

# UTE GNA I Geração de Energia S.A.

**Interim financial information  
as of June 30, 2019**

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# UTE GNA I Geração de Energia S.A.

## Balance sheet

June 30, 2019 and December 31, 2018

*(In thousand of Reais)*

	Note	6/30/2019 (not reviewed)	12/31/2018
<b>Asset</b>			
<b>Current</b>			
Cash and cash equivalents	5	21,982	53,427
Escrow account	6	200	200
Accounts receivables	7	415	118
Other advances		149	51
Prepaid expense	8	164,204	43,715
Recoverable taxes	9	1,249	864
Income taxes and contributions recoverable	9	489	489
Derivatives	21	3,514	-
Other receivables		-	2
<b>Total current assets</b>		<b>192,202</b>	<b>98,866</b>
<b>Non-current</b>			
Prepaid expense	8	10,663	11,617
Judicial deposits		116	-
Recoverable taxes		432	-
Deffered tax	10	14,912	7,019
Derivatives	21	1,518	-
Escrow account		10,974	-
Property, plant and equipment	11	2,513,192	796,159
Intangible assets	12	30,919	30,813
Right-of-use assets	13	120,376	-
<b>Total non-current assets</b>		<b>2,703,102</b>	<b>845,608</b>
<b>Total assets</b>		<b>2,895,304</b>	<b>944,474</b>

See the accompanying notes to the interim financial information.

# UTE GNA I Geração de Energia S.A.

## Balance sheet

June 30, 2019 and December 31, 2018

*(In thousand of Reais)*

	Note	6/30/2019 (not reviewed)	12/31/2018
<b>Liabilities</b>			
<b>Current</b>			
Suppliers	14	178,190	8,589
Salaries and charges payable	15	6,500	4,091
Accounts payable	7	738,465	20,762
Taxes payable	16	6,447	2,432
Derivatives	21	2,224	-
Trade accounts payable	17	6,856	9,579
Leases liabilities	13	10,266	-
<b>Total current liabilities</b>		<b>948,948</b>	<b>45,453</b>
<b>Non-current</b>			
Leases liabilities	13	112,930	-
Provision for contingencies		386	-
Derivatives	21	3,383	-
Trade accounts payable	17	16,200	21,385
<b>Total non-current liabilities</b>		<b>132,899</b>	<b>21,385</b>
<b>Shareholders' equity</b>			
Share capital	18	925,802	445,698
Capital reserve		925,802	445,612
Adjustment of equity valuation		(575)	-
Retained earnings (Accumulated losses)		(37,572)	(13,674)
<b>Total shareholders' equity</b>		<b>1,813,457</b>	<b>877,636</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,895,304</b>	<b>944,474</b>

See the accompanying notes to the interim financial information.

# UTE GNA I Geração de Energia S.A.

## Statment of operations

Six-month periods ended June 30, 2019 and 2018

*(In thousand of Reais)*

	Note	Six months period ended in 6/30/2019 (not reviewed)	Six months period ended in 6/30/2018	Three months period ended in 6/30/2019 (not reviewed)	Three months period ended in 6/30/2018 (not reviewed)
<b>Operating expenses</b>					
Administrative expenses	19	(35,697)	(303)	(18,383)	(30)
Impairment and other losses	5	2	(23)	(1)	(23)
<b>Net income before financial revenue (expenses)</b>		<b>(35,695)</b>	<b>(326)</b>	<b>(18,384)</b>	<b>(53)</b>
<b>Financial Revenue/Expense</b>					
Finance income	20	9,541	841	7,238	837
Finance expenses		(5,637)	(77)	(4,069)	(62)
<b>Profit before tax</b>		<b>(31,791)</b>	<b>438</b>	<b>(15,215)</b>	<b>722</b>
Current income and social contribution taxes		-	(174)	-	(174)
Deffered income and social contribution taxes	10	7,893	-	3,500	-
<b>Loss for the period</b>		<b>(23,898)</b>	<b>264</b>	<b>(11,715)</b>	<b>548</b>

See the accompanying notes to the interim financial information.

# UTE GNA I Geração de Energia S.A.

## Statement of comprehensive loss

Six-month periods ended June 30, 2019 and 2018

*(In thousand of Reais)*

	Six months period ended in 6/30/2019 (not reviewed)	Six months period ended in 6/30/2018	Three months period ended in 6/30/2019 (not reviewed)	Three months period ended in 6/30/2018 (not reviewed)
<b>Loss for the period</b>	<b>(23,898)</b>	<b>264</b>	<b>(11,715)</b>	<b>548</b>
<b>Items that will not be reclassified to profit or loss:</b>				
Realized gains / (losses) on hedge	(581)	-	(14,852)	-
Income tax and social contribution on other comprehensive income	-	-	4,852	-
Cost of hedging reserve	6	-	11	-
<b>Other comprehensive income for the period, net tax</b>	<b>(575)</b>	<b>-</b>	<b>(9,989)</b>	<b>-</b>
<b>Total comprehensive loss for the period</b>	<b><u>(24,473)</u></b>	<b><u>264</u></b>	<b><u>(21,704)</u></b>	<b><u>548</u></b>

See the accompanying notes to the interim financial information.

# UTE GNA I Geração de Energia S.A.

## Statements of changes in shareholders' equity

Six-month periods ended June 30, 2019 and 2018

(In thousand of Reais)

	Capital reserve					Total shareholders' equity
	Share capital	Advance for future capital increase	Premium on shares	Adjustment of equity valuation	Accumulated loss	
<b>Balance as of January 1, 2018</b>	<b>1</b>	<b>12,320</b>	-	-	<b>(1)</b>	<b>12,320</b>
Profit for the period	-	-	-	-	264	264
Capital increase - GNA Infra	251,970	(12,320)	-	-	-	239,650
Capital increase - Siemens	124,105	-	-	-	-	124,105
Advance for future capital increase - GNA Infra	-	67,598	-	-	-	67,598
Advance for future capital increase - Siemens	-	33,295	-	-	-	33,295
<b>Balance as of June 30, 2018</b>	<b>376,076</b>	<b>100,893</b>	-	-	<b>263</b>	<b>477,232</b>
Loss for the period	-	-	-	-	(13,937)	(13,937)
Capital increase - GNA Infra	46,647	(6,760)	-	-	-	39,887
Capital increase - Siemens	22,975	(3,329)	-	-	-	19,646
Capital reserve increase - GNA Infra	-	(60,838)	298,560	-	-	237,722
Capital reserve increase - Siemens	-	(29,966)	147,052	-	-	117,086
<b>Balance as of December 31, 2018</b>	<b>445,698</b>	-	<b>445,612</b>	-	<b>(13,674)</b>	<b>877,636</b>
Loss for the period	-	-	-	-	(23,898)	(23,898)
Capital increase - GNA Infra	321,669	-	-	-	-	321,669
Capital increase - Siemens	158,435	-	-	-	-	158,435
Capital reserve increase - GNA Infra	-	-	321,727	-	-	321,727
Capital reserve increase - Siemens	-	-	158,463	-	-	158,463
Derivatives - Hedge	-	-	-	(575)	-	(575)
<b>Balance as of June 30, 2019 (not reviewed)</b>	<b>925,802</b>	-	<b>925,802</b>	<b>(575)</b>	<b>(37,572)</b>	<b>1,813,457</b>

See the accompanying notes to the interim financial information.

# UTE GNA I Geração de Energia S.A.

## Statements of cash flows

Six-month periods ended June 30, 2019 and 2018

(In thousand of Reais)

	6/30/2019 (not reviewed)	6/30/2018
<b>Cash flows from operating activities</b>		
Loss before tax	(31,791)	438
<b>Adjustments for:</b>		
Depreciation and amortization	2,870	-
Exchange losses	(482)	-
Provisions	386	-
<b>Adjusted net loss</b>	<b>(29,017)</b>	<b>438</b>
<b>(Increase) decrease in assets and increase (decrease) in liabilities:</b>		
Recoverable taxes	(818)	(415)
Prepaid expense	(119,535)	(23,409)
Other advances	(98)	(8)
Other receivables	2	(2)
Escrow account	(10,273)	(200)
Judicial deposits	(116)	-
Accounts receivables	(297)	-
Suppliers	169,601	30,860
Accounts payable	(16,301)	8,334
Taxes payables	4,015	2,391
Trade accounts payable	(8,127)	(10,000)
Salaries and charges payable	2,409	162
<b>Net cash provided by (used in) operating activities</b>	<b>(8,555)</b>	<b>8,151</b>
<b>Cash flows from investing activities</b>		
Acquisition of PPE	(983,077)	(238,305)
Acquisition of intangible	(106)	-
<b>Net cash provided by investing activities</b>	<b>(983,183)</b>	<b>(238,305)</b>
<b>Cash flows from financing activities</b>		
Capital increase by controlling shareholder	321,669	239,650
Capital increase by non controlling shareholder	158,435	124,105
Capital reserve by controlling shareholder	321,727	-
Capital reserve by non controlling shareholder	158,463	-
Advance for future capital increase by controlling shareholder	-	67,598
Advance for future capital increase by non controlling shareholder	-	33,295
<b>Net cash provided by financing activities</b>	<b>960,294</b>	<b>464,648</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(31,445)</b>	<b>234,494</b>
At the beginning of the period	53,427	260
At end of period	21,982	234,754
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(31,445)</b>	<b>234,494</b>

See the accompanying notes to the interim financial information.



## **Notes to the interim financial information**

*(In thousands of Reais, unless stated otherwise)*

### **1 Operations**

UTE GNA I Geração de Energia S.A. (“GNA 1” or “Company”) was incorporated on September 17, 2015 and on October 20, 2017 the company was changed from a limited company to a privately held corporation. Its core activities are studying, planning, protecting, constructing, operating, maintaining and exploring of electricity generation systems awarded to it by concession or authorization of any nature; trading electricity; activities associated with the electricity service, including the management of energy transmission and generation systems; construction, maintenance, operation and exploration of liquefied natural gas (LNG) terminals and natural gas pipelines; transportation of gases and liquids through pipelines and transfer lines acquiring interests in other companies, and representing Brazilian and foreign companies. Its direct parent company is Gás Natural Açú Infraestrutura S.A. (“GNA Infra”), and indirect parent company is Gás Natural S.A. (“Gás Natural”), a subsidiary of Prumo Logística S.A (Prumo).

The project of UTE GNA I Geração de Energia S.A. (“UTE GNA I”) entails the construction of a combined-cycle gas-fired thermoelectric power station with an output of approximately 1,300 MW which will handle the contractual obligations of UTE Novo Tempo under its energy trading contracts, an LNG regasification terminal (“Regasification Terminal”), with the capacity to import natural gas for the UTE GNA I project and future power plants and other potential projects in the industrial complex of Porto do Açú, in addition to comprising the development of the “Açú Gas Hub”, strategically located in the north-east of Rio de Janeiro state, which offers efficient logistical solutions for the sale and consumption of natural gas and related products.

### **2 Basis of presentation, preparation of the interim financial information and significant accounting practices**

#### **a. Statement of compliance**

The interim financial information has been prepared and is being presented in accordance with CPC 21 (R1) - Interim Statements issued by the Accounting Pronouncements Committee (CPC) and IAS 34 - *Interim Financial Reporting*, issued by the *International Accounting Standards Board – IASB*.

The interim financial statements should be read in conjunction with the financial statements as of December 31, 2018, approved on March 22, 2019, prepared in accordance with the accounting practices adopted in Brazil and international financial reporting standards (IFRS) issued by the *International Accounting Standards Board (IASB)*.

This is the second set of Interim Financial Information in which there is the application of IFRS 16. Changes in the main accounting policies are described in Explanatory Note 4. Authorization for the conclusion of the preparation of this interim financial information was given by Management on August 12, 2019.

**b. Basis of preparation**

The interim financial information has been prepared on the historical cost basis, except for certain financial instruments which have been measured at fair value through profit and loss.

**c. Functional and presentation currency**

This interim financial information is reported in Reais, which is the Company's functional currency. All balances were rounded to the nearest thousand, unless otherwise noted.

**3 Use of judgment and estimates**

Judgments, estimates and assumptions are used to measure and recognize certain assets and liabilities in the Company's the interim financial information. These estimates took into account experience from past and current events, assumptions about future events and other objective and subjective factors.

Significant items subject to estimates include the evaluation of the useful lives of property, plant and equipment, the analysis of the recovery of fixed assets, intangible assets, the evaluation of the recoverable amount of deferred income tax and social contribution, financial instruments, among others. The future settlement of transactions involving these estimates may result in values that are different from those recorded in the interim financial information due to the inaccuracies inherent in the determination process. The Company reviews its estimates and assumptions at least annually.

**4 Main changes in accounting policies**

Except as described below, the accounting policies applied in these statements financial instruments are the same as those applied in the last financial statements anual.

Changes in accounting policies will also be reflected in the financial statements for the year ended December 31, 2019.

The Company initially adopted CPC 06 (R2) / IFRS 16 on January 1, 2019. A number of other new standards are effective as of this date, but do not materially affect the Company's financial statements.

CPC 06 (R2) / IFRS 16 introduced a single model for the accounting of leases in the balance sheet of lessees. As a result, the Company, as a lessee, recognized the rights to use assets that represent its rights to use the underlying assets and the lease liabilities that represent its obligation to make lease payments. The lessor's accounting remains similar to previous accounting policies.

**a. *Definition of lease***

According to CPC 06 (R2) / IFRS 16, a contract is or contains a lease if it transfers the right to control the use of an identified asset for a period of time in exchange for consideration. In the transition to CPC 06 (R2) / IFRS 16, the Company opted to apply the practical expedient to maintain the evaluation of which transactions are leases. The Company applied CPC 06 (R2) / IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under CPC 06 (R1) / IAS 17 and ICPC 03 / IFRIC 4 were not revalued. Accordingly, the new lease definition in accordance with CPC 06 (R2) / IFRS 16 was applied only to contracts entered into or amended on or after January 1, 2019.

The Company presents assets of specific use rights on the balance sheet. The carrying amounts of rights-of-use assets (including assets previously classified as finance leases) are as follows:

In Thousand of Reais

	<b>Right of use</b>
On January 1, 2019	135,038
On June 30, 2019	120,376
<b>Balance as of June 30, 2019 (not reviewed)</b>	<b>120,376</b>

When measuring lease liabilities for those leases previously classified as operating leases, the Company discounted lease payments using the incremental rate on January 1, 2019. The weighted average rate applied is 10.12%.

The Company presents the lease liability in "Lease liabilities" in the balance sheet.

**b. *Significant accounting policies***

The Company recognizes a right of use asset and a lease liability at the date of commencement of the lease. The right of use asset is initially measured at cost and subsequently at cost less any accumulated depreciation and impairment, and adjusted for certain remeasures of the lease liability.

The lease liability is initially measured at the present value of the lease payments that were not paid at the commencement date, discounted using the interest rate implied in the lease or, if that rate can not be determined immediately, the incremental loan rate of the Company . Generally, the Company uses its incremental loan rate as the discount rate.

The Company applied a judgment to determine the lease term of some contracts in which they include renewal options. The assessment of whether the Company is reasonably certain to exercise such options has an impact on the term of the lease, which significantly affects the value of lease liabilities and recognized right of use assets.

**c. *Transition***

The Company used the following practical arrangements when applying CPC 06 (R2) / IFRS 16 to leases previously classified as operating leases in accordance with CPC 06 / IAS 17.

- It applied the exemption for not recognizing rights-of-use assets and liabilities for leases with terms less than 12 months.
- Excluded the initial direct costs of the measurement of the right of use asset at the date of the initial application.
- Used late perception when determining the term of the lease, if the contract contained options to extend or terminate the lease.

**d. *Impacts in the period***

As a result of the initial application of CPC 06 (R2) / IFRS 16, in relation to leases that were previously classified as operating, the Company recognized R\$ 120,376 of rights-of-use assets and R\$ 123,196 lease liabilities in 30 of June 2019.

The incremental rate used in the first quarter report was 9.2%, but in response to the audit that suggested the 10.12% rate in the adjustment summary, we made the new flow in June 30, 2019.

Still in relation to these leases, in accordance with CPC 06 (R2) / IFRS 16, the Company recognized depreciation and interest expenses. During the three-month period ended June 30, 2019, the Company recognized R\$ 2,821 of depreciation.

## 5 Cash and cash equivalents

	<b>6/30/2019</b> <b>(not reviewed)</b>	<b>12/31/2018</b>
Cash and bank deposits	226	82
<b>Short-term investments</b>		
Short-term investments	34	-
Securities held under repurchase agreements	16,689	-
CDB's (a)	5,036	53,350
	<b>21,759</b>	<b>53,350</b>
	<b>21,985</b>	<b>53,432</b>
Provision for expected loss (b)	(3)	(5)
<b>Total</b>	<b>21,982</b>	<b>53,427</b>

- (a) The balance of cash and cash equivalents at June 30, 2019 consists of a current account at ABC, a CDB application at Santander, which are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.
- (b) The estimated financial losses were calculated based on the loss rates of a Corporate Default study published by S&P on April 5, 2018, referring to 15 years of data collected by S & P on the default risk of companies at each level rating.

Cash and cash equivalents are held with banking and financial counterparties, which are grouped into 5 levels, separated by AAA and BB according to their rating on Fitch Ratings, Moody's and Standard & Poor's. As shown in the table below, the counterparties in which the Company has outstanding balances as of June 30, 2019 are classified in AAA, based on the average of their ratings in the rating companies listed above.

The estimated loss position in cash and cash equivalents was calculated based on the expected loss rate of 12 months and reflects the maturity dates of the risk exposures.

*In thousand reais*

<b>Level of Risk</b>	<b>Rating</b>	<b>Gross Balance</b>	<b>Loss rate(1)</b>	<b>Provision for loss</b>
Level 1	AAA	21,985	0.01%	(3)

Loss Rate considers the Global Corporate Average Default Rate for 1 year released by S & P on 4/5/2018

## **6 Escrow account**

On June 30, 2019 and December 31, 2018, the balance of bank deposits is R\$ 200, consisting of the guarantee pledge for competitive tenders 3/2018 of the public notice, containing the construction and exploration of port facilities in the region of São João da Barra by Antaq.

## **7 Related parties**

The Company adopts practices of Corporate Governance and/or recommendations required by law. Furthermore, the Company's Corporate Governance Policy establishes that the members of the Board of Directors must monitor and administrate any potential conflicts of interest among the executive officers, the members of the Board and the partners, in such a way as to avoid the inappropriate use of Company assets and, especially, abusive conduct in transactions between related parties.

In compliance with Corporation Law, all members of the Company's Board of Directors are prohibited from voting in any assembly or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The main balances of related-party assets and liabilities as of June 30, 2019 and December 31, 2018, as well as the related-party transactions that affected income for the period, are the result of transactions between the Company and its subsidiaries, members of Management and other related parties, as follows:

	<b>6/30/2019</b> <b>(not reviewed)</b>	<b>12/31/2018</b>
<b>Assets:</b>		
<b>Expenses to be recovered</b>		
GNA Infra (a)	-	118
GNA HoldCo (b)	408	10,345
UTE GNA 2 (a)	7	-
<b>Total Assets</b>	<b>415</b>	<b>10,463</b>
<b>Liabilities:</b>		
<b>Account Payables</b>		
GNA HoldCo (d)	2,826	17,171
GNA Infra (d)	680	3,252
Prumo Logística S.A (d)	624	174
Porto do Açú Operações S.A (d)	331	165
Siemens (d)	733,916	-
BP Global (e)	88	-
<b>Total</b>	<b>738,465</b>	<b>20,762</b>
<b>Operating expenses:</b>		
	<b>6/30/2019</b> <b>(not reviewed)</b>	<b>6/30/2018</b>
<b>Custos compartilhados</b>		
GNA HoldCo (e)	(5,263)	-
GNA Infra (e)	(549)	-
UTE GNA 2 (e)	7	-
Porto do Açú Operações S.A (e)	(114)	-
<b>Total</b>	<b>(5,919)</b>	<b>-</b>

- a) Shared costs receivable and cost related the work of Termica
- b) Transaction costs on financing;
- c) Charge referring to shared costs, timesheet and recovery of expenses;
- d) Purchase of Termica and Terminal equipments;
- e) Shared personnel and administrative costs.

The compensation of key management staff has been presented below:

	<b>6/30/2019</b> <b>(not reviewed)</b>	<b>6/30/2018</b>
<b>Executive Officers</b>		
Management fees	(1,723)	-
Bonuses	(756)	-
Benefits and charges	(521)	-
<b>Total</b>	<b>(2,999)</b>	<b>-</b>

## 8 Prepaid expense

	<u>6/30/2019</u> <u>(not reviewed)</u>	<u>12/31/2018</u>
Insurance premium (a)	29,120	21,459
Transaction cost (b)	145,747	33,873
<b>Total</b>	<b>174,867</b>	<b>55,332</b>
Current	164,204	43,715
Non-current	10,663	11,617
<b>Total</b>	<b>174,867</b>	<b>55,332</b>

- (a) Insurance premiums: engineering risks, civil liability, transportation and bail.
- (b) Transaction cost to obtain financing from the thermal and LNG regasification terminal. The amounts are presented in current and non-current assets until the effective funding of financing resources occurs, where they will be from that moment, reclassified to the liability, as reducing accounts of the outstanding balance of the loans

## 9 Recoverable taxes

	<u>6/30/2019</u> <u>(not reviewed)</u>	<u>12/31/2018</u>
Income tax withheld at source ("IRRF")	765	612
PIS / COFINS on imports	364	252
PIS / COFINS on fixed assets	120	-
	<b>1,249</b>	<b>864</b>
Imposto de renda e contribuição social ("IRPJ/CSLL")	489	489
<b>Total</b>	<b>1,738</b>	<b>1,353</b>

## 10 Deffered tax

	<u>6/30/2019</u> <u>(not reviewed)</u>	<u>12/31/2018</u>
Deffered tax assets	14,912	7,019
Deffered tax liabilities	-	-
<b>Total</b>	<b>14,912</b>	<b>7,019</b>

**UTE GNA I Geração de Energia S.A.**  
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as of June 30, 2019

	<u>Deferred tax assets</u>	<u>Deferred tax liabilities</u>
<b>Balance as January 01, 2018</b>	-	-
Change in the period	-	-
Change in other comprehensive income	-	-
<b>Balance as June 30, 2018</b>	-	-
<b>Balance as January 01, 2019</b>	<b>7,019</b>	-
Change in the period	7,893	-
Change in other comprehensive income	-	-
<b>Balance as June 30, 2019 (not reviewed)</b>	<b>14,912</b>	-

  

	<u>6/30/2019 (not reviewed)</u>	<u>6/30/2018</u>
<b>Profit before tax</b>	<b>(31,791)</b>	<b>438</b>
Income tax and social contribution rate	34%	34%
<b>Deferred income and social contribution taxes (base x aliquot)</b>	<b>10.809</b>	<b>(149)</b>
Additions:		
Provision for PLR	3,159	-
Provision for estimated loss	132	-
Pre-operating expenses	7,893	-
IFRS 16 Amortization	959	-
Tax credits on unrecognized tax loss	(4,250)	-
<b>Total deferred income and social contribution</b>	<b>7,893</b>	-
Current	-	-
Deferred	7,893	-
Effective rate	<b>25%</b>	<b>0%</b>

Technical feasibility studies indicate the full recovery capacity in the subsequent years of the recognized deferred tax amounts and correspond to Management's best estimates of the future evolution of the Company and the market in which it will start operations in 2021.



## 11 Property, plant and equipment

	Advances for property, plant and equipment formation (*)	Works in progress and equipment under construction (**)	Furniture and utensils	IT equipments	Total
<b>Balance as January 1, 2018</b>	<b>8,138</b>	<b>3,922</b>	-	-	<b>12,060</b>
Additions	327,177	456,751	112	60	<b>784,100</b>
Transfers	(56,822)	56,822	-	-	-
Depreciation	-	-	(1)	-	<b>(1)</b>
<b>Balance as December 31, 2018</b>	<b>278,493</b>	<b>517,495</b>	<b>111</b>	<b>60</b>	<b>796,159</b>
Cost	278,493	517,495	112	60	<b>796,160</b>
Accumulated depreciation	-	-	(1)	-	<b>(1)</b>
<b>Balance as December 31, 2018</b>	<b>278,493</b>	<b>517,495</b>	<b>111</b>	<b>60</b>	<b>796,159</b>
Additions (***)	469,759	1,246,711	6	607	<b>1,717,083</b>
Transfers	(731,161)	731,161	-	-	-
Depreciation	-	-	(7)	(43)	<b>(50)</b>
<b>Balance as June 30, 2019 (not reviewed)</b>	<b>17,091</b>	<b>2,495,367</b>	<b>110</b>	<b>624</b>	<b>2,513,192</b>
Cost	17,091	2,495,367	118	667	<b>2,513,243</b>
Accumulated depreciation	-	-	(8)	(43)	<b>(51)</b>
<b>Balance as June 30, 2019 (not reviewed)</b>	<b>17,091</b>	<b>2,495,367</b>	<b>110</b>	<b>624</b>	<b>2,513,192</b>
<b>Annual depreciation rate %</b>	<b>-</b>	<b>-</b>	<b>10%</b>	<b>20%</b>	

(\*) Advance for formation of fixed assets: The balance of advances on June 30, 2019 consists of advances made to suppliers for equipment delivery.

(\*\*) The works in progress as of June 30, 2019 consists of expenses incurred on works on the thermal power plant.

(\*\*\*) Of the additions occurred in the period, the total amount of R\$ 733,916 had no cash flow effect, being a liability, as shown in note 7.

## 12 Intangible assets

	Useful life	6/30/2019 (not reviewed)	12/31/2018
Energy sale receivable (*)	23 years	30,000	30,000
Software licenses	5 years	919	813
		<b>30,919</b>	<b>30,813</b>

(\*) By way of authorizing resolution 6769, on December 19, 2017 ANEEL transferred the energy trading right, The date scheduled for the start of the thermal power plant operation is January 1, 2021.

### 13 Right of use assets / Lease liabilities

IFRS 16 introduces a single model for the accounting of leases in the balance sheet for lessees. A lessee recognizes a right of use asset that represents his right to use the leased asset and a lease liability that represents his obligation to make lease payments. Exemptions are available for short-term leases and low value items.

The movement in the first quarter of 2019 of the right of use and the lease liability is shown in the table below:

	1/1/2019	Amortization	6/30/2019 (not reviewed)
<b>Asstes</b>			
Right of use - land	123,197	(2,821)	120,376
	<b>123,197</b>	<b>(2,821)</b>	<b>120,376</b>
<b>Liabilities</b>			
Leases – current	(10,266)	-	(10,266)
Leases – non-current	(112,931)	-	(112,931)
	<b>(123,197)</b>	<b>-</b>	<b>(123,197)</b>
<b>Operating expenses</b>			
Right of use - land	-	2,821	2,821
	<b>-</b>	<b>2,821</b>	<b>2,821</b>

After analyzing the adherence to IFRS 16, the Company identified only the land lease contract of the company Porto do Açú Operações S.A as adhering to this standard.

### 14 Suppliers

	6/30/2019 (not reviewed)	12/31/2018
National suppliers	154,157	7,287
International suppliers	24,033	1,302
<b>Total</b>	<b>178,190</b>	<b>8,589</b>

### 15 Salaries and charges payable

	6/30/2019 (not reviewed)	12/31/2018
Bonuses Payable	3,364	2,572
Holiday payable	811	513
Holiday charges payable	544	300
13th vacation	519	-
Taxes on 13th vacation	194	-
National Institute of Social Security “INSS” payable	958	591
Guarantee fund for time of service“FGTS” payable	96	111
Insurance	8	3
Union contribution	6	1
<b>Total</b>	<b>6,500</b>	<b>4,091</b>

## 16 Taxes payable

	<u>6/30/2019</u> <u>(not reviewed)</u>	<u>12/31/2018</u>
Services tax ("ISS")	663	194
INSS third parties	21	7
Tax on the circulation of goods and services ("ICMS")	1,056	115
Income tax withheld at source ("IRRF")	225	806
PIS/COFINS	7	18
PIS/COFINS/ CSLL - Withheld	142	1,292
IPI	955	-
Import taxes	3,378	-
<b>Total</b>	<b><u>6,447</u></b>	<b><u>2,432</u></b>

## 17 Trade accounts payable

	<u>6/30/2019</u> <u>(not reviewed)</u>	<u>12/31/2018</u>
TCCA - Termo de compromisso ambiental (a)	-	9,579
TCCA - Terminal (b)	1,456	0
Bolognesi Energia (c)	21,600	21,385
<b>Total</b>	<b><u>23,056</u></b>	<b><u>30,964</u></b>
Current	6,856	9,579
Non-current	16,200	21,385
<b>Total</b>	<b><u>23,056</u></b>	<b><u>30,964</u></b>

- (a) Commitment term environmental compensation  
The purpose of this term is to establish the environmental compensation provided for in article 36 of Federal Law 9,985/00, which established a value of R\$ 28,736, paid in 12 equal installments in the amount of R\$ 2,395.  
On June 30, 2019, the Company has already paid 12 installments totaling the amount of R\$ 28,736.
- (b) Commitment term environmental compensation – Terminal  
The purpose of this term is to establish the environmental compensation provided for in article 36 of Federal Law 9,985/00, which established a value of R\$ 2,495, to be paid in 12 equal installments in the amount of R\$ 207.  
On June 30, 2019, the Company has already paid 5 installments, leaving 7 outstanding, totaling the amount of R\$ 1,456. This last installment will be paid on January 2020 .
- (c) In the contract the payable amounts are divided into fixed installments. R\$ 30,000 has already been provisioned for, which will be restated annually by the IPCA price index until the effective payment. The variable installments will be recognized at the start of the operation and will be paid annually, on the first business day of the month of April, based on the audited financial statements for the previous year with installments equal to 3% calculated on the free cash flow from the shareholder, defined as:

- = EBITDA
- (+/-) working capital variation;
- (-) IR/CSSL paid;
- (-) finance expenses
- (+) financial revenue from reserve accounts \*;
- (-) investment in maintenance;
- (-) amortization of financing;
- (+) disbursement of financing
- (+/-) change in reserve accounts \*

If the reserve accounts are funded with operating cash generation, the formula above will not include the variation in the reserve account and corresponding finance income.

The nonpayment of any of the amounts established in this contract shall trigger monetary restatement according to the variance of the CDI rate until the effective payment date, in addition to arrears interest at 1% (one percent) a month, in addition to an arrears fine of 2% (two percent) of the debit balance.

## 18 Shareholders' equity

Shareholders	6/30/2019 (not reviewed)		12/31/2018	
	Number of common shares (thousand)	% Participation	Number of common shares (thousand)	% Participation
GNA Infra	1,240,575	67%	597,178	67%
Siemens	611,029	33%	294,132	33%
<b>Total</b>	<b>1,851,604</b>	<b>100%</b>	<b>891,310</b>	<b>100%</b>

### a. Capital Social

At June 30, 2019, the Company's capital stock is R\$ 925,802, represented by 1,851,604 registered common shares with no par value (R\$ 445,698, represented by 891,310 registered common shares as of December 31, 2018). The contributions of capital increase made in the period are shown below:

Opening balance 1/1/2019	Shareholder's		Share capital
	GNA Infra	Siemens	
	298,618	147,080	445,698
<b>Payment date</b>			
1/8/2019	66,435	32,722	99,157
3/11/2019	33,094	16,300	49,394
4/1/2019	71,062	35,001	106,063
5/8/2019	51,945	74,412	126,357
5/16/2019	99,133	-	99,133
<b>Total</b>	<b>620,287</b>	<b>305,515</b>	<b>925,802</b>

**b. Capital reserve**

On June 30, 2019, the Company's capital reserve is R\$ 925,802, where GNA Infra owns R\$ 620,287 and Siemens R\$ 305,505 (On December 31, 2018, GNA Infra had R\$ 298,560 and to Siemens R\$ 147,052). The contributions of capital reserve increase made in the period are shown below:

	<b>Shareholder's</b>		<b>Share capital</b>
	<b>GNA Infra</b>	<b>Siemens</b>	
<b>Opening balance</b>			
1/1/2019	298,618	147,080	445,698
<b>Payment date</b>			
1/8/2019	66,435	32,722	99,157
3/11/2019	33,094	16,300	49,394
4/1/2019	71,062	35,001	106,063
5/8/2019	51,945	74,412	126,357
5/16/2019	99,133	-	99,133
<b>Total</b>	<b>620,287</b>	<b>305,515</b>	<b>925,802</b>

**c. Dividends**

The Company's shares have an equal participation in dividend payments, interest on shareholders' equity and other shareholder benefits. The corporate by-laws determine the distribution of a minimum compulsory dividend of 25% of the net income for the year, adjusted in accordance with article 202 of Law 6404/76. The Company reported a loss in the financial year ended December 31, 2017 and did not pay out dividends.

**19 General and administrative expenses**

	<b>Six months period ended in 6/30/2019 (not reviewed)</b>	<b>Six months period ended in 6/30/2018</b>	<b>Three months period ended in 6/30/2019 (not reviewed)</b>	<b>Three months period ended in 6/30/2018 (not reviewed)</b>
Personal	(21,349)	(300)	(11,890)	(278)
Legal expenses	(2,465)	-	(1,964)	-
Consulting and audit	(1,023)	-	(733)	-
Taxes and fees	(108)	(2)	(37)	-
IT and Telecom	(683)	-	(530)	-
Communication and institutional matters	(435)	-	(281)	-
Environmental and land expenses	(685)	-	(350)	-
Travelling	(2,140)	-	(586)	-
Administrative service	(2,481)	-	(286)	-
Operational service	(31)	-	-	-
Insurance	(148)	-	(74)	250
Depreciation and amortization	(3,143)	-	(1,327)	-
Overhead and maintenance	(311)	-	(4)	-
Other third services	(600)	-	(321)	-
Other expenses	(95)	(1)	-	(2)
<b>Total</b>	<b>(35,697)</b>	<b>(303)</b>	<b>(18,383)</b>	<b>(30)</b>

## 20 Financial Results

As of June 30, 2019, the balance of finance income, amounted to R\$ 3,904, as follows:

	Six months period ended in 6/30/2019 (not reviewed)	Six months period ended in 6/30/2018	Three months period ended in 6/30/2019 (not reviewed)	Three months period ended in 6/30/2018 (not reviewed)
<b>Finance costs</b>				
Bank expenses	(11)	(1)	(8)	(1)
Commissions and brokeages	(16)	-	(14)	-
Loss on hedge operations (SWAP)	(1,505)	-	(1,505)	-
IOF	(60)	(5)	(7)	10
Fines and Penalties	(29)	(71)	(29)	(71)
Exchange losses - IPCA	(500)	-	(310)	-
Exchange variation	(4,499)	-	(3,179)	-
	<b>(6,620)</b>	<b>(77)</b>	<b>(5,052)</b>	<b>(62)</b>
<b>Finance income</b>				
Interest on investments	3,093	841	1,078	837
Gain on hedge operations (SWAP)	6,445	-	6,445	-
Exchange gain - IPCA	281	-	(4)	-
Monetary Variation - Government Securities	702	-	702	-
Other incomes	3	-	-	-
	<b>10,524</b>	<b>841</b>	<b>8,221</b>	<b>837</b>
<b>Net finance income</b>	<b>3,904</b>	<b>764</b>	<b>3,169</b>	<b>775</b>

## 21 Financial risk management

### a. General considerations and internal policies

The management of the Company's financial risks follows that proposed in the Financial Risks Policy and in the Credit Risk Policy approved by the Board of Directors, in addition to the other financial regulations.

Among the guidelines foreseen in these Policies and regulations, we highlight the following: exchange protection of all debt in foreign currency.

In addition, the use of derivatives has as its sole purpose the protection and mitigation of risks, in a way that prohibits the contracting of exotic derivatives or for speculative purposes. Risk monitoring is done through a management of controls that aims at the continuous monitoring of contracted operations and compliance with the approved risk limits.

The Company is exposed to several financial risks, among which the market, credit and liquidity risks stand out.

### b. Market risk management

#### *Cambial risk*

The Company, in order to ensure that significant fluctuations in the currency prices to which its liabilities with exchange exposure are subject do not affect its results and cash flow, had, as of June 30, 2019, foreign exchange hedge operations, representing 100% of the debt with exposure exchange rate.

***Interest rate risk***

This risk arises from the Company's possibility of incurring losses due to fluctuations in interest rates or other debt indexes, such as price indexes, that affect financial expenses related to income from financial investments.

Accordingly, the Company continuously monitors market interest rates in order to assess the possible need to hedge against the risk of volatility of these rates.

**c. Liquidity risk management**

Liquidity risk is characterized by the possibility of the Company not honoring its commitments in the respective maturities. The financial management adopted by the Company constantly seeks to mitigate liquidity risk, with the main point being the hedge of foreign currency debts.

The permanent monitoring of the cash flow allows the identification of eventual fundraising needs, with the necessary advance for structuring and choosing the best sources.

With cash surpluses, financial investments are made for surplus funds, with the purpose of preserving the liquidity of the Company.

As of June 30, 2019, the Company had a total of short-term investments of R\$ 21,759.

**d. Credit risk management**

Credit risk refers to the possibility of the Company incurring losses due to non-compliance with obligations and commitments by the counterparties.

***Credit risk with financial institutions***

For operations involving cash and cash equivalents and derivatives, the Company follows the provisions of its Credit Risk Policy which aims to mitigate risk by diversifying with financial institutions with good credit quality.

It also carries out the monitoring of the exposure with each counterparty, its credit quality and its long-term ratings published by the rating agencies to the main financial institutions with which the Company has open transactions

**e. Additional information on derivative instruments**

The Company has derivative instruments with the objective of economic and financial protection against foreign exchange risk. The main instrument used is Non-deliverable Forwards (NDF).

All derivative transactions of hedge programs are detailed in the table below, which includes, by derivative contract, information on instrument type, reference value (nominal), maturity, fair value including credit risk and amounts paid / received or provisioned in the period.

In order to determine the economic relationship between the hedged item and the hedging instrument, the Company adopts a prospective effectiveness test methodology through the critical terms of the object and of the derivatives contracted with the purpose of concluding whether there is an expectation that changes in cash flows of the hedged item and the hedging instrument can be offset against each other.

### **Non-deliverable Forward hedge program - NDF**

In order to reduce cash flow volatility, the Company may enter into non-deliverable forwards (NDF) operations to mitigate currency exposure arising from disbursements denominated in or indexed to the US Dollar and Euro.

	Reference value		Maturity (Year)	Fair value		Accumulated effect
	6/30/2019	12/31/2019		6/30/2019	12/31/2019	Amount receivable/received or payable/paid
<b>NDF</b>						<b>6/30/2019</b>
Termo USD	55,859	-	2019	1,981	-	9,339
Termo USD	78,928	-	2020	2,105	-	-
Termo USD	87,250	-	2021	914	-	-
Termo EUR	145,499	-	2019	(772)	-	7,894
Termo EUR	76,513	-	2020	(2,841)	-	-
Termo EUR	41,109	-	2021	(1,969)	-	-
<b>Net</b>				(582)	-	17,233

This program is classified according to the accounting criteria of hedge accounting and measured at fair value.

#### *Accounting treatment of derivative instruments*

Derivative financial instruments are recognized as assets or liabilities in the balance sheet and measured at fair value. When the transaction is eligible and designated as hedge accounting, changes in fair value of derivatives are recorded as follows:

- (i) Cash flow hedge: changes in the fair value of derivative financial instruments designated as effective cash flow hedge have their effective component recorded in shareholders' equity (other comprehensive income) and the ineffective component also recorded in shareholders' equity, but in a differentiated account (Hedge Cost). The amounts recorded in shareholders' equity are only transferred to the Fixed Assets in an appropriate account (Hedge settled) when the protected item is effectively carried out. At the beginning of the hedge accounting operation, the Company documents the relationship between the hedging instruments and the hedged items, as well as the strategy for hedge operations. The Company also documents, at the beginning and on an ongoing basis, its assessment that the derivatives used in hedging transactions are highly effective.



### 21.1 Fair value estimate

Fair value is the price that would be received on the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date in the main market or, in its absence, the most advantageous market to which the Company has access on that date. The fair value of a liability reflects its non-performance risk. The risk of non-compliance includes, among others, the Company's own credit risk.

For the measurement and determination of the fair value of the derivative instruments, called Non-Deliverable Forward (NDF), contracted by the UTE GNA I, we use the market rates obtained on the B3 website, being (i) DI x Pre; (ii) Real x USD (iii) Real x Euro. For this pricing, we consider the closing date of the accounting period under review.

Financial assets and liabilities recorded at fair value must be classified and disclosed according to the following levels:

**Level 1** - Prices quoted without adjustments in active markets for instruments identical to those of the Company;

**Level 2** - Quoted prices with or without adjustments for similar assets or liabilities with information directly or indirectly in active markets, except quoted prices included in the previous level;

The table below sets forth the book values and fair values of the Company's financial instruments and other assets and liabilities, as well as its measurement level, as of June 30, 2019 and December 31, 2018:

	Nível	6/30/2019 (not reviewed)		12/31/2018	
		Accounting	Fair value	Accounting	Fair value
<b>Financial assets (current / non-currents)</b>					
<b>Measured at amortized cost</b>		<b>21,982</b>	<b>21,982</b>	<b>53,427</b>	<b>53,427</b>
Cash and cash equivalents		21,982	21,982	53,427	53,427
<b>Measured at fair value through comprehensive income</b>		<b>5,032</b>	<b>5,032</b>	-	-
<i>Non-deliverable forwards (NDF) - Hedge Instruments</i>	2	5,032	5,032	-	-
<b>Financial liabilities (current / non-current)</b>					
<b>Measured at amortized cost</b>		<b>916,655</b>	<b>916,655</b>	<b>8,589</b>	<b>8,589</b>
Suppliers		178,190	178,190	8,589	8,589
Accounts payable		738,465	738,465	-	-
<b>Measured at fair value through comprehensive income</b>		<b>(5,607)</b>	<b>(5,607)</b>	-	-
Non-deliverable forwards (NDF) - Hedge Instruments	2	(5,607)	(5,607)	-	-

There were no transfers between Level 1 and Level 2 during the period ended June 30, 2019.

## **22 Insurance coverage**

The Company has a policy of taking out insurance coverage for assets subject to risks in amounts considered sufficient by Management to cover possible damages, considering the nature of its activity.

The policies are in force and the premiums have been paid. The company considers its insurance coverage is consistent with other companies of similar sizes operating in the sector.

As of June 30, 2019 and December 31, 2018, the main risks covered are:

	<u>6/30/2019</u> <u>(not reviewed)</u>	<u>12/31/2018</u>
Material damages	3,486,071	3,466,479
Civil Liability and Environmental Damages	82,578	82,578
Lost Earnings	4,668,196	4,641,960
Transportation of Imported Equipment	1,467,696	1,459,447

## **23 Commitments**

On June 30, 2019 the Company had commitments for future purchases in the amount of R\$ 791,341 (R\$ 2,264,995 as of December 31, 2018), which should be fulfilled in the course of the works.