



Interim Financial Statements

June 30, 2019





NEOENERGIA S.A.

2019 Results | Second Quarter 2019

NEOENERGIA S.A. PRESENTS SECOND QUARTER RESULTS (2Q19) BASED ON A MANAGEMENT ANALYSIS THAT THE ADMINISTRATION BELIEVES TO BE THE BEST WAY TO TRANSLATE THE COMPANY'S BUSINESS AND IN LINE TO THE INTERNATIONAL FINANCIAL REPORTING STANDARDS – IFRS.

HIGHLIGHTS

HIGHLIGHTS (BRL MM) 2Q19	2Q19	2Q18	Δ %	6M19	6M18	Δ %
Gross Operating Revenue	6.575	6.237	5,42%	13.492	11.659	15,72%
Gross Margin	2.208	1.935	14,11%	4.358	3.780	15,29%
Operating Expenses(PMSO)	(774)	(764)	1,31%	(1.546)	(1.525)	1,38%
EBITDA	1.363	1.139	19,67%	2.699	2.183	23,64%
Financial Result	(371)	(281)	32,03%	(663)	(578)	14,71%
Profit Assigned to Controlling Shareholders	519	392	32,40%	1.011	683	48,02%

Operational Indicators	2Q19	2Q18	Δ %	6M19	6M18	Δ %
Number of Clients	13.922.391	13.682.544	1,75%	NA	NA	NA
Volume of Injected energy (GWh)	16.606	15.753	5,41%	34.012	32.334	5,19%
Volume of supply to captive + free market (GWh)	14.500	14.030	3,35%	29.324	28.038	4,59%
Volume of supply to captive (GWh)	10.835	10.675	1,50%	22.160	21.394	3,58%
Generated energy volume (GWh) ⁽¹⁾	3.762	3.953	(4,83%)	8.167	8.418	(2,98%)

Debt Indicators	2Q19	dec/2018	Variation p.p.
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	3,41	3,49	(0,06) p.p.
EBITDA/Financial Result ⁽³⁾	4,04	3,89	0,02 p.p.
Corporate Rating (S&P)	AAA	AA-	

⁽¹⁾ Considers hydro, wind and thermo generation

⁽²⁾ Net debt of cash and cash equivalents, marketable securities and securities

⁽³⁾ EBITDA and LTM Financial Result

- **3.35% increase total volume of energy distributed (captive + free) in the 2Q19, and 4.59% in 6M19 compared to the same periods of 2018;**
- **19.67% increase of 2Q19 EBITDA compared to 2Q18, reaching R\$ 1.36 billion and R\$ 2.70 billion in the 6M19;**
- **1.31% PMSO variation of 2Q19 and 1.38% in 6M19 compared to the year-to-date 12-month inflation of 6.51% (IGP-M), considering customers base increase.**
- **Total actual CAPEX of R\$ 1.1 billion in the 2Q19 and R\$ 2.2 billion in the 6M19;**
- **Strengthening of Balance Sheet: reduction of the 3.49 leverage in Dec/18 to 3.41 in Jun/19 and R\$ 3.4 billion raised in the 2Q19.**
- **At the 2019 ABRADÉE Award, Elektro was elected the Country's Best Distributor, Cosern came in second Country's best distributor and was also awarded the Northeast's Best Distributor. Coelba was awarded third place in Performance Evolution at the Domestic Level.**

2Q19 TELECONFERENCIA

Wednesday, July 24, 2019

Time: 09:30 (BRT) | 08:30 (EST)

(with simultaneous translation into English)

Telephone number for connection: +55 (11) 3193-1001 or 2820-4001

Password: Neoenergia

Access to Webcast: <http://choruscall.com.br/neoenergia/2q19.htm>

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1. ECONOMIC-FINANCIAL PERFORMANCE

CONSOLIDATED STATEMENT OF INCOME (BRL MM)	2Q19	2Q18	Variation		6M19	6M18	Variation	
			BRL	%			BRL	%
Net Operating Revenue	6,575	6,237	338	5.42%	13,492	11,659	1,833	15.72%
Energy Costs ⁽¹⁾	(4,446)	(4,437)	(10)	0.20%	(9,340)	(8,071)	(1,269)	15.72%
Gross Margin without VNR	2,129	1,800	329	18.28%	4,152	3,588	564	15.72%
Fair value of indemnifiable concession assets (VNR)	79	134	(55)	(41.04%)	206	193	13	6.74%
GROSS MARGIN	2,208	1,935	274	14.11%	4,358	3,780	578	15.29%
Operating Expenses (PMSO)	(774)	(764)	(10)	1.31%	(1,546)	(1,525)	(20)	1.38%
PECLD	(71)	(59)	(12)	20.34%	(139)	(142)	3	(2.11%)
(+) Equity Accounting	(0.4)	28	(28)	(100.00%)	26	70	(44)	(62.86%)
EBITDA	1,363	1,139	223	19.67%	2,699	2,183	516	23.64%
Depreciation	(373)	(321)	(52)	16.20%	(718)	(637)	(81)	12.72%
Financial Result	(371)	(281)	(90)	32.03%	(663)	(578)	(85)	14.71%
Income Tax/Social Contribution on Net Incon	(79)	(126)	47	(37.30%)	(269)	(257)	(12)	4.67%
Eliminations (Minority Part)	(21)	(20)	(1)	5.00%	(38)	(29)	(9)	31.03%
NET INCOME	519	392	128	32.40%	1,011	683	329	48.02%

⁽¹⁾ Considers Construction Costs

As stated in Technical Guideline CPC 08, the recognition and measurement of variations between the non-manageable costs actually incurred in relation to the homologated tariffs are always classified in the line of Operating Revenue as Amounts Receivable/Returnable of Parcel A and Other Financial Items. Considering that much of Parcel A is recorded as an energy cost, the analysis of revenue and cost variations alone may lead to distortions in the interpretation of the period's results. Accordingly, the Company believes that it is more appropriate to explain the variations in the result by the Gross Margin.

Neoenergia recorded a Gross Margin of R\$ 2.2 billion in the second quarter of 2019, a positive variation of 14.11% (R\$ 274 million) compared to the 2Q18, mainly explained by the result of Networks, being total market growth (captive + free), and the positive effect of Tariff Resets and entering into bilateral agreements of energy purchase termination of distributors, the main effects of the margin variation, both in the comparison between the quarters and in the 6M19 x 6M18, when the evolution of the gross margin was 15.29%.

In April 2019, the Coelba tariff reset brought a perceived consumer rate increase of 6.22%, with a positive impact on Parcel B of R\$ 82 million in the 2Q19 that added to the Parcel B impact of the April 2018 tariff review generates an impact in year-to-date of 6M190 of R\$ 230 million. For Celpe, the adjustment generated a 5.04% increase in the tariff, with a positive impact of R\$ 19 million in Parcel B in the quarter and R\$ 14 million in the year-to-date of six months, also considering the 2018 Tariff Reset. At Cosern, the reset generated an increase of 4.73% in the tariff with an impact on Parcel B of R\$ 14 million in the quarter and R\$ 33 million in the year-to-date, considering the April 2018 Tariff Review. In August 2018, Elektro Redes Annual Tariff Reset generated an increase in the tariff perceived by the consumer of 24.42%, with a positive impact for the Company of R\$ 21 million in Parcel B in the 2Q19, and R\$ 42 million in the 6M19 year-to-date.

Also reflecting the ratification of ANEEL in tariff reset processes, the distributors were able to recognize in its result the cancelling of energy contracts based on bilateral agreements signed in 2016 pursuant to ANEEL Normative Resolution 711, which allowed distributors to relax energy purchases from generators that were not yet in operation, in order to reduce the over contracting they had at the time. For the distributors of Neoenergia, there was a gain from ANEEL's homologation, because the tariffs of the generators' agreements were greater than the average cost of the distributors' purchase portfolio. From January 2019 until December 2020 the distributors have the right to record these gains in their tariffs.

Neoenergia's Operating Costs and Expenses (PMSO) grew less than the 12-month year-to-date inflation ended June 2019 (IGP-M disclosed by FGV - Fundação Getúlio Vargas of 6.51%) even after absorbing the costs arising from the increase to the number of customers. The 1.31% increase in PMSO in the 2Q19 is 4.19 bps lower than the abovementioned inflation and in the half-year the evolution of 1.38% in PMSO represents savings of 5.12 bps compared to the same indicator.

The Costs with Personnel line increased in the 2Q19 when compared to the same quarter of 2018, and in the comparison of 6M19 x 6M18. These changes are mainly due to the salary adjustments approved in the second half of 2018 and the greater headcount between the periods substantially referring to the distributors' internal staffing of activities.

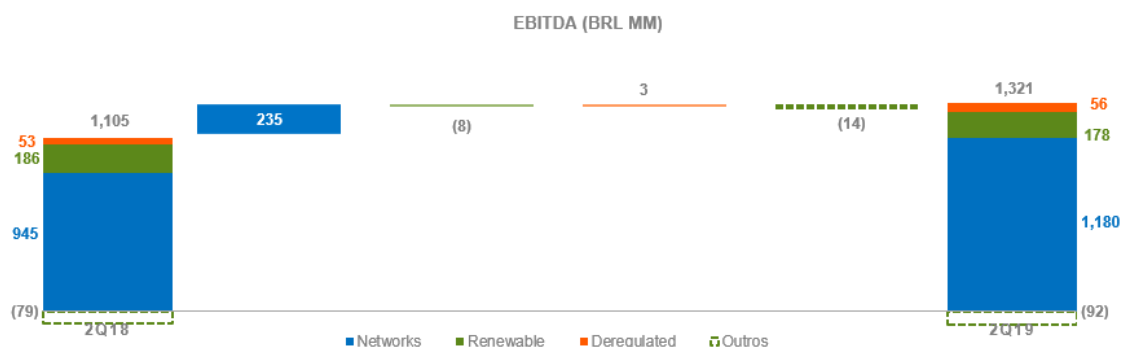
Material, Services and Other costs showed a reduction in the 2Q19 and 6M19 when compared to the same periods of 2018, mainly reflecting the Group's efficiency plan, impacting the costs of outsourced services for corrective and preventive maintenance during the semester, which in turn derived from the projects of internal staffing in the distributors, the greatest effect in the period being on Coelba.

As a result of the effects presented, EBITDA closed the 2Q19 at R\$ 1.36 billion, an increase of 19.67% compared to the 2Q18. In the year-to-date six-month period of 2019, the EBITDA increase was 23.64% compared to the 6M18.

2. EBITDA

For the second quarter 2019, the Company's EBITDA is comprised of 86.57% of the Networks segment (R\$ 1.2 billion), 13.05% of the Renewables segment (R \$ 178 million) and 4.08% of the Deregulated segment (R\$ 56 million).

The chart below highlights the contribution of the segments in Ebitda. The Network segment - the most representative of Neoenergia's results - brought thus the most significant increase in the R\$ 235 million EBITDA in the 2Q19 when compared to the same period of the previous year.



In the six-month period ended June 2019, Neoenergia consolidated EBITDA of R\$ 2.7 billion, an increase of 23.63% over the same period of 2018, as detailed in the previous item.

2.1. EBITDA Reconciliation

In compliance with CVM Instruction 527 we show in the table below the reconciliation of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization, EBITDA), and we add that the calculations shown are in line with the criteria of this same instruction:

EBITDA Reconciliation (BRL mil)	2Q19	2Q18	2Q19 X 2Q18		6M19	6M18	6M19 X 6M18	
			R\$	%			R\$	%
Consolidated Net Income	519	391	128	32.74%	1,011	682	329	48.24%
Profit Assigned to Minority Shareholders	21	20	1	5.00%	38	30	9	26.67%
Net Income for the Period	540	411	129	31.39%	1,050	712	338	47.47%
Financial Expenses	(1,037)	(2,088)	1,051	(50.34%)	(2,387)	(3,337)	950	(28.47%)
Financial Income	666	1,807	(1,140)	(63.14%)	1,724	2,759	(1,035)	(37.51%)
Income tax and social contribution	(79)	(126)	47	(37.30%)	(269)	(257)	(12)	4.67%
Depreciation and Amortization	(331)	(276)	(55)	19.93%	(633)	(545)	(87)	16.15%
Amortization of capital gain	(43)	(46)	3	(6.52%)	(85)	(91)	6	(6.59%)
EBITDA	1,363	1,139	223	19.67%	2,699	2,183	516	23.64%

3. FINANCIAL RESULT

Financial Revenues (BRL MM)	2Q19	2Q18	2Q19 X 2Q18		6M19	6M18	6M19 X 6M18	
			R\$	%			R\$	%
Revenue from financial investments	47	79	(31)	(40.51%)	94	143	(49)	(34.27%)
Interest, commissions and energy arrears increase	52	52	0	-	104	96	8	8.33%
Monetary and exchange variations - Debt (a) - REVENUE	270	465	(195)	(41.94%)	759	922	(162)	(17.68%)
Monetary and Exchange Variations- Other REVENUE	1	1	0	-	10	36	(26)	(72.22%)
Derivative financial instruments	255	1,160	(904)	(78.02%)	693	1,477	(784)	(53.08%)
Adjustment to judicial deposits	5	4	1	25.00%	8	10	(2)	(20.00%)
Adjustment to sector financial assets	14	32	(18)	(56.25%)	22	52	(30)	(57.69%)
(-) PIS and COFINS on financial revenue	(10)	(11)	1	(9.09%)	(20)	(21)	1	(4.76%)
Other financial revenues	33	26	7	26.92%	54	44	10	22.73%
Total	666	1,807	(1,140)	(63.14%)	1,724	2,759	(1,035)	(37.51%)

Financial Expenses (BRL MM)	2Q19	2Q18	2Q19 X 2Q18		6M19	6M18	6M19 X 6M18	
			R\$	%			R\$	%
Debt charges	(304)	(271)	(33)	12.18%	(562)	(522)	(40)	7.66%
Monetary and exchange variations - Debt (a) Expense	(260)	(1,338)	1,078	(80.57%)	(816)	(1,861)	1,045	(56.15%)
Monetary and exchange variations - Other EXPENSES	(12)	(63)	50	(80.95%)	(27)	(108)	81	(75.00%)
Derivative financial instruments	(336)	(299)	(37)	12.37%	(759)	(623)	(136)	21.83%
Post-employment benefits and other benefits	(21)	(24)	2	(12.50%)	(42)	(47)	5	(10.64%)
Tax on Financial Operations - IOF	(4)	(7)	3	(42.86%)	(15)	(11)	(4)	36.36%
R&D/PEE charges	(4)	(4)	(1)	-	(9)	(7)	(1)	28.57%
Adjustment to sector financial liabilities	0	(19)	19	(100.00%)	0	(35)	35	(100.00%)
Adjustment to provisions for contingencies	(27)	(21)	(6)	28.57%	(61)	(46)	(15)	32.61%
Other financial expenses	(69)	(43)	(26)	60.47%	(96)	(77)	(18)	24.68%
Total	(1,037)	(2,088)	1,051	(50.34%)	(2,387)	(3,337)	950	(28.47%)

NET FINANCIAL RESULT (BRL MM)	2Q19	2Q18	2Q19 X 2Q18		6M19	6M18	6M19 X 6M18	
			R\$	%			R\$	%
Revenue from financial investments	47	79	(31)	(40.51%)	94	143	(49)	(34.27%)
Interest, commissions and arrears increase	52	52	0	-	104	96	8	8.33%
Debt charges, monetary and exchange variations	(293)	(1,143)	850	(74.37%)	(619)	(1,461)	842	(57.63%)
Monetary and exchange variations - Other	(12)	(62)	50	(80.65%)	(18)	(72)	55	(75.00%)
Derivative financial instruments	(80)	861	(941)	(109.29%)	(66)	855	(920)	(107.72%)
Adjustment to provision for contingencies / judicial deposits	(23)	(18)	(5)	27.78%	(53)	(36)	(17)	47.22%
Adjustment to sector financial assets / liabilities	14	13	1	7.69%	22	17	4	29.41%
Post-employment liabilities	(21)	(24)	2	(12.50%)	(42)	(47)	5	(10.64%)
Other net financial revenues (expenses)	(55)	(39)	(16)	41.03%	(85)	(73)	(13)	16.44%
Total	(371)	(281)	(90)	32.03%	(663)	(578)	(85)	14.71%

Neoenergia's Net Financial Result, in the second quarter of 2019, was an expense of R\$ 371 million, 32.03% (R\$ 90 million) greater than the financial result recorded in the 2Q18.

The net result of the Debt Charges, Monetary and Foreign Exchange Variation and Derivative Financial Instruments lines together had a negative effect of R\$ 91 million in the comparison of the 2Q19 with the 2Q18, explained by the average debt volume in the companies of Neoenergia 9.7% greater among the periods. The greater debt volume, in turn, derives from funding destined to working capital and CAPEX, both to meet market expansion and to improve quality and operating efficiency standards in the distribution segment, and to fight commercial and technical losses, in addition to the implementation of new transmission and wind generation projects.

The Income from Financial Investments line in the 2Q19 decreased R\$ 31 million when compared to the 2Q18 mainly due to the reduction in the average volume of cash and cash equivalents supported by the profit distribution by the Holding to its controlling parties and by debt amortizations held between the referred to dates.

In the table below we present the main indexes:

Indexes	2TQ9	2Q18	Δ	%
CDI	1.54%	1.56%	-0.02%	-1.28%
TJLP	6.26%	6.60%	-0.34%	-5.15%
Δ USD¹	-0.0645	0.5320	-0.60	-112.12%
IPCA	0.71%	1.89%	-1.18%	-62.37%

Note 1: exchange variation between March 31 and June 30.

Year-to-date, the positive variation of R\$ 4 million in the update of the sector financial assets/liabilities reflects the ratification by ANEEL, at the time of the tariff resets and reviews of the group distributors in August 2018 and April 2019, of the balances of "CVA and other financial items"

recorded in 2017 and 2018. As of the ratification of these balances, the company will amortize them, recording an active financial update of the "CVA and other financial items".

4. INVESTMENTS

The Neoenergia Group closed the 2Q19 with a total investment of R\$ 1.09 billion, which includes all the investments made by the companies that the Neoenergia Group controls and consolidates.

The detailed consolidated investments separated by segment are as follows:

CAPEX (BRL MM) 2Q19	2Q19	2Q18	Δ %	6M19	6M18	Δ %
Networks ⁽¹⁾	1,043,032	672,572	55.08%	2,097,779	1,213,545	72.86%
Renewables ⁽²⁾	32,612	107,745	(69.73%)	61,909	177,787	(65.18%)
Deregulated ⁽³⁾	21,065	12,663	66.35%	62,089	45,436	36.65%
Holding	511	189	170.37%	511	309	65.37%
TOTAL	1,097,220	793,169	38.33%	2,222,288	1,437,077	54.64%

⁽¹⁾ Distribution represents 79% at 6M19; net from grants

⁽²⁾ Represented by wind farms and hydroelectric plants

⁽³⁾ Represented by services

Added to the investments made in the Neoenergia subsidiaries, which are described in the table above, we have the investments made by the joint-controlled companies or affiliated companies, which corresponded to the amount of R\$ 11 million in the 2Q19. The Company's total investments amounted to R\$ 1.10 billion in the second quarter of 2019.

Subsidiaries and Affiliates*	2Q19	2Q18	Δ %	6M19	6M18	Δ %
EAPSA ⁽¹⁾	45	63	(28.57%)	92	174	(47.13%)
Teles Pires ⁽²⁾	598	375	59.47%	781	1,146	(31.85%)
Belo Monte ⁽³⁾	10,803	74,011	(85.40%)	39,306	122,991	(68.04%)
Total	11,447	74,449	(84.62%)	40,179	124,310	(67.68%)

* Non consolidated companies

⁽¹⁾ Amount corresponding to 51% stake of Neoenergia in Energética Águas da Pedra

⁽²⁾ Amount corresponding to 51% stake

⁽³⁾ Amount corresponding to 10% stake

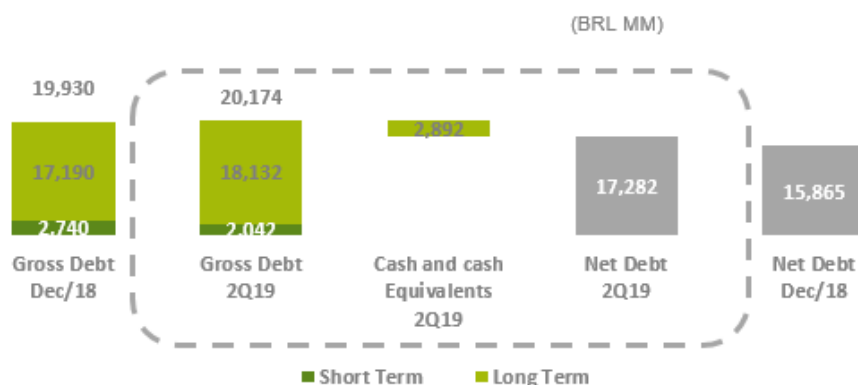
In the year-to-date of 6M19, the investment in the consolidated companies was R\$ 2.22 billion and if added to the investment made in the affiliated companies, amounts to R\$ 2.26 billion. The progress of CAPEX reflects the Strong pace of the projects.

5. INDEBTEDNESS

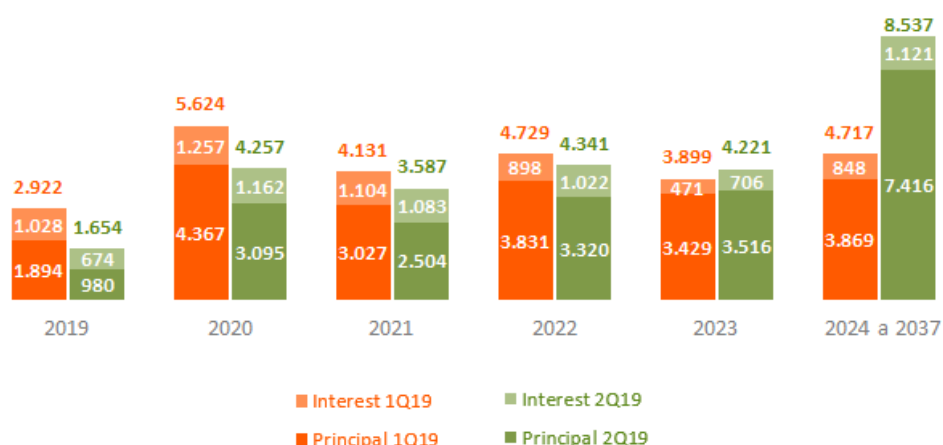
5.1. Debt Profile

In June 2019, Neoenergia's consolidated gross debt, including loans, financing, debentures and financial instruments, amounted to R\$ 20 billion (net debt R\$ 17 billion), an amount 1% higher than the gross debt of December 2018. Of this amount, 90% is accounted for in the long term and 10% in the short term.

The financial indicator Total Net Debt/EBITDA went from 3.49 on December 31, 2018 to 3.41 on June 30, 2019.



The chart below shows the maturity schedule of the debt principal and interest (in millions of reais), using the forward market curves for the indexes and currencies linked to the Company's indebtedness as of June 30, 2019. Accordingly, the information presented below differ from that of the maturity schedule presented in the financial statements of June 30, 2019, which considers the actual indices and currencies at the end of the period and not market projections.



The Company has a balanced distribution of debt service for the coming years. It should be mentioned that with regard to the schedule presented in the 1Q19, there was a reduction of R\$ 2.3 billion in the amounts forecast for the period from 2020 to 2022. The best profile of the debt service stems from the strategy of reducing the financial cost and extending the debt profile. As a result of the replacement of debts maturing in the medium term by longer contracts, the maturity schedule increased from 2024 onwards, based on contracts entered into in the 2Q19 have a minimum duration of five years.

During the first half of 2019, the first disbursements of the distributors Coelba, Celpe and Elektro were made in the amount of R\$ 515 million referring to the financing agreement signed with BNDES in December 2018 and R\$ 580 million with BNB referring to the financing agreement entered into in 2018. In the second quarter of 2019 Neoenergia entered into the second financing agreement with BNB in the amount of R\$ 267 million to finance Chafariz 3, 6 and 7 wind farms

arising from the A-6 Auction held in December 2017, which will be disbursed from the first quarter of 2020.

In April 2019, occurred the following disbursements: (i) the 8th issue of debentures of Termopernambuco in a single series in the amount of R\$ 500 million, with a 5-year term, with payment of principal on maturity and half-yearly interest; (ii) 12th Issuance of Coelba debentures in two series in the amount of R\$ 700 million, with a term of 5 years for 1st series and 7 years for 2nd series, with payment of principal on maturity for the 1st series and on the 6th and 7th year for the second series and half-yearly interest for both series; (iii) 10th issue of Celpe debentures in two series in the amount of R\$ 500 million, with a term of 5 years for the 1st series and 7 years for the 2nd series, with payment of principal on maturity for the 1st series and in the 6th and 7th year for the second series and half-yearly interest for both series.

In May 2019 there were the following disbursements: (i) 4131 with Swap in Elektro in the amount of R\$ 200 million, a 5-year term, and half-yearly payments of principal and interest; (ii) 4131 with Swap in Coelba in the amount of R\$ 150 million, with a 5-year term, and half-yearly payments of principal and interest; (iii) Cosern 9th issue of debentures in three series in the amount of R\$ 500 million, with a 7-year term for the 1st series, 10 years for the 2nd series and 5 years for the 3rd series, and payment of the principal of the 1st series on maturity, for 2nd series in the 8th, 9th and 10th years and for the 3rd series on maturity. All series with half-yearly interest payments; (iv) 4131 with Swap in Itapebi in the amount of R\$ 100 million and a 5-year term, and payment of principal on maturity and half-yearly interest.

In June 2019, the 4131 with swap in Coelba was disbursed in the amount of R\$ 350 million, with a 5-year term and payment of principal on maturity and half-yearly interest. In July, there was also a disbursement in Coelba of R\$ 325 million referring to the operation of 4131 with Swap, with a term of 3 years and payment of principal on maturity and half-yearly interest.

On July 17, 2019, the 6th issue of Neoenergia Debentures was settled in two series, in the total amount of R\$ 1,294,449,000.00, the first series having final allocation of R\$ 802,746,000.00 with a 10-year term (amortization in the 8th, 9th and 10th year) and the second series with a final allocation of R\$ 491,703,000.00 and a term of 14 years (annual amortization beginning of 4th year), both with semi-annual interests. The transaction was issued based on ICVM 400 and Law No. 12,431. This was the Group's first operation as a Green Bond according to a second opinion issued by Sitawi Finanças do Bem. Resources obtained by means of this issue will be used for future payments and/or reimbursement of the costs related to the deployment of the wind complex Chafariz, the UHE Baixo Iguaçu and ten new transmission lines.

6. RATING

6.1. Standard & Poor's

On January 24, 2019, Standard & Poor's - S&P reaffirmed the corporate credit ratings of Neoenergia and its subsidiaries Coelba, Celpe, Cosern and Elektro Redes at 'BB-' on the Global Scale and 'brAAA' on the Brazilian Domestic Scale, with a stable outlook, reflecting Brazil's sovereign rating, which limits those of Neoenergia. On the same date, S&P reaffirmed the 'brAAA' emission ratings of Coelba, Celpe, Cosern and Elektro Redes, and 'brAA+' of Neoenergia, Calango 6, NC Energia and Termopernambuco.

For Celpe, on March 29, 2019, S&P Global Ratings assigned the 'brAAA' emission rating on the Brazilian Domestic Scale to the 10th debenture issuance of Companhia Energética de Pernambuco - Celpe (Celpe: BB-/Stable/--; brAAA /Stable/--).

7. RECONCILIATION NOTE

Neoenergia S.A., presents second quarter results (2Q19) based on a management analysis that the administration believes to be the best way to translate the company's business and in line to International Standards of Financial Statements (International Financial Reporting Standards – IFRS).

Calculation Memory (Consolidated numbers)	6M19	Correspondence in the Explanatory Notes
(+) Net Revenue	13,830	Income Statement
(-) Other Revenues	(341)	Note 24
(+) Other Revenues - Other Revenues	3	Note 24e
= Net Operating Revenue	13.492	
(+) Electric Energy Costs	(7,265)	Income Statement
(+) Fuel for energy production	(166)	Note 26
(+) Construction costs	(1,908)	Income Statement
= Energy Costs	(9,339)	
(+) Fair Value of Concession's assets refundable by the government	206	Note 24e
= Gross Margin	4,358	
(+) Operating Costs	(1,674)	Income Statement
(+) Sales expenses	(134)	Income Statement
(+) Other general and administrative Revenues/Expenses	(669)	Income Statement
(-) Fuel for energy production	166	Note 26
(-) Depreciation	633	Note 26
(+) Other Revenues	341	Note 24
(-) Other Revenues - Other Revenues	(3)	Note 24e
(-) Fair Value of Concession's assets refundable by the government	(206)	Note 24e
= Operating Costs (PMSO)	(1,546)	
(+) Expected Credit Loss	(139)	Income Statement
(+) Equity Accounting Result	26	Income Statement
EBITDA	2,699	
(+) Amortization / Depreciation	(718)	Income Statement and Note 26
(+) Financial Income (Loss)	(663)	Income Statement
(+) Income Tax and Social Contribution on Net	(269)	Income Statement
(+) Profit Assigned to Minority Shareholders	(38)	Income Statement
NET INCOME	1,011	Income Statement

DISCLAIMER

This document was prepared by Neoenergia S.A. ("NEOENERGIA"), in order to indicate the general situation and the progress of the Company's businesses. The document is a property of NEOENERGIA and should not be used for any other purpose without the prior written consent of NEOENERGIA.

The information contained herein reflects current conditions and our view to date, and is subject to change. The document contains statements that present NEOENERGIA expectations and projections about future events. These expectations involve a number of risks and uncertainties, and, in this way, there may be results or consequences that differ from those discussed and anticipated, and the Company cannot guarantee their achievement.

All the relevant information, which took place in the period and was used by the administration in the management of the Company, is evidenced in this document and in the Standardized Financial Statements.

Further information about the company can be found in the Reference Form available on the CVM website and at the Investor Relations website of the NEOENERGIA Group (ri.neoenergia.com).



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Independent Auditor's Review Report on quarterly information – ITR

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with CPC 21(R1) - Demonstração Intermediária and the IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board IASB).

To the Board of Directors of
Neoenergia S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the parent and consolidated interim accounting information of Neoenergia S.A. ("Company"), included in the quarterly information form - ITR for the quarter ended June 30, 2019, which comprises the parent and consolidated balance sheet as of June 30, 2019 and the respective statements of income and comprehensive income for the three and six month periods then ended, and statements of changes in shareholders' equity and of cash flows for the six month period then ended, including the explanatory notes.

Company's Management is responsible for the preparation of these interim accounting information in accordance with the CPC 21(R1) - Demonstração Intermediária and the IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board IASB, as well as the presentation of these information in accordance with the standards issued by the Brazilian Securities and Exchange Commission, applicable to the preparation of quarterly information - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

Scope of Review

We conducted our review in accordance with Brazilian and International Interim Information Review Standards (NBC TR 2410 - Revisão de Informações Intermediárias Executada pelo Auditor da Entidade and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries primarily of the management responsible for financial and accounting matters and applying analytical procedures and other review procedures. The scope of a review is significantly less than an audit conducted in accordance with auditing standards and, accordingly, it did not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. Therefore, we do not express an audit opinion.



Conclusion

Based on our review, we are not aware of any fact that might lead us to believe that the interim accounting information included in the aforementioned quarterly information form was not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, issued by the IASB, applicable to the preparation of the quarterly review - ITR, and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Emphasis of Matter

Risks related to compliance with laws and regulations

As mentioned in explanatory note 12 to the parent and consolidated interim accounting information, the Company has an investment in the affiliate Norte Energia S.A., which is measured using the equity method. Based on an investigation conducted by a specialized firm on certain contracts with contractors and suppliers, it recognized a loss in its financial statements in prior years that were recognized by the Company in proportion to its interest in the investment. Considering that investigations of the operation conducted by the Federal Public Prosecutor's Office are still ongoing, it is no way to determine the results of other developments in this investigation that may involve the affiliate. Our conclusion does not contain modification related to this subject.

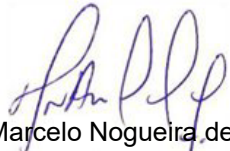
Other matters

Statements of added value

The statements of added value for the period of six months ended June 30, 2019, prepared under the responsibility of the Company's management, and presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's interim financial information. In order to form our conclusion, we evaluated whether these statements were reconciled to the interim financial information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on Technical Pronouncement CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of added value were not prepared, in all material respects, in accordance with the interim financial information taken as a whole.

Rio de Janeiro, July 23, 2019

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ


Marcelo Nogueira de Andrade
Accountant CRC RJ-086312/O-6

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NEOENERGIA S.A.

Statement of financial position (In thousands of Reais)

Notes	PARENT		CONSOLIDATED	
	06/30/2019	12/31/2018 (Restated)	06/30/2019	12/31/2018 (Restated)
Assets				
Current assets				
Cash and cash equivalents	7	135,358	253,593	2,726,311
Accounts receivable and other receivables	8	62	62	5,533,011
Securities		-	-	21,405
Derivative financial instruments	18	12,010	26,838	139,286
Recoverable income tax and social contribution	9	174,455	132,937	686,978
Other recoverable taxes	9	163	134	394,269
Prepaid expenses		2,997	1,307	110,116
Services in progress		-	-	65,120
"Portion A" and other financial items	11	-	-	803,939
Concession contract assets	15	-	-	68,264
Other current assets		38,712	40,908	171,552
Total current assets		363,757	455,779	10,720,251
Non-current assets				
Accounts receivable and other receivables	8	-	-	312,375
Securities		-	-	144,005
Derivative financial instruments	18	-	-	985,009
Recoverable income tax and social contribution	9	-	-	9,878
Other recoverable taxes	9	-	-	363,637
Dividends and interests on equity		813,212	553,407	11,996
Deferred income tax and social contribution	10	-	-	887,673
Judicial deposits	21	49,324	47,910	865,373
Prepaid expenses		-	-	6,601
Post-Employment Benefits	33	-	-	32,803
"Portion A" and other financial items	11	-	-	76,605
Concession financial assets	15	-	-	10,410,146
Concession contract assets	15	-	-	4,702,713
Other non-current assets		101,662	157,534	83,749
Investments		17,594,847	17,486,887	2,476,455
Investments in associates	12	17,594,847	17,486,887	2,474,516
Other investments		-	-	1,939
Right of use assets	13	-	-	72,286
Property, plant and equipment	14	27,720	28,053	5,948,408
Intangible assets	16	875	1,014	9,382,353
Total non-current assets		18,587,640	18,274,805	36,772,065
Total Assets		18,951,397	18,730,584	47,492,316

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.

Statement of financial position (In thousands of Reais)

(in thousands of Reals)

		PARENT		CONSOLIDATED	
	Notes	06/30/2019	12/31/2018 (Restated)	06/30/2019	12/31/2018 (Restated)
Liabilities					
Current liabilities					
Suppliers	17	45,764	61,563	2,386,376	2,646,752
Loans and financing	18	78,073	159,186	1,704,282	1,933,847
Debentures	18	121,407	127,905	449,305	892,201
Lease Liabilities	13	-	-	20,337	-
Derivative financial instruments	18	-	-	27,488	23,277
Salaries and charges payable		8,620	15,906	234,405	269,609
Regulatory charges	19	-	-	361,956	293,997
Income tax and social contribution payable	20	682	2,680	119,704	20,369
Others taxes payable	20	77,431	90,379	637,893	806,099
Dividends and interests on equity		303,960	329,488	328,900	342,499
Provisions	21	-	-	147,856	151,377
Post-Employment Benefits	33	-	-	40,593	61,833
Concession for public services (Use of Public Property)		-	-	4,178	4,178
Other current liabilities	22	52,604	102,107	610,571	584,250
Total current liabilities		688,541	889,214	7,073,844	8,030,288
Non-current liabilities					
Suppliers	17	-	-	117,410	113,711
Loans and financing	18	-	-	10,911,172	10,371,871
Debentures	18	114,221	421,127	8,192,834	7,858,173
Lease Liabilities	13	-	-	54,402	-
Derivative financial instruments	18	-	-	13,044	4,906
Regulatory charges	19	-	-	198,029	159,120
Others taxes payable	20	-	-	6,758	6,403
Deferred tax and social contribution	10	3,323	3,323	139,142	116,544
Provisions	21	14,222	8,637	910,645	865,626
Post-Employment Benefits	33	-	-	901,027	879,759
“Portion A” and other financial items	11	-	-	167,731	185,221
Concession of public service (Use of Public Property)		-	-	51,006	51,267
Other non-current liabilities	22	154,909	154,506	470,382	344,794
Total non-current liabilities		286,675	587,593	22,133,582	20,957,395
Equity					
Capital	23	12,919,982	12,919,982	12,919,982	12,919,982
Capital reserves		93,276	93,276	93,276	93,276
Retained earnings		6,006,961	6,006,961	6,006,961	6,006,961
Reserve for capital transactions with shareholders		(1,594,067)	(1,594,067)	(1,594,067)	(1,594,067)
Other comprehensive income		(123,327)	(172,375)	(123,327)	(172,375)
Accumulated profit		673,356	-	673,356	-
Equity attributable to equity holders of the parent		17,976,181	17,253,777	17,976,181	17,253,777
Non-controlling interest		-	-	308,709	323,018
Total Equity		17,976,181	17,253,777	18,284,890	17,576,795
Total Liabilities and Equity		18,951,397	18,730,584	47,492,316	46,564,478

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.

Income statement

(In thousands of Reais, except profit per share)

	Notes	PARENT				CONSOLIDATED			
		Tree-month period ended		Six-month period ended		Tree-month period ended		Six-month period ended	
		06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
			(Restated)		(Restated)		(Restated)		(Restated)
Net Revenue	24	870	1,023	1,740	2,053	6,725,865	6,426,849	13,829,748	11,973,387
Costs of services		-	-	-	-	(5,200,509)	(5,192,486)	(10,847,013)	(9,633,495)
Electric power costs	25	-	-	-	-	(3,377,684)	(3,654,294)	(7,265,080)	(6,650,658)
Operating costs	26	-	-	-	-	(842,074)	(869,066)	(1,673,719)	(1,788,514)
Constructions costs		-	-	-	-	(980,751)	(669,126)	(1,908,214)	(1,194,323)
Gross Profit		870	1,023	1,740	2,053	1,525,356	1,234,363	2,982,735	2,339,892
Estimated loss on doubtful debts	8.d	(2,309)	1,409	(4,980)	(226)	(71,020)	(59,203)	(138,914)	(142,008)
Sales expenses	26	-	-	-	-	(66,207)	(78,490)	(134,050)	(164,725)
General and administrative expenses	26	(52,084)	(48,918)	(90,801)	(82,642)	(355,540)	(261,124)	(668,791)	(465,307)
Equity earnings		561,526	433,342	1,064,714	751,901	(42,958)	(17,605)	(59,428)	(21,282)
Equity in the result of associates	12	604,259	478,986	1,150,343	843,190	(360)	28,114	25,769	70,157
Amortization of surplus value	12	(42,733)	(45,644)	(85,629)	(91,289)	(42,598)	(45,719)	(85,197)	(91,439)
Operating profit		508,003	386,856	970,673	671,086	989,631	817,941	1,981,552	1,546,570
Financial income and expense	27	6,264	4,210	41,339	11,806	(370,773)	(281,002)	(662,642)	(578,011)
Financial income		56,604	108,147	115,886	221,350	666,169	1,806,628	1,724,340	2,759,180
Financial expenses		(50,340)	(103,937)	(74,547)	(209,544)	(1,036,942)	(2,087,630)	(2,386,982)	(3,337,191)
Profit before income tax and social contribution		514,267	391,066	1,012,012	682,892	618,858	536,939	1,318,910	968,559
Income tax and social contribution expense		4,795	-	(656)	-	(78,793)	(125,754)	(269,123)	(256,673)
Current	10	4,795	-	(656)	-	(8,486)	(35,341)	(129,597)	(104,672)
Deferred	10	-	-	-	-	(70,307)	(90,413)	(139,526)	(152,001)
Profit for the period		519,062	391,066	1,011,356	682,892	540,065	411,185	1,049,787	711,886
Attributable to:									
Equity holders of the parent		519,062	391,066	1,011,356	682,892	519,062	391,066	1,011,356	682,376
Non-controlling interests		-	-	-	-	21,003	20,119	38,431	29,510
Basic and diluted profit per share attributable to ordinary equity holders of the parent		0,43	0,33	0,83	0,58	0,44	0,35	0,86	0,60

The accompanying notes are an integral part of these Interim Financial Statements.

Statement of comprehensive income
(In thousands of Reais, except profit per share)

	PARENT				CONSOLIDATED			
	Tree-month period ended		Six-month period ended		Tree-month period ended		Six-month period ended	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Profit for the period	519,062	391,066	1,011,356	682,892	540,065	411,185	1,049,787	711,886
Other comprehensive income								
Items that will not be reclassified to the income statement								
Effects of employee benefits and health care plans	486	388	972	777	738	592	1,477	1,182
Loss on cash flow hedges	(10,772)	43,037	(18,589)	29,917	(10,807)	43,037	(18,650)	29,917
Expense on taxes on comprehensive income	-	-	-	-	(251)	(202)	(502)	(402)
Total Items that will not be Reclassified to the income statement	(10,286)	43,425	(17,617)	30,694	(10,320)	43,427	(17,675)	30,697
Items that will be reclassified subsequently to the income statement								
Gain / (Loss) on cash flow hedges	27,800	(81,221)	66,665	(83,991)	40,917	(127,203)	90,008	(133,100)
(Expense)/ Benefit on taxes on comprehensive income	-	-	-	-	(11,530)	43,295	(20,475)	46,214
Total Items that will be reclassified subsequently to the income statement	27,800	(81,221)	66,665	(83,991)	29,387	(83,908)	69,533	(86,886)
Other comprehensive income/(loss) of the period, net of taxes	17,514	(37,796)	49,048	(53,297)	19,067	(40,481)	51,858	(56,189)
Total comprehensive income for the period, net of tax	536,576	353,270	1,060,404	629,595	559,132	370,704	1,101,645	655,697
Attributed to								
Equity holders of the parent	536,576	353,270	1,060,404	629,595	536,576	353,270	1,060,404	629,079
Non-controlling interests	-	-	-	-	22,556	17,434	41,241	26,618

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.

Statement of changes in equity (In thousands of Reais)

PARENT

	Capital	Capital Reserves	Reserve for capital transactions with shareholders	Others comprehensive income	Appropriated retained earnings			Reserve for distribution of additional dividends	Accumulated profits of the year	Total
					Legal reserves	Appropriated retained earnings to be paid-in	Retained earnings			
Balances as of December 31, 2017	11,919,982	100,711	(1,586,080)	(212,579)	672,015	73,046	4,210,886	200,556	-	15,378,537
Adjustment on initial application of CPC 47	-	-	-	-	-	-	-	-	161,305	161,305
Adjustment on initial application of CPC 48	-	-	-	-	-	-	-	-	(60,497)	(60,497)
Additional dividends approved	-	-	-	-	-	-	-	(200,556)	-	(200,556)
Transactions between shareholders										
Capital Increase	1,000,000	-	-	-	-	-	-	-	-	1,000,000
Constitution of capital reserve	-	(1,694)	-	-	-	-	-	-	-	(1,694)
Adjustment of transaction with shareholders	-	-	(4,607)	-	-	-	-	-	-	(4,607)
Other Comprehensive Income										
Effects employees benefits and health care plans of the subsidiaries, net	-	-	-	777	-	-	-	-	-	777
Loss on cash flow hedges, net	-	-	-	(54,074)	-	-	-	-	-	(54,074)
Profit for the period	-	-	-	-	-	-	-	-	682,892	682,892
Destination										
Interest on equity	-	-	-	-	-	-	-	-	(159,216)	(159,216)
Balances as of June 30, 2018 / (Restated)	12,919,982	99,017	(1,590,687)	(265,876)	672,015	73,046	4,210,886	-	624,484	16,742,867
Balances as of December 31, 2018	12,919,982	93,276	(1,594,067)	(172,375)	753,983	234,351	5,018,627	-	-	17,253,777
Other Comprehensive Income										
Effects employees benefits and health care plans of the subsidiaries, net	-	-	-	972	-	-	-	-	-	972
Gain on cash flow hedges, net	-	-	-	48,076	-	-	-	-	-	48,076
Profit for the period	-	-	-	-	-	-	-	-	1,011,356	1,011,356
Destination										
Interest on equity (Note 23)	-	-	-	-	-	-	-	-	(338,000)	(338,000)
Balances as of June 30, 2019	12,919,982	93,276	(1,594,067)	(123,327)	753,983	234,351	5,018,627	-	673,356	17,976,181

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.

Statement of changes in equity (In thousands of Reais)

CONSOLIDATED

	Appropriated retained earnings											
	Capital	Capital Reserves	Reserve for capital transactions with shareholders	Others comprehensive income	Legal reserves	Appropriated retained earnings to be paid-in	Retained earnings	Reserve for distribution of additional dividends	Accumulated profits of the year	Total	Non-controlling interest	Total
Balances as of December 31, 2017	11,919,982	100,711	(1,586,080)	(212,579)	672,015	73,562	4,210,886	200,556	-	15,379,053	229,301	15,608,354
Adjustment on initial application of CPC 47									161,305	161,305	16,970	178,275
Adjustment on initial application of CPC 48									(60,497)	(60,497)	(2,679)	(63,176)
Additional dividends approved	-	-	-	-	-	-	-	(200,556)	-	(200,556)	(17,206)	(217,762)
Transactions between shareholders												
Capital Increase	1,000,000	-	-	-	-	-	-	-	-	1,000,000	30,277	1,030,277
Constitution of capital reserve	-	(5,787)	-	-	-	-	-	-	-	(5,787)	(52)	(5,839)
Adjustment of transaction with shareholders	-	-	(4,607)	-	-	-	-	-	-	(4,607)	(5,347)	(9,954)
Other Comprehensive Income	-	-	-	(53,297)	-	-	-	-	-	(53,297)	(2,892)	(56,189)
Effects employees benefits and health care plans of the subsidiaries, net	-	-	-	777	-	-	-	-	-	777	3	780
Loss on cash flow hedges, net	-	-	-	(54,074)	-	-	-	-	-	(54,074)	(2,895)	(56,969)
Profit for the period	-	-	-	-	-	-	-	-	682,376	682,376	29,510	711,886
Destination												
Interest on equity	-	-	-	-	-	-	-	-	(159,216)	(159,216)	-	(159,216)
Balances as of June 30, 2018 / (Restated)	12,919,982	94,924	(1,590,687)	(265,876)	672,015	73,562	4,210,886	-	623,968	16,738,774	277,882	17,016,656
Balances as of December 31, 2018	12,919,982	93,276	(1,594,067)	(172,375)	753,983	234,351	5,018,627	-	-	17,253,777	323,018	17,576,795
Additional dividends approved	-	-	-	-	-	-	-	-	-	-	(55,550)	(55,550)
Other Comprehensive Income	-	-	-	49,048	-	-	-	-	-	49,048	2,810	51,858
Effects employees benefits and health care plans of the subsidiaries, net	-	-	-	972	-	-	-	-	-	972	3	975
Loss on cash flow hedges, net	-	-	-	48,076	-	-	-	-	-	48,076	2,807	50,883
Profit for the period	-	-	-	-	-	-	-	-	1,011,356	1,011,356	38,431	1,049,787
Destination												
Interest on equity (Note 23)	-	-	-	-	-	-	-	-	(338,000)	(338,000)	-	(338,000)
Balances as of June 30, 2019	12,919,982	93,276	(1,594,067)	(123,327)	753,983	234,351	5,018,627	-	673,356	17,976,181	308,709	18,284,890

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.

Statement of cash flows (In thousands of Reais)

	PARENT		CONSOLIDATED	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Operating activities				
Profit for the period	1,011,356	682,892	1,049,787	711,886
Adjustments to reconcile profit of the period to net cash flows:				
Depreciation and amortization (*)	1,576	1,578	644,490	556,205
"Portion A" and other financial items	-	-	(533,776)	(542,384)
Equity in the result of associates	(1,150,343)	(843,190)	(25,769)	(70,157)
Amortization of surplus value	85,629	91,289	85,199	91,439
Income tax expense	656	-	178,618	238,074
Debt charges and monetary indexation, foreign exchange and derivatives and other	17,479	36,935	647,760	608,070
Concession financial assets fair value	-	-	(205,890)	(180,504)
Fair value of the contract concession assets	-	-	(104,645)	(41,515)
Gain/(loss) with residual value of the intangible/property, plant and equipment and financial	-	-	60,593	50,900
Provision for civil, tax and labor contingencies	3,447	(464)	69,348	61,194
Estimated loss on doubtful debts	4,980	226	149,121	153,265
Monetary indexation of post-employment benefit	-	-	40,069	46,029
Provisions for Contingencies indexation and dismantling	2,181	154	60,894	45,909
Bonds and securities indexation	-	-	(5,542)	-
Other provisions	29,471	(7,496)	15,195	(20,974)
Lease liabilities incurred	-	-	4,450	-
	6,432	(38,076)	2,129,902	1,707,437
Increase (reduction) in operating assets				
Accounts receivable from clients and other	-	550	(489,813)	194,216
Recoverable income tax and social contribution	(41,518)	(15,049)	(88,829)	(214,901)
Recoverable taxes	(29)	-	(81,305)	(49,135)
Judicial deposits	100	3	(65,828)	(46,600)
Prepaid expenses	(1,690)	(237)	4,249	(1,753)
"Portion A" and other financial items	-	-	667,631	(18,738)
Post-retirement benefits and other benefits	-	-	742	13,812
Public Service Concession	-	-	27,503	27,226
Other assets	48,325	93,878	26,210	121,479
	5,188	79,145	560	25,606
Increase (reduction) in operating liabilities				
Suppliers	(15,799)	(1,048)	(244,817)	(763,927)
Salaries and social security charges payable	(7,286)	(1,283)	(35,204)	(72,071)
Regulatory charges	-	-	102,402	(37,523)
Other tax and contributions payable	(12,948)	(115,149)	(96,343)	(95,835)
Post-retirement benefits and other benefits	-	-	(42,234)	(42,352)
Others liabilities	(109,833)	(166,888)	129,060	(71,205)
Paid Indemnifications/Contingencies	-	-	(105,662)	(140,971)
	(145,866)	(284,368)	(292,798)	(1,223,884)
Receiving of dividends and interests on equity	1,099,506	65,352	840	862
Interest payments and swap notes liquidation	(16,598)	(53,581)	(536,979)	(478,372)
Income tax and social contribution paid	(2,904)	(829)	(167,278)	(110,451)
Net cash flows from operating activities	945,758	(232,357)	1,134,247	(78,802)

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.
Statement of cash flow
(In thousands of Reais)

	PARENT		CONSOLIDATED	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Investing activities				
Capital increase in associates	(352,108)	(231,641)	(32,622)	(112,621)
Advance for future capital increase	-	(823,823)	-	-
Acquisition of property, plant & equipment	-	(307)	(162,800)	(176,013)
Acquisition of intangible assets	-	(2)	(903)	(367)
Concession Contract assets	-	-	(2,029,709)	(1,229,291)
Acquisition of securities	-	-	(60,874)	6,719
Redemption of securities	-	87	32,330	(3,637)
Net cash flows used in investing activities	(352,108)	(1,055,686)	(2,254,578)	(1,515,210)
Financing activities				
Capital increase	-	1,000,000	-	1,020,336
Proceeds from loans and financing	-	-	1,897,458	1,648,974
Proceeds from debentures	-	-	2,200,000	3,100,000
Repayment of loans and financing	(75,254)	(605,256)	(1,507,500)	(2,525,050)
Repayment of debentures	(307,143)	(57,143)	(2,395,749)	(477,009)
Repayments of borrowing costs	-	-	(22,697)	(10,095)
Collateral	-	-	(34,456)	(30,734)
Special obligations	-	-	163,343	84,784
Payments of dividends and interest on equity	(329,488)	-	(370,499)	(7,965)
Payment of principal and interest of Leases	-	-	(16,933)	-
Net cash flow from financing activities	(711,885)	337,601	(87,033)	2,803,241
Net increase (decrease) in cash and cash equivalents	(118,235)	(950,442)	(1,207,364)	1,209,229
Cash and cash equivalents at beginning of the period	253,593	1,276,710	3,933,675	3,856,320
Cash and cash equivalents at the end of the period	135,358	326,268	2,726,311	5,065,549
Net increase (decrease) in cash and cash equivalents	(118,235)	(950,442)	(1,207,364)	1,209,229
Non-cash transactions				
Capitalization of interest	68,311	-	-	-
Leases Contracts IFRS 16	-	-	90,897	-

(*) Gross amount, not deducted from PIS/COFINS credits.

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.
Statement of value added
(In thousands of Reais)

	PARENT		CONSOLIDATED	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Revenue				
Sale of power, services and others	1,917	2,262	20,414,965	17,474,280
Estimated loss on doubtful debts	(4,980)	(226)	(138,914)	(142,008)
Results in the decommissioning of goods and rights	-	-	1,590	(8,896)
	(3,063)	2,036	20,277,641	17,323,376
Inputs purchase from third parties				
Electricity purchased for resale	-	-	(7,487,083)	(6,115,633)
Transmission and distribution system usage charges	-	-	(608,064)	(1,317,722)
Raw materials consumed	-	-	(164,702)	(227,483)
Materials, third party services and others	(65,412)	(61,280)	(2,830,623)	(2,144,313)
	(65,412)	(61,280)	(11,090,472)	(9,805,151)
Gross value added	(68,475)	(59,244)	9,187,169	7,518,225
Depreciation and amortization	(87,205)	(92,864)	(729,688)	(647,650)
Net added value produced by Company	(155,680)	(152,108)	8,457,481	6,870,575
Added value received in transfers				
Financial income	120,584	221,350	1,743,961	2,779,682
Equity earnings	1,150,343	843,190	25,769	70,157
	1,270,927	1,064,540	1,769,730	2,849,839
Total added value to distribute	1,115,247	912,432	10,227,211	9,720,414
Added value distribution				
Personnel				
Remuneration	97	812	344,988	276,455
Social charges (except INSS)	10	379	49,022	49,986
Post-employment benefits or others long-term employee benefits	-	282	2,248	11,196
Meals allowance	4	8	61,803	50,360
Assistance and other benefits	784	2,310	57,776	61,021
Expenses with dismissal of employees	-	-	16,813	33,710
Provision for vacations and 13th salary	-	-	73,744	75,705
Health insurance	1,387	558	58,872	45,478
Workers compensation	-	-	94	745
Interest in results	31	-	68,277	57,097
Management	17,512	9,512	28,274	14,273
Closure order in progress	-	-	1,029	766
(-) Transfer to ordens	-	-	(134,418)	(103,864)
Others	297	93	5,003	5,799
Subtotal	20,122	13,954	633,525	578,727
Taxes, fees and contributions				
National Social Security System (INSS) (on the payroll)	2,210	4,852	90,649	84,621
Value added tax (ICMS)	-	-	3,424,935	2,872,349
Federal Social Integration Program PIS/ Social Security Financing	4,876	209	909,946	714,075
Contribution COFINS (on income)	656	-	269,123	256,673
Income tax and social contribution	-	-	1,426,296	1,122,441
Intra-sectoral obligations	-	-	25,784	22,296
Others	1,480	805	-	-
Subtotal	9,222	5,866	6,146,733	5,072,455
Financing				
Interest and exchange variations	74,547	209,544	2,386,982	3,337,191
Lease	-	176	10,184	20,155
Subtotal	74,547	209,720	2,397,166	3,357,346
Shareholders				
Interest on equity	338,000	159,216	338,000	159,216
Net income for the period	673,356	523,676	673,356	523,160
Non-controlling interests	-	-	38,431	29,510
Subtotal	1,011,356	682,892	1,049,787	711,886
Added value distributed	1,115,247	912,432	10,227,211	9,720,414

The accompanying notes are an integral part of these Interim Financial Statements.

NEOENERGIA S.A.

Notes to the Interim Financial Statements (In thousands of Reais)

1. Corporate information

NEOENERGIA S.A. ("Neoenergia" or the "Company"), with its headquarters at Praia do Flamengo, 78 - 3º floor - Flamengo - Rio de Janeiro - RJ, is a publicly traded company primarily engaged in the distribution, transmission, generation and sale of electricity. The Company's activities are conducted through its subsidiaries (collectively, the "Group") and its associates and jointly controlled investments. See Note 12.

2. Concessions

The Company and associates and jointly controlled companies have the right to indirectly exploit the following concessions, authorizations/permissions for distribution, trading, transmission and generate power:

Distribution	Number of Cities	Location	Concession Date	Due Date
COELBA	415	Bahia State	08/08/1997	08/07/2027
CELPE	184	Pernambuco State	03/30/2000	03/29/2030
CELPE	1	District of Fernando de Noronha	03/30/2000	03/29/2030
CELPE	1	Paraíba State	03/30/2000	03/29/2030
COSERN	167	State of Rio Grande do Norte	12/31/1997	12/30/2027
Elektro Redes	223	São Paulo State	08/27/1998	08/26/2028
Elektro Redes	5	Mato Grosso do Sul State	08/27/1998	08/26/2028

Transmission in Operation	Location	Concession Date	Due Date
Afluente T	Bahia State	08/08/1997	08/08/2027
SPE SE Narandiba S.A. (SE Narandiba)	Bahia State	01/28/2009	01/28/2039
SPE SE Narandiba S.A. (SE Extremoz)	State of Rio Grande do Norte	05/10/2012	05/10/2042
SPE SE Narandiba S.A. (SE Brumado)	Bahia State	08/27/2012	08/27/2042
Potiguar Sul	States of Paraíba and Rio Grande do Norte	08/01/2013	08/01/2043

Transmission under Construction	Location	Concession Date	Due Date
EKTT 01	States of Tocantis, Bahia and Piauí	03/08/2018	03/08/2048
EKTT 02	States of Paraíba and Ceará	03/08/2018	03/08/2048
EKTT 03	Rio de Janeiro State	03/22/2019	03/22/2049
EKTT 04	Rio de Janeiro State	03/22/2019	03/22/2049
EKTT 05	States of Rio Grande do Sul and Santa Catarina	03/22/2019	03/22/2049
EKTT 11	States of Paraná and Santa Catarina	03/22/2019	03/22/2049
EKTT 12	States of Mato Grosso do Sul and São Paulo	07/31/2017	07/31/2047
EKTT 13	São Paulo State	07/31/2017	07/31/2047
EKTT 14	Santa Catarina State	07/31/2017	07/31/2047
EKTT 15	Ceará State	07/31/2017	07/31/2047

Trading	Location	Authorization Date
NC Energia	Rio de Janeiro - RJ	11/22/2000
Elektro Comercializadora	Campinas - SP	05/26/2003

Operating Generation	Type of Plant	Location	Installed Power (MW) (*)	Ensured Power (MWmed) (*)	Power Contracted (MWmed) (*)	Date of Concession / Authorization	Due Date
Itapebi	Hydro Power Plant - HPP	Rio Jequitinhonha – BA	462.011 MW	209.1 MW	172,4 MW (ACL)	05/28/1999	08/31/2035
Termopernambuco	Thermal Power Plant - UTE	Complexo Portuário do Suape - PE	532.756 MW	504.12 MW	455,0 MW	12/18/2000	12/18/2030
CELPE Fernando de Noronha	Diesel Power Station	Distrito de Fernando de Noronha - PE	4.8 MW	1.9 MW	1,9 MW	12/21/1989	12/21/2019
Baguari I	Hydro Power Plant - HPP	Rio Doce - MG	140.0 MW	84.7 MW	77,0 MW	08/15/2006	08/14/2041
Geração CIII							

NEOENERGIA S.A.

Notes to the Interim Financial Statements (In thousands of Reais)

Corumbá III	Hydro Power Plant - HPP	Rio Corumbá - GO	96.447 MW	49.3 MW	50,9 MW	11/07/2001	02/14/2037
Energética Águas da Pedra							
Dardanelos	Hydro Power Plant - HPP	Rio Aripuanã - MT	261.0 MW	154.9 MW	147,0 MW	07/03/2007	01/02/2043
Companhia Hidrelétrica Teles Pires	Hydro Power Plant - HPP	Rio Teles Pires - MT	1.819.8 MW	930.7 MW	778 MW (ACR) / 339,233 MW (ACL)	06/07/2011	06/06/2046
Geração Céu Azul Baixo Iguaçu	Hydro Power Plant - HPP	Rio Iguaçu - PR	350.2 MW	172.4 MW	121,0 MW (ACR)/ 51,8 MW (ACL)	08/20/2012	09/14/2049
Norte Energia							
Belo Monte (a)	Hydro Power Plant - HPP	Rio Xingu - PA	11.233.1MW	4.571.0 MW	3.024,83 MW (ACR) 864,24 MW (ACL)	08/26/2010	08/25/2045
WIND FARMS							
Arizona 01	Wind Power	Rio do Fogo - RN	28.0 MW	12.9 MW	12.3 MW	03/04/2011	03/03/2046
Mel 2	Wind Power	Areia Branca - RN	20.0 MW	9.8 MW	9.3 MW	02/28/2011	02/27/2046
Caetité 1	Wind Power	Caetité - BA	30.0 MW	13.0 MW	13.0 MW	10/29/2012	10/29/2042
Caetité 2	Wind Power	Caetité - BA	30.0 MW	12.1 MW	11.0 MW	02/07/2011	02/06/2046
Caetité 3	Wind Power	Caetité - BA	30.0 MW	11.2 MW	11.1 MW	02/24/2011	02/23/2046
Calango 1	Wind Power	Bodó, Santana do Matos, Lagoa Nova - RN	30,0 MW	13.9 MW	13.8 MW	04/28/2011	04/27/2046
Calango 2	Wind Power	Bodó, Santana do Matos, Lagoa Nova - RN	30,0 MW	11.9 MW	11.8 MW	05/09/2011	05/08/2046
Calango 3	Wind Power	Bodó, Santana do Matos, Lagoa Nova - RN	30,0 MW	13.9 MW	13.8 MW	05/30/2011	05/29/2046
Calango 4	Wind Power	Bodó, Santana do Matos, Lagoa Nova - RN	30,0 MW	12.8 MW	12.8 MW	05/19/2011	05/18/2046
Calango 5	Wind Power	Bodó, Santana do Matos, Lagoa Nova - RN	30,0 MW	13.7 MW	13.6 MW	06/02/2011	06/01/2046
Calango 6	Wind Power	Bodó - RN	30,0 MW	18.5 MW	18.5 MW	11/20/2014	11/19/2049
Santana 1	Wind Power	Bodó - RN	30,0 MW	17.3 MW	17.2 MW	11/14/2014	11/13/2049
Santana 2	Wind Power	Lagoa Nova - RN	24,0 MW	13.1 MW	12.9 MW	11/14/2014	11/13/2049
Canoas	Wind Power	São José do Sabugi/PB	31.5 MW	17.7 MW	16.1 MW	08/04/2015	08/03/2050
Lagoa 1	Wind Power	Santa Luzia/PB	31.5 MW	18.7 MW	17.2 MW	08/04/2015	08/03/2050
Lagoa 2	Wind Power	São José do Sabugi/PB	31.5 MW	17.5 MW	15.5 MW	08/04/2015	08/03/2050
Enerbrasil	Wind Power	Rio do Fogo - RN	49,3 MW	20.74 MW	17.9 MW	12/20/2001	12/20/2031

Wind Farms under Construction	Plant type	Location	Installed Capacity (MW) (*)	Assured energy (MW avg) (*)	Contracted energy (MW avg) (*)	Date when authorization was granted	Expiration date
Chafariz 1	Wind Power	Paraíba - PB	34.65 MW	17.7 MW	17 MW	06/21/2018	06/20/2053
Chafariz 2	Wind Power	Paraíba - PB	34.65 MW	17.5 MW	17 MW	06/21/2018	06/20/2053
Chafariz 3	Wind Power	Paraíba - PB	34.65 MW	18.1 MW	17.2 MW	06/21/2018	06/20/2053
Chafariz 4	Wind Power	Paraíba - PB	34.65 MW	-	-	02/05/2019	02/04/2054
Chafariz 5	Wind Power	Paraíba - PB	34.65 MW	-	-	02/05/2019	02/04/2054
Chafariz 6	Wind Power	Paraíba - PB	31.19 MW	15.2 MW	14.4 MW	06/21/2018	06/20/2053
Chafariz 7	Wind Power	Paraíba - PB	34.65 MW	19 MW	17.7 MW	06/21/2018	06/20/2053
Lagoa 3	Wind Power	Paraíba - PB	34.65 MW	18.3 MW	16.9 MW	06/21/2018	06/25/2053
Lagoa 4	Wind Power	Paraíba - PB	20.79 MW	11.7 MW	10.1 MW	06/21/2018	06/25/2053
Canoas 2	Wind Power	Paraíba - PB	34.65 MW	17.3 MW	15.9 MW	06/21/2018	06/25/2053
Canoas 3	Wind Power	Paraíba - PB	34.65 MW	-	-	02/05/2019	02/04/2054
Canoas 4	Wind Power	Paraíba - PB	34.65 MW	16.7 MW	15.5 MW	06/21/2018	06/25/2053
Oitis 1 (b)	Wind Power	Piauí - PI	31,1 MW	19,8 MW	6 MW	-	-
Oitis 8 (b)	Wind Power	Piauí - PI	37,1 MW	19,4 MW	5,9 MW	-	-
Ventos de Arapuá 1	Wind Power	Paraíba - PB	24.255 MW	-	-	02/05/2019	02/04/2054
Ventos de Arapuá 2	Wind Power	Paraíba - PB	34.65 MW	-	-	02/05/2019	02/04/2054
Ventos de Arapuá 3	Wind Power	Paraíba - PB	13.86 MW	-	-	02/05/2019	02/04/2054

(*) information in MW has not been audited by the external auditors.

- Out of the total installed capacity, as a result of the operations of the fourteen (14) first generating units, the volume annually generated is 8,736.8 MW.
- In the Generation Auction 003/2019 named "A-4" of 2019 held on June 28, 2019, Força Eólica do Brasil SA ("FEB"), a subsidiary of Neoenergia, sold 30% of the energy of two wind farm, Oitis 1 and Oitis 8, which total 74 MW of installed capacity. The start-up period for contracts entered into under the A-4/19 auction is January 2023.

NEOENERGIA S.A.

Notes to the Interim Financial Statements
(In thousands of Reais)

3. Consolidation Procedures

The consolidated financial statements were prepared in accordance with the practices established by CPC 30(R3) / IFRS 10 - Consolidated Statements and are composed of the accounting information of Neoenergia and its subsidiaries.

Subsidiaries are all entities wherein the Company holds control, which means that the parent company is exposed or is entitled to variable returns arising out of its management on the entity and the capacity of interfering with such returns owing to the power it exercises on the entity. The subsidiaries are fully consolidated as of the date on which the control is transferred to the Company and is discontinued as of the date on which the Company has no longer control. The subsidiaries are listed below:

Companies	Activity	Percentage of Interest (%)			
		06/30/2019		12/31/2018	
		Direct	Indirect	Direct	Indirect
Companhia de Eletricidade do Estado da Bahia - Coelba	Distribution	96.65%	-	96.65%	-
Companhia Energética de Pernambuco – Celpe	Distribution	89.65%	-	89.65%	-
Companhia Energética do Rio Grande do Norte – Cosern	Distribution	91.50%	-	91.50%	-
Elektro Redes S.A. – Elektro	Distribution	99.68%	-	99.68%	-
Afluente Transmissão de Energia Elétrica S.A. – Afluente T	Transmission	87.84%	-	87.84%	-
SE Naranidiba S.A. – Naranidiba	Transmission	100.00%	-	100.00%	-
Potiguar Sul Transmissão de Energia S.A. – Potiguar Sul	Transmission	-	100.00%	-	100.00%
EKTT 1 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 1	Transmission	100.00%	-	100.00%	-
EKTT 2 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 2	Transmission	100.00%	-	100.00%	-
EKTT 3 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 3	Transmission	100.00%	-	100.00%	-
EKTT 4 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 4	Transmission	100.00%	-	100.00%	-
EKTT 5 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 5	Transmission	100.00%	-	100.00%	-
EKTT 6 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 6	Transmission	100.00%	-	100.00%	-
EKTT 7 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 7	Transmission	100.00%	-	100.00%	-
EKTT 8 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 8	Transmission	100.00%	-	100.00%	-
EKTT 9 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 9	Transmission	100.00%	-	100.00%	-
EKTT 10 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 10	Transmission	100.00%	-	100.00%	-
EKTT 11 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 11	Transmission	100.00%	-	100.00%	-
EKTT 12 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 12	Transmission	100.00%	-	100.00%	-
EKTT 13 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 13	Transmission	100.00%	-	100.00%	-
EKTT 14 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 14	Transmission	100.00%	-	100.00%	-
EKTT 15 A Serviços de Transmissão de Energia Elétrica SPE S.A. – EKTT 15	Transmission	100.00%	-	100.00%	-
NC Energia S.A. – NC	Commercialization	100.00%	-	100.00%	-
Elektro Comercializadora de Energia Ltda – EKCE	Commercialization	99.99%	0.01%	99.99%	0.01%
Termopernambuco S.A. – Termope	Thermal Generation	100.00%	-	100.00%	-
Itapebi Geração de Energia S.A. – Itapebi	Hydraulic Generation	42.00%	58.00%	42.00%	58.00%
Baguari I Geração de Energia Elétrica S.A. - Baguari	Hydraulic Generation	99.99%	0.01%	99.99%	0.01%
Geração CIII S.A. – Geração CIII	Hydraulic Generation	99.99%	0.01%	99.99%	0.01%
Geração Céu Azul S.A. – Geração Céu Azul	Hydraulic Generation	100.00%	-	100.00%	-
Bahia Pequena Central Hidrelétrica S.A. – Bahia PCH II	Hydraulic Generation	99.99%	0.01%	99.99%	0.01%
Santana 1 Energia Renovável S.A. – Santana 1	Wind Power Generation	-	100.00%	-	100.00%
Santana 2 Energia Renovável S.A. – Santana 2	Wind Power Generation	-	100.00%	-	100.00%
Calango 6 Energia Renovável S.A. – Calango 6	Wind Power Generation	-	100.00%	-	100.00%
Lagoa 2 Energia Renovável S.A. – Lagoa 2	Wind Power Generation	-	100.00%	-	100.00%
Canoas Energia Renovável S.A. - Canoas	Wind Power Generation	-	100.00%	-	100.00%
Lagoa 1 Energia Renovável S.A. – Lagoa 1	Wind Power Generation	-	100.00%	-	100.00%
Força Eólica do Brasil S.A. – FEB	Wind Power Generation	50.00%	50.00%	50.00%	50.00%
Calango 1 Energia Renovável S.A. – Calango 1	Wind Power Generation	-	100.00%	-	100.00%
Calango 4 Energia Renovável S.A. – Calango 4	Wind Power Generation	-	100.00%	-	100.00%
Calango 5 Energia Renovável S.A. – Calango 5	Wind Power Generation	-	100.00%	-	100.00%
Caetité 1 Energia Renovável S.A. – Caetité 1	Wind Power Generation	-	100.00%	-	100.00%
Caetité 2 Energia Renovável S.A. – Caetité 2	Wind Power Generation	-	100.00%	-	100.00%

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Notes to the Interim Financial Statements (In thousands of Reais)

Companies	Activity	Percentage of Interest (%)			
		06/30/2019		12/31/2018	
		Direct	Indirect	Direct	Indirect
Força Eólica do Brasil 1 S.A. - FEB 1	Wind Power Generation	50.00%	50.00%	50.00%	50.00%
Calango 2 Energia Renovável S.A. – Calango 2	Wind Power Generation	-	100.00%	-	100.00%
Calango 3 Energia Renovável S.A. – Calango 3	Wind Power Generation	-	100.00%	-	100.00%
Caetité 3 Energia Renovável S.A. – Caetité 3	Wind Power Generation	-	100.00%	-	100.00%
Arizona 1 Energia Renovável S.A. – Arizona 1	Wind Power Generation	-	100.00%	-	100.00%
Mel 2 Energia Renovável S.A. – Mel 2	Wind Power Generation	-	100.00%	-	100.00%
FE Participações S.A. – FPAR	Wind Power Generation	-	100.00%	-	100.00%
Força Eólica do Brasil S.A. - FEB 2	Wind Power Generation	50.00%	50.00%	50.00%	50.00%
Energia Renováveis do Brasil S.A. - Enerbrasil	Wind Power Generation	-	100.00%	-	100.00%
Elektro Renováveis do Brasil S.A. – Elektro Renováveis	Wind Power Generation	99.99%	0.01%	99.99%	0.01%
Chafariz 1 Energia Renovável S.A. – Chafariz 1	Wind Power Generation	-	100.00%	-	100.00%
Chafariz 2 Energia Renovável S.A. – Chafariz 2	Wind Power Generation	-	100.00%	-	100.00%
Chafariz 3 Energia Renovável S.A. – Chafariz 3	Wind Power Generation	-	100.00%	-	100.00%
Chafariz 6 Energia Renovável S.A. – Chafariz 6	Wind Power Generation	-	100.00%	-	100.00%
Chafariz 7 Energia Renovável S.A. – Chafariz 7	Wind Power Generation	-	100.00%	-	100.00%
Lagoa 3 Energia Renovável S.A. – Lagoa 3	Wind Power Generation	-	100.00%	-	100.00%
Lagoa 4 Energia Renovável S.A. – Lagoa 4	Wind Power Generation	-	100.00%	-	100.00%
Canoas 2 Energia Renovável S.A. - Canoas 2	Wind Power Generation	-	100.00%	-	100.00%
Canoas 4 Energia Renovável S.A. - Canoas 4	Wind Power Generation	-	100.00%	-	100.00%
Chafariz 4 - Chafariz 4 Energia Renovável S.A. – Chafariz 4	Wind Power Generation	-	100.00%	-	100.00%
Chafariz 5 - Chafariz 5 Energia Renovável S.A. – Chafariz 5	Wind Power Generation	-	100.00%	-	100.00%
Canoas 3 - Canoas 3 Energia Renovável S.A. – Canoas 3	Wind Power Generation	-	100.00%	-	100.00%
Ventos de Arapuá 1 - Ventos de Arapuá 1 Energia Renovável S.A. – Arapuá 1	Wind Power Generation	-	100.00%	-	100.00%
Ventos de Arapuá 2 - Ventos de Arapuá 2 Energia Renovável S.A. – Arapuá 2	Wind Power Generation	-	100.00%	-	100.00%
Ventos de Arapuá 3 - Ventos de Arapuá 3 Energia Renovável S.A. – Arapuá 3	Wind Power Generation	-	100.00%	-	100.00%
Elektro Operação e Manutenção Ltda - Elektro O&M	Service	99.99%	0.01%	99.99%	0.01%
Neoenergia Serviços Ltda - Neoserv	Service	99.99%	0.01%	99.99%	0.01%
Neoenergia Operação e Manutenção S.A. - Neoenergia O&M	Service	100.00%	-	100.00%	-
Belo Monte Participações S.A. – Belo Monte	Other	99.00%	1.00%	99.00%	1.00%
Neoenergia investimentos S.A. - Neoinvest	Other	99.99%	0.01%	99.99%	0.01%
Garter Properties Inc (a)	Other	-	-	-	-

(a) Garter was dissolved during the year of 2018.

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

- Elimination of the financial position of assets and liabilities among subsidiaries;
- Elimination of interests in capital, reserves and retained earnings among subsidiaries;
- Elimination of revenues, cost, income and expenses resulting from business among subsidiaries;
- Outstanding non-controlling interest are demonstrated in the statement financial position and income statement.

Associates and Joint Ventures

Associates are all entities that the Group has significant influence, but not control, generally through a 20% to 50% ownership interest in the voting rights.

Joint agreements refer to all entities in which the Group has shared control, either with one or more parties. Investments in joint ventures are classified as joint operations or joint ventures depending on the rights and contractual obligations of each investor.

The associates and/or joint ventures are listed below:

Companies	Activity	Percentage of Interest (%)			
		06/30/2019		12/31/2018	
		Direct	Indirect	Direct	Indirect
Associates					
Norte Energia S.A. – NESA	Hydraulic Generation	-	10.00%	-	10.00%
Energética Corumbá III S.A. - ECIII	Hydraulic Generation	-	25.00%	-	25.00%
Joint control					
Teles Pires Participações S.A. – Teles Pires	Hydraulic Generation	50.56%	-	50.56%	-
Companhia Hidrelétrica Teles Pires S.A - CHTP	Hydraulic Generation	0.90%	50.10%	0.90%	50.10%
Energética Águas da Pedra S.A. – EAPSA	Hydraulic Generation	51.00%	-	51.00%	-
Projects		Consortium Party			
Consórcio UHE Baguari	51%	Baguari I Geração de Energia Elétrica S.A. Geração CIII S.A. Geração Céu Azul S.A.			
Consórcio Empreendedor Corumbá III	60%				
Consórcio Empreendedor Baixo Iguacu	70%				

4. Basis of accounting and significant accounting policies

4.1. Compliance Statement

The Interim Financial Statements for the three and six-month period ended on June 30, 2019 have been prepared and are presented in accordance with CPC 21 (R1) - Interim Statement, which includes the provisions of the Brazilian Corporation Law and accounting standards and procedures issued by the Accounting Pronouncement Committee ("CPC") and approved by Brazilian Securities and Exchange Commission – ("CVM") and in accordance with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB).

The accounting practices and criteria adopted in the preparation of these Interim Financial Statements, except for the changes described in item 4.5, are consistent with those adopted in the preparation of the Consolidated Financial Statements as of December 31, 2018 and, therefore, should be read jointly.

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Notes to the Interim Financial Statements (In thousands of Reais)

The relevant changes occurred in this period are indicated in note 5. We also added that some information from the parent company have been deleted, because in the evaluation of the Administration, the consolidated data are more enlightening for the Company's equity situation

The Company's management authorized the issuance of the interim financial statements on July 16, 2019.

All relevant information specific to the interim financial statements, and only they, are being evidenced, and correspond to those used by the administration in its management.

4.2. Functional and presentation currency

The consolidated financial statements are presented in thousands of Reais (R\$), which is the Company's functional currency.

Transactions in foreign currencies are originally recorded at the functional currency's exchange rate in force on the date of the transaction for monetary assets and liabilities denominated in foreign currency. They are subsequently converted into the functional currency, using exchange rate in force on the date of the respective income statement. Exchange gains and losses resulting from differences arising on settlement or translation of monetary assets and liabilities are recognized in the income statement.

4.3. Basis of preparation

The financial statements were prepared using the historical cost, except for certain financial instruments measured by their fair values, when provided by accounting standards. The classification of the fair value measurement under categories 1, 2 or 3 (according to the degree of abundance by the variables used) is shown in note 30 Fair value measurement.

4.4. Use of estimates and judgments

In the preparation of the Company's interim, individual and consolidated financial statements requires management to make judgments, estimates and assumptions for reported amounts of assets, liabilities, revenue and expenses and the accompanying disclosures. The actual result may differ from these estimates. The estimates and assumptions are reviewed continuously and recognized prospectively.

Significant items subject to these estimates and assumptions include:

- (i) unbilled revenue from energy sales (note 24)
- (ii) energy transactions within the scope of the Electric Power Trading Chamber (CCEE), such as spot market transactions (note 24);
- (iii) recognition of deferred tax assets: estimation of future taxable income against which tax losses can be compensated (note 10);
- (iv) calculation and monetary indexation criteria for concession assets; straight-line amortization of the intangible asset based on its concession term corresponding to the right to charge consumers for the use of the concession asset (regulatory useful life of the assets) or for the term of the concession agreement (note 15);
- (v) credit risk analysis to determine estimated credit risk loss (note 8);
- (vi) definition of fair value through valuation techniques, including the discounted cash flow method, for financial assets and liabilities not quoted in active markets (note 29);

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Notes to the Interim Financial Statements (In thousands of Reais)

- (vii) provisions for tax, civil, labor and regulatory risks by assessing the likelihood of loss, including evaluation of available evidence, hierarchy of laws, available case law, recent court decisions and their relevance in the legal background, as well as external lawyer's evaluation (note 21);
- (viii) "Portion A" and other financial items (note 11); and
- (ix) costs of retirement plan with benefits and the present value of the retirement obligation, through the actuarial valuation that involves the use of assumptions about discount rates, expected return rates of expected assets, future salary increases, mortality rates and future increases of retirement and pension benefits (note 33).

Information on judgements performed for the adoption of accounting policies that materially affect the amounts recognized in the individual and consolidated financial statements, notably for the purpose of consolidated financial statement, the determination whether the Company has in fact the control over an subsidiary (note 3).

4.5. Main changes in accounting policies

(i) IFRS 16 Leases / CPC 06 (R2) Leasing Operations

The CPC 06 - Leasing Operations underwent the second revision, in which the amendments introduced by IFRS 16 - Leases, which replaced IAS 17 – Leases.

Lease is a contract, or part of a contract, in which the lessor transfers to the lessee, in return for consideration, the right to use an asset for a certain period

The IFRS 16 - Leases introduces a single model for the accounting of leases bases on the Statement of financial approach, in wich the lessee must recognize a right of use an asset that represents ther right to use the leased asset in return for a lease liability representing the obligation to make lease payments. In accordance with CPC 06 (R2) / IFRS 16, the accounting model for the lessor remains substantially the same as the previous model (IAS 17). Exemptions are available for short-term (until 12 months) leases and low value items (fair value of the identified asset less than US\$5,000)

The Company adopted IFRS 16 as of January 1, 2019, using the retrospective modified application. This application does not require comparative information and the right to use asset is measured at the same amount as the lease liability. The Company analyzed its lease agreements classified as operating, in accordance with IAS 17, in order to identify whether these contained lease, in accordance with IFRS 16. The standard defines that a contract is or contains a lease when it transmits the right to control the use of an identified asset for a certain period of time in exchange for a payment.

The Company applied IFRS 16 only for the contracts in effect on January 1, 2019, and were previously identified as leases, and opted to adopt the recognition exemptions set forth in the standard for short- term and low-value leases. Therefore, the significant impacts identified by the adoption of IFRS 16 in the Company's assets and liabilities were the following operating leases:

- (a) Non-residential real estate leases for the installation of agencies and distribution centers; and
- (b) Lease of land in which Hydro Power Plant (HPP) Termopernambuco S.A. was built.

The impact of the adoption IFRS 16 on the income statement is the substitution of the linear cost with operating lease by the linear cost of depreciation of the right to use the assets subject to these contracts and by the interest expense on lease obligations at the effective raising rates at the time of contracting of such transactions.

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The Company has assessed the values for application of the requirements of IFRS 16 on January 1st, 2019, resulting in the following impacts:

In R\$ Thousand	Balances as of January 1 st , 2019	
	Asset*	Liabilities
Right of Use Assets	80,772	-
Obligations per Operating Leases	-	80,772

(*) The impacts on the adoption of IFRS 16 on January 1, 2019 by asset class are presented in Note 13.

As a result of using the modified retrospective approach, the adoption of IFRS 16 has not produced impacts on retained earnings on January 1, 2019.

The Company expects that the adoption of IFRS 16 will not impact its ability to comply with the indicators established in the covenants, whose maximum leverage thresholds for the loans are described in explanatory note 18.

(ii) ICPC 22 – Uncertainty over income Tax Treatments (IFRIC 23 - Uncertainty over Income Tax Treatments)

This Interpretation clarifies how to apply the recognition and measurement requirements of CPC 32 when there is uncertainty about tribute treatment over profit. In this circumstance, the entity shall recognize and measure its current or deferred tax asset or liability, applying the requirements of CPC 32 based on taxable income (tax loss), tax bases, unused tax losses, unused tax credits and certain tax rates, applying this Interpretation.

The Company's management conducted analyzes of tax treatments that could generate uncertainties in the calculation of income tax, accessing its internal and external legal advisors in order to identify such treatments, as well as to measure and reassess those that could potentially expose the Company to risks of loss. At the conclusion of these studies, the Company's Management evaluated that none of the relevant positions adopted by the Company changed regarding the judgment of the probability of losses generated by possible inquiries by the tax authorities.

5. Balances Restatement

The Company's Management, after reassessing certain topics and aiming at the best presentation of its financial position and its operational and financial performance, based on the guidelines issued by "CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors", carried out the restatements retrospectively, in its income statement, statement of comprehensive income, statement of changes in equity and statement of cash flow for the period ended on June 30, 2018, originally published on July 23, 2018 and restated on July 31, 2018.

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Notes to the Interim Financial Statements (In thousands of Reais)

In line with CPC 23 - Accounting Policies, Changes in Accounting Estimates and Errors, the restatements were classified in the following categories:

- Change in accounting policies;
- Error.

5.1 Income Statement as of June 30, 2018.

		Parent		
		Three-month period ended		
DRE	Ref	As previously reported	Adjustments	As Restated
Gross Revenue		1,127	-	1,127
(-) Revenue Deductions		(104)	-	(104)
Net Revenue		1,023	-	1,023
Cost of Services		-	-	-
Gross Profit		1,023	-	1,023
Estimated loss on doubtful debts	(a)	-	1,409	1,409
Sales expenses		-	-	-
General and administrative expenses	(a)	(47,509)	(1,409)	(48,918)
Equity Earnings	(b)	425,692	7,650	433,342
Operating Profit		379,206	7,650	386,856
Financial Expenses, net		4,210	-	4,210
Profit before taxes		383,416	7,650	391,066
Income tax and social contribution expense		-	-	-
Profit for the period		383,416	7,650	391,066

		Parent		
		Six-month period ended		
DRE	Ref	As previously reported	Adjustments	As Restated
Gross Revenue		2,262	-	2,262
(-) Revenue Deductions		(209)	-	(209)
Net Revenue		2,053	-	2,053
Cost of Services		-	-	-
Gross Profit		2,053	-	2,053
Estimated loss on doubtful debts	(a)	-	(226)	(226)
Sales expenses		-	-	-
General and administrative expenses	(a)	(82,868)	226	(82,642)
Equity Earnings	(b)	740,715	11,186	751,901
Operating Profit		659,900	11,186	671,086
Financial Expenses, net		11,806	-	11,806
Profit before taxes		671,706	11,186	682,892
Income tax and social contribution expense		-	-	-
Profit for the period		671,706	11,186	682,892

- (a) Reclassification of the expected Estimated loss on doubtful debts, previously classified under Other general/administrative income/expenses of R\$ 1,409 in the three-month period and 226 in the six-month period for a new opening in statement of results, as required by CPC 26, as of the effective date of CPC 48. This adjustment is classified as correction of error.
- (b) Impact of R\$ 7,650 in the income statement from equity method in the three-month period and R\$ 11,186 in the six-month period, due to the reclassifications in the statement of income and changes in the earnings of investees as detailed in item (k) of note 5.1 (Consolidated Income Statement). This adjustment is classified as correction of error.

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Notes to the Interim Financial Statements (In thousands of Reais)

Consolidated				
Income Statement	Ref	Three-month period ended		
		As previously reported	Adjustments	As Restated
Gross Revenue	(a)/(k)	9,229,196	43,099	9,272,295
(-) Revenue Deductions	(a)/(b)/(f)/(g)/(h)	(2,808,347)	(37,099)	(2,845,446)
Net Revenue		6,420,849	6,000	6,426,849
Cost of Services		(5,206,961)	14,475	(5,192,486)
Electric power costs	(f)/(g)	(3,656,909)	2,615	(3,654,294)
Operating Costs	(c)/(h)/(i)/(j)	(881,391)	12,325	(869,066)
Constructions Costs	(k)	(668,661)	(465)	(669,126)
Gross Profit		1,213,888	20,475	1,234,363
Estimated loss on doubtful debts	(d)	-	(59,203)	(59,203)
Sales expenses	(d)/(j)	(135,282)	56,792	(78,490)
General and administrative expenses	(b)/(c)/(d)	(257,645)	(3,479)	(261,124)
Equity Earnings		(17,605)	-	(17,605)
Operating Profit		803,356	14,585	817,941
Financial Expenses, net	(e)/(i)	(276,675)	(4,327)	(281,002)
Profit before taxes		526,681	10,258	536,939
Income tax and social contribution expense		(123,327)	(2,427)	(125,754)
Profit for the period	(e)/(k)	403,354	7,831	411,185

Consolidated				
Income Statement	Ref	Six-month period ended		
		As previously reported	Adjustments	As Restated
Gross Revenue	(a)/(k)	17,527,005	(52,725)	17,474,280
(-) Revenue Deductions	(a)/(b)/(f)/(g)/(h)	(5,556,358)	55,465	(5,500,893)
Net Revenue		11,970,647	2,740	11,973,387
Cost of Services		(9,667,034)	33,539	(9,633,495)
Electric power costs	(f)/(g)	(6,656,820)	6,162	(6,650,658)
Operating Costs	(c)/(h)/(i)/(j)	(1,816,881)	28,367	(1,788,514)
Constructions Costs	(k)	(1,193,333)	(990)	(1,194,323)
Gross Profit		2,303,613	36,279	2,339,892
Estimated loss on doubtful debts	(d)	-	(142,008)	(142,008)
Sales expenses	(d)/(j)	(298,186)	133,461	(164,725)
General and administrative expenses	(b)/(c)/(d)	(462,219)	(3,088)	(465,307)
Equity Earnings		(21,282)	-	(21,282)
Operating Profit		1,521,926	24,644	1,546,570
Financial Expenses, net	(e)/(i)	(567,132)	(10,879)	(578,011)
Profit before taxes		954,794	13,765	968,559
Income tax and social contribution expense		(254,562)	(2,111)	(256,673)
Profit for the period	(e)/(k)	700,232	11,654	711,886

- Reclassification of R\$ 32,222 in the three-month period and R\$ 67,695 in the six-month period related to Tariff Flags from Regulatory Charge to Portion A and other financial items (between lines in Net Revenues). This adjustment is classified as correction of error.
- Reclassification of R\$ 1,021 in the three-month period and R\$ 1,404 in the six-month period related to VAT (ICMS) on materials from Revenue deductions to Materials expenses (general and Administrative expenses). This adjustment is classified as correction of error.
- Reclassification of Other operating revenues / losses, from Operating Costs to General and administrative expenses, in the amount of R\$ 748 in the three-month period and R\$ 1,957 in the six-month period. This adjustment is classified as correction of error.
- Reclassification of the Estimated loss on doubtful debts, previously classified under sales expenses of R\$ 58,966 in the three-month period and R\$ 142,008 in the six-month period to a specify account in the income statement, as required by standard CPC 26. This adjustment is classified as correction of error.

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- (e) Reclassification of Derivatives (from financial result to other comprehensive income), in the amount of R\$ 36 in the three-month period and R\$ 71 in the six-month period, due to the change in classification of fair value to cash flow hedge, with an impact of deferred tax in the amount of R\$ 13 in the three-month period and R\$ 25 in the six-month period. This adjustment is classified as correction of error.
- (f) Reclassification of R\$ 5,216 in the three-month period and R\$ 10,431 in the six-month period related to Consumer charges - PROINFA, segregation of electricity costs between captive and free market, from Costs of service to Revenue deductions. This adjustment is classified as correction of error.
- (g) Reclassification of R\$ 2,600 in the three-month period and R\$ 4,269 in the six-month period related to Consumer charges - PROINFA, segregation of electricity costs between captive and free market, from Revenue deductions to Costs of service. This adjustment is classified as correction of error.
- (h) Reclassification of Electric Power Service Inspection Fee (TFSEE) and financial compensation of water resources (CFURH) from Cost of service to Revenue deduction in the amount of R\$ 3,367 in the three-month period and R\$ 7,472 in the six-month period. This adjustment is classified as change in accounting policy.
- (i) Reclassification of the forward rate variation and SPOT rate of Non Deliverable Forward - NDFs from cost of service to financial expenses in the amount of R\$ 4,435 in the three-month period and R\$ 10,950 in the six-month period. This adjustment is classified as a change in accounting policy.
- (j) Reclassification from Operating cost to Sales expense: R\$ 3,561 in the three-month period and R\$ 8,040 in the six-month period. This adjustment is classified as correction of error.
- (k) The consequence of applying CPC 47/IFRS15, which, starting in 2018, begins to measure the concession assets as contractual assets and to recognize an operating and maintenance margin in the amount of R\$ 10,877 in the three-month period and R\$ 14,970 in the six-month period in gross revenue and R \$ R\$ 465 in the three-month period and R\$ 990 in the six-month period in the cost of construction, plus deferred tax impact in the amount of R\$ 1,782 in the three-month period and R\$ 2,086 in the six-month period. This adjustment is classified as correction of error.

5.2 Statement of comprehensive Income as of June 30, 2018.

Parent				
	Ref	As previously reported	Adjustments	As Restated
Profit for the period	(a)/(c)	288,290	394,602	682,892
Other Comprehensive Income				
Items that will not be reclassified to the income statement				
Effects of employee benefits and health care plans	(d)	245	532	777
Cash flow hedge	(b)/(d)	(10,294)	8,836	(1,458)
Total of items that will not be reclassified to the income statement		(10,049)	9,368	(681)
Items that will be reclassified subsequently to the income statement:				
Participation in adjustments to the fair value of cash flow hedges	(b)/(c)/(d)	-	(83,991)	(83,991)
Total of the items that will be reclassified subsequently to the income statement		-	(83,991)	(83,991)
Other comprehensive income for the year, net of taxes		(10,049)	(74,623)	(84,672)

- (a) Reclassifications impacting the parent company's equity method, as per the changes in the Parent's Income Statement (Parent Company), as shown in note 5.1;
- (b) Reclassification of cash flow hedge from the items that will not be reclassified to the income statement to items that will be reclassified subsequently to the income statement. This adjustment is classified as correction of error;
- (c) Restatement of equivalence due to the change in financial instruments for cash flow hedge. This adjustment is classified as correction of error; and
- (d) Reclassification to correct the amount previously reported. This adjustment is classified as correction of error.

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Notes to the Interim Financial Statements (In thousands of Reais)

	Consolidated			
	Ref	As previously reported	Adjustments	As Restated
Profit for the period	(a)/(c)	296,878	415,008	711,886
Other Comprehensive Income				
Items that will not be reclassified to the income statement				
Effects of employee benefits and health care plans	(d)	592	590	1,182
Cash flow hedge	(b)/(d)	(15,813)	14,355	(1,458)
Deferred taxes on comprehensive income	(b)/(d)	5,173	(5,575)	(402)
Total of items that will not be reclassified to the income statement		(10,048)	9,370	(678)
Items that will be reclassified subsequently to the income statement:				
Participation in adjustments to the fair value of cash flow hedges	(b)/(c)/(d)	-	(133,184)	(133,184)
Deferred taxes on comprehensive income	(b)/(c)/(d)	-	46,214	46,214
Total of the items that will be reclassified subsequently to the income statement		-	(86,970)	(86,886)
Other comprehensive income for the year, net of taxes		(10,048)	(77,516)	(87,564)
Total comprehensive income for the period		286,830	337,492	624,322
Attributable to:				
Controlling shareholders		277,725	319,979	597,704
Non-controlling shareholders		9,105	17,513	26,618

- (a) Adjustments of profit for the period, as per the changes in the Income Statements shown in item 5.1;
- (b) Reclassification of cash flow hedge from the items that will not be reclassified to the income statement to items that will be reclassified subsequently to the income statement. This adjustment is classified as correction of error;
- (c) Restatement of financial instruments for cash flow hedge. This adjustment is classified as correction of error; and
- (d) Reclassification to correct the amount previously reported. This adjustment is classified as correction of error.

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Notes to the Interim Financial Statements (In thousands of Reais)

5.3 Statement of changes in equity as of June 30, 2018.

Parent							
Ref	Capital	Capital Reserves	Reserve for capital transactions with shareholders	Other comprehensive income	Retained earnings	Accumulated profits of the year	Total
Balances as of June 30, 2018 (As previously reported)	12,919,982	94,924	(1,590,687)	(141,864)	4,955,947	457,136	16,695,438
Adjustment on initial application of CPC 47	-	-	-	-	-	161,305	161,305
Adjustment on initial application of CPC 48	-	-	-	-	-	(5,143)	(5,143)
Other comprehensive income:	-	-	-	(124,012)	-	-	(124,012)
Effects employees benefits and health care plans of the subsidiaries, net	(a)	-	-	(318)	-	-	(318)
Participation in cash flow hedge	(a)	-	-	(123,694)	-	-	(123,694)
Profit for the period	(b)	-	-	-	-	11,186	11,186
Balances as of June 30, 2018 (As Restated)	12,919,982	94,924	(1,590,687)	(265,876)	4,955,947	624,484	16,738,774

- a) Reclassification of the comprehensive income according to note 5.2.
b) Reclassification of Income Statement according to note 5.1.

Consolidated									
Ref	Capital	Capital Reserves	Reserve for capital transactions with shareholders	Other comprehensive income	Retained earnings	Accumulated profits of the year	Total	Non-controlling interest	Total
Balances as of June 30, 2018 (As previously reported)	12,919,982	94,924	(1,590,687)	(141,864)	4,956,463	456,620	16,695,438	263,658	16,959,096
Adjustment on initial application of CPC 47	-	-	-	-	-	(5,143)	(5,143)	(298)	(5,441)
Adjustment on initial application of CPC 48	-	-	-	-	-	161,305	161,305	16,970	178,275
Other comprehensive income:	-	-	-	(124,012)	-	-	(124,012)	(2,916)	(126,928)
Effects employees benefits and health care plans of the subsidiaries, net	(a)	-	-	(318)	-	-	(318)	(19)	(337)
Participation in cash flow hedge	(a)	-	-	(123,694)	-	-	(123,694)	(2,897)	(126,591)
Profit for the period	(b)	-	-	-	-	11,186	11,186	468	11,654
Balances as of June 30, 2018 (As Restated)	12,919,982	94,924	(1,590,687)	(265,876)	4,956,463	623,968	16,738,774	277,882	17,016,656

- a) Reclassification of the comprehensive income according to item 5.2.
b) Reclassification of Income Statement according to item 5.1.

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5.4 Statement of Cash Flows as of June 30, 2018.

Cash Flow Statement	Ref.	Parent	
		2018	2018
		(As previously reported)	(As Restated)
Profit before income tax and social contribution	(a)	671,706	-
Profit for the period	(a)/(b)	-	682,892
Adjustments to reconcile the earnings to cash from operating activities	(b)	(709,782)	(720,968)
Decrease (Increase) in Operating Assets		144,497	144,497
Increase (Decrease) in Operating Liabilities		(338,778)	(338,778)
Net cash from Operating Activities		(232,357)	(232,357)
Net cash flows used in investing activities		(1,055,686)	(1,055,686)
Net cash flows used in financing activities		337,601	337,601
Increase in cash and cash equivalents		(950,442)	(950,442)

- (a) Reclassification of pre-tax profit balances to Net income for the period, with no impact on the adjustment groups to reconcile profit to cash from operating activities and increase (decrease) in operating liabilities. This adjustment is classified as a change in accounting policy.
- (b) Reclassification of net income for the period as highlighted in item (k) of note 5.1, generating impact on the adjustment groups to reconcile net income to cash from operating activities in the amount of R\$ 11,654. This adjustment is classified as correction of error.

Cash Flow Statement	Ref.	Consolidated	
		2018	2018
		(As previously reported)	(As Restated)
Profit before income tax and social contribution	(a)	954,794	-
Profit for the period	(a)/(b)/(c)	-	711,886
Adjustments to reconcile the earnings to cash from operating activities	(a)/(c)/(d)/(f)	762,412	995,551
Decrease (Increase) in Operating Assets	(a)/(b)/(c)/(d)	52,149	26,468
Increase (Decrease) in Operating Liabilities	(a)/(e)/(f)	(1,945,127)	(1,812,707)
Net cash from Operating Activities		(175,772)	(78,802)
Net cash flows used in investing activities	(c)	(1,516,067)	(1,515,210)
Net cash flows used in financing activities	(e)/(d)	2,901,068	2,803,241
Increase in cash and cash equivalents		1,209,229	1,209,229

- (a) Reclassification of pre-tax profit balances to Net income for the period, with no impact on the adjustment groups to reconcile profit to cash from operating activities and increase (decrease) in operating liabilities. This adjustment is classified as a change in accounting policy.
- (b) Reclassification of Derivatives (from financial result to other comprehensive income) due to the change in classification of fair value to cash flow hedge, with an impact of deferred tax. This adjustment is classified as correction of error.
- (c) Reclassification of the cost of constructing the cash flow from investing activities to cash expenses arising from operating activities in accordance with the implementation of CPC 47/IFRS15. This adjustment is classified as correction of error.
- (d) Reclassification of balances of guarantee deposits from Cash flow from operating activities to Cash flow from financing activities, in the amount of R\$ 30,734. This adjustment is classified as correction of error.
- (e) Reclassification of the swap settlement of the amortization line of the principal for debt charges R \$ 67,092. This adjustment is classified as correction of error.
- (f) Reclassification of the post-employment benefits to the operational liabilities R\$ 4,930. This adjustment is classified as correction of error.

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5.5 Statement of Added Value as of June 30, 2018.

Added Value Statement	Ref.	Parent		
		2018 (As previously reported)	Adjustments	2018 (As Restated)
Adeed Value, net		(152,108)	-	(152,108)
Value added received in transfer	(a)	1,053,354	(11,186)	1,064,540
Total added value to be distributed		901,246	(11,186)	912,432
Distribution of Added value				
Personal		13,954	-	13,954
Taxes, fees and contributions		5,866	-	5,866
Remuneration of third-party capital		209,720	-	209,720
Equity remuneration	(a)	671,706	(11,186)	682,892
Distributed Value Added		901,246	(11,186)	912,432

Added Value Statement	Ref.	Consolidated		
		2018 (As previously reported)	Adjustments	2018 (As Restated)
Adeed Value, net	(a)	6,911,553	40,983	6,870,570
Value added received in transfer	(b)	2,674,887	(174,952)	2,849,839
Total added value to be distributed		9,586,440	(133,969)	9,720,409
Distribution of Added value				
Personal	(c)	578,631	(96)	578,727
Taxes, fees and contributions	(d)	5,131,096	58,641	5,072,455
Remuneration of third-party capital	(b)	3,176,480	(180,866)	3,357,346
Equity remuneration	(e)	700,233	(11,648)	711,881
Distributed Value Added		9,586,440	(133,969)	9,720,409

- (a) In the Parent Company the impact of the restated of net income for the second quarter of 2018 was highlighted in item 5.1, generating an impact of R\$ 11,186 in the Added Value groups received in transfer and Remuneration of Shareholders' Equity. This adjustment is classified as correction of error. In the Consolidated, the reclassification of the tariff rate charged by the consumer to the financial assets and liabilities of the sector, in the amount of R\$ 67,695, the effect between lines that makes up the net revenue. This adjustment is classified as correction of error; reclassification of VAT (ICMS) on Material Deductions from Revenues for Material (Other General and Administrative Revenues/Expenses), in the amount of R\$ 1,404. This adjustment is classified as correction of error; reclassification of the expected estimated loss on doubtful debts, previously classified under Expenses with sales of R\$ 141,501, Other general and administrative income / expenses of R\$ 252 and Operating costs of R\$ 255 for a new opening in the income statement, as required by CPC 26. This adjustment is classified as correction of error; Reclassification PROINFA, segregation between captive and free market, of electricity costs (Costs of services) for deductions of revenue, in the amount of R\$ 10,431. This adjustment is classified as correction of error; Reclassification Proinfa, segregation between captive and free market, deductions from revenue for costs with electricity (cost of services), in the amount of R \$ 4,269. This adjustment is classified as correction of error; reclassification of Eletic Power Service Inspection Fee (TFSEE) and Financial Compensation for Use of Water Resources (CFURH) of the cost of service for deductions from revenue in the amounts of R\$ 2,563 and R\$ 801, respectively. This adjustment is classified as correction of error. These adjustments generated an impact on the value added line to be distributed in the amount of R\$ 133,969.
- (b) Reclassification of the mark-to-market balance - Derivatives from the financial result - Result to Shareholders' Equity - other comprehensive income, in the amount of R\$ 71, due to the change in the classification of Fair value for cash flow hedge, and tax impact deferred in the amount of R\$ 25. This adjustment is classified as correction of error; Reclassification of the forward rate variation and SPOT rate of NDFs from cost of service to financial expenses in the amount of R\$ 10,950. This adjustment is classified as a change in accounting policy.
- (c) Reclassification of Other operating income/losses from Cost of service to Other general and administrative income (expenses) in the amount of R\$ 96. This adjustment is classified as correction of error.
- (d) Reflection of the reclassifications of sector charges presented in item (a).
- (e) Reflection of the change in equity in earnings of Neoenergia Holding after the restatement of results referring to the second quarter of 2018.

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6. Regulatory matters

(i) Tariff flags

ANEEL's Resolution n° 547/2013 has created the Tariff Flag mechanism, applicable from January 1st, 2015 onwards, aiming to pass through to consumers the additional cost related to thermal generation, spot market energy purchases, system charges and hydrological risks.

On August 13, 2018, ANEEL Normative Resolution n° 826 amended the transfer rules, according to the proposal to open the 2nd phase of Public Hearing n° 61/2017, where it was suggested that the monthly amounts of the financial transfer of the Bandeira Account be calculated. after the priority allocation of revenues in the concession area that generated them.. The monthly amounts of the financial transfers Centralizing Account of Tariff Flag Resources (CCRBT) are now calculated considering the allocation to concession area that generated them first. With this change, deficit companies started disbursing in CCRBT only the surplus revenues. On the other hand, surplus companies now receive a portion of this surplus, proportionally to their cost not covered by their own funds. This change implies in a more efficient allocation of the funds coming from the Tariff Flags, mitigating the cross subsidy between the distributors and prioritizing the allocation of resources in their areas of origin of the concession.

The Tariff Flag System is comprised of four flags ranges: red - threshold 1, with an increase in the energy tariff of R\$30/MWh; red (threshold 2), with an increase in the energy tariff of R\$50/MWh; yellow, with an increase of R\$10/MWh; and green, without increase.

In the first six months of 2019 and 2018, the following tariff flags were in effect:

	Flag Color	
	06/30/2019	06/30/2018
Jan	Green	Green
Feb	Green	Green
Mar	Green	Green
Apr	Green	Green
May	Yellow	Yellow
Jun	Green	Red threshold 2

In the six-month period ended on June 30, 2019 the subsidiaries Coelba, Celpe and Cosern recognized the total amount of R\$ 27,202 (R\$ 984,985 on December 31, 2018) and Elektro Redes returned the total amount of R\$ 4,555, in tariff flag, from which amount R\$ 145 (R\$ 70,013 repassed and R\$ 16,888 received on December 31, 2018) were transferred R\$ 4,700 to the Centralized Account for Tariff Flag Funds CCRBT, created by Decree n° 8,401/2015 and administered by the Electric Power Trading Chamber – CCEE.

(ii) Decree No. 9642/2018 – Gradual Elimination of Subsidies

Decree n° 9642, dated December 27, 2018, changed Article 1° of Decree n° 7891/2013, which provides for the application of tariff discounts, preventing cumulative discounts on electric power distribution tariffs to be given to customers. The customer should be given the discount that benefits him most (this situation was only applicable to consumers served with low voltage power, such as those in rural areas, with irrigation or fish farming activity performed at a special period of the daytime).

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The decree also establishes that, as from 2019 onwards, in the processes of tariff adjustment or review of the distribution companies, the discounts referred to in paragraph 2 of said article, which are those applied to consumers classified as Rural; Rural Electrification Cooperative; Water, Sewage and Sanitation Utility; and Irrigation Utility; shall be reduced by 20% per annum until it reaches zero. The Energy Development Account covers the discounts currently granted to consumers - CDE, which passes on to the distributors the amount of subsidies granted. With the reduction of these discounts, the distribution companies gradually cease receiving CDE funds and start receiving directly from these consumers.

On April 4, 2019, Decree n° 9,744/2019 was published, which again amended Decree n° 7,891, of January 23, 2013, in order to return to the previous situation, thus consumers served in low voltage, as rural, with activity of irrigation or aquaculture held during special hours of dawn, returns to have the discount on the tariff of the rural class in the low voltage.

(iii) Energy Over contracting

According to the Regulatory Model, the distribution companies must contract in advance 100% of the electric power required to the supply of its customers through auctions regulated by ANEEL. Such auctions, carried out with the support of CCEE, occur in advance of one to seven years as of the beginning of the supply of contracted energy. The possibility of hiring in advance of up to seven years came into existence after the publication of Decree n° 9143, dated August 22, 2017.

As provided for in the regulation for the sector, particularly Decree n° 5163/2004, if the energy contracted is within the limit of up to 5% above the total need of the distribution company, the cost variations incurred with the purchase of surplus energy will be fully pass through to tariffs. However, if the distribution company voluntarily exceeds such limit, it will be exposed to the price variation between the purchase and sales of the exceeding amount in the short-term market.

Decree n° 9143, dated August 22, 2017, determined a reduction of the ballast for distribution coverage, from 95% to 90%, referring to the quotas of physical energy guarantee, hydroelectric plants with concessions extended or bidding under Law n° 12783/2013, effective as of September 1st, 2017.

For period ended as at June 30, 2019, the subsidiaries used the mechanisms available to manage over contracting.

(iv) Annual Tariff Adjustment - IRT 2019

ANEEL, through Homologatory Resolution No. 2,532, 2,533 and 2,535 of April 16, 2019 and April 23, 2019, at the 12th and 13th ordinary public meeting of 2019, approved the result of the Coelba, Cosern and Celpe Annual Tariff Adjustment, respectively, effective as of April 22, 2019 and April 29, 2019. The tariff adjustment will bring an average effect for consumers of 6.22% for Coelba, 4.73% for Cosern and 5.04% for Celpe, and for consumers of high voltage, the readjustment will be 5.09 % for Coelba, 2.81% for Cosern and 3.76% for Celpe, while for low voltage customers, it will be 6.67% for Coelba, 5.48% for Cosern and 5.56% for Celpe.

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7. Cash and cash equivalents

	Parent		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and cash equivalents				
Cash and bank deposits on demand	48	579	259,105	293,680
Bank Deposit Certificate (CDB)	-	-	689,954	709,154
Investment Funds	135,310	253,014	1,777,252	2,930,841
	135,358	253,593	2,726,311	3,933,675

As of June 30, 2019, Cash and Cash Equivalents include cash, bank deposits on demand and short-term financial investments. They are operations that present high liquidity, no restrictions on use, promptly convertible into a cash and are subject to an insignificant risk of change in value.

As of June 30, 2019 and December 31, 2018, the portfolio of financial investments consists mainly of exclusive investment funds of the Company and its subsidiaries, composed of several assets, aiming at better profitability with the lowest level of risk, as follows:

Investment funds Portfolio	Parent		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
BB Polo 28 FI Fixed Income				
BB TOP Short Term				
Agreements Guaranteed by Government Securities	2,634	61,225	296,670	713,011
Public Bonds	-	2,548	-	27,642
Agreements Guaranteed by Government Securities	-	61	67,947	769
BB Polo 28 FI Fixed Income	-	-	-	241
Others	-	1	-	4
	2,634	63,835	364,617	741,667
Bradesco FIC FI RF Referenciado DI Recife				
Agreements Guaranteed by Government Securities	84,130	77,251	467,275	531,899
Others	-	-	-	19
	84,130	77,251	467,275	531,918
Itaú Salvador Fixed Income FICFI				
Itaú Short Term				
Agreements Guaranteed by Government Securities	6,382	17,795	265,591	272,710
Public Bonds	-	-	-	60,913
Agreements Guaranteed by Government Securities	-	43,928	232,865	598,064
Others	-	-	-	8
	6,382	61,723	498,456	931,695
Santander FIC FI Natal Fixed Income Referenced DI				
Agreements Guaranteed by Government Securities	-	50,205	400,023	621,207
Others	-	-	-	125
	-	50,205	400,023	621,332
BB Amplo FIC FI Fixed Income				
BB wholesale FI PF				
Agreements Guaranteed by Government Securities	42,164	-	42,195	-
Public Bonds	-	-	-	104,229
Others	-	-	4,686	-
	42,164	-	46,881	104,229
Total CEC - Exclusive Funds	135,310	253,014	1,777,252	2,930,841

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8. Accounts receivable and other receivables

		Consolidated	
	Ref.	06/30/2019	12/31/2018
Consumers	(a)	5,133,037	4,846,207
Accounts receivable	(b)	270,233	310,168
Energy traded through CCEE		291,869	244,653
Use of the Distribution Network (TUSD)		541,852	490,858
Services provided to third parties		33,097	33,640
Taxed and administrative services		27,184	27,159
Government grants	(c)	356,046	313,657
Others credits		208,662	222,619
(-) Estimated loss on doubtful debts	(d)	(1,016,594)	(984,331)
Total		5,845,386	5,504,630
Current		5,533,011	5,160,926
Non-current		312,375	343,704

a) Consumers

	Consolidated						
	Current Balances	Overdue Balances		Total		Estimated loss on doubtful debts	
		Up 90 days	Over 90 days	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Private sector							
Residential	509,999	670,588	599,991	1,780,578	1,684,968	(506,132)	(474,238)
Industrial	250,283	58,588	167,943	476,814	437,911	(115,162)	(117,113)
Commercial, services and others	387,326	170,312	190,118	747,756	730,621	(131,802)	(121,497)
Rural	107,163	59,731	134,860	301,754	280,549	(90,057)	(99,475)
	1,254,771	959,219	1,092,912	3,306,902	3,134,049	(843,153)	(812,323)
Public sector							
Federal	22,655	13,682	9,820	46,157	31,871	(1,152)	(1,159)
State	136,024	20,237	23,342	179,603	198,998	(23,971)	(20,568)
Local	128,401	35,247	66,824	230,472	220,397	(38,568)	(38,934)
	287,080	69,166	99,986	456,232	451,266	(63,691)	(60,661)
Public lighting	87,741	49,930	94,166	231,837	200,908	(31,569)	(20,989)
Public services	129,848	11,734	51,319	192,901	159,826	(14,012)	(20,458)
Unbilled supply	945,165	-	-	945,165	900,158	(4,456)	(4,623)
	1,162,754	61,664	145,485	1,369,903	1,260,892	(50,037)	(46,070)
Consumers	2,704,605	1,090,049	1,338,383	5,133,037	4,846,207	(956,881)	(919,054)
Current				4,914,277	4,619,801	(933,879)	(901,412)
Non-current				218,760	226,406	(23,002)	(17,642)

The trade accounts receivable classified as non-current assets represent the amounts resulting from the consolidation of payments in installments under energy supply bills due from defaulting consumers and with future maturity, charged in electricity bills. This includes interest and fines calculated proportionally.

b) Accounts receivable

These are energy supply accounts of generation and trade companies with several market agents.

	Consolidated					
	Balances	Overdue		Total		Estimated loss on doubtful debts
	falling due	Up to 90 days	Over 90 days	06/30/2019	12/31/2018	06/30/2019 12/31/2018
Private sector	233,832	10,923	25,478	270,233	310,168	(5,652) (12,109)
Total	233,832	10,923	25,478	270,233	310,168	(5,652) (12,109)

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The debt installments include interest and monetary indexation at market rates, terms and indexes and the Company's Management considers the net amounts of credit risk loss recoverable.

c) Government grants

(c.1) Low Income – Social Tariff:

The Federal Government, through Laws n° 12,212 and 10,438 established the application of low-income social tariff with the purpose of contributing to the sliding-scale rates of electric power supply to end consumers, members of low-income residential subclass.

The balance receivable as of June 30, 2019 is R\$ 114,134 and refer to the months of May and June 2019 (R\$ 98,718 as of December 31, 2018).

(c.2) CDE:

On April 18, 2017, ANEEL Resolution n° 2,222/2017 was issued, approving the monthly amount of R\$ 96,830, to be transferred by Eletrobras from April 2018 to June 2019.

The receivable balance as of June 30, 2019 is R\$ 241,912 (R\$ 214,939 as of December 31, 2018).

d) Estimated loss on doubtful debts

	Consolidated				
	Consumers	Accounts receivable	Energy traded at CCEE	Others credits	Total
Balances as of at January 1st, 2018	(941,236)	(6,008)	(54,939)	(498)	(1,002,681)
Initial adoption of CPC 48	(36,522)	(1,089)	-	(6,731)	(44,342)
Additions	(604,973)	(8,885)	-	(16,506)	(630,364)
Reversals	320,073	3,279	-	25,506	348,858
Written-off to uncollectable	343,604	594	-	-	344,198
Balances as of December 31, 2018	(919,054)	(12,109)	(54,939)	1,771	(984,331)
Additions	(353,954)	(1,513)	-	(20,863)	(376,330)
Reversals	217,085	7,913	-	7,429	232,427
Written-off to uncollectable	99,042	57	-	12,541	111,640
Balances as of June 30, 2019	(956,881)	(5,652)	(54,939)	878	(1,016,594)

9. Recoverable taxes and social contributions and other taxes

9.1 Recoverable taxes and social contributions

	Parent		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Income Tax (IR)	171,737	131,948	558,794	433,544
Social Contribution on Profit for the year (CSLL)	2,718	989	138,062	72,745
Recoverable income tax and social contribution	174,455	132,937	696,856	506,289
Current	174,455	132,937	686,978	502,438
Non-current	-	-	9,878	3,851

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9.2 Recoverable other taxes

	Parent		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Value added tax (ICMS)	-	-	580,287	540,971
Federal Social Integration Program (PIS)	-	-	21,996	15,616
Social Security Financing Contribution (COFINS)	-	-	112,516	82,831
National Social Security System (INSS)	-	-	30,507	23,814
Services Tax (ISS)	28	-	1,792	1,259
Tax Recovery Program (REFIS)	-	-	2,433	2,434
Others	135	134	8,375	8,943
Recoverable other taxes	163	134	757,906	675,868
Current	163	134	394,269	317,400
Non-current	-	-	363,637	358,468

10. Current and deferred taxes and social contribution

The composition of deferred taxes and contributions is as follows:

	Consolidated	
	06/30/2019	12/31/2018
(I) Income tax and social contribution	84,659	208,162
Tax benefit of merged goodwill *	663,872	706,329
Total	748,531	914,491
Asset	887,673	1,031,035
Liability	(139,142)	(116,544)

*The tax benefit of the merged goodwill (incorporated surplus value) refers to the tax credit calculated on merged acquisition surplus value. In order to avoid that the amortization of the surplus value adversely affects the flow of dividends to shareholders, a provision was constituted for the maintenance of the integrity of the shareholders' equity of its incorporator was constituted.

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(I) Deferred income tax and social contribution

The Company recorded deferred taxes and social contribution on temporary differences and tax losses, which financial effects will occur at the time of realization of the amounts that gave rise to the calculation basis. Income tax is calculated at a 15% rate added by the additional 10% rate, and social contribution is constituted at a 9% rate.

The deferred tax base is as follows:

	06/30/2019		12/31/2018 (Restated)	
Assets	IR	CSLL	IR	CSLL
Tax loss	552,839	553,201	506,449	506,463
Tax rate	25%	9%	25%	9%
Total Tax loss	138,210	49,788	126,612	45,582
Assets				
Estimated loss on doubtful debts	382,579	382,579	365,654	365,654
Actuarial liability provision	776,434	776,434	762,476	762,476
Contingency provisions	673,825	673,825	658,858	658,858
Collecting agent provision	2,099	2,099	2,099	2,099
Profit sharing provision	43,457	43,457	69,909	69,909
Nondeductible depreciation (Environmental contingencies provision)	6,518	6,518	6,422	6,422
Right of use of the exceeding concession income	308,799	308,799	315,083	315,083
CCEE/ Loss/ Free Energy	52,957	52,957	49,260	49,260
Adjustment of the annual amortization quota	112,376	112,376	101,138	101,138
Fair value of financial derivatives	(27,849)	(27,849)	8,236	8,236
Pension plan deficit	167,131	167,131	181,061	181,061
Use of public asset	8,779	8,779	9,076	9,076
Others	299,940	299,940	141,680	141,680
Total temporary differences - ASSETS	2,807,045	2,807,045	2,670,952	2,670,952
Liability (-)				
Accelerated Depreciation/Amortization	(14,926)	(14,926)	(9,883)	(9,881)
Fair value of financial derivatives	(28,668)	(28,668)	(4,622)	(4,622)
Difference between fair value of the current year and fair value on the initial adoption	(1,958,875)	(1,958,875)	(1,492,499)	(1,492,499)
Adjustment of the annual amortization quota	(96,759)	(96,759)	(95,596)	(95,596)
Capitalization (amortization) of interests according to IFRS	(451,454)	(451,454)	(399,719)	(399,719)
Pension plan deficit	(22,443)	(22,443)	(22,538)	(22,538)
Pension plan surplus	(9,682)	(9,682)	(9,343)	(9,343)
Financing cost	(62,710)	(62,710)	(57,134)	(57,134)
Initial adoption of CPC 47/48	(4,494)	(4,494)	(4,450)	(4,450)
Others	(454,090)	(480,087)	(462,779)	(487,716)
Total temporary differences - LIABILITY	(3,104,101)	(3,130,098)	(2,558,563)	(2,583,498)
Total temporary differences - NET	(297,056)	(323,053)	112,389	87,454
Tax rate	25%	9%	25%	9%
Total temporary differences	(74,264)	(29,075)	28,097	7,871
SUB TOTAL	63,946	20,713	154,709	53,453
TOTAL NET		84,659		208,162

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Notes to the Interim Financial Statements (In thousands of Reais)

The reconciliation of income tax (revenue) expenses disclosed and the amounts calculated by applying the effective rates as of June 30, 2019 and 2018 is presented below.

	Six-month period ended			
	06/30/2019		06/30/2018	
	IR	CSLL	IR	CSLL
	(Restated)			
Accounting profit before income tax and social contribution	1,318,910	1,318,910	968,559	968,559
Profit before income tax and social contribution	1,318,910	1,318,910	968,559	968,559
Income tax and social contribution rate	25%	9%	25%	9%
Income tax and social contribution at the rates provided by legislation	329,728	118,702	242,140	87,170
Effect of the (additions) exclusions in the tax calculation	(166,071)	(21,697)	(77,550)	(11,904)
Effect of assumed profit regime	(18,104)	(5,518)	(23,392)	(7,277)
Permanent differences	(45,037)	(16,179)	(11,631)	(4,306)
Tax incentives and others	(102,930)	-	(42,527)	(321)
Income tax and social contribution for the period	163,657	97,005	164,590	75,266
Generated (compensated) tax loss and negative basis of social contribution	5,430	1,678	11,820	4,257
Others	1,288	65	464	276
Income tax and social contribution in the income statement	170,375	98,748	176,874	79,799
Current	67,573	62,024	65,108	39,564
Collected and Paid	91,659	73,227	27,283	36,220
Payable	14,843	5,638	37,442	14,506
Compensated and deducted	7,725	733	6,965	723
Recoverable anticipated taxes	(46,654)	(17,574)	(6,583)	(11,885)
Deferred	102,802	36,724	111,766	40,235
	170,375	98,748	176,874	79,799
Effective rate of income tax and social contribution	12,92%	7,49%	18,26%	8,24%

	Three-month period ended			
	06/30/2019		06/30/2018	
	IR	CSLL	IR	CSLL
	(Restated)			
Accounting profit before income tax and social contribution	618,858	618,858	536,939	536,939
Profit before income tax and social contribution	618,858	618,858	536,939	536,939
Income tax and social contribution rate	25%	9%	25%	9%
Income tax and social contribution at the rates provided by legislation	154,715	55,697	134,235	48,324
Effect of the (additions) exclusions in the tax calculation	(109,919)	(23,206)	(46,215)	(14,265)
Effect of assumed profit regime	(9,934)	(3,069)	(16,318)	(5,245)
Permanent differences	(61,209)	(21,293)	(24,070)	(8,794)
Tax incentives and others	(38,775)	1,156	(5,827)	(225)
Income tax and social contribution for the period	44,796	32,491	88,020	34,059
Generated (compensated) tax loss and negative basis of social contribution	4,966	1,635	3,023	1,141
Others	(3,769)	(1,326)	(300)	(189)
Income tax and social contribution in the income statement	45,993	32,800	90,743	35,011
Current	(5,805)	14,291	24,242	11,099
Collected and Paid	58,437	49,295	18,123	26,007
Payable	(24,053)	(17,921)	11,508	(2,057)
Compensated and deducted	6,327	487	(108)	(1,357)
Recoverable anticipated taxes	(46,516)	(17,570)	(5,282)	(11,494)
Deferred	51,798	18,509	66,501	23,912
	45,993	32,800	90,743	35,011
Effective rate of income tax and social contribution	7,43%	5,30%	16,90%	6,52%

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The reconciliation of income tax expense disclosed as of June 30, 2019 and 2018 is presented below.

	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Current	(8,486)	(35,341)	(129,597)	(104,672)
Deferred	(61,597)	(81,352)	(122,105)	(133,878)
Goodwill amortization and tax benefit from merged goodwill reversal	(8,710)	(9,061)	(17,421)	(18,123)
Income tax and social contribution for the fiscal year	(78,793)	(125,754)	(269,123)	(256,673)

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11. “Portion A” and other financial items

The composition of sector assets and liabilities is as it follows:

			Consolidated						
			06/30/2019						
Ref.	Current			Non-current			Net Total		
	Asset	Liabilities(-)	Total Asset/ (Liabilities)	Asset	Liabilities(-)	Total Asset/ (Liabilities)			
“Portion A” (CVA and Neutrality)									
	Energy purchase	(a)	1,546,096	(44,857)	1,501,239	289,106	(7,613)	281,493	1,782,732
	System Service Charges – ESS	(b)	-	(548,055)	(548,055)	-	(108,064)	(108,064)	(656,119)
	Use of transmission network - TUST		33,392	(518)	32,874	651	(5,058)	(4,407)	28,467
	Regulatory charges neutrality		30,197	(52,946)	(22,749)	4,277	(7,279)	(3,002)	(25,751)
	Energy Development Account (CDE) resources		80,604	-	80,604	63,691	-	63,691	144,295
	Other CVAs		98,282	-	98,282	6,584	-	6,584	104,866
Financial Components and Subsidies									
	Tariff Review		87	-	87	-	-	-	87
	Over contracted energy	(c)	98,292	(207,736)	(109,444)	107,107	(8,120)	98,987	(10,457)
	Hydrological risk	(d)	-	(228,953)	(228,953)	-	(48,838)	(48,838)	(277,791)
	Energy recomposition - Termope		46,563	-	46,563	15,389	-	15,389	61,952
	Tariff surcharges		-	(45,248)	(45,248)	-	(391,837)	(391,837)	(437,085)
	R&D refunds		-	(10,713)	(10,713)	-	-	-	(10,713)
	Other financial components		42,401	(32,950)	9,452	3,113	(4,234)	(1,122)	8,330
Total			1,975,914	(1,171,976)	803,939	489,918	(581,043)	(91,126)	712,813

	Consolidated						
	12/31/2018						
	Current			Non-current			
	Asset	Liabilities(-)	Total Asset/(liabilities)	Asset	Liabilities(-)	Total Asset/(liabilities)	Net Total
“Portion A” (CVA and Neutrality)							
Energy purchase	1,975,720	(130,194)	1,845,526	410,336	(7,386)	402,950	2,248,476
System Service Charges – ESS	-	(661,909)	(661,909)	-	(156,404)	(156,404)	(818,313)
Use of transmission network - TUST	72,606	-	72,606	12,050	(3,400)	8,650	81,256
Regulatory charges neutrality	40,151	(29,368)	10,783	23,098	(7,960)	15,138	25,921
Energy Development Account (CDE) resources	40,473	(60,921)	(20,448)	7,988	(17,070)	(9,082)	(29,530)
Other CVAs	102,980	-	102,980	23,000	-	23,000	125,980
Financial Components and Subsidies							
Tariff Review	3,803	-	3,803	-	-	-	3,803
Over contracted energy	200,175	(245,434)	(45,259)	2,275	(93,484)	(91,209)	(136,468)
Hydrological risk	-	(266,449)	(266,449)	-	(44,534)	(44,534)	(310,983)
Changes in CCEE transactions	8,037	(599)	7,438	-	-	-	7,438
Energy recomposition - Termope	49,288	-	49,288	10,808	-	10,808	60,096
Tariff surcharges	-	(17,363)	(17,363)	-	(319,783)	(319,783)	(337,146)
R&D refunds	-	(64,743)	(64,743)	-	-	-	(64,743)
Other financial components	22,163	(15,126)	7,037	5,714	(21,870)	(16,156)	(9,119)
Total	2,515,396	(1,492,106)	1,023,290	495,269	(671,891)	(176,622)	846,668

(a) Energy purchases

In the period ending as of June 30, 2019, the subsidiaries Coelba, Celpe, Cosern and Elektro Redes calculated the price variances (CVA) on energy purchases, registering an asset in the amount of R\$733,114, R\$430,606, R\$ 163,927 and R\$455,085, respectively, related to incurred costs higher than

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tariffs' coverage, mainly due spot transactions occurred in CCEE and amortization of balances approved in previous tariff adjustment processes.

(b) System Service Charge – ESS

In the period ending as of June 30, 2019, the subsidiaries Coelba, Celpe, Cosern and Elektro Redes recognized a liability in the total amount of R\$235,849, R\$152,758, R\$ 68,049 and R\$ 199,463, respectively, indicating that for this charge, actual incurred costs were lower than tariff coverage for the tariff year, including amortization of the balances approved in previous tariff adjustment processes.

(c) Over contracted energy

In the period ending as of June 30, 2019, the subsidiaries Coelba and Cosern recognized an updated asset financial adjustment of R\$ 23,690 and R\$ 11,163 and the subsidiaries Celpe and Elektro Redes recognized an updated liability financial adjustment of R\$14,486 and R\$ R\$30,824, respectively, in order to offset the effect in income obtained with the purchase and sale of the surplus or with the purchase of the energy exposure in the spot market.

(d) Hydrological Risk

In the period ending as of June 30, 2019, the subsidiaries Coelba, Celpe and Cosern registered a liability financial component related to hydrological risk in the amount of R\$146,446, R\$ 93,965 and R\$ 37,380, referring to amounts to be returned to consumers, as approved by ANEEL in 2017 tariff adjustment process, in compliance with ANEEL Resolution n° 796/2017, as a result of the Public Hearing 004/2017.

The changes in the balances of assets and liabilities are as follows:

Balances as of at January 1st, 2018	726,423
Recognition of asset (Liability)	750,776
Reversal (Amortization)	(693,015)
Monetary indexation	62,484
Balances as of December 31, 2018	846,668
Recognition of asset (Liability)	511,917
Reversal (Amortization)	(667,631)
Monetary indexation	21,859
Balances as of June 30, 2019	712,813

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12. Investments

Information on associates are as follows:

Subsidiaries	Date	Asset		Liability		Equity	Profit (Loss) for the fiscal year
	Financial Position / Result	Current	Non-current	Current	Non-current		
COELBA	06/30/2019	3,477,896	11,922,555	2,833,842	7,751,055	4,815,554	525,609
	12/31/2018 / 06/30/2018	3,352,774	11,177,792	2,715,489	6,610,076	5,205,001	221,522
CELPE	06/30/2019	2,075,208	5,689,370	1,374,131	4,799,335	1,591,112	81,048
	12/31/2018 / 06/30/2018	2,308,999	5,454,426	1,704,952	4,465,003	1,593,470	94,561
COSERN	06/30/2019	757,737	2,468,080	520,769	1,773,477	931,571	123,003
	12/31/2018 / 06/30/2018	853,326	2,343,835	612,896	1,617,496	966,769	120,514
ELEKTRO REDES	06/30/2019	2,742,905	4,902,310	1,504,739	3,703,674	2,436,802	189,965
	12/31/2018 / 06/30/2018	3,116,613	4,737,127	1,622,810	3,937,104	2,293,826	145,667
AFLUENTE TRANSMISSÃO	06/30/2019	65,163	153,164	2,511	7,591	208,225	12,471
	12/31/2018 / 06/30/2018	51,621	154,578	2,655	7,790	195,754	10,370
SE NARANDIBA	06/30/2019	20,167	174,073	37,613	11,048	145,579	15,518
	12/31/2018 / 06/30/2018	19,035	164,816	40,408	15,033	128,410	6,365
POTIGUAR SUL	06/30/2019	32,863	282,930	29,519	20,560	265,714	24,498
	12/31/2018 / 06/30/2018	34,753	269,024	37,091	19,322	247,364	12,003
EKTT I	06/30/2019	4,336	57,004	7,659	7,969	45,712	2,247
	12/31/2018 / 06/30/2018	15,805	29,135	1,629	1,811	41,500	350
EKTT II	06/30/2019	2,517	84,179	3,199	58,332	25,165	2,261
	12/31/2018 / 06/30/2018	8,457	10,409	1,371	688	16,807	491
EKTT III	06/30/2019	1,632	19,650	4,345	2,073	14,864	3,084
	12/31/2018 / 06/30/2018	-	-	-	-	-	-
EKTT IV	06/30/2019	1,730	13,211	1,923	1,416	11,602	2,079
	12/31/2018 / 06/30/2018	-	-	-	-	-	-
EKTT V	06/30/2019	2,725	19,310	4,318	1,769	15,948	2,546
	12/31/2018 / 06/30/2018	-	-	-	-	-	-
EKTT XI	06/30/2019	2,428	25,631	7,770	2,339	17,950	3,103
	12/31/2018 / 06/30/2018	-	-	-	-	-	-
EKTT XII	06/30/2019	5,900	142,734	20,388	23,003	105,243	12,250
	12/31/2018 / 06/30/2018	9,640	51,517	6,472	3,795	50,890	1,192
EKTT XIII	06/30/2019	7,343	81,314	3,943	8,677	76,037	7,408
	12/31/2018 / 06/30/2018	7,095	29,639	2,200	2,065	32,469	1,632
EKTT XIV	06/30/2019	6,519	71,119	3,221	8,188	66,229	6,529
	12/31/2018 / 06/30/2018	7,905	26,367	1,736	1,828	30,708	1,602
EKTT XV	06/30/2019	5,640	66,907	25,448	7,926	39,173	5,419
	12/31/2018 / 06/30/2018	2,650	26,942	5,330	1,874	22,388	1,472
	06/30/2019	3,909	4,394	703	500	7,100	1,093

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Notes to the Interim Financial Statements (In thousands of Reais)

	Date	Asset		Liability		Equity	Profit (Loss) for the fiscal year
Subsidiaries	Financial Position / Result	Current	Non-current	Current	Non-current		
NEOENERGIA SERVIÇOS	12/31/2018 / 06/30/2018	3,018	6,352	2,489	744	6,137	313
	06/30/2019	685,229	1,745,272	392,854	1,209,654	827,993	101,275
TERMOPE	12/31/2018 / 06/30/2018	580,016	1,685,313	355,095	1,126,576	783,658	71,441
	06/30/2019	315,223	330,258	319,200	122,435	203,846	(26,978)
NC ENERGIA	12/31/2018 / 06/30/2018	416,995	288,417	347,509	127,080	230,823	17,843
	06/30/2019	9,881	103	5,747	-	4,237	(1,044)
ELEKTRO COM. DE ENERGIA LTDA – EKCE	12/31/2018 / 06/30/2018	23,234	123	17,024	-	6,333	(1,159)
	06/30/2019	986	13,818	77	-	14,727	(48)
NEOENERGIA INVESTIMENTOS	12/31/2018 / 06/30/2018	983	13,700	77	-	14,606	391
	06/30/2019	10,272	6,436	2,548	6	14,154	84
ELEKTRO O&M	12/31/2018 / 06/30/2018	11,507	6,552	3,983	6	14,070	(348)
	06/30/2019	260,113	467,084	156,283	252,608	318,306	43,017
ITAPEBI	12/31/2018 / 06/30/2018	297,016	510,123	153,210	343,565	310,364	41,543
	06/30/2019	61,810	262,200	51,375	111,329	161,306	13,559
BAGUARI	12/31/2018 / 06/30/2018	51,056	265,731	32,052	116,622	168,113	15,541
	06/30/2019	35,329	327,969	37,149	53,083	273,066	15,381
GERAÇÃO C III	12/31/2018 / 06/30/2018	23,302	325,932	32,488	59,061	257,685	18,692
	06/30/2019	62,402	1,839,669	166,463	550,347	1,185,261	10,041
GERAÇÃO CÉU AZUL	12/31/2018 / 06/30/2018	61,416	1,811,557	168,340	590,023	1,114,610	(1,317)
	06/30/2019	-	869	-	-	869	-
BAHIA PCH II	12/31/2018 / 06/30/2018	-	869	-	-	869	-
	06/30/2019	13,015	10,373	4,162	624	18,602	3,326
NEOENERGIA O&M	12/31/2018 / 06/30/2018	12,748	10,396	7,260	608	15,276	(81)
	06/30/2019	1,075	1,380,783	19	-	1,381,839	(5,098)
BELO MONTE PARTICIPAÇÕES	12/31/2018 / 06/30/2018	1,080	1,368,928	29	-	1,369,979	41,202
	06/30/2019	86,120	689,027	103,588	-	671,559	17,908
ELEKTRO RENOVÁVEIS DO BRASIL	12/31/2018 / 06/30/2018	79,539	673,996	100,760	-	652,775	25,756
	06/30/2019	44,460	103,089	14,299	6,377	126,873	15,346
ENERBRASIL RENOVÁVEIS DO BRASIL	12/31/2018 / 06/30/2018	46,603	108,906	19,305	6,082	130,122	19,054

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Subsidiaries	Date	Asset		Liability		Equity	Profit (Loss) for the fiscal year
	Financial Position / Result	Current	Non-current	Current	Non-current		
FORÇA EÓLICA PARTICIPAÇÕES	06/30/2019	6,154	267,600	37,592	-	236,162	9,342
	12/31/2018 / 06/30/2018	17,343	258,578	13,877	-	262,044	8,680
FORÇA EÓLICA DO BRASIL	06/30/2019	14,319	608,034	32,851	11,495	578,007	(20,911)
	12/31/2018 / 06/30/2018	18,751	603,070	141,910	62	479,849	(12,915)
FORÇA EÓLICA DO BRASIL I	06/30/2019	14,369	334,980	51,907	-	297,442	16,075
	12/31/2018 / 06/30/2018	31,334	319,033	17,645	-	332,722	23,448
FORÇA EÓLICA DO BRASIL II	06/30/2019	45,953	238,065	35,841	-	248,177	9,458
	12/31/2018 / 06/30/2018	22,516	263,942	11,978	-	274,480	8,787
SANTANA 1	06/30/2019	29,499	175,634	34,281	5,395	165,457	4,721
	12/31/2018 / 06/30/2018	32,238	179,769	24,570	4,913	182,524	8,069
SANTANA 2	06/30/2019	22,088	141,025	27,425	4,131	131,557	2,554
	12/31/2018 / 06/30/2018	24,871	144,387	19,911	4,529	144,818	5,449
CANOAS I	06/30/2019	12,143	198,040	15,546	5,980	188,657	6,190
	12/31/2018 / 06/30/2018	13,554	206,244	18,926	5,034	195,838	4,375
CANOAS II	06/30/2019	890	2,913	182	5	3,616	1
	12/31/2018 / 06/30/2018	1,004	2,633	23	-	3,614	-
CANOAS III	06/30/2019	986	191	180	1	996	(4)
	12/31/2018 / 06/30/2018	-	-	17	-	(17)	-
CANOAS IV	06/30/2019	863	2,947	189	5	3,616	1
	12/31/2018 / 06/30/2018	1,004	2,633	23	-	3,614	-
LAGOA I	06/30/2019	47,995	571,734	35,876	349,387	234,466	(1,899)
	12/31/2018 / 06/30/2018	33,897	590,767	35,131	353,156	236,377	(394)
LAGOA II	06/30/2019	8,136	195,850	14,668	6,210	183,108	5,253
	12/31/2018 / 06/30/2018	7,594	201,866	14,177	5,019	190,264	3,517
LAGOA III	06/30/2019	698	3,110	186	10	3,612	(2)
	12/31/2018 / 06/30/2018	1,002	2,641	28	1	3,614	-
LAGOA IV	06/30/2019	655	1,856	169	5	2,337	(6)
	12/31/2018 / 06/30/2018	776	1,589	23	-	2,342	-
CALANGO I	06/30/2019	17,288	114,387	11,984	57,075	62,616	3,705
	12/31/2018 / 06/30/2018	19,051	114,528	16,130	58,538	58,911	3,798
CALANGO II	06/30/2019	14,659	106,024	9,536	58,551	52,596	2,519
	12/31/2018 / 06/30/2018	16,815	106,463	12,651	60,549	50,078	3,232
CALANGO III	06/30/2019	16,275	114,641	10,424	64,887	55,605	2,431
	12/31/2018 / 06/30/2018	17,288	115,418	13,747	65,785	53,174	2,892
CALANGO IV	06/30/2019	14,236	105,051	11,307	56,568	51,412	2,681
	12/31/2018 / 06/30/2018	16,501	106,433	15,015	59,188	48,731	3,679
CALANGO V	06/30/2019	17,902	104,750	11,581	57,284	53,787	2,690
	12/31/2018 / 06/30/2018	19,174	105,822	14,752	59,147	51,097	3,586

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Notes to the Interim Financial Statements (In thousands of Reais)

Subsidiaries	Date	Asset		Liability		Equity	Profit (Loss) for the fiscal year
	Financial Position / Result	Current	Non-current	Current	Non-current		
CALANGO VI	06/30/2019	76,582	464,356	16,044	296,544	228,350	(2,052)
	12/31/2018 / 06/30/2018	56,073	498,724	25,140	299,255	230,402	7,862
CAETITÉ I	06/30/2019	8,003	125,042	10,370	44,597	78,078	4,252
	12/31/2018 / 06/30/2018	9,333	122,507	11,298	46,716	73,826	5,637
CAETITÉ II	06/30/2019	13,446	120,622	8,642	38,213	87,213	2,614
	12/31/2018 / 06/30/2018	17,800	118,510	11,671	40,090	84,549	6,623
CAETITÉ III	06/30/2019	7,700	116,990	8,989	40,927	74,774	2,809
	12/31/2018 / 06/30/2018	9,480	115,665	10,322	42,858	71,965	3,451
ARIZONA I	06/30/2019	6,586	113,252	11,226	60,109	48,503	(973)
	12/31/2018 / 06/30/2018	8,697	115,000	13,122	61,388	49,187	(684)
MEL II	06/30/2019	4,954	80,464	6,377	43,765	35,276	2,504
	12/31/2018 / 06/30/2018	5,878	79,973	7,855	45,287	32,709	(811)
CHAFARIZ I	06/30/2019	734	3,094	214	9	3,605	(1)
	12/31/2018 / 06/30/2018	1,002	2,633	28	1	3,606	-
CHAFARIZ II	06/30/2019	900	2,903	191	4	3,608	2
	12/31/2018 / 06/30/2018	1,004	2,625	23	-	3,606	-
CHAFARIZ III	06/30/2019	1,142	2,896	178	4	3,856	-
	12/31/2018 / 06/30/2018	1,254	2,625	23	-	3,856	-
CHAFARIZ IV	06/30/2019	974	217	196	1	994	(5)
	12/31/2018 / 06/30/2018	-	-	17	-	(17)	-
CHAFARIZ V	06/30/2019	956	238	200	1	993	(5)
	12/31/2018 / 06/30/2018	-	-	17	-	(17)	-
CHAFARIZ VI	06/30/2019	1,052	2,629	173	5	3,503	(2)
	12/31/2018 / 06/30/2018	1,166	2,363	23	-	3,506	-
CHAFARIZ VII	06/30/2019	1,146	2,886	172	5	3,855	-
	12/31/2018 / 06/30/2018	1,254	2,625	23	-	3,856	-
VENTOS DE ARAPUÁ I	06/30/2019	840	238	79	5	994	(6)
	12/31/2018 / 06/30/2018	-	-	17	-	(17)	-
VENTOS DE ARAPUÁ III	06/30/2019	972	54	31	1	994	(4)
	12/31/2018 / 06/30/2018	-	-	17	-	(17)	-
VENTOS DE ARAPUÁ III	06/30/2019	983	40	27	1	995	(4)
	12/31/2018 / 06/30/2018	-	-	17	-	(17)	-

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Notes to the Interim Financial Statements (In thousands of Reais)

Joint control	Date	Asset		Liability		Equity	Profit/ loss for the year
	Financial Position / Result	Current	Non-current	Current	Non-current		
TELES PIRES PARTICIPAÇÕES	06/30/2019	5,719	2,168,755	54,809	612,553	1,507,112	(32,520)
	12/31/2018 / 06/30/2018	5,495	2,160,996	54,942	636,081	1,475,468	(67,317)
COMPANHIA HIDROELETRICA TELESPIRES	06/30/2019	149,023	4,875,682	307,941	2,793,469	1,923,295	(5,247)
	12/31/2018 / 06/30/2018	161,529	4,909,171	319,964	2,837,194	1,913,542	(40,417)
ÁGUAS DA PEDRA	06/30/2019	117,466	697,591	78,597	244,561	491,898	56,051
	12/31/2018 / 06/30/2018	70,820	712,332	86,624	260,680	435,848	63,765

Associated Companies	Date	Asset		Liability		Equity	Profit/ loss for the year
	Financial Position / Result	Current	Non-current	Current	Non-current		
NORTE ENERGIA	06/30/2019	876,567	42,933,565	4,039,102	26,350,650	13,420,380	(50,973)
	12/31/2018 / 06/30/2018	876,865	42,715,482	3,639,253	26,481,741	13,471,353	413,623
ENERGÉTICA CORUMBÁ III	06/30/2019	23,087	205,684	12,459	40,538	175,774	8,951
	12/31/2018 / 06/30/2018	19,979	207,397	24,611	35,457	167,308	7,241

The table below presents the financial information respect of the companies Teles Pires Participações and Norte Energia, according to CPC 45 — Disclosure of Interests in Other Entities

Statement of financial position	NORTE ENERGIA		TELES PIRES PARTICIPAÇÕES (*)	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Cash and cash equivalents	79,766	85,993	34,892	27,857
Accounts receivable from clients and other accounts receivable	506,264	570,959	91,568	106,791
Other current assets	290,537	219,913	28,282	32,375
Current Assets	876,567	876,865	154,742	167,023
Securities	-	-	104,729	99,555
Property, plant and equipment	41,910,958	41,511,052	4,588,839	4,673,740
Judicial deposits	587,520	738,998	60,657	62,188
Other non-current assets	435,087	465,432	384,317	338,368
Non-current Assets	42,933,565	42,715,482	5,138,542	5,173,851
Total assets	43,810,132	43,592,347	5,293,284	5,340,874
Suppliers	580,055	491,608	56,474	64,297
Obligations of the environment	211,853	399,451	50,985	55,294
Loans and financing	2,509,322	2,389,264	159,041	159,213
Debentures	-	-	54,796	54,913
Other current liabilities	737,872	358,930	41,454	41,192
Current Liabilities	4,039,102	3,639,253	362,750	374,909
Loans and financing	25,387,783	25,560,954	2,350,218	2,417,310
Debentures	-	-	612,553	636,081
Obligations of the environment	526,860	-	-	-
Other current liabilities	436,007	920,787	443,251	419,883
Non-current Liabilities	26,350,650	26,481,741	3,406,022	3,473,274
Capital	13,010,058	13,010,058	2,377,794	2,313,539
Retained earnings	461,295	461,295	-	-
Profit for the year	(50,973)	-	(870,592)	(838,070)
Total equity	13,420,380	13,471,353	1,507,202	1,475,469
Non-controlling interest	-	-	17,310	17,222
Total liabilities and equity	43,810,132	43,592,347	5,293,284	5,340,874

(*) The information presented relates to the consolidated balance of Teles Pires

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	NORTE ENERGIA		TELES PIRES PARTICIPAÇÕES (*)	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Income Statement				
Net Revenue	1,855,831	1,947,287	402,943	369,188
Operating costs and expenses	(1,166,061)	(837,559)	(330,108)	(305,970)
Operating Profit (loss)	689,770	1,109,728	72,835	63,218
Financial Income	34,633	53,518	5,250	7,592
Income from financial investments	26,794	14,370	3,937	5,118
Other financial income	7,839	39,148	1,313	2,474
Financial expenses	(803,280)	(526,427)	(158,147)	(159,283)
Debt charges	(776,707)	(516,045)	(131,269)	(136,244)
Other financial expenses	(26,573)	(10,382)	(26,878)	(23,039)
Profit (loss) before income tax and social contribution	(78,877)	636,819	(80,062)	(88,473)
Income tax and social contribution	27,904	(223,196)	47,494	20,792
Profit/ (loss) for the year	(50,973)	413,623	(32,568)	(67,681)
Attributable to:				
Equity holders of the parent	(50,973)	413,623	(32,521)	(67,318)
Non-controlling interests	-	-	(47)	(363)
	NORTE ENERGIA		TELES PIRES PARTICIPAÇÕES*	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Statement of comprehensive income				
Profit for the period	(50,973)	413,623	(32,568)	(67,681)
Other comprehensive income				
Items that will not be reclassified to the income statement	-	-	-	-
Total comprehensive income for the period, net of tax	(50,973)	413,623	(32,568)	(67,681)
Attributed to				
Equity holders of the parent	(50,973)	413,623	(32,521)	(67,318)
Non-controlling interests	-	-	(47)	(363)

(*) The information presented relates to the consolidated balance of Teles Pires

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Notes to the Interim Financial Statements (In thousands of Reais)

The following is a summary of the Parent Company's balance of investments:

	Balances as at December 31, 2017	Capital increase	(-)Stock issue expenses	Dissol ution	Adjustment on initial application of CPC 48	Adjustment on initial application of CPC 47	Goodwill on transactions with shareholders	Other comprehensive income	Equity	Amortizatio n of surplus value	Dividends and Interest on equity	Balances as at December 31, 2018
COELBA	3,273,579	1,649,999	(1,603)	-	4,255	-	(7,987)	14,237	617,527	(29,710)	(296,142)	5,224,155
CELPE	1,647,835	-	-	-	(14,440)	-	-	9,481	100,235	(26,479)	(44,987)	1,671,645
COSERN	884,326	-	-	-	(11,911)	-	-	(72)	221,090	(12,445)	(104,514)	976,474
ELEKTRO REDES	3,027,871	-	-	-	(3,937)	-	-	(10,821)	412,944	(94,657)	(135,544)	3,195,856
AFLUENTE TRANSMISSÃO	39,473	-	-	-	(42)	122,665	-	-	19,863	-	(10,003)	171,956
SE NARANDIBA	70,011	5,585	-	-	(12)	39,455	-	-	16,886	-	(3,515)	128,410
EKTT 1 -A SERVIÇOS DE TRANSMISSÃO	-	38,053	-	-	-	-	-	-	3,448	-	-	41,501
EKTT 2 -A SERVIÇOS DE TRANSMISSÃO	-	15,527	-	-	-	-	-	-	1,280	-	-	16,807
EKTT 12-A SERVIÇOS DE TRANSMISSÃO	7,417	36,386	-	-	-	1,239	-	-	5,848	-	-	50,890
EKTT 13-A SERVIÇOS DE TRANSMISSÃO	11,311	16,259	-	-	-	612	-	940	3,347	-	-	32,469
EKTT 14-A SERVIÇOS DE TRANSMISSÃO	10,793	15,391	-	-	-	613	-	986	2,925	-	-	30,708
EKTT 15-A SERVIÇOS DE TRANSMISSÃO	10,903	7,129	-	-	-	543	-	805	3,009	-	-	22,389
NC ENERGIA	242,507	-	-	-	(1,723)	(3,822)	-	-	87,593	-	(93,732)	230,823
ELEKTRO COMERCIALIZADORA	4,582	-	-	-	(213)	-	-	-	1,617	(321)	(351)	5,314
TERMOPE	732,282	-	-	-	-	-	-	19,130	72,518	(1,268)	(32,241)	790,421
ITAPEBI	135,373	-	-	-	-	-	-	-	19,572	(1,208)	(9,888)	143,849
BAGUARI I	146,318	-	-	-	10	-	-	-	28,573	-	(6,788)	168,113
GERAÇÃO CIII	231,643	-	-	-	(54)	-	-	-	34,204	-	(8,108)	257,685
GERAÇÃO CÉU AZUL	950,626	214,878	-	-	-	-	-	-	(50,894)	-	-	1,114,610
BAHIA PCH II	869	-	-	-	-	-	-	-	-	-	-	869
FORÇA EÓLICA DO BRASIL	198,341	58,125	-	-	(5)	-	-	3,620	(6,469)	(212)	-	253,400
FORÇA EÓLICA DO BRASIL I	189,679	-	-	-	(19)	-	-	-	36,058	-	(59,357)	166,361
FORÇA EÓLICA DO BRASIL II	191,380	-	-	-	(23)	-	-	-	25,118	(1,594)	(34,326)	180,555
ELEKTRO RENOVÁVEIS DO BRASIL	666,575	-	-	-	(107)	-	-	3,620	80,381	(5,154)	(54,790)	690,525
ELEKTRO O&M	17,115	-	-	-	-	-	-	-	(3,142)	-	-	13,973
NEOSERV	5,816	-	-	-	(3)	-	-	-	1,185	-	(861)	6,137
NEOENERGIA O&M	13,565	-	-	-	(7)	-	-	-	4,317	-	(2,599)	15,276
BELO MONTE PART.	1,144,172	94,525	-	-	-	-	-	-	117,581	-	-	1,356,278
NEOINVEST	11,594	2,005	-	-	(109)	-	-	-	1,116	-	-	14,606
GARTER	33	-	-	(33)	-	-	-	-	-	-	-	-
TELES PIRES PARTICIPAÇÕES	781,783	79,586	-	-	-	-	-	-	(115,513)	-	-	745,856
COMPANHIA HIDRELETRICA TELES PIRES	27,623	685	-	-	-	-	-	-	(1,498)	(337)	-	26,473
AGUAS DE PEDRA	225,184	-	-	-	-	-	-	-	50,511	-	(53,413)	222,282
TRANSAÇÃO COM OS SÓCIOS	(532,884)	-	-	-	-	-	-	-	31,150	-	-	(501,734)
TOTAL	14,367,695	2,234,133	(1,603)	(33)	(28,340)	161,305	(7,987)	41,926	1,822,380	(173,385)	(951,159)	17,464,932

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Notes to the Interim Financial Statements (In thousands of Reais)

	Balances as at December 31, 2018	Capital increase	Other comprehensive Income	Equity	Amortization of surplus value	Dividends and Interest on equity	Balances as at Jun 30, 2019
COELBA	5,224,155	-	13,942	507,993	(14,466)	(898,336)	4,833,288
CELPE	1,671,645	-	7,951	72,657	(12,716)	(82,726)	1,656,811
COSERN	976,474	-	14,163	112,553	(5,973)	(158,916)	938,301
ELEKTRO REDES	3,195,856	-	28,919	189,353	(47,499)	(75,757)	3,290,872
AFLUENTE TRANSMISSÃO	171,956	-	-	10,955	-	-	182,911
SE NARANDIBA	128,410	1,650	-	15,520	-	-	145,580
EKTT 1 -A SERVIÇOS DE TRANSMISSÃO	41,501	1,965	-	2,247	-	-	45,713
EKTT 2 -A SERVIÇOS DE TRANSMISSÃO	16,807	6,098	-	2,261	-	-	25,166
EKTT 3 -A SERVIÇOS DE TRANSMISSÃO	-	11,780	-	3,084	-	-	14,864
EKTT 4 -A SERVIÇOS DE TRANSMISSÃO	-	9,523	-	2,079	-	-	11,602
EKTT 5 -A SERVIÇOS DE TRANSMISSÃO	-	13,402	-	2,546	-	-	15,948
EKTT 11-A SERVIÇOS DE TRANSMISSÃO	-	14,847	-	3,103	-	-	17,950
EKTT 12-A SERVIÇOS DE TRANSMISSÃO	50,890	42,104	-	12,250	-	-	105,244
EKTT 13-A SERVIÇOS DE TRANSMISSÃO	32,469	37,226	(1,066)	7,408	-	-	76,037
EKTT 14-A SERVIÇOS DE TRANSMISSÃO	30,708	30,100	(1,109)	6,529	-	-	66,228
EKTT 15-A SERVIÇOS DE TRANSMISSÃO	22,389	12,277	(912)	5,419	-	-	39,173
NC ENERGIA	230,823	-	-	(26,978)	-	-	203,845
ELEKTRO COMERCIALIZADORA	5,314	-	-	(1,044)	(160)	(1,052)	3,058
TERMOPE	790,421	-	1,748	101,275	(785)	(58,689)	833,970
ITAPEBI	143,849	-	976	18,067	(275)	(15,708)	146,909
BAGUARI I	168,113	-	-	13,559	-	(20,365)	161,307
GERAÇÃO CIII	257,685	-	-	15,381	-	-	273,066
GERAÇÃO CÉU AZUL	1,114,610	60,610	-	10,041	-	-	1,185,261
BAHIA PCH II	869	-	-	-	-	-	869
FORÇA EÓLICA DO BRASIL	253,400	67,316	(7,782)	(10,455)	(212)	-	302,267
FORÇA EÓLICA DO BRASIL I	166,361	-	-	8,037	-	(25,677)	148,721
FORÇA EÓLICA DO BRASIL II	180,555	-	-	4,729	(797)	(17,880)	166,607
ELEKTRO RENOVÁVEIS DO BRASIL	690,525	60,287	(7,782)	17,908	(2,577)	(51,630)	706,731
ELEKTRO O&M	13,973	-	-	84	-	-	14,057
NEOSERV	6,137	-	-	922	-	41	7,100
NEOENERGIA O&M	15,276	-	-	3,326	-	-	18,602
BELO MONTE PART.	1,356,278	-	-	11,741	-	-	1,368,019
NEOINVEST	14,606	-	-	121	-	-	14,727
TELES PIRES PARTICIPAÇÕES	745,856	32,487	-	(16,442)	-	-	761,901
COMPANHIA HIDRELETRICA TELES PIRES	26,473	135	-	(47)	(169)	-	26,392
AGUAS DE PEDRA	222,282	-	-	28,586	-	-	250,868
TRANSAÇÃO COM OS SÓCIOS	(501,734)	-	-	15,575	-	-	(486,159)
TOTAL	17,464,932	401,807	49,048	1,150,343	(85,629)	(1,406,695)	17,573,806

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Notes to the Interim Financial Statements (In thousands of Reais)

The breakdown of the balance of the Parent Company's investments is as follows:

	Ref	06/30/2019	12/31/2018
Investment in subsidiaries and associated		17,573,806	17,464,932
Appropriate financial charges	(a)	21,041	21,955
Total		17,594,847	17,486,887

- (a) Reclassification of capitalized interest in Neoenergia resulting from financing taken for the construction of the subsidiaries Termopernambuco and Itapebi, the balance presented in the caption "Investments in affiliates and subsidiaries" only in the parent company, and is presented in property, plant and equipment in the consolidated.

The table below presents the investments roll forward:

	Balances as at December 31, 2017	Capital increase	Equity	Dividends and Interest on equity	Balances as at December 31, 2018
TELES PIRES PARTICIPAÇÕES	781,783	79,586	(115,513)	-	745,856
ÁGUAS DA PEDRA	225,184	-	50,510	(53,413)	222,281
NORTE ENERGIA (a)	1,155,094	93,800	119,878	-	1,368,772
ENERGÉTICA CORUMBÁ	54,280	-	3,278	(4,801)	52,757
CIA HIDRELÉTRICA TELES PIRES	27,621	685	(1,833)	-	26,473
TOTAL	2,243,962	174,071	56,320	(58,214)	2,416,139

	Balances as at December 31, 2018	Capital increase	Equity	Dividends and Interest on equity	Balances as at June 30, 2019
TELES PIRES PARTICIPAÇÕES	745,856	32,487	(16,442)	-	761,901
CIA HIDRELÉTRICA TELES PIRES	26,473	135	(216)	-	26,392
ÁGUAS DA PEDRA	222,281	-	28,586	-	250,867
NORTE ENERGIA (a)	1,368,772	-	11,861	-	1,380,633
ENERGÉTICA CORUMBÁ	52,757	-	1,980	(14)	54,723
TOTAL	2,416,139	32,622	25,769	(14)	2,474,516

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- (a) Norte Energia S.A. (the "investee") is a privately held company whose object is to construct, operate, maintain and explore the Belo Monte Power Plant (UHE Belo Monte) on the Xingu River located in the State of Pará and the transmission facilities restricted to the generation plant. The Company indirectly holds 10% of the capital of this investee.

Considering that the Belo Monte Power Plant ("UHE Belo Monte") is in the process of construction and implementation, it still needs financial input from its shareholders and/or third parties to enable the works to be concluded. According to forecasts and projections, these will be absorbed by Revenue from future operations. Shareholders may be required to provide additional capital contributions proportional to each shareholder's interest in the capital of NESA subject to the obligations set forth in the Shareholders' Agreement.

In 2015, the Management became aware of the investigation process being carried out in the context of one of the shareholders of the investee Centrais Elétricas Brasileiras S.A. - Eletrobras which approved the creation of an Independent Committee to manage and supervise the investigation being carried out by an independent specialized company.

In 2016, the investigation work led by the independent specialized company was completed and determined that certain contracts with some contractors and suppliers of the UHE Belo Monte project had estimated impacts of 1% on the contract price and some other estimates of fixed amounts determined in the context of the overcharging and manipulation of illicit proposals.

The adjustments resulting from the independent investigation above were fully recognized in the Company in proportion to its interest in the investment.

13. Right-of-use asset and a lease liability

a. Right-of-use

	Consolidated 06/30/2019		
	Cost	Accumulated depreciation	Net Value
Right of use assets - Lease	87,219	(14,933)	72,286

The change of right-of-use assets is as follows:

	Recognized in property, plant and equipment			
	Land	Buildings	Machinery and equipment	Total
Adjustment on initial application of IFRS 16/CPC 06 (R2)	60,677	17,420	2,675	80,772
Balances as at January 1, 2019	60,677	17,420	2,675	80,772
Lease addition	8,517	1,421	188	10,126
Expense of selling the right of use	(3,577)	(28)	(74)	(3,679)
Depreciation	(11,096)	(1,303)	(2,534)	(14,933)
Balances as at June 30, 2019	54,521	17,510	255	72,286

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Notes to the Interim Financial Statements (In thousands of Reais)

b. Lease Liability

Lease obligations and installments to maturity of the contracts eligible under IFRS 16 are as follows:

	06/30/2019
Short-term lease commitment recognized in liabilities	20,337
Long-term lease commitment recognized in liabilities	54,402
Total lease commitment recognized in liabilities	74,739
Short-term lease commitment not recognized in liabilities	2,151
Long-term lease commitment not recognized in liabilities	2,505
Total lease commitment not recognized in liabilities	4,656
Total short-term lease commitments	22,488
Total long-term lease commitments	56,907
Total lease commitments	79,395

- (i) Refers to contracts not eligible under IFRS 16, classified as out of scope and/or exempted because they are short term or low value.

The schedule of lease payments classified in the lease liability is as follows:

Lease liability due	
Past-due up to 30 days	2,169
Past-due from 31 to 90 days	3,551
Past-due from 91 to 365 days	14,617
Past-due from April 01, 2020 to December 31, 2020	6,969
In 2021	14,157
In 2022	8,136
In 2023	6,892
In 2024	5,977
Over 2025 past-due	12,271
	74,739

The change in the lease liability is as follows:

Adjustment on initial application of IFRS 16/CPC 06 (R2)	80,772
Balances as at January 1, 2019	80,772
Lease addition	10,933
Expense of selling the right of use	(4,482)
Lease payments	(16,933)
Interest recognized in income for the period	4,449
Balances as at June 30, 2019	74,739

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The disbursements with leases in the period are shown below:

	<u>06/30/2019</u>
Total lease cash outflows	
Classified in the lease liability	(16,933)
Not classified in lease liability	(6,222)
	<u>(23,155)</u>

14. Property, plant and equipment

Property, plant and equipment by nature are as follows:

<u>Consolidated</u>					
			<u>06/30/2019</u>	<u>12/31/2018</u>	
	Ref	Weighted average annual depreciation (%)	Cost	Accumulated depreciation Amortization	Net Value
In use					Net Value
Land			286,935	-	286,935
Reservoirs, dams and water mains		2%	799,780	(214,989)	584,791
Buildings, civil works and leasehold improvements		4%	1,384,948	(167,000)	1,217,948
Machinery and equipment		5%	4,075,467	(1,106,960)	2,968,507
Vehicles		20%	5,284	(2,625)	2,659
Furniture and appliances		9%	2,900	(1,968)	932
Others			140,075	(7,166)	132,909
			6,695,389	(1,500,708)	5,194,681
In progress					
Land			46,154	-	46,154
Reservoirs, dams and water mains			3,601	-	3,601
Buildings, civil works and leasehold improvements			89,781	-	89,781
Machinery and equipment			382,594	-	382,594
Vehicles			5,853	-	5,853
Furniture and appliances			1,547	-	1,547
Materials in storage			21,481	-	21,481
Advances to Suppliers and Others (a)			202,716	-	202,716
			753,727	-	753,727
Total			7,449,116	(1,500,708)	5,948,408
					5,894,392

(a) These refer mainly to advances to suppliers made during the construction period of projects, and were written off upon delivery of goods and/or completion of work.

Accumulated depreciation is generally calculated at rates that consider the useful lives of assets, being defined by ANEEL.

Upon termination of the concession, including possible extensions, the property and plant built for the independent generation of electricity and bound to the concession will become property of Federal Government by mean of compensation payment for investments made as per the Concession Agreements.

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The changes in property, plant and equipment consolidated are as follows:

	Consolidated					
	In service			In progress		Total
	Cost	Accumulated depreciation	Net Value	Cost	Net Value	
Balances as at January 1st, 2018	5,112,119	(1,246,256)	3,865,863	1,736,143	1,736,143	5,602,006
Additions	11,698	-	11,698	467,933	467,933	479,631
Write-offs	(10,006)	9,889	(117)	(6,964)	(6,964)	(7,081)
Depreciation	-	(182,191)	(182,191)	-	-	(182,191)
Transfers	51,855	(89)	51,766	(51,766)	(51,766)	-
Transfers – Others	791	432	1,223	804	804	2,027
Balances as of December 31, 2018	5,166,457	(1,418,215)	3,748,242	2,146,150	2,146,150	5,894,392
Additions	118	-	118	187,700	187,700	187,818
Write-offs	-	-	-	(1,829)	(1,829)	(1,829)
Depreciation	-	(106,736)	(106,736)	-	-	(106,736)
Transfers	1,578,369	-	1,578,369	(1,578,369)	(1,578,369)	-
Transfers – Others	(49,555)	24,243	(25,312)	75	75	(25,237)
Balances as of June 30, 2019	6,695,389	(1,500,708)	5,194,681	753,727	753,727	5,948,408

(a) Refers mainly to the transfer of lease balance to the right to use group, after the adoption of CPC 06.

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15. Public Utilities Concession

a. Public Utilities Concessions (Financial Asset)

The changes in balances relating of the concession financial assets and the receivables of the transmission companies are as follows:

	Ref.	Consolidated 06/30/2019
Balances as of December 31, 2017		7,995,717
Initial adoption CPC 47 (transfer to contractual assets)	(a)	(448,043)
Balances as at January 1st, 2018		7,547,674
Additions		482
Write-offs		(16,486)
Reversal		1,855
Transfer	(b)	1,290,450
Fair Value Adj./Monetary indexation		431,822
Balances as of December 31, 2018		9,255,797
Additions		3,107
Write-offs		(13,058)
Reversal		2,199
Transfer	(b)	956,211
Fair Value Adj./Monetary indexation		205,890
Balances as of June 30, 2019		10,410,146

- (a) The balances connected to the financial assets of the transmission companies, as of January 1st, 2018, started being recognized in the Statement of financial position as contract asset, detailed in note 15.b.
- (b) Transfer of the contractual assets of the distributors, previously classified as intangible assets in progress, as a result of the recognition of new assets incorporated in the period.

The recognized value of the financial asset, the changes to the fair value and effective interest rates will be reviewed monthly, based on IPCA inflation index variation, and through Tariff Review inputs, which takes place every four years at Celpe and every five years at Coelba, Cosern and Elektro Redes

The concessions of the Distribution and Transmission Companies are not onerous, therefore, there are no fixed financial obligations and payments to be made to the grantor. The concessions granted are valid for 30 years and the concession agreements provide for the possibility of extending the concession term at the exclusive discretion of the grantor and upon concessionaire's request. In the event of termination of the concession at the end of the final term or other of the hypotheses it provides, the reversal of concession service-related assets shall be fully exercised, and the indemnity payable to the Companies shall be calculated, assessed and ascertained, subject to the values and dates of their incorporation into the electricity system.

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Notes to the Interim Financial Statements (In thousands of Reais)

b. Public Utilities Concession (Contract assets)

The changes in balances relating to receivables of transmission companies and of the intangible assets in progress of the distributors are as follows:

			Consolidated	
	Ref.	Cost	Special Obligations	Total
Initial adoption CPC 47 (transfer of financial assets)	(a)	448,043	-	448,043
Initial adoption CPC 47 (transfer of intangible in progress)	(b)	2,784,774	(309,268)	2,475,506
Initial adoption CPC 47 (Equity impact)	(a)	191,280	-	191,280
Balances as at January 1st, 2018		3,424,097	(309,268)	3,114,829
Additions		3,868,981	(282,241)	3,586,740
Write-offs		(28,039)	-	(28,039)
Amortization		(52,936)	-	(52,936)
Transfer of intangible	(b)	(1,247,462)	116,604	(1,130,858)
Transfer of financial assets		(1,495,505)	212,232	(1,283,273)
Others transfers		58,471	38,959	97,430
Monetary indexation / fair value		60,823	-	60,823
Balances as of December 31, 2018		4,588,430	(223,714)	4,364,716
Additions		2,199,184	(165,542)	2,033,642
Write-offs		(13,460)	-	(13,460)
Amortization/reversal		(29,021)	-	(29,021)
Transfer of intangible	(b)	(771,571)	71,825	(699,746)
Transfer of financial assets	(b)	(1,099,244)	152,016	(947,228)
Others transfers	(c)	19,841	8,525	28,366
Monetary indexation / fair value		33,708	-	33,708
Balances as of June 30, 2019		4,927,867	(156,890)	4,770,977

- (a) Transmission Subsidiaries adopted CPC 47/IFRS 15 as of January 1st, 2018, measuring the concession assets as contract assets.
- (b) As a consequence of the same standard, the distributors also had to consider their investments in infrastructure expansion and improvements as contract assets, during the construction period, until their completion, when they are bifurcated into financial and intangible assets. Refer to the contractual right of energy distributors to receive cash from users for services of construction or improvement of the electric energy distribution system, when the respective assets come into operation. Upon completion of the construction of the infrastructure, such assets will be classified as Concession Financial Assets or Intangible Assets, according to the form of remuneration.
- (c) Refer to the transfers between inventory, work in progress and ongoing asset disposal services.

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16. Intangibles

By nature, the consolidated intangible assets are as follows:

	Consolidated					
	06/30/2019					12/31/2018
	Annual weighted averages of amortization (%)	Cost	Accumulated amortization	Special Obligations	Net Value	Net Value
<u>In service</u>						
Right to use the concession	4.27%	23,830,725	(12,263,502)	(2,220,184)	9,347,039	9,253,177
Right to use the software	19.61%	10,826	(6,129)	-	4,697	4,817
Others		24,490	-	-	24,490	42,416
		23,866,041	(12,269,631)	(2,220,184)	9,376,226	9,300,410
<u>In progress</u>						
Right to use the concession		748	-	-	748	23,860
Right to use the software		4,884	-	-	4,884	6,120
Others		495	-	-	495	-
		6,127	-	-	6,127	29,980
Total		23,872,168	(12,269,631)	(2,220,184)	9,382,353	9,330,390

According to Decree n° 41,019, dated February 26, 1957, assets and facilities used in energy generation, transmission and distribution are linked to these services and cannot be withdrawn, sold, assigned or given as guarantees without the prior and express Regulator's consent.

ANEEL is responsible for establishing the estimated economic/useful life of each asset of its distribution infrastructure, for the purposes of calculating the tariff, as well as for determining the amount of indemnity related to reversible assets when concession ends. This estimate is periodically reviewed and accepted by the market as a reasonable estimate, suitable for accounting and regulatory purposes and stands as the best estimate for the useful lives of the assets.

The changes in balances of the right to use the concession are as follows:

	In service				In progress		
	Cost	Accumulated amortization	Special obligations	Net Value	Cost	Net Value	Total
Balances as at January 1st, 2018	22,198,772	(10,571,823)	(2,282,896)	9,344,053	34,708	34,708	9,378,761
Additions	155	20	289	464	1,114	1,114	1,578
Write-offs	(250,219)	193,706	-	(56,513)	1	1	(56,512)
Amortization	-	(1,283,749)	161,012	(1,122,737)	-	-	(1,122,737)
Transfer of intangible	1,251,103	149	(116,538)	1,134,714	(3,856)	(3,856)	1,130,858
Others transfers	1,218	(1,738)	949	429	(1,987)	(1,987)	(1,558)
Balances as of December 31, 2018	23,201,029	(11,663,435)	(2,237,184)	9,300,410	29,980	29,980	9,330,390
Additions	-	-	-	-	828	828	828
Write-offs	(122,931)	88,856	-	(34,075)	-	-	(34,075)
Amortization	-	(694,237)	85,977	(608,260)	-	-	(608,260)
Transfer of intangible	24,521	-	-	24,521	(24,521)	(24,521)	-
Transfer of financial assets (a)	(8,982)	-	-	(8,982)	-	-	(8,982)
Transfer of contract assets	771,613	-	(71,825)	699,788	(42)	(42)	699,746
Others transfers	791	(815)	2,848	2,824	(118)	(118)	2,706
Balances as of June 30, 2019	23,866,041	(12,269,631)	(2,220,184)	9,376,226	6,127	6,127	9,382,353

- (a) Refer to the contractual right of energy distributors to receive cash from users for services of construction or improvement of the electric energy distribution system, when the respective assets come into operation. Upon complete the construction of the

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infrastructure, such assets will be classified as Financial Assets or Intangible Assets, according to the form of remuneration. This amount was reclassified on January 1st, 2019, according to note 5.

Company's Management understands that the amortization of the intangible assets should be in line with the useful life of each set of tangible assets contained in the distribution infrastructure. Therefore, these assets should be amortized individually, limited to the term of the concession.

The residual value of any asset that exceeds the term of the concession is allocated as a concession financial asset.

The Company understands that there is no indication that the book value of assets exceeds their recoverable amounts.

17. Suppliers

	Parent		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Energy purchase	-	-	1,225,106	1,245,407
Use of network (charges)	-	-	349,985	305,140
Materials and services	45,764	61,563	811,639	1,096,103
Free energy	-	-	117,056	113,813
Total	45,764	61,563	2,503,786	2,760,463
Current	45,764	61,563	2,386,376	2,646,752
Non-current	-	-	117,410	113,711

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18. Loans and financing, debentures and derivative financial instruments

	06/30/2019			12/31/2018
	Debt	Derivative financial instruments (*)	Total	Total (*)
National currency				
Banco do Brasil	897,131	-	897,131	1,089,153
BNB	580,578	-	580,578	-
BNDES	4,021,953	-	4,021,953	3,859,200
CEF	84,251	-	84,251	90,302
Eletrobrás	15,955	-	15,955	21,113
FINEP	14,977	-	14,977	19,743
IBM	26,140	-	26,140	42,222
Santander	44,549	-	44,549	45,055
Promissory Note	376,874	-	376,874	461,899
Commercial Leasing	-	-	-	16,071
(-) Transaction costs (**)	(20,401)	-	(20,401)	(13,710)
(-) Escrows	(140,226)	-	(140,226)	(105,456)
Total national currency	5,901,781	-	5,901,781	5,525,592
National Currency - Current	945,103	-	945,103	1,256,105
National Currency - Non-current	4,956,678	-	4,956,678	4,269,487
Foreign currency				
Banco Tokio	663,669	(67,932)	595,737	699,204
Bank of America	1,068,414	(126,762)	941,652	585,555
BNP Paribas	196,354	(44,482)	151,872	152,433
China Construction Bank	77,964	-	77,964	159,027
HSBC	-	(80,544)	(80,544)	(77,150)
Itaú	664,454	(103,563)	560,891	1,135,338
JP Morgan	97,977	(13,648)	84,329	85,236
Kreditanstalt Fur Wiederaufbau – KFW	-	-	-	808
Mizuho	194,781	-	194,781	198,102
Santander	-	(80,553)	(80,553)	(76,666)
Citibank	313,053	(62,011)	251,042	252,091
BEI	1,622,103	-	1,622,103	1,616,635
Goldman Sachs	-	(185,029)	(185,029)	(191,305)
Votorantim	-	(33,770)	(33,770)	(36,243)
Sumitomo	196,070	(35,782)	160,288	161,324
ICBC	138,374	-	138,374	141,682
Scotia Bank	1,480,460	(106,190)	1,374,270	989,877
Options	-	(1,854)	(1,854)	(2,576)
Non Deliverable Forward – NDF	-	3,944	3,944	(24,488)
Total foreign currency	6,713,673	(938,176)	5,775,497	5,768,884
Foreign Currency - Current	759,179	(111,963)	647,216	591,655
Foreign Currency - Non-Current	5,954,494	(826,213)	5,128,281	5,177,229
Total loans and financing	12,615,454	(938,176)	11,677,278	11,294,476
Current	1,704,282	(111,963)	1,592,319	1,847,760
Non-current	10,911,172	(826,213)	10,084,959	9,446,716

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	06/30/2019			12/31/2018
Debentures	Debt	Derivative financial instruments (*)	Total	Total (*)
Coelba	2,894,950	(20,112)	2,874,838	2,447,526
Celpe	1,762,988	(14,888)	1,748,100	1,901,385
Cosern	1,080,124	(39,510)	1,040,614	743,571
NC Energia	33,626	(10,821)	22,805	24,782
Termope	1,173,020	(60,256)	1,112,764	1,033,705
Itapebi	100,057	-	100,057	100,085
Neoenergia	235,968	-	235,968	550,279
Elektro Redes	1,322,915	-	1,322,915	1,801,024
Calango 6	56,266	-	56,266	54,952
Lagoa 1	56,061	-	56,061	52,900
(-) Transaction costs	(73,836)	-	(73,836)	(74,551)
Total Debentures	8,642,139	(145,587)	8,496,552	8,635,658
Debentures - Current	449,305	165	449,470	892,644
Debentures - Non-Current	8,192,834	(145,752)	8,047,082	7,743,014
Total Indebtedness	21,257,593	(1,083,763)	20,173,830	19,930,134
Total Indebtedness - Current	2,153,587	(111,798)	2,041,789	2,740,404
Total Indebtedness - Non-Current	19,104,006	(971,965)	18,132,041	17,189,730

(*) Total Net of Derivative Instruments.

(**) Refers to acquisition costs directly attributable to the issuance of the respective debts in accordance with CPC 48/IFRS 09.

In support of the cash flow statement, the reconciliation of liabilities resulting from financing activities as of June 30, 2019 and 2018:

	Cash Flow						
	December 31, 2018	Fund-raising	Amortizations of Principal	Interest Payments	Payments of Fund Raising Costs	Non-cash Changes (*)	June 30, 2019
Loans and Financing	12,305,718	1,897,458	(1,507,500)	(228,768)	(22,697)	171,243	12,615,454
Debentures	8,750,374	2,200,000	(2,395,749)	(303,315)	-	390,829	8,642,139

	Cash Flow						
	January 01, 2018	Fund-raising	Amortizations of Principal	Interest Payments	Payments of Fund Raising Costs	Non-cash Changes (*)	June 30, 2018
Loans and Financing	13,239,162	1,648,974	(2,525,050)	(316,738)	(10,095)	269,465	12,305,718
Debentures	5,075,076	3,100,000	(477,009)	-	-	1,052,307	8,750,374

(*) Changes that do not impact the cash include the appropriation of financial charges, exchange rate change, mark-to-market, movements of collateral, and the write-off of transaction costs, connected to debts and derivatives.

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a. Loans and financing

The changes in loans and financing and their related derivative instruments are as follow:

	Consolidated				
	National currency		Foreign currency		Total
	Current liabilities	Non current	Current liabilities	Non current	
Balance as of January 1st, 2018	1,854,092	4,379,663	2,741,397	3,417,594	12,392,746
Cash inflows	354,479	959,436	-	2,249,076	3,562,991
Financing Charges	402,564	26,518	263,463	-	692,545
Monetary indexation and exchange variation	10,638	46,189	363,516	801,100	1,221,443
Swap	-	-	(346,092)	(734,748)	(1,080,840)
Cumulative fair value effects	-	-	399	6,210	6,609
Transfers	1,372,160	(1,372,160)	562,003	(562,003)	-
Principal Payments	(2,225,391)	(1,800)	(2,682,139)	-	(4,909,330)
Payments of interest rates, cost transactions and other net currency and exchange rate changes	(512,988)	(1,959)	(310,931)	-	(825,878)
(-) Collateral	(10,989)	196,799	-	-	185,810
(-) Transaction costs	11,540	134	39	-	11,713
Consolidation adjustments	-	36,667	-	-	36,667
Balances as of December 31, 2018	1,256,105	4,269,487	591,655	5,177,229	11,294,476
Cash inflows	9,570	1,087,888	-	800,000	1,897,458
Financing Charges	175,543	13,646	115,410	-	304,599
Monetary indexation and exchange variation	5,976	32,584	4,735	(75,006)	(31,711)
Swap	-	-	58,114	88,533	146,647
Cumulative fair value effects	-	-	(6,369)	(117,998)	(124,367)
Transfers	420,735	(436,776)	744,448	(744,477)	(16,070)
Principal Payments	(704,848)	-	(805,022)	-	(1,509,870)
Payments of interest rates, cost transactions and other net currency and exchange rate changes	(186,622)	(9,088)	(55,755)	-	(251,465)
(-) Collateral	(33,905)	(869)	-	-	(34,774)
(-) Transaction Costs	2,549	(194)	-	-	2,355
Balances as of June 30, 2019	945,103	4,956,678	647,216	5,128,281	11,677,278

New loans issued in 2019 are as follows:

Modality	Consolidated		
	Maturity	Indexers	Amount Collected
Debt Contracts in the International Market			
Dollar			
4131	Jun/2024	PRÉ	450,000
Average Rate/Subtotal		7.00%	450,000
Euros			
4131	May/2024	PRÉ	350,000
Average Rate/Subtotal		6.82%	350,000
Debt Contracts in the National Market			
Financing	Set/2030	IPCA	1,095,381
BNDES	Jul/2030	TJLP	2,077
Average Rate/Subtotal		6.97%	1,097,458
Average Rate and Total		6.95%	1,897,458

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In addition to the indexers referred to above, the fund-raising made in the year incur spreads established under contract, according to the negotiations with the financing institutions.
The maturity dates of the noncurrent installments are as follows:

Consolidated			
	06/30/2019		
	Debt	Transaction Costs	Net Total
2020 (July/2020)	1,941,494	(1,823)	1,939,671
2021	2,089,248	(3,284)	2,085,964
2022	2,062,590	(3,392)	2,059,198
2023	874,977	(2,715)	872,262
2024	1,255,982	(1,052)	1,254,930
After 2024	2,027,107	(3,004)	2,024,103
Total Obligations	10,251,398	(15,270)	10,236,128
(-) Collateral			(59,507)
Fair value			(91,662)
Total			10,084,959

Covenants

The contracts with several creditors have restrictive clauses that require the maintenance of certain financial indexes raised based on the financial statements of the subsidiaries or in the parent company, with pre-established parameters, the main ones are listed below:

Parent Company:

- Net Indebtedness divided by EBITDA, smaller than or equal to 4.0;
- EBITDA divided by the financial income higher or equal to 1.5 or 2.0.

Subsidiaries:

- Net Indebtedness divided by EBITDA, smaller than or equal 3.0 or 4.0;
- EBITDA divided by the financial income higher or equal to 1.5 or 2.0.

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b. Debentures

The changes in debentures and their related derivative instruments are as follow:

	Consolidated		
	Current	Non - current	Total
Balances as of January 1st, 2018	988,736	4,004,263	4,992,999
Cash inflows	-	4,930,000	4,930,000
Financing Charges	502,557	6,261	508,818
Monetary indexation and exchange variations	6,150	68,221	74,371
Derivatives	(2,184)	(18,872)	(21,056)
Cumulative fair value effect	-	2,056	2,056
Transfers	1,028,827	(1,028,827)	-
Amortizations of Principal	(1,191,874)	(14,414)	(1,206,288)
Payments of interest rates, cost transaction and other net currency and exchange rate changes	(461,475)	(40,804)	(502,279)
Repurchase of Debentures (a)	-	(170,147)	(170,147)
(-) Transaction Costs	21,907	5,277	27,184
Balance as of December 31, 2018	892,644	7,743,014	8,635,658
Cash inflows	-	2,200,000	2,200,000
Financing Charges	298,838	2,293	301,131
Monetary indexation and exchange variations	2,261	72,517	74,778
Derivatives	(302)	(18,289)	(18,591)
Cumulative fair value effect	-	(1,556)	(1,556)
Transfers	1,932,770	(1,932,770)	-
Amortizations of Principal	(2,395,749)	-	(2,395,749)
Repurchase of Debentures (a)	(295,381)	(7,934)	(303,315)
Payments of interest rates, cost transaction and other net currency and exchange rate changes	-	(5,416)	(5,416)
(-) Transaction Costs	14,389	(4,777)	9,612
Balance as of June 30, 2019	449,470	8,047,082	8,496,552

- (a) On November 26, 2018, the subsidiary Termope repurchased 17,000 debentures related to the Company's 6th issuance. The repurchase amount considers the principal and interest calculated up to the date of the transaction. The debentures will remain in the possession of Termope until they are reallocated in the market or cancelled.

The following are the issuance of debentures of the period:

Companies	Maturity	Consolidated	
		Annual Financial Charges - %	Amount Collected
Coelba	Apr/2024	108% CDI	309,070
Coelba	Apr/2026	110.25% CDI	390,930
Celpe	Apr/2024	109.5% CDI	300,000
Celpe	Apr/2026	111% CDI	200,000
Cosern	Apr/2026	IPCA + 4.2542%	179,500
Cosern	Apr/2029	IPCA + 4.4986%	38,500
Cosern	Apr/2024	107.25% CDI	282,000
Termope	Apr/2024	111.5% CDI	500,000
Total			2,200,000

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The maturities of consolidated long-term installments are as follow:

	Consolidated		
	06/30/2019		
	Debt	Transaction Costs	Net Total
2020 (July/2020)	304,079	(2,749)	301,330
2021	660,477	(9,393)	651,084
2022	1,277,207	(5,188)	1,272,019
2023	2,551,529	(14,656)	2,536,873
2024	1,883,156	(10,924)	1,872,232
After 2024	1,450,026	(14,001)	1,436,025
Total Obligations	8,126,474	(56,911)	8,069,563
Mark-to-Market			(22,481)
Total			8,047,082

a) Covenants

The issuances of debentures of the subsidiaries and the parent company contain restrictive clauses that require certain financial ratios to be maintained based on the financial statements of the subsidiaries or the parent company, with pre-established parameters, the main ones being listed below.

Parent Company:

- Net Indebtedness divided by EBITDA, smaller than or equal to 4.0;
- EBITDA divided by the financial income higher or equal to 1.5 or 2.0.

Subsidiaries:

- Net Indebtedness divided by EBITDA, smaller than or equal 3.0 or 4.0;
- EBITDA divided by the financial income higher or equal to 2.0.

19. Regulatory charges

Ref	Consolidated	
	06/30/2019	12/31/2018
Global Reversal Reserve - RGR	249	253
Energy Development Account - CDE	(a) 175,445	109,104
National Fund for Scientific and Technological Development -FNDCT	(b) 9,436	7,692
Energy Research Company - EPE	(b) 3,256	2,889
Research and Development - R&D	(b) 184,578	170,805
Energy Efficiency Program - PEE	(b) 181,125	156,681
Electric Power Service Inspection Fee - TFSEE	(c) 2,193	1,955
Financial Compensation for Use of Water Resources - CFURH	1,241	1,507
Ministry of Mines and Energy - MME	2,462	2,231
Total	559,985	453,117
Current	361,956	293,997
Non-current	198,029	159,120

- (a) Energy Development Account (CDE): Its goal is to promote the energy development of the States, as well as the competitiveness of the energy produced, from alternative sources, in the areas served by interconnected systems, allowing the universalization of the electric energy service. The values to be paid are also defined by ANEEL.

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- (b) Energy Efficiency Program (PEE): including the programs of Research and Development (R&D) - National Fund for Scientific and Technological Development (FNDCT) and Energy Research Company (EPE) These are reinvestment programs required by ANEEL for electric energy distributors and given Company's generation companies, which are required to annually accrue 1% of their net operating revenue for use in these programs The balance represents amounts already invoiced in tariffs, but not yet applied for PEE and R&D programs. These amounts are updated monthly based on the SELIC Rate.
- (c) Electric Power Service Inspection Fee (TFSEE): The inspection fee amounts levied on electricity distribution are differentiated and proportionate to the service concession granted, calculated annually by ANEEL, considering the economic value added by the utility.

20. Taxes payable and social contribution and other taxes

20.1 Taxes payable and social contribution

	Consolidated	
	06/30/2019	12/31/2018
Income Tax (IR)	61,774	12,855
Social Contribution on Profit for the year (CSLL)	57,930	7,514
Recoverable income tax and social contribution	119,704	20,369
Current	119,704	20,369

20.2 Other Taxes payable

	Consolidated	
	06/30/2019	12/31/2018
Value added tax (ICMS)	297,492	383,430
Federal Social Integration Program (PIS)	34,829	43,155
Social Security Financing Contribution (COFINS)	160,980	199,447
National Social Security System (INSS)	13,392	19,814
Unemployment Compensation Fund (FGTS)	3,762	3,856
Service Tax (ISS)	3,787	11,910
Withholding taxes and contributions	117,746	134,671
Others	12,663	16,219
Recoverable other taxes	644,651	812,502
Current	637,893	806,099
Non-current	6,758	6,403

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21. Provisions and judicial deposits

The Company and its subsidiaries are part to labor, civil and tax lawsuits arising from their ordinary course of business.

To record provisions, the Company considers the opinion of its legal counsel towards the nature of claims, the similarity to previous lawsuits, complexity and the courts position whenever a loss is assessed as probable.

Management, based on the opinion of its legal counsel regarding the possibility of success litigations, understands that the provisions recorded in the Statement of financial position are sufficient to cover probable losses with such judicial actions.

The liability under judicial discussion is maintained until the outcome of the lawsuit, represented by judicial decisions, over which there is no more recourse, or its prescription.

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Provisions made are as follows:

	Contingencies				Provisions				
	Labor	Civil	Tax	Regulatory	Environmental	Environmental	Dismantling	Reimbursement	Total
Balances as of January 1st, 2018	305,261	396,916	134,046	16,640	18	20,634	24,860	24,207	922,582
Additions	106,582	186,308	553	3,045	-	17,795	2,751	9,250	326,284
Write-offs/reversals	(47,931)	(54,023)	(6,017)	-	(18)	(1,300)	(729)	(897)	(110,915)
Payments/Indemnities	(53,400)	(197,285)	(867)	(10,508)	-	(262)	-	-	(262,322)
Monetary Indexation	49,098	82,597	3,534	942	-	2,394	2,809	-	141,374
Balances as of December 31, 2018	359,610	414,513	131,249	10,119	-	39,261	29,691	32,560	1,017,003
Additions	29,259	77,457	6,739	1,899	-	-	-	22,644	137,998
Write-offs/reversals	(17,075)	(25,384)	(320)	-	-	(75)	-	(13,763)	(56,617)
Payments/Indemnities	(27,753)	(76,218)	(361)	(342)	-	(988)	-	-	(105,662)
Monetary Indexation	15,656	47,958	(1,313)	421	-	1,584	1,473	-	65,779
Balances as of June 30, 2019	359,697	438,326	135,994	12,097	-	39,782	31,164	41,441	1,058,501
Current	40,522	85,617	457	-	-	-	-	21,260	147,856
Non-current	319,175	352,709	135,537	12,097	-	39,782	31,164	20,181	910,645

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Labor

They refer to the lawsuits brought by employees and former employees against the subsidiaries, involving the charge of overtime, hazard pay, salary increases, debate over the career and salary plan and others lawsuits brought by former-employees of its contractors. In addition to the provisioned amounts, the subsidiaries have an estimated total of R\$ 812,031 as of June 30, 2019 (R\$ 938,459 as of December 31, 2018) in labor lawsuits of various natures with forecasts of possible losses.

The amounts of labor lawsuits were restated by the variations of the rates used for adjustment of savings accounts (TR) plus interest of 1% p.m.

Civil

They refer to lawsuits of commercial and indemnity nature, brought by individuals and legal entities, involving the recovery of undue payment, property damages, and personal injury, among others. In addition to the provisioned amounts, the Company have an estimated total of R\$ 1,637,591 as of June 30, 2019 (R\$ 1,573,589 as of December 31, 2018) in civil lawsuits of various natures with forecasts of possible losses.

The amounts were restated by inflation index variation plus interest of 1% p.m.

Tax

They refer to tax lawsuits and challenges to collections, legal notices and notices of deficiency related to a number of taxes such as ICMS, ISS, CPMF, IRPJ, CSLL, IPTU, REFIS, PIS/COFINS, INSS, CIDE, ITD on donations received, among others.

In addition to the provisioned amounts, the Company has an estimated total of R\$ 5,439,688 as of June 30, 2019 (R\$ 6,484,110 as of December 31, 2018) related to tax lawsuits of various natures with forecasts of possible losses. In this respect, we highlight the tax assessment notices of the subsidiaries motivated by:

(i) the non-inclusion of the expense with amortization of surplus value in the tax bases of IRPJ and CSLL, estimated at R\$ 2,449,936 as of June 30, 2019 (R\$ 2,460,166 as of December 31, 2018) by the subsidiaries Celpe, Coelba, Cosern, Itapebi and Termopernambuco;

(ii) lack of withholding of tax income levied on the payment of interests on own capital amounting to R\$ 297,975 (R\$ 268,763 as of December 31, 2018); and

In March 2019, the Company obtained a favorable decision with the cancellation of the tax assessment imposed by Federal Revenue Office to Elektro Redes in December, 2017, in the amount of R\$ R\$1,205,431. Through this assessment, tax authorities charged income taxes from Elektro related to capital gains derived from its acquisition by Iberdrola, back in 2011, which had acquired direct ownership in Elektro, then. After Elektro's defense presentation, the tax assessment was cancelled in first instance. Tax authorities had appealed against this first favorable decision to the Taxpayers' Council (CARF). The council had confirmed the results obtained in first instance, definitely cancelling the tax assessment in the updated amount of R\$ 1,421,083, as of March 2019.

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Company's legal advisers believe that both the basis for the existence of surplus value and its use for benefit purposes are lawful and legitimate. Although the most recent judgments in the Superior Chamber of Tax Appeals have altered the previous understandings, ceasing to recognize the surplus value resulting from the privatization, the Company's legal advisors maintain their analysis and understanding as to the validity of the operation and the tax benefit, since the discussion will still be brought before the Judiciary, who will be responsible for making a final decision on the matter

The amounts were adjusted by SELIC rate variations

Regulatory

ANEEL may impose penalties or assessments to distributors Coelba and Elektro, referring to questionings on the procedures for calculation of service's technical quality indicators, either individually or collectively, commercial issues, the discounts given to customers' related to quality index penalties, the recovery of global indicators, matters connected to tariff calculation and those connected to the administrative actions that ANEEL has enacted.

Judicial Deposits

Related to the provisions and contingent liabilities, the Company makes judicial deposits as a guarantee for potential contingency payments. The judicial deposits are recorded under non-current assets of the Company until the court decision for withdrawal of these deposits by one of the concerned parties.

	Consolidated	
	06/30/2019	12/31/2018
Labor	383,177	357,470
Civil	259,956	223,285
Tax	209,608	198,592
Other	12,632	12,667
Total	865,373	792,014

Provisions

The other provisions are comprised of: (i) environmental expenditure, referring to additional obligations arising from social and environmental impacts caused by the construction of the plants; (ii) dismantling expenses related to the demobilization costs of subsidiaries' plants and wind farms; (iii) loss provision for non-delivered contractual energy on current fiscal year.

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22. Other liabilities

Ref	PARENT		CONSOLIDATED	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Consumers	(a)	-	135,258	143,555
Healthcare plan		-	8,756	9,466
Contribution to Funding the Public Lighting Services - COSIP		-	49,955	51,606
Collateral	(b)	-	505,115	445,970
Advance payments received		-	17,210	16,102
Contractual avais		47,867	-	-
Obligation of Purchase of Shares from Shareholder Previ	(c)	151,464	151,464	151,464
Transfer to Third Party		-	27,382	20,540
Purchase of third party materials		-	55,034	-
Others		8,182	130,779	90,341
Total		207,513	1,080,953	929,044
Current		52,604	610,571	584,250
Non-current		154,909	470,382	344,794

- (a) Obligations with energy consumers arising from the anticipation of funds for construction in cities where the energy wide access (universalization) government program was not yet in place, bills paid twice, billing adjustments and others.
- (b) Guarantees in cash to ensure compliance with contracts, operating clauses and payment of charges of service provider employees.
- (c) On August 24, 2017, the merger of Elektro Holding S.A. into Neoenergia S.A. ("Company") was approved.

On May2, 2019, the Company filed with CVM a request for filing the public offering for secondary distribution of its common shares, under the terms of CVM Instruction n° 400, dated December 29, 2003, as amended ("CVM Instruction n° 400" and "Offering"); and with B3- Brasil, Bolsa, Balcão SA ("B3"), the request for filing the negotiation of common shares it has issued at the New Market of B3.

The Company's Shareholders' Agreement establishes that, within 360 days, after the settlement of a possible initial public offering, the Company submits to Previ a firm proposal to purchase its minority shareholdings in Coelba, Cosern and Afluente-T.

23. Equity

Capital

The authorized capital is subscribed and fully paid as of June 30, 2019 and December 31, 2018 is R\$ 12,919,982. The capital breakdown by class of shares (with no par value) and major shareholders are as follows:

06/30/2019 Shareholders	Per thousand shares Common shares	
	Single	%
Iberdrola Energia S A.	606,899	50.00%
Previ-Caixa de Prev. dos Func. do Banco do Brasil (a)	398,854	32.86%
Directors	6	0.00%
Other shareholders	208,038	17.14%
Total	1,213,797	100.00%

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12/31/2018 Shareholders	Per thousand shares	
	Common shares	
	Single	%
Iberdrola Energia S A.	636,576	52.45%
Previ-Caixa de Prev. dos Func. do Banco do Brasil	463,791	38.21%
BB - Banco de Investimentos S A.	113,430	9.34%
Total	1,213,797	100.00%

- (a) Of the 398,854 thousand common shares, 31,207 thousand were borrowed for the purpose of carrying out stock price stabilization activities, according to a Notice to the Market published on June 5, 2019.

On June 28, 2019, the public offering of secondary distribution of initially 208,044,383 registered common shares, with no par value, issued by the Company, all free and clear of any liens or liens, ownership of the Selling Shareholders, of which 29,677,468 Shares held by Iberdrola Energia, 113,430,487 Shares held by BB Investimentos and 64,936,428 Shares held by Previ, in Brazil, with efforts to place the Shares abroad at the price of R\$ 15.65 per share.

Profit per share

The calculation of basic and diluted earnings per share as of June 30, 2019 and December 31, 2018 was based on the Profit for the period and the weighted average number of common shares outstanding during the periods presented, as demonstrated below:

	Parent			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
		(Restated)		(Restated)
Profit for the period	519,062	391,066	1,011,356	682,892
Weighted average of shares held by shareholders (*)	1,213,797	1,185,794	1,213,797	1,185,794
Profit for the period/Total shares	0.43	0.33	0.83	0.58

	Consolidated			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
		(Restated)		(Restated)
Profit for the period	540,065	411,185	1,049,787	711,886
Weighted average of shares held by shareholders (*)	1,213,797	1,185,794	1,213,797	1,185,794
Profit for the period/Total shares	0.44	0.35	0.86	0.60

(*) It considers the event occurred on December 26, 2018 related to the capital increase through issuance of 59,630,290 new shares.

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Reserve for capital transactions with shareholders

The amounts recognized under reserve for capital transactions with shareholders are as follows:

Balances as of June 30, 2019	Ref.	1,594,067
Acquisition of interest in Itapebi by Termope	(a)/(b)	657,542
Acquisition of additional interests in Coelba and Cosern by Neoenergia	(c)	333,430
Obligation to purchase equity interest Previ (see note 22)		64,747
Merger fair value	(d)	530,361
Ownership interest gain in Coelba	(e)	7,987

(a) As of December 23, 2013, Termopernambuco acquired an additional 35.4% interest in the shares of Itapebi for a consideration of R\$ 503,748. The Company now holds 77.4% of Itapebi's capital and reduced its non-controlling interest in R\$ 103,458. As a result, it recorded a consolidated shareholders' equity decrease resulting from a transaction with shareholders in the amount of R\$ 400,290.

(b) Additional share from the acquisition of Termopernambuco in 2014, which acquired from the parent company, Iberdrola Energia SAU, the Company's controlling shareholder, additional interest of 22.6% in the shares of controlled company Itapebi for R\$ 325,475. As a result, the Company now holds 100% of Itapebi's capital, generating an adjustment to consolidated shareholders' equity in transaction with shareholders' in the amount of R\$ 257,252.

(c) On February 27, 2015, Neoenergia acquired from the parent company Iberdrola Energia SAU the 8.50% interest in Coelba shares and 7.01% in Cosern for the respective consideration of R\$ 532,101 and R\$ 107,049. Accordingly, Neoenergia now holds 96.34% of Coelba's share capital and 91.48% of Cosern, generating an adjustment in shareholders' equity of the consolidated as a result of a transaction with shareholders in the amount of R\$ 332,722. There was an increase in the amount of R\$ 708 thousand, after the adjustments of the years of 2013 and 2014, being an amount of R\$ 333,430.

(d) This additional share refers to the difference between the revised Elektro Holding Merger fair value of R\$ 4,191,478, and the amount used as basis for Neoenergia's capital increase of R\$ 4,694,000. It also considers adjustments as a result of obtaining control in FEB and FEB 2, amounting to R\$ 27,839.

(e) In January and July 2018, capital increases were approved in Coelba, where some non-controlling shareholders did not subscribe their shares, resulting in changes in the percentage of Neoenergia's participation. As mentioned in ICPC 09 changes in the Company's participation in a subsidiary that do not result in a loss of control should be accounted for as transactions with shareholders.

Retained earnings

Tax incentive reserve in subsidiaries

Income tax legislation allows legal entities in Northeast Brazil operating in the infrastructure sector to reduce the amount of income tax payable due on investments in projects aimed at increasing their installed capacity.

The SUDENE tax incentive for the subsidiaries Coelba, Celpe, Cosern and Termopernambuco, effective until 2020, 2023, 2023 and 2024, respectively, provides the Company with a 75% reduction in IRPJ, calculated based on the profit from tax-incentive activities. Until June 30, 2019, the subsidiaries accrued R\$ 99,656 as incentives (R\$ 40,577 as of June 30, 2018).

Dividends and interest on shareholders' equity

The Board of Directors approved at its meeting on June 26, 2019, the determination of Intermediate Equity Interest of R\$ 338,000).

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The changes in the balances of dividends and interest on shareholders' equity payable are as follows:

	06/30/2019	12/31/2018
Opening balances	329,488	99,444
Dividends and interest on shareholders' equity:		
Declared	338,000	788,918
Income tax	(34,040)	(48,415)
Paid on period	(329,488)	(510,459)
Closing balances	303,960	329,488

24. Revenue

The composition of the consolidated net revenue by nature, segment, geographical region and its deductions, is as follows:

		Segments				
		Three-month period ended				
		06/30/2019				06/30/2018
Ref		Networks	Liberalized	Renewable	Others	Total
						(Restated)
Main Revenues						
	(a)	4,009,747	415,493	148,853	-	4,574,093
Energy supply						4,385,300
Electric Power Trading Chamber – CCEE	(b)	395,327	21,248	3,741	-	420,316
Distribution grid availability	(c)	4,002,056	-	-	-	4,002,056
Contract asset remuneration		15,883	-	-	-	15,883
Portion A and other financial items	(d)	(204,148)	-	-	-	(204,148)
Construction revenue (Concession infrastructure)*		1,035,664	-	-	-	1,035,664
Operation and maintenance revenue		2,454	-	-	-	2,454
Contractual and regulatory fines		(3,787)	-	-	-	(3,787)
Other revenues	(e)	136,452	1,976	2,902	959	142,289
Total Gross Operating Revenue recognized		9,389,648	438,717	155,496	959	9,984,820
						9,272,295
(-) Revenue Deductions						
		(3,077,178)	(152,402)	(29,286)	(89)	(3,258,955)
						(2,845,446)
Total Net Operating Revenue Recognized		6,312,470	286,315	126,210	870	6,725,865
						6,426,849

* Out of the total concession infrastructure construction revenue, the amount of R\$ 772,278 refers to distribution companies' construction revenues, and R\$ 263,386 refers to transmission companies' construction revenues. Additionally, out of the total construction cost stated in the Income Statement of R\$ 980,751, the amount of R\$ 772,278 refers to the cost of construction of the distributors and R\$ 208,474 refers to the construction cost of transmission companies.

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		Segments					
		Six-month period ended					
		06/30/2019					06/30/2018
Ref		Networks	Liberalized	Renewable	Others	Total	Total
							(Restated)
Main Revenues							
	(a)	8,334,330	809,018	295,421	-	9,438,769	8,582,757
	(b)	765,736	37,706	28,443	-	831,885	491,000
	(c)	7,924,085	-	-	-	7,924,085	6,267,432
		31,716	-	-	-	31,716	31,306
	(d)	(129,408)	-	-	-	(129,408)	561,867
		1,981,439	-	-	-	1,981,439	1,204,531
		7,774	-	-	-	7,774	6,771
		(12,336)	-	-	-	(12,336)	(4,994)
	(e)	328,565	1,976	8,583	1,917	341,041	333,610
Total Gross Operating Revenue recognized		19,231,901	848,700	332,447	1,917	20,414,965	17,474,280
(-) Revenue Deductions		(6,238,952)	(295,136)	(50,952)	(177)	(6,585,217)	(5,500,893)
Total Net Operating Revenue Recognized		12,992,949	553,564	281,495	1,740	13,829,748	11,973,387

* Out of the total concession infrastructure construction revenue, the amount of R\$ 1,632,216 refers to distribution companies' construction revenues and R \$ 349,223 refers to transmission companies' construction revenues. Additionally, out of the total construction cost stated in the Income Statement of R\$ 1,908,214, the amount of R\$ 1,632,216 refers to the cost of construction of the distributors and R\$ 275,998 refers to the construction cost of transmission companies.

		Geographical Regions of Brazil						
		Three-month period ended						
		06/30/2019					06/30/2018	
Ref		South	North	Northeast	Central Western	Southeast	Total	Total
Main Revenues								(Restated)
	Energy supply	30,127	32,489	2,836,922	82,940	1,591,615	4,574,093	4,385,300
(a)	Electric Power Trading Chamber – CCEE	-	-	237,927	5,029	177,360	420,316	260,505
(b)	Distribution grid availability	9	-	3,129,294	26,178	846,575	4,002,056	3,268,567
(c)	Contract asset remuneration	1,784	5,708	1,336	5,151	1,904	15,883	15,679
	Portion A and other financial items	-	-	(49,958)	(4,626)	(149,564)	(204,148)	458,574
(d)	Construction revenue (Concession infrastructure)*	69,596	19,369	673,811	71,868	201,020	1,035,664	678,182
	Operation and maintenance revenue	275	882	208	795	294	2,454	2,515
	Contractual and regulatory fines	(148)	(473)	(109)	(501)	(2,556)	(3,787)	(482)
	Other revenues	-	-	113,819	3,726	24,744	142,289	203,455
(e)	(-) Revenue Deductions	-	-	-	-	-	(3,258,955)	(2,845,446)
Total Net Operating Revenue Recognized along the time		101,643	57,975	6,943,250	190,560	2,691,392	6,725,865	6,426,849

		Geographical Regions of Brazil						
		Six-month period ended						
		06/30/2019					06/30/2018	
Ref		South	North	Northeast	Central Western	Southeast	Total	Total
		(Restated)						
Main Revenues								
	Energy supply	40,567	66,562	5,743,105	170,827	3,417,708	9,438,769	8,582,757
	Electric Power Trading Chamber – CCEE	(a)	-	-	497,171	8,365	326,349	831,885
	Distribution grid availability	(b)	2,271	7,266	6,110,413	60,414	1,743,721	7,924,085
	Contract asset remuneration	(c)	3,562	11,399	2,666	10,287	3,802	31,716
	Portion A and other financial items		-	-	45,458	(5,246)	(169,620)	(129,408)
	Construction revenue (Concession infrastructure)*	(d)	94,147	20,911	1,424,205	92,481	349,695	1,981,439
	Operation and maintenance revenue		873	2,794	654	2,521	932	7,774
	Contractual and regulatory fines		(333)	(1,066)	(249)	(1,243)	(9,445)	(12,336)
	Other revenues		1,718	928	265,140	9,390	63,865	341,041
	(-) Revenue Deductions	(e)	-	-	-	-	(6,585,217)	(5,500,893)
Total Net Operating Revenue Recognized along the time		142,805	108,794	14,088,563	347,796	5,727,007	13,829,748	11,973,387

NEOENERGIA S.A.

Notes to the Interim Financial Statements (In thousands of Reais)

a) Electric power supply

Breakdown of electric energy supply, per consumption class, is as follows:

	Consolidated			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Consumers:		(Restated)		(Restated)
Residential	3,456,293	3,047,838	7,112,620	5,969,098
Industrial	640,121	633,932	1,271,295	1,212,606
Commercial	1,715,764	1,518,994	3,472,650	2,963,812
Rural	407,741	362,589	828,735	672,787
Government	347,254	303,782	670,910	569,260
Public lighting	237,129	207,516	452,797	385,273
Public Utility	256,050	219,205	509,820	411,620
Supply	564,468	652,719	1,104,561	1,213,734
Unbilled revenues	(2,492)	(57,178)	44,636	16,006
Reclassification of revenue from distribution grid availability Captive consumers (a)	(3,520,734)	(2,930,325)	(6,981,764)	(5,631,002)
	4,101,594	3,959,072	8,486,260	7,783,194
Subsidy to low income social tariff	472,499	426,228	952,509	799,563
Total	4,574,093	4,385,300	9,438,769	8,582,757

(a) In compliance with ANEEL Dispatch nº 1,618 on April 23, 2008, the Company's distributors separated the trading and distribution revenues using an "average TUSD" calculated from the TUSD ratified for captive consumers.

The table below shows the composition of the gross revenue from the supply of electric power supply, per class of consumers, disregarding the reclassification by availability of the power network supply – captive consumer, and the geographical region in the period ending as of June 30, 2019:

	Consolidated				
	Three-month period ended				
	06/30/2019				06/30/2018
	Northeast	Central Western	Southeast	Total	Total
Consumers:					(Restated)
Residential	2,583,947	26,171	846,175	3,456,293	3,047,836
Industrial	374,995	7,954	257,172	640,121	633,932
Commercial	1,282,478	12,998	420,288	1,715,764	1,518,994
Rural	287,988	3,593	116,160	407,741	362,590
Government	280,505	2,002	64,747	347,254	303,782
Public Lighting	175,590	1,846	59,693	237,129	207,516
Public Utility	170,824	2,557	82,669	256,050	219,206
Supply	122	-	-	122	27
Unbilled revenues	36,351	(1,165)	(37,678)	(2,492)	(57,179)
Total	5,192,800	55,956	1,809,226	7,057,982	6,236,704

	Consolidated				
	Six-month period ended				
	06/30/2019				06/30/2018
	Northeast	Central Western	Southeast	Total	Total
Consumers:					(Restated)
Residential	5,193,830	57,564	1,861,226	7,112,620	5,969,098
Industrial	740,523	15,923	514,849	1,271,295	1,212,606
Commercial	2,541,134	27,945	903,571	3,472,650	2,963,812
Rural	580,944	7,434	240,357	828,735	672,787
Government	537,632	3,998	129,280	670,910	569,260
Public Lighting	334,119	3,560	115,118	452,797	385,273
Public Utility	332,413	5,322	172,085	509,820	411,620
Supply	122	-	-	122	27
Unbilled revenues	94,846	(1,506)	(48,704)	44,636	16,006
Total	10,355,563	120,240	3,887,782	14,363,585	12,200,489

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Notes to the Interim Financial Statements (In thousands of Reais)

b) Electric Power Trade Chamber (CCEE)

Revenue and expenses invoiced and/or paid by concessionaires with a surplus/lack of energy commercialized through the CCEE were informed by the CCEE and agreed by the Company subsidiaries.

c) Distribution grid availability revenues

Revenue from the Use of Distribution Network (TUSD) refers to the sale of power to free and captive consumers with the payment of tariffs for the use of the distribution grid.

Provision of transmission and distribution system	Consolidated			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Distribution grid availability – free consumption	481,322	338,242	942,321	636,430
Distribution grid availability – captive consumption (*)	3,520,734	2,930,325	6,981,764	5,631,002
Total	4,002,056	3,268,567	7,924,085	6,267,432

* See comments on the note (a) above.

d) “Portion A” and Other Financial Items

CVA	Consolidated			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Power	(560,933)	177,790	(863,454)	320,642
System Service Charge – ESS	157,586	104,174	183,918	67,725
Use of transmission network - TUST	(853)	15,252	(52,119)	92,146
Regulatory charges neutrality	4,951	(17,786)	(49,206)	(17,853)
Other CVA's	72,341	128,580	152,187	205,652
Other Financial Items				
Tariff Revision	(2,452)	(328)	(3,716)	3,736
Over contracted Energy	91,682	86,712	430,777	95,522
Hydrological Risk	22,308	107,707	77,104	(29,055)
Changes in CCEE transactions (reopening)	(98)	(1,760)	(4,680)	(13,409)
Energy recomposition Termope	(892)	8,542	786	5,322
Tariff surcharges (Demand surpass and reactive Surplus)	(50,533)	29,267	(63,156)	38,678
Reimbursement of R&D	40,707	(61,910)	52,381	(61,910)
Other Financial Items	22,038	(117,666)	9,770	(145,329)
Total	(204,148)	458,574	(129,408)	561,867

e) Other revenue

	Consolidated			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Service revenue	8,519	1,625	10,640	11,861
Leases and rentals	40,375	34,903	78,922	70,626
Charged service	4,086	3,998	7,915	8,087
Public lighting fee	3,238	2,816	6,041	5,610
Fraud invoices	1,585	971	2,830	1,507
Third party service commission	13,272	10,950	25,630	23,444
Consumer violation fine	110	109	178	221
Fair value of concession's assets refundable by the government (*)	(*) 79,228	134,057	205,890	192,635
Gain on disposal of materials	-	272	-	404
Other revenues	(8,124)	13,754	2,995	19,215
Total	142,289	203,455	341,041	333,610

(*) As mentioned in note 15.1, the Company adjusts the recoverable financial asset of the concession based on the same index used to update RAB (IPCA).

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Notes to the Interim Financial Statements (In thousands of Reais)

f) Revenue deductions

Deductions from gross revenue by the nature of expenditure are as follows:

	Consolidated			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
	(Restated)		(Restated)	
Taxes				
ICMS	(1,694,585)	(1,470,506)	(3,424,935)	(2,872,349)
PIS	(157,124)	(140,496)	(307,991)	(267,260)
COFINS	(723,857)	(647,097)	(1,418,840)	(1,231,161)
ISS	(3,622)	(4,083)	(7,155)	(7,682)
Regulatory charges				
Global Reversal Reserve - RGR	(336)	(381)	(673)	(768)
Energy Development Account - CDE	(597,538)	(624,786)	(1,251,973)	(1,095,876)
Energy Efficiency Program - PEE	(25,980)	(24,872)	(53,907)	(47,373)
National Fund for Scientific and Technological Development - FNDCT	(10,391)	(9,950)	(21,563)	(18,949)
Energy Research Company - EPE	(3,824)	(3,549)	(7,895)	(6,888)
Research and Development - R&D	(15,961)	92,221	(32,265)	77,852
Consumer Charges – PROINFA	(14,854)	(12,219)	(29,706)	(24,437)
Centralizing Account of Tariff Flag Resources - CCRBT	(102)	8,380	(8,607)	10,679
Electric Power Service Inspection Fee - TFSEE	(8,270)	(5,969)	(15,989)	(11,495)
Financial Compensation for Use of Water Resources - CFURH	(2,511)	(2,139)	(3,718)	(5,186)
Total	(3,258,955)	(2,845,446)	(6,585,217)	(5,500,893)

25. Electric Power Costs

	Consolidated			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
	(Restated)		(Restated)	
<u>Electricity purchased for resale</u>				
Electricity acquired through auction in the regulated environment –				
ACR	(1,771,686)	(1,202,174)	(2,980,853)	(2,247,241)
Electricity acquired under a bilateral agreement	(610,155)	(350,213)	(662,245)	(720,622)
Agreement based on physical assurance quotas	(324,261)	(269,606)	(653,800)	(566,705)
Electricity acquired in the free environment – ACL	(462,597)	(457,253)	(923,979)	(775,663)
Angra I and Angra II Power Plant quotas	(113,868)	(106,234)	(223,573)	(222,632)
Spot market electricity – MRE	(8,913)	(10,495)	(9,113)	(13,047)
Spot market electricity – PLD	(164,142)	(183,849)	(1,375,094)	(382,224)
PROINFA	(104,188)	(90,221)	(208,375)	(180,444)
Refund of electricity	20,080	1,483	33,546	20,263
PIS and CONFINS credits	387,946	342,982	722,316	669,719
Variable MCP costs	(153,635)	(701,517)	(483,121)	(1,026,767)
CCEE fee	(254)	(306)	(476)	(551)
	(3,305,673)	(3,027,403)	(6,764,767)	(5,445,914)
<u>Transmission and distribution system usage charges</u>				
Basic grid charges	62,975	(526,012)	(426,112)	(1,041,007)
Transport charges	(24,886)	(16,632)	(34,589)	(32,433)
Connection charges	(45,544)	(40,708)	(95,213)	(77,406)
Distribution system usage charges	(10,608)	(14,792)	(20,399)	(28,446)
System service charges - ESS	(42,889)	(15,468)	17,701	(29,415)
Reserve power charges - EER	(67,253)	(70,066)	(49,451)	(109,015)
PIS and CONFINS credits	56,194	56,787	107,750	112,978
Total	(72,011)	(626,891)	(500,313)	(1,204,744)
Total Electric Power Costs	(3,377,684)	(3,654,294)	(7,265,080)	(6,650,658)

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Notes to the Interim Financial Statements (In thousands of Reais)

26. Operating costs and expenses

Breakdown of operating costs and expenses by nature is as follows:

Consolidated					
Three-month period ended					
06/30/2019				06/30/2018	
				(Restated)	
Costs/expenses	Operating costs	Sales	General and administrative	Total	Total
Personnel	(192,801)	(27,024)	(125,048)	(344,873)	(325,631)
Management	-	-	(19,190)	(19,190)	(342)
Post-retirement benefits	-	(26)	(1,001)	(1,027)	(8,441)
Materials	(24,296)	(61)	(10,329)	(34,686)	(37,077)
Fuel for electricity production	(87,777)	-	-	(87,777)	(113,245)
Third party services	(222,068)	(34,035)	(120,747)	(376,850)	(412,154)
Depreciation and amortization	(286,692)	(11)	(43,880)	(330,583)	(275,741)
Leases and rental (a)	(4,780)	(19)	(623)	(5,422)	(10,103)
Taxes	(236)	(16)	(3,339)	(3,591)	(1,023)
Net provisions - contingencies	(633)	-	(37,164)	(37,797)	(31,661)
Regulatory fines	-	-	-	-	(268)
Disposal of assets and rights	-	-	1,590	1,590	(8,896)
Other (expenses)/operating income	(22,791)	(5,015)	4,191	(23,615)	15,902
Total costs/expenses	(842,074)	(66,207)	(355,540)	(1,263,821)	(1,208,680)

Consolidated					
Six-month period ended					
06/30/2019				06/30/2018	
				(Restated)	
Costs/expenses	Operating costs	Sales	General and administrative	Total	Total
Personnel	(399,284)	(53,583)	(233,249)	(686,116)	(643,558)
Management	-	-	(35,810)	(35,810)	(8,828)
Post-retirement benefits	-	(48)	(2,200)	(2,248)	(10,962)
Materials	(49,286)	(189)	(17,848)	(67,323)	(68,768)
Fuel for electricity production	(166,143)	-	-	(166,143)	(226,163)
Third party services	(438,717)	(68,932)	(225,387)	(733,036)	(806,472)
Depreciation and amortization	(563,524)	(22)	(69,145)	(632,691)	(545,472)
Leases and rental (a)	(8,355)	(36)	(1,617)	(10,008)	(19,866)
Taxes	(2,721)	(30)	(15,878)	(18,629)	(14,614)
Net provisions - contingencies	(1,110)	-	(69,324)	(69,324)	(62,776)
Regulatory fines	-	-	-	-	(551)
Disposal of assets and rights	-	-	1,590	1,590	(8,896)
Other (expenses)/operating income	(44,579)	(11,210)	(1,033)	(56,822)	(1,620)
Total costs/expenses	(1,673,719)	(134,050)	(668,791)	(2,476,560)	(2,418,546)

(a) Leases and rentals

	Three-month period ended 06/30/2019	Six-month period ended 06/30/2019
Leases expenses		
- Out of CPC 06/IFRS 16 scope	(4,493)	(8,563)
- Short term	(177)	(177)
- Low value	(752)	(1,268)
	(5,442)	(10,008)

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Notes to the Interim Financial Statements (In thousands of Reais)

27. Financial income and expenses

	Parent				Consolidated			
	Three-month period ended		Six-month period ended		Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)	06/30/2019	06/30/2018 (Restated)
Financial income								
Income from financial investments	3,617	11,003	5,330	30,148	47,271	78,555	94,033	142,710
Interest and charges on delayed payments	-	-	-	-	52,088	52,082	104,215	96,393
Monetary indexation and exchange variation - Debt	5,103	8,857	12,926	14,681	270,092	465,311	759,439	921,607
Monetary indexation and exchange variation - Other income	-	4	2,560	33,293	723	642	9,575	36,011
Derivative Financial Instruments	1,603	54,418	6,598	87,580	255,364	1,159,747	693,173	1,477,346
Judicial deposits monetary indexation	743	748	1,460	1,438	4,517	3,842	8,095	10,128
Monetary indexation on Portion A and other financial items receivable	-	-	-	-	13,803	31,902	21,859	51,950
(-) PIS and COFINS on financial income	(2,433)	(2,188)	(4,699)	(4,184)	(10,327)	(11,426)	(19,751)	(20,502)
Other financial revenue	47,971	35,305	91,711	58,394	32,638	25,973	53,702	43,537
Total	56,604	108,147	115,886	221,350	666,169	1,806,628	1,724,340	2,759,180
Financial expenses								
Debt charges	(9,524)	(17,245)	(20,566)	(39,860)	(303,990)	(271,008)	(562,361)	(522,006)
Monetary indexation and exchange variations – Debt	(3,513)	(8,925)	(9,297)	(14,792)	(259,599)	(1,337,686)	(816,276)	(1,861,011)
Monetary indexation and exchange variations - Other expenses	-	(56,297)	-	(93,464)	(11,123)	(62,774)	(25,797)	(108,374)
Derivative Financial Instruments	(2,890)	-	(9,556)	(36,008)	(335,604)	(298,893)	(758,693)	(622,687)
Post-employment benefits and other benefits	-	-	-	-	(21,151)	(23,585)	(42,260)	(47,169)
IOF	(317)	(140)	(524)	(2,694)	(4,012)	(6,644)	(15,182)	(10,823)
Leases	-	-	-	-	(1,009)	-	(2,902)	-
R&D/PEE Charges	-	-	-	-	(4,343)	(3,810)	(8,625)	(7,490)
Monetary indexation on Portion A and other financial items receivable	-	-	-	-	-	(18,830)	-	(34,545)
Provisions for contingencies monetary indexation	(2,111)	(73)	(2,181)	(7)	(27,172)	(21,373)	(60,894)	(45,818)
Other financial expenses	(31,985)	(21,257)	(32,423)	(22,719)	(68,939)	(43,027)	(93,992)	(77,268)
Total	(50,340)	(103,937)	(74,547)	(209,544)	(1,036,942)	(2,087,630)	(2,386,982)	(3,337,191)
Net financial result	6,264	4,210	41,339	11,806	(370,773)	(281,002)	(662,642)	(578,011)
Summary of Monetary Indexation and Exchange variation								
Loans, financing and debentures	1,590	(68)	3,629	(111)	10,493	(872,375)	(56,837)	(939,404)
Others	-	(56,293)	2,560	(60,171)	(10,400)	(62,132)	(16,222)	(72,363)
Net Total	1,590	(56,361)	6,189	(60,282)	93	(934,507)	(73,059)	(1,011,767)

NEOENERGIA S.A.

Notes to the Interim Financial Statements (In thousands of Reais)

28. Balances and transactions with related parties

The Company has commercial transactions with related parties belonging to the same economic group, whose balances and nature of transactions are as follows:

		Parent				
		Asset / (Liability)		Revenue / (Expense)		
		06/30/2019	12/31/2018	06/30/2019	06/30/2018	Maturity
Administrative Services						
COELBA	(a)/(b)/(c)	(13,497)	(36,912)	28,566	18,232	2020
CELPE	(a)/(b)	(12,597)	(32,352)	22,938	17,587	2020
COSERN	(a)/(b)	(4,010)	(12,030)	8,020	5,143	2020
ITAPEBI GERAÇÃO DE ENERGIA S.A.	(a)/(b)	596	(425)	1,721	55	2020
TERMOPERNAMBUCO S/A	(b)	256	(9,842)	11,189	9,528	2019
AFLUENTE TRANSMISSÃO DE ENERGIA ELÉTRICA S.A.	(b)	(9)	-	11	6	2019
NC ENERGIA S.A.	(a)/(b)	-	(367)	652	918	2020
ENERBRASIL		(2,163)	(2,163)	-	-	2019
FORÇA EÓLICA DO BRASIL S/A	(a)/(b)	-	184	-	177	2020
ELEKTRO REDES	(b)	(15,351)	(2,908)	10,808	1,086	2020
ELEKTRO RENOVÁVEIS	(k)	-	-	-	1,804	2019
PREVI	(d)	(151,464)	(151,464)	-	-	2019
IBERDROLA ENERGIA	(e)	(27,242)	(44,178)	(27,242)	(20,380)	2019
IBERDROLA GENERACION	(f)	(2,400)	(2,400)	-	-	2019
EKT 1		-	-	-	1	2019
EKT 2		-	-	-	1	2019
		(227,881)	(294,857)	56,663	34,158	
Dividends and interest on equity						
COELBA	(g)	391,872	157,898	-	-	2019
CELPE	(g)	35,802	-	-	-	2019
COSERN	(g)	23,256	20,607	-	-	2019
ITAPEBI GERAÇÃO DE ENERGIA S.A.	(g)	3,499	8,691	-	-	2019
TERMOPERNAMBUCO S/A	(g)	18,877	15,300	-	-	2019
BAGUARI I GERAÇÃO DE ENERGIA ELÉTRICA S.A.	(g)	20,365	6,789	-	-	2019
NEOENERGIA OPERACAO E MANUTENCAO S.A	(g)	-	1,026	-	-	2019
SE NARANDIBA S.A.	(g)	25,528	25,529	-	-	2019
NC ENERGIA S.A.	(g)	68,830	89,751	-	-	2019
ENERGÉTICA ÁGUAS DA PEDRA	(g)	11,996	11,998	-	-	2019
NEOENERGIA SERVIÇOS LTDA	(g)	240	282	-	-	2019
GERAÇÃO CIII S.A.	(g)	1,976	14,987	-	-	2019
FORÇA EÓLICA DO BRASIL S/A	(g)	437	437	-	-	2019
FORÇA EÓLICA DO BRASIL I S/A	(g)	25,926	8,808	-	-	2019
FORÇA EÓLICA DO BRASIL II S/A	(g)	17,880	5,960	-	-	2019
ELEKTRO REDES	(g)	64,383	115,212	-	-	2019
ELEKTRO RENOVÁVEIS	(g)	99,262	66,698	-	-	2019
ELEKTRO COMERCIALIZADORA	(g)	3,083	3,434	-	-	2019
OUTROS MINORITÁRIOS	(g)	(49,243)	-	-	-	2019
PREVI	(g)	(111,067)	(138,758)	-	-	2019
BANCO DO BRASIL	(g)	-	(28,846)	-	-	2019
IBERDROLA ENERGIA	(g)	(143,650)	(161,884)	-	-	2019
		509,252	223,919	-	-	
Loans, Financial Investment and Loan Agreement						
BANCO DO BRASIL	(h)	-	63,770	-	1,436	2019
EKTT 15-A SERVICOS DE TRANSMISSAO	(i)	23,311	2,635	94	-	2019
		33,149	66,405	639	1,436	
Advance for future capital increase						
GERAÇÃO CÉU AZUL S.A.	(j)	-	47,707	-	-	2019
		-	47,707	-	-	

The main transactions with related parties refer to:

- Property leasing contracts, restated annually by the variation of the IGP-M;
- Contract concluded entered into with the subsidiaries Coelba, Celpe, Cosern, Itapebi, Termope, Affluent T, NC and Elektro Redes to provide corporate guarantee where Neoenergia is guarantor of financial instruments charging fee by endorsement due until 2020;
- Credit transfer contract with subsidiary Coelba as a result of offsetting the tax loss carryforwards of PGFN and PRORELIT of debts with the Federal Government;

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- (d) Obligation with PREVI, as described in note 22;
- (e) Services provided by Iberdrola Energia related to human resources, IT (hardware and software), purchasing, financial, regulatory, control, infrastructure, among others, with the objective of maximizing the operational efficiency of Iberdrola units in different locations by sharing best practices through service delivery.
- (f) Iberdrola Generacion Engineering Service Agreement;
- (g) Dividends and interest on equity to be paid or received by Neoenergia;
- (h) Fixed Income Investment Fund Application Agreement - BB POLO 28;
- (i) Loan agreement with EKT 15 A Transmission Services;
- (j) Advance for future capital increase agreement, with its subsidiary Céu Azul; and
- (k) Loan agreement with Elektro Renováveis.

		Consolidated				
		Asset / (Liability)		Revenue / (Expense)		
		06/30/2019	12/31/2018	06/30/2019	06/30/2018	Maturity
Revenue / (Purchase) of Electric Power						
NORTE ENERGIA S.A.	(a)	(111,787)	(97,785)	(295,564)	(394,700)	2044
ENERGÉTICA ÁGUAS DA PEDRA	(a)	(6,823)	(7,525)	(31,783)	(30,124)	2040
COMPANHIA HIDROELÉTRICA TELESPIRES	(a)	(30,966)	(27,533)	(176,431)	(60,999)	2044
		(149,576)	(132,843)	(503,778)	(485,823)	
Use and Connection of Transmission System (CUST) and (CTT)						
ENERGÉTICA ÁGUAS DA PEDRA	(a)	3	3	18	15	2043
COMPANHIA HIDROELÉTRICA TELESPIRES	(a)	27	36	174	295	2046
		30	39	192	310	
Administrative Services						
ENERGÉTICA ÁGUAS DA PEDRA	(b)	-	-	4,061	3,914	2020
COMPANHIA HIDROELÉTRICA TELESPIRES	(c)	63	-	819	-	2020
CELPOS / FAELBA / FASERN	(d)	(55,801)	(51,152)	(41,873)	(28,693)	Undetermined
PREVI	(e)	(151,464)	(151,464)	-	-	Undetermined
BANCO DO BRASIL	(f)	-	-	-	(5,730)	Undetermined
IBERDROLA ENERGIA	(g)/(h)	(27,242)	(44,178)	(27,242)	(20,380)	2023
IBERDROLA RENOVABLES	(g)	(2,909)	(9,262)	-	-	Undetermined
IBERDROLA GENERACION	(i)	(3,293)	(2,400)	(15,900)	(25,648)	2019
		(240,646)	(258,456)	(80,135)	(76,537)	
Dividends and Interest on Equity						
ENERGÉTICA ÁGUAS DA PEDRA	(j)	11,996	11,998	-	-	2019
ENERGÉTICA CORUMBA III S.A.	(j)	-	830	-	-	2019
OUTROS MINORITÁRIOS	(j)	(64,642)	(8,335)	-	-	2019
PREVI	(j)	(120,608)	(143,434)	-	-	2019
BANCO DO BRASIL	(j)	-	(28,846)	-	-	2019
IBERDROLA ENERGIA	(j)	(143,650)	(161,884)	-	-	2019
		(316,904)	(329,671)	-	-	
Loans, Financial Investment and Loan Agreement						
BANCO DO BRASIL	(k)/(l)/(m)	-	(288,564)	-	(5,904)	2021
		-	(288,564)	-	(5,904)	

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The main transactions with related parties refer to:

- (a) Electric power supply contracts, contracts of use of the transmission system (CUST), contracts of use of the distribution system (CUSD), contracts in the regulated environment (CCEAR) and Contracts of Connection to the Transmission System (CCT) signed between the Companies Group. Major contracts are detailed below:
 - (i) Norte Energia S.A.: energy purchase contracts entered by Coelba, Cosern, Celpe and Elektro Redes through regulated auctions (and regulated prices), with supply period between 2015-2044.
 - (ii) Águas da Pedra: energy purchase contracts entered by Coelba, Cosern, Celpe and Elektro Redes through regulated auctions (and regulated prices), with supply period between 2011-2040.
 - (iii) Teles Pires: energy purchase contracts entered by Coelba, Cosern, Celpe and Elektro Redes through regulated auctions (and regulated prices), with supply period between 2015-2044. Additionally, there are energy purchase contracts entered by NC Comercializadora in the free market, with supply period starting in 2018 and reaching 2036.
- (b) Services provided by Neonergeria O&M to Aguas da Pedra, related to operation and maintenance services, from 2016 to 2020, with prices being adjusted by inflation.
- (c) Services provided by Neoserviços to Teles Pires: transactional and accounting services, preparation of periodic reports to regulators, attendance to external audit, preparation of quarterly and annual financial statements, as well as tax services, from 2018 to 2020, with prices being adjusted by inflation.
- (d) Coelba, Celpe and Cosern's contributions to the pension funds of the active employees, as detailed in note 33.
- (e) Obligation with PREVI, as already explained in note 22.
- (f) Contract for service of collection of energy bills entered by Elektro Redes with Banco do Brasil, with prices adjusted by IPCA inflation index.
- (g) Administrative service agreement, both contracts follow the same methodology for pricing (cost plus margin) and the contracts are automatically renewed:
 - (i) Iberdrola Energia: Services provided by Iberdrola Energia related to human resources, information technology (hardware and software's), purchasing, financial, regulatory, control, infrastructure services, among others, with the objective of maxima operational efficiency of Iberdrola's units in different locations, by sharing best practices through service rendering.
 - (ii) Iberdrola Renovables: Services provided by Iberdrola Renovables related to management, promotion, construction and operation of the wind farms in Brazil.
- (h) Agreement with Iberdrola Energia, relating to interest on payables resulting from the sale of Coelba and Cosern shares, which were converted into capital in December 2017, as explained in note 23.
- (i) Iberdrola Generacion Engineering Service Agreement to Termope, with annual adjustment based on the variation of the IGP-M.
- (j) Dividends and Interest on equity to be paid or received by Neoenergia.

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- (k) Subsidiaries hold loans with Banco do Brasil S.A., which owns controlling interests on BB – Banco de Investimento S.A. (which is shareholder of the Company), for working capital financing purposes (Coelba, Cosern, Celpe, at a cost of CDI plus spread, maturing up to 2021) and investment financing (wind farms, at a cost of TJLP plus spread, maturing up to 2030).
- (l) Subsidiaries hold investment funds in BB – Banco de Investimentos S.A (BB Polo 28 and BB Amplo, as disclosed in note 7), subject to market rates and high liquidity.
- (m) Loans contracted with Banco do Brasil S.A controlling shareholder BB - Banco de Investimento S.A.

28.1 Management compensation

The total amount of compensation of the Company's management for the three-month period ended June 30, 2019 is R\$ 13,013 (R\$ 11,904 as of June 30, 2018) for the parent company and R\$ 5,579 ((R\$ 7,389) as of June 30, 2018) to the subsidiaries, and for the six-month period ended June 30, 2019, the amount paid was R\$ 21,863 (R\$ 14,487 as of June 30, 2018) to the subsidiaries. R\$ 12,928 (R\$ 1,197 as of June 30, 2018) to the subsidiaries. This information refers to the amounts recorded on the accrual basis of accounting, including the following items:

	Parent				Subsidiaries			
	Three-month period ended		Six-month period ended		Three-month period ended		Six-month period ended	
Composition of Managers' Compensation	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Recurring compensation	828	2,162	6,214	4,745	2,400	1,814	5,539	5,764
Short-term Benefits	10,866	4,898	13,434	4,898	2,261	(2,130)	4,079	(2,053)
Long-term Benefits	1,319	4,844	2,215	4,844	918	(7,676)	1,609	(4,724)
Contract Terminations	-	-	-	-	-	603	1,700	2,210
Total	13,013	11,904	21,863	14,487	5,579	(7,389)	12,927	1,197

In accordance with the cash basis, the Shareholders' Meetings held between March and April 2019, approved the amount of up to R\$ 44,888 (parent company) and R\$ 32,654 (subsidiaries) of annual global compensation to management, as the limit of paid in 2019. For the three-month period ended June 30, 2019, the amount paid was R\$ 18,839 (R\$ 14,734 as of June 30, 2018) to the parent company and R\$ 6,028 (R\$ 20,857 as of June 30, 2018) to the subsidiaries, and for the six-month period ended June 30, 2019, the amount paid was R\$ 23,884 (R\$ 18,051 as of June 30, 2018) to the parent company and R\$ 16,617 (R\$ 26,613 as of June 30, 2018) to the subsidiaries, as detailed below:

	Parent				Subsidiaries			
	Three-month period ended		Six-month period ended		Three-month period ended		Six-month period ended	
Composition of Managers' Compensation	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Recurring compensation	5,620	4,012	10,666	7,329	2,492	2,039	5,097	6,110
Short-term Benefits	8,130	4,898	8,130	4,898	-	2,965	5,205	3,042
Long-term Benefits	5,089	5,824	5,089	5,824	3,536	15,250	4,657	15,250
Contract Terminations	-	-	-	-	-	603	1,658	2,211
Total	18,839	14,734	23,884	18,051	6,028	20,857	16,617	26,613

In addition, the Company does not maintain any stock-based compensation program or other long-term benefits to its employees and/or managers.

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29. Financial risk management

a) General and political considerations

The management of the Company's financial risks is in line with the treatment proposed in the Financial Risk Policy and Neoenergia Group Credit Risk Policy approved by the Board of Directors, and other regulations.

Among the guidelines set forth in this policy and other regulations are: foreign exchange hedge of the total debt in foreign currency; evaluation of interest rate hedge of debt in local currency; foreign currency disbursements hedge evaluation; diversification of debt instruments, maturities and counterparties and extension of the average payment period.

In addition, the use of derivatives has as its sole purpose the protection and risk mitigation, so that is forbidden contracting exotic derivatives, leveraged or for speculative purposes.

Risk monitoring is carried out through the management of controls, which aims to promote continuous monitoring of contracted operations, and compliance with the approved risk limits.

The Company is exposed to a number of financial risks, including market risks (exchange rate risk, interest rate and price index risk, among others), credit risk and liquidity risk.

b) Market risk management

Foreign exchange risk

The Company, aiming at ensuring that the significant fluctuations do not affect its income and cash flow, had as of June 30, 2019, foreign exchange hedge operations for all its debts in foreign currency and for the main disbursements and investments in foreign currency.

The foreign exchange hedging strategies are described in item "e" - Complementary information on derivative financial instruments.

Interest rate risk

This risk arises from the possibility that the Company may incur in losses due to fluctuations in interest rates or other debt indexes such as price indexes, that increase the finance costs related to loans and financing raised in the market.

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

The interest rate hedging strategies are described in Item "e" - Complementary information on derivative financial instruments.

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c) Liquidity risk management

Liquidity risk is characterized by the possibility that the companies will not honor their commitments upon maturity. The financial policy adopted by the Company constantly seeks to mitigate liquidity risk with the main points being the extension of the maturities of loans and financing, not concentrating due dates, the diversification of financial instruments and the hedging of foreign currency debt.

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

In the event of cash surpluses, financial investments are made for surplus funds are invested based on the Company's credit policy, in order to preserve liquidity. The investments are concentrated in funds exclusive to Company companies and aim to allocate the maximum amount of funds possible in assets with daily liquidity.

As of June 30, 2019, the Company held total investments in the short term in the amount of R\$2,726,311, R\$ 1,777,252 out of it in exclusive funds and R\$ 949,059 in other assets.

The table below shows the total value of the Group's monetizable debt flows, by maturity, corresponding to the remaining contractual period and uses the Group's current indebtedness as of June 30, 2019, the future market curves for the indexes and currencies.

	Book value	Total Contractual cash flow	Up to 6 months	2020	2021	2022	2023	2024	More than 5 years
Non-derivative Financial Liabilities:									
Loans and Financing	12,615,454	16,346,565	1,095,355	3,763,098	2,749,658	2,691,946	1,250,126	1,747,715	3,048,667
Debentures	8,642,139	11,663,412	542,373	863,778	1,019,921	1,855,116	3,022,236	2,512,743	1,847,245
Suppliers	2,503,786	2,285,213	1,338,397	830,153	-	-	-	-	116,663
Derivative financial liabilities									
Foreign exchange Swap and Interest Rate	(1,085,853)	(1,411,810)	17,198	(370,084)	(182,574)	(205,764)	(51,091)	(289,900)	(329,595)
Non-deliverable Forwards (NDF)	3,944	4,140	(5,027)	4,651	4,516	-	-	-	-
Options	(1,854)	(1,853)	(466)	(1,387)	-	-	-	-	-

d) Credit risk management

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

Credit risk with commercial counterparties

The main credit exposure arises from the possibility that Company incurring losses resulting from the difficulty of receiving amounts billed in the distribution, transmission, generation and commercialization businesses.

In order to mitigate this type of risk and help manage the risk of default, the Company monitors the accounts receivable, requests guarantees and performs various collection actions in accordance with regulation.

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Credit risk with financial institutions

For operations involving cash and cash equivalents, marketable securities and derivatives, the Company follows the provisions of its credit policy, which aims to mitigate risk through financial institution diversification and the selection of financial institutions with good credit ratings.

The exposure of each counterpart is also followed up, in addition to the quality of credit and its long-term ratings published by rating agencies, for the main institutions with which the Company has current operations.

The table below presents long-term ratings nationwide published by Moody's, S&P or Fitch for the main financial institutions with which the Company had outstanding operations as of June 30, 2019.

Long-term ratings nationwide¹	Moody's	S&P	Fitch
Banco do Brasil	Aa1		AA
BNP Paribas		AAA	
Bradesco	Aa1	AAA	AAA
Caixa Econômica Federal	Aa1	AAA	AA
Citibank		AAA	AAA
Goldman Sachs			AAA
Itaú	A1	AAA	AAA
Santander	Aaa	AAA	
Morgan Stanley		AAA	
MUFG		AAA	
Votorantim	Aa3	AAA	

⁽¹⁾ Bank of America, HSBC, JP Morgan, Sumitomo and Scotiabank have ratings only on a global scale

Below is the total credit exposure of the Company's consolidated financial assets. These are gross amounts not including any provision for impairment of assets.

	06/30/2019	12/31/2018
Measured at Amortized Cost		
Cash and cash equivalents	259,105	293,680
Securities	165,410	131,321
Trade and other receivables	6,861,980	6,488,961
Portion A and other financial items	712,813	846,668
Measured at Fair Value through the Income		
Cash and Cash Equivalents	2,467,206	3,639,995
Concession of Public Utilities - Indemnity	10,410,146	9,255,797

e) Complementary information on derivative financial instruments

As of June 30, 2019, there was no margin amount deposited referring to derivative positions.

The Company has derivative instruments for economic and financial protection against exchange rate risk, interest rates and price indexes. The main instruments used are swaps and Non-Deliverable Forwards (NDF) and exchange options.

All derivative operations of hedge programs are detailed in the following table, which includes, for each derivative contract, information on the type of instrument, reference value (nominal), fair value, contracting date, due date, the counterparty and the hedge index.

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In order to determine the economic relation 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.

(i) Hedging program for loans and financing in Dollar

With the purpose of economic and financial protection, the Company contracts swap transactions to convert USD-denominated debts and loans into R\$. In these swaps, the Company assumes a passive position in Real pegged to CDI and an active position in USD pegged to fixed or floating rates (Libor).

The following programs are classified according to the hedge accounting criteria measured at fair value in the result:

Post Swap USD vs. Post R\$	Reference Value		Maturity (Year)	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Asset	US\$ 547,752	US\$ 565,368	2018 - 2029	2,115,177	2,224,410	
Liability	R\$ 1,745,058	R\$ 1,806,682		(1,727,892)	(1,794,350)	
Net Credit risk				859	(566)	
Total				388,144	429,494	(41,350)

Pre Swap USD vs. Post R\$	Reference Value		Maturity (Year)	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Asset	US\$ 346,236	US\$ 488,450	2018 - 2021	1,353,296	1,876,528	
Liability	R\$ 1,038,087	R\$ 1,521,173		(1,038,893)	(1,531,936)	
Net Credit risk				1,269	429	
Total				315,672	345,021	(29,349)

The following programs are classified according to cash flow hedge accounting criteria:

Post Swap USD vs. Post R\$	Reference Value		Maturity (Year)	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Asset	US\$ 180,466	US\$ 179,408	2018 - 2029	707,186	703,753	
Liability	R\$ 626,068	R\$ 623,549		(632,803)	(636,985)	
Net Credit risk				(39)	(240)	
Total				74,344	66,528	7,816

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<u>Pre Swap USD</u> <u>vs.</u> <u>Post R\$</u>	Reference Value		<u>Maturity</u> <u>(Year)</u>	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Asset	US\$ 488,369	US\$ 422,131		1,956,533	1,634,439	
Liability	R\$ 1,761,369	R\$ 1,460,384	2018 - 2021	(1,793,547)	(1,493,933)	
Net Credit risk				(326)	(133)	
Total				162,660	140,373	22,284

(ii) Hedging program for loans and financing in Euro

With the purpose of economic and financial protection, the Company contracts swap transactions to convert EUR-denominated debts and loans into R\$. In these swaps, the Company assumes a passive position in Real pegged to CDI and an active position in EUR pegged to fixed or floating rates (Euribor).

The following programs are classified according to the hedge accounting criteria measured at fair value in the result:

<u>Pre Swap EUR</u> <u>vs.</u> <u>Post R\$</u>	Reference Value		<u>Maturity</u> <u>(Year)</u>	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Asset	-	€ 173		-	797	
Liability	-	436	2026	-	(404)	
Net Credit risk				-	3	
Total				-	396	(396)

The following programs are classified according to cash flow hedge accounting criteria:

<u>Pre Swap EUR</u> <u>vs.</u> <u>Post R\$</u>	Reference Value		<u>Maturity</u> <u>(Year)</u>	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Asset	€ 181,617	€ 79,641		726,326	373,410	
Liability	R\$ 719,709	R\$ 356,111	2026	(726,869)	(371,019)	
Net Credit risk				(4)	(6)	
Total				(547)	2,385	(2,932)

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(iii) Hedging program for loans and financing in Reais indexed to IPCA

With the purpose of economic and financial protection, the Company contracts swap operations to convert to CDI debts and loans in Reais pegged to IPCA inflation index. In these swaps, the Company assumes a passive position in CDI and an active position in IPCA.

The following programs are classified according to the hedge accounting criteria measured at fair value in the result:

<u>Swap IPCA vs CDI</u>	Reference Value		<u>Maturity (Year)</u>	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Asset	R\$ 757,374	R\$ 505,869	2021 - 2025	893,795	848,962	
Liability	R\$ 750,864	R\$ 735,892		(748,919)	(734,290)	
Net Credit risk				704	16	
Total				145,580	114,688	30,892

(iv) Hedge program for dollar disbursements

In order to reduce cash flow volatility, the Company may enter into non-deliverable forwards (NDF) and options to mitigate currency exposure arising from dollar-denominated or dollar-indexed outflows.

<u>NDF</u>	Reference Value		<u>Maturity (Year)</u>	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
USD Disbursement						
Company						
Term	US\$ 155,623	US\$ 119,707	2021	10,645	27,744	
Total				10,645	27,744	(17,096)

<u>Options</u>	Reference Value		<u>Maturity (Year)</u>	Fair Value		Amount Receivable/Received or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
Company						
Purchase of Call	R\$ 3,479	R\$ 4,519	2018 a 2020	1,862	2,176	
Sale of Put Option	-	-		(8)	410	
Total				1,854	2,586	(732)

This program is classified in accordance with hedge accounting criteria measured at fair value through other comprehensive income.

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(v) Hedge program for Euro disbursements

In order to reduce cash flow volatility, the Company may enter into non-deliverable forwards (NDF) operations to mitigate currency exposure arising from dollar-denominated or euro-indexed outflows.

	Reference Value		Maturity (Year)	Fair Value		Amount Receivable/Receiv ed or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
NDF						
EUR Disbursement						
Company						
Term	€ 43,925	€45,855	2021	(14,044)	(2,791)	
Total				(14,044)	(2,791)	(11,253)

This program is classified in accordance with hedge accounting criteria measured at fair value through other comprehensive income.

(vi) Hedge program for Swedish Kronor disbursements

In order to reduce cash flow volatility, the Company may enter into non-deliverable forwards (NDF) operations to mitigate currency exposure arising from dollar-denominated or Swedish kronor-indexed outflows.

	Reference Value		Maturity (Year)	Fair Value		Amount Receivable/Receiv ed or Payable/Paid
	06/30/2019	12/31/2018		06/30/2019	12/31/2018	06/30/2019
NDF						
SEK Disbursement						
Company						
Term	SEK 11,617	SEK 127,388	2021	(545)	(466)	
Total				(545)	(466)	(79)

This program is classified in accordance with hedge accounting criteria measured at fair value through other comprehensive income.

Accounting treatment of Derivatives

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

- (i) Fair Value Hedge: the gain or loss resulting from the new measurement of derivatives at fair value is booked under the income account.
- (ii) Cash Flow Hedge: Changes in fair value of derivative financial instruments designated as effective cash flow hedge have their effective component recorded in the stockholders' equity (other comprehensive income) and the ineffective component recorded in the year. The amounts recorded in the stockholders' equity are only transferred to the income statement in the appropriate account (cost, operating expense or financial expense), when the hedged item is effectively realized.

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At the beginning of the hedge accounting operation, the Company documents the relationship between the hedging instruments and the hedged items in order to better manage risks and come up with the best strategy for hedge operations. The Company also documents, both initially and continuously, its assessment that derivatives used in hedging transactions are highly effective.

Derivatives which are not earmarked for hedge accounting are classified as economic hedge, and changes in their fair value are fully booked under the income account.

f) Sensitivity analysis

In compliance with CVM Instruction 475 dated December 17, 2008, the following analysis estimates the potential value of the instruments in hypothetical stress scenarios of the main market's risk factors, each one impacting the positions, while all other variables keep constant.

- Probable Scenario: The charges and income for the following year were projected considering the balances, exchange rates and/or interest rates in force at the end of the fiscal year.

- Scenario II: This projection was increased by 25% compared to the probable scenario.

- Scenario III: This projection was increased by 50% compared to the probable scenario.

For income from financial investments in Scenarios II and III consider a reduction of 25% and 50%, respectively, in relation to the probable scenario.

For a sensitivity analysis of derivative instruments, Management understands that there is a need to consider the liabilities with exposure to fluctuations in exchange rates and their respective derivative instruments recorded in the Statement of financial position.

As 100% of foreign currency debt is protected by swaps, the risk of US Dollar variations is shown in the table below:

Operation	Currency Risk	Quote	Exposure (Balance/ Notional)	Probable Scenario	Scenario of Impact (II)	Scenario of Impact (III)
Debt in Dollar	Dollar(\$)	Dollar increase	(6,020,988)	-	(1,505,318)	(3,010,635)
Swap Short Position in Dollar		Dollar decrease	6,132,189	-	1,584,260	3,168,522
Net Exposure			111,201	-	78,942	157,887
Debt in Euro	Euro(€)	Euro Increase	(692,685)	-	(167,200)	(334,402)
Swap Short Position in Euro		Euro decrease	726,326	-	181,581	363,164
Net Exposure			33,641	-	14,381	28,762
Collar			-	-	-	-
Hedged Item: part of disbursements in USD	Dollar(\$)	Dollar decrease	1,854	-	(989)	(2,885)
Net Exposure			1,854	-	(989)	(2,885)
NDF			-	-	-	-
Hedged Item: part of disbursements in USD	Dollar(\$)	Dollar decrease	10,645	-	(140,983)	(281,972)
Net Exposure			10,645	-	(140,983)	(281,972)
NDF			-	-	-	-
Hedged Item: part of disbursements in USD	Euro(€)	Euro decrease	(14,044)	-	(47,898)	(95,797)
Net Exposure			(14,044)	-	(47,898)	(95,797)
NDF			-	-	-	-
Hedged Item: part of disbursements in USD	SEK	Swedish Kronor decrease	(545)	-	(1,195)	(2,390)
Net Exposure			(545)	-	(1,195)	(2,390)

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The table below shows the losses (gains) due to the variation in interest rates that may be recognized in the Company's income in the subsequent year, if one of the scenarios shown below occurs:

Operation	Indexer	Risk	Rate for the period	Exposure (Balance/ Notional)	Probable Scenario	Scenario of Impact (II)	Scenario of Impact (III)
FINANCIAL ASSETS							
Financial investments in CDI	CDI	CDI Decrease	6.4%	2,742,233	41,617	(10,229)	(20,572)
FINANCIAL LIABILITIES							
Loans, financing and debentures							
CDI debt	CDI	Increase of CDI	6.4%	(6,565,366)	(116,236)	(86,155)	(113,935)
Dollar x CDI Swaps (Short Position)	CDI	Increase of CDI	6.4%	(6,302,369)	(106,154)	(74,149)	(99,565)
Debt in IPCA	IPCA	Increase in IPCA	1.6%	(3,890,748)	(68,521)	(8,010)	(12,340)
IPCA x CDI Swaps (Short Position)	IPCA	Increase in IPCA	1.6%	873,745	15,779	5,554	6,372
Debt in LIBOR 3M	LIBOR	Increase of LIBOR 3M	2.3%	(1,492,816)	(12,583)	(2,283)	(4,562)
Libor 3M x CDI Swaps (Short Position)	LIBOR	Increase of LIBOR 3M	2.3%	1,314,281	12,144	2,173	4,343
Debt in LIBOR 6M	LIBOR	Increase of LIBOR 6M	2.2%	(1,088,285)	(6,122)	(1,402)	(2,799)
Libor 6M x CDI Swaps (Short Position)	LIBOR	Increase of LIBOR 6M	2.2%	1,088,849	6,422	1,456	2,908
Debt in SELIC	SELIC	Increase of SELIC	6.4%	(633,085)	(13,513)	(2,417)	(4,807)
Debt in TJLP	TJLP	Increase of TJLP	6.0%	(2,979,148)	(60,485)	(13,070)	(24,317)

30. Fair value measurement

For the measurement and determination of fair value, the Company uses several methods including market, result and amortized cost approaches, in order to estimate the value that market participants would use to price the asset or liability. Due to the short-term cycle, it is assumed that the fair value of cash and cash equivalents, financial investments, trade accounts receivable and accounts payable to suppliers are close to their carrying amounts.

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (prices) or indirectly (derived from prices);

Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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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 their measurement level, as of June 30, 2019 and 2018:

	Level (*)	06/30/2019		12/31/2018	
		Book Value	Fair Value	Book Value	Fair Value
(Current/Noncurrent) Financial Assets					
Measured at Amortized Cost		6,891,340	6,891,340	7,413,392	7,413,392
Securities	2	165,410	165,410	131,320	131,320
Accounts Receivable from Customers and Other	2	5,845,386	5,845,386	5,489,437	5,489,437
Concession of Public Service – Receivables Transmission Companies	3	-	-	760,746	760,746
Portion A and Other Financial Items	3	880,544	880,544	1,031,889	1,031,889
Measured at Fair Value through the Income		13,732,529	13,732,529	13,891,553	13,891,553
Cash and Cash Equivalents		2,467,206	2,467,206	3,639,995	3,639,995
Accounts Receivable from Customers and Other*	3	-	-	15,193	15,193
Interest Rate and Exchange Rate Swap	2	855,177	855,177	980,568	980,568
Concession of Public Utilities - Indemnity	3	10,410,146	10,410,146	9,255,797	9,255,797
Measured at Fair Value through the Comprehensive Income		269,118	269,118	173,573	173,573
Non-deliverable forwards (NDF)	2	11,205	11,205	25,010	25,010
Options	2	1,861	1,861	2,598	2,598
Interest Rate and Exchange Rate Swap	2	256,052	256,052	145,965	145,965
(Current/Noncurrent) Financial Liabilities					
Measured at Amortized Cost		19,604,176	19,721,039	16,450,106	16,450,106
Suppliers		2,503,786	2,503,786	2,760,463	2,760,463
Loans and Financing	2	9,261,878	9,374,004	5,525,592	5,525,592
Debentures	2	7,615,597	7,620,334	7,923,385	7,923,385
Concession of Public Service (Use of public property)	2	55,184	55,184	55,445	55,445
Portion A and Other Financial Items	3	167,731	167,731	185,221	185,221
Measured at Fair Value through the Income		4,385,899	4,385,899	7,617,091	7,617,091
Loans and Financing	2	3,353,576	3,353,576	6,780,126	6,780,126
Debentures	2	1,026,542	1,026,542	826,989	826,989
Interest Rate and Exchange Rate Swap	2	5,781	5,781	9,976	9,976
Measured at Fair Value through the Comprehensive Income		34,751	34,751	18,207	18,207
Non-deliverable forwards (NDF)	2	15,149	15,149	523	523
Options	2	4	4	12	12
Interest Rate and Exchange Rate Swap	2	19,598	19,598	17,672	17,672

(*) Refers to contracts of portfolio for trading of power of subsidiary NC Energia which are booked as derivatives and measured at fair value through the income statement, as provided for under the Technical Pronouncement CPC 48 (IFRS 9).

There were no transfers between Level 1 and Level 2, or between Level 2 and Level 3 during the period ending as of June 30, 2019.

The amount related to the recognition of gains (losses) in income related to assets and liabilities classified as level 3 in the period ended June 30, 2019 was R\$ 227,749 (R\$ 210,040 as of June 30, 2018) and their respective changes. are disclosed in notes 11 and 15.

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Assessment Methods and Techniques

The Company understands that since the majority of the fair value of accounts receivable and suppliers matures in the short term, it is already reflected in its book value. As well as for bonds and securities classified as maintained to maturity. In this case, the Company understands that its fair value is similar to the registered book value, since both have interest rates indexed to the DI (Interbank Deposits) curve that reflects the variations of the market conditions.

The financial assets classified as measured at fair value are, for the most part, invested in exclusive funds, that way the fair value is reflected in the value of the share in the fund.

i) Concession of Public Utilities

As the distribution subsidiaries classified the respective financial assets of the concession as measured at fair value through the income statement, the factors relevant to fair value measurement are not publicly observable and there is no active market. Thus, the fair value hierarchy classification is of level 3.

Since all the contractual characteristics are reflected in the amounts accounted for, the Company understands that the book value recorded impacts their fair values. The accounting measurement of the compensation and the receivables resulting from the concession is carried out through the application of contractual and legal regulatory criteria.

ii) Loans and Financing

For financings classified and measured at amortized cost, the Company understands that, since these are bilateral operations and do not have an active market or other similar source with conditions comparable to those already presented and that may be a parameter for determining their fair values, the values reflect the fair value of the transactions.

For the loans classified as measured at fair value, the Company measured the fair value through the present value of the estimated flows taking into account the contractual characteristics of each operation. The method used is calculating the present value of future debt flows.

For equity market debt, fair values are measured based on the market approach and their reference prices are available on the secondary market.

iii) Derivatives

As a result of the reassessment of the methodology for the Fair value calculation of the Company, implemented in 2018, the present value started being calculated using the currencies of 100% of the foreign exchange coupon for the asset and 100% of the future DI of BM&F under liabilities. Until December 31, 2017, a rate based on the CDI cost at the beginning of each operation was used for this calculation. This change in accounting estimates did not have a material impact in the period and the same behavior is expected for subsequent periods.

In the case of swaps, both the present value of the asset and the short term one are estimated by discounting the future cash flows. The difference between the present value of the asset side and the short position of the swap generates its fair value.

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31. Segment information

The Company has four strategic divisions, which are its reportable segments based on the internal operational management structure. This management is performed through the segmentation per types of business: Networks, Liberalized, Renewables and Others.

Iberdrola, controlling shareholder of Neoenergia, uses the same grouping in the daily management of its business, in its internal and external presentations of financial results, in the analysis of operating performance, having a corporate managing structure responsible for each one of these lines of business in each country that it operates, reporting to the parent in Spain. There is, however, a wide array of support activities, such as financing, cash management, tax management, which are not attributable to each line of business and, therefore, are not allocated.

The results, assets and liabilities per segment include items directly attributable to the segment and also those, which may reasonably be allocated when applicable. The prices charged between the segments are defined based on similar market transactions.

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Below we present the structure used as of June 30, 2019 and December 31, 2018 detailed by Company:

Information per segment as of June 30, 2019 and Information per segment as of December 31, 2018	
Networks	Coelba Celpe Cosern Elektro Afluenta T Narandiba Potiguar Sul EKTT 1 EKTT 2 EKTT 3 EKTT 4 EKTT 5 EKTT 11 EKTT 12 EKTT 13 EKTT 14 EKTT 15 Neoserv
Liberalized	Termope NC Energia EKCE Neoinvest Elektro O&M
Renewables	Itapebi Baguari Geração CIII Geração Céu Azul Bahia PCH II Belo Monte Neoenergia O&M Calango 1 Calango 2 Calango 3 Calango 4 Calango 5 Calango 6 Mel 2 Arizona 1 Caetité 1 Caetité 2 Caetité 3 Força Eólica do Brasil Força Eólica Participações Força Eólica do Brasil 1 Força Eólica do Brasil 2 Elektro Renováveis do Brasil Lagoa 1 Lagoa 2 Lagoa 3 Lagoa 4 Santana 1 Santana 2 Enerbrasil Chafariz 1 Chafariz 2 Chafariz 3 Chafariz 4 Chafariz 5 Chafariz 6 Chafariz 7 Canoas 1 Canoas 2 Canoas 3 Canoas 4 Ventos de Arapua 1 Ventos de Arapua 2 Ventos de Arapua 3
Others	Neoenergia

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The information separated per segment is presented below, in accordance with the criteria established by the Company's Management:

	Networks		Liberalized		Renewables		Others		TOTAL		Consolidation Adjustments		Consolidated	
	Three-month period ended		Three-month period ended		Three-month period ended		Three-month period ended		Three-month period ended		Three-month period ended		Three-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Third-party revenue	6,312,468	5,887,149	286,315	498,292	126,213	40,385	869	1,023	6,725,865	6,426,849	-	-	6,725,865	6,426,849
Intersegment Revenue	11,367	10,387	343,385	312,042	139,646	207,974	-	-	494,398	530,403	-	-	494,398	530,403
Eliminations	(11,367)	(10,387)	(343,385)	(312,042)	(139,646)	(207,974)	-	-	(494,398)	(530,403)	-	-	(494,398)	(530,403)
Net revenue	6,312,468	5,887,149	286,315	498,292	126,213	40,385	869	1,023	6,725,865	6,426,849	-	-	6,725,865	6,426,849
Gross Income	1,296,286	1,040,782	53,388	52,521	174,813	140,037	869	1,023	1,525,356	1,234,363	-	-	1,525,356	1,234,363
Financial income from third parties	611,075	1,649,417	25,537	14,738	17,709	68,628	11,848	73,845	666,169	1,806,628	-	-	666,169	1,806,628
Financial income of intersegments	-	-	-	-	1,238	-	44,757	34,307	45,995	34,307	-	-	45,995	34,307
Eliminations	-	-	-	-	(1,238)	-	(44,757)	(34,307)	(45,995)	(34,307)	-	-	(45,995)	(34,307)
Financial income	611,075	1,649,417	25,537	14,738	17,709	68,628	11,848	73,845	666,169	1,806,628	-	-	666,169	1,806,628
Financial expenses from third parties	(870,786)	(1,829,527)	(49,293)	(54,971)	(66,522)	(99,643)	(50,341)	(103,489)	(1,036,942)	(2,087,630)	-	-	(1,036,942)	(2,087,630)
Financial expenses of intersegments	(37,364)	(23,264)	(6,466)	(11,042)	(2,164)	-	-	-	(45,994)	(34,306)	-	-	(45,994)	(34,306)
Eliminations	37,364	23,264	6,466	11,042	2,164	-	-	-	45,994	34,306	-	-	45,994	34,306
Financial expenses	(870,786)	(1,829,527)	(49,293)	(54,971)	(66,522)	(99,643)	(50,341)	(103,489)	(1,036,942)	(2,087,630)	-	-	(1,036,942)	(2,087,630)
Depreciation and amortization	(265,421)	(229,034)	(12,231)	(11,444)	(52,141)	(34,475)	(790)	(788)	(330,583)	(275,741)	-	-	(330,583)	(275,741)
Surplus value amortization	1,113	-	(40)	-	(1,019)	(75)	(42,652)	(45,644)	(42,598)	(45,719)	-	-	(42,598)	(45,719)
Result of equity method	-	-	-	-	(2,667)	26,618	2,307	1,496	(360)	28,114	-	-	(360)	28,114
Income Tax and Social Contribution	(77,041)	(106,237)	13,973	(457)	(20,521)	(19,060)	4,796	-	(78,793)	(125,754)	-	-	(78,793)	(125,754)
Profit for the year	541,370	406,029	27,113	(10,563)	54,464	101,626	(82,882)	(85,907)	540,065	411,185	-	-	540,065	411,185

	Networks		Liberalized		Renewables		Others		TOTAL		Consolidation Adjustments		Consolidated	
	Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Third-party revenue	12,992,946	10,962,427	553,565	927,480	281,498	81,427	1,739	2,053	13,829,748	11,973,387	-	-	13,829,748	11,973,387
Intersegment Revenue	22,266	20,491	692,405	665,405	203,490	395,040	-	-	918,161	1,080,936	-	-	918,161	1,080,936
Eliminations	(22,266)	(20,491)	(692,405)	(665,405)	(203,490)	(395,040)	-	-	(918,161)	(1,080,936)	-	-	(918,161)	(1,080,936)
Net revenue	12,992,946	10,962,427	553,565	927,480	281,498	81,427	1,739	2,053	13,829,748	11,973,387	-	-	13,829,748	11,973,387
Gross Income	2,596,509	1,865,339	88,373	207,327	296,114	265,173	1,739	2,053	2,982,735	2,339,892	-	-	2,982,735	2,339,892
Financial income from third parties	1,561,704	2,454,042	74,799	32,821	55,951	109,140	31,886	163,177	1,724,340	2,759,180	-	-	1,724,340	2,759,180
Financial income of intersegments	-	-	-	-	1,238	-	84,000	58,180	85,238	58,180	-	-	85,238	58,180
Eliminations	-	-	-	-	(1,238)	-	(84,000)	(58,180)	(85,238)	(58,180)	-	-	(85,238)	(58,180)
Financial income	1,561,704	2,454,042	74,799	32,821	55,951	109,140	31,886	163,177	1,724,340	2,759,180	-	-	1,724,340	2,759,180
Financial expenses from third parties	(2,068,515)	(2,841,285)	(111,723)	(115,441)	(132,197)	(170,587)	(74,547)	(209,096)	(2,386,982)	(3,336,409)	-	(782)	(2,386,982)	(3,337,191)
Financial expenses of intersegments	(70,437)	(38,430)	(11,841)	(15,576)	(2,960)	(4,173)	-	-	(85,238)	(58,179)	-	-	(85,238)	(58,179)
Eliminations	70,437	38,430	11,841	15,576	2,960	4,173	-	-	85,238	58,179	-	-	85,238	58,179
Financial expenses	(2,068,515)	(2,841,285)	(111,723)	(115,441)	(132,197)	(170,587)	(74,547)	(209,096)	(2,386,982)	(3,336,409)	-	(782)	(2,386,982)	(3,337,191)
Depreciation and amortization	(520,882)	(452,610)	(24,678)	(22,922)	(85,555)	(68,364)	(1,576)	(1,576)	(632,691)	(545,472)	-	-	(632,691)	(545,472)
Surplus value amortization	2,236	-	(82)	-	(1,888)	(150)	(85,463)	(91,289)	(85,197)	(91,439)	-	-	(85,197)	(91,439)
Result of equity method	-	-	-	-	13,842	72,033	11,927	(1,876)	25,769	70,157	-	-	25,769	70,157
Income Tax and Social Contribution	(245,439)	(194,648)	19,583	(18,795)	(42,611)	(43,496)	(656)	-	(269,123)	(256,939)	-	266	(269,123)	(256,673)
Profit for the year	1,019,960	621,170	39,469	67,262	117,402	185,690	(127,044)	(161,720)	1,049,787	712,402	-	(516)	1,049,787	711,886

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	Networks		Liberalized		Renewables		Others		Consolidated	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Assets of reportable segments	31,692,096	29,663,620	1,176,417	1,200,269	5,384,371	5,392,282	99,023	77,040	38,351,907	36,333,211
Investments	2,097,779	3,599,591	62,089	75,332	61,909	391,939	511	1,549	2,222,288	4,068,411
Liabilities of reportable segments	4,175,572	4,233,373	187,075	267,100	378,929	389,052	59,985	70,200	4,801,561	4,959,725

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Periods ended on June 30, 2019 and 2018
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Reconciliation of reportable segments information

(a) Earnings before income tax and Social Contribution

	Parent			
	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Total pre-tax profit for reportable segments				
Amounts not allocated	618,858	536,939	1,318,910	969,341
Other expenses	-	-	-	(782)
Consolidated income before income tax and social contribution	618,858	536,939	1,318,910	968,559

	Consolidated	
	06/30/2019	12/31/2018
(b) Assets		
Reportable segments' assets	38,351,907	36,333,211
Cash and cash equivalents, Bonds and Securities and Derivative financial instruments	4,016,016	5,219,137
Recoverable taxes and contributions	1,454,762	1,182,157
Dividends and interest on equity	11,996	12,828
Deferred taxes and contributions	887,673	1,031,035
Investments	2,476,455	2,418,124
Others current and noncurrent assets	293,507	367,986
Total assets	47,492,316	46,564,478
(c) Liabilities		
Liabilities of reportable segments	4,801,561	4,959,725
Loans, financing, debentures and derivative financial instruments	21,298,125	21,084,275
Payable salaries and charges	234,405	269,609
Regulatory charges	559,985	453,117
Taxes payable and social contribution	764,355	832,871
Dividends and interest on equity	328,900	342,499
Deferred taxes and social contributions	139,142	116,544
Others liabilities (current and non-current)	1,080,953	929,043
Total liabilities	29,207,426	28,987,683

32. Commitments

Commitments related to long-term electric power purchase contracts are as follows:

	Effectiveness	July/2020	2021	2022	2023	2024	After 2024
Coelba	2020 to 2030	3,923,263	4,269,791	4,557,444	4,904,268	5,254,528	40,906,272
Celpe	2020 to 2030	3,012,522	3,176,726	3,356,606	3,551,471	3,498,607	26,151,573
Cosern	2020 to 2030	1,129,836	1,202,651	1,274,236	1,326,384	1,413,476	10,909,651
Elektro	2020 to 2028	2,445,902	2,591,615	2,775,149	2,992,593	3,157,658	14,677,377
NC Energia	2020 to 2030	925,276	739,711	1,054,564	629,712	581,982	3,312,227

Amounts related to electric power purchase agreements, with terms varying from 6 to 30 years, represent the total contracted volume and were approved by ANEEL.

The Company's distribution companies analyzed contracted electric power commitments that exceed 5% of over contracting limit, as these may not be considered for tariff pass-through since they are considered voluntary exposure. According to the demand forecasts and market price estimates, the results observed were not considered significant to their operations.

Neoenergia is guarantor of loans, financings and debentures of its subsidiaries and affiliates.

NEOENERGIA S.A.

Notes to the Interim Financial Statements
Periods ended on June 30, 2019 and 2018
(In thousands of Reais)

33. Post-employment benefits

Below we present the values recognized in assets, liabilities related to pension and healthcare plans:

	Consolidated	
	06/30/2019	12/31/2018
Amount recognized in the Statement of financial position		
Pension benefits-BD	4,950	(8,955)
Post-employment health benefits	(776,434)	(762,476)
Allocation of special reserve with reversal of values to the sponsor	(137,333)	(138,807)
	(908,817)	(910,238)

Below we present the values recognized in the Income Statement and Comprehensive Income Statement, related to the related to pension and healthcare plans, as of June 30, 2019 and June 30, 2018:

	Three-month period ended		Six-month period ended	
	06/30/2019	06/30/2018	06/30/2019	06/30/2018
Expenses recognized in the income statement net of employer contributions reversed in the period				
Pension benefits - CD	-	(26)	-	(65)
Pension benefits-BD	462	270	1,290	200
Post-employment health benefits	(10,597)	(7,917)	(13,958)	(15,834)
	(10,135)	(7,673)	(12,668)	(15,699)
Actuarial rightsizing recognized in the comprehensive income of the period				
Pension benefits-BD	(735)	(575)	(1,472)	(1,154)
	(735)	(575)	(1,472)	(1,154)

Changes in post-retirement benefit obligations as at June 30, 2019 and December 31, 2018:

	Supplemental Pension Plans		Post-Employment Health Plan
	CD	BD	
Actuarial obligations as of January 1st, 2018	(9,792)	(2,560,247)	(751,901)
Past service cost	10,897	-	-
Current service cost	(1,225)	(5,218)	(2,430)
Interest cost	(841)	(246,890)	(74,460)
Contributions paid by participants	(95)	(6,186)	-
Benefits paid by the plan	348	154,900	45,842
Demographic assumptions	(36)	-	453
Financial Assumptions	(63)	(140,628)	(37,170)
Plan Experience	807	69,462	57,190
Actuarial obligations as of December 31, 2018	-	(2,734,807)	(762,476)
Current service cost	-	653	21,078
Interest cost	-	(873)	(35,037)
Actuarial obligations as of June 30, 2018	-	(2,735,027)	(776,435)

NEOENERGIA S.A.

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Periods ended on June 30, 2019 and 2018
(In thousands of Reais)

34. Subsequent events

a) Public Offering of Secondary Distribution of Shares

The common shares issued by the Company were traded on B3 Novo Mercado ("New Market") on July 1, 2019 with physical and financial settlement on July 2, 2019.

Pursuant to Article 24 of CVM Instruction 400, the number of Shares initially offered was increased by a supplementary lot in a percentage equivalent to 15% of the total Shares initially offered, that is, on 31,206,657 common shares issued by the Company. Previ, a selling shareholder who will lend such shares, under the same conditions and at the same price as the Shares initially offered ("Supplementary Lot Shares"), due to the full exercise on July 4, 2019, of the option granted by Previ to the Agent Stabilizer, which were intended solely under the terms of the applicable regulations, in particular, CVM Instruction 400. The Settlement of the Supplementary Lot Stock Option took place on July 5, 2019.

On July 8, 2019, the market was announced to terminate the public offering for the secondary distribution of 239,251,040 registered, book-entry common shares without par value issued by Neoenergia.

Following the closing of the public offering, the composition of the share capital per share and main shareholders follows:

06/30/2019 Shareholders	Per thousand shares	
	Common shares	
	Single	%
Iberdrola Energia S.A.	606,899	50.00%
Previ-Caixa de Prev. dos Func. do Banco do Brasil (a)	367,647	30.29%
Other shareholders	239,251	19.71%
Total	1,213,797	100.00%

b) Public Offering of Distribution of the 6th Issue of Debentures

On July 16, 2019, the Company announced the commencement of the public offering for the distribution of the 6th issue of simple, non-convertible, unsecured debentures, in two series in the amount of R\$ 1,294,449 thousand, with the subscription, payment and settlement of debentures on July 17, 2019.