall be converted into debt instruments issued by the Company.

Considering the suspension of the power supply mentioned in item 4.a.(iii), the advances received by Renova Comercializadora for the period from December 2018 to December 2019, in the total amount of R\$50,466, were recognized as debt, according to TARD 001/2019.

(7) Terms of Acknowledgement of Debt (“TARDs”) entered into by and between CEMIG GT and Renova Comercializadora, relating to advances received within the scope of the electric power purchase and sale contracts canceled or suspended, as follows:

CEMIG GT

	TARD 047/2016	TARD 001/2017	TARD 001/2017	TARD 001/2018
Electric power supply contract	03/25/2015 - PPA CEMIG	12/23/2013 - Lot 2	12/23/2013 - Lot 2	12/23/2013 - Lot 1
Receipt date:	December 15, 2015	June 14, 2016	September and October 2016	February, April and May 2018
Amount	R\$ 60,000	R\$ 94,000	R\$ 118,000	R\$ 55,880
Assignment/Reimbursement	-	-	-	R\$ 51,879
TARD execution date	October 27, 2016	November 24, 2017	November 24, 2017	August 3, 2018
Restatement*	155% of CDI	155% of CDI	155% of CDI	155% of CDI
Settlement	July 9, 2019	From January 2020	From May 2021	July 9, 2019
Installment(s)	single	12	12	single
Balances at June 30, 2019	R\$ 97,880	R\$ 140,582	R\$ 165,431	R\$ 116,986

(Continued)

-(Continued)

	TARD 001/2019	TARD 002/2019	TARD 004/2019	Total
Electric power supply contract	12/23/2013 - Lot 1	12/23/2013 - Lot 1	Assignment of electric power purchase and sale agreement	-
Receipt date:	-	January to October 2019	March to December 2019	
Amount	-	R\$ 83,300	R\$ 16,589	R\$ 427,769
Assignment/Reimbursement	R\$ 10,196	R\$ 45,987	-	R\$ 108,062
TARD execution date	February 20, 2019	February 20, 2019	April 30, 2019	-
Restatement*	155% of CDI	155% of CDI	155% of CDI	-
Settlement	July 9, 2019	July 9, 2019	July 9, 2019	-
Installment(s)	single	single	single	
Balances at June 30, 2019	R\$ 10,662	R\$ 139,576	R\$ 16,947	R\$ 688,064

(*) The amounts shall be restated from the date of the respective receipts to the effective payment date, which is under negotiation between the parties.

On February 20, 2019, subsidiary Renova Comercializadora and CEMIG GT executed the 1st amendment to TARD 01/2018 and the 8th amendment to TARD 047/2016, postponing the maturity date to July 9, 2019, restated at 155% of the CDI rate, from the original maturity date to the effective settlement date. Since the amount was not paid on the defined date, new terms and conditions for settlement are under negotiation between the parties.

On that same date, the following TARDs were executed:

- a) TARD 001/2019: recognizing as debt the amount of R\$10,196 related to the assignments of electric power purchase and sale contracts entered into by subsidiary Renova Comercializadora with third parties relating to the delivery of electric power in December 2018. This amount shall be paid until July 9, 2019, in a lump-sum payment, restated at 155% of the CDI rate. Since the amount was not paid on the defined date, new terms and conditions for settlement are under negotiation between the parties.
- b) TARD 002/2019: considering the suspension of the electric power supply mentioned in item 4.a.ii above, the advances received by Renova Comercializadora for the period from January to October 2019, in the total amount of R\$83,300, were recognized as debt payable in a lump-sum payment restated at 155% of the CDI rate until July 9, 2019. New terms and conditions for settlement are under negotiation between the parties.

In addition, as a result of the change in the supply period, the takeover of certain electric power purchase and sale contracts and the reimbursement for the reduction in wind power volume, Renova Comercializadora will pay to CEMIG GT the amount of R\$45,987, whose settlement is scheduled for July 9, 2019 restated at 155% of the CDI rate. Since the amount was not paid on the defined date, new terms and conditions for settlement are under negotiation between the parties.

On April 30, 2019, Renova Comercializadora and CEMIG GT executed TARD 001/2019, recognizing as debt the amount of R\$16,589 related to the assignments of electric power purchase and sale contracts entered into by subsidiary Renova Comercializadora with third parties relating to the delivery of electric power in the period from March to December 2019. This amount shall be paid until July 9, 2019, in a lump-sum payment, restated at 155% of the CDI rate. Since the amount was not paid on the defined date, new terms and conditions for settlement are under negotiation between the parties.

Considering the Financial Restructuring Plan disclosed in Note 1.3, the amounts relating to those TARDs are being discussed with shareholders in order to reach a definitive solution that may result in their conversion into debt instruments issued by the Company.

(8) Terms of Acknowledgement of Debt (“TARDs”) entered into by and between LIGHTCOM and Renova Comercializadora, relating to advances received within the scope of the electric power purchase and sale contracts canceled or suspended, as follows:

Considering the suspension of the electric power supply mentioned in item 4.a.(iii) above, the advances received by Renova Comercializadora for the period from December 2018 to December 2019, in the total amount of R\$50,466, were recognized as debt, according to TARD 001/2019 entered into on March 22, 2019, which provides for the return of the amount in a lump-sum payment restated at 155% of the CDI rate, from the dates of such advances up to the effective settlement date, July 9, 2019. Since the amount was not paid on the defined date, new terms and conditions for settlement are under negotiation between the parties.

In addition, as a result of the change in the supply period, the takeover of certain electric power purchase and sale contracts and the reimbursement for reduction in wind power volume, Renova Comercializadora will pay to LIGHTCOM the amount of R\$31,120, whose settlement is scheduled for July 9, 2019 restated at 155% of the CDI rate. Since the amount was not paid on the defined deadline, new terms and conditions for settlement are under negotiation between the parties.

Guarantees and prepayments - TARDs

The debt balance relating to prepayments and TARDs mentioned above are guaranteed as follows:

- (i) pledge of 30% of Chipley’s shares held by the Parent Company (Note 13.6.d);
- (ii) pledge of 30% of dividends and/or interest on equity flow limited to Chipley’s annual amount of R\$35,000.
- (iii) pledge of 30% of receivables arising from the sale of Chipley’s shares held by the Parent Company, which were disposed of as described in item (i) above (Note 15.6.d);
- (iv) pledge of 100% of Bahia Holding’s shares and of 49.9% of Ventos de São Cristóvão’s shares;
- (v) pledge of the remaining proceeds relating to the enforcement of guarantees represented by items (i) and (iv) above.

24.4 Key management personnel compensation

Key management personnel compensation for the six-month periods ended June 30, 2019 and 2018, as required by CVM Rule No. 560, of December 11, 2008, amounted to R\$4,170 and R\$3,437, respectively, comprising only short-term benefits.

Compensation of the Executive Board, Board of Directors and Supervisory Board

	06/30/2019						06/30/2018					
	Statutory Board	Non-statutory Board	Total	Board of Directors	Supervisory Board	Total	Statutory Board	Non-statutory Board	Total	Board of Directors	Supervisory Board	Total
Number of members receiving compensation	3.00	1.00	4.00	2.17	4.83	11.00	1.67	1.83	3.50	2.00	4.33	9.83
Accrued fixed compensation	1,684	415	2,099	121	270	2,490	1,222	972	2,193	116	253	2,562
Salary or management fees	1,176	270	1,446	101	225	1,772	746	700	1,446	96	211	1,753
Direct and fringe benefits	179	50	229	-	-	229	125	75	200	-	-	200
Other	329	95	424	20	45	65	350	197	547	20	42	62
Fixed bonuses	-	-	-	-	-	-	64	-	64	-	-	-
Charges arising from fixed compensation	329	95	424	20	45	65	286	197	483	20	42	62
Accrued variable compensation	1,066	225	1,291	-	-	1,291	428	168	596	-	-	596
Provision for profit sharing program	1,066	225	1,291	-	-	1,291	428	168	596	-	-	596
Post-employment benefits	-	-	-	-	-	-	6	11	17	-	-	17
Termination benefits	389	-	389	-	-	389	235	27	262	-	-	262
Total compensation by management body	3,139	640	3,779	121	270	4,170	1,891	1,178	3,068	116	253	3,437

Average monthly compensation of the Executive Board, Board of Directors and Supervisory Board

	06/30/2019				06/30/2018			
	Statutory Board	Non-statutory Board	Board of Directors	Supervisory Board	Statutory Board	Non-statutory Board	Board of Directors	Supervisory Board
Number of members	3.00	1.00	2.17	4.83	1.67	1.83	2.00	4.33
Highest individual compensation	1,477	640	58	57	1,077	811	58	58
Lowest individual compensation	804	640	58	57	1,077	601	58	58
Average individual compensation	1,047	640	40	38	819	474	39	51

The Annual General Meeting held on April 30, 2019 approved the amount of up to R\$8,514 for the overall compensation of management personnel for the period from January 2019 to April 2020.

Upon their termination, the members of the Executive Board are entitled, in addition to the benefits defined by the labor legislation prevailing in Brazil, to bonus or reward that may be paid by the Company upon their termination, 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 stock options involving shares issued by the Company, as approved by the shareholders at the Special General Meeting held on January 18, 2010, the plan establishes that managing officers and executive officers may be eligible as beneficiaries. The strike price of "Program 2013" (series 1) is restated by reference to the General Market Price Index (IGP-M/FGV) up to the option exercise date.

In "Program 2013", the grants are exercisable within 6 years, that is, from December 2014 to 2020, with a 4-year vesting period (25% p.a.), 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.

24.5.2 Fair value of stock options

The options were priced based on the Black-Scholes mathematical model.

There was neither exercise of stock options nor new grants for the period ended June 30, 2019.

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 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 is 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 book 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 book balances of loans, financing and debt charges differ from their fair value.

	Consolidated			
	Fair value		Book value	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Financial assets				
Current				
Cash and cash equivalents	225	121	225	121
Short-term investments	14,732	28,586	14,732	28,586
Trade accounts receivable	4,527	8,210	4,527	8,210
Noncurrent				
Short-term investments	7,015	7,864	7,015	7,864
Pledges and restricted deposits	11,194	10,866	11,194	10,866
Financial liabilities				
Current				
Trade accounts payable	295,268	48,531	295,268	48,531
Loans and financing	208,929	348,669	208,929	348,669
Payables to related parties	646,046	283,472	646,046	283,472
Noncurrent				
Loans and financing	216,648	63,587	216,648	63,587
Related parties	297,911	337,548	297,911	337,548

	Individual			
	Fair value		Book value	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Financial assets				
Current				
Cash and cash equivalents	101	62	101	62
Short-term investments	7	7	7	7
Trade accounts receivable	35	18	35	18
Related parties	2,896	1,217	2,896	1,217
Noncurrent				
Short-term investments	7,015	7,864	7,015	7,864
Related parties	231	3	231	3
Financial liabilities				
Current				
Trade accounts payable	43,787	44,673	43,787	44,673
Loans and financing	201,150	341,568	201,150	341,568
Noncurrent				
Related parties	649,790	527,981	649,790	527,981

b) Financial instruments by category

The classification of financial instruments and their book balances is as follows:

	Consolidated					
	06/30/2019			12/31/2018		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
Financial assets						
Current						
Cash and cash equivalents	225	-	225	121	-	121
Short-term investments	14,732	-	14,732	28,586	-	28,586
Trade accounts receivable	-	4,527	4,527	-	8,210	8,210
Noncurrent						
Short-term investments	7,015	-	7,015	7,864	-	7,864
Pledges and restricted deposits	-	11,194	11,194	-	10,866	10,866
Financial liabilities						
Current						
Trade accounts payable	-	295,268	295,268	-	48,531	48,531
Loans and financing	-	208,929	208,929	-	348,669	348,669
Related parties	-	646,046	646,046	-	283,472	283,472
Noncurrent						
Loans and financing	-	216,648	216,648	-	63,587	63,587
Related parties	-	297,911	297,911	-	337,548	337,548

	Individual					
	06/30/2019			12/31/2018		
	Fair value through profit or loss	Amortized cost	Total	Fair value through profit or loss	Amortized cost	Total
Financial assets						
Current						
Cash and cash equivalents	101	-	101	62	-	62
Short-term investments	7	-	7	7	-	7
Trade accounts receivable	-	35	35	-	18	18
Related parties	-	2,896	2,896	-	1,217	1,217
Noncurrent						
Short-term investments	7,015	-	7,015	7,864	-	7,864
Related parties	-	231	231	-	3	3
Financial liabilities						
Current						
Trade accounts payable	-	43,787	43,787	-	44,673	44,673
Loans and financing	-	201,150	201,150	-	341,568	341,568
Noncurrent						
Related parties	-	649,790	649,790	-	527,981	527,981

c) Measurement at fair value

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

Description	Consolidated			
	Balance at 06/30/2019	Fair value at June 30, 2019		
		Active market – quoted price (level 1)	No active market – valuation technique (level 2)	No active market – non-observable inputs (level 3)
Assets				
Short-term investments	21,747	21,747	-	-
Description	Balance at 12/31/2018	Fair value at December 31, 2018		
		Active market – quoted price (level 1)	No active market – valuation technique (level 2)	No active market – non-observable inputs (level 3)
	Assets			
Short-term investments	36,450	36,450	-	-

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 used 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). At June 30, 2019, the Company did not have any financial instrument classified in this category.

For the period ended June 30, 2019, 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 13, were entered into with BNB, BNDES, and fundraising for working capital and debts with related parties. The contractual rules applicable to financial liabilities create risks related to these exposures. At June 30, 2019, the Company and its subsidiaries were exposed to market risk associated with the CDI, TJP, TJ6 and SELIC.

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 – Probable Scenario	Scenario II – deterioration of 25%	Scenario III – deterioration of 50%
Decrease of CDI	Short-term investments:	21,747	21,747	21,747
	Annual CDI rate estimated for 2020	6.50%	4.88%	3.25%
	Annual effect on short-term investments: Loss	-	(286)	(592)
Increase of CDI	Other short-term loans:	378,084	378,084	378,084
	BNDES - Diamantina Eólica (Subloan "D")	2,478	2,478	2,478
	Related parties CEMIG:	688,064	688,064	688,064
	Related parties LIGHTCOM:	255,893	255,893	255,893
	Annual CDI rate estimated for 2020	6.50%	8.13%	9.75%
	Annual loss on other loans and related parties	(2,003)	(31,598)	(61,193)
Increase in TLP	BNDES - Diamantina Eólica (Subloans "A" and "B"):	539,414	539,414	539,414
	Annual TLP rate estimated for 2020	6.43%	8.04%	9.65%
	Annual loss on financing with BNDES	(432)	(9,103)	(17,774)
Increase in TJ6	BNDES - Diamantina Eólica (Subloan "C")	451,220	451,220	451,220
	Rates considering the scenarios for TJ6	5.99%	7.49%	8.99%
	Annual loss on financing with BNDES	-	(6,757)	(13,514)

For short-term investments, the probable scenario considers future SELIC rates, which is the basis for determining the CDI rate, according to expectations obtained from the Central Bank of Brazil, with a one-year time horizon, 6.65%. Scenarios II and III consider a decrease in this rate by 25% (4.88% p.a.) and 50% (3.25% p.a.), respectively. These projections are also made for the other short-term loans and related-party transactions that are pegged to the CDI rate, which were projected in scenarios II and III considering an increase of this rate by 25% (8.13% p.a.) and 50% (9.75% p.a.). The weighted average spread observed in short-term loans is 4.70% + 100% of the CDI.

Financing with BNDES pegged to the long-term rate (TLP) considers a probable scenario based on the rate for the first half of 2020 of 6.43%. Scenarios II and III consider an increase in this rate by 25% (8.04% p.a.) and 50% (9.65% p.a.), respectively. The weighted average spread observed for financing with BNDES is 2.60% + TLP. Financing with BNDES pegged to TJ6 considers a probable scenario based on the effective rate at June 30, 2019 of 5.99%. Scenarios II and III consider an increase in this rate by 25% (7.49%) and 50% (8.99%).

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 13.

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

At June 30, 2019, the Company recorded loss for the year and has significant accumulated losses. Management described its plans in Note 1.3 and understands that with the successful outcome of the measures mentioned in referred to note, it will be possible to resume the economic, financial and liquidity balance of the Company.

f.1. Liquidity and interest rate risk table

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, 2019 also considers the debts classified as liabilities associated with assets held for sale.

Instruments at interest rate	Consolidated				
	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Loans and financing – principal and charges	185,729	23,200	194,015	22,634	425,577
Instruments at interest rate	Individual				
	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Loans and financing – principal and charges	183,784	17,366	156,292	-	357,442

g) Credit risk

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

Financial assets	Note	Carrying amount			
		Consolidated		Individual	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
Current					
Trade accounts receivable	8	4,527	8,210	35	18

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, 2019, the Company did not make speculative investments in derivatives or any other risky assets.

h) Capital management

	Consolidated	
	06/30/2019	12/31/2018
Debt relating to loans, financing and related parties	(2,392,341)	(1,998,352)
Equity	(685,314)	(76,489)
(-) Cash and cash equivalents and short-term investments	21,972	36,571
Net debt + Equity	<u>(3,055,683)</u>	<u>(2,038,270)</u>

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 debt ratio, for example.

i) Hydrological risk

In Brazil's National Interconnected System (SIN), electric power is mostly supplied by hydroelectric power plants. As SIN operates in an optimized delivery system that is centralized by Brazil's National Electric System Operator (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 regions in Brazil.

The occurrence of unfavorable hydrological conditions, and the obligation to deliver the electric power contracted, may result in the exposure of the respective Electric Power Purchase and Sale Contracts within the scope of PROINFA (CCVE-PROINFA) of the Company's plants, which would affect its future finance income (costs). 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 three SHPs of indirect subsidiary Espira decided to renegotiate their hydrological risk, against payment of a premium, thus mitigating their contractual exposure, if any.

26. Loss per share

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

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

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

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

	Individual	
	06/30/2019	06/30/2018
Loss for the period	(608,825)	(245,689)
Basic loss per share:		
Weighted average of outstanding common and preferred shares (in thousands)	41,720	41,720
Basic loss per share (in R\$)	<u>(14.59)</u>	<u>(5.89)</u>
Diluted loss per share:		
Weighted average of outstanding common and preferred shares (in thousands)	41,720	41,720
Diluted loss per share (in R\$)	<u>(14.59)</u>	<u>(5.89)</u>

27. Assets classified as held for sale

As mentioned in Note 1.2.1, considering that the Company and AES are committed to comply with all conditions precedent in order to close the transaction within the next sixty (60) days, the Company management concluded that the classification of assets and liabilities related to the AS III Wind Farm Complex and to certain projects under development as held-for-sale assets and liabilities directly associated with held-for-sale assets, which are measured at fair value less costs to sell, remain adequate even after 12 (twelve) months from its initial classification.

Consequently, since the disposal of the Company's projects relating to the AS III Wind Farm Complex in 2019 is highly probable, as required by CPC 31 - Noncurrent assets held for sale and discontinued operations (IFRS 5), the balances of assets and liabilities held for sale and of discontinued operations are presented in the financial information as of June 30, 2019, as shown below.

Additionally, based on the commercial conditions that are being discussed with AES, management concluded that the provision for impairment of assets should be supplemented by R\$259,421 (Note 11.9).

27.1 Individual

<u>Assets classified as held for sale</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
Alto Sertão III Wind Farm Complex	16,867	281,712
<u>Liabilities directly associated with assets held for sale</u>		
Trade accounts payable	<u>43,000</u>	<u>43,000</u>

27.2 Consolidated

Statement of financial position

<u>ASSETS</u>	<u>06/30/2019</u>	<u>12/31/2018</u>	<u>LIABILITIES AND EQUITY</u>	<u>06/30/2019</u>	<u>12/31/2018</u>
CURRENT ASSETS			CURRENT LIABILITIES		
Cash and cash equivalents	58	1,381	Trade accounts payable	43,000	277,751
Taxes recoverable	4,081	3,385	Loans and financing	1,015,765	957,049
Prepaid expenses	2,046	2,257	Taxes payable	15,775	17,181
Advances to suppliers	124	113	Accounts payable - CCEE/Eletrabras	31,288	22,657
Other receivables	29	29	Lease payable	70	-
Total current assets	<u>6,338</u>	<u>7,165</u>	Related parties	7,906	3,398
			Other accounts payable	67,072	5,993
			Total current liabilities	<u>1,180,876</u>	<u>1,284,029</u>
NONCURRENT ASSETS			NONCURRENT LIABILITIES		
Judicial deposits	742	741	Loans and financing	7,042	8,027
Property, plant and equipment	1,431,284	1,675,862	Accounts payable - CCEE/Eletrabras	3,068	-
Total noncurrent assets	<u>1,432,026</u>	<u>1,676,603</u>	Lease payable	12,250	-
			Related parties	22,367	7,057
			Provision for civil, tax and labor contingencies	9,851	9,757
			Total noncurrent liabilities	<u>54,578</u>	<u>24,841</u>
			EQUITY		
			Capital	1,934,454	1,742,595
			Accumulated losses	(1,980,285)	(1,495,825)
			Total equity	<u>(45,831)</u>	<u>246,770</u>
TOTAL ASSETS	<u>1,438,364</u>	<u>1,683,768</u>	TOTAL LIABILITIES AND EQUITY	<u>1,189,623</u>	<u>1,555,640</u>

Classified as:

	<u>06/30/2019</u>	<u>12/31/2019</u>
Assets classified as held for sale	1,438,364	1,683,768
Liabilities directly associated with assets held for sale(**)	1,205,181	1,298,415

(**) The balance of liabilities directly associated with assets held for sale differs from total liabilities presented in the statement of financial position above due to the eliminations of transactions with related parties between the companies classified as held for sale and Renova Energia, totaling R\$30,273 (R\$10,455 at December 31, 2018).

Statements of profit of loss and of cash flows for the six-month period ended June 30, 2019:

	Alto do Sertão III Wind Farm Complex
<u>Losses on assets classified as held for sale</u>	
Expenses	(371,822)
Finance income (costs)	(112,880)
Income and social contribution taxes - current	243
Loss for the year	<u>(484,459)</u>
<u>Cash flow from assets classified as held for sale</u>	
Net cash flow from operating activities	(52,536)
Net cash flow from investing activities	(993)
Net cash flow from financing activities	52,206
Decrease in cash and cash equivalents	<u>(1,323)</u>
Cash and cash equivalents at beginning of year	1,381
Cash and cash equivalents at end of year	<u>58</u>
Increase in cash and cash equivalents	<u>(1,323)</u>

28. Insurance coverage

The Company and its subsidiaries maintain insurance for certain property, plant and equipment items, as well as for civil liability and other contractual guarantees. The policies effective at June 30, 2019 can be summarized as follows:

Operational risk				
Object of surety bond	Amount insured	Effective period		
		Beginning	End	
Surety bond – contractual obligations	R\$ 106	09/08/2016	09/08/2019	
Operational risks	R\$ 72,168	10/25/2016	10/25/2019	
Civil liability	R\$ 30,000	10/25/2016	10/25/2019	
Construction risk				
Object of surety bond	Amount insured	Effective period		
		Beginning	End	
Surety bond – contractor (LER 2014)	R\$ 5,333	03/04/2013	07/31/2020	
Surety bond – contractor (LER 2013)	R\$ 21,817	03/15/2018	10/21/2020	
Surety bond – contractor (LIGHT I)	R\$ 27,648	04/28/2014	01/31/2020	
Surety bond – contractor (LIGHT II)	R\$ 40,560	09/19/2014	01/31/2020	
Surety bond – contractor (Mercado livre I)	R\$ 2,592	12/05/2013	01/31/2020	
Surety bond – contractor (Mercado livre II)	R\$ 20,520	03/07/2013	01/31/2020	
Civil liability	R\$ 20,000	11/14/2014	07/30/2019	
Engineering risk	R\$ 2,369,189	11/14/2014	12/01/2019	
Management and portfolio risk				
Object of surety bond	Amount insured	Effective period		
		Beginning	End	
General directors and officers liability insurance (D&O)	R\$ 50,000	01/31/2018	01/31/2019	
Business office insurance	R\$ 4,100	11/07/2018	11/07/2019	

29. Noncash transactions

As at June 30, 2019, the Company and its subsidiaries conducted the following noncash transactions; therefore, these transactions are not reflected in the statement of cash flows:

	Note	Consolidated		Individual
		06/30/2019	06/30/2018	06/30/2019
Effect of PPE reconciliation – trade accounts payable	11.2	586	(3,445)	-
Right of use – lease	11.12	43,299	-	21,812
PP&E - capitalization of payroll	11	1,552	-	1,552
Judicial deposits	17	(14,178)	-	(14,178)
Capitalization of advance for future capital increase	10.3.2	-	-	5,669
Capital increase in subsidiaries with expenses apportionment	10.3.2	-	-	755
Capital reduction in Bahia Holding	11.4	-	-	17,760

30. Events after the reporting period

30.1 Bank Credit Bill

On July 19, 2019, the indirect subsidiary Dimantina Eólica entered into bank credit bills with banks Bradesco S.A. and Itaú Unibanco S.A., totaling R\$24,400, with interest rate of 100% of CDI + 2.5% p.a., maturing on April 14, 2020. This transaction is guaranteed by letters of guarantee issued by subsidiary Chipley and parent company Light S.A., in the proportion of 36.23% and 63.77%, respectively.

30.2 BNDES (Bridge loan)

On July 15, 2019, BNDES extended the grace and amortization terms of the financing agreement entered into with the indirect subsidiary Diamantina Eólica to July 15, 2019 and August 15, 2019, respectively. It also authorized the incorporation of R\$2,487 to the renegotiated debt balance, as a renegotiation commission, through the creation of subloan “E”, which will be adjusted by the average SELIC rate, plus fixed surcharge and interest of 8.5% p.a., maturing on August 15, 2019.

On August 15, 2019, BNDES approved the extension of this agreement in order to adjust its maturity to the closing of the sale of AS III project to AES Tietê.

* * *

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Chief Executive Officer

Gustavo Henrique Simões dos Santos
Vice President of Legal, Regulation and Institutional
Relations Affairs

Cláudio Ribeiro da Silva Neto
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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Quarterly Information 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)

Independent auditor's review report on quarterly information - ITR

The Shareholders, Board of Directors and Officers

Renova Energia S.A.
São Paulo - SP

Introduction

We have reviewed the individual and consolidated interim financial information of Renova Energia S.A. (the "Company"), identified as Individual and Consolidated, respectively, contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2019, comprising the statement of financial position as of June 30, 2019 and the related statements of profit or loss and of comprehensive income for the three- and six-month periods then ended, and the statements of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

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 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 rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information Form (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 engagements (NBC TR 2410 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 the 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 the 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 Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Material uncertainty related to going concern

We draw attention to Note 1.3 to the individual and consolidated interim financial information, which indicates that, as at June 30, 2019, the Company's current liabilities exceeded total current assets by R\$940,928 thousand in the consolidated information and that, on that date, the Company recorded accumulated losses of R\$3,659,712 thousand and loss for the period of R\$608,825 thousand, in Individual and Consolidated, and capital deficiency of R\$685,314 thousand. In addition, the Company is dependent upon obtaining fund to fulfill the commitments including the construction of wind farms and solar power plants. These events or conditions, together with other matters described in Note 1, indicate the existence of material uncertainty that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

Emphasis of matter

Risks relating to compliance with laws and regulations

As mentioned in Note 17.1 to the individual and consolidated interim financial information, there are ongoing investigations and other legal measures conducted by public authorities relating to certain expenses and their allocations that, in addition to the Company, involve and also include certain of its shareholders. The Company's governance bodies authorized the engagement of a specialized company to analyze the internal procedures related to these expenses and determine such claims. As mentioned in the referred to Note, at this time, it is not possible to predict the future developments resulting from the internal and the investigation procedures performed by the public authorities, nor their possible effects on the individual and consolidated interim financial information of the Company. Our conclusion is not qualified in respect of this matter.



Other matters

Statements of value added

We have also reviewed the individual and consolidated statement of value added (SVA) for the six-month period ended June 30, 2019, prepared under Company's Management responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information Form (ITR), and as supplementary information under the International Financial Reporting Standards (IFRS), which do not require SVA presentation. 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 were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Salvador, August 15, 2019

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