GRUPO energisa

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Energisa S/A | Results for the 2nd quarter of 2018

Cataguases, August 8, 2018 – Energisa S/A ("Energisa" or "Company") hereby presents its results for the second quarter (2Q18) and first six months of 2018 (6M18), prepared in accordance with International Financial Reporting Standards - IFRS.

1 Highlights

Adjusted EBITDA amounts to R$ 652.9 million and net income grows by 37.9% in the quarter

- ✓ **Energy consumption** (captive + free) in 2Q18 rose by 2.5% on 2Q17, accumulating an increase of 3.0% in 6M18, outperforming Brazil's average of 1.3% in the same period (see item 2);
- ✓ **Consolidated Adjusted EBITDA** amounted to R$ 652.9 million in 2Q18, an increase of 38.6% on the R$ 471.2 million reported in 2Q17. This amounted to R$ 1,436.2 million in YTD 6M18, growth of 37.0% (see item 3.4);
- ✓ **Consolidated net income** amounted to R$ 103.4 million, compared with R$ 75.0 million in 2Q17, growth of 37.9%. In 6M18 it amounted to R$ 245.7 million, growth of 19.3% on 6M17 (see item 3.6);
- ✓ **Consolidated controllable costs and expenses** fell by 4.9% (R$ 26.6 million) in 2Q18 over 2Q17; This amounted to R$ 998.7 million in 6M18, a decrease of 2.9% (see item 3.3);
- ✓ **Cash, cash equivalents, short-term investments and sector credits** stood at R$ 3,774.8 million in June 2018, compared with R$ 2,692.1 million in March 2018;
- ✓ Consolidated **net debt** of R$ 8,362.7 million in June 2018, compared with R$ 8,141.1 million in March 2018 and R$ 7,202.0 million in December 2017. The ratio between net debt and Adjusted EBITDA (12 months ended June 2018) fell to 3.0, compared with 3.2 in March 2018 (see item 4.2);
- ✓ Energisa's distribution companies elected the best in the country, winning the most amount of awards in the Abradee 2018 Awards for the second consecutive year (see item 8).

Description	2Q18	2Q17	Change %	6M18	6M17	Change %
Financial indicators - R$ million						
Gross Operating Revenue	5,715.3	4,693.4	+ 21.8	11,125.7	9,383.8	+ 18.6
Net Operating Revenue, without construction revenue	3,478.4	2,699.4	+ 28.9	6,914.3	5,473.4	+ 26.3
Controllable costs and expenses	511.5	538.1	- 4.9	998.7	1,028.9	- 2.9
EBITDA	592.2	406.8	+ 45.6	1,314.6	937.8	+ 40.2
Adjusted EBITDA	652.9	471.2	+ 38.6	1,436.2	1,048.3	+ 37.0
Net Income	103.4	75.0	+ 37.9	245.7	205.9	+ 19.3
Net Indebtedness (1)	8,362.7	6,323.2	+ 32.3	8,362.7	6,323.2	+ 32.3
Investments	473.6	645.7	- 26.7	825.2	1,078.4	- 23.5
Consolidated Operating Indicators						
Invoiced captive energy sales (GWh)	6,218.6	6,139.7	+ 1.3	12,558.4	12,384.5	+ 1.4
Captive sales + Invoiced TUSD (GWh)	7,497.1	7,312.8	+ 2.5	15,124.6	14,685.2	+ 3.0
Captive sales + Uninvoiced TUSD (GWh)	7,334.4	7,199.2	+ 1.9	14,972.5	14,591.4	+ 2.6
Total Number of Consumers	6,718,309	6,593,918	+ 1.9	6,718,309	6,593,918	+ 1.9
Number of Own Staff	12,654	12,526	+ 1.0	12,654	12,526	+ 1.0
Work Force (own + outsourced staff) (2)	16,205	16,032	+ 1.1	16,205	16,032	+ 1.1

(1) Includes sector credits (CDE, CCC, CVA). (2) Excludes outsourced construction workers and outsourced workers of the distribution companies registered as company staff at the service providers.

2 Corporate structure and profile

Energisa Group has completed 113 years of history and as of February 26, 2018 is the fifth largest distribution group in Brazil in terms of energy consumption. In our segment we serve approximately 6.7 million consumers in nine Brazilian states - equal to 8.1% of the total number of consumers in Brazil.

The Company currently controls nine distribution companies located in the states of Minas Gerais, Sergipe, Paraíba, Rio de Janeiro, Mato Grosso, Mato Grosso do Sul, Tocantins, São Paulo and Paraná, which have concession agreement expiring between 2020 and 2045, with a concession area embracing 1,632 thousand Km^2, equal to 19.2% of Brazil's landmass.

Energisa secured another lot (number 19) in Pará state at Transmission Auction 002/2018 held June 28, 2018. This project is the continuation of Lot 26 of Auction 005/2016, which Energisa secured in April 2017, and which will result in important constructive, operational and maintenance synergies. As a result of this new acquisition Energisa now holds three transmission projects, with a length of 571 km.

ENERGISA GROUP COVERAGE AREA

- 9 power distribution concessions across Brazil (*)

788
municipalities served

6.7 million
clients

16.4 million
people served
(7.9% of Brazil population)

1,632,000 km²
total area covered
(19.2% of Brazil's territory)

- 6 Service companies (MG, RJ and CE)
- 3 Transmission companies (PA and GO)

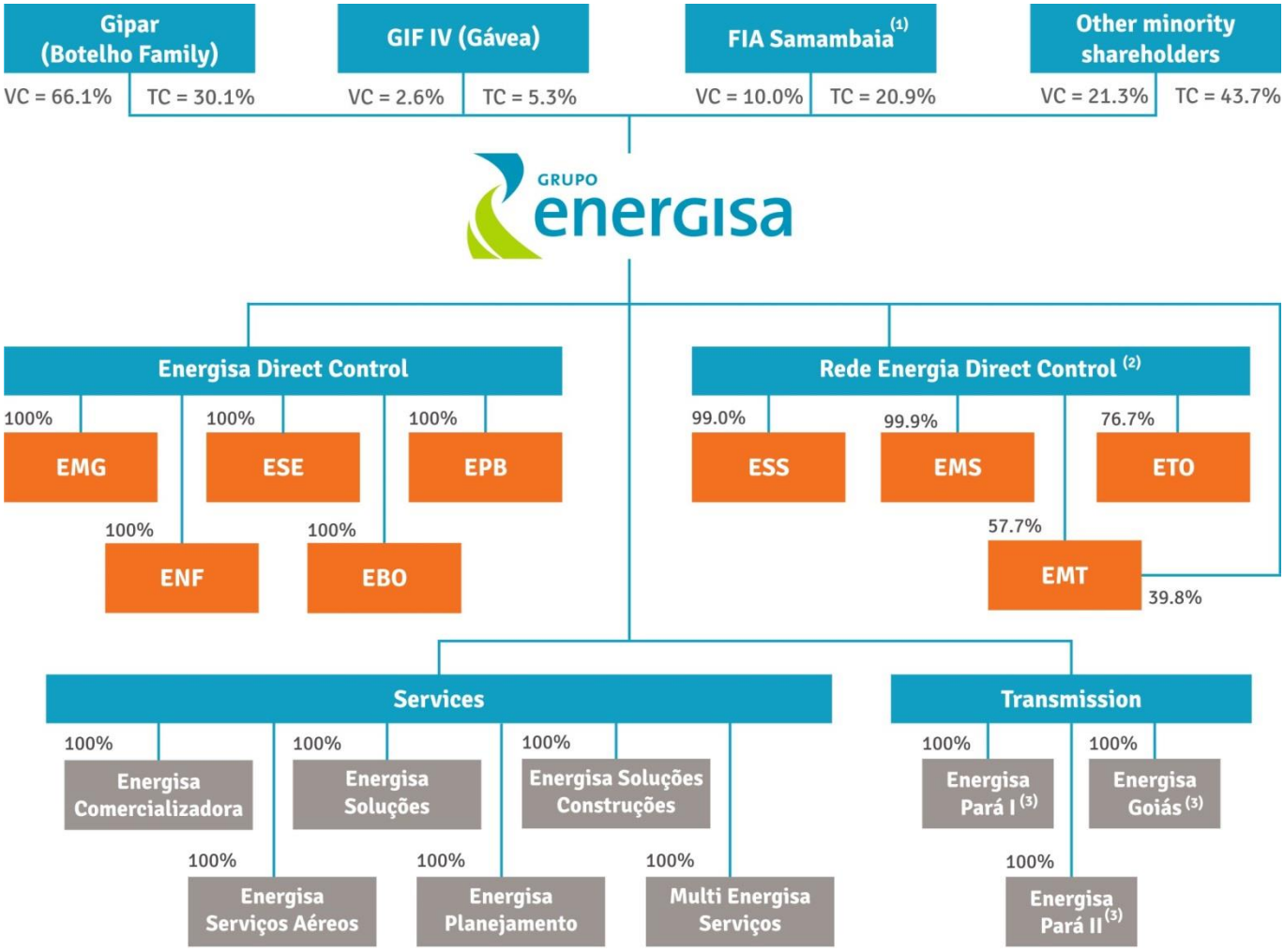


Corporate Structure of Energisa Group

Energisa Group's share control is exercised by Gipar S.A., controlled by the Botelho Family. The Company's shares are traded in Brazil on Bolsa, Balcão S.A. (B3), in São Paulo, under the symbols ENGI3 (common shares), ENGI4 (preferred shares) and ENGI11 (Units, certificates consisting of one common share and four preferred shares). Comprises Level 2 of B3 Corporate Governance.

On December 8, 2017 Energisa S.A. announced the public share offering to acquire the noncontrolling interest in the indirect subsidiary Energisa Mato Grosso ("EMT"). After the auction was held on January 16 and the subsequent acquisitions on April 16, 2018, Energisa and the subsidiary Rede Energia Participações then jointly held 97.49% (compared with 66.61% before the Offering and 95.61% as of March 31, 2018) of the total share capital of EMT.

In July the private equity GIF IV (Gávea) fund sold ten million units, equal to 2.89% of the total capital, which were dispersed in the market at the B3 auction. Prior to this the fund held 8.22% of the total capital.



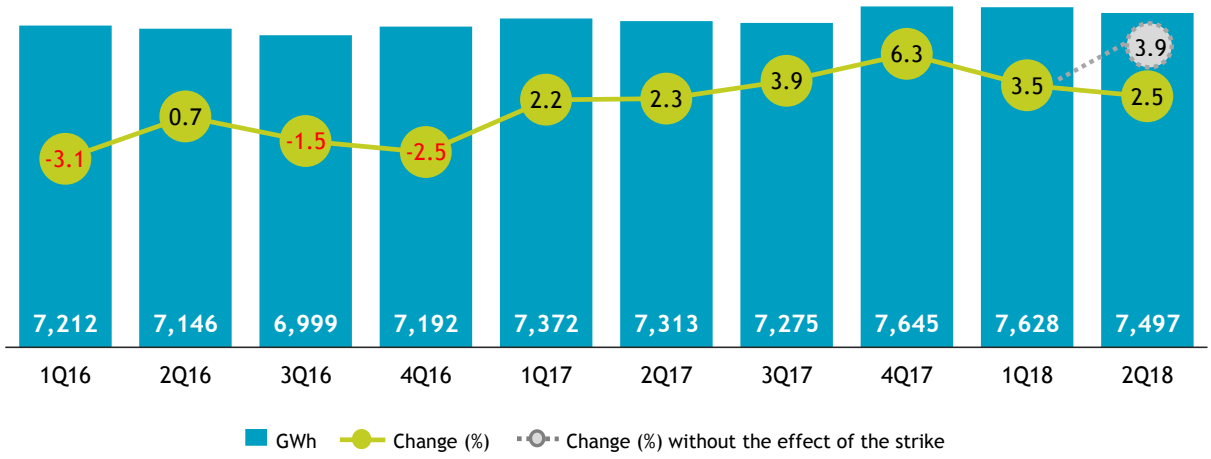
VC = Voting Capital | TC = Total Capital
(1) Direct and indirect shareholding through investment vehicles.
(2) Energisa holds 96.3% of Rede Energia.
(3) Transmission SPEs under organization (Transmission Auctions # 5/2016 and # 2/2018).

3 Operating performance

Electricity Sales

Maintaining the ongoing recovery of sales, consolidated captive and free electricity consumption (7,497.1 GWh) rose by 2.5% over the same period last year. If uninvoiced sales are included, the volume changes to 7,334.4 GWh, an increase of 1.9% in the same period.

Consumption Evolution (Captive + Free)



In the quarter, the effects of the truckdriver strike were felt in June (contraction of 1.3% in consumption), as in April and May the consolidated free and captive consumption rose by 4.8% and 4.0% respectively. Without the effect of the strike, the consumption growth would have been 3.9% in 2Q18 and 3.7% in 6M18 respectively.

Nevertheless, all sectors experienced higher consolidated electricity sales in the quarter. Consolidated rural consumption was strong, rising by 6.1%, driven by customers in the irrigation and grain storage sectors. Consumption industrial consumption rose by 2.7%, driven by the food segment, which accounts for approximately 43% of the sector. The residential sector grew by 2.4%, propelled by higher consumption in the concessions of EMS (+8.9%), ESS (+6.2%) and EMG (+5.6%).

The greatest energy growth amongst distribution companies was seen in the midwest region, especially in EMS' concession (+8.5%), driven by consumption growth in the sectors: rural (+13.8%), industrial (+11.6%) and residential (+8.9%). In tandem with this positive performance, consumption also grew in the areas of ESS (+4.8%), ETO (+2.3%), ENF (+1.9%) and EMG (+1.8%). EBO was the only concession that experienced a consumption contraction (-1.3%), primarily due to the atypical volume of rainfall in the quarter.

The electricity sales of Energisa Group's distribution companies continue outstripping Brazilian energy consumption. According to Empresa de Pesquisa Energética (EPE), domestic consumption in Brazil in 2Q18 was 2.2% higher than in the same quarter of the previous year. Average growth in Brazil was 1.3% compared with the 6-month period last year.

Total electricity sold by Energisa Group

Description (Amounts in GWh)	2nd Quarter			1st Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
✓ Invoiced captive energy sales	6,218.6	6,139.7	+ 1.3	12,558.4	12,384.5	+ 1.4
✓ Energy transmitted to free clients (TUSD)	1,278.5	1,173.1	+ 9.0	2,566.2	2,300.7	+ 11.5
Subtotal (Captive Sales + Invoiced TUSD)	**7,497.1**	**7,312.8**	**+ 2.5**	**15,124.6**	**14,685.2**	**+ 3.0**
✓ Uninvoiced consumption	(162.7)	(113.6)	+ 43.2	(152.1)	(93.8)	+ 62.2
Subtotal (Captive Sales + Uninvoiced TUSD)	**7,334.4**	**7,199.2**	**+ 1.9**	**14,972.5**	**14,591.4**	**+ 2.6**

4 Financial performance

Net Income

Consolidated net income was R$ 103.4 million in 2Q18, against R$ 75.0 million in 2Q17, an increase of 37.9%. In addition to the effects on EBITDA, the consolidated net income was influenced by the following nonrecurrent effects:

(i) Recognition of additional VNR in relation to the estimates made by Company Management to demonstrate the fair value of the assets, given the ratification of EMS' regulatory compensation base in April 2018;

Consolidated net income was R$ 245.7 million in 6M18, against R$ 205.9 million in 6M17, an increase of 19.3%. In addition to the effects on EBITDA, the consolidated net income was influenced by the following nonrecurrent effects:

(i) Recording of the subscription bonuses underlying the 7th issuance of Energisa S.A. in financial income for 1Q18

(ii) Recording of CVA at EMT and EMS due to the re-recording of CVA amounts determined during the rate review process of the distribution companies (1Q18);

(iii) Recognition of additional VNR

If the extraordinary effects mentioned above were excluded, the net income in 2Q18 would be R$ 100.8 million, 31.4% more than in 2Q17. If the extraordinary effects were excluded, in 6M18 the net income would be R$ 229.7 million, 17.6% more than in 6M17.

See below nonrecurrent effects net of tax:

Description (R$ thousand)	2Q18	2Q17	Change %	6M18	6M17	Change %
(=) Consolidated Net Income	**103.4**	**75.0**	**+ 37.9**	**245.7**	**205.9**	**+ 19.3**
(+) Compensatory costs	5.1	5.0	+ 1.9	9.1	11.0	- 17.3
(+) Over-purchased electricity (2016 and 2017)	-	-3.3	-	-	-3.3	-
(+) Mark-to-market of 7th issuance debentures	-	-	-	107.4	-	-
(-) Re-recording of CVA (EMT and EMS)	-	-	-	40.0	-	-
(-) Reversal of the provision for compensable financial assets (EMT, EMS and ESE)	7.7	-	-	92.5	-	-
(-) Sale of aircraft (EMT)	-	-	-	-	18.3	-
(=) Consolidated Net Income (without nonrecurrent effects)	**100.8**	**76.7**	**+ 31.4**	**229.7**	**195.3**	**+ 17.6**

See below the consolidated net income of Energisa and its subsidiaries by segment:

Net Income Amounts in R$ million	2nd Quarter			1st half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Electricity distribution	**211.3**	**145.3**	**+ 45.4**	**548.6**	**359.9**	**+ 52.4**
Energisa Minas Gerais	3.2	0.9	+ 255.6	15.2	13.4	+ 13.4
Energisa Nova Friburgo	0.3	(1.1)	-	3.5	(1.1)	-
Energisa Sergipe	9.0	21.3	- 57.7	37.0	40.1	- 7.7
Energisa Borborema	5.0	6.3	- 20.6	13.0	16.8	- 22.6
Energisa Paraíba	53.9	40.6	+ 32.8	131.3	94.2	+ 39.4
Energisa Mato Grosso	54.7	49.3	+ 11.0	179.8	87.3	+ 106.0
Energisa Mato Grosso do Sul	51.8	(1.0)	-	90.0	32.5	+ 176.9
Energisa Tocantins	11.4	24.6	- 53.7	29.9	30.8	- 2.9
Energisa Sul Sudeste	22.0	4.4	+ 400.0	48.9	45.9	+ 6.5
Sales, services, transmission and other	**(4.4)**	**0.5**	**-**	**(5.6)**	**5.6**	**-**
ECOM	(0.5)	1.4	-	(0.5)	4.7	-
ESOL Consolidated	(4.3)	(0.7)	+ 514.3	(5.6)	(1.3)	+ 330.8
Multi Energisa	(0.2)	0.2	-	1.4	2.0	- 30.0
EGO I	0.4	-	-	0.4	-	-
EPA I	1.5	-	-	1.5	-	-
Other (*)	(1.3)	(0.4)	+ 225.0	(2.8)	0.2	-
Holding companies (without equity income)	**(60.9)**	**(30.2)**	**+ 101.7**	**(213.5)**	**(75.2)**	**+ 183.9**
ESA Parent company	(39.5)	(2.4)	+ 1.545.8	(172.7)	(16.5)	+ 946.7
Rede Energia parent company	(11.9)	(17.1)	- 30.4	(21.6)	(31.3)	- 31.0
Denerge	**(9.3)**	**(12.2)**	**- 23.8**	**(19.1)**	**(27.1)**	**- 29.5**
Other holding companies	(0.2)	1.5	-	(0.1)	(0.3)	- 66.7
Business combination - Pro forma adjustments	(42.6)	(40.6)	+ 4.9	(83.8)	(84.4)	- 0.7
Energisa - Consolidated	**103.4**	**75.0**	**+ 37.9**	**245.7**	**205.9**	**+ 19.3**

(*) Results of Energisa Serviços Aéreos de Aeroinspeção S/A and Energisa Planejamento e Corretagem de Seguros Ltda.

Reconciliation of net income and EBITDA and Re-presentations

Description (R$ thousand)	Quarter			Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
(=) Consolidated net income	**103.4**	**75.0**	**+ 37.9**	**245.7**	**205.9**	**+ 19.3**
(-) Income and social contribution taxes	(78.1)	(6.0)	+ 1,201.7	(171.4)	(65.0)	+ 163.7
(-) Financial income/expenses	(210.5)	(141.0)	+ 49.3	(480.7)	(293.0)	+ 64.1
(-) Depreciation and amortization	(200.2)	(184.8)	+ 8.3	(416.8)	(373.9)	+ 11.5
(=) EBITDA	**592.2**	**406.8**	**+ 45.6**	**1,314.6**	**937.8**	**+ 40.2**
(+) Arrears surcharge revenue	60.7	64.4	- 5.7	121.6	110.5	+ 10.0
(=) Adjusted EBITDA	**652.9**	**471.2**	**+ 38.6**	**1,436.2**	**1,048.3**	**+ 37.0**
EBITDA Margin (%)	15.2	13.2	+ 2.0 p.p	17.4	15.3	+ 2.1 p.p
Adjusted EBITDA Margin (%)	16.8	15.3	+ 1.5 p.p	19.0	17.1	+ 1.9 p.p

5 Investment

In 2Q18 the total investment in Energisa Group's concession areas amounted to R$ 473.6 million, a decrease of 26.7% on the R$ 645.7 million invested in the same period last year. The investments in electricity assets (excluding the funds from Special Obligations) amounted to R$ 404.0 million, 85.3% of the total.

Substantial investment was made in the electric assets of the concession operators EMT (R$ 155.6 million) and ETO (R$ 74.1 million). Special Obligations investments amounted to R$ 21.7 million (4.6% of the total), of which R$ 11.3 million was made by EMS and EMG.
In YTD 6M18, the investments amounted to R$ 825.2 million, a decrease of 23.5% over the amount invested in 6M17.

The investments made by subsidiary in 2Q18 and 6M18 were as follows:

Investment Quarter Amounts in R$ million	Electricity Assets			Special Obligations			Non-electric assets			Total Investment		
	2Q18	2Q17	Change %	2Q18	2Q17	Change %	2Q18	2Q17	Change %	2Q18	2Q17	Change %
EMG	8.7	9.5	- 8.4	5.0	5.4	- 7.4	5.4	8.5	- 36.5	19.1	23.4	- 18.4
ENF	1.6	1.4	+ 14.3	0.1	0.4	- 75.0	0.4	0.1	+ 300.0	2.1	1.9	+ 10.5
ESE	13.7	25.7	- 46.7	2.4	3.2	- 25.0	2.6	1.7	+ 52.9	18.7	30.6	- 38.9
EBO	2.4	2.5	- 3.6	0.2	0.4	- 52.5	0.9	0.2	+ 350.0	3.5	3.1	+ 12.9
EPB	32.5	29.7	+ 9.4	(0.2)	4.0	-	6.7	1.9	+ 252.6	39.0	35.6	+ 9.6
EMT	155.6	163.5	- 4.8	3.1	90.3	- 96.6	9.0	2.7	+ 233.3	167.7	256.5	- 34.6
EMS	45.5	62.5	- 27.2	6.3	128.1	- 95.1	5.1	2.0	+ 155.0	56.9	192.6	- 70.5
ETO	74.1	41.2	+ 79.9	2.5	8.1	- 69.1	5.1	1.5	+ 240.0	81.7	50.8	+ 60.8
ESS	29.8	12.3	+ 142.3	2.3	15.9	- 85.5	3.5	8.1	- 56.8	35.6	36.3	- 1.9
Total distribution companies	**363.9**	**348.3**	**+ 4.5**	**21.7**	**255.8**	**- 91.5**	**38.7**	**26.7**	**+ 44.9**	**424.3**	**630.8**	**- 32.7**
EPA I	22.3	-	-	-	-	-	-	-	-	22.3	-	-
EGO I	17.8	-	-	-	-	-	-	-	-	17.8	-	-
Energisa Soluções e Construções	-	-	-	-	-	-	4.4	8.8	- 50.0	4.4	8.8	- 50.0
Other	-	-	-	-	-	-	4.8	6.1	- 21.3	4.8	6.1	- 21.3
Total	**404.0**	**348.3**	**+ 16.0**	**21.7**	**255.8**	**- 91.5**	**47.9**	**41.6**	**+ 15.1**	**473.6**	**645.7**	**- 26.7**

Investment 6 months Amounts in R$ million	Electricity Assets			Special Obligations			Non-electric assets			Total Investment		
	6M18	6M17	Change %	6M18	6M17	Change %	6M18	6M17	Change %	6M18	6M17	Change %
EMG	17.8	19.5	- 8.7	6.2	7.0	- 11.4	9.6	18.6	- 48.4	33.6	45.1	- 25.5
ENF	3.2	2.5	+ 28.0	0.3	0.7	- 57.1	0.5	0.4	+ 25.0	4.0	3.6	+ 11.1
ESE	25.0	45.4	- 44.9	9.2	5.9	+ 55.9	3.3	2.2	+ 50.0	37.5	53.5	- 29.9
EBO	5.2	5.6	- 7.1	1.0	0.5	+ 100.0	1.0	0.3	+ 233.3	7.2	6.4	+ 12.5
EPB	58.6	57.2	+ 2.4	3.2	8.5	- 62.4	8.1	2.9	+ 179.3	69.9	68.6	+ 1.9
EMT	204.6	260.2	- 21.4	73.9	106.9	- 30.9	11.2	6.7	+ 67.2	289.7	373.8	- 22.5
EMS	90.6	120.6	- 24.9	17.7	216.3	- 91.8	5.8	4.9	+ 18.4	114.1	341.8	- 66.6
ETO	140.7	70.6	+ 99.3	4.0	11.2	- 64.3	9.6	3.9	+ 146.2	154.3	85.7	+ 80.0
ESS	46.9	29.8	+ 57.4	4.9	20.0	- 75.5	4.4	9.8	- 55.1	56.2	59.6	- 5.7
Total distribution companies	**592.6**	**611.4**	**- 3.1**	**120.4**	**377.0**	**- 68.1**	**53.5**	**49.7**	**+ 7.6**	**766.5**	**1,038.1**	**- 26.2**
EPA I	25.3		-	0.0		-	0.0		-	25.3		-
EGO I	21.4		-	0.0		-	0.0		-	21.4		-
Energisa Soluções e Construções	-	-	-	-	-	-	5.3	16.3	- 67.5	5.3	16.3	- 67.5
Other	-	-	-	-	-	-	6.7	24.0	- 72.1	6.7	24.0	- 72.1
Total	**639.3**	**611.4**	**+ 4.6**	**120.4**	**377.0**	**- 68.1**	**65.5**	**90.0**	**- 27.2**	**825.2**	**1,078.4**	**- 23.5**

Nb: The "Special Obligations" are funds the Government, states, municipalities and consumers contribute to the concession and do not comprise the distribution company's Regulatory Remuneration Base.

6 Capital market

Stock Performance

Traded on B3, the Energisa shares with the greatest liquidity ENGI11 – Units (consisting of 1 common share and 4 preferred shares) yielded 9.0% in the first half of 2018, and closed the period quoted at R$ 29.25 per Unit. Over the same period, the main stock exchange indexes, Ibovespa and IEE, shed 4.8% and 2.9% respectively. See below the market indicators of Energisa's shares at the end of the half:

	June/18	June/17	Change %
Market indexes			
Enterprise value (EV - R$ million) (1)	18,482.2	14,584.9	+ 26.7
Market value at the end of the half (R$ million)	10,119.5	8,261.7	+ 22.5
Average daily volume traded in the half - Units (R$ million)	31.5	18.5	+ 70.3
Share prices			
ENGI11 (Unit) closing price at the end of the half (R$ /Unit)	29.25	23.88	+ 22.5
ENGI3 (ON) closing price at the end of the half (R$ /share)	8.92	6.40	+ 39.4
ENGI4 (PN) closing price at the end of the half (R$ /share)	5.12	4.30	+ 19.1
Relative indicators			
Dividend yield of ENGI11 (Units) - % (2)	2.5	1.8	+ 38.9
Total return to Units shareholder (TSR) - Past 12 months %	25.8	42.8	- 17.0 p.p
Market Value / Shareholders' Equity (times)	2.5	2.2	+ 13.6

(1) EV = Market value (R$/Unit vs. number of shares converted into Units) + consolidated net debt; and
(2) Dividends paid out in the last four quarters / closing price of the Units;

Energisa to pay out 2018 dividends in advance

On August 8 the Energisa S/A Board of Directors approved the payment of interim dividends from the earnings for FY 2018 amounting to R$ 96.9 million (R$ 0.28 per Unit or R$ 0.056 per common and preferred share). These dividends shall be paid from September 4 and Company shareholders with holdings on or before 8/14/2018 were entitled to the dividends, including shares bought on the stock exchange on or before that date.

7 Energisa wins most trophies in the 2018 Abradee Awards ESS, EBO, EMG and ENF elected the best distribution companies in Brazil

Energisa Group's distribution companies stole the limelight at the Abradee 2018 Awards for the second year in a row, with four of its companies elected the best in the country and receiving a number of accolades in other sector benchmarking categories. The awards were delivered by the Brazilian Association of Electricity Distributors on July 19, 2018, with Energisa reaffirming its leadership in each of the regions it operates in.

In the group of distribution companies with less than 500,000 consumers, the award for best distribution company in Brazil was snapped up by Energisa Borborema (EBO), Energisa Minas Gerais (EMG) and Energisa Nova Friburgo (ENF). EBO also took the prize for best operational management.

In the large concession operators segment (upwards of 500 thousand consumers), the Group took the National award (best distribution company in Brazil), via Energisa Sul Sudeste, two per region, with Energisa Paraíba (Best in Northeast and Best economic and financial management), Energisa Mato Grosso (Best in North / Midwest) and Energisa Sul-Sudeste (Best distribution company in the Southeast and best operational management).

The Abradee Awards recognized the distribution companies rated best in terms of quality, operational management and economic and financial management, customer satisfaction and social and environmental responsibility.

8 Statement of Income Consolidated

Statement of Income Amounts in R$ million	Quarter			Half		
	2Q18	2Q17	Change %	6M18	6M17	Change %
Gross Revenue	**5,715.3**	**4,693.4**	**+ 21.8**	**11,125.7**	**9,383.8**	**+ 18.6**
Deductions	(1,828.7)	(1,609.0)	+ 13.7	(3,567.1)	(3,237.4)	+ 10.2
Net Revenue	**3,886.6**	**3,084.4**	**+ 26.0**	**7,558.6**	**6,146.4**	**+ 23.0**
Construction revenue	408.2	385.0	+ 6.0	644.3	673.0	- 4.3
Net revenue, without construction revenue	**3,478.4**	**2,699.4**	**+ 28.9**	**6,914.3**	**5,473.4**	**+ 26.3**
Construction costs	404.5	385.0	+ 5.1	640.1		-
Uncontrollable Expenses	**(2,342.9)**	**(1,727.1)**	**+ 35.7**	**(4,547.4)**	**(3,494.3)**	**+ 30.1**
Purchased Energy	(2,064.1)	(1,619.2)	+ 27.5	(4,011.2)	(3,249.1)	+ 23.5
Transmission of Electric Power	(278.8)	(107.9)	+ 158.4	(536.2)	(245.2)	+ 118.7
Controllable Expenses	**(511.5)**	**(538.1)**	**- 4.9**	**(998.7)**	**(1,028.9)**	**- 2.9**
PMSO	**(511.3)**	**(477.8)**	**+ 7.0**	**(977.9)**	**(925.6)**	**+ 5.7**
Personnel	(267.5)	(221.5)	+ 20.8	(492.2)	(436.3)	+ 12.8
Pension Fund	(14.9)	(18.7)	- 20.3	(33.4)	(38.2)	- 12.6
Material	(38.6)	(34.4)	+ 12.2	(75.0)	(65.8)	+ 14.0
Services	(149.5)	(155.8)	- 4.0	(296.3)	(295.1)	+ 0.4
Other	(40.8)	(47.4)	- 13.9	(81.0)	(90.2)	- 10.2
Provisions/Reversals	**(0.2)**	**(60.3)**	**- 99.7**	**(20.8)**	**(103.3)**	**- 79.9**
Provision for Contingencies	24.4	(23.9)	-	34.7	(39.2)	-
Allowance for Doubtful Accounts	(24.6)	(36.4)	- 32.4	(55.5)	(64.1)	- 13.4
Depreciation and Amortization	**(200.2)**	**(184.8)**	**+ 8.3**	**(416.8)**	**(373.9)**	**+ 11.5**
Other Revenue/Expenses	(35.4)	(27.3)	+ 29.7	(57.8)	(12.3)	+ 369.9
EBITDA	**592.2**	**406.8**	**+ 45.6**	**1,314.6**	**937.8**	**+ 40.2**
Financial Income/Loss	(210.5)	(141.0)	+ 49.3	(480.7)	(293.0)	+ 64.1
Financial Revenue	101.8	140.3	- 27.4	215.8	295.7	- 27.0
Financial Expense	(312.3)	(281.3)	+ 11.0	(696.5)	(588.7)	+ 18.3
Equity in net income of subsidiaries and associated companies	-	-	-	-	-	-
Net income before tax	**181.5**	**81.1**	**+ 123.8**	**417.1**	**270.9**	**+ 54.0**
Taxes	(78.1)	(6.1)	+ 1,180.3	(171.4)	(65.0)	+ 163.7
Net Income	**103.4**	**75.0**	**+ 37.9**	**245.7**	**205.9**	**+ 19.3**
Attributable to controlling interests	101.1	59.6	+ 69.6	232.2	179.4	+ 29.4
Attributable to noncontrolling interests	2.3	15.4	- 85.1	13.5	26.5	- 49.1
Adjusted EBITDA	**652.9**	**471.2**	**+ 38.6**	**1,436.2**	**1,048.3**	**+ 37.0**

Note: Adjusted EBITDA = EBITDA + Arrears surcharge revenue

9 Services rendered by the independent auditor.

The auditors Ernst & Young Auditores Independentes S.S. received overall compensation of R$ 2.5 million for revising the financial statements of the Company and its subsidiaries in the first half of 2018. The Company's engagement policy complies with the principles that sustain the auditor's independence, in accordance with existing standards, which mainly determine that the auditor should not audit its own work, perform managerial duties for its client or pursue its interests.

Management.

Financial Statements

ITR - Quarterly Information - 6/30/2018
Individual Financial Statements - Statement of Financial Position - Assets - (Thousands of Reais)

	Current Quarter 6/30/2018	Previous Year 12/31/2017
Total Assets	8,522,006	7,149,919
Current Assets	1,817,414	915,294
Cash and Cash Equivalents	917,705	134,406
Short-term Investments	607,902	660,798
Short-term investments appraised at fair value through profit and loss	607,902	660,798
Marketable Securities	607,902	660,798
Accounts Receivable	64,817	34,280
Trade receivables	64,817	34,280
Inventory	128	94
Recoverable taxes	44,569	29,502
Other Current Assets	182,293	56,214
Other	182,293	56,214
Dividends receivable	157,005	21,122
Derivative financial instruments	-	3,457
Credit receivables	678	1,167
Other accounts receivable	24,610	30,468
Noncurrent Assets	6,704,592	6,234,625
Noncurrent Assets	1,723,192	1,970,021
Short-term investments appraised at fair value through profit and loss	1,258,822	1,250,113
Related-party credits	149,351	417,515
Other noncurrent assets	315,019	302,393
Tax credits	195,205	195,205
Restricted deposits and escrows	215	357
Credit receivables	1,146	1,881
Recoverable taxes	36,741	42,870
Derivative financial instruments	19,693	57
Other	62,019	62,023
Investments	4,918,899	4,204,270
Equity Interests	4,918,899	4,204,270
Interests in Associated Companies	9,979	9,979
Interest in Subsidiaries	4,908,920	4,194,291
Property, plant and equipment	48,615	48,785
Intangible assets	13,886	11,549
Intangible assets	13,886	11,549

ITR - Quarterly Information - 6/30/2018
Individual Statements - Statement of Financial Position - Liabilities - (Thousands of Reais)

	Current Quarter 6/30/2018	Previous Year 12/31/2017
Total Liabilities	8,522,006	7,149,919
Current Liabilities	755,019	513,467
Payroll and labor obligations	6,265	5,824
Payroll Obligations	6,265	5,824
Taxes and Social Contributions	6,265	5,824
Suppliers	1,879	7,069
Loans and Financing	667,534	324,853
Loans and Financing	152,233	82,914
In foreign currency	152,233	82,914
Debentures	515,301	241,939
Other Obligations	79,341	175,721
Other	79,341	175,721
Dividends and interest on equity payable	3,375	91,962
Debt charges	2,259	563
Estimated obligations	7,292	5,755
Post-employment benefits	1,217	1,217
Derivative financial instruments	3,691	10,749
Other liabilities	61,507	65,475
Noncurrent Liabilities	3,681,691	2,792,999
Loans and Financing	3,330,102	2,525,598
Loans and Financing	304,467	-
In foreign currency	304,467	-
Debentures	3,025,635	2,525,598
Other Obligations	348,122	266,754
Related-party liabilities	80,129	106,042
Debts to other related parties	80,129	106,042
Other	267,993	160,712
Provision for labor, civil and tax risks	1,396	1,493
Post-employment benefits	3,724	3,115
Derivative financial instruments	258,724	151,945
Other liabilities	4,149	4,159
Deferred Taxes	3,467	647
Deferred Income and Social Contribution Taxes	3,467	647
Shareholders' Equity	4,085,296	3,843,453
Realized Capital	2,795,963	2,795,963
Capital Reserves	(50,805)	(144,558)
Stock issuance cost	(66,473)	(65,723)
Other Reserves	15,668	(78,835)
Profit Reserves	1,286,719	1,370,833
Legal Reserve	149,420	149,420
Profit Retention Reserve	1,137,299	1,137,299
Additional dividend proposed	-	84,114
Retained earnings/Accumulated losses	232,204	-
Other Comprehensive Income	(178,785)	(178,785)

ITR - Quarterly Information - 6/30/2018
Individual Financial Statements / Income Statement - (Thousands of Reais)

	Current Quarter 4/1/2018 to 6/30/2018	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Same Quarter of the Prior Year 4/1/2017 to 6/30/2017	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Revenue from Goods and Services Sold	42,061	77,196	32,954	47,044
Cost of goods sold and/or services sold	(26,505)	(34,530)	(16,440)	(26,056)
Personnel and management	(22,117)	(26,808)	(13,377)	(20,410)
Private Pension Fund	(304)	(610)	-	-
Material	(255)	(326)	(102)	(170)
Outsourced Services	(2,303)	(3,906)	(1,942)	(3,271)
Depreciation and Amortization	(1,321)	(2,642)	(742)	(1,501)
Other Expenses	(205)	(238)	(277)	(704)
Gross Profit	15,556	42,666	16,514	20,988
Operating Income/Expenses	127,008	364,421	52,138	180,445
General and Administrative Expenses	(15,172)	(42,037)	(9,905)	(15,447)
Personnel and management	3,339	(8,619)	(4,147)	(5,797)
Private Pension Fund	(216)	(429)	(136)	(239)
Material	(1)	(135)	(230)	(397)
Outsourced Services	(16,828)	(29,686)	(4,920)	(8,047)
Depreciation and Amortization	(783)	(1,453)	(383)	(735)
Other	139	119	-	-
Provisions for labor, civil and tax risks	(822)	(1,834)	(89)	(232)
Other Operating Income	1,491	1,559	-	-
Other	1,491	1,559	-	-
Equity in Net Income of Subsidiaries	140,689	404,899	62,043	195,892
Earnings before Financial Income and Tax	142,564	407,087	68,652	201,433
Financial Income/Loss	(38,581)	(172,064)	(9,040)	(22,064)
Financial Revenue	42,516	95,013	49,364	105,826
Revenue from short-term investments	28,221	58,918	18,306	44,851
Revenue from loan restatement	10,782	24,773	24,973	48,771
Endorsement revenue	5,413	15,725	8,533	16,700
Taxes on finance revenue	(1,918)	(4,484)	(2,510)	(5,100)
Other financial revenue	18	81	62	604
Financial Expenses	(81,097)	(267,077)	(58,404)	(127,890)
Charges and debts - interest	(59,807)	(115,283)	(34,226)	(69,153)
Mark-to-market of derivatives	(4,443)	(114,525)	4,007	10,676
Derivative financial instruments	28,178	31,595	(68)	(11,993)
Debt charges - monetary and exchange variance	(44,989)	(66,236)	(16,983)	(31,400)
Bank expenses	(358)	(635)	(641)	(2,481)
IOF	(369)	(514)	(1,518)	(2,763)
Endorsement expenses	(2,900)	(5,800)	(2,813)	(5,625)
Restatement of loans	(1,916)	(2,029)	(6,356)	(14,873)
Mark-to-market of debt securities	5,342	6,210	176	(362)
Other financial expenses	165	140	18	84
Earnings before tax on net income	103,983	235,023	59,612	179,369
Income and Social Contribution Taxes on Profit	(2,819)	(2,819)	-	-
Deferred charges	(2,819)	(2,819)	-	-
Net Income from Continued Operations	101,164	232,204	59,612	179,369
Net Income/Loss for the Period	101,164	232,204	59,612	179,369
Basic Earnings per Share	-	-	-	-
Common	0.05848	0.13424	0.03446	0.10369
Preferred	0.05848	0.13424	0.03446	0.10369
Diluted Earnings per Share	-	-	-	-
Common	0.05848	0.13424	0.03446	0.10369
Preferred	0.05848	0.13424	0.03446	0.10369

ITR - Quarterly Information - 6/30/2018
Individual Financial Statements / Statement of Comprehensive Income - (Thousands of Reais)

	Current Quarter 4/1/2018 to 6/30/2018	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Same Quarter of the Prior Year 4/1/2017 to 6/30/2017	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Net income for the period	101,164	232,204	59,612	179,369
Comprehensive Income for the Period	101,164	232,204	59,612	179,369

ITR - Quarterly Information - 6/30/2018
Individual Financial Statements / Statement of Cash Flows - Indirect Method - (Thousands of Reais)

	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Net Cash from Operating Activities	(28,162)	(3,244)
Cash Provided by Operating Activities	10,699	9,217
Net income for the period	232,204	179,369
Expenses on interest and monetary and exchange variance - net	99,879	21,825
Equity in income of associates	(404,899)	(195,892)
Depreciation and amortization	4,095	2,236
Income tax and social contribution	2,819	-
Provision for labor, civil and tax risks:	(119)	-
Derivative financial instruments	(31,595)	11,993
Mark-to-market of derivatives	114,525	(10,676)
Mark-to-market of debts	(6,210)	362
Changes in Assets and Liabilities	(38,861)	(12,461)
(Increase) decrease in receivables	(30,537)	(21,337)
Decrease (Increase) in escrow deposits	142	(3)
(Increase) in inventories	(34)	(4)
(Increase) in recoverable taxes	(8,938)	(995)
Decrease in credit receivables	1,224	-
Decrease in other accounts receivable	5,862	3,945
(Decrease) Increase in suppliers payable	(5,190)	28
Increase in taxes and social contributions	442	1,790
Increase in estimated obligations	1,537	2,963
(Decrease) increase in other accounts payable	(3,369)	1,152
Net Cash from Investment Activities	577,396	343,026
Capital increase and acquisition of shares in subsidiaries and other investments	(50,053)	(311)
Acquisition of property, plant and equipment	(2,275)	(21,418)
Additions to Intangible assets	(3,987)	(1,545)
Receipt of dividends	265,611	107,154
Short-term investments and secured funds	103,105	165,247
Related parties	264,995	93,899
Net Cash from Financing Activities	234,065	(258,991)
New loans and financing obtained	1,134,044	-
Payment of loans, debentures - principal	(87,443)	(79,617)
Payment of loans, debentures - interest	(73,029)	(58,828)
Settlement of derivative financial instruments	612	(21,821)
Payment of dividends	(172,701)	(98,725)
Acquisition of additional NCI	(567,418)	-
Increase (Decrease) in Cash and Cash Equivalents	783,299	80,791
Opening Balance of Cash and Cash Equivalents	134,406	41,878
Closing Balance of Cash and Cash Equivalents	917,705	122,669

ITR - Quarterly Information - 6/30/2018
Individual Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2018 to 6/30/2018 - (Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity
Opening Balances	2,795,963	(144,558)	1,370,833	-	(178,785)	3,843,453
Adjusted opening balance	2,795,963	(144,558)	1,370,833	-	(178,785)	3,843,453
Capital transactions with shareholders	-	93,753	(84,114)	-	-	9,639
Stock Issuance Expenses	-	130,782	-	-	-	130,782
Dividends	-	-	(84,114)	-	-	(84,114)
Other transaction - reflexive PUT	-	(37,029)	-	-	-	(37,029)
Total Comprehensive Income	-	-	-	232,204	-	232,204
Net income for the period	-	-	-	232,204	-	232,204
Closing Balances	2,795,963	(50,805)	1,286,719	232,204	(178,785)	4,085,296

ITR - Quarterly Information - 6/30/2018
Individual Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2017 to 6/30/2017 - (Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity
Opening Balances	2,795,963	(59,602)	1,085,122	-	(139,616)	3,681,867
Adjusted opening balance	2,795,963	(59,602)	1,085,122	-	(139,616)	3,681,867
Capital transactions with shareholders	-	(1,616)	(87,163)	-	-	(88,779)
dividends 2016	-	-	(87,163)	-	-	(87,163)
Other transaction - reflexive PUT	-	(1,616)	-	-	-	(1,616)
Total Comprehensive Income	-	(1,509)	-	179,369	-	177,860
Net income for the period	-	-	-	179,369	-	179,369
Other Comprehensive Income	-	(1,509)	-	-	-	(1,509)
Taxes on Translation Adjustments in the Period	-	(1,509)	-	-	-	(1,509)
Closing Balances	2,795,963	(62,727)	997,959	179,369	(139,616)	3,770,948

ITR - Quarterly Information - 6/30/2018
Individual Financial Statements - Statements of Added Value - (Thousands of Reais)

	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Revenue	89,005	52,618
Sales of Goods, Products and Services	87,446	52,618
Other Revenue	1,559	-
Consumables acquired from third parties	(35,060)	(12,624)
Material, Energy, Outsourced Services and Other	(34,053)	(11,884)
Other	(1,007)	(740)
Gross Added Value	53,945	39,994
Retentions	(4,095)	(2,236)
Depreciation, Amortization and Depletion	(4,095)	(2,236)
Net Added Value Produced	49,850	37,758
Transferred Added Value	504,396	306,818
Equity in Net Income of Subsidiaries	404,899	195,892
Financial Revenue	99,497	110,926
Total Added Value to be Distributed	554,246	344,576
Distribution of Added Value	554,246	344,576
Personnel	30,539	22,553
Direct Remuneration	22,172	17,314
Benefits	6,355	4,040
F.G.T.S.	2,012	1,199
Taxes, Duties and Contributions	23,758	14,565
Federal	21,318	13,858
Municipal	2,440	707
Interest expenses	267,745	128,089
Interest	267,077	127,890
Rent	668	199
Interest earnings	232,204	179,369
Retained Earnings/Loss for the Period	232,204	179,369

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements - Statement of Financial Position - Assets - (Thousands of Reais)

	Current Quarter 6/30/2018	Previous Year 12/31/2017
Total Assets	23,670,284	22,048,356
Current Assets	8,070,438	7,098,724
Cash and Cash Equivalents	1,173,673	921,481
Short-term Investments	1,870,096	1,758,953
Short-term investments appraised at fair value through profit and loss	1,859,571	1,749,224
Marketable Securities	1,859,571	1,749,224
Short-term investments valued at amortized cost	10,525	9,729
Securities Held to Maturity	10,525	9,729
Accounts Receivable	2,421,140	2,246,232
Trade receivables	2,421,140	2,246,232
Inventory	59,282	57,039
Recoverable taxes	673,853	575,826
Recoverable current taxes	673,853	575,826
Other Current Assets	1,872,394	1,539,193
Other	1,872,394	1,539,193
Credit receivables	22,449	19,940
Derivative financial instruments	48,558	87,782
Financial sector assets	1,143,541	729,368
Other accounts receivable	657,846	702,103
Noncurrent Assets	15,599,846	14,949,632
Noncurrent Assets	8,212,900	7,578,638
Short-term investments valued at amortized cost	119,772	137,837
Securities held to maturity	119,772	137,837
Accounts Receivable	543,073	472,789
Trade receivables	543,073	472,789
Other noncurrent assets	7,550,055	6,968,012
Credit receivables	19,744	23,906
Recoverable taxes	258,230	223,424
Tax Credits	1,409,277	1,400,036
Restricted deposits and escrows	265,110	249,138
Derivative financial instruments	321,865	90,635
Accounts receivable from the concession	4,820,193	4,420,666
Financial sector assets	294,529	384,656
Other accounts receivable	161,107	175,551
Investments	49,292	49,177
Equity Interests	49,292	49,177
Interests in Associated Companies	49,292	49,177
Property, plant and equipment	173,144	178,136
Intangible assets	7,164,510	7,143,681

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements - Statement of Financial Position - Liabilities - (Thousands of Reais)

	Current Quarter 6/30/2018	Previous Year 12/31/2017
Total Liabilities	23,670,284	22,048,356
Current Liabilities	6,197,064	5,745,441
Trade payables	1,620,263	1,418,407
Loans and Financing	1,723,583	1,935,635
Loans and Financing	1,173,760	1,609,488
In local currency	681,598	773,883
In foreign currency	492,162	835,605
Debentures	549,823	326,147
Other Obligations	2,853,218	2,391,399
Other	2,853,218	2,391,399
Dividends and interest on equity payable	5,787	100,832
Financing of taxes	17,409	10,157
Estimated obligations	102,417	84,202
Public lighting contribution	66,630	63,327
Post-employment benefits	47,604	46,583
Debt charges	107,997	64,008
Sector charges	227,659	289,867
Taxes and Social Contributions	473,769	496,763
Financial sector liabilities	818,889	714,923
Regulatory fees	58,635	58,635
Incorporation of grids	64,924	111,053
Derivative financial instruments	640,413	63,568
Other liabilities	221,085	287,481
Noncurrent Liabilities	13,132,007	11,518,393
Loans and Financing	9,019,549	6,954,918
Loans and Financing	4,852,420	3,924,448
In local currency	2,753,371	3,514,680
In foreign currency	2,099,049	409,768
Debentures	4,167,129	3,030,470
Other Obligations	2,113,704	2,686,769
Other	2,113,704	2,686,769
Trade accounts payable	37,275	95,767
Derivative financial instruments	259,400	709,016
Taxes and social contributions	263,953	215,466
Payments of taxes in installments	50,327	61,706
Post-employment benefits	437,012	414,483
Provision for labor, civil and tax risks	457,822	486,111
Regulatory fees	9,571	38,282
Financial sector liabilities	220,914	314,140
Sector charges	195,976	181,948
Incorporation of grids	98,917	98,917
Other liabilities	82,537	70,933
Deferred Taxes	1,998,754	1,876,706
Deferred Income and Social Contribution Taxes	1,998,754	1,876,706
Consolidated shareholders' equity	4,341,213	4,784,522
Realized Capital	2,795,963	2,795,963
Capital Reserves	(50,805)	(144,558)
Stock issuance cost	(66,473)	(65,723)
Other reserves	15,668	(78,835)
Profit Reserves	1,286,719	1,370,833
Legal Reserve	149,420	149,420
Profit Retention Reserve	1,137,299	1,137,299
Additional dividend proposed	-	84,114
Retained earnings/Accumulated losses	232,204	-
Other Comprehensive Income	(178,785)	(178,785)
NCI	255,917	941,069

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements - Statement of Income - (Thousands of Reais)

	Current Quarter 4/1/2018 to 6/30/2018	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Same Quarter of the Prior Year 4/1/2017 to 6/30/2017	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Revenue from Goods and Services Sold	3,886,591	7,558,646	3,084,367	6,146,358
Cost of goods sold and/or services sold	(3,352,093)	(6,379,082)	(2,697,642)	(5,297,902)
Electricity purchased for resale	(2,064,133)	(4,011,197)	(1,619,222)	(3,249,149)
Charge for using transmission and distribution system	(278,790)	(536,234)	(107,866)	(245,249)
Personnel and management	(239,237)	(440,995)	(196,132)	(385,418)
Private pension fund	(7,221)	(14,399)	(8,362)	(17,149)
Material	(32,385)	(63,294)	(30,095)	(56,773)
Outsourced services	(123,653)	(238,252)	(120,592)	(222,770)
Depreciation and amortization	(176,546)	(369,465)	(160,477)	(324,770)
Provisions for labor, civil and tax risks	11,304	17,236	(14,462)	(28,422)
Construction cost	(404,546)	(640,125)	(385,041)	(672,977)
Allowance for doubtful accounts	(24,623)	(55,483)	(36,446)	(64,079)
Others	(12,263)	(26,874)	(18,947)	(31,146)
Gross Profit	534,498	1,179,564	386,725	848,456
Operating Income/Expenses	(142,458)	(281,744)	(164,668)	(284,553)
General and Administrative Expenses	(107,068)	(223,987)	(137,364)	(272,291)
Personnel	(28,310)	(51,191)	(25,344)	(50,859)
Private pension fund	(7,704)	(19,011)	(10,314)	(21,016)
Material	(6,253)	(11,693)	(4,255)	(9,024)
Outsourced services	(25,806)	(58,048)	(35,185)	(72,340)
Provisions for labor, civil and tax risks	13,067	17,419	(9,484)	(10,827)
Depreciation and amortization	(23,617)	(47,307)	(24,326)	(49,156)
Other	(28,445)	(54,156)	(28,456)	(59,069)
Other Operating Income	12,029	24,817	14,339	56,485
Other	12,029	24,817	14,339	56,485
Other Operating Expenses	(47,419)	(82,574)	(41,643)	(68,747)
Other	(47,419)	(82,574)	(41,643)	(68,747)
Earnings before Financial Income and Tax	392,040	897,820	222,057	563,903
Financial Income/Loss	(210,520)	(480,679)	(140,982)	(292,971)
Financial Revenue	101,775	215,819	140,300	295,796
Revenue from short-term investments	30,530	68,188	60,997	137,307
Monetary variation and arrears surcharge on energy	60,744	121,627	64,441	110,517
Interest earned - Selic base interest rate	-	-	5,372	12,128
Restatement of judicial deposits	-	-	1,971	5,156
Adjustment to present value	-	-	11,489	15,448
Restatement of financial sector assets	7,161	18,935	9,883	14,899
Taxes on finance revenue	(7,059)	(16,094)	(8,566)	(19,691)
Other revenue	10,399	23,163	(5,287)	20,032
Financial Expenses	(312,295)	(696,498)	(281,282)	(588,767)
Debt charges - interest	(167,072)	(327,783)	(146,228)	(302,609)
Debt charges - monetary and exchange variance	(366,729)	(427,829)	(128,409)	(120,175)
(-) Transfer to orders in progress	(8,700)	(7,969)	1,244	2,399
Restatement of assets	(1,295)	3,505	-	-
Mark-to-market of derivatives	(51,252)	(173,203)	(10,591)	2,163
Derivative financial instruments	326,482	336,920	53,092	(50,810)
Restatement PEE and R&D	(2,880)	200	(5,112)	(10,944)
Bank expenses	(3,149)	(5,439)	(2,956)	(7,754)
Interest /fines	(101)	(207)	174	-
Restatement of contingencies	(3,533)	(6,366)	(3,644)	(7,135)
Mark-to-market of debt securities	25,689	50,494	(6,611)	(7,611)
Restatement of financial sector liabilities	(6,916)	(36,163)	(7,219)	(30,712)
Endorsement expense	(2,900)	(5,800)	(3,341)	(5,625)
Other financial expenses	(49,939)	(96,858)	(21,681)	(49,954)
Earnings before tax on net income	181,520	417,141	81,075	270,932
Income and Social Contribution Taxes on Profit	(78,084)	(171,408)	(6,032)	(65,035)
Current	(3,735)	(58,601)	(12,829)	(111,242)
Deferred charges	(74,349)	(112,807)	6,797	46,207
Net Income from Continued Operations	103,436	245,733	75,043	205,897
Consolidated Net Income/Loss for the Period	103,436	245,733	75,043	205,897
Attributed to Partners of the Parent Company	101,164	232,204	59,612	179,369
Attributed to Noncontrolling Partners	2,272	13,529	15,431	26,528
Earnings per share - (Reais / Share)	-	-	-	-
Basic Earnings per Share	-	-	-	-
Common	0.05848	0.13424	0.03446	0.10369
Preferred	0.05848	0.13424	0.03446	0.10369
Diluted Earnings per Share	-	-	-	-
Common	0.05848	0.13424	0.03446	0.10369
Preferred	0.05848	0.13424	0.03446	0.10369

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements / Statement of Comprehensive Income
(Thousands of Reais)

	Current Quarter 4/1/2018 to 6/30/2018	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Same Quarter of the Prior Year 4/1/2017 to 6/30/2017	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Consolidated net income for the period	103,436	245,733	75,043	205,897
Consolidated comprehensive income for the period	103,436	245,733	75,043	205,897
Attributed to Partners of the Parent Company	101,164	232,204	59,612	179,369
Attributed to Noncontrolling Partners	2,272	13,529	15,431	26,528

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements / Statement of Cash Flows - Indirect Method
(Thousands of Reais)

	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Net Cash from Operating Activities	537,861	995,051
Cash Provided by Operating Activities	1,211,328	1,094,616
Net income for the period	245,733	205,897
Current and deferred income and social contribution taxes	171,408	65,035
Expenses on interest and monetary and exchange variance - net	751,888	299,362
Depreciation and amortization	416,772	373,926
Allowance for doubtful accounts	55,483	64,079
Provisions for labor, civil and tax risks	(34,655)	39,249
Residual value of retired fixed assets	57,757	30,822
Mark-to-market of debts	(50,494)	7,611
Mark-to-market of derivatives	173,203	(2,163)
Derivative financial instruments	(336,920)	50,810
Adjustment to fair value of compensatable financial asset of the concession	(238,847)	(21,452)
(Gain) on the sale of aircraft	-	(18,560)
Changes in Assets and Liabilities	(673,467)	(99,565)
(Increase) in consumers and concessionaires	(223,798)	(199,653)
(Increase) Decrease in financial sector assets	(305,111)	169,227
(Increase) in credit receivables	(65,994)	(2,532)
(Increase) in inventories	(3,211)	(4,811)
(Increase) in recoverable taxes	(132,833)	(52,875)
(Increase) in escrow deposits	(15,972)	(43,306)
Decrease (increase) in other accounts receivable	4,168	(77,534)
Increase in trade payables	165,079	67,629
Increase in taxes and social contributions	120,397	75,169
Income and social contribution taxes paid	(134,915)	(105,861)
Increase in estimated obligations	18,215	14,718
(Decrease) increase in regulatory financial liabilities	(44,346)	52,015
(Decrease) increase in other accounts payable	(55,146)	8,249
Net Cash from Investment Activities	(593,950)	(355,483)
Increase in other investments	(115)	-
Acquisition of property, plant and equipment	(8,281)	(42,625)
Additions to intangible assets	(607,307)	(600,481)
Applications to electricity transmission lines	(50,899)	-
Sale of PP&E and intangible assets	97,542	44,199
Short-term investments and secured funds	(24,890)	243,424
Net Cash from Financing Activities	308,281	(710,264)
New loans and financing obtained	3,489,692	880,501
Payment of loans, debentures - principal	(2,074,629)	(989,456)
Payment of loans, debentures - interest	(217,391)	(272,516)
Settlement of derivative financial instruments	61,896	(28,601)
Dividend payments	(185,549)	(115,079)
Payment of grid acquisition	(100,507)	(52,112)
Financing of sector charges	(31,300)	(36,569)
Payment of financed payables	(62,386)	(90,825)
Acquisition of additional NCI	(567,418)	-
Financing of taxes	(4,127)	(5,607)
Increase (Decrease) in Cash and Cash Equivalents	252,192	(70,696)
Opening Balance of Cash and Cash Equivalents	921,481	797,200
Closing Balance of Cash and Cash Equivalents	1,173,673	726,504

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2018 to 6/30/2018 (Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	NCI	Consolidated shareholders' equity
Opening Balances	2,795,963	(144,558)	1,370,833	-	(178,785)	3,843,453	941,069	4,784,522
Adjusted opening balance	2,795,963	(144,558)	1,370,833	-	(178,785)	3,843,453	941,069	4,784,522
Capital transactions with shareholders	-	93,753	(84,114)	-	-	9,639	(698,681)	(689,042)
Stock Issuance Expenses	-	130,782	-	-	-	130,782	(677,227)	(546,445)
Dividends	-	-	(84,114)	-	-	(84,114)	(21,439)	(105,553)
Other transaction - reflexive PUT	-	(37,029)	-	-	-	(37,029)	(15)	(37,044)
Total Comprehensive Income	-	-	-	232,204	-	232,204	13,529	245,733
Net income for the period	-	-	-	232,204	-	232,204	13,529	245,733
Closing Balances	2,795,963	(50,805)	1,286,719	232,204	(178,785)	4,085,296	255,917	4,341,213

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2017 to 6/30/2017
(Thousands of Reais)

	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	NCI	Consolidated shareholders' equity
Opening Balances	2,795,963	(59,602)	1,085,122	-	(139,616)	3,681,867	-	3,681,867
Prior-year Adjustments	-	-	-	-	-	-	1,091,174	1,091,174
Adjusted opening balance	2,795,963	(59,602)	1,085,122	-	(139,616)	3,681,867	1,091,174	4,773,041
Capital transactions with shareholders	-	(1,616)	(87,163)	-	-	(88,779)	(21,741)	(110,520)
Dividends 2016	-	-	(87,163)	-	-	(87,163)	(21,740)	(108,903)
Capital transactions - MTM financial instrument - reflection	-	(1,616)	-	-	-	(1,616)	(1)	(1,617)
Total Comprehensive Income	-	(1,509)	-	179,369	-	177,860	26,326	204,186
Net income for the period	-	-	-	179,369	-	179,369	26,528	205,897
Other Comprehensive Income	-	(1,509)	-	-	-	(1,509)	(202)	(1,711)
Gain/Loss on investments	-	(1,509)	-	-	-	(1,509)	(202)	(1,711)
Closing Balances	2,795,963	(62,727)	997,959	179,369	(139,616)	3,770,948	1,095,759	4,866,707

ITR - Quarterly Information - 6/30/2018
Consolidated Financial Statements - Statements of Added Value - (Thousands of Reais)

	Accrued Value of the Current Year 1/1/2018 to 6/30/2018	Accrued Value of the Prior Year 1/1/2017 to 6/30/2017
Revenue	11,090,160	9,378,615
Sales of Goods, Products and Services	10,484,453	8,710,833
Other Revenue	24,817	56,485
Revenue relating to construction of company assets	636,373	675,376
Allowance/(Reversal of allowance) for doubtful accounts	(55,483)	(64,079)
Consumables acquired from third parties	(6,040,369)	(4,935,339)
Cost of goods and services Sold	(4,910,655)	(3,793,538)
Material, Energy, Outsourced Services and Other	(476,584)	(493,918)
Other	(653,130)	(647,883)
Gross Added Value	5,049,791	4,443,276
Retentions	(416,772)	(373,926)
Depreciation, Amortization and Depletion	(416,772)	(373,926)
Net Added Value Produced	4,633,019	4,069,350
Transferred Added Value	231,913	315,487
Financial Revenue	231,913	315,487
Total Added Value to be Distributed	4,864,932	4,384,837
Distribution of Added Value	4,864,932	4,384,837
Personnel	456,826	405,460
Direct Remuneration	282,690	268,314
Benefits	144,442	106,740
F.G.T.S.	29,694	30,406
Taxes, Duties and Contributions	3,463,939	3,173,612
Federal	1,615,852	1,436,134
State	1,837,840	1,728,189
Municipal	10,247	9,289
Interest expenses	698,434	599,868
Interest	688,529	591,166
Rent	9,905	8,702
Interest earnings	245,733	205,897
Retained Earnings/Loss for the Period	232,204	179,369
NCI in retained earnings	13,529	26,528

Notes

Energisa S/A
Notes to the quarterly information for the period ended June 30, 2018
(In thousands of reais, unless stated otherwise)

1. Business

Energisa S/A ("Energisa" or "Company") is a publicly traded company with the core activity of holding interests in other companies, with its head office in Cataguases, Minas Gerais state. It also provides administrative services to its electricity distribution subsidiaries and other subsidiaries.

Energisa is indirectly entitled to operate electricity distribution, transmission, generation and sale concessions and/or authorizations. Its main contracts are:

Electricity distribution companies	Site	Concession date	Expiration date
Energisa Minas Gerais - Distribuidora de Energia S/A ("EMG")	Minas Gerais	7/7/2015	7/7/2045
Energisa Nova Friburgo - Distribuidora de Energia S/A ("ENF")	Nova Friburgo	7/7/2015	7/7/2045
Energisa Sul Sudeste - Distribuidora de Energia S/A ("ESS")	São Paulo	7/7/2015	7/7/2045
Energisa Tocantins - Distribuidora de Energia S/A ("ETO")	Palmas	6/28/1999	1/30/2020
Energisa Sergipe Distribuidora de Energia S/A ("ESE")	Aracaju	12/23/1997	12/23/2027
Energisa Mato Grosso - Distribuidora de Energia ("EMT")	Cuiabá	12/11/1997	12/11/2027
Energisa Mato Grosso do Sul - Distribuidora de Energia S/A ("EMS")	Campo Grande	12/4/1997	12/4/2027
Energisa Borborema - Distribuidora de Energia S/A ("EBO")	Campina Grande	2/4/2000	2/4/2030
Energisa Paraíba - Distribuidora de Energia S/A ("EPB")	João Pessoa	3/21/2001	3/21/2031

Electricity transmission (Preoperating)	Site	Concession date	Expiration date
LT 230 kV Rio Verde Norte - Jataí, CD an expansion of SE Rio Verde Norte	Goiás	8/11/2017	8/11/2047
LT 230 kV Xinguara II - Santana do Araguaia C1 and C2, CD and SE 230/138 kV Santana do Araguaia	Pará	8/11/2017	8/11/2047
Serra Pelada - Integradora Sossego 500 kV TL, DC; Integradora Sossego - Xinguara II 230 kV TL, C2; Serra Pelada 500/138 kV SE; and Integradora Sossego 500/230 kV SE.	Pará	(*)	(*)

(*) The signing of the contract is scheduled for 9/21/2018.

Generation (projects)	Plant	Site	Date authorization awarded	Date authorization expires
Complexo Parque Eólico Sobradinho:				
EOL Alecrim	Wind power	Bahia	9/1/2015	9/1/2050
EOL Umbuzeiro Muquim	Wind power	Bahia	9/1/2015	9/1/2050
EOL Mandacaru	Wind power	Bahia	9/1/2015	9/1/2050
EOL Boa Esperança	Wind power	Bahia	9/1/2015	9/1/2050

Electricity trading	Site	Authorization date
Energisa Comercializadora de Energia Ltda ("ECOM")	Rio de Janeiro	3/21/2006

Other Services	Nature
Energisa Soluções S/A ("ESOL")	Operating and maintenance services and services related to electricity distribution generation, commission, preparation, remote and local operation and electrical and mechanical maintenance of plants, substations, transmission lines and facilities.
Multi Energisa Serviços S/A ("MULTI")	Construction, operation, maintenance and services related to electricity distribution and generation, tele-services and personal services for electricity consumers.
Energisa Serviços Aéreos de Aeroinspeção S/A ("ESER")	Aerial surveying services (SAE), mainly supporting companies operating high-voltage lines, oil pipelines and reforestation engineering works.

The concession agreements of the subsidiaries EMG, ENF and ESS(*) expired on July 07, 2015. Amendments to the concession agreements were signed in December 2015, extending them until July 07, 2045. The amendments were made official by the publication of the order by the State Ministry of Mines and Energy on December 09, 2015, in Law 12783 issued January 11, 2013, Decree 7805 issued September 14, 2012 and Decree 8461 issued June 02, 2015.

(*) Includes the subsidiaries CFLO, CNEE, EEB and EDEVP, merged into ESS on June 30, 2017.

The new amendment required compliance with the following criteria:

I - efficiency in relation to quality of the service provided;
II - efficiency in relation to economic and financial management;
III - operational and economic rationalization; and
IV - minimum rate increases.

The scope of said indicators will be monitored by the regulatory agencies, and there could be penalties if they are not complied with. As a result of the new amendments extending the subsidiaries' concession terms until 2045, the property, plant and equipment in progress receivable recorded as a financial asset until the signing of said amendments, were transferred to intangible assets, to be amortized over the remaining useful life of the assets in the course of the concession's new term.

For the period ended June 30, 2018 the subsidiaries were complying with these indicators.

The concession agreements (distribution, generation and transmission) contain specific clauses that guarantee the right to indemnification of the residual value of assets underlying the service at the end of the concession. For the purpose of reversal, underlying assets are deemed to be those effectively used to provide the services.

The concession operators' obligations stipulated in the public electricity distribution concession agreement are:

Electric distribution:

I - to operate and maintain facilities in a manner that ensures continuity and efficiency of the Regulated Service, safety of people and preservation of assets and facilities, and to supply electricity to consumers located in its concession area with quality and continuity levels as defined by specific legislation;

II - to carry out the work necessary to provide the concession services, replace assets and operate the infrastructure so as to ensure the regular, continuous, efficient and safe provision of services and charging of rates, in accordance with the specific technical and legal standards

III - to organize and maintain control of assets and facilities related to the concession and caring for their integrity, ensuring that those that by virtue of technical reasons are essential for the electrical system's assurance and reliability, will always be adequately protected by insurance, and the concessionaire will be restricted from disposing of or giving in guarantee such assets without the regulating agent's express approval;

IV - to meet all tax, labor, social security and regulatory obligations, including the provision of information to consumers

V - to implement measures to combat energy waste, through energy consumption reduction programs and innovations

VI – to submit to the prior approval of the National Electricity Regulatory Agency ("ANEEL") any changes in equity positions that could result in control changing hands. In the event share control is transferred, the new

controlling shareholders should sign an agreement accepting the terms of the concession arrangement and the concession legislation and regulations, and

VII - maintain the document archives auditable in accordance with existing regulations;

The information regarding rate reviews and adjustments, sector financial assets and liabilities accounts receivable of the concession, concession assets and construction revenue can be seen in notes 11, 12, 16, 19 and 30 respectively.

Electricity generation:

Energisa has ventures to install wind farms in Bahia state, a small hydroenergy generation plant in Nova Friburgo (RJ) and Minas Gerais (MG) and solar generation ventures.

In addition to these projects, the subsidiary EMT has Generation Concession Agreement 04/1997 for 1 thermal power plant, with the respective associated substation, expiring on December 10, 2027.

According to article 8 of Law 10848 issued March 15, 2004, and regulated by Decree 5163 issued July 30, 2004, concession operators engaged in electricity distribution cannot carry out generation activities in the national interconnected transmission system. An exception was made for cases of serving the insulated electric grid, i.e. those not connected to the interconnected transmission grid. Although as it has 1 thermoelectric plants in the insulated system, the subsidiary EMT's core activity is the distribution of electricity. The subsidiary EMT's management therefore considers its minor generation activity to be an integral part of its core activity, which required the segregation of the concession's assets into financial assets and intangible assets.

The obligations established in the ANEEL authorizations/concessions to explore energy generation are as follows:

I - Operate thermal power plants

II - Enter into the contracts for connecting to and using the transmission and distribution systems;

III - Organize and maintain permanently up-to-date the record of generating facilities and assets;

IV - Maintain a file at the disposal of the ANEEL audit all the studies and projects of the plants;

V - In an adequate operating and conservation structure permanently maintain the equipment and facilities of the SHPs, and wind farm and solar ventures in a perfect state of repair and conservation with an inventory of spare parts, technical and administrative personnel legally qualified and trained in order to ensure the continuity, regularity, efficiency and safety of the exploration of the generation asset.

VI - Perform all tax, labor, social security, environmental and regulatory obligations and any other related obligations; and

VII – Request the prior consent of ANEEL, in the event the share control is transferred.

Electric transmission:

Energisa prevailed in three lots of the transmission auctions organized by the National Electricity Regulatory Agency (ANEEL). In April 2017 at Transmission Auction 005/2016 concessions were required for batches 3 and 26 to build and operate Transmission Lines in the states of Goiás and Pará respectively. At Transmission Auction 02/2018 on June 28, 2018, a concession was acquired to build and operate another Transmission Line consisting of Lot 19 of said Auction, also in Pará state, resulting in an estimated investment of R$ 1,104,881.

The deadline for the line in Goiás to come into commercial operation is August 2021 and February 2022 and March 2023 for the Pará lines respectively. Studies have been submitted to the respective state authorities for the licensing and procurement of all the works to bring the ventures into operation before these deadlines pass.

Lot 3 - Auction 005/201 consists of facilities in the state of Goiás, including the 230 kV Rio Verde Norte - Jataí transmission line, with 136 kilometers in a dual electricity circuit, and the Rio Verde Norte substation. The investment forecast for the venture amounts to R$ 295,294 and the time frame for delivering the works is 48 months. The line is located in the proximity of Mato Grosso and Mato Grosso do Sul, where Energisa Group has two companies.

Lot 26 - Auction 005/2016 to be located in Pará state, in an area lying on the border between Tocantins and Mato Grosso. The lot consists of the Xinguara II – Santana do Araguaia 230 kV transmission line, with 296 kilometers in a dual electricity circuit, and the Santana do Araguaia substation. The investment forecast amounts to R$ 329,791 and the time frame for delivering the works is 54 months. These works are important for completing the reinforcements in the Baixo Araguaia region of Mato Grosso, which is the most dynamic agricultural frontier in the state.

Lot 19 - Auction 002/2018 to be located in Pará state, in an area lying on the border between Tocantins and Mato Grosso. The lot consists of the 500 kV, 66.5 km Serra Pelada Transmission Line in a dual electricity circuit, the 230k, 72.3 km Integradora Sossego - Xinguara II Transmission Line, and the Serra Pelada and Integradora Sossego substations. The investment forecast amounts to R$ 479,796 and the time frame for delivering the works is up to 54 months. These works are important for completing the reinforcements in the Baixo Araguaia region of Mato Grosso, which is the most dynamic agricultural frontier in the state.

Electricity trading:

The sale of electricity and related services proposing integrated solutions with objectives to optimize costs is made through the subsidiary Energisa Comercializadora de Energia Ltda ("ECOM"), which also participate in the Free Contracts System (ACL).

Services:

By way of its direct and indirect subsidiaries Energisa Soluções S/A ("ESOL") and Multi Energisa Serviços S/A ("MULTI"), Energisa provides operating, maintenance services and services related to electricity generation, transmission and distribution, commission, preparation, remote and local operation and electrical and mechanical maintenance of plants, substations, transmission lines and wind generation facilities. The subsidiary Energisa Serviços Aéreos de Aeroinspeção S/A ("ESER") provides aerial surveying services (SAE), mainly supporting companies operating high-voltage lines, oil pipelines and reforestation engineering works.

Judicial Reorganization of subsidiaries

On November 26, 2012 the subsidiary Rede Energia S/A ("REDE") announced it had filed for Judicial Reorganization ("RJ"). On the same date applications for judicial reorganization were submitted by Companhia Técnica de Comercialização de Energia ("CTCE"), QMRA Participações S/A. ("QMRA"), Empresa de Eletricidade Vale Paranapanema S/A. ("EEVP") and Denerge Desenvolvimento Energético S/A. ("Denerge").

In February 2016 the trustee filed a petition stating that the reorganization plan was being duly performed, requesting the termination of the Judicial Reorganization. In August 2016, the trustee's opinion was accepted, and a decision delivered declaring the judicial reorganization over, as all of the obligations established in the Judicial Reorganization Plan had been performed, within the period of two years established in article 61 of Law 11101/2005. A number of creditors submitted motions for clarification against this decision, which were duly rejected by the reorganization court in a decision dated 10/11/2016. One of the creditors then appealed against the termination decision, which is pending judgment by the São Paulo Court of Appeal. Although judgment of this appeal is pending, the reorganization court authorized the term "under judicial reorganization" be removed from the name of the companies under judicial organization, a change which was registered at the respective board of trade.

The position as of June 30, 2018 of the remaining balance of the debts qualified under the Judicial Reorganization is as follows:

Description	Rede Energia	Denerge	CTCE	Total
Balances at December 31, 2016	**155,357**	**261,574**	**47,751**	**464,682**
(+) Restatement (1)	11,481	29,941	3,485	44,907
Reversal of the provision for adjustment to present value (1)	17,857	2,821	3,992	24,670
(-) Settlement/Assignment of Credits (3)	(4,456)	(21,885)	(961)	(27,302)
Balances at December 31, 2017	**180,239**	**272,451**	**54,267**	**506,957**
(+) Restatement (1)	5,691	14,625	1,750	22,066
Reversal of the provision for adjustment to present value (1)	7,989	3,307	2,358	13,654
Balances at June 30, 2018	**193,919**	**290,383**	**58,375**	**542,677**

(1) Adjustments made to other finance revenue in the statement of income of REDE, Denerge and CTCE. At Energisa these amounts were recorded in finance income in the income statement for the period/year.

(2) Adjustments to Present Value: denotes the adjustment to present value recorded by the subsidiaries REDE, Denerge and CTCE, for the credits of the creditors who chose to receive their credits in accordance with options A and B in the Judicial Reorganization Plan. A rate of 15.19% p.a. was used to discount the amount to present value, which the Company believes is an adequate rate of return for realizing the credits. This rate is compatible with the nature, tenor and risk for similar transactions on market conditions in the current situation. Company Management believes this discount rate adequately denotes the capital cost at the companies acquisition date.

(3) The payments stipulated in the judicial reorganization plan began to be made on April 11, 2014. In the period January 1, 2017 to June 30, 2018 around R$ 27,302 was directly settled by Energisa (R$ 4,456 debt of the subsidiary Rede Energia, R$ 21,885 debt of the subsidiary Denerge S/A and R$ 961 debt of the indirect subsidiary CTCE).

2. Presentation of the interim financial statements (quarterly information)

Approved by the Board of Directors on August 8, 2018, the Company's interim financial information (quarterly information) consists of:

- The individual and consolidated interim financial information prepared and presented in accordance with CPC Technical Pronouncement 21 (R1) - Interim Statements and the international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, and in accordance with the standards issued by the Brazilian Securities Commission, that apply to the preparation of Quarterly Information - ITR.

The other information regarding the preparation bases, presentation of the interim financial information and summary of the main accounting practices has not changed in relation to that disclosed in Note 3.2 to the Annual Financial Statements for the financial year ended December 31, 2017 (hereinafter referred to as "Financial Statements as of December 31, 2017"), published in the official press on March 20, 2018, except for the new accounting policies established by CPC 47 - Revenue from Contracts with Customers and 48 - Financial Instruments, approved by CVM Resolutions 762 and 763/2016. CPCs 47 and 48 came into force on January 01, 2018, and the Company adopted them using the modified retrospective method, where the main impacts are presented in notes 30 and 33, respectively.

This interim financial information (quarterly information) should therefore be read in conjunction with the aforesaid financial statements.

Company Management represents that all the material information in the individual and consolidated interim financial information is being disclosed and corresponds to that used by Management.

3. Adoption of international accounting standards

3.1 New accounting pronouncements issued by IASB - International Accounting Standards Board

The information about the new accounting pronouncements issued by the IASB has not undergone any significant changes in relation to that disclosed in Note 3.1 to the Financial Statements as of December 31, 2017.

4. Interim consolidated financial information (quarterly information)

The consolidated interim financial statements include the interim financial statements of Energisa and the subsidiaries:

	Line of business	% interest	
		6/30/2018	12/31/2017
Direct subsidiaries			
Energisa Sergipe – Distribuidora de Energia S/A (ESE) (2)	Electric distribution	100	100
Energisa Borborema – Distribuidora de Energia S/A (EBO)	Electric distribution	100	100
Energisa Paraíba – Distribuidora de Energia S/A (EPB) (2)	Electric distribution	100	100
Energisa Minas Gerais – Distribuidora de Energia S/A (EMG) (2)	Electric distribution	100	100
Energisa Nova Friburgo Distribuidora de Energia S/A (ENF)	Electric distribution	100	100
Energisa Soluções S/A (ESO) (3)	Energy distribution and generation services	100	100
Energisa Serviços Aéreos de Aeroinspeção S/A (ESER)	Aerial thermographic inspections	100	100
Energisa Planejamento e Corretagem de Seguros Ltda. (EPLA)	Insurance brokerage	58.26	58.26
Energisa Comercializadora Ltda. (ECOM)	Electricity trading	100	100
Parque Eólico Sobradinho Ltda (1)	Wind energy generation	100	100
Energisa Geração Usina Maurício S/A (GUM)	Electricity generation	100	100
Energisa Geração Central Solar Coremas S/A (1)	Solar energy generation	100	100
Energisa Geração Eólica Boa Esperança S/A (1)	Wind energy generation	100	100
Energisa Geração Eólica Mandacaru S/A (1)	Wind energy generation	100	100
Energisa Central Eólica Alecrim S/A (1)	Wind energy generation	100	100
Energisa Geração Central Eólica Umbuzeiro -Muquim S/A (1)	Wind energy generation	100	100
Energisa Geração de Energia S/A	Non-financial institution holding company	100	100
FIM Zona da Mata	Exclusive investment fund	100	100
Caixa FI Energisa	Exclusive investment fund	100	100
Dinâmica Credit Receivables	Securitization of credits	100	100
Denerge Desenvolvimento Energético S/A (4)	Holding Company	99.97	99.97
Energisa Pará Transmissora de Energia I S/A (1)	Electric transmission	100	100
Energisa Góias Transmissora de Energia I S/A (1)	Electric transmission	100	100
Energisa Empreendimentos de Energia II S/A (1)	Services	100	100
Energisa Pará Transmissora de Energia II S/A (1)	Electric transmission	100	100
Indirect subsidiaries			
Empresa Energética Vale Paranapanema S/A - EEVP	Holding Company	99.96	99.99
Rede Energia Participações S.A (2)	Holding Company	96.26	96.28
Rede Power do Brasil S/A	Holding Company	96.26	96.18
QMRA Participações S/A	Holding Company	96.26	96.18
Energisa Mato Grosso Distribuidora de Energia S/A (2)	Electric distribution	55.51	66.60
Energisa Mato Grosso do Sul Distribuidora de Energia S/A (2) (6)	Electric distribution	96.19	99.93
Energisa Tocantins Distribuidora de Energia S/A	Electric distribution	73.80	76.67
Multi Energisa Serviços S/A	Services	96.26	99.9
Vale do Vacaria Açúcar e Alcool S/A	Services	-	100
Energisa Sul – Sudeste – Distribuidora de Energia S/A (5)	Electric distribution	95.28	98.99
Energisa Soluções Construções e Serviços em linhas e Redes S/A	Energy distribution and generation services	100	100

(1) Preoperational.

(2) Publicly held companies

(3) Company with a 99.99% interest in the capital of Energisa Soluções Construções e Serviços em Linhas e Redes S/A, founded in November 2013.

(4) Holding company – holds the share control of the companies EEVP and Rede Energia Participações S/A which in turn controls EMT, EMS, ETO, ESS, Multi Energisa Serviços S/A, Vale do Vacaria Açúcar e Álcool S/A, Rede Power do Brasil S/A and QMRA Participações S/A.

(5) The Extraordinary General Meeting held June 30, 2017 approved the mergers into Energisa Sul-Sudeste – Distribuição de Energia S.A of EBB, EDEVP, CNEE and CFLO.

(6) Rede Power do Brasil S/A is controlled by Rede Energia Participações S.A. and has an interest of 35.92% in EMS.

Description of main consolidation procedures:

1) Inter-company asset and liability account balances are eliminated;

2) Elimination of the balances of investments and corresponding interests in the capital and earnings of subsidiaries, and

3) Elimination of inter-company income and expense balances arising from inter-company transactions.

5. Segment reporting - consolidated

An operational segment is a component of the Company that develops business activities from which revenue streams can be derived and expenses incurred, including revenue and expenses related to transactions with other Company components. All operational income from segments is reviewed frequently by Management to support decisions about new resources to be allocated to the segment and to evaluate its performance, for which individual interim financial information is made available.

Segment results reported to Management include items directly attributable to the segment and items that can be reasonably allocated. Items not allocated primarily consist of corporate assets.

The Company and its subsidiaries operate in energy distribution and sale and the provision of maintenance and operation of services for electricity distribution generation ventures. Summary segment reporting follows:

a) Segment reporting

	6/30/2018					
	Distribution	Generation	Transmissior	Sales	Services	Total
External Revenue	7,053,078	169	50,550	440,787	14,062	7,558,646
Intersegment Revenue	8,116	-	-	-	136,084	144,200
Total	**7,061,194**	**169**	**50,550**	**440,787**	**150,146**	**7,702,846**
Financial Revenue	204,221	3	-	1,032	101,131	306,387
Financial Expenses	(462,490)	(4)	(19)	(2,721)	(321,832)	(787,066)
Total	**(258,269)**	**(1)**	**(19)**	**(1,689)**	**(220,701)**	**(480,679)**
Depreciation and amortization	**398,231**	**25**	**7**	**18**	**18,491**	**416,772**
Reportable net income by segment before income and social contribution taxes	**652,551**	**(129)**	**3,005**	**(636)**	**(237,650)**	**417,141**

	6/30/2017				
	Distribution	Generatic	Sales	Services	Total
External Revenue	5,815,831	158	305,357	25,012	6,146,358
Intersegment Revenue	-	-	-	107,290	107,290
Total	**5,815,831**	**158**	**305,357**	**132,302**	**6,253,648**
Financial Revenue	252,313	4	1,427	123,794	377,538
Financial Expenses	(459,358)	(10)	(2,189)	(208,952)	(670,509)
Total	**(207,045)**	**(6)**	**(762)**	**(85,158)**	**(292,971)**
Depreciation and amortization	**357,377**	**16**	**14**	**16,519**	**373,926**
Reportable net income by segment before income and social contribution taxes	**359,502**	**(91)**	**7,077**	**(95,556)**	**270,932**

	Distribution	Generati	Transmission	Sales	Services	6/30/2018	12/31/2017
Assets of reportable segments	**20,429,759**	**5,516**	**72,628**	**158,328**	**4,540,594**	**25,206,825**	**23,393,801**
Current assets	6,214,926	452	2,322	151,096	1,998,667	8,367,463	7,213,366
Noncurrent assets	14,214,833	5,064	70,306	7,232	2,541,927	16,839,362	16,180,435
Liabilities by reportable segment	**14,043,401**	**85**	**6,604**	**140,985**	**6,674,537**	**20,865,612**	**18,609,279**
Current liabilities	5,006,342	78	1,369	135,705	1,350,600	6,494,094	5,860,077
Noncurrent liabilities	9,037,059	7	5,235	5,280	5,323,937	14,371,518	12,749,202

b) Reconciliation of segment revenue, profits, assets and liabilities

	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017
Revenue				
Total net revenue of reportable segments	3,953,268	7,702,846	3,147,795	6,253,648
Elimination of intersegment revenue	(66,677)	(144,200)	(63,428)	(107,290)
Consolidated net revenue	**3,886,591**	**7,558,646**	**3,084,367**	**6,146,358**
Depreciation and amortization				
Total depreciation and amortization of reportable segments	200,163	416,772	184,803	373,926
Consolidated depreciation and amortization	**200,163**	**416,772**	**184,803**	**373,926**
Financial revenue				
Total financial revenue of reportable segments	143,288	306,387	181,916	377,538
Elimination of intersegment revenue	(41,513)	(90,568)	(41,616)	(81,742)
Consolidated financial revenue	**101,775**	**215,819**	**140,300**	**295,796**
Financial expense				
Total financial expense of reportable segments	(353,808)	(787,066)	(322,898)	(670,509)
Elimination of intersegment expense	41,513	90,568	41,616	81,742
Consolidated financial expense	**(312,295)**	**(696,498)**	**(281,282)**	**(588,767)**
Profits				
Total earnings of reportable segments	181,520	417,141	81,075	270,932
Earnings before tax on net income	**181,520**	**417,141**	**81,075**	**270,932**

	6/30/2018	12/31/2017
Assets		
Total reportable segment assets	25,206,825	23,393,801
Other unallocated amounts	(1,536,541)	(1,345,338)
Total consolidated assets	**23,670,284**	**22,048,463**
Liabilities		
Total reportable segment liabilities	20,865,612	18,609,279
Other unallocated amounts	(1,536,541)	(1,345,445)
Total consolidated liabilities	**19,329,071**	**17,263,834**

6. Cash and cash equivalents, short-term investments in the money market and secured funds

6.1. Cash and cash equivalents (stated at fair value through profit and loss)

The portfolio of short-term investments consists of CDBs, Securities subject to repurchase agreements and Debentures. Weighted average interest on the portfolio in the period ended June 30, 2018 was 100.1% of the CDI rate (95.38 % of the CDI at December 31, 2017).

Description	Parent company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Cash and sight deposits	**1,140**	**522**	**122,187**	**87,119**
Liquid financial investments:	**916,565**	**133,884**	**1,051,486**	**834,362**
Bank Deposit Certificate (CDBs)	396,202	914	423,899	63,800
Repurchase	520,363	132,970	627,587	770,562
Total cash and cash equivalents - current	**917,705**	**134,406**	**1,173,673**	**921,481**

6.2. Money market and secured funds (stated at fair value through profit and loss)

The investment portfolio consists largely of Closed-End Investment Funds investing in assets selected to improve returns with minimal risk, including fixed-income securities, government bonds, repurchase agreements, debentures and CDBs. Weighted average interest on the portfolio at June 30, 2018 was 101.1% of the CDI rate (107.89% of the CDI at December 31, 2017).

Description	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
1) At fair value through profit or loss	**1,866,724**	**1,910,911**	**1,979,343**	**1,887,061**
Bank Deposit Certificate (CDBs)	13,288	16,263	31,860	24,498
Bank Deposit Certificates Commercial Guarantees (CDB) [1]	-	-	6,458	10,041
Subject to repurchase commitments [2]	10	28	23,142	14,599
Debentures [3]	1,278,493	1,479,608	-	229,708
Investment Funds [4]	166,372	104,123	630,469	571,385
Exclusive Investment Funds [5]	**389,253**	**291,581**	**1,182,820**	**915,693**
Bank Deposit Certificate (CDBs)	7,378	6,201	15,736	15,238
Bank Credit Note (CCB)	2,637	2,301	5,622	5,656
Debentures	-	66,358	-	163,054
Securities subject to repurchase agreements	560	6,309	1,195	15,503
Government securities	187	1,186	165,227	18,616
Multimarket Fund	23,562	-	50,252	-
Fixed-Income Fund	272,742	95,233	581,704	234,003
Financial Treasury Bills (LFT)	9,051	31,411	87,087	101,452
Financial bill (LF)	39,479	81,406	174,049	359,281
Subordinated financial bill (LFS)	-	1,176	-	2,890
Financial bill (LTN)	6,657	-	28,242	-
National Treasury Notes (NTNB)	27,000	-	73,706	-
CCB bills [6]	74,890	75,114	74,890	75,114
(-) Provision for losses on CCB bills [6]	(55,582)	(55,806)	(55,582)	(55,806)
Other instruments	-	-	302	302
Credit receivables investment funds [7]	-	-	84,984	101,527
2) Held to maturity	**-**	**-**	**10,525**	**9,729**
Credit receivables investment funds [7]	-	-	10,525	9,729
Total balance of money market and secured funds [8]	**1,866,724**	**1,910,911**	**1,989,868**	**1,896,790**
Current	607,902	660,798	1,870,096	1,758,953
Noncurrent	1,258,822	1,250,113	119,772	137,837

[1] Bank Deposit Certificate (CDB) - Commercial Guarantees - These investments denote funds underlying commercial client guarantees, pursuant to the energy sale contract. Funds in this amount were credited to current liabilities, yielding 99.0% to 100.0% and a weighted average of 99.9% of the CDI rate of the direct subsidiary Energisa Comercializadora S/A.

[2] Repos - (linked to court frozen amounts and electricity purchases) Sales of securities subject to a repurchase agreement undertaken by the seller, alongside the resale commitment undertaken by the buyer. They yield 60.0% to 96.0% and the weighted average of 60.1% of the CDI rate and underlie debentures;

(3) Debentures (related parties) - **(i)** includes debentures that are private credit securities issued by the indirect subsidiary EMT in the amount of R$ 229,708 as of December 31, 2017, settled on January 16, 2018.

(ii) on July 19, 2017 the subsidiaries issued 2nd issuance debentures, all of the incentivized series 1 and 2 debentures issued on July 19, 2017 and maturing on 6/15/2022 and yielding the IPCA price index plus 5.60% per annum for Series 1 and maturing on 6/15/2024 and yielding the IPCA price index plus 5.6601% per annum for Series 2.

(iii) On October 31, 2017 the subsidiaries issued local currency debentures maturing on 8/15/2022 and yielding the IPCA price index plus 4.4485% per annum for Series 1 and maturing on 8/15/2024 and yielding the IPCA price index plus 4.7110% per annum for Series 2, maturing on 8/15/2027 and yielding IPCA plus 5.1074% per annum for Series 3, and maturing on 8/15/2022 and yielding 107.75% of the CDI rate for Series 4.

The funds raised under the issuance were allocated to investments in electricity distribution infrastructure entailing the expansion, renewal or enhancement of electricity distribution infrastructure.

The debentures issuance acquired by the parent company Energisa resulted in the amount of R$ 1,278,494 as of June 30, 2018 (R$ 1,249,900 as of December 31, 2017), as follows:

Subsidiary	Issued on 7/19/2017	Issued on 10/31/2017	Total - 6/30/2018 (*)	Total - 12/31/2017 (*)
ESE	18,327	11,531	120,992	117,589
EMG	107,614	52,380	68,859	67,153
EMT	160,801	151,903	312,704	308,206
EPB	29,795	167,617	197,412	191,856
ESS	84,526	123,617	208,144	204,298
EMS	-	155,046	155,046	149,796
ETO	78,100	137,237	215,337	211,002
Total	**479,163**	**799,331**	**1,278,494**	**1,249,900**

(*) The amount of R$ 1,278,494 (R$ 1,249,900 as of December 31, 2017) was eliminated during the consolidation.

(4) Investment Funds - Includes funds classified as fixed income and Multimarket and yield 49.4% to 117.7% and the weighted average of 109.5% of the CDI rate.

(5) Exclusive investment fund, includes investments in CDB, Debentures, Securities subject to a repurchase agreements, Fixed-Income Funds, Credit Funds and LFT, LFS, LF, LTN and NTNB bills and yield 100.1% of CDI Fundo FI Energisa and 96.8% of the CDI Fundo Zona da Mata.

(6) CCB bills - the Company has securities issued by or whose payment is the responsibility of an unrelated party that has filed for judicial reorganization. As the Judicial Reorganization Plan was only approved in April 2017, a provision was made for credit impairment of R$ 55,582 (R$ 55,806 on December 31, 2017). In the period ended June 30, 2018 R$ 207 was reversed from the provision for receipt of part of the amount, recorded under other financial expenses in the income statement for the period;

(7) Non-standardized credit receivables investment fund IV Energisa Centro Oeste - FIDC maturing on 10/1/2034 and Credit receivables investment fund (FIDC) Energisa 2008 maturing on 12/29/2020, respectively, and

(8) Includes R$ 13,323 (R$ 16,340 as of December 31, 2017) at the parent company and R$ 218,594 (R$ 194,770 as of December 31, 2017) in the consolidated statements referring to funds linked to loans, energy auctions and funds blocked by court.

7. Clients, consumers and concessionaires

This mainly embraces the provision of billed and unbilled electricity (unbilled electricity is an estimate, recognized on the accrual basis of accounting), up to the interim reporting date.

	Parent Company		Consolidated								
			Outstanding balances		Overdue balances				Allowance for doubtful accounts [7]	Total	
	6/30/2018	12/31/2017	Up to 60 days	Over 60 days	Up to 90 days	91 to 180 days	181 to 360 days	Over 360 days		6/30/2018	12/31/2017
Current amounts: [1]											
Residential	-	-	266,292	14	312,753	37,022	12,662	4,591	(54,275)	579,059	564,936
Industrial	-	-	136,519	-	27,862	2,603	3,119	24,608	(24,608)	170,103	168,908
Commercial	-	-	216,303	-	75,007	9,277	8,144	12,570	(20,714)	300,587	299,762
Rural	-	-	84,705	-	41,170	9,270	3,586	1,297	(1,297)	138,731	125,111
Government	-	-	70,502	-	18,380	2,397	2,154	9,002	(9,002)	93,433	94,168
Public lighting	-	-	31,754	-	5,436	4,317	1,059	2,791	(2,791)	42,566	34,771
Public utility	-	-	42,748	-	5,623	2,569	4,278	38,946	(38,946)	55,218	53,091
Taxed service	-	-	284	-	487	206	78	25	(25)	1,055	1,047
Unbilled sales	-	-	493,733	-	-	-	-	-	-	493,733	478,111
Collection Classification Process	-	-	63,892	-	-	-	-	-	-	63,892	71,711
Renegotiated amounts:											
Residential	-	-	17,279	37,581	11,184	4,824	5,138	37,815	(58,925)	54,896	48,563
Industrial	-	-	5,571	12,216	2,666	1,119	3,123	16,666	(24,901)	16,460	18,104
Commercial	-	-	10,138	69,210	5,068	1,956	2,550	14,155	(25,633)	77,444	61,833
Rural	-	-	4,406	14,487	2,009	884	699	3,104	(7,652)	17,937	10,691
Government [2]	-	-	14,501	230,609	4,658	2,099	249	46,145	(19,835)	278,426	289,591
Public lighting	-	-	1,994	17,841	184	131	-	276	(407)	20,019	22,623
Public utility	-	-	515	3,541	98	36	27	330	(731)	3,816	6,098
Taxed service	-	-	24	63	18	11	3	-	-	119	115
(-) Adjustment to present value [3]	-	-	(1,392)	(52,070)	-	-	-	-	-	(53,462)	(61,183)
Subtotal - receivables	**-**	**-**	**1,459,768**	**333,492**	**512,603**	**78,721**	**46,869**	**212,321**	**(289,742)**	**2,354,032**	**2,288,051**
Sales to distributors - Local Currency [4]	-	-	217,322	-	-	-	-	34,589	(2,770)	249,141	122,456
Electricity grid usage charges	-	-	3,701	-	-	-	-	-	-	3,701	3,786
Specialized Services [8]	64,817	34,280	9,737	-	-	-	-	-	(2,406)	7,331	11,328
Decrease in use of the distribution system [5]	-	-	12,201	-	-	-	-	-	-	12,201	12,201
Others [6]	-	-	119,766	818	72,206	13,363	14,862	137,666	(20,874)	337,807	281,199
Total	**64,817**	**34,280**	**1,822,495**	**334,310**	**584,809**	**92,084**	**61,731**	**384,576**	**(315,792)**	**2,964,213**	**2,719,021**
Current	64,817	34,280								2,421,140	2,246,232
Noncurrent	-	-								543,073	472,789

(1) Maturities are scheduled for the 5th working day after the bills are delivered, except for government consumers who have 10 working days to pay.

(2) This includes the renegotiation conducted on August 3, 2016 whereby the subsidiary EMT signed a debt financing and acknowledgment agreement with the municipal government of Cuiabá and Companhia de Saneamento da Capital (SANECAP) for the provision of electricity in the amount of R$ 86,592, net of interest, monetary restatement and fines, which is being received in installments equal to 50% of the amount paid monthly by Companhia de Saneamento to the municipal government of Cuiabá, commencing September 30, 2016. The debit balance incurs interest of 0.5% per month limited to the portion of the concession through the end of the concession (April/2042). In the third quarter of 2016 the indirect subsidiary EMT reversed the entire provision previously made in the same amount and made the provision for the adjustment to present value on the debt of R$ 13,228 as of December 31, 2017, recorded in profit or loss for the period under other financial expenses in the consolidated statement, calculated by applying the annual CDI rate of 6.60% p.a.

On December 19, 2017 the subsidiary Energisa SE reached a legal settlement with Companhia de Desenvolvimento dos Vales do São Francisco e do Parnaíba (CODEVASF), for electricity bills in the period January/1994 to November/1997 in the amount of R$ 13,369

overdue since December/1997 (historic values). The settlement states that the renegotiated debt is R$ 100,000, which will be received in two equal installments maturing in December 2019 and 2020. The amounts will incur interest by applying changes in the Selic base interest rate.

As of June 30, 2018 the receivable on this credit amounts to R$ 101,138 (R$ 101,138 as of December 31, 2017). A provision was made on these credits for the adjustment to present value of R$ 15,933 (R$ 19,527 as of December 31, 2017), recorded in profit or loss for the period under other financial expenses in the consolidated statement, calculated by applying the annual CDI rate of 2% per annum. This rate is compatible with the nature, tenor and risk for similar transactions on market conditions in the current situation, and adequately reflects the capital costs, given the nature, complexity and volume of the renegotiations.

(3) Adjustment to present value: calculated for renegotiated contracts without interest and/or those with an interest-rate of IPCA or IGPM. The annual average rate of CDI of 6.39% p.a. was used for discounting to present value (6.99% p.a. as of December 31, 2017). This rate is compatible with the nature, tenor and risk for similar transactions on market conditions in the current situation. Management believes that this discount rate adequately reflects the capital costs, given the nature, complexity and volume of the renegotiations.

(4) Includes energy sold at the Electricity Commercialization Chamber - CCEE.

The balance of the consolidated sales to distributors account - local currency as of June 30, 2018, consists of amounts referring to the sale of energy at the CCEE in the amount of R$ 251,911 (R$ 125,226 as of December 31, 2017). These balances were determined based on calculations prepared and published by the CCEE.

The breakdown of these amounts, including the balances recorded under "suppliers payable" in the current liabilities (note 20) of R$ 427,861 (R$ 298,133 as of December 31, 2017), derive from the acquisition of electricity and system service charges, as shown below:

Breakdown of CCEE credits	Consolidated	
	6/30/2018	12/31/2017
Outstanding balances	217,322	89,825
Credits linked to court injunctions up to December 2002 [(a)]	34,589	34,589
Overdue credits	-	812
Sub-total credits CCEE [(*)]	**251,911**	**125,226**
(-) Energy acquisitions at CCEE	(414,419)	(286,417)
(-) System service charges	(13,442)	(11,716)
Total CCEE credits (debits)	**(175,950)**	**(172,907)**

(*) The sub-total of R$ 251,911 (R$ 125,226 as of December 31, 2017) does not include the allowance for doubtful accounts of R$ 2,770 (R$ 2,770 as of December 31, 2017).

Transactions at the CCEE are being settled 45 days after the accrual month.

(a) Current energy amounts linked to court injunctions are subject to change, depending on the outcome of the legal proceedings in progress. These proceedings have been brought by various companies in the sector relating to the interpretation of existing market rules. Not included in the rationing area, these companies obtained a court injunction which overturned ANEEL Resolution 288 issued May 16, 2002 which aimed to clarify companies operating in the sector about the treatment and means of applying certain MAE (now the CCEE) accounting rules set out in the General Electric Sector Agreement. These companies' claim involves the sale of Itaipu's quota in the southeast/central and western submarket during the period of rationing between 2001 and 2002, when there was a significant discrepancy in short-term energy prices between the submarkets. The subsidiaries ESE, EMG, ENF and ESS did not make a provision for possible loan losses referring to the balances bound to these injunctions, as they hold that the amounts will be received in full either from the borrowers judicially contesting the loans or from other companies which the CCEE specifies in the future.

(5) Decrease in use of the distribution system: ANEEL Ratifying Resolution 1270 issued April 03, 2012 awarded the indirect subsidiary EMT the amounts due to the financial loss of the discounts awarded in the TUSD. The amounts intended to restore the subsidiary's revenue for providing the distribution grid to free consumers, generators and incentivized sources. For the remaining balance of R$ 12,201 (R$ 12,201 as of December 31, 2017), recorded under noncurrent assets, suspended by injunction, the same amount is recorded against other accounts payable in the consolidated noncurrent liabilities.

(6) ICMS - the subsidiaries EMT, ETO, EPB, ESE, EBO, EMG and ENF have R$ 199,831 (R$ 162,134 as of December 31, 2017), recorded in current assets, relating to ICMS on the use of the distribution system by free consumers and payable on energy demand which has been suspended under injunctions. The amount has been recorded in the consolidated financial statement as ICMS in taxes and social contributions, under non-current liabilities and includes service fees and other consumer receivables.

(7) Allowance for doubtful accounts - The allowance for doubtful accounts was made to an amount deemed sufficient to cover any losses incurred on the realization of credits on trade accounts receivable, consumers and concession operators, which have been summarized below:

- Residential consumers more than 90 days overdue
- Commercial consumers more than 180 days overdue
- Industrial, rural and government consumers, street lighting, public services and others more than 360 days overdue.
- Renegotiated contracts - (i) portions more than 90 days overdue - the portions are provisioned for (ii) more than 3 overdue portions - the overdue and outstanding portions are provisioned for.

For the public service, government and public lighting sectors: the indirect subsidiaries EMT, ETO, EMS, and ESS individual assess credits undergoing judicial collection subject to a final and unappealable decision which have been subject to a payment order, as in these

cases the realization of the credit is a certainty. An impairment loss is recognized for all other government credits more than 360 days overdue.

See below changes in provisions:

Changes in provisions	6/30/2018	12/31/2017
Opening balance - current - 12/31/2017 and 12/31/2016	**388,025**	**353,151**
Provisions recorded in the year/period	55,483	110,248
Write-off of electricity bills - uncollectible	(44,508)	(75,374)
Closing balance - current - 06/30/2018 and 12/31/2017	**399,000**	**388,025**
Allocation:		
Clients, consumers and concessionaires	315,792	373,973
Credit receivables	70,524	2,387
Other accounts receivable	12,684	11,665

(8) The balance of specialized services at the parent company includes amounts for Services provided to Centrais Elétricas de Rondônia in the amount of R$ 111 (R$ 304 as of December 31, 2017) and R$ 64,705 (R$ 33,976 as of December 31, 2017) referring to related-party transactions (see note 14).

8. Credit receivables

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Enforcement of PM securities of Cuiabá (1)	-	-	19,548	21,042
Municipality Securities (2)	-	-	66,339	-
Credit receivables (3)	1,824	3,048	50,435	49,286
Allowance for doubtful accounts	-	-	(70,524)	(2,387)
Adjustment to present value (1 and 3)	-	-	(23,605)	(24,095)
	1,824	**3,048**	**42,193**	**43,846**
Current	678	1,167	22,449	19,940
Non-current	1,146	1,881	19,744	23,906

As of June 30, 2018 the credits mature as follows :

Overdue receivables	Parent Company 6/30/2018	Consolidated (*) 6/30/2018
Overdue	-	10,017
2018	678	6,135
2019	1,146	9,743
2020	-	8,230
2021 onwards	-	78,592
Total	**1,824**	**112,717**

(*) Presented net of the adjustment to present value.

Consolidated:

Indirect subsidiary EMT:

(1) **Government securities** under proceeding (383/2001 - 3rd Lower Treasury Court – Cuiabá), filed against the municipality of Cuiabá, which resulted in order 13699/2004/TJMT. The receivables of R$ 19,548 (R$ 21,042 as of December 31, 2017) are in the process of receipt, and 23 installments have been received, there remaining 43 fixed installments of R$ 500, restated at the rate of 0.5% per month, and the last installment, no. 67, of R$ 183. Subsidiary management constituted the present value of R$ 440 (R$ 711 as of December 31, 2017) at the average annual interest rate of CDI 6.39% p.a. (6.99% p.a. as of December 31, 2017).

(2) in June 2018 the subsidiary recorded municipal government securities, where the securities were issued after the final legal conviction of the debtors, in accordance with the court order, in addition to payment requisitions to demand the municipalities pay debts related to electricity bill debits for the period July 1998 to June 2014 in the amount of R$ 66,339 (historic values), payable from July 27, 1998, which have been provisioned for in their entirety. On June 30, 2018 the entire amount was transferred to the item consumers and concession operators. All the cases have had the evidentiary stages completed, and are final and unappealable. The amount is fully provisioned for and formed as follows:

	6/30/2018
Fundação de Saúde de Várzea Grande - FUSVAG	576
Municipal government of Alta Floresta	1,025
Municipal Government of Cáceres	4,021
Municipal Government of Juscimeira	4,127
Water and sewage department of Várzea Grande - DAE VG	56,590
Total	**66,339**

(3) Credit receivables:

Parent Company:

. As of June 30, 2018 Energisa S/A has R$ 1,824 (R$ 3,048 as of December 31, 2017) of receivables from Raizen do Brasil which will be settled over 36 monthly payments of R$ 85, incurring monthly interest equal to the CDI rate. The balance of R$ 1,224 was received on May 2, 2018.

Indirect subsidiary EMT

Acquisition of carbon credits of R$ 1,625 (R$ 1,625 as of December 31, 2017), which have been completely provisioned for.

Indirect subsidiary ESS:

(a) In 2003 the indirect subsidiary acquired R$ 44,033 (R$ 44,033 as of December 31, 2017) non-tax credits arising from an award against the Federal Government in proceedings seeking a right to offset federal taxes and contributions recognized under a *res judicata* court decision. These credits are under dispute in proceedings brought by the party holding credit rights against the Federal Government. The indirect subsidiary brought these proceedings with an claim for assistance which was rejected by the first instance court for purely procedural reasons. An appeal was brought against the decision which is pending adjudication by the Federal Court of the 1st Region. Following their accession to the Special Tax Financing Program (PAEX) on 12/15/2006 under Provisional Measure 303/2006, the subsidiary ESS withdrew from their claim to offset those credits but remain party to the proceedings to seek recognition of their credit rights. The realization of these credits depends on a successful outcome from the proceedings, the probability of which has been rated as "possible" by the Company's legal advisers. Management recognized a provision for impairment losses of this asset, recorded as a deduction to consolidated credits receivable of R$ 21,400 (R$ 21,400 as of December 31, 2017) and R$ 22,633 (R$ 22,633 as of December 31, 2017) in the item adjustment to present value.

(b) Includes the collection arrangement, mutual use of poles and other items amounting to R$ 9,151 (R$ 5,586 as of December 2017). The subsidiary has a mutual pole use recoverable loss of R$ 762 (R$ 762 as of December 31, 2017).

Indirect subsidiary ETO:

In the 2nd quarter of 2018 the indirect subsidiary ETO recorded the amount of R$ 14,275 (R$ 15,208 as of December 31, 2017), where details of the securities are as follows:

(a) R$ 10,718 (R$ 11,859 as of December 31, 2017) denotes municipal government securities, which after the final legal conviction of the debtors the securities were issued, in accordance with the court order, in addition to payment requisitions to demand the municipalities pay debts related to electricity bill debits.

All the cases have had the evidentiary stages completed, and are final and unappealable, as a consequence the municipal securities were formed as follows:

Municipal Governments	6/30/2018	12/31/2017
ARAGUAINA	-	1,427
ARAGUATINS	359	541
PALMEIRÓPOLIS	3	97
PARAÍSO	3,080	3,478
SILVANÓPOLIS	176	186
TAGUATINGA	5,302	6,130
DIVINOPOLIS	442	-
MIRANORTE	563	-
PORTO NACIONAL	651	-
GOIATINS	2	-
CACHOEIRINHA	33	-
COLMEIA	107	-
Total	**10,718**	**11,859**

(b) R$ 3,557 (R$ 3,349 as of December 31, 2017) includes overdue unpaid electricity bill credits resulting from the collection proceeding filed against the debtor Itafós Mineração S/A, accepted by the courts and made final and unappealable, where the credits were fully qualified in the case records of the Extrajudicial Reorganization Proceeding of the debtor 0000459-40.2016.827.2709, ratified on August 29, 2016, and in progress before the 1st Civil Court of Arraias - TO.

Management made a provision for adjustment to present value of receivable credit securities in the amount of R$ 532(R$ 751 as of December 31, 2017) recorded under other financial expenses in the consolidated income statement for the period.

Other subsidiaries:

(a) R$ 927 (R$ 1,186 as of December 31, 2017), other receivables from third parties, by the subsidiaries CTCE, EPB, EMG and Dinâmica.

9. Dividends receivable

See below a statement of dividends receivable from subsidiaries:

Dividends receivable	Parent Company	
	6/30/2018	12/31/2017
Energisa Sergipe Distribuidora de Energia S/A	73,685	-
Energisa Borborema Distribuidora de Energia S/A	6,348	-
Energisa Minas Gerais Distribuidora de Energia S/A	11,443	-
Energisa Paraíba Distribuidora de Energia S/A	61,177	-
Energisa Mato Grosso - Distribuidora de Energia S/A	-	1,525
Rede Energia Participações S/A	-	7,809
Denerge Desenvolvimento Energético S/A	-	5,954
Energisa Nova Friburgo Distribuidora de Energia S/A	4,342	1,289
Energisa Comercializadora de Energia Ltda.	-	4,237
Energisa Planejamento e Corretagem de Seguros Ltda.	-	298
Dinâmica Credit Receivables	10	10
Total Current Assets	**157,005**	**21,122**

10. Recoverable taxes

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Value Added Tax on Sales and Services - ICMS	-	-	242,694	206,363
Income tax withheld at source - IRRF	22,411	14,180	47,709	17,105
Corporate Income Tax – IRPJ	53,677	53,217	387,019	350,673
Social Contribution on Net Income -CSLL	4,582	4,043	93,773	85,406
PIS and COFINS Contributions	637	880	121,566	104,033
Other	3	52	39,322	35,670
	81.310	**72.372**	**932.083**	**799.250**
Current	44,569	29,502	673,853	575,826
Non-current	36,741	42,870	258,230	223,424

This denotes tax credits on negative balances of income and social contribution taxes, ICMS on the acquisition of intangible assets/property, plant and equipment and overpayments of taxes and contributions, which will be recovered or offset against future taxes, in due accordance with the applicable existing tax legislation.

11. Readjustments, Rate Reviews and other regulatory matters - consolidated

11.1 Rate adjustments:

The rates are adjusted annually and the concession operator's revenue is divided into two portions: A Portion (consisting of uncontrollable costs) and B Portion (efficient operating costs and capital costs). The annual rate adjustment aims to pass through uncontrollable costs and to monetarily restate controllable costs.

The subsidiaries' rates have been readjusted as follows:

Distribution company	Ratifying Resolution	Average effect to be faced consumers (%)	Valid from
ESS (*)	Resolution 2271, issued 7/11/2017	2.13%	7/12/2017
CFLO (*)	Resolution 2271, issued 7/11/2017	-0.60%	7/12/2017
CNEE (*)	Resolution 2271, issued 7/11/2017	5.52%	7/12/2017
EDEVP (*)	Resolution 2271, issued 7/11/2017	-1.46%	7/12/2017
EEB (*)	Resolution 2271, issued 7/11/2017	-10.32%	7/12/2017
EMG	Resolution 2403, issued 6/19/2018	12.05%	6/19/2018
EBO	Resolution 2367, issued 1/30/2018	18.21%	2/4/2018
ENF	Resolution 2400, issued 6/12/2018	13.95%	6/22/2018
ETO	Resolution 2262, issued 6/27/2017	6.02%	7/4/2017

(*) On June 30, 2017 the companies CFLO, CNEE, EDEVP and EEB were merged into ESS (the new name of Caiuá Distribuição de Energia S/A ("CAIUÁ"). By way of Authorizing Resolution 6318 and Ratifying Resolution 2271 issued June 11, 2017, ANEEL approved the first rate adjustment index of Energisa Sul Sudeste, which had a single rate. As the distribution companies used to have different rates, the average increase felt by consumers in the new concession grouped in this first year was differentiated.

11.2 Rate reviews:

The subsidiaries' periodic rate reviews take place: (i) every four years at EBO, EPB and ETO, and (ii) every five years at ESE, EMT, EMS, EMG, ENF and ESS (*).

In this process ANEEL recalculated the rates according to the changes in the structure of the concession operators' costs and sales, in order to foster the efficiency and affordability of the rates. The adjustments and reviews are rate restatement mechanisms, both stipulated in the concession agreement. The concession operators may also request an extraordinary review whenever an event causes a significant economic and financial imbalance in the concession.

The rate adjustments in force have been summarized below:

Distribution company	ANEEL Ruling	Average effect on consumers (%)	Valid from
ESS (*)	Resolution 2071, issued 5/3/2016	-0.94%	5/10/2016
CFLO (*)	Resolution 2095, issued 6/21/2016	-16.48%	6/29/2016
CNEE (*)	Resolution 2073, issued 5/3/2016	-0.37%	5/10/2016
EBO	Resolution 2200, issued 1/31/2017	0.43%	2/4/2017
EDEVP (*)	Resolution 2072, issued 5/3/2016	1.69%	5/10/2016
EEB (*)	Resolution 2074, issued 5/3/2016	1.84%	5/10/2016
EMG	Resolution 2092, issued 6/21/2016	2.16%	6/22/2016
EMS	Resolution 2380, issued 4/3/2018	9.87%	4/8/2018
EMT	Resolution 2379, issued 4/3/2018	11.53%	4/8/2018
ENF	Resolution 2091, issued 6/21/2016	8.86%	6/22/2016
EPB	Resolution 2291, issued 8/22/2017	14.55%	8/28/2017
ESE	Resolution 2387, issued 4/17/2018	11.30%	4/22/2018
ETO	Resolution 2105, issued 6/28/2016	12.81%	7/4/2016

(*) On June 30, 2017 the companies CFLO, CNEE, EDEVP and EEB were merged into ESS (the new name of Caiuá Distribuição de Energia S/A ("CAIUÁ"). By way of Authorizing Resolution 6318 and Ratifying Resolution 2271 issued June 11, 2017, ANEEL approved the first rate adjustment index of Energisa Sul Sudeste, which had a single rate. As the distribution companies used to have different rates, the average increase felt by consumers in the new concession grouped in this first year was differentiated.

11.3 Rate flags:

From 2015 energy bills will start using the Rate Flag System.

The rate flags are used to inform consumers of the electricity generation conditions in the National Interconnected Grid - SIN by including a surcharge in the Energy Rate - TE.

The rate flag system consists of:
Green rate flag
Yellow rate flag
Red rate flag, segregated into Tiers 1 and 2

The green rate flag signals favorable energy generation conditions, with no surcharge.

The Yellow Rate Flag signals less favorable generation conditions. The rate rises R$ 2.00 for each 100 kilowatt-hours KwH consumed in the month. From November 2017 the rate increase changed to R$ 1.00 for every 100 kilowatt-hours (kWh).

The Red Rate Flag signals costlier energy generation conditions. This flag is split into the following two tiers:

Tier 1: a rate of R$ 3.00 for each 100 kilowatt-hours (KwH) consumed in the month;

Tier 2: a rate of R$ 3.50 for each 100 kilowatt-hours (KwH) consumed in the month. From November 2017 the rate increase changed to R$ 5.00 for every 100 kilowatt-hours (kWh).

Effective from February/2017, Ratifying Resolution 2203/2017 ratified the aforesaid values of the yellow and red rate flags. After completing Public Hearing AP 61/2017, ANEEL approved raising the values of the Yellow and Red Rate Flags - Level 2.

In the period ended June 30, 2018 and June 30, 2017, the rate flags were in force as follows:

	6/30/2018	6/30/2017
January	Green	Green
February	Green	Green
March	Green	Yellow
April	Green	Red level 1
May	Yellow	Red level 1
June	Red level 2	Green

11.4 Other regulatory issues - overpurchasing:

Overpurchasing by the Energisa Group distribution companies is primarily due to the obligation imposed on electricity concession operators to acquire energy at the 2015 A-1 auction and the migration of special clients to the Free Contracts System (ACL).

Regardless of their requirement, electricity distribution companies in Brazil are subject to the mandatory acquisition of at least 96% of their Replacement Amounts in the last auction of 2015, where failure to comply with this rule will constitute risks outside the agents' management, including the imposition of losses on the subsidiaries, electricity distribution companies due to an activity that does not compensate (energy acquisition).

Due to the worsening economic recession and falling income levels and consequently the demand met by distribution agents, the Concession Authority issue Decree 8828/16, changing the obligation to acquire the minimum mandatory amount for future auctions, when not necessary. In respect of the past, the matter continues to be discussed and analyzed with the agents.

Similarly, in relation to the migration of special clients from the captive market to the free market ANEEL changed the regulations permitting the returning to them of the corresponding energy as from the A-1 auction in 2016. As it is not possible to reduce the existing contracts as this possibility was not clear for the winner in the notice of the previous auctions, these surpluses have to be recognized as involuntary.

Energisa Group accordingly appealed to ANEEL to have this overcontracting recognized as involuntary, thereby countering the losses of the electricity distribution subsidiaries. At an Executive Board meeting held April 25, 2017, ANEEL determined that each distribution company's involuntary contracting be assessed individually, considering the maximum effort to achieve the contractual coverage level, as established in Normative Resolution 453/2011. Note that the administrative proceedings opened by the electricity companies have not been resolved by ANEEL.

In recent years, Energisa Group made every effort and used the available mechanisms, such as participating in the Monthly Surplus and Deficit Offsetting Mechanism (MCSD) and Energia Nova, and the performing of bilateral agreements with generators. Energisa group's distribution companies accordingly estimated they jointly closed the second quarter of 2018 within the regulatory limit (between 100% and 105%), as was the case in FY 2017.

In the period ended June 30, 2018 the subsidiaries calculating the effects of overprocurement and did not determine any amounts, retaining the consolidated balance for provisions for losses at R$ 4,495, which will not be passed through to consumers.

12. Consolidated financial sector assets and liabilities

Denote assets and liabilities dating from temporary differences between the ratified costs of Portion A and other financial components, which are included in the rate at the start of the rate period and those which are effectively incurred throughout the period the rate is in force. The amounts are realized when other rate periods come into force or the concession is terminated with calculated unrecovered balances, which will be included in the compensation base.

The recognized amounts of financial sector regulatory assets and liabilities were charged to revenue from the sale of goods and services.

The contractual amendments issued by ANEEL guarantee that the CVA amounts and other financial item shall be incorporated into the compensation calculation upon termination of the concession.

The electricity distribution subsidiaries recorded the changes in these costs as financial sector assets and liabilities, as shown below:

Financial sector assets and liabilities	Balance as of 12/31/2017	Operating Revenue		Finance income	Balance as of 6/30/2018
		Addition	Amortization		
Items of Portion A (i)					
Electricity purchased for resale	718,106	464,093	(121,043)	12,016	1,073,172
Alternative Energy Sources Incentive Program - PROINFA	(3,270)	4,387	2,700	56	3,873
Transportation of electricity to national grid	18,723	42,351	(7,330)	1,003	54,747
Transportation of electric power - Itaipu	905	4,604	(848)	56	4,717
System Service Charges - ESS (iii)	(538,066)	(87,096)	153,216	(10,496)	(482,442)
Energy Development Account - CDE	(164,368)	32,070	73,244	(1,628)	(60,682)
Financial components					
Neutrality of Portion A (iv)	(20,845)	(47,688)	(7,654)	(1,575)	(77,762)
Overcontracting of energy (ii)	341	(102,413)	(23,502)	(3,181)	(128,755)
Rate Returns (vii)	(40,749)	(46,618)	1,686	(2,065)	(87,746)
CUSD	10,414	9,456	(3,482)	192	16,580
Submarket exposure (viii)	51,933	78,829	662	2,271	133,695
Financial Guarantees (v)	4,229	2,346	(2,214)	105	4,466
Balance offsettable of the CVA of the previous cycle	18,364	(13,772)	3,050	(14,477)	(6,835)
Other financial items (ix)	29,244	(91,864)	13,364	495	(48,761)
Total Assets and Liabilities	**84,961**	**248,685**	**81,849**	**(17,228)**	**398,267**
Current Assets	729,368				1,143,541
Noncurrent Assets	384,656				294,529
Current Liabilities	(714,923)				(818,889)
Noncurrent Liabilities	(314,140)				(220,914)

(i) **Recoverable uncontrollable rates of the A Portion - CVA**

Interministerial Ordinance 25, issued January 24, 2002 by the Ministries of State Finance and Mines and Energy, established the Compensation Account for the Variation in the Values of the Items of "A Portion - CVA", as the account for recording negative or positive changes in costs occurring in the period between annual rate adjustments, relating to the items established in the electricity distribution concession agreements.

These changes are determined as the difference between the expense effectively incurred and the expenses estimated when the rate is established in the annual rate adjustments. The amounts included in the CVA are restated monetarily based on the Selic base interest rate.

(ii) **Pass-through of overcontracting/involuntary exposure of energy**

By way of the regulated energy contracts, distribution companies should ensure the entire market demand is met. Purchases greater than or lower than this parameter will result in ANEEL applying the rate of review and adjustment processes to determine the cost of passing through the acquisition of the excess amount contracted, limited to 5% in relation to the annual regulatory supply charge of the distribution company and the energy cost regarding exposure to the spot market.

(iii) **System Service Charges - ESS**

Denotes a charge intended to cover the system service costs, which includes auxiliary services provided by users of the National Interconnected Grid - SIN.

(iv) **Neutrality**

Denotes the neutrality of sector charges in the rate, determining the monthly differences between the amounts invoiced and the amounts included in the rates.

(v) **Financial Guarantees**

Pass-through of costs deriving from the settlement and custody of financial guarantees established in the contracts addressed in article 15 (generation distributed by public order), art. 27 (CCEAR of new and existing energy auctions) and art. 32 (adjustment auctions) of Decree 5163/2004.

(vi) **Balance offsettable of the CVA of the previous cycle**

Pursuant to article 3 (4) of Interministerial Ordinance MME/MF 25/2002, we found that the balance of the CVA being process included in the rate process was effectively offset, taking into account the changes occurring between the electricity market used to define this rate process and the market verified in the 12 months of the offsetting, in addition to the difference between the projected interest rate and the actual Selic base interest rate.

(vii) **Rate Returns**

Denotes excess demand and excess reactive power revenue earned as from the 4th Cycle of the Periodical Rate Reviews (4CRTP), appropriated in sector financial liabilities and restated monthly by applying the variance of the IPCA/SELIC and will be amortized as from commencement of the 5th rate review cycle (5CRTP).

(viii) **Submarket exposure**

Denotes the financial income deriving from differences between the Difference Settlement Price (PLD) as a result of energy transfers between submarkets.

(ix) **Other financial items**

This includes the other nonrecurrent specific financial items of the distribution companies, such as Reversal of the financial RTE2015, Eletronuclear Differential, Eletronuclear Offsetting Pass-through, etc.

In 2018 the direct subsidiaries ESE, EMG and ENF and the indirect subsidiaries EMT, EMS, ETO and ESS recognized under Other Financial Items the amount of R$ 75,916 included in the column “addition”, denoting the reimbursement of funds paid by the public electricity distribution service concession operators (Law 12111 issued December 9, 2009) as stated in Official Circular 210/2018-SFF/ANEEL, to be returned to the consumers from April 2018.

13. Other accounts receivable

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Low-income Subsidy (1)	-	-	48,479	58,657
Service orders in progress - PEE and R&D	-	-	111,787	141,889
Service orders in progress - other	-	-	11,760	10,048
Deactivation orders in progress	-	-	16,835	10,284
Expenses to be reimbursed - ODR	-	-	1,401	1,368
Advances to suppliers and employees	166	465	41,214	32,064
CDE subsidy - rate discount (2)	-	-	136,966	179,251
Banco Daycoval (3)	-	-	176,791	176,791
Provision for losses Banco Daycoval (3)	-	-	(176,791)	(176,791)
Other credits receivable -CELPA (4)	-	-	78,358	76,357
(-) Adjustment to present value - CELPA (4)	-	-	(28,260)	(28,629)
Subrogation of CCC (5)	-	-	27,679	30,439
Low income standard	-	-	3,341	3,357
Universalization Plan	-	-	209	836
Pension fund advance	-	-	8,704	8,704
Credits receivable Banco Pine	-	-	1,663	1,663
Prepaid expenses	1,950	7,766	53,502	50,485
Accounts receivable from sale of generation companies (6)	62,020	62,020	62,020	62,020
Credits receivable from third parties (7)	-	-	38,541	47,138
Credits receivable from Eletrobrás - LPT (8)	-	-	26,546	26,546
Credits receivable from Tocantins state (9)	-	-	60,647	75,696
(-) Provision for adjustment to realizable value of credits receivable (9)	-	-	(40,000)	(40,000)
Acquisition of fuel via CCC account (10)	-	-	55,263	54,652
Advances - Inergus (11)	-	-	21,043	14,363
Reimbursement of Funds - Law 12111/2009 (12)	-	-	18,923	-
Tax Credits - Vale Vacaria	-	-	1,266	-
Other (*)	22,493	22,240	61,066	60,466
Total	**86,629**	**92,491**	**818,953**	**877,654**
Current	24,610	30,468	657,846	702,103
Non-current	62,019	62,023	161,107	175,551

(*) This includes R$ 305 (R$ 1,062 as of December 31, 2017) at the parent company denoting related-party transactions for endorsement commission services provided and in the consolidated statement R$ 12,684 (R$ 11,665 as of December 31, 2017) consisting of the allowance for doubtful accounts.

(1) Low income subsidy - consolidated

These credits consist of the subsidy for the low-income residential sector with monthly consumption of under 220 kWh, subject to certain requirements being met. This revenue is paid for with funds from the RGR - Global Reversal Reserve and the CDE - Energy Development Account, both administrated by CCEE. The balance denotes the provisions for May and June/2018. Management does not expect to record any losses in the realization of the balance.

See the changes occurring in the period:

	EMG	ENF	ESE	EPB	EBO	EMT	ETO	EMS	ESS	Total
Consolidated balances on 12/31/2017	**4,310**	**299**	**11,346**	**10,964**	**2,326**	**12,524**	**6,831**	**5,973**	**4,084**	**58,657**
Low-income subsidy	8,698	816	24,694	43,844	4,746	24,036	17,449	18,749	9,079	152,111
Reimbursement via CCEE	(8,914)	(846)	(27,583)	(45,910)	(5,440)	(28,253)	(18,365)	(18,067)	(8,911)	(162,289)
Consolidated balances on 6/30/2018	**4,094**	**269**	**8,457**	**8,898**	**1,632**	**8,307**	**5,915**	**6,655**	**4,252**	**48,479**

(2) CDE subsidy - Rate Discount - consolidated

Funds transferred to the concession operators authorized by the Federal Government via Decree 7891 dated January 23, 2013 to cover the CDE subsidy for the discounts applicable to the rates applying to the public electricity distribution service users, pursuant to article 13 (VII) of Law 10438 dated April 26, 2002. The balances denote the subsidies incurred in May and June 2018, which will be offset/reimbursed in the third quarter of 2018.

	EMG	ENF	ESE	EPB	EBO	EMT	ETO	EMS	ESS	Total
Consolidated balances on 12/31/2017	**16,203**	**747**	**3,466**	**19,155**	**3,998**	**74,710**	**11,797**	**27,836**	**21,339**	**179,251**
Rate discount due to Irrigation and Rural subsidy	28,540	1,393	21,539	37,598	3,704	128,148	29,202	73,234	46,459	369,817
Reimbursement via CCEE	(32,477)	(1,136)	(25,490)	(38,599)	(7,694)	(155,583)	(30,306)	(72,886)	(47,931)	(412,102)
Consolidated balances on 6/30/2018	**12,266**	**1,004**	**(485)**	**18,154**	**8**	**47,275**	**10,693**	**28,184**	**19,867**	**136,966**

The subsidiaries EMG, ENF, ESS and EMS on September 2, 2015 claimed the right to monthly offset the CDE and low-income subsidies receivable against the CDE amounts payable to CCEE - Electricity Trading Chambers (the fund used to be managed by Eletrobrás). Through the period June 2018, R$ 92,119 was accordingly offset and reimbursed as the CDE subsidy and R$ 22,875 as the low-income subsidy.

(3) Banco Daycoval

Refers to the amounts transferred by Banco Daycoval S.A. to the current account of the shareholder Rede Energia Participações S.A on February 28, 2012 to settle outstanding debts of this holding company, as justified by the Financial Institution. Management of the subsidiaries EMT, ESS and EMS consider these transfers improper and have filed suit to recover this amount.

It transpires that the Transgression and Failure Correction and Recovery Plan that led to the intervention of EMT, ESS and EMS was amended after the General Creditors' Meeting approved the Judicial Reorganization of Rede Energia Participações S.A.. On December 17, 2013 ANEEL Authorizing Resolution 4463 approved the ANEEL Plan and accepted ENERGISA's proposal to make an advance for future capital increase (AFAC) in the amount equal to the withdrawal made by Banco Daycoval S/A.

The reimbursement of the short-term investment of the subsidiaries EMT, ESS and EMS only therefore relied on the suit filed by the subsidiaries, therefore constituting a contingent asset, as the realization thereof will only be confirmed as a result of future events occurring or not, which are uncertain and not completely under the entity's control. Because of this subsidiaries' management decided to provision for losses while the legal issue is in progress.

(4) Credits receivable CELPA

Credits that Rede Energia and the indirect subsidiaries EMT, ETO, EMS, ESS and Multi Energisa have receivable against Centrais Elétricas do Pará S.A. – CELPA, resulting from related-party transactions, up to the date of sale to Equatorial Energia S/A on September 25, 2012. The intercompany credits will be partially assumed by Rede Power do Brasil S/A, to the extent this is worthwhile, which will be liable to the related parties for the portion of the credit assumed and will be offset. Around 69% of the total balance was assumed by Rede Power do Brasil S/A and the remainder will be paid in semi-annual payments from the end of September 2019, ending in September 2034. The subsidiaries maintain adjustments of credits receivable to present value of R$ 28,260 (R$ 28,629 as of December 31, 2017).

(5) Subrogation to CCC

In accordance with ANEEL Resolution 784 issued December 24, 2002 and ANEEL Authorizing Resolution 81 issued March 09, 2004, the subsidiary EMT was classified in the subrogation of the right to use the Fuel Consumption Account - CCC due to the implementation of electricity ventures that led to a decrease in the CCC expense, which helped secure rates for end consumers. The following ventures with outstanding receivables were approved to calculate the benefit:

- Energized on October 31, 2013, Sapezal / Comodoro Transmission System has a project and subsidy approved of R$ 32,254, via Authorizing Resolution 1,877 issued April 07, 2009. R$ 1,215 was received in 2014 and R$ 3,111 in 2015. R$ 3,311 in 2016, R$ 2,201 in 2017 and R$ 1,476 through June 2018, amounting to R$ 11,314. The remaining balance is R$ 20,940

- Energized on December 11, 2016, Rondolândia Transmission System has a project and subsidy approved of R$ 4,613, via Authorizing Resolution 5,894 issued June 21, 2016. R$ 1,403 was received in 2017, R$ 957 through June 2018, amounting to R$ 2,360, with the remaining balance of R$ 2,253.

- Energized on August 22, 2017, Paranorte Transmission System has a project and subsidy approved of R$ 4,915, via ANEEL Authorizing Resolution 6,174 issued January 31, 2017. R$ 102 was received in 2017 and R$ 327 through June 2018, amounting to R$ 429. Management expects to receive the remaining balance of R$ 4,486 in the next 134 months.

ANEEL order 4722 issued December 18, 2009 applying to publications in FY 2009 addresses items 53 and 54 regarding the accounting of the subsidy received by the concession operator from the CCC fund due to works deactivating thermal plants, and consequently reducing the diesel oil in energy generation in Brazil.

This order determined that all amounts already received or approved be recorded under group of accounts “223 - Special Obligations linked to the Public Electricity Service Concession”. Amounts already received and amounts pending receipt that have been approved by the regulatory agency are segregated in this group.

The subsidiary EMT has recorded the following subsidies:

Project	Status	Amount invested	Amount subrogated	Received	Receivable	
					6/30/2018	12/31/2017
Sapezal / Comodoro Transmission System	in service	36,225	32,254	11,314	20,940	22,416
Rondolândia Transmission System	in service	10,203	4,613	2,360	2,253	3,210
Paranorte Transmission System	in service	6,697	4,915	429	4,486	4,813
Total		**53,125**	**41,782**	**14,103**	**27,679**	**30,439**
Current (Principal)					**3,794**	**5,321**
Noncurrent (Principal)					**23,885**	**25,118**

(6) Accounts receivable from sale of generation companies

Energisa is entitled to receive R$ 113,500 from the selling its generation assets relating to additional price adjustments subject to other conditions precedent under the purchase and sale agreements signed with the buyer.

The Company has estimated the dispute to be worth R$ 51,480, an amount Energisa has charged to income from discontinued operations in the financial year ended December 31, 2016.

Receipt of this amount is part of an arbitration proceeding filed by the Company against the buyer.

(7) Third-party credits - Sale of rights assets and receivables

Denotes mutual use of a pole and sale of scrap.

(8) Credit receivable from Centrais Elétricas Brasileiras S/A

The subsidiary Energisa TO recognized in FY 2016 credits receivable of R$ 26,546 (R$ 26,546 as of December 31, 2017), referring to the final releases of Tranches 4 and 5 of the economic subsidy under the Light for All Program established in Contract ECFS-343/2013 entered into on 12/19/2013 with Eletrobrás, given the completion of the account provision process, where the funds come from the Energy Development Account (CDE), and are intended for full application in the Program, charged to obligations related to the public electricity service concession and permission.

(9) Credits receivable from state of Tocantins

Denotes the receivables of the subsidiary ETO against the Tocantins state government, as follows:

	6/30/2018	12/31/2017
Opening balance - noncurrent - 12/31/2017 and 12/31/2016	**35,696**	**89,354**
Amortization realized in the period/year	(15,049)	(35,107)
Monetary restatement – IGPM	-	1,121
Balance before the provision	**20,647**	**55,368**
(-) Provision for adjustment to realizable value of credits receivable	-	(19,672)
Closing balance - noncurrent - 6/30/2018 and 12/31/2017	**20,647**	**35,696**

- Reluz Tocantins Program

The National Efficient Public Lighting Program - RELUZ was introduced in 2000 by Eletrobrás with the support of the Ministry of Mines and Energy, and implemented by electricity concession operators with the participation of state and municipal governments. The Program aims to develop efficient public lighting and traffic light systems and to value public urban areas, thereby improving the population's safety. Authorities are qualified to operate the programs (municipalities, state governments and districts) by way of electricity concession operators. Federal entities wishing to include their projects in the RELUZ Program should directly approach the local electricity concession operators which will negotiate and present the request for Eletrobrás financing, as per the Program's Instructions Manual. The Eletrobrás financing is up to 75% of the project's total value. The remaining 25% should constitute the payment of the federal entities and/or electricity concession operators.

In order to enhance and expand public lighting in municipalities in Tocantins state, the Tocantins State Government introduced the Reluz Tocantins Program, which entails works to improve the energy efficiency of the public lighting system in the 139 municipalities comprising the state.

On 6/24/2010 the State Government entered into a financing agreement with the Company, as authorized by Law 2305 issued 3/24/2010. This contract entails financing of R$ 82,423 from the State government for the Company and the delivery by the subsidiary ETO of the works and services necessary to implement the Reluz Tocantins Program. The means of payment is established in the contract as follows:

i. Transfer of electricity grids and structures owned by the state government
ii. Transfer of common shares accounting for 9% of the capital of the Company and owned by the state government
iii. Use of the entire dividends credited
iv. The remaining balance after the previous items have been realized should be paid over 24 monthly, equal and successive installments.

ETO delivered all the works and services under the Reluz Program and received the approval of the program's finalization by Eletrobrás via letter CTA-DF-5975/2013 dated 9/11/2013.

ETO sent to the state government all the payment event notifications, according to the conclusion of the physical events established in the contract schedule and Eletrobrás approval.

By way of a payment in kind, on 7/9/2014 9% of the Company's shares owned by the Tocantins State government was transferred, totaling 34,085,056 preferred shares worth R$ 33,063.

The balance receivable related to the Reluz Tocantins Program was restated in accordance with the contractual clauses, which generally entail 7.5% p.a. of the financial restatement on the principal balance and for overdue payments monetary restatements based on the monthly variance of the IGPM/FGV price index, plus interest of 0.5% (zero point five percent) and a fine of 10% (ten percent) on the total overdue amount, which stood at R$ 35,553 as of June 30, 2018 (R$ 50,602 as of December 31, 2017), including the deduction from the debit balance of dividends credited for the 2009, 2010, 2011, 2014, 2015, 2016 , 2017 and 2018 financial years, and the payment in kind consisting of the transfer of 9% of the shares issued by ETO.

In July 2017 the subsidiary stopped applying the monetary restatement index to the contract as it was engaged in negotiations with the state government.

The Extraordinary General Meeting held April 28, 2017 ratified the distribution of dividends of R$ 7,498 to Tocantins state, which was used to pay down the debit balance of the Reluz contract.

The Board of Directors' meetings of the subsidiary ETO held July 26, 2017 and August 9, 2017 approved the distribution of dividends from prior-period profit reserves in the amount of R$ 15,831 and earnings accrued up to June 30, 2017 of R$ 6,604, paid to the shareholder Tocantins state, used to pay down the debt recorded under the Reluz contract.

The Board of Directors' meeting of the subsidiary ETO held March 14, 2018 approved the distribution of interim dividends of R$ 10,024 on May 16, 2018 and the distribution of interim dividends of R$ 5,025, paid to the shareholder Tocantins state, used to pay down the debt recorded under the Reluz contract.

As stipulated in the contract of the Reluz Tocantins Program, the subsidiary ETO retained the dividends credited to the shareholder Tocantins state, in compliance with the contractual provision stating that at any time the subsidiary ETO can use the dividends credited to settle overdue installments of the Program's debt. On 9/29/2013 the shareholder Tocantins state filed suit to receive the dividends and an injunction ordered the amounts be placed in a court deposit until the substance of the demand be judged. After the chief justice of the High Court of Appeal had stayed the injunction, the frozen amounts were returned to ETO on April 07 and 09, 2014. If the final decision goes against the subsidiary ETO, the debit balance will be recalculated net of the payment made via the dividend offset.

- Arrangement 028/2008 - arrangement made to implement 125 km of transmission lines interconnecting Tocantinópolis and Xambioá. The accounting for completion of the works was submitted to the state government by way of correspondence CE – 003/2012-DFC, dated 2/29/2012. The restated amount receivable is R$ 25,094 (R$ 25,094 as of December 31, 2017). By the closure of these financial statements Tocantins state had not released the funds in accordance with the work plan established in the Arrangement.

On July 1, 2016 the Tocantins state government issued Official Notice 909/2016/SEFAZ/GASEC confirming the debit balance to the indirect subsidiary ETO of R$ 103,306, as of March 31, 2016 under arrangement 028/2008 - the Xambioá to Tocantinópolis transmission line and the Reluz program. This Official Notice also confirms that the parties are in the process of finding a means of financing and settling this balance, where the final amount will be confirmed upon completion of the work of the committee analyzing active contracts between Tocantins state and Energisa Group S/A, created via Decree 5346 issued May 25, 2016 by the State Governor. On November 21, 2016 the State Government published Decree 5,541, once again electing the committee. On November 6, 2017 Decree 5734 was published convening the committee to examine contracts in force, presenting conclusive reports within 90 days, which can be extended for the same period, confirmed by Official Letter 115/2018/SEFAZ/GASEC, issued January 29, 2018. The committee was working to finish the analyses and negotiations between the State and the subsidiary Energisa Tocantins before the deadline established in the Decree introducing it and the other texts renewing it. However, the government that settled the Committee was removed from office by court order including all the secretaries and other members of the government comprising it and who participated in the analyses and negotiations. On June 24, 2018 a supplementary election was therefore held in Tocantins state, which resulted in the election of a new governor. As a result of the changes in the government, the subsidiary held a meeting with the Government in order to try to maintain all the agreements to reinstate the Committee.

In light of these new facts and prospects of completing negotiations due to the permanence of this Committee, in 2017 management has reassessed the expected realization of the credits held by the indirect subsidiary ETO against the shareholder Tocantins state in 2017 and recalculated the adjustment to present value, resulting in an increase in the provision of R$ 19,672, which then amounted to R$ 40,000, to better reflect the expected realization of credits, recorded under finance expenses in profit or loss for the year.

(10) Fuel purchased - CCC account

The subsidiary Energisa Mato Grosso Distribuição de Energia S.A. (EMT) has balances receivable under the Fuel consumption account - CCC of R$ 55,263 (R$ 54,652 in December 31, 2017). ANEEL recognized R$ 53,621 of this total by way of Technical Note 01/2018-SFF issued January 3, 2018 for the period July 30, 2009 to June 30, 2016 which detailed the methodology established to audit and reprocess the benefits monthly, demonstrated the technical analyses of the information collected on energy, power and fuel purchase contracts, electricity and fuel measurements and regulatory treatments given to the company's statements, in order to determine any asset or liability of the beneficiary in accordance with Normative Resolution 427/2011.

(11) Advances – INERGUS

This denotes funds advanced by the subsidiary Energisa Sergipe to Instituto Energipe de Seguridade Social ("INERGUS") to guarantee the liquidity and financial flow from the Defined-Benefit Plan (BD). The amounts transferred to the BD Plan comprise an advance for covering part of the technical deficit, which will be subject to a debt acknowledgment agreement to be entered into by the subsidiary ESE and INERGUS.

(12) Reimbursement of Funds - Law 12111/2009

In June 2018 the Subsidiaries recognized under Other receivables the amount of R$ 7,005 (Energisa Tocantins) and R$ 11,918 (Energisa Sul Sudeste) denoting the reimbursement of funds paid by the public electricity distribution service concession operators (Law 12111 issued December 9, 2009) as stated in Official Circular 210/2018-SFF/ANEEL, received in June 2018 and will begin to be returned to the consumers within the month.

14. Related-party transactions

The Company is directly controlled by Gipar S/A (66.14% of the voting capital), which in turn is controlled by Nova Gipar (100% of the voting capital). The latter is controlled by Itacatu S/A (67.27% of the voting stock) and by Multisetor S/A (32.73% of the voting stock). Itacatu S/A is controlled by Multisetor S/A (72.15% of the voting stock).

Multisetor is controlled by Mr. Ivan Muller Botelho (78.83% of the voting stock).

The related-party balances are as follows:

	6/30/2018		12/31/2017	
Parent Company	Assets	Liabilities	Assets	Liabilities
Clients, consumers and concession operators - **specialized services**	64,705	-	49,627	-
Other receivables - other - Endorsement commission	305	-	1,979	-
Money market and secured funds - Debentures	1,278,494	-	1,249,900	-
Loans (1):				
. Energisa Soluções S/A (1)	22,568	-	18,281	-
. Companhia Técnica de Comercialização de Energia S/A (1)	-	-	2,523	-
. Empresa de Eletricidade Vale Paranapanema S/A (2)	-	-	-	27,583
. Companhia Técnica de Comercialização de Energia S/A (3)	12,957	-	108,704	-
. QMRA Participações S/A (option "C" credits - RJ) (3)	25,981	-	24,673	-
. QMRA Participações S/A (1)	-	80,129	-	78,459
. Rede Energia Participações S/A (new name of Rede Energia S/A) (3) and (4)	87,845	-	263,334	-
Total Noncurrent	**149,351**	**80,129**	**417,515**	**106,042**
Investments - Funds allocated to future capital increase (5):				
. Energisa Geração Central Solar Coremas S/A	10	-	15	-
. Parque Eólico Sobradinho S/A	1,354	-	782	-
. Energisa Geração Usina Maurício S/A	2	-	127	-
. Energisa Geração Central Eólica Boa Esperança S/A	1	-	12	-
. Energisa Geração Central Eólica Mandacaru S/A	10	-	12	-
. Energisa Geração Central Eólica Alecrim S/A	1	-	12	-
. Energisa Geração Central Eólica Umbuzeiro Muquim S/A	1	-	12	-
. Energisa Geração Energia S/A	2	-	8	-
. Energisa Pará Transmissora de Energia I S/A	26,714	-	9,304	-
. Energisa Goiás Transmissora de Energia I S/A	22,420	-	6,627	-
	50,515	**-**	**16,911**	**-**
Total	**1,543,370**	**80,129**	**1,735,932**	**106,042**

(1) The loans have a term of 24 months under the contracts, and can be extended for equal and successive periods. The loans with related parties are charged interest at the average borrowing rate, which in the period was an average of the CDI rate + 0.6652 p.a. (CDI + 0.9663 p.a. as of December 31, 2017), and includes the private assignment and acquisition of credit receivables and other covenants entered by Energisa on December 31, 2016 with the subsidiaries Rede Energia and Rede Power.

(2) Credit facility agreements with a maturity of 24 months extendable for equal and successive periods, with the borrower paying only IOF (financial transaction) tax or other charges incurred on financial transactions over the term of the agreement.

(3) Acquisition of credits assigned under the judicial reorganization process of the indirect subsidiary.

(4) The credits receivable of Rede Energia Participações S/A, acquired from the creditors, will be paid initially by the company undergoing reorganization on the following conditions: (i) amount equal to 25% of the total credits assigned will be paid in a lump sum within up to 1 year of the date this assignment is paid, incurring interest of 12.5% p.a. as from the date the assignment is made; and (ii) remaining amount equal to 75% of the total credits assigned will be paid after 22 years in a lump sum with capitalized interest of 0.5% p.a. due as from the date the assignment is paid. In 2014 the parties agreed to extend the maturity of the single installment maturing in July 2015 by 10 years, corresponding to 25% of the total debt amount. However, the term is maintained of 22 years for payment of the remaining amount equal to 75% of the total debt with capitalized interest of 0.5% per annum, due as from the date of payment. At the end of the period the parties renegotiated the debt by applying interest equal to the CDI rate + 2% per annum with semiannual amortization payable on June and December 26 each year.

(5) The funds intended for future capital increase are not remunerated and are recorded under investments.

Contract conditions:

Subsidiary	Rate	Maturity (*)
. Energisa Soluções S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	1/1/2019
. Rede Energia Participações S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	6/30/2018
. Companhia Técnica de Comercialização de Energia S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	9/12/2018
. Empresa de Eletricidade Vale Paranapanema S/A [2]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	6/30/2018
. Companhia Técnica de Comercialização de Energia S/A (option "C" credits) - [3]	1% p.a*	4/11/2036
. QMRA Participações S/A (option "C" credits)	1% p.a*	2/13/2036
. QMRA Participações S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	6/30/2020
. Rede Energia Participações S/A (option "C" credits - RJ) [3 and 4]	1% p.a*	10/11/2036
. Denerge Desenvolvimento Energético S/A [2]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	5/5/2019
. Multi Energisa Serviços S/A [1]	Weighted average of interest on loans taken out by group companies + variance of the CDI rate	8/3/2019

* Effective rate 15.19%

(*) The contracts with Rede Energia Participações S/A, Denerge Desenvolvimento Energético S/A, Multi Energisa Serviços S/A, were settled in December 2017, Companhia Técnica de Comercialização de Energia S/A in April 2018 and Empresa de Eletricidade Vale do Paranapanema S/A in May 2018.

Transactions conducted in the period/year by the Company and its subsidiaries:

Direct and indirect subsidiaries and their parent company	Administrative services provided (1)	Intercompany loan accrual /commission endorsement and security yield (Financial revenue (expense)) (2 and	Balance receivable (Receivables, consumers and concession operators)	Balance receivable (Endorsement commission and debentures
. Energisa Minas Gerais - Distribuidora de Energia S/A	5,106	4,784	3,616	68,881
. Energisa Paraíba - Distribuidora de Energia S/A	12,880	10,323	22,292	197,413
. Energisa Sergipe - Distribuidora de Energia S/A	7,426	9,915	8,579	121,177
. Energisa Borborema - Distribuidora de Energia S/A	2,357	595	6,186	63
. Energisa Soluções S/A	1,365	787	1,253	-
. Energisa Nova Friburgo - Distribuidora de Energia S/A	1,028	642	751	36
. Energisa Mato Grosso - Distribuidora de Energia S/A (4)	21,421	14,944	12,799	312,703
. Energisa Mato Grosso do Sul - Distribuidora de Energia S/A	13,250	5,564	7,321	155,046
. Energisa Tocantins - Distribuidora de Energia S/A (4)	8,783	8,824	8,784	215,337
. Energisa Sul-Sudeste Distribuidora de Energia S.A (5)	11,568	8,176	7,356	208,143
. Energisa Soluções Construções e Serv em Linhas e Rede S.A	618	-	579	-
. QMRA Participações S/A	-	(1,853)	-	-
. Companhia Técnica de Comercialização de Energia	-	5,406	-	-
. Multi Energisa Serviços S/A	826	-	565	-
. Energisa Planejamento e Corretagem de Seguros Ltda	3	-	13	-
. Energisa Serviços Aéreos e Aeroinspeção S/A	2	-	6	-
. Energisa Comercializadora de Energia S/A	388	-	294	-
. Empresa de Eletricidade Vale Paranapanema S/A	-	(916)	-	-
. Energisa Geração Usina Mauricio S/A	1	-	2	-
. Dinâmica Direitos Creditórios LTDA.	-	-	2	-
. Gipar S/A (2)	-	(5,800)	-	-
. Rede Energia Participações S/A	-	19,320	-	-
6/30/2018	**87,022**	**80,711**	**80,398**	**1,278,799**
12/31/2017	**-**	**-**	**49,627**	**1,251,878**
6/30/2017	**52,203**	**66,939**	**-**	**-**

(1) Consists of administrative services and sharing of human resources for delivering the portion of macro processes provided to its subsidiaries. The costs are benchmarked to the benchmark company model used by the ANEEL regulated department for rate purposes. The contracts have been approved by ANEEL. The sharing contracts were signed on March 1, 2017, with a term of validity

of 60 months, and can be extended via an amendment subject to approval by ANEEL.

(2) This consists of the endorsement commission on loans charging 1.5% p.a. for subsidiaries - electricity distribution companies and the parent company Gipar, with interest of 1% p.a.

The endorsement commission referring to the contract with Gipar S/A yields interest of 1% p.a. and includes prepayments. In FY 2017, the amount of R$ 11,587 was paid and classified as a prepayment recorded under "prepaid expenses" and recognized in profit and loss at the rate of 1/12 per month. R$ 5,800 was recorded in the period ended June 30, 2018 (R$ 11,362 as of December 31, 2017) recorded in other financial expenses - endorsement commission in profit and loss for the period. The unappropriated balance as of June 30, 2018 is R$ 1,925, which will be recognized by August 2018.

(3) This denotes the interest costs on loans entered into with the subsidiaries for the period ended June 30, 2018, comprising the respective balances of each loan.

(4) Includes the amount of R$ 814 (R$ 32,544 as of December 31, 2017) which denotes the yields on short-term investments in the 33,540 debentures issued by the subsidiary EMT and bought back by the subsidiary on January 15, 2018 and R$ 11,942 as of December 31, 2017 of series 1 and 2 commercial papers issued by the subsidiary ETO – see note 6.2.

(5) The Extraordinary General Meeting held June 30, 2017 approved the merger into ESS of EBB, EDEVP, CNEE and CFLO (see note 1).

(6) In 2017 the Company acquired all of the incentivized series 1 and 2 debentures issued by the subsidiaries EMG, ESE, EPB, EMT, ESS, ETO and EMS, maturing on 6/15/2022 and yielding the IPCA price index plus 5.60% per annum for Series 1 and maturing on 6/15/2024 and yielding the IPCA price index plus 5.6601% per annum for Series 2. As of June 30, 2018 the restated value is R$ 1,278,494 (R$ 1,249,902 as of December 31, 2017) for its direct subsidiaries EMG, ESE and EPB and for its indirect subsidiaries ESS, EMT, ETO and EMS, as follows: (i) EMG R$ 68,859; EPB – R$ 197,412; ESE – R$ 120,992; EMT – R$ 312,704; ETO - R$ 215,337, ESS – R$ 208,144 and EMS R$ 155,046 (EMG R$ 67,153; EPB – R$ 191,856; ESE – R$ 117,589; EMT – R$ 308,208; ETO - R$ 211,003, ESS – R$ 204,298 and EMS R$ 149,795).
Cost of procuring endorsement and guarantee commission of the parent company for loans and financing agreements of the subsidiaries, at the rate of 1.5% p.a. The balance payable as of June 30, 2018 amounts to R$ 305 (R$ 1,979 as of December 31, 2017).

D&O compensation

	Parent Company		Consolidated	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Annual compensation [(a)]	7,809	4,732	73,975	69,718
Compensation of the board of directors members	481	430	1,970	2,266
Executive Board compensation	772	286	8,824	7,373
Other Benefits [(b)]	524	74	5,773	5,154

(a) Denotes the overall limit on the annual compensation of directors and officers for FY 2018 which was approved at the AGM held April 24, 2018.
(b) It includes payroll charges and private pension, health care and life insurance benefits.

The highest and lowest compensation attributed to directors and officers for June 2018 was R$ 121 and R$ 1 for the parent company and R$ 192 and R$ 2 in the consolidated statement (R$ 118 and R$ 1 for the parent company and R$ 187 and R$ 2 in the consolidated statement as of June 30, 2017) respectively. The average compensation in the period ended June 30, 2018 was R$ 18 at the parent company and R$ 43 in the consolidated statement (R$ 15 at the parent company and R$ 42 in the consolidated statement as of June 30, 2017).

The Company offered its executives a Variable Compensation Program through the first share program, titled long-term incentive (ILP), approved by the Board of Directors on May 10, 2018. The benefit is aimed at Company executives and will be paid in Company Units up to the established limit of 253,064 units, based on a value defined for each level taking into account individual performance, to be established in the share grant agreement, and the Company's performance, according to each executive's scope. The benefit aims to attract and retain key executives and reward them for the performance, based on the Company's performance targets. There is a vesting period of 3 years as from the grant date. The plan will be implemented over the course of 2018. The ILP did not produce material effects on net income for the period ended June 30, 2018.

15. Tax credits, deferred taxes and current income tax and social contribution expenses

The deferred IRPJ and CSLL are calculated on differences between the balances of assets and liabilities in the Interim Financial Statements and the corresponding tax bases used in the current IRPJ and CSLL calculation. The probability of recovering these balances is reviewed at the end of each period, and when it is no longer probable that future taxable income will be available to enable the recovery of all or part of the taxes, the asset balance is reduced by the amount expected to be recovered.

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Assets				
Tax loss carryforward	143,533	143,533	440,711	438,182
Negative basis of social contribution	51,672	51,672	172,236	173,317
Temporary differences	-	-	796,330	788,537
Total noncurrent assets	**195,205**	**195,205**	**1,409,277**	**1,400,036**

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Liabilities				
Temporary Differences:				
Income Tax	2,549	475	1,469,672	1,379,931
Social Contributions	918	172	529,082	496,775
Total - noncurrent liabilities	**3,467**	**647**	**1,998,754**	**1,876,706**

The deferred credits have the following nature:

	Parent Company			
	6/30/2018		12/31/2017	
	Calculation basis	IRPJ + CSLL	Calculation basis	IRPJ + CSLL
Assets/Liabilities				
Tax loss carryforward	574,133	143,533	574,133	143,533
Negative basis of social contribution	574,133	51,672	574,133	51,672
Other exclusions (unamortized debt issuance costs and market to market valuation)	(10,198)	(3,467)	(1,906)	(647)
Total	1,138,068	191,738	1,146,360	194,558
Total Noncurrent Assets	1,148,266	195,205	1,148,266	195,205
Total - Noncurrent Liabilities	(10,198)	(3,467)	(1,906)	(647)

	Consolidated			
	6/30/2018		12/31/2017	
	Base of calculation	IRPJ + CSSL	Base of calculation	IRPJ + CSSL
Assets/Liabilities				
Tax loss carryforward	1,762,843	440,711	1,752,729	438,182
Negative basis of social contribution	1,913,729	172,236	1,925,744	173,317
Allowance for doubtful accounts - (PCLD and Daycoval)	619,713	210,703	610,525	207,579
Provisions for labor, civil and tax risks	455,862	154,993	469,730	159,708
Tax credits - goodwill (1)	278,020	94,527	290,586	98,799
Provision for actuarial adjustment	481,139	163,588	458,373	155,847
Other provisions (PEE; R&D; Fees and Other)	432,587	147,080	407,372	138,507
Other temporary additions	74,821	25,439	71,180	24,201
Adjustments to present value (3)	(2,694,188)	(916,024)	(2,680,627)	(911,413)
Intangible assets - appreciation (2)	(1,636,810)	(556,515)	(1,710,338)	(581,515)
IRPJ and CSSL on the portion of the VNR of the concession accounts receivable and restatement	(866,964)	(294,768)	(644,026)	(218,969)
Revaluation reserve charges	(153,586)	(52,219)	(170,303)	(57,903)
Negative goodwill on interest in EMS	(188,407)	(64,058)	(188,407)	(64,058)
Mark-to-market - derivatives	(293,130)	(99,664)	(121,502)	(41,311)
Mark-to-market of debt securities	(39,040)	(13,274)	11,456	3,896
Other temporary exclusions	(6,565)	(2,232)	(4,519)	(1,537)
Total	**140,024**	**(589,477)**	**477,973**	**(476,670)**
Total Noncurrent Assets	**6,018,714**	**1,409,277**	**5,997,695**	**1,400,036**
Total - Noncurrent Liabilities	**(5,878,690)**	**(1,998,754)**	**(5,519,722)**	**(1,876,706)**

(1) The tax credits - goodwill of R$ 94,527 (R$ 98,799 as of December 31, 2017) are being realized over the remaining term of the subsidiaries' concession term: EBO (12 years) and EPB (13 years) by the straight-line method.

(2) This denotes income and social contribution taxes payable on the portion of the accounts receivable from the concession – VNR of the subsidiaries EMG, ENF and ESS (the new name of Caiuá Distribuição de Energia S/A), which as a result of having signed the new amendments to the concession agreement extending the concession term to 2045, transferred the balance of the financial asset determined up to the signature of these amendments to intangible assets to be amortized over the remaining useful life of the assets in accordance with the new concession term, which will result in the realization of the deferred credits to be realized under the amortization.

(3) Basically denotes the adjustment to present value recorded by the subsidiaries Rede Energia Participações and CTCE, for the credits of the creditors who chose to receive their credits in accordance with options A and B in the Judicial Reorganization Plan.

Tax credits were realized as follows:

Years	Parent Company	Consolidated
2018	-	17,618
2019	915	107,320
2020	11,129	117,710
2021	18,681	105,194
2022	20,950	102,009
2024 to 2027	143,530	959,426
Total	**195,205**	**1,409,277**

The income and social contribution amounts which affected the income for the period, in addition to the offsetting of the tax credits recorded, are shown below:

	Parent Company			
	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017
Income before tax on net income	103,983	235,023	59,612	179,369
Enacted tax rate	34%	34%	34%	34%
Income and social contribution taxes calculated at the total tax bracket	(35,354)	(79,908)	(20,268)	(60,985)
Adjustments:				
Permanent items:				
Equity in net income of subsidiaries	49,120	140,236	21,094	66,603
Tax credits not recorded in the period (2)	(16,585)	(63,147)	(826)	(5,618)
Income and social contribution taxes	**(2,819)**	**(2,819)**	**-**	**-**

	Consolidated			
	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017
Income before tax on net income	181,520	417,141	81,075	270,932
Enacted tax rate	34%	34%	34%	34%
Income and social contribution taxes calculated at the total tax bracket	(61,717)	(141,828)	(27,566)	(92,117)
Adjustments:				
Permanent items:				
Decrease in income tax and surcharges (1)	11,466	53,286	31,283	53,209
Tax credits not recorded in the period (2)	(21,624)	(74,745)	(13,966)	(25,721)
Other	(6,209)	(8,121)	4,217	(406)
Income and social contribution taxes	**(78,084)**	**(171,408)**	**(6,032)**	**(65,035)**
Effective tax rate	43.02%	41.09%	7.44%	24.00%

(1) In 2012 ESE, EPB and EBO obtained approval from the Ministry of Social Integration of their tax incentive applications, thereby reducing the income tax and surcharges by 75% on exploration profit for the period 1/1/2012 to 12/31/2021. In December/2014 the Ministry of Social Integration approved the applications made by the subsidiaries ETO and EMT for reductions to their income tax and surcharges (75%) for the period 1/1/2014 to 12/31/2023.

The decreases to the income tax and surcharges obtained by the subsidiaries amount to R$ 53,286 (R$ 53,209 as of June 30, 2017). These amounts were recorded directly in the income statement for the period under "current income and social contribution taxes", and will be allocated to the tax incentive reserve at the subsidiaries.

(2) Denotes tax losses, negative basis of social contribution and temporary differences recorded in the period.

16. Accounts receivable from the concession - consolidated

Law 12783/13 determines the methodology that should be adopted for the compensation of generation, transmission and distribution assets at the end of the concession, the VNR - New replacement value.

Company Management believes that this fact changed the contractual terms of the concession regarding the means of compensating the subsidiaries and electricity distribution companies Company for investments made in concession assets, which was recognized at historic cost until FY 2011.

Since December 31, 2012 the subsidiaries EMG, ENF, ESE, EPB, EBO, EMT, ESS (into which EDEVP, EEB, CNEE and CFLO were merged on June 30, 2017), ETO, e EMS began recognizing the VNR - New Replacement Value, ratified by ANEEL, for assets comprising the concession, restated by the variance of the IGP-M price index. In November 2015, ANEEL Normative Resolution 686/2015 approved a revision of Submodule 2.3 of the Rate Review Procedures (PRORET) for the Regulatory Asset Base (BRR), which determined the compensation basis be restated by the IPCA price index.

In order to enhance accounting practices, from the financial year ended December 31, 2017 the subsidiaries began recognizing monthly the compensation from the portion of assets comprising the incremental base, in the income statement as the assets are bifurcated, previously applied the variance of the IPCA price index to the shielded base only, in accordance with the rate revision ratified by ANEEL.

The compensation on the concession accounts receivable for the six-month period ended June 30, 2018 was therefore recorded under operating revenue as a compensable financial asset of the concession amounting to R$ 238,847 (R$ 21,452 as of June 30, 2017).

See the changes occurring in the period/year:

	Balance as of 12/31/2017	Additions	Write-offs	Operating revenue - compensable financial asset of the concession (2)	Balance as of 6/30/2018
Energisa Minas Gerais (EMG)	15,782	161	-	444	16,387
Energisa Paraíba (EPB)	464,587	22,328	(636)	11,879	498,158
Energisa Sergipe (ESE)	396,701	(6,794)	(2,782)	(4,078)	383,047
Energisa Nova Friburgo (ENF)	3,149	21	-	81	3,251
Energisa Borborema (EBO)	55,615	1,898	(51)	1,412	58,874
Energisa Mato Grosso (EMT)	1,827,340	(20,375)	(23,463)	131,611	1,915,113
Energisa Tocantins (ETO)	897,543	82,315	(11,318)	22,436	990,976
Energisa Mato Grosso do Sul (EMS)	704,613	74,192	(6,441)	71,170	843,534
Energisa Sul Sudeste (ESS)	38,984	735	(9)	1,008	40,718
Energisa Pará I Transmissora de Energia S/A (1)	9,565	27,585	-	1,580	38,730
Energisa Goiás I Transmissora de Energia S/A (1)	6,787	23,314	-	1,304	31,405
	4,420,666	**205,380**	**(44,700)**	**238,847**	**4,820,193**

	Balance 12/31/2016	Additions	Write-offs	Operating revenue - compensable financial asset of the concession (2)	Compensable Sector Assets	Incorporation	Balance 12/31/2017
Energisa Minas Gerais (EMG)	12,075	3,356	(3)	354	-	-	15,782
Energisa Paraíba (EPB)	425,000	24,935	(5,299)	2,783	17,168	-	464,587
Energisa Sergipe (ESE)	345,783	21,494	(13)	29,437	-	-	396,701
Energisa Nova Friburgo (ENF)	3,046	33	(19)	89	-	-	3,149
Energisa Borborema (EBO)	47,949	5,573	(441)	846	1,688	-	55,615
Energisa Mato Grosso (EMT)	1,327,640	433,949	(27,269)	93,020	-	-	1,827,340
Energisa Tocantins (ETO)	704,017	197,786	(26,217)	21,957	-	-	897,543
Energisa Mato Grosso do Sul (EMS)	585,801	73,781	2,171	42,860	-	-	704,613
Energisa Sul Sudeste (ESS) (*)	12,572	4,580	-	739	-	21,093	38,984
Empresa Elétrica Bragantina S.A. (*)	8,331	-	-	63	-	(8,394)	-
Companhia Nacional de Energia Elétrica (*)	5,854	3	-	37	-	(5,894)	-
Companhia Força e Luz do Oeste (*)	1,527	3	-	19	-	(1,549)	-
Empresa de Distrib. De Energia Vale Paranapanema S.A. (*)	5,203	-	-	53	-	(5,256)	-
Energisa Pará I Transmissora de Energia S/A (1)	-	9,413	-	152	-	-	9,565
Energisa Goiás I Transmissora de Energia S/A (1)	-	6,668	-	119	-	-	6,787
	3,484,798	**781,574**	**(57,090)**	**192,528**	**18,856**	**-**	**4,420,666**

(1) The additions, including PIS and COFINS, are related to the investment in the public electricity transmission service infrastructure, which we recovered via the cash flow to be received directly from users delegated by the concession authority, with the amount invested in the period amounting to R$ 50,899 (R$ 16,081 as of December 31, 2017).

(2) The assets are revalued by applying the monthly variance of the IPCA price index, which is the index used by the regulatory agency in rate adjustment processes, Management's best estimate and the history of disallowances in previous ratifications, which reflects the best estimate of the asset's fair value. By way of technical notes 68/2018, 65/2018 and 86/2018 on March 29, 2018 and April 11, 2018 ANEEL approved the new compensation base of the subsidiaries for the 4th rate cycle which made it possible to fully recognize the fair value measurement of the financial asset VNR, generating an addition at the subsidiaries EMT of R$ 98,431, EMS of R$ 31,987 and a decrease at the subsidiary ESE of R$ 13,377, respectively, recorded in the period.

(*) Merged into ESS on June 30, 2017.

17. Investment

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Interest in subsidiaries	4,908,920	4,194,291	-	-
Other	9,979	9,979	49,292	49,177
Total	**4,918,889**	**4,204,270**	**49,292**	**49,177**

Interest in subsidiaries:

6/30/2018									
Information about subsidiaries								Information about the parent company's investment	
Subsidiary	%	No. shares/quotas held/thousand	Capital	Assets	Liabilities	Shareholder's' Equity	Net income in the period	Equity in net income of subsidiaries and associated companies	Investments
Distribution								**261,610**	**2,460,044**
Energisa Minas Gerais (EMG)	100	819	228,428	890,471	621,880	268,591	15,197	15,197	268,592
Energisa Sergipe (ESE)	100	196	417,225	1,865,355	1,540,982	324,373	36,950	36,950	324,373
Energisa Paraíba (EPB)	100	918	571,865	2,343,524	1,548,719	794,805	131,336	131,336	794,805
Energisa Borborema (EBO)	100	293	82,532	330,427	207,166	123,261	13,047	13,047	123,261
Energisa Nova Friburgo (ENF)	100	30	63,343	212,126	128,705	83,421	3,471	3,471	83,421
Energisa Mato Grosso (EMT)	39.82	84,778	1,514,569	6,881,751	4,707,914	2,173,837	160,199	61,609	865,592
Generation								**(134)**	**5,431**
Parque Eólico Sobradinho	100	7,577	7,577	3,965	38	3,927	(111)	(111)	3,927
Energisa Geração Usina Maurício	100	1,748	1,748	1,227	10	1,217	41	41	1,217
Energisa Geração Solar Coremas	100	1,004	1,004	319	-	319	(11)	(11)	319
Energisa Geração Eólica Boa Esperança	100	58	49	1	9	(8)	(10)	(10)	(8)
Energisa Geração Eólica Mandacaru	100	58	49	1	-	1	(10)	(10)	1
Energisa Geração de Energia S.A	100	45	45	1	8	(7)	(11)	(11)	(7)
Energisa Geração Eólica Alecrim	100	58	49	1	10	(9)	(11)	(11)	(9)
Energisa Geração Eólica Umbuzeiro - Muquim	100	57	48	1	10	(9)	(11)	(11)	(9)
Transmission								**1,841**	**66,024**
Energisa Pará I Transmissora de Energia S/A	100	1	9,305	40,160	3,144	37,016	1,491	1,491	37,016
Energisa Goiás I Transmissora de Energia S/A	100	1	1	32,467	3,457	29,010	354	354	29,010
Energisa Pará Transmissora de Energia II S/A	100	1	1	1	2	(1)	(2)	(2)	(1)
Energisa Empreendimentos de Energia II S/A	100	1	1	1	2	(1)	(2)	(2)	(1)
Commercialization								**(488)**	**17,343**
Energisa Comercializadora	100	5,119	5,119	158,328	140,985	17,343	(488)	(488)	17,343
Rendering of Services								**(5,965)**	**94,649**
Energisa Soluções	100	95,000	95,000	159,603	71,462	88,141	(5,625)	(5,625)	88,141
Energisa Serviços Aéreos de Aeroinspeção	100	6,313	6,313	3,704	143	3,561	(909)	(909)	3,561
Energisa Planejamento	58.26	1,686	4,109	5,766	707	5,059	977	569	2,947
Holding companies and other companies								**155,594**	**2,096,993**
Dinâmica Credit Receivables	100	1,955	1,877	1,850	11	1,839	(68)	(68)	1,839
Denerge S/A	99.97	531	1,316,157	1,665,872	517,971	1,147,901	101,725	101,701	1,147,623
Rede Energia Participações S/A (new name of (Rede Energia S.A.)	29.57	608,412	2,777,404	3,986,212	781,308	3,204,904	182,517	53,961	947,531
Goodwill paid in the acquisition of subsidiaries								**(7,559)**	**168,436**
Total								**404,899**	**4,908,920**

12/31/2017									
Information about subsidiaries								Information about the parent company's investment	
Subsidiary	%	No. shares/quotas held/thousand	Capital	Assets	Liabilities	Shareholders' Equity	Net income for the year	Equity in net income of subsidiaries and associated companies	Investments
Distribution								**435,802**	**1,900,672**
Energisa Minas Gerais (EMG)	100	819	228,428	898,301	624,812	273,489	29,227	29,227	273,489
Energisa Sergipe (ESE)	100	196	400,475	1,782,228	1,400,345	381,883	138,997	138,997	381,883
Energisa Paraíba (EPB)	100	918	526,991	2,232,644	1,400,617	832,027	232,570	232,570	832,027
Energisa Borborema (EBO)	100	293	78,159	352,561	226,057	126,504	30,739	30,739	126,504
Energisa Nova Friburgo (ENF)	100	30	63,343	234,985	148,117	86,868	5,427	5,427	86,868
Energisa Mato Grosso (EMT)	8.94	19,026	1,514,569	6,591,217	4,354,212	2,237,005	(10,783)	(1,158)	199,901
Generation								**(87)**	**4,966**
Parque Eólico Sobradinho	100	7,577	7,577	3,644	178	3,466	(117)	(117)	3,466
Energisa Geração Usina Maurício	100	1,621	1,621	1,186	12	1,174	100	100	1,174
Energisa Geração Solar Coremas	100	989	989	320	-	320	(16)	(16)	320
Energisa Geração Eólica Boa Esperança	100	45	36	1	-	1	(12)	(12)	1
Energisa Geração Eólica Mandacaru	100	46	37	1	-	1	(12)	(12)	1
Energisa Geração de Energia S.A	100	38	38	2	-	2	(6)	(6)	2
Energisa Geração Eólica Alecrim	100	46	37	1	-	1	(12)	(12)	1
Energisa Geração Eólica Umbuzeiro - Muquim	100	45	36	1	-	1	(12)	(12)	1
Transmission								**(887)**	**15,047**
Energisa Pará I Transmissora de Energia S/A	100	1	1	9,934	1,123	8,811	(495)	(495)	8,811
Energisa Goiás I Transmissora de Energia S/A	100	1	1	7,025	789	6,236	(392)	(392)	6,236
Commercialization								**17,544**	**17,831**
Energisa Comercializadora	100	5,119	5,119	151,758	133,927	17,831	17,544	17,544	17,831
Rendering of Services								**2,706**	**101,507**
Energisa Soluções	100	95,000	95,000	159,795	66,028	93,767	2,025	2,025	93,766
Energisa Serviços Aéreos de Aeroinspeção	100	6,313	6,313	4,842	372	4,470	(1,244)	(1,244)	4,470
Energisa Planejamento	58.3	1,686	4,109	7,202	1,587	5,615	2,045	1,925	3,271
Holding companies and other companies								**80,374**	**1,978,273**
Alvorada Direitos Creditórios S.A	100	400	-	-	-	-	(33)	(33)	-
Dinâmica Credit Receivables	100	1,955	1,877	1,919	12	1,907	41	41	1,907
Denerge S/A	99.97	531	1,316,157	1,635,495	552,308	1,083,187	44,520	40,657	1,082,924
Rede Energia Participações S/A (new name of (Rede Energia S.A.)	29.56	608,344	2,777,404	4,182,729	1,160,441	3,022,288	140,251	39,709	893,442
Goodwill paid in the acquisition of subsidiaries								**(15,118)**	**175,995**
Total								**520,334**	**4,194,291**

Changes in the investments:

Subsidiary	Balance as of 12/31/2017	Acquisition	Gain/Loss on share acquisition (1)	Capital transactions (2)	Dividends	Equity in net income of subsidiaries and associated companies	Balance as of 6/30/2018
Electricity Distribution	**1,900,672**	**567,418**	**130,945**	**-**	**(400,601)**	**261,610**	**2,460,044**
Energisa Minas Gerais (EMG)	273,489	-	-	-	(20,094)	15,197	268,592
Energisa Sergipe (ESE)	381,883	-	-	-	(94,460)	36,950	324,373
Energisa Paraíba (EPB)	832,027	-	-	-	(168,558)	131,336	794,805
Energisa Borborema (EBO)	126,504	-	-	-	(16,290)	13,047	123,261
Energisa Nova Friburgo (ENF)	86,868	-	-	-	(6,918)	3,471	83,421
Energisa Mato Grosso (EMT) (1)	199,901	567,418	130,945	-	(94,281)	61,609	865,592
Electricity Generation	**4,966**	**599**	**-**	**-**	**-**	**(134)**	**5,431**
Parque Eólico Sobradinho	3,466	572	-	-	-	(111)	3,927
Energisa Geração Usina Maurício	1,174	2	-	-	-	41	1,217
Energisa Geração Solar Coremas	320	10	-	-	-	(11)	319
Energisa Geração Eólica Boa Esperança	1	1	-	-	-	(10)	(8)
Energisa Geração Eólica Mandacaru	1	10	-	-	-	(10)	1
Energisa Geraçao de Energia S.A	2	2	-	-	-	(11)	(7)
Energisa Geração Eólica Alecrim	1	1	-	-	-	(11)	(9)
Energisa Geração Eólica Umbuzeiro - Muquim	1	1	-	-	-	(11)	(9)
Transmissora de Energia Elétrica	**15,047**	**49,136**	**-**	**-**	**-**	**1,841**	**66,024**
Energisa Pará Transmissora de Energia I S/A	8,811	26,714	-	-	-	1,491	37,016
Energisa Goiás Transmissora de Energia I S/A	6,236	22,420	-	-	-	354	29,010
Energisa Energia I S/A	-	1	-	-	-	(2)	(1)
Energisa Energia II S/A	-	1	-	-	-	(2)	(1)
Electricity Trading	**17,831**	**-**	**-**	**-**	**-**	**(488)**	**17,343**
Energisa Comercializadora	17,831	-	-	-	-	(488)	17,343
Rendering of Services	**101,507**	**-**	**-**	**-**	**(893)**	**(5,965)**	**94,649**
Energisa Soluções	93,766	-	-	-	-	(5,625)	88,141
Energisa Serviços Aéreos de Aeroinspeção	4,470	-	-	-	-	(909)	3,561
Energisa Planejamento	3,271	-	-	-	(893)	569	2,947
Holding companies and other companies	**1,978,273**	**318**	**(163)**	**(37,029)**	**-**	**155,594**	**2,096,993**
Dinâmica Credit Receivables	1,907	-	-	-	-	(68)	1,839
Denerge S/A	1,082,924	1	26	(37,029)	-	101,701	1,147,623
Rede Energia Participações S.A.	893,442	317	(189)	-	-	53,961	947,531
Goodwill paid in the acquisition of subsidiaries	**175,995**	**-**	**-**	**-**	**-**	**(7,559)**	**168,436**
Total	**4,194,291**	**617,471**	**130,782**	**(37,029)**	**(401,494)**	**404,899**	**4,908,920**

(1) Denotes the gain made on the acquisition of the noncontrolling interest at the public share offering auction held on January 16 and February 2, 2018, at which 65,740,888 shares of the subsidiary EMT were acquired for R$ 567,418 (R$ 566,161 net of the applicable fees, charges and commission), resulting in a gain of R$ 130,945 charged directly to shareholders' equity under transactions with partners. Shares were also acquired of Denerge and Rede Energia in the amount of R$ 318, resulting in a loss of R$ 163 also directly recorded in Shareholders' Equity.

(2) Includes a portion resulting from the percentage interest in the subsidiary EEVP, referring to the derivative financial instrument described in note 33, which in the period amounted to R$ 37,029, which was charged to shareholders' equity.

Subsidiary	Balance as of 12/31/2016	Acquisition	Gain/Loss on share acquisition (1)	Capital transactions (2)	Merger	Dividends	Other comprehensive income	Equity in net income of subsidiaries and associated companies	Balance as of 12/31/2017
Electricity Distribution	**1,727,766**	**-**	**458**	**-**	**-**	**(233,901)**	**(29,453)**	**435,802**	**1,900,672**
Energisa Minas Gerais (EMG)	267,785	-	-	-	-	(22,241)	(1,282)	29,227	273,489
Energisa Sergipe (ESE)	313,347	-	-	-	-	(50,241)	(20,220)	138,997	381,883
Energisa Paraíba (EPB)	745,602	-	-	-	-	(138,632)	(7,513)	232,570	832,027
Energisa Borborema (EBO)	115,571	-	-	-	-	(19,806)	-	30,739	126,504
Energisa Nova Friburgo (ENF)	82,557	-	-	-	-	(1,289)	173	5,427	86,868
Energisa Mato Grosso (EMT) (1)	202,904	-	458	-	-	(1,692)	(611)	(1,158)	199,901
Electricity Generation	**4,075**	**978**	**-**	**-**	**-**	**-**	**-**	**(87)**	**4,966**
Parque Eólico Sobradinho	2,801	782	-	-	-	-	-	(117)	3,466
Energisa Geração Usina Maurício	948	126	-	-	-	-	-	100	1,174
Energisa Geração Solar Coremas	321	15	-	-	-	-	-	(16)	320
Energisa Geração Eólica Boa Esperança	1	12	-	-	-	-	-	(12)	1
Energisa Geração Eólica Mandacaru	1	12	-	-	-	-	-	(12)	1
Energisa Geração de Energia S.A	1	7	-	-	-	-	-	(6)	2
Energisa Geração Eólica Alecrim	1	12	-	-	-	-	-	(12)	1
Energisa Geração Eólica Umbuzeiro - Muquim	1	12	-	-	-	-	-	(12)	1
Transmissora de Energia Elétrica	**-**	**15,934**	**-**	**-**	**-**	**-**	**-**	**(887)**	**15,047**
Energisa Pará Transmissora de Energia I S/A	-	9,306	-	-	-	-	-	(495)	8,811
Energisa Goiás Transmissora de Energia I S/A	-	6,628	-	-	-	-	-	(392)	6,236
Electricity Trading	**4,481**	**-**	**-**	**-**	**-**	**(4,236)**	**42**	**17,544**	**17,831**
Energisa Comercializadora	4,481	-	-	-	-	(4,236)	42	17,544	17,831
Rendering of Services	**84,461**	**14,831**	**2**	**-**	**-**	**(1,967)**	**1,474**	**2,706**	**101,507**
Energisa Soluções	75,301	15,000	-	-	-	-	1,440	2,025	93,766
Energisa Serviços Aéreos de Aeroinspeção	5,893	(179)	-	-	-	-	-	(1,244)	4,470
Energisa Planejamento	3,267	10	2	-	-	(1,967)	34	1,925	3,271
Holding companies and other companies	**2,004,194**	**3,314**	**4,037**	**(89,453)**	**-**	**(13,940)**	**(10,253)**	**80,374**	**1,978,273**
Alvorada Direitos Creditórios S.A	137	-	-	-	(104)	-	-	(33)	-
Dinâmica Credit Receivables	1,760	12	-	-	104	(10)	-	41	1,907
Denerge S/A	1,141,347	-	3,425	(89,453)	-	(5,956)	(7,096)	40,657	1,082,924
Rede Energia Participações S.A.	860,950	3,302	612	-	-	(7,974)	(3,157)	39,709	893,442
Goodwill paid in the acquisition of subsidiaries	**191,113**	**-**	**-**	**-**	**-**	**-**	**-**	**(15,118)**	**175,995**
Total	**4,016,090**	**35,057**	**4,497**	**(89,453)**	**-**	**(254,044)**	**(38,190)**	**520,334**	**4,194,291**

(1) Gain/loss on transactions with subsidiaries as of December 31, 2017, recorded directly in shareholders' equity.

(2) Includes a portion resulting from the percentage interest in the subsidiary EEVP, referring to the derivative financial instrument described in note 33, which in the year amounted to R$ 89,453, which was charged to shareholders' equity.

Accumulated amortization of intangible assets in the period ended June 30, 2018, which are recorded in the income statement under amortization and depreciation and income tax and social contribution originate as follows:

	EMT	ETO	EMS	Total 6/30/2018	Total 12/31/2017
Amortization in the period/year	(31,933)	(31,817)	(35,704)	(99,454)	(198,910)
IR and CSSL income taxes	10,857	10,818	12,139	33,814	67,630
Amortization net of taxes	**(21,076)**	**(20,999)**	**(23,565)**	**(65,640)**	**(131,280)**

The Company holds indirect interests in the electricity distribution and services companies, directly controlled by Rede Energia S/A, as follows:

6/30/2018					
Indirect subsidiaries	% indirect	Assets	Liabilities	Shareholders' Equity	Net income in the period
Electricity Distribution					
Energisa Tocantins	73.80	2,457,601	1,684,036	773,565	9,194
Energisa Mato Grosso	55.51	6,881,751	4,707,914	2,173,837	160,199
Energisa Mato Grosso do Sul	96.19	3,580,862	2,314,493	1,266,369	66,757
Energisa Sul-Sudeste - Distribuidora de Energia S/A (1)	95.28	1,722,006	1,143,870	578,136	48,901
Multi Energisa Serviços S/A	96.26	20,318	10,329	9,989	1,359
QMRA Participações S.A.	96.26	82,016	50,682	31,334	1,282
Rede Power do Brasil S.A.	96.26	510,827	53,599	457,228	25,197
Companhia Técnica de Comercialização de Energia	96.26	18,082	194,101	(176,019)	(4,013)

12/31/2017					
Indirect subsidiaries	% indirect	Assets	Liabilities	Shareholders' Equity	Net income for the
Electricity Distribution					
Energisa Tocantins	73.80	2,241,115	1,412,235	828,880	39,811
Energisa Mato Grosso	55.51	6,591,217	4,354,212	2,237,005	(10,783)
Energisa Mato Grosso do Sul	96.18	3,558,377	2,275,413	1,282,964	58,141
Energisa Sul-Sudeste - Distribuidora de Energia S/A (1)	95.28	1,758,422	1,158,409	600,013	69,190
Multi Energisa Serviços S/A	96.26	40,621	28,894	11,727	4,348
QMRA Participações S.A.	96.25	79,923	49,870	30,053	3,902
Rede Power do Brasil S.A.	96.25	577,742	70,946	506,796	45,007
Companhia Técnica de Comercialização de Energia	96.26	131,333	303,339	(172,006)	(5,372)
Vale Do Vacaria Açúcar e Álcool S/A	96.25	1,288	-	1,288	(127)

18. Property, plant and equipment

	Parent Company					
	Average depreciation rate (%)	Balance 12/31/2017	Addition	Transfers	Depreciation	Balance 6/30/2018
Property, plant and equipment In service						
Cost:						
Land	-	16	-	-	-	16
Buildings and improvements	3.40%	23,766	-	654	-	24,420
Plant and equipment	13.51%	17,137	-	2,217	-	19,354
Vehicles	14.29%	16,396	-	449	-	16,845
Furniture and fixtures	8.40%	15,142	-	14	-	15,156
Total property, plant and equipment in		**72,457**	**-**	**3,334**	**-**	**75,791**
Accumulated depreciation:						
Buildings and improvements		(1,661)	-	(387)	(411)	(2,459)
Plant and equipment		(5,350)	-	-	(1,217)	(6,567)
Vehicles		(8,576)	-	-	(635)	(9,211)
Furniture and fixtures		(12,756)	-	-	(182)	(12,938)
Total accumulated depreciation		**(28,343)**	**-**	**(387)**	**(2,445)**	**(31,175)**
Subtotal Property, Plant and Equipment		44,114	-	2,947	(2,445)	44,616
Property, plant and equipment in		4,671	2,275	(2,947)	-	3,999
Total of Property, plant and equipment		**48,785**	**2,275**	**-**	**(2,445)**	**48,615**

	Subsidiary						
	Average depreciation rate (%)	Balance 12/31/2016	Addition	Transfers	Write-offs	Depreciation	Balance 12/31/2017
Property, plant and equipment In service							
Cost:							
Land	-	16	-	-	-	-	16
Buildings and improvements	3.33%	5,291	-	19,402	(927)	-	23,766
Plant and equipment	13.39%	8,977	-	8,160	-	-	17,137
Vehicles	13.57%	8,450	-	7,946	-	-	16,396
Furniture and fixtures	6.95%	13,764	-	1,378	-	-	15,142
Total property, plant and equipment in		**36,498**	**-**	**36,886**	**(927)**	**-**	**72,457**
Accumulated depreciation:							
Buildings and improvements		(2,333)	-	-	855	(183)	(1,661)
Plant and equipment		(4,023)	-	-	-	(1,327)	(5,350)
Vehicles		(7,930)	-	-	-	(646)	(8,576)
Furniture and fixtures		(12,385)	-	-	-	(371)	(12,756)
Total accumulated depreciation		**(26,671)**	**-**	**-**	**855**	**(2,527)**	**(28,343)**
Subtotal Property, Plant and Equipment		**9,827**	**-**	**36,886**	**(72)**	**(2,527)**	**44,114**
Property, plant and equipment in		**8,505**	33,052	**(36,886)**	-	-	**4,671**
Total of Property, plant and equipment		**18,332**	**33,052**	**-**	**(72)**	**(2,527)**	**48,785**

	Consolidated						
	Average depreciation rate (%)	Balance 12/31/2017	Addition	Transfers	Write-offs (*)	Amortization / Depreciation	Balance 6/30/2018
Property, plant and equipment In service							
Cost:							
Land	-	1,448	-	-	-	-	1,448
Reservoirs, Dams and Power Tunnels	3.05%	2,792	-	-	-	-	2,792
Buildings and improvements	3.28%	35,905	-	1,213	-	-	37,118
Plant and equipment	12.11%	176,775	-	9,958	(102)	-	186,631
Vehicles	14.27%	64,341	-	1,725	-	-	66,066
Furniture and fixtures	6.46%	65,193	-	655	(1)	-	65,847
Total property, plant and equipment in service		**346,454**	**-**	**13,551**	**(103)**	**-**	**359,902**
Accumulated depreciation:							
Reservoirs, Dams and Power Tunnels		(818)	-	-	-	(12)	(830)
Buildings and improvements		(5,806)	-	(375)	-	(569)	(6,750)
Plant and equipment		(99,578)	-	(61)	40	(7,839)	(107,438)
Vehicles		(30,943)	-	42	-	(3,658)	(34,559)
Furniture and fixtures		(45,977)	-	7	(1)	(1,131)	(47,102)
Total accumulated depreciation		(183,122)	-	(387)	39	(13,209)	(196,679)
Subtotal Property, Plant and Equipment		**163,332**	**-**	**13,164**	**(64)**	**(13,209)**	**163,223**
Property, plant and equipment in progress		14,804	8,281	(13,164)	-	-	9,921
Total of Property, plant and equipment		**178,136**	**8,281**	**-**	**(64)**	**(13,209)**	**173,144**

(*) The amount of R$ 64 denotes write-offs in the period, initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the period in other operating income (expenses).

	Consolidated						
	Average depreciation rate (%)	Balance 12/31/2016	Addition (*)	Transfers	Write-offs (**)	Amortization / Depreciation	Balance 12/31/2017
Property, plant and equipment In service							
Cost:							
Software	20.00%	23	-	-	(23)	-	-
Land	-	1,448	-	-	-	-	1,448
Reservoirs, Dams and Power Tunnels	2.60%	2,191	-	609	(8)	-	2,792
Buildings and improvements	2.94%	16,976	-	19,566	(637)	-	35,905
Plant and equipment	12.40%	150,106	12,883	21,628	(7,842)	-	176,775
Vehicles	13.30%	86,480	-	17,278	(39,417)	-	64,341
Furniture and fixtures	6.23%	55,719	6,678	2,956	(160)	-	65,193
Total property, plant and equipment in service		**312,943**	**19,561**	**62,037**	**(48,087)**	**-**	**346,454**
Accumulated depreciation:							
Software		(20)	-	-	20	-	-
Reservoirs, Dams and Power Tunnels		(812)	-	-	4	(10)	(818)
Buildings and improvements		(5,995)	(51)	(164)	855	(451)	(5,806)
Plant and equipment		(80,097)	(13,605)	-	3,174	(9,050)	(99,578)
Vehicles		(60,891)	(385)	-	37,154	(6,821)	(30,943)
Furniture and fixtures		(38,011)	(5,809)	-	41	(2,198)	(45,977)
Total accumulated depreciation		(185,826)	(19,850)	(164)	41,248	(18,530)	(183,122)
Subtotal Property, Plant and Equipment		**127,117**	**(289)**	**61,873**	**(6,839)**	**(18,530)**	**163,332**
Property, plant and equipment in progress		15,296	61,381	(61,873)	-	-	**14,804**
Total of Property, plant and equipment		**142,413**	**61,092**	**-**	**(6,839)**	**(18,530)**	**178,136**

(*) R$ 289 of the additions of R$ 61,092 entail the transfer of intangible assets to the property, plant and equipment.

(**) The amount of R$ 6,839 denotes write-offs in the period, initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the period in other operating income (expenses).

19. Intangible assets

19.1 Intangible assets - parent company

	Parent Company					
	Average amortization rate (%)	Balance 12/31/2017	Additions	Transfers	Amortization	Balance 6/30/2018
In Service						
Cost of software	20.00%	17,147	-	5,987	-	23,134
Accumulated Amortization		(10,118)	-	-	(1,650)	(11,768)
Subtotal		7,029	-	5,987	(1,650)	11,366
In Progress		4,520	3,987	(5,987)	-	2,520
Grand Total		**11,549**	**3,987**	**-**	**(1,650)**	**13,886**

	Parent Company					
	Average amortization rate (%)	Balance 12/31/2016	Additions	Transfers	Amortization	Balance 12/31/2017
In Service						
Cost of software	20.00%	17,016	-	131	-	17,147
Accumulated Amortization		(7,417)	-	-	(2,701)	(10,118)
Subtotal		**9,599**	-	131	(2,701)	7,029
In Progress		-	4,651	(131)	-	4,520
Grand Total		**9,599**	**4,651**	**-**	**(2,701)**	**11,549**

19.2 Intangible assets - Consolidated

	CONSOLIDATED						
	Average amortization rate (%)	Balance 12/31/2017	Addition	Transfers	Write-offs (*)	Amortization / Depreciation (**)	Balance 6/30/2018
Intangible assets in service							
Cost	10.48%	16,079,665	-	196,812	(126,085)	-	16,150,392
Accumulated Amortization		(8,297,458)	-	(1,375)	73,307	(473,062)	(8,698,588)
Subtotal		7,782,207	-	195,437	(52,778)	(473,062)	7,451,804
In Progress		848,312	770,205	(195,715)	(258,422)	-	1,164,380
Total		8,630,519	770,205	(278)	(311,200)	(473,062)	8,616,184
(-) Obligations linked to the concession							
In Service							
Cost	3.80%	3,722,038	-	(52,404)	-	-	3,669,634
Accumulated Amortization		(2,028,539)	-	(278)	-	(70,803)	(2,099,620)
Subtotal		1,693,499	-	(52,682)	-	(70,803)	1,570,014
In Progress		197,120	119,984	52,404	(103,941)	-	265,567
Total obligations linked to the concession		**1,890,619**	**119,984**	**(278)**	**(103,941)**	**(70,803)**	**1,835,581**
Grand Total		**6,739,900**	**650,221**	**-**	**(207,259)**	**(402,259)**	**6,780,603**

(*) R$ 154,481 of the write-offs of R$ 207,259 denotes the transfer of intangible assets net of special obligations to the concession's accounts receivable, and R$ 52,778 consists of write-offs in the period. They are initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the period/year in other operating income (expenses).

"The amount transferred from intangible assets net of special obligations to the concession's accounts receivable of R$ 154,481 (R$ 765,493 as of December 31, 2017), denotes the bifurcated portion of the intangible asset to be compensated at the end of the concession by the concession authority, as per the electricity distribution concession agreement classified under the technical interpretation of ICPC 01 (IFRIC 12)."

(**) In the period the company recorded PIS and COFINS credits on the amortization of assets and equipment in the amount of R$ 18,590 (R$ 36,118 as of December 31, 2017) and R$ 20 for depreciation of the future use assets of the direct subsidiary EMS.

	CONSOLIDATED						
	Average amortization rate (%)	Balance 12/31/2016	Addition	Transfers	Write-offs (*)	Amortization / Depreciation (**)	Balance 12/31/2017
Intangible assets in service							
Cost	11.47%	14,651,198	-	1,648,921	(220,454)	-	16,079,665
Accumulated Amortization		(6,867,309)	14,703	(687,133)	162,992	(920,711)	(8,297,458)
Subtotal		7,783,889	14,703	961,788	(57,462)	(920,711)	7,782,207
In Progress		1,166,531	1,926,805	(1,196,033)	(1,048,991)	-	848,312
Total		**8,950,420**	1,941,508	(234,245)	(1,106,453)	(920,711)	8,630,519
(-) Obligations linked to the concession							
In Service							
Cost	3.91%	2,819,616	213	902,209	-	-	3,722,038
Accumulated Amortization		(1,219,826)	-	(673,522)	-	(135,191)	(2,028,539)
Subtotal		1,599,790	213	228,687	-	(135,191)	1,693,499
In Progress		327,810	615,740	(462,932)	(283,498)	-	197,120
Total obligations linked to the concession		**1,927,600**	**615,953**	**(234,245)**	**(283,498)**	**(135,191)**	**1,890,619**
Grand Total		**7,022,820**	**1,325,555**	**-**	**(822,955)**	**(785,520)**	**6,739,900**

(*) R$ 765,493 of the write-offs of R$ 822,955 denotes the transfer of intangible assets net of special obligations to the concession's accounts receivable, and R$ 57,462 consists of write-offs in the year. They are initially recorded in Deactivation orders - ODD and at the end of the process the amounts are transferred to profit or loss for the year in other operating income (expenses).

"The amount transferred from intangible assets net of special obligations to the concession's accounts receivable of R$ 765,493 (R$ 527,173 as of December 31, 2016), denotes the bifurcated portion of the intangible asset to be compensated at the end of the concession by the concession authority, as per the electricity distribution concession agreement classified under the technical interpretation of ICPC 01 (IFRIC 12)."

(**) In the year the company recorded PIS and COFINS credits on the amortization of assets and equipment in the amount of R$ 36,118 (R$ 33,935 as of December 31, 2016).

(**) Includes R$ 15,780 of the indirect subsidiary EMT of amortization expense related to the recognition of assets of the Comodoro project.

19.3 Intangible assets - Concession Agreement - Consolidated

Portion of the assets used by the subsidiaries in the electricity distribution concession to be recovered through electricity rates during the arrangement term.

The assets used by the subsidiaries in their operations are tied to public energy distribution services, and may not be removed, sold, transferred or pledged under mortgage guarantee without the prior, express consent of the Regulatory Authority. ANEEL Normative Resolution 691/2015 issued December 8, 2015 regulates the freeing up of the public electricity service concessions' infrastructure, awarding preliminary authorization for the release for the purpose of disposal. It also determines the proceedings of the disposal be deposited into a specific bank account and the funds reinvested into the concession's assets.

The intangible assets are being amortized at the rates established by ANEEL Normative Resolution 674 issued August 11, 2015, limited to the concession term based on the economic benefits generated annually.

The balance of intangible assets and accounts receivable from the concession is reduced by obligations linked to the concession, consisting of:

Obligations linked to the concession:	6/30/2018	12/31/2017
Consumer contributions (1)	3,709,851	3,584,197
Government Subsidy – CDE funds (2)	1,147,962	1,192,783
State Government Subsidy (2)	306,022	306,022
Reversal reserve (3)	9,588	9,972
Excess Demand Revenue and Surplus Reactive Energy	296,465	296,465
(-) Accumulated amortization	(2,099,620)	(2,028,539)
Total	**3,370,268**	**3,360,900**
Allocation:		
Accounts receivable from the concession	1,534,687	1,470,281
Infrastructure - Intangible assets in service	1,570,014	1,693,499
Infrastructure - Intangible assets in progress	265,567	197,120
Total	**3,370,268**	**3,360,900**

(1) Consumer contributions refer to third-party participation in construction work to supply electricity to areas not embraced by the electricity concessionaires' expansion projects.

(2) Government subsidies (funds from the Energy Development Account - CDE) and state government funds are allocated to the Light for All program.

(3) The reversal reserve, constituted up until December 31, 1971, represents the amount of proceeds deriving from the reversal fund, which have been invested in the Company's expansion project, charged interest of 5 % per annum paid monthly.

Excess Demand Revenue and Surplus Reactive Energy

Pursuant to Normative Resolution 660 issued April 28, 2015 and ANEEL Order 245 issued January 28, 2016, as from the 4th rate review cycle the Excess Demand and Excess Reactive Power Revenue is now recorded under Sector Financial Assets. Energisa's direct and indirect subsidiaries have undergone the 4th rate review cycle.

19.4 Concession right - consolidated

	Consolidated	
	6/30/2018	12/31/2017
Recognized by subsidiaries (1)	538,012	538,012
Recognized by parent company (2)	298,589	298,589
Acquisition of interest (3)	67,358	67,358
Accumulated amortization	(520,052)	(500,178)
Subtotal	**383,907**	**403,781**

The change is as follows:

	Consolidated	
	6/30/2018	12/31/2017
Opening balance	**403,781**	**443,524**
Amortization in the period	(19,874)	(39,743)
Closing balance	**383,907**	**403,781**

(1) Intangible assets recognized by the subsidiary:

Refers to the concession right incorporated by the subsidiary ESE which is being amortized from April 1998 and will continue to be amortized until the end of the electricity distribution concession (December 2027). In accordance with IAS 16, since January 1, 2016 the Company has been recording amortization of goodwill over the remaining period of the respective concession exploration licenses, by the straight line method.

The amortization will reduce the income and social contribution taxes by 34%. As of June 30, 2018 the balance to be amortized by the subsidiary is R$ 215,471 (R$ 233,940 as of December 31, 2017).

(2) Intangible assets recognized by parent company:

Donates the concession rights for equity interests in the subsidiaries EBO, ESE and EPB, in the amount of R$ 120,859 (R$ 125,788 as of December 31, 2017). In accordance with IAS 16, since January 1, 2017 the Company has been recording amortization of concession goodwill over the remaining period of the respective concession exploration licenses, by the straight line method.

The Company holds the share control of the specific purpose entity Parque Eólico Sobradinho, located in the municipality Sobradinho – BA, which owns windfarm ventures amounting to R$ 7,022 (R$ 7,022 as of December 31, 2017). The amounts paid to acquire the wind farm have been recorded under concession arrangements, to be amortized over 35 years as from start-up.

(3) Acquisition of equity interest

The equity interests assuring the share control of the companies comprising Rede Group were officially transferred to Energisa on April 11, 2014, pursuant to the Investment and Share Purchase and Sale Commitment and Other Covenants.

The goodwill determined under the acquisition of the Companies stands at R$ 165,552 and was recognized in "investment" for the parent company and "intangible assets" in the consolidated statement. The symbolic acquisition price of R$ 1.00 (one real) was based on the market value valuation of the equity of the companies acquired. The goodwill determined on the acquisition is primarily due to the fact the PPA calculations did not include the renewal of the electricity distribution concessions introduced by Law 12783/2013, which despite the issuance of Decree 8461/2015, which regulated the extension of the electricity distribution concession agreements, suspended by the Federal Audit Court, which meant it was not possible to sign the new concession agreement, and the variance between the average used to determine the price and the best estimate of the shareholders' equity at fair value at the effective acquisition date.

Capital gains on the greater interest in the capital increases via capital contributions made at the subsidiaries JQMJ, BBPM, Denerge and Rede Energia amounting to R$ 96,345 was deducted from the goodwill (R$ 165,552), amounting to R$ 69,207. Given the sale of the assets of the indirect subsidiary Tangará S/A, R$ 6,361 was transferred to assets held for sale in May 2015. In addition to amortization of R$ 26,803 realized through June 30, 2018.

On May 14, 2015 the Company acquired the share control of the subsidiary Dinâmica Direitos Creditórios, recording goodwill of R$ 4,512.

The amortization of these concession rights and reduction to the income and social contribution taxes has been projected as follows:

Amortization period	Consolidated	Reduction in income and social contribution taxes
2018 and 2019	54,434	12,559
2020 and 2021	74,288	16,745
2022 and 2023	74,288	16,745
2024 and 2025	74,288	16,745
2026 and 2027	55,484	10,466
2028 and 2029	24,144	-
2030 onwards	26,981	-
Total	**383,907**	**73,260**

20. Suppliers

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Furnas	-	-	136	136
Ampla – CUSD	-	-	3,668	2,604
CCEE (1 and 2)	-	-	414,419	286,417
Bilateral Contracts (2)	-	-	940,152	935,623
Use of the high-voltage national grid (2)	-	-	54,579	49,795
Connection to the grid (2)	-	-	9,557	8,004
Service charges in the system (2)	-	-	13,442	11,716
Use of the distribution system (CUSD) (2)	-	-	19,237	15,670
Materials, services and other (3)	1,879	7,069	202,348	204,209
Total	**1,879**	**7,069**	**1,657,538**	**1,514,174**
Current	1,879	7,069	1,620,263	1,418,407
Noncurrent	-	-	37,275	95,767

(1) The additional energy cost in the MCP spot market as a result of the substantial increase in the PLD, which rose from an average R$ 234.46 in Dec/2017 to R$ 457.42 in June 2018.

(2) The acquisition of electricity from generators, use of the high-voltage grid and the distribution system, with an average settlement of 25 days. This includes R$ 136,555 (R$ 195,078 as of December 31, 2017) of debits to Eletrobrás, of which R$ 19,508 (R$ 78,031 as of December 31, 2017) has been recorded in noncurrent liabilities, owed by the subsidiary EMT, referring to the Itaipu pass-through, where the overdue debits were financed over a consolidated 60 payments. The compensatory interest on the principal will be amortized in the first 24 payments and the principal over the rest. The interest is being calculated at the rate of 115% of the CDI rate. As of June 30, 2018 debit installments were paid to energy suppliers amounting to R$ 64,745 (R$ 159,928 as of December 31, 2017) and consolidated financial restatement of R$ 6,222 recognized (R$ 28,778 as of December 31, 2017).

(3) Acquisitions of materials, services and other items required to implement, conserve and maintain the electricity generation, sale and distribution services, with an average settlement of 40 days.

21. Loans, financing and debt charges

The balance of loans and financing - stated net of transaction costs incurred, and subsequently stated at the amortized cost using the effective interest rate method.

Loans, financing and debt charges	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Loans and financing in local currency	-	-	3,435,950	3,805,459
Loans and financing - foreign currency	462,696	82,700	2,633,038	1,728,549
Debt charges - local currency	-	-	92,650	53,473
Debt charges - foreign currency	2,259	563	15,347	10,535
(-) unamortized costs – local currency	-	-	(981)	(7,865)
(-) unamortized costs – foreign currency	-	-	(3,099)	(3,663)
Mark-to-market of debt securities	(5,996)	214	(38,728)	11,456
Total	**458,959**	**83,477**	**6,134,177**	**5,597,944**
Current	154,492	83,477	1,281,757	1,673,496
Noncurrent	304,467	-	4,852,420	3,924,448

The composition of the loans, financing and leases portfolio, and significant terms and conditions, are detailed below:

Operation	Total 6/30/2018	Total 12/31/2017	Annual Financial Charges	Due Maturity Date	Amortization Frequency	Effective interest rate (4)	Security (*)
Energisa S/A							
Resolution 4131 - Citibank (1)	-	83,263	Libor + 1.64% p.a.	Apr/18	Annual	17.38%	A
Resolution 4131 - Itaú (1)	464,955	-	4.0375% p.a.	May/21	Annual	18.56%	A
(-) Mark-to-market of debt (2)	(5,996)	214	-	-	-	-	-
Total foreign currency	458,959	83,477					
Total Energisa S/A	**458,959**	**83,477**					
Energisa Sergipe							
FIDC Energisa Group III	13,175	15,089	CDI + 0.70% p.a	Dec/20	Monthly	3.52%	R
BNDES pass-through I - ABC	5,536	8,299	TJLP + 2.20% to 4.10% p.a.	May/19	Monthly	4.37% - 5.31%	A
BNDES pass-through II - ABC	595	916	TJLP + 3.10% to 4.10% p.a. (fixed)	May/19	Monthly	4.82% - 5.31%	A
BNDES pass-through - Citibank (3)	-	17,217	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Itaú (3)	-	4,604	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Bradesco (3)	-	3,508	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Citibank	-	14,240	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Itaú (3)	-	3,808	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Bradesco	-	2,901	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES FINEM pass-through - Itaú (1.5)	-	7,505	TJLP + 2.90% to 3.90% p.a.	Mar/20	Monthly	4.72% - 5.21%	A
FINAME - Itaú BBA	12,283	13,650	2.50% to 8.70% p.a (Fixed)	Jan/25	Monthly	1.24% - 4.26%	A
INERGUS Portion	13,025	13,184	IPC + 5.5% p.a.	Dec/39	Monthly	3.92%	F
SAFRA Commercial Paper - Series 1 (1)	-	9,676	CDI + 1.65%	Apr/18	Final	3.99%	A
SAFRA Commercial Paper - Series 2 (1)	90,577	87,084	CDI + 1.65%	Apr/19	Final	3.99%	A
(-) Borrowing cost incurred on acquisition	(248)	(715)	-	-	-	-	-
Total Local Currency	134,943	200,966					
Resolution 4131 - Itaú BBA	-	105,389	3.49% to 4.53 p.a. (Fixed)	Apr/18	Annual	18.29% - 18.80 %	A
Resolution 4131 - Citibank (1)	325,233	254,053	Libor + 0.72% to 2.16% p.a	Apr/21	Final	19.22% - 19.93 %	A
Resolution 4131 - Bank of America ML (1)	181,531	41,396	Libor + 1.20% to 1.75 p.a	Jan/21	Final	19.46% - 19.73%	A
(-) Borrowing cost incurred on acquisition	(115)	(250)	-	-	-	-	-
(-) Mark-to-market of debt (2)	(9,206)	1,671	-	-	-	-	-
Total foreign currency	497,443	402,259					
Total Energisa Sergipe	**632,386**	**603,225**					
Energisa Paraíba							
FIDC Energisa Group III	53,578	61,362	CDI + 0.70% p.a	Dec/20	Monthly	3.52%	R
BNDES FINEM pass-through - Itaú (1.5)	-	14,923	TJLP + 2.90% to 4.00% p.a.	Dec/23	Monthly	4.72% - 5.26%	A
BNDES pass-through - Citibank (3)	-	34,884	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Itaú (3)	-	9,441	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Bradesco (3)	-	7,205	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Citibank	-	25,941	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Itaú (3)	-	7,021	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Bradesco	-	5,358	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
FINAME - Itaú	22,697	25,283	2.50% to 10.0% p.a (Fixed)	Jan/25	Monthly	1.24% - 4.88%	A

FUNASA financing	4,017	4,192	IPCA + 5.94%	Dec/29	Monthly	5.53%	-
SAFRA Commercial Paper - Series 1 (1)	-	6,988	CDI + 1.65%	Apr/18	Final	3.99%	A
SAFRA Commercial Paper - Series 2 (1)	65,417	62,894	CDI + 1.65%	Apr/19	Final	3.99%	A
(-) Borrowing cost incurred on acquisition	(358)	(1,119)	-	-	-	-	-
Total Local Currency	145,351	264,373					
Resolution 4131 - Itaú BBA	98,305	184,890	3.80%p.a. (Fixed)	Jun/20	Final	18.44%	A
Resolution 4131 - Citibank (1)	125,722	73,779	Libor + 0.73% to 2.16% p.a	Jan/21	Final	19.22% - 19.93 %	A
Resolution 4131 - Bank of America ML (1)	121,326	104,043	Libor + 2.25% p.a.	Sep/19	Final	19.98%	A
(-) Mark-to-market of debt (2)	(2,944)	3,519	-	-	-	-	-
Total foreign currency	342,409	366,231					
Total Energisa Paraíba	**487,760**	**630,604**					
Energisa Minas Gerais							
FIDC Energisa Group III	13,175	15,089	CDI + 0.70% p.a	Dec/20	Monthly	3.52%	R
Luz para Todos - Eletrobrás	2,169	2,892	6.00% p.a. (Fixed)	Dec/19	Monthly	2.96%	R
Subtransmission - Eletrobrás	-	70	7.00% p.a. (Fixed)	Feb/18	Monthly	3.44%	R
BNDES pass-through I - Itaú BBA	1,209	1,439	TJLP + 4.75% p.a.	Jan/21	Monthly	5.63%	A
BNDES pass-through II - Itaú BBA	680	715	UMBND + 3.75% p.a. (*)	Jan/21	Monthly	1.92%	A
BNDES pass-through III - Itaú BBA	504	600	TJLP + 5.95% p.a.	Jan/21	Monthly	6.21%	A
BNDES pass-through IV - Itaú BBA	772	922	5.50% p.a. (Fixed)	Jan/21	Monthly	2.71%	A
BNDES pass-through V - Itaú (3)	-	20,997	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through VI - Itaú (3)	-	12,219	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
FINAME - Itaú BBA	9,691	10,864	2.50% to 10.0% p.a (Fixed)	Dec/24	Monthly	1.24% - 4.88%	A
FINAME - CEF	1,845	2,116	8.70% p.a. (Fixed)	Nov/21	Monthly	4.26%	A
BNDES FINEM - Itaú BBA (1.5)	-	14,581	TJLP + 2.90% to 3.90% p.a.	Dec/23	Monthly	4.72% - 5.21%	A
Floating Interest Note - Santander (1)	110,066	110,082	CDI + 1.3248%	Dec/20	Semi-annual	3.83%	A
(-) Borrowing cost incurred on acquisition	(60)	(313)	-	-	-	-	-
Total Local Currency	140,051	192,273					
Resolution 4131 - Itaú BBA	70,744	60,703	3.7995% to 4.8535% p.a (Fixed)	Jun/20	Final	18.44% - 18.96 %	A
Resolution 4131 II - Citibank (1)	120,123	89,051	Libor + 1.77% to 2.16% p.a	May/21	Final	19.74% - 19.93 %	A
(-) Mark-to-market of debt (2)	(1,788)	1,372	-	-	-	-	-
Total foreign currency	189,079	151,126					
Total Energisa Minas Gerais	**329,130**	**343,399**					
Energisa Nova Friburgo							
FIDC Energisa Group III	3,513	4,024	CDI + 0.70% p.a	Dec/20	Monthly	3.52%	R
Luz para Todos - Eletrobrás	103	155	7.00% p.a. (Fixed)	May/19	Monthly	3.44%	-
BNDES pass-through I - Itaú	473	566	TJLP + 4.75% p.a.	Dec/20	Monthly	5.63%	A
BNDES pass-through II - Itaú	299	286	UMBND + 3.75%	Dec/20	Monthly	1.92%	A
BNDES pass-through III - Itaú	197	236	TJLP + 5.95% p.a.	Dec/20	Monthly	6.21%	A
BNDES pass-through IV - Itaú	314	377	5.50% p.a. (Fixed)	Dec/20	Monthly	2.71%	A
BNDES pass-through V - Itaú (1)	-	2,040	TJLP + 3.10% p.a.	Apr/21	Monthly	4.82%	A
BNDES pass-through VI - Itaú	-	1,036	SELIC + 3.10% p.a.	Apr/21	Monthly	4.71%	A
BNDES pass-through VII - Itaú (3)	-	4,466	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through VIII - Itaú (3)	-	2,685	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
FINAME - Itaú	1,010	1,115	2.50% to 6.00% p.a (Fixed)	Nov/24	Monthly	1.24% - 2.96%	A
BNDES Automático I - Itaú	-	725	TJLP + 4.65% p.a.	Jun/18	Monthly	5.58%	A
BNDES Automático II - Itaú	-	315	UMBND + 3.65%	Jun/18	Monthly	1.87%	A
Floating Interest Note - Santander (1)	35,053	35,026	CDI + 1.3248% p.a	Dec/20	Semi-annual	3.83%	A
(-) Borrowing cost incurred on acquisition	(16)	(73)	-	-	-	-	-

Total Local Currency	40,946	52,979					
Resolution 4131 - Itaú BBA III	-	25,804	4.29% p.a. (Fixed)	Feb/18	Final	18.68%	A
Resolution 4131 - Citibank (1)	49,324	27,300	Libor + 1.62% p.a. (Fixed)	Sep/22	Final	19.18 % - 19.67 %	A
(-) Mark-to-market of debt (2)	(397)	822	-	-	-	-	-
Total foreign currency	48,927	53,926					
Total Energisa Nova Friburgo	**89,873**	**106,905**					
Energisa Borborema							
FIDC Energisa Group III	4,392	5,030	CDI + 0.70% p.a	Dec/20	Monthly	3.52%	R
BNDES pass-through I - BNB	-	2,565	UMBND + 3.90%	Mar/23	Monthly	1.99%	A
BNDES pass-through II - BNB	-	7,233	TJLP + 3.90% p.a.	Mar/23	Monthly	5.21%	A
BNDES pass-through - Bradesco (3)	-	3,013	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Itaú (3)	-	2,630	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Bradesco	-	2,187	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Itaú (3)	-	1,909	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
FINAME - Itaú BBA	2,112	2,351	2.50% to 8.70% p.a (Fixed)	Nov/24	Monthly	1.24% - 4.26%	A
SAFRA Commercial Paper - Series 1 (1)	-	1,077	CDI + 1.65%	Apr/18	Monthly	3.99%	A
SAFRA Commercial Paper - Series 2 (1)	10,085	9,696	CDI + 1.65%	Mar/19	Monthly	3.99%	A
BNDES FINEM - Itaú BBA (1.5)	-	4,085	TJLP + 3.10% p.a.	Apr/21	Monthly	4.82%	A
BNDES FINEM - Itaú BBA (1.5)	-	2,194	SELIC + 3.10% p.a.	Apr/21	Monthly		A
Floating Interest Note - Santander (1)	40,024	40,030	CDI + 1.3248%	Dec/20	Semi-annual	4.71% 3.83%	A
(-) Borrowing cost incurred on acquisition	(36)	(133)	-	-	-	-	-
Total Local Currency	56,577	83,867					
Resolution 4131 - Itaú BBA	24,032	20,624	4.8535% p.a. (Fixed)	Jul/18	Final	18.96%	A
Resolution 4131 - Citibank (1)	23,776	20,370	Libor + 0.97% p.a.	Nov/20	Final	19.34%	A
(+) Mark-to-market of debt (2)	(220)	327					
Total foreign currency	47,588	41,321					
Total Energisa Borborema	**104,165**	**125,188**					
Energisa Mato Grosso							
FIDC Energisa Group IV - Series 1	353,402	353,307	TR + 7.00% p.a.	Oct/34	Monthly	3.44%	R
FIDC Energisa Group IV - Series 2	483,369	483,452	CDI + 0.70% p.a	May/31	Monthly	3.52%	R
CCB - Santander (1)	10,727	16,093	CDI + 2.28% p.a	Jun/19	Monthly	4.30%	R + A
BNDES pass-through - Bradesco (3)	-	93,102	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Itaú (3)	-	85,858	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Bradesco (3)	-	63,277	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Itaú (3)	-	58,354	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
Commercial paper issuance 1 (1)	261,257	252,778	105.5% CDI	Oct/18	Final	3.34%	A
Floating Interest Note - Santander (1)	518,331	200,149	CDI + 1.3248% to 1.35% p.a.	Dec/20	Semi-annual	3.83% - 3.84%	A
(-) Borrowing cost incurred on acquisition	(130)	(2,755)					
Total Local Currency	1,626,956	1,603,615					
Resolution 4131 - Bank of America ML (1)	204,844	93,576	Libor + 1.20% to 1.60% p.a.	Jan/21	Final	19.46% - 19.66 %	A
Citibank Loan - 4131 (1)	55,400	47,525	Libor + 1.70% p.a.	Jun/22	Annual from 2021 onwards	19.71%	A
Citibank EDC Loan - 4131 (1)	55,391	47,518	Libor + 1.80% p.a.	Jun/22	Annual from 2021 onwards	19.7%	A
(-) Borrowing cost incurred on acquisition	(876)	(1,006)	-	-	-	-	-
(-) Mark-to-market of debt (2)	(4,807)	1,886	-	-	-	-	-
Total foreign currency	309,952	189,499					
Total Energisa Mato Grosso	**1,936,908**	**1,793,114**					

Energisa Mato Grosso do Sul							
FIDC Energisa Group IV - Series 1	291,493	291,414	TR + 7.00% p.a.	Oct/34	Monthly	3.44%	R
FIDC Energisa Group IV - Series 2	220,563	220,602	CDI + 0.70% p.a	May/31	Monthly	3.52%	R
BNDES pass-through - Bradesco (3)	-	41,942	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Itaú (3)	-	37,013	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Bradesco (3)	-	29,287	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Itaú (3)	-	25,838	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
(-) Borrowing cost incurred on acquisition	-	(1,091)	-	-	-	-	-
Total Local Currency	512,056	645,005					
Loan Citi - 4131 (1)	55,876	47,898	Libor + 1.70% p.a.	May/22	Annual from 2021	19.71%	A
Loan Citi EDC - 4131 (1)	55,844	47,877	Libor + 1.80% p.a.	May/22	Annual from 2021	19.76%	A
(-) Borrowing cost incurred on acquisition	(868)	(988)	-	-	-	-	-
(-) Mark-to-market of debt (2)	(2,778)	(57)	-	-	-	-	-
Total foreign currency	108,074	94,730					
Total Energisa Mato Grosso do Sul	**620,130**	**739,735**					
Energisa Tocantins							
Luz para Todos I - Eletrobrás	15,676	18,324	6.0% p.a.	Apr/22	Monthly	2.96%	R
Luz para Todos II - Eletrobrás	29,929	41,153	SELIC	Oct/19	Monthly	3.17%	R
CCB - Santander (1)	27,824	41,742	CDI + 2.28% p.a	Jun/19	Monthly	4.30%	R
BNDES pass-through - Bradesco (3)	-	65,697	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Itaú (3)	-	28,856	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through - Bradesco (3)	-	47,462	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
BNDES pass-through - Itaú (3)	-	20,848	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
Commercial paper Itaú 2nd Issuance (1)	461,742	151,667	105.50% to 110.0% CDI	Sep/19	Final	3.34% to 3.49%	A
(-) Borrowing cost incurred on acquisition	(132)	(1,661)	-	-	-	-	-
Total Local Currency	535,039	414,088					
Resolution 4131 - Itaú (1)	200,526	163,159	4.35% p.a. (Fixed)	Jun/21	Final	18.71%	R
Loan Citi - 4131 (1)	43,427	37,207	Libor + 1.70% p.a.	May/22	Annual from 2021 onwards	19.71%	A
Loan Citi EDC - 4131 (1)	43,394	37,187	Libor + 1.80% p.a.	May/22	Annual from 2021 onwards	19.76%	A
Merrill Lynch Loan (1 and 6)	120,501	-	Libor + 1.20% p.a.	Jan/21	Final	19.46%	A
(-) Borrowing cost incurred on acquisition	(822)	(939)	-	-	-	-	-
(-) Mark-to-market of debt (2)	(8,081)	1,469	-	-	-		-
Total foreign currency	398,945	238,083					
Total Energisa Tocantins	**933,984**	**652,171**					
Energisa Sul Sudeste							
CCB - Santander (1)	2,849	4,275	CDI + 2.28% p.a	Jun/19	Monthly	4.30%	R + A
BNDES pass-through I - Itaú (3)	-	43,812	TJLP + 3.96% to 4.26% p.a.	Nov/21	Monthly	5.24% - 5.39%	A
BNDES pass-through II - Itaú (3)	-	29,111	SELIC + 4.34%	Nov/21	Monthly	5.32%	A
Commercial paper - SAFRA (1)	10,207	10,903	CDI + 1.65%	Feb/19	Final	3.99%	A
Total Local Currency	13,056	88,101					
Resolution 4131 - Itaú BBA	-	25,804	4.29% p.a. (Fixed)	Feb/18	Quarterly	18.68%	A
Loan Citi - 4131 (1)	26,469	22,706	Libor + 1.70% p.a.	Jun/22	Annual from 2021 onwards	19.71%	A
Loan Citi EDC - 4131 (1)	26,468	22,703	Libor + 1.80% p.a.	Jun/22	Annual from 2021 onwards	19.76%	A
Banco BBM 55722 Operation 4131	-	21,398	2.76% p.a. (Fixed)	Apr/18	Final	17.93%	A
Merrill Lynch Loan (1 and 6)	115,725	-	Libor + 1.10% p.a.	Apr/20	Final	19.41%	A
(-) Borrowing cost incurred on acquisition	(418)	(480)	-	-	-	-	-

(-) Mark-to-market of debt (2)	(2,209)	(8)	-	-	-	-	-
Total foreign currency	166,035	92,123					
Total Energisa Sul Sudeste	**179,091**	**180,224**					
Energisa Soluções							
FINEP -	410	1,026	8.00% p.a. (Fixed)	Oct/18	Monthly	3.92%	A
FINAME - Itaú BBA	2,398	2,608	2.50 to 6.00% p.a. (Fixed)	Sep/24	Monthly	1.24% - 2.96%	A
(-) Borrowing cost incurred on acquisition	(1)	(5)	-	-	-	-	-
Total Local Currency	2,807	3,629					
Total Energisa Soluções	**2,807**	**3,629**					
Energisa Soluções Construções							
FINAME - Itaú BBA	3,163	3,919	6.00% p.a. (Fixed)	Nov/24	Monthly	2.96%	A
FINAME - Itaú BBA	1,388	1,494	SELIC + 5.14% to 5.20%	Apr/22	Monthly	5.71% - 5.74%	A
FINAME - Itaú BBA	3,849	3,794	TJLP + 4.80% to 4.87% p.a.	Apr/22	Monthly	5.65% - 5.69%	A
Total Local Currency	8,400	9,207					
Total Energisa Soluções	**8,400**	**9,207**					
Energisa Comercializadora							
ITAU BBA - 4131 ECOM No. AGE923670	39,449	33,861	4.85% p.a. (Fixed)	Jul/18	Final	18.96%	-
(+) Mark-to-market of debt (2)	(302)	241	-	-	-		-
Total foreign currency	39,147	34,102					
Total Energisa Comercializadora	**39,147**	**34,102**					
Rede Energia S.A.							
"RJ" Creditors - Bicbanco	5,299	4,925	1.0% p.a. (Fixed)	Nov/35	Final	0.50%	R
"RJ" Creditors - BNB	11,680	10,859	1.0% p.a. (Fixed)	Nov/35	Final	0.50%	R
Total Local Currency	16,979	15,784					
Total Rede Energia S.A.	**16,979**	**15,784**					
Denerge							
FI-FGTS (Restructured)	290,383	273,391	TR + 4.00% p.a.	Nov/35	Final	1.98%	-
Total Local Currency	290,383	273,391					
Total Denerge	**290,383**	**273,391**					
Cia Téc.de Comercialização de							
"RJ" Creditors - BMG	4,075	3,789	1.0% p.a. (Fixed)	Nov/35	Final	0.50%	-
Total Local Currency	4,075	3,789					
Total Cia Téc.de Comerc.de	**4,075**	**3,789**					
In local currency	3,527,619	3,851,067					
In foreign currency	2,606,558	1,746,877					
Energisa - Consolidated	**6,134,177**	**5,597,944**					

(*) A=Endorsement of Energisa S/A, F=Guarantee, R=Receivables

Covenants:

(1) The contract has covenants which in general require the maintenance of certain financial indexes at certain levels. These guarantees are structured based on benchmarks established by Energisa S/A. Failure to maintain these levels could result in early maturity of the debts (see note 33 – financial instruments and risk management). These requirements were being performed as of June 30, 2018.

(2) These operations are being measured at fair value through profit and loss, according to the fair value hedge accounting or designated as fair value options (see note 33 - Financial instruments and risk management).

(3) The Company entered an investment agreement with BNDES Participações S.A – BNDESPAR via a bank syndicate has also been contracted consisting of Itaú Unibanco S/A, Banco Bradesco S/A, Banco BTG Pactual S/A and Banco Citibank S/A, to make pass-throughs under the FINAME and FINEM programs, which the Company's electricity distribution subsidiaries have qualified, subject to performance of conditions established by the Onlending Agencies and the subsidiaries and confirmation, approval and provision of the Funds by BNDES. These funds will be used for the expansion and modernization of subsidiaries' power distribution systems, investments in machinery and equipment and social investments not included under the environmental licenses.

The Investment Agreement includes a commitment to amend the Company's By-laws in accordance with best governance practices and to subscribe to BM&F Bovespa's Level 2 Listing Regulations for Corporate Governance within 48 months of issuance of the 7th issue debentures (see note 22).

These funds will be used for the expansion and modernization of subsidiaries' power distribution systems, investments in machinery and equipment and social investments not included under the environmental licenses.

The amount released for the financing was R$ 922,221 made under the 1st tranche of the Investment Agreement program, as detailed below:

Company	Amount (R$)
Energisa Mato Grosso Distribuidora de Energia S/A	323,408
Energisa Mato Grosso Sul Distribuidora Energisa S/A	143,798
Energisa Tocantins Distribuidora de Energia S/A	175,096
Energisa Paraíba - Distribuidora de Energia S/A	96,970
Energisa Sergipe - Distribuidora de Energia S/A	49,754
Energisa Minas Gerais - Distribuidora de Energia S/A	36,264
Energisa Sul-Sudeste - Distribuição de Energia S/A	78,666
Energisa Borborema - Distribuidora de Energia S/A	10,541
Energisa Nova Friburgo - Distribuidora de Energia S/A	7,724
Total	**922,221**

The table below shows the contracts settled early on February 08 and March 28, 2018:

Company	Amount (R$)
Energisa Mato Grosso Distribuidora de Energia S/A	283,344
Energisa Mato Grosso Sul Distribuidora Energisa S/A	126,388
Energisa Paraíba - Distribuidora de Energia S/A	87,723
Energisa Sergipe - Distribuidora de Energia S/A	43,652
Energisa Minas Gerais - Distribuidora de Energia S/A	31,293
Energisa Sul-Sudeste - Distribuição de Energia S/A	71,753
Energisa Borborema - Distribuidora de Energia S/A	9,583
Energisa Nova Friburgo - Distribuidora de Energia S/A	6,737
Total	**660,473**

(4) The effective interest rate present the changes in the period ended June 30, 2018. The effects of hedge accounting are not being taken into account for foreign-currency debt, demonstrated in Note 33 - Financial instruments and risk management.

(5) On May 15, 2018 the direct subsidiaries made early repayment at Banco Itaú in the total amount of R$ 42,551, as per the table below.

Company	Amount (R$)
Energisa Paraíba - Distribuidora de Energia S/A	13,516
Energisa Sergipe - Distribuidora de Energia S/A	6,426
Energisa Minas Gerais - Distribuidora de Energia S/A	13,568
Energisa Borborema - Distribuidora de Energia S/A	6,025
Energisa Nova Friburgo - Distribuidora de Energia S/A	3,016
Total	**42,551**

(6) On April 9, 2018 the indirect subsidiary ESS took out a foreign currency loan from Bank Of America N.A in the amount of R$ 100,000 maturing on 4/9/2020 and incurring interest at the Libor rate plus a spread of 1.10% p.a. The Company made a swap for a rate equivalent to CDI + 1.35% p.a., thereby hedging the operation's currency risk. The amount secured was used to repay early the debt and manage the company's cash. On May 30, 2018 the indirect subsidiary ETO took out a foreign currency loan from Banco Itaú in the amount of R$ 192,614 maturing on 5/30/2021 and incurring interest at the Libor rate plus a spread of 1.10% p.a. The Company made a swap for a rate equivalent to CDI + 1.35% p.a., thereby hedging the operation's currency risk, intended to pay dividends and debt.

To guarantee payment of the portions, the subsidiaries maintain short-term investments of R$ 95,509 (R$ 147,271 as of December 31, 2017), recorded under "short-term investments in money market and secured funds" in the consolidated assets.

The foreign-currency financing contracts are subject to a currency swap and financial derivative instruments (see note 33 – Financial instruments and risk management).

The financing obtained from Finame is secured by the actual equipment financed.

The Company and its subsidiaries usually allocate interest payments on financing to the cash flow statement.

The main indicators used to accrue the loans and financing presented the following percentage variations and effective rates in the period/year:

Currency/indicators	6/30/2018	12/31/2017
USD x R$	16.56%	1.50%
TJLP	3.28%	7.12%
SELIC	3.17%	9.85%
CDI	3.17%	9.94%
IPCA	2.60%	2.95%
IGP-M	5.40%	-0.53%
LIBOR	2.30%	1.30%
UMBNB	0.06%	0.06%
TR	0.00%	0.60%
IPC-FIPE	1.21%	2.26%

As of June 30, 2018 the financing classified in noncurrent liabilities are due as follows:

	Parent Company	Consolidated
2019	-	547,805
2020	152,233	1,154,243
2021	152,234	1,354,932
2022	-	273,454
2022 onwards	-	1,521,986
Total	**304,467**	**4,852,420**

See the changes occurring in the period/year:

Description	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Balances at 12/31/2017 and 12/31/2016	**83,477**	**162,893**	**5,597,944**	**5,394,110**
New loans and financing obtained	436,800	-	1,999,414	1,790,920
Costs Appropriated	-	-	(1,463)	(5,336)
Debt charges - interest, cost and monetary and exchange variance	34,000	3,591	562,880	443,507
Mark-to-market of debt	(6,210)	844	(50,183)	(14,117)
Principal payment	(87,443)	(79,618)	(1,841,464)	(1,638,458)
Interest payment	(1,665)	(4,233)	(132,951)	(372,682)
Balances at 6/30/2018 and 12/31/2017	**458,959**	**83,477**	**6,134,177**	**5,597,944**
Current	154,492	83,477	1,281,757	1,673,496
Non-current	304,467	-	4,852,420	3,924,448

The borrowing costs of the financing to be amortized over subsequent periods is:

Company	Contracts	12/31/2018	12/31/2019	12/31/2020 onwards	Total
ESE	Credit Receivables Investment Fund - Energisa Group III	12	25	25	**62**
	Banco ABC – BNDES Pass-through	6	5	-	**11**
	Banco BAML	115	-	-	**115**
	Banco SAFRA	105	70	-	**175**
		238	**100**	**25**	**363**
EPB	Credit Receivables Investment Fund - Energisa Group III	45	96	101	**242**
	SAFRA Commercial Paper – Series 2	69	47	-	**116**
		114	**143**	**101**	**358**
EMG	Credit Receivables Investment Fund - Energisa Group III	12	24	24	**60**
		12	**24**	**24**	**60**
ENF	Credit Receivables Investment Fund - Energisa Group III	3	6	7	**16**
		3	**6**	**7**	**16**
EBO	Credit Receivables Investment Fund - Energisa Group III	4	8	8	**20**
	SAFRA Commercial Paper – Series 2	11	5	-	**16**
		15	**13**	**8**	**36**
ESOL	Finep	1	-	-	**1**
		1	**-**	**-**	**1**
ETO	Banco Santander	29	28	-	**57**
	Banco Citibank	94	189	457	**740**
	Banco Citibank - EDC	10	21	51	**82**
	Commercial paper 2nd Issuance	75	-	-	**75**
		208	**238**	**508**	**954**
ESS	Banco Citibank	65	106	205	**376**
	Banco Citibank - EDC	7	12	23	**42**
		72	**118**	**228**	**418**
EMT	Loan Citibank	135	222	432	**789**
	Loan EDC	15	24	48	**87**
	Commercial Paper – Issuance 1	130	-	-	**130**
		280	**246**	**480**	**1,006**
EMS	Loan Citibank	100	199	482	**781**
	Banco Citibank - EDC	11	22	54	**87**
		111	**221**	**536**	**868**
	TOTAL	**1,054**	**1,109**	**1,917**	**4,080**

22. Debentures (nonconvertible)

The balance of debentures and other related components is as follows:

Description	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Debentures - local currency	3,546,622	2,771,141	4,746,959	3,382,727
(-)Debt issuance costs	(5,686)	(3,604)	(29,695)	(26,110)
(-) Mark-to-market of debt	-	-	(312)	-
Total	**3,540,936**	**2,767,537**	**4,716,952**	**3,356,617**
Current	515,301	241,939	549,823	326,147
Noncurrent	3,025,635	2,525,598	4,167,129	3,030,470

The breakdown of debenture balances and main contractual conditions are as follows:

Operations	Total 6/30/2018	Total 12/31/2017	Issuance date	No. Securities Issued / free float	Yields	Maturity date	Amortization/ payments	Effective interest rate
ENERGISA S/A								
5th Issuance/ 2nd Series	377,523	352,643	7/15/2012	27,143 / 27,143	IPCA+10.7011 % p.a	Jul / 19	Annual, Jul.2018	7.81%
7th Issuance/ 1st Series	197,832	194,273	11/25/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 20	Final	6.88%
7th Issuance/ 2nd Series	197,832	194,274	11/25/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 21	Final	6.88%
7th Issuance/ 3rd Series	197,832	194,274	11/25/2015	166,667 / 117,001	IPCA+8.75% p.a	Aug / 22	Final	6.88%
7th Issuance/4th Series	198,834	195,259	11/25/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 20	Final	7.60%
7th Issuance/ 5th Series	198,834	195,259	11/25/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 21	Final	7.60%
7th Issuance/ 6th Series	198,834	195,259	11/25/2015	166,667 / 117,001	IPCA+10.25% p.a	Aug / 22	Final	7.60%
8th Issuance/ 1st Series	204,490	205,291	7/19/2017	197,598 / 197,598	IPCA+5.60% p.a	Jun / 22	Annual	5.36%
8th Issuance/ 2nd Series	183,538	184,299	7/19/2017	177,348 / 177,348	IPCA+5.6601 % p.a	Jun / 24	Annual	5.39%
Debentures 9th Issuance / 1st Series	65,163	62,623	10/31/2017	7,126 / 7,126	IPCA+4.4885 % p.a	Oct / 22	Final	4.82%
Debentures 9th Issuance / 2nd Series	12,162	11,676	10/31/2017	1,328 / 1,328	IPCA+4.7110 % p.a	Oct / 24	Final	4.93%
Debentures 9th Issuance 3rd Series	22,690	21,742	10/31/2017	2,472 / 2,472	IPCA+5.1074 % p.a	Oct / 27	Final	5.12%
Debentures 9th Issuance / 4th Series	790,450	764,268	10/31/2017	87,074 / 87,074	107.75% CDI	Oct / 22	Annual, after Oct/20	3.42%
10th Issuance	700,608	-	6/20/2018	70,000 / 70,000	CDI+1.10% p.a	Jun / 21	Annual	3.72%
(-) borrowing costs	(5,686)	(3,604)	-	-	-	-	-	-
Total ENERGISA S A	**3,540,936**	**2,767,536**						
ENERGISA SERGIPE								
3rd Issuance	25,210	24,316	10/30/2013	60 / 60	115,5% of CDI	Oct / 19	Annual	3.66%
Total ENERGISA SERGIPE	**25,210**	**24,316**						
ENERGISA PARAÍBA								
Debentures 4th Issuance	184,122	-	3/7/2018	18,000 / 18,000	CDI+1.00% p.a	Feb / 21	Final	3.67%
Total ENERGISA PARAÍBA	**184,122**	**-**						
REDE ENERGIA								
4th Issuance	50,827	47,253	12/22/2009	370,000 / 0	1% p.a.	Jul / 36	Final	1.00%
Total REDE ENERGIA	**50,827**	**47,253**						
EMS								
Debentures 8th Issuance	305,858	306,200	7/19/2017	30,000 / 30,000	107.50% CDI	Sep / 22	Semi-annual	3.41%
Debentures 10th Issuance	153,410	-	2/15/2018	15,000 / 15,000	CDI +0.95%	Feb / 21	Final	3.64%
(-) borrowing costs	(1,878)	(923)	-	-	-	-	-	-
Total EMS	**457,390**	**305,277**						
EMT								
Debentures 5th Issuance	-	233,818	5/15/2014	34,140 / 34,140	CDI+2.28% p.a	May / 21	Monthly, after Jun 2016	4.30%
Debentures 8th Issuance	480,910	-	3/7/2018	47,000 / 47,000	CDI+1.10% p.a	Feb / 21	Final	3.72%
(-) borrowing costs	-	(1,071)	-	-	-	-	-	-
Total EMT	**480,910**	**232,747**						
Total	**4,746,959**	**3,382,727**						
(-) borrowing costs (*)	**(22,131)**	**(20,512)**	**-**	**-**	**-**	**-**	-	-
(-) borrowing costs	**(7,564)**	**(5,598)**	**-**	**-**	**-**	**-**	-	-
Total funding costs	**(29,695)**	**(26,110)**						
(-) Mark-to-market of debt	(312)	-						
Total local currency	**4,716,952**	**3,356,617**						

(*) Subscription debentures conjugated with subscription bonus

In the last quarter of FY 2015 the Company issued three common debenture series jointly with an underwriting bonus (part of the 7th Energisa Debenture Issue), which is equal to converting such debentures into Energisa shares. On the date of issue the sum of the three debenture series was of R$ 500,001. The debenture value was recorded as debt, while concurrently IAS39/CPC38 provides that the convertibility option should be priced and stated, which is construed as recognizing in the period ended June 30, 2018 financial expenses of R$ 107,421, totaling R$ 257,421, under the title of derivative financial instruments.

The right to exercise the underwriting bonus (convertibility) by debenture holders would take place at the price of one UNIT (ENGI11) at R$ 18.25 (12/31/2017), while it was being traded at R$ 27.30 on that same date. This is an "in the money" option, which reflects the good likelihood of conversion. Despite this large likelihood of exercising the conversion right, resulting in a debt reduction and an Equity Capital increase, maintaining the indebtedness plus the effect of a derivative financial instrument.

- The funds raised under the issuance were allocated to investments in electricity distribution infrastructure entailing the expansion, renewal or enhancement of electricity distribution infrastructure.

- Funding obtained through Energisa's 7th issuance is subject to an investment agreement with BNDES Participações S.A (BNDESPAR) and is intended to strengthen the company's capital structure to support the modernization and expansion of its power distribution assets, and especially acquisitions from Rede Energia S.A.

  A FINAME and FINEM onlending agreement has also been concluded with a bank syndicate consisting of Itaú Unibanco S/A, Banco Bradesco S/A, Banco BTG Pactual S/A and Banco Citibank S/A (note 21)

  The investment agreement includes, among others, a commitment to amend the Company's By-laws in accordance with best governance practices and to subscribe to BM&F Bovespa's Level 2 Listing Regulations for Corporate Governance within 48 months of issuance of the debentures.

  The debentures have covenants which in general require the maintenance of certain financial indexes at certain levels. These guarantees are structured based on benchmarks established by Energisa S/A. Failure to maintain these levels could result in early maturity of the debts (see note 33). These requirements were being performed as of June 30, 2018.

  The debentures are secured by endorsement of the parent company Gipar S/A.

- In a letter dated May 23, 2016, the debenture holders of Energisa's 5th issuance established new covenants applicable from June 30, 2016. These requirements were being performed as of June 30, 2018.

- In letters dated June 29, 2016, the debenture holders of the subsidiary EMT's 5th and the subsidiary EMS' 7th debentures issuance suspended the application of covenants during the period June 30, 2016 to June 30, 2017 and established new covenants for the subsequent quarters. These requirements were being performed as of June 30, 2018.

- The debentures of the subsidiary Rede Energia's 4th issuance through Banco do Nordeste do Brasil S/A were renegotiated in the Judicial Reorganization – (option A) with interest of 1% and is being presented less the adjustment to present value of R$ 286,160 (R$ 288,910 as of December 31, 2017).

As of June 30, 2018 the maturities of the debentures in noncurrent liabilities are scheduled as follows:

Year	Parent Company	Consolidated
2019	171,123	180,141
2020	867,187	961,224
2021	867,874	1,763,474
2022	902,544	1,000,283
2022 onwards	216,907	262,007
Total	**3,025,635**	**4,167,129**

The borrowing costs of the debentures to be amortized over subsequent periods are as follows:

Company	Contracts	12/31/2018	12/31/2019	12/31/2020 onwards	Total
	Debentures 5th Issuance / 2nd Series	37	44	-	**81**
	Debentures 7th Issuance / 1st Series	96	192	128	**416**
	Debentures 7th Issuance / 2nd Series	79	158	264	**501**
	Debentures 7th Issuance / 3rd Series	67	135	359	**561**
	Debentures 7th Issuance / 4th Series	96	193	128	**417**
	Debentures 7th Issuance / 5th Series	79	159	265	**503**
	Debentures 7th Issuance / 6th Series	68	136	362	**566**
	Debentures 10th Issuance	670	995	976	**2,641**
ESA		**1,192**	**2,012**	**2,482**	**5,686**
	Debentures 4th Issuance / 1st Series	38	75	189	**302**
	Debentures 4th Issuance / 2nd Series	24	48	217	**289**
	Debentures 5th Issuance / 1st Series	6	13	36	**55**
	Debentures 5th Issuance 2nd Series	1	2	8	**11**
	Debentures 5th Issuance / 3rd Series	1	2	18	**21**
	Debentures 5th Issuance / 4th Series	77	154	436	**667**
ESE		**147**	**294**	**904**	**1,345**
	Debentures 2nd Issuance / 1st Series	59	118	295	**472**
	Debentures 2nd Issuance / 2nd Series	38	75	339	**452**
	Debentures 3rd Issuance / 1st Series	10	20	56	**86**
	Debentures 3rd Issuance 2nd Series	1	2	10	**13**
	Debentures 3rd Issuance / 3rd Series	2	4	33	**39**
	Debentures 3rd Issuance / 4th Series	121	242	685	**1,048**
	Debentures 4th Issuance single series	235	459	522	**1,216**
EPB		**466**	**920**	**1,940**	**3,326**
	Debentures 8th Issuance / 1st Series	34	67	168	**269**
	Debentures 8th Issuance 2nd Series	21	43	193	**257**
	Debentures 9th Issuance / 1st Series	3	7	18	**28**
	Debentures 9th Issuance / 2nd Series	-	1	4	**5**
	Debentures 9th Issuance 3rd Series	1	1	9	**11**
	Debentures 9th Issuance / 4th Series	38	76	214	**328**
EMG		**97**	**195**	**606**	**898**
	Debentures 1st Issuance / 1st Series	166	331	828	**1,325**
	Debentures 1st Issuance / 2nd Series	106	212	951	**1,269**
	Debentures 3rd Issuance / 1st Series	8	16	43	**67**
	Debentures 3rd Issuance 2nd Series	1	2	10	**13**
	Debentures 3rd Issuance / 3rd Series	1	3	21	**25**
	Debentures 3rd Issuance / 4th Series	89	178	506	**773**
ESS		**371**	**742**	**2,359**	**3,472**
	Debentures 2nd Issuance / 1st Series	151	302	757	**1,210**
	Debentures 2nd Issuance / 2nd Series	97	193	869	**1,159**
	Debentures 3rd Issuance / 1st Series	9	17	49	**75**
	Debentures 3rd Issuance 2nd Series	1	2	12	**15**
	Debentures 3rd Issuance / 3rd Series	1	3	23	**27**
	Debentures 3rd Issuance / 4th Series	99	198	561	**858**
ETO		**358**	**715**	**2,271**	**3,344**
	Debentures 8th Issuance	91	182	502	**775**
	Debentures 9th Issuance / 1st Series	10	19	55	**84**
	Debentures 9th Issuance / 2nd Series	1	3	12	**16**
	Debentures 9th Issuance 3rd Series	2	3	27	**32**
	Debentures 9th Issuance / 4th Series	136	242	601	**979**
	Debentures 10th Issuance	207	414	481	**1102**
EMS		**447**	**863**	**1,678**	**2,988**
	Debentures 6th Issuance / 1st Series	309	619	1,547	**2,475**
	Debentures 6th Issuance / 2nd Series	196	392	1,766	**2,354**
	Debentures 7th Issuance / 1st Series	10	19	54	**83**
	Debentures 7th Issuance / 2nd Series	1	3	12	**16**
	Debentures 7th Issuance / 3rd Series	2	3	26	**31**
	Debentures 7th Issuance / 4th Series	112	224	636	**972**
	Debentures 8th Issuance single tranche	507	1,015	1,183	**2,705**
EMT		**1,137**	**2,275**	**5,224**	**8,636**
	TOTAL	**4,215**	**8,016**	**17,464**	**29,695**

See the changes occurring in the period/year:

Description	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Balances at 12/31/2017 and 12/31/2016	**2,767,537**	**1,533,467**	**3,356,617**	**2,267,613**
New debentures issued	700,000	1,224,946	1,500,000	1,524,946
Costs Appropriated	(2,756)	-	(8,259)	(22,794)
Debt charges - interest, cost and monetary and exchange variance	147,519	209,323	186,510	293,566
Mark-to-market of debt	-	-	(311)	-
Principal payment	-	(51,594)	(233,165)	(192,074)
Buyback of debentures	-	-	-	(293,707)
Interest payment	(71,364)	(148,605)	(84,440)	(220,933)
Balances at 6/30/2018 and 12/31/2017	**3,540,936**	**2,767,537**	**4,716,952**	**3,356,617**
Current	515,301	241,939	549,823	326,147
Non-current	3,025,635	2,525,598	4,167,129	3,030,470

23. Taxes and social contributions

	Parent Company		Consolidated	
	6/30/2018	12/31/2017	6/30/2018	12/31/2017
Value-added tax on sales and services - ICMS (a)	-	-	526,892	467,510
Social Charges	1,637	1,551	25,861	26,317
Corporate Income Tax – IRPJ	-	-	19,142	57,911
Social Contribution on Net Income – CSSL	1	-	8,063	23,402
PIS and COFINS Contributions	1,906	1,511	119,402	98,094
Services tax - ISS	1,605	972	7,895	7,215
Tax on Financial Transactions - IOF	298	330	594	1,044
Income Tax Withheld at Source - IRRF	397	924	4,445	4,463
Social security contribution on gross revenue - CPRB	-	-	456	525
Other	421	535	24,972	25,747
Total	**6.265**	**5,823**	**737.722**	**712,228**
Current	6,265	5,823	473,769	496,762
Noncurrent	-	-	263,953	215,466

(a) ICMS – The indirect parent company ESS has been awarded an injunction suspending payment of ICMS tax on billing amounts for subsidized low-income consumers, while the subsidiaries EMT, ETO, EPB, ESE, EBO, EMG and ENF have R$ 199,831 (R$ 136,840 as of December 31, 2017) relating to ICMS on the use of the distribution and transmission system by free consumers and ICMS on energy demand which has been suspended under injunctions filed by consumers (see note 7, item 6). All amounts are recorded in noncurrent liabilities.

24. Financing of taxes - consolidated

The subsidiaries have state and federal financing programs, including the respective benefits and discounts, distributed as follows. The federal tax financing programs are restated by the change in the Selic base interest rate and the state rates by the indexes adopted in each state.

	Consolidated	
	6/30/2018	12/31/2017
ICMS	67,736	71,863
Total	**67.736**	**71,863**
Current	17,409	10,157
Noncurrent	50,327	61,706

The amounts are distributed as shown below:

	EMT	ESS	6/30/2018	12/31/2017
ICMS	97	67,639	67,736	71,863
Total	**97**	**67.639**	**67.736**	**71,863**
Current	97	17.312	17.409	10,157
Noncurrent	-	50,327	50,327	61,706

	Consolidated				
	Original amount	Fine	Interest	6/30/2018	12/31/2017
ICMS	35,796	4,179	27,761	67,736	71,863
Total	**35.796**	**4.179**	**27.761**	**67.736**	**71,863**
Current	9,200	1,073	7,136	17,409	10,157
Noncurrent	26,596	3,106	20,625	50,327	61,706

The consolidated balances of financed taxes are scheduled for payment as follows:

	Consolidated	
	6/30/2018	12/31/2017
2018	9,011	10,157
2019	16,312	14,819
2020	14,483	13,859
After	27,930	33,028
Total	**67.736**	**71,863**
Current	17,409	10,157
Noncurrent	50,327	61,706

25. Sector charges - consolidated

	6/30/2018	12/31/2017
Energy Development Account - CDE [2]	84,786	118,930
National Scientific and Technological Development Fund – FNDCT	4,518	4,071
Ministry of Mining and Energy - MME	2,239	2,016
National Electricity Conservation Program - PROCEL	14,165	7,896
Research and Development - R&D [1]	148,052	154,483
Energy Efficiency Program - PEE [1]	169,875	184,419
Total	**423,635**	**471,815**
Current	227,659	289,867
Non-current	195,976	181,948

[1] Sector charges account for 1% of net operating revenue and aim to finance and combat electricity waste and the technological development of the electric sector related to the Energy Efficiency Program (PEE) and Research and Development (R&D) programs.

The portions relating to the PEE and R&D programs are restated by the Selic base interest rate, in accordance with ANEEL Normative Resolutions.

PEE and R&D project expenditure is recorded as work in progress until completion of the relevant project, at which time the expenditure is recorded as program funding, while the realization of obligations on the acquisition of intangible assets is charged to the special liabilities balance.

[2] Energy Development Account - CDE denotes: (i) the shares were settled in the period leaving no remaining balance, at December 31, 2017 the amount was R$ 61,591; (ii) quota for return of CDE contribution amounting to R$ 34,355 (R$ 18,611 as of December 31, 2017); (iii) quota for return of Regulated Procurement Environment contribution ("ACR Account") amounting to R$ 50,431 (R$ 38,728 as of December 31, 2017).

26. Provisions for labor, civil, tax and regulatory risks

A provision is recognized when the obligation is deemed probable by the Company's legal advisors. The obligation is charged to expenses for the period. This obligation can be measured with reasonable certainty and is restated according to the developments in the judicial proceeding or financial charges incurred and may be reversed if the estimated loss is no longer deemed probable, or written off when the obligation is settled. Because of their nature, judicial proceedings will be resolved when one or future events occur or do not occur. The occurrence of these events is not usually within the Company's control and legal uncertainties surround the period of significant judgment and estimates made by Management regarding the outcome of future events.

See below the change in provisions:

Parent Company	Labor	Tax	6/30/2018	12/31/2017
Opening balances - noncurrent - 12/31/2017 and 12/31/2016	**1,480**	**13**	**1,493**	**1,332**
Making of provisions	20	107	127	141
Reversal of provisions	(246)	-	(246)	(5)
Payments made	-	-	-	(7)
Monetary restatement	21	1	22	32
Closing balances - Noncurrent - 6/30/2018 and 12/31/2017	**1,275**	**121**	**1,396**	**1,493**
Restricted and escrow deposits (*)			(84)	(64)

(*) The Company has restricted and escrow deposits recorded in its noncurrent assets of R$ 215 (R$ 357 as of December 31, 2017). No provisions for risks have been made for R$ 131 (R$ 293 as of December 31, 2017) of this total, as the chances of loss have been rated as possible or remote.

Consolidated	Labor	Civil	Tax	Regulatory	6/30/2018	12/31/2017
Opening balances - noncurrent - 12/31/2017 and 12/31/2016	**216,806**	**233,992**	**16,480**	**18,833**	**486,111**	**504,345**
Making of provisions	28,257	30,343	40	-	58,640	219,379
Reversal of provisions	(10,989)	(20,454)	(617)	-	(32,060)	(104,734)
Payments made	(36,266)	(24,969)	-	-	(61,235)	(143,254)
Monetary restatement	2,737	3,281	397	(49)	6,366	10,375
Closing balances - Noncurrent - 6/30/2018 and 12/31/2017	**200,545**	**222,193**	**16,300**	**18,784**	**457,822**	**486,111**
Restricted and escrow deposits (*)					**(103,485)**	**(106,320)**

(*) The direct and indirect subsidiaries have escrow deposits and pledges in their noncurrent assets amounting to R$ 265,110 (R$ 249,138 as of December 31, 2017). No provisions for risks have been made for R$ 161,625 (R$ 142,818 as of December 31, 2017) of this total, as the chances of loss have been rated as possible or remote.

Probable losses - consolidated

- **Labor claims**

Most of the claims address: (i) Work-related accidents (ii) Overtime and respective obligations; (iii) Severance notice period and respective obligations; (iv) Salary parity; (v) Allowance for driving vehicles; (vi) FGTS (40% on inflationary restatement); (vii) health hazard allowance. Provisions have been made for the aforesaid labor proceedings rated as having a probable chance of defeat by the Company and its subsidiaries' legal advisers. In general proceedings rated as having a probable chance of defeat take between 3 and 5 years to reach the final judgment and effective disbursement of the amounts provisioned for, in the event the Company does not prevail.

- **Civil**

The civil proceedings are mainly disputing indemnification for moral and material damages and consumer complaints for issues such as (i) Improper cut-offs from electricity supply, (ii) Improper listing in credit protection agency (SPC/Serasa); (iii) Cancellation/Revision of consumption irregularity invoice; (iv) Cancellation/Revision of normal consumption invoice; (v) Reimbursement for electrical damage; (vi) Connection or changing of ownership of consumer unit; (vii) Luz no Campo Program/Light for All program; (viii) Incorporation/ Compensation for construction of private electricity grid; (ix) Accidents involving third parties; (x) indemnification

Lawsuits have also been filed by consumers claiming reimbursement of amounts paid to the subsidiaries resulting from tariff increases introduced under DNAEE Ordinances 38 and 45 applied during the term of the Cruzado Plan in 1986. A provision has been made for the amount of the tariff increase.

- **Tax**

Refers to disputes involving the COFINS, INSS, PIS, ISS, ICMS, IRPJ and CSLL taxes. The requirement to pay the liabilities has been stayed under the proceedings, either because the administrative proceedings are in progress or because the tax executions in progress have been duly guaranteed.

The Company and its direct and indirect subsidiaries are also subject to several legal, civil and labor claims arising out of the normal course of business.

The Company's judgment relies on the opinion of its legal advisers. Provisions are revised and adjusted to reflect changes in circumstances, such as the applicable statute of limitations, the completion of tax inspections or exposure identified as a result of new issues or court decisions.

- **Regulatory**

The subsidiaries EMT, EMS, ETO and ESS have proceedings before ANEEL, due to non-compliance with regulations.

Possible losses - Consolidated

The Company and its subsidiaries are party to labor, civil, tax and regulatory claims in progress to the total amount of R$ 4,376,066 (R$ 3,738,959 as of December 31, 2017) in the consolidated statement, where the chance of success has been estimated as possible, meaning no provision was required.

The increase of R$ 637,107, recorded in the period ended June 30, 2018 substantially denotes the changes in civil litigation, which changed substantially in the proceeding involving the companies EMT, EMS, ESE, EPB, EBO and ETO, as will be detailed below.

- **Labor**

Consolidated labor claims amounting to R$ 184,140 (R$ 170,858 as of December 31, 2017) consist of the following claims submitted by former employees seeking overtime, danger hazard allowances, "on call" hours, indemnity for work-related accidents, in addition to claims from former employees of service providers hired, claiming joint liability for severance pay and salaries and collection of trade union fees.

The increase of R$ 13,282 recorded in the period ended June 30, 2018 year was due to changes in the provisions for new proceedings, amendment/increase of provisions and monetary restatement of the active proceedings base.

Main cases:

Subsidiary

EPB

. Labor claim 0001525-58.2017.5.13.0026, in the amount of R$ 3,026, received in March 2018, disputing a claim by employees requiring overtime and moral damages.

.Labor claim 00181.2011.018.13.00-2, filed by company employees claiming contractual/legal fees of R$ 1,520 as of December 31, 2017, proceeding ended in February 2018.

.Labor claim 0001366.-81.2017.513.0005-4, filed by company employees claiming reinstatement of R$ 1,531 (R$ 1,508 as of December 31, 2017).

.Labor claim 00361.2008.011.13.00-4, filed by company employees claiming compensation of R$ 1,368 (R$ 1,346 as of December 31, 2017).

ESE

.Public Civil Action 0001086-97.2012.5.20.0003 for R$ 8,768 (R$ 8,632 as of December 31, 2017), claiming moral and property damages for issues related to the legality of outsourcing.

.Labor claim 0001944-97.2013.5.20.0002 for R$ 2,268 (R$ 2,233 as of December 31, 2017), seeking compensation for work-related accident/outsourced employee.

EMS

.Labor claim 00018479820145020023, involving R$ 7,536 (R$ 7,420 as of December 31, 2017), seeking compensation and damages related to severance fees.

EMT

.Labor claim 0001087-16.2017.5.23.0006 for R$ 13,072 (R$ 12,870 as of December 31, 2017) involving work-related issues.

.Labor claim 0000203-14.2015.5.23.0052 for R$ 2,863 (R$ 2,819 as of December 31, 2017) relating to joint liability, disputing matters related to obligations not performed by the contractor in relation to a work-related accident.

.Labor claim 0000806-57.2017.5.23.0007 for R$ 1,901 (R$ 1,872 as of December 31, 2017) relating to joint liability, disputing matters related to obligations not performed by the contractor in relation to a work-related accident.

ETO

.Case 0001392-04.2016.5.10.0812 for R$ 3,481 (R$ 3,428 as of December 31, 2017) involving issues related to compensation for a work-related accident.

.Case 0023044-62.2013.5.02.0030 for R$ 2,328 (R$ 2,292 as of December 31, 2017) involving issues related to contractual fees.

.Case 0000772-26.2015.5.10.0812 for R$ 1,142 (R$ 1,125 as of December 31, 2017) involving issues related to severance fees.

ESS

.Labor claim 0011297-53.2017.5.03.0178 for R$ 2,273 received in 2017 (R$ 2,238 as of December 31, 2017) involving issues related to compensation for moral and property damages.

.Labor claim 0010944-20.2017.5.15.0100 for R$ 2,301 received in 2017 (R$ 2,265 as of December 31, 2017) involving issues related to compensation for moral and property damages.

.Labor claim involving matters related to contractual/legal fees “overtime”, “holding more than one position”, “salary differences”, prior notice, case 0011567-73.2016.5.15.0115, involving R$ 4,450 (R$ 4,357 as of December 31, 2017), where the chance of defeat was changed from possible to remote.

- **Civil**

Consolidated civil claims amounting to R$ 1,940,530 (R$ 1,250,853 as of December 31, 2017) consist of the following: (i) revision or cancellation of electricity invoices due to the uncertainty of the amount; (ii) indemnification for material and moral damages due to the suspension of the electricity supply due to non-payment, irregularities in meters, surges in voltages or temporary blackouts; and (iii) regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense; claims in which consumers are seeking reimbursement of amounts due to the rate adjustments determined by Ordinances 38 and 45/1986, of the former National Department of Electricity and Water - DNAEE, during the freezing of prices under the Cruzado Plan. In addition to the regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense.

The increase of R$ 689,677, recorded in the period ended June 30, 2018 substantially denotes changes in the amendments to provisions and chances of success made to the case filed against the companies EMT, EMS, ESE, EPB, EBO and ETO, disputing the claimed reimbursement of amounts charged in electricity bills related to

technical and commercial losses. These changes resulted from the analysis of the ANEEL ratifying resolutions, that validated the rates practiced in the period. The effective value was therefore recalculated of any financial risk and the chance of defeat was reassessed: eliminating amounts claimed not provided for by consumer law, as the rate practiced has always complied with the regulatory agency's determination.

Main cases:

Parent Company

On April 25, 2016 the Company and its subsidiary Energisa Soluções (defendants) were notified of a petition to file arbitration proceedings before the Arbitration Chamber of the Brazil-Canada Chamber of Commerce, filed by São João Energética (petitioner).

The petition submitted by the petitioner claims a violation of the share purchase and sale agreement signed November 19, 2014, by which the defendants agreed to sell to petitioner three investment funds contractually referred to as FIP Eólicas, FIP Biomassa and FIP PCH. By selling these funds the defendants indirectly sold petitioner the shares in certain companies held by said investment funds.

"The proceeding is currently at the evidentiary phase. On February 28, 2018 the parties submitted technical opinions containing the answers to the experts' questions. The term has commenced for each Party to present their contestations to the technical opinions submitted by the other Party. The evidentiary hearing has been scheduled for June 12, 13 and 14, 2018. Considering the good faith of the defendants and complexity of the expert evidence to be gathered, the legal advisers have rated the chance of Energisa S.A. and Energisa Soluções S.A. prevailing as "possible". The evidentiary hearing was initially scheduled for June 12, 13 and 14, 2018. however, the 3 days were not sufficient and the court suspended the case, which will be resumed on August 06, 07 and 08.

Main cases:

Subsidiary

EMG

.Collective civil action 2009.38.00.027572-2 in the amount of R$ 15,163 (R$ 14,929 as of December 31, 2017), by which the Brazilian Consumer Association is contesting amounts received by the distribution companies due to adjustments allegedly overstated. The impact in the case of defeat is possible recalculation of the rates practiced and reduction of up to 3% in the electricity rates.

.Collective civil action 2009.38.00.027553-0 in the amount of R$ 9,098 (R$ 8,957 as of December 31, 2017), by which the collective interests defense association is contesting amounts received by the distribution companies due to adjustments allegedly overstated. The impact in the case of defeat is possible recalculation of the rates practiced and reduction of up to 3% in the electricity rates.

Administrative Proceeding 10640724269201326 for R$ 5,494 (R$ 5,409 as of December 31, 2017) entailing a dispute about credit on payments of PIS/COFINS, Art. 3 of Law 9718/98.

.Main cases:

EPB

.Case 0053723-89.2016.4.01.3400, in the amount of R$ 167,508 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses. where new analyses conducted by our legal advisers led to the chance of defeat being changed from a remote to a possible loss.

.Case 0002664-83.2015.815.0131 involving R$ 51,990 (R$ 51,187 as of December 31, 2017), disputing issues related to contractual severance (annulment action filed by Cooperativa de Eletrificação Rural). The plaintiff is contesting the transfer of the electrification network made by Cervap and Energisa, requiring annulment of the public transaction date between the companies and all resulting effects.

.Case 0800663-51.2015.815.0371 involving R$ 12,131 (R$ 11,944 as of December 31, 2017), disputing issues related to compensation for fires.

.Case 0800388-05.2015.815.0371 involving R$ 11,205 (R$ 11,032 as of December 31, 2017), disputing issues related to compensation for fires.

ENF

.Ordinary Action 0001979.52.1998.819.0037 involving a positive covenant for R$ 2,837 (R$ 2,793 as of December 31, 2017), relating to transferring shares.

.Public Civil Action 0004079-96.2006.8.19.0037 for R$ 1,920 (R$ 1,890 as of December 31, 2017), for issues relating to the collection and pass-through of COSIP - contribution to pay for street lighting.

ESE

.Case 0053723-89.2016.4.01.3400, in the amount of R$ 96,577 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses. where new analyses conducted by our legal advisers led to the chance of defeat being changed from a remote to a possible loss.

.Civil claim 200610100241 of R$ 16,100 (R$ 15,851 as of December 31, 2017), in which consumers are seeking reimbursement of amounts due to the rate adjustments determined by Ordinances 38 and 45/1986, of the former National Department of Electricity and Water - DNAEE, during the freezing of prices under the Cruzado Plan, in addition to the regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense.

.Collective civil action 2009.38.00.027553-0 in the amount of R$ 9,062 (R$ 8,923 as of December 31, 2017), by which the collective interests defense association is contesting amounts received by the distribution companies due to adjustments allegedly overstated. The impact in the case of defeat is possible recalculation of the rates practiced and reduction of up to 3% in the energy rates of the Company.

EMS

.Case 0053723.89.2016.401.3400, in the amount of R$ 156,430 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses. where new analyses conducted by our legal advisers led to the chance of defeat being changed from a remote to a possible loss.

.Collective civil action 0065126.87.2014.401.3800 in the amount of R$ 165,294 (R$ 162,739 as of December 31, 2017), by which the Energy Consumer Defense Association is claiming a return of amounts unfairly charged in double. The impact in the case of defeat is possible recalculation of the rates practiced, resulting in a change to the contractual bases of the concession agreement and the entire methodology for creating rates prepared by the Concession authority.

.Public civil action 00081923720034036000 in the amount of R$ 61,912 (R$ 60,955 as of December 31, 2017), by which the Federal Prosecutions Department is claiming the annulment of ANEEL Resolution 167, which established the Company's rate replacement index, to establish an index other than the IGP-M price index.

EMT

.Case 0053723-89.2016.4.01.3400, in the amount of R$ 288,085 disputing the claimed reimbursement of amounts charged in electricity bills related to technical and commercial losses. where new analyses conducted by our legal advisers led to the chance of defeat being changed from a remote to a possible loss.

.Compensation claim 17436-75.2014.811.0041 in the amount of R$ 68,573 (R$ 67,513 as of December 31, 2017) filed by Conel Construções Elétricas Ltda, in order to obtain reimbursement for material and moral damages due to the allegedly unjustified termination by the defendant of the service provision agreement.

.Compensation claim 54570-73.2013.811.0041 in the amount of R$ 38,860 (R$ 38,259 as of December 31, 2017), seeking reimbursement of amounts due to excessive cost of the service provision agreements and nonperformance of obligations established in the agreements.

.Compensation claim 13549-66.2015.811.0003 for R$ 33,563 (R$ 33,044 as of December 31, 2017) involving issues related to moral and property damages.

.Compensation claim 1005691-76.2017.811.0041 for R$ 27,900 (R$ 27,469 as of December 31, 2017), received in 2017, disputing matters related to fees not paid in exchange for additional service provision agreements.

Rede Energia

.Enforcement proceeding 01415375820128260100 for a fixed sum, involving R$ 32,163 (R$ 27,277 as of December 31, 2017), to charge alleged credits established in Bank Credit Notes issued by Centrais Elétricas do Pará – CELPA. If CELPA is convicted, this debit could be subject to the Judicial Reorganization Plan. The case amount did not change in the period, although a reduction was made due to the need to adapt the risk involved according to the legal adviser's opinion.

.Public Civil Action 00313063920124013900 with claim for interim relief filed by Federal Prosecutions Department in the amount of R$ 205,480 (R$ 195,977 as of December 31, 2017), which intends to annul Authorizing Resolution 3731 issued by ANEEL on 12/30/2012, which authorized CELPA to authorize the investment in the concession area of funds deriving from the compensation owed to consumers due to violations of the electricity distribution service quality indicators in the period 2/29/2012 to 8/7/2015, a case which in 2T17 had its case amount changed, with a reduction occurring due to the need to adapt the risk involved to reflect the legal adviser's opinion.

ETO

.Case 2008.34.00.007382-8 for R$ 32,687 (R$ 32,182 as of December 31, 2017) involving contractual expropriation issues.

.Case 5032063-73.2013.827.2729 for R$ 23,840 (R$ 23,472 as of December 31, 2017) involving issues related to contractual nullity,

.Case 5000750.04.2012.827.2738 for R$ 4,291 as of December 31, 2017 involving issues related to compensation for moral and property damages, brought to a conclusion in January 2018.

ESS

.Compensation claim 1005048-10.2015.8.26.0482 disputing amounts relating to Contractual Payments, in the amount of R$ 20,777 (R$ 20,499 as of December 31, 2017), filed in April 2016.

- **Tax**

The consolidated tax and labor claims amounting to R$ 2,217,957 (R$ 2,284,751 as of December 31, 2017) basically consist of disputes about: (i) PIS and COFINS on electricity invoices; (ii) ICMS on energy sales; (iii) offsetting and appropriation of ICMS credits; (iv) rate differential; and (v) income and social contribution taxes; (vi) collection of ISS on concession services; (vii) offsetting and appropriation of ICMS credits on equipment for providing for energy transmission and distribution services allocated to the company's permanent assets, having already obtained favorable decisions in the lower and appeals courts, with a number of proceedings now final and unappealable; (viii) demand for ICMS due to exempt sale of electricity received under deferral.

The decrease of R$ 66,794 recorded in the period denotes changes resulting from reversals due to the shelving of proceedings, alteration/decrease of provisions and changes to chances of defeat in the period and inclusion of State REFIS.

Main cases:

Parent Company

.Assessment notice 18471.000772.2008-26 seeking collection of the IOF tax in the period 2003 to 2005, on the advance for future capital increase – AFAC on behalf of the subsidiary Energisa SE, in the amount of R$ 59,495 (R$ 57,695 as of December 31, 2017).

Subsidiary:

EMG

.Case 0087729-97.2016.8.13.0153 involving R$ 35,006 (R$ 33,947 as of December 31, 2017), disputing: (i) payment of ICMS due to closure of the tax payment deferral, as part of the energy acquired domestically was deferred and subject to tax-exempt sales, contravening the existing tax regulations; and (ii) issuance of invoices for payment of deferred tax, pursuant to article 15 (1,I) of the General Section of RICMS/2002 and Article 49-A of Appendix IX of RICMS/2002. The increase observed in the period is based on the reassessment of the financial risk posed by the case as analyzed by the legal advisers.

.Case 0153.02.018219-9 involving the amount of R$ 4,198 (R$ 4,071 as of December 31, 2017), denoting the improper appropriation of ICMS credits in the period February/2012 to January/2013, due to : (i) the acquisition of use or consumption materials not directly related to the property, plant and equipment assets not embraced by the establishment's activity; good/materials generically classified as "Other" and the payment for transportation services not directly related to the property, plant and equipment that generated the credit entitlement, (ii) ICMS amount improperly entered in CIAP and (iii) understated amount appropriated due to the difference between the credit coefficient used by the taxpayer and that determined by the tax authority.

ENF

.Assessment Notice 03.396678-9, of R$ 9,979 (R$ 9,677 as of December 31, 2017) relating to the demand for ICMS due to failure to pay tax on the portion of revenue deriving from the electricity rate subsidy, received as an addition to the rate applied to low-income residential consumers.

.Assessment Notice 03.396674-8 of R$ 2,335 (R$ 2,264 as of December 31, 2017) relating to the demand for ICMS on operations prior to the electricity distribution, in the case of commercial losses.

.Tax enforcement proceeding 0032674-42.2012.4.02.5101 of R$ 2,950 (R$ 2,861 as of December 31, 2017), relating to the demand for IRPJ, CSLL, PIS/COFINS and CSLL tax liabilities.

.Collective civil action 2009.38.00.027553-0 of R$ 9,781 (R$ 9,485 as of December 31, 2017) relating to the recalculation of electricity rates, whereby the B portion does not absorb the economies of scale allegedly deriving from higher demand. The impact in the case of defeat is possible recalculation of the rates practiced and reduction of up to 3% in the energy rates of the subsidiary of ENF.

ETO

.Case 5003614-42.2012.827.2729 - tax debit collection resulting from assessment notice for ICMS on purchases of property, plant and equipment by the company, in the amount of R$ 163,073 (R$ 158,140 as of December 31, 2017).

.Case 5008221-35.2011.827.2729 - tax debit collection resulting from assessment notice for disallowance of ICMS credits on the acquisition of property, plant and equipment, in the amount of R$ 76,242 (R$ 73,936 as of December 31, 2017).

.Assessment Notice 2014/003353 of R$ 40,665 (R$ 39,434 as of December 31, 2017), related to disputes about the recording of incoming energy and transmission invoices in the period 2010 to 2014.

.Assessment Notice 10746.720279/2014-95 for R$ 5,484 (R$ 5,318 as of December 31, 2017), related to disputes about payment of the CSLL estimate determined in October 2011.

EPB

.Assessment notice 10467.720529/2011-81 for an amount of R$ 105,352 (R$ 102,164 as of December 31, 2017), by which the federal tax authority is asserting the alleged failure to include in the taxable income and social contribution calculation bases expenses considered nondeductible on the amortization of goodwill referring to the privatization of the subsidiary EPB, and the allegedly improper offsetting of tax losses and the social contribution calculation base.

.Assessment Notice numbers: **(I)** 93300008.09.00000271/2017.59 in the amount of R$ 124,490 (R$ 89,956 as of December 31, 2017) – for the period January 2012 to December 2015; **(II)** Assessment Notice 93300008.09.00002467/2014-35 in the amount of R$ 47,288 (R$ 40,671 as of December 31, 2017) – for the period January 2009 to December 2010; and **(III)** Assessment Notice 93300008.09.70/2016-70 for R$ 40,648 (R$ 28,991 as of December 31, 2017) for the period January to December 2011. All issued by the state tax authorities as a result of disallowing ICMS on the grounds that the acquisition of goods on which credits were recorded in the

CIAP (fixed assets credit register) cannot be considered fixed assets, as they are not owned by the plaintiff, but rather the concession authority (federal government). The state claims that the transactions could only have been recorded in property, plant and equipment through the end of 2009. From 2010 the accounting standards began to require the recording of new acquisitions in intangible assets.

.Administrative proceeding 14751.002.618/2009-72 involving R$ 48,052 (R$ 46,598 as of December 31, 2017), under which the federal tax authority imposed a reflexive assessment on the supplementary IRPJ charged on taxable events in 2001 and 2002 and the calendar years of 2005 and 2006, charging disallowed expense deductions, monetary variance losses, additions not included in the taxable income and unauthorized offsetting. In April 2018 this case had its rating change from possible to remote, as the thesis had been accepted by CARF.

ESE

.Assessment notice 10.510.724763/2011-12 for an amount of R$ 176,178 (R$ 170,848 as of December 31, 2017), by which the federal tax authority is asserting the alleged failure to include in the taxable income and social contribution calculation bases expenses considered nondeductible on the amortization of goodwill referring to the privatization of the Company, and the allegedly improper offsetting of tax losses and the social contribution calculation base.

.Assessment Notice 201717189 for R$ 20,752 (R$ 20,125 as of December 31, 2017), involving issues related to ICMS calculation base, rating changed from possible to remote based on the decision that annulled the assessment notice.

EMS

.Assessment notice 10140720806201057 involving R$ 67,838 (R$ 65,786 as of December 31, 2017), issued by the federal tax authority charging PIS and COFINS liabilities for the accrual periods December 2007 to February 2008, deriving from the disallowance of credits appropriated on the non-cumulative basis on amounts to be returned to consumers by order of ANEEL.

EMT

.Proceedings 5044000/2015, 11899100100000012009-19, 5069184/2013, 16741001600012200 8-11 and 5028005/2011, involving ICMS on demand amounted to R$ 698,331 (R$ 677,204 as of December 31, 2017), for which the Company has not made a provision based on the opinion of its legal advisers. The proceedings related to the ICMS claim result from the assessment for non-payment of the tax due to judicial impediment (court decisions staying the payment requirement, secured by consumers). Since the effects of these decisions expired, the Company has been engaged in dialog with SEFAZ/MT to find a solution for the payment of this tax, with the Company participating as a mere collections agent. The discussions resulted in the possibility of consumers directly entering the financing program offered by the State (MT Refis – State Laws 10433/2016 and Decree 780/2016).

.There are also important proceedings (1000985-84.2016.811.0041, 11899100100000920 10-19, 122752000142016115, 1035343/630/96/2014, 5205023/2012 and 5095376/2016) relating to the appropriation of credits on the ICMS rate differential on the acquisitions of permanent assets in the total amount of R$ 205,902 (R$ 199,673 as of December 31, 2017), including a tax enforcement in the amount of R$ 61,942 (R$ 60,068 as of December 31, 2017), case 1000985-84.2016.811.0041; contrary to the constitution and Supplementary Law 87/96, State Law 7098/98 (art. 25,6) issued by Mato Grosso state prohibits the appropriation of such credits; the matter is subject to ADI 4.623/MT, in progress before the STF, where the Federal Attorney General has issued a favorable opinion.

.Assessment notice 01117855020128130699 issued by the Mato Grosso State Finance Department, with ICMS charged for the period January 2010 to January 2012, on the grounds that the Company allegedly improperly appropriated a tax credit on the rate differential on the acquisitions of permanent assets, which after the submission of the statement had its assessment transferred to case 5205023/2012, in the amount of R$ 73,942 (R$ 71,705 as of December 31, 2017).

ESS

.Assessment Notice 4.034.268-2 in the amount of R$ 21,100 (R$ 20,532 as of December 31, 2017) disputing issues related to the incidence of ICMS on low-income economic subsidies received for the period February 2008 through December 2009.

.Assessment Notice 4.022.209 for R$ 5,435 (R$ 5,340 as of December 31, 2017) involving issues related to ICMS incidence.

.Assessment Notice 10880.914021/2011-61 for R$ 3,362 (R$ 3,260 as of December 31, 2017) involving issues related to ICMS incidence.

Regulatory

.Regulatory contingency proceedings at ANEEL in the amount of R$ 33,439 (R$ 32,497 as of December 31, 2017), classified as possible. Of this amount R$ 30,807 derives from the penalty applied as a result of the acquisition of tax credits between the distribution companies and QMRA to use the Refis da Copa benefit. In this proceeding, which is still in progress at ANEEL, the agency's prosecutions Department has stated that the penalty should be canceled, there remaining the need for a resolution of the Executive Board. After the documents have been analyzed the chance of defeat is possible. The remainder of the amount provisioned for as possible is due to the Assessment Notices resulting from the regular auditing of ANEEL which is examining the possibility of approving our administrative appeals, and is therefore also provisioned for as possible.

ETO

.Judicial proceeding 48500.000184.2015-98 involving regulatory matters in the amount of R$ 14,082 (R$ 13,656 as of December 31, 2017) related to Refis, the acquisition of tax losses from subsidiaries comprising the same economic group.

ESS

.Administrative proceeding 48500.000184.2015-98 for R$ 16,725 (R$ 16,219 as of December 31, 2017) relating to Refis issues, the acquisitions of tax losses from subsidiaries of the same economic group and regulatory fines originating from inspections conducted by the concession authority which are undergoing administrative defense.

.Administrative proceeding 0026725-92.2009.4.01.3800 of R$ 1,998 (R$ 1,937 as of December 31, 2017) involving the dispute regarding the recalculation of concession operators' electricity rates, whereby the B portion does not absorb the economies of scale allegedly deriving from higher demand.

27. Regulatory fees - consolidated

Change	6/30/2018	12/31/2017
Opening balance - 12/-31/2017 and 12/31/2016	**96,917**	**154,340**
Interest	2,589	12,927
Amortization	(31,300)	(70,350)
Closing balance - 06/06/2018 and 12/31/2017	**68,206**	**96,917**
Quotas for Global Reversal Reserve - RGR	26,250	37,321
Quota - Energy Development Account - CDE	41,956	59,596
Current	58,635	58,635
Non-current	9,571	38,282

The regulatory fees were fully financed on July 01, 2014 with Eletrobrás by the indirect subsidiaries EMT, and ETO, as follows: (i) RGR and CDE financed over 60 months, with the SELIC interest on the principal, amortized in the first 24 payments and the principal over the remainder;

28. Incorporation of grids - consolidated.

ANEEL Normative Resolutions 223/2003, 229/2006, 238/2006, 250/2007, 368/2009, 414/2010 and 488/2012 established the general conditions for making new connections to new consumer units. These regulations require that the applicant, individually or jointly, and the public agencies, including the indirect management, can contribute funds, in part or in full, for the works necessary to bring forward the connection or carry out the works to extend the grid by contracting a legally qualified third party. The funds advanced or the value of the works carried out by the party concerned shall be reimbursed by the subsidiaries EMT, EMS, ETO and ESS by the year in which the supply application is met according to the Universalization Plans, for cases of consumers meeting the qualification criteria without cost or by the deadlines establishing the regulations addressing the performance with financial participation of the party concerned.

The electricity universal access time frame of the subsidiaries EMT and ETO in rural areas of Mato Grosso and Tocantins were extended to 2020 and 2018 respectively. The schedule revision was approved by the National Electricity Regulatory Agency (ANEEL) via Ratifying Resolution 1993 (EMT) and 1994 (ETO), published in the Official Journal (DOU) on December 15, 2014.

The balances of private grid acquisitions incur charges calculated by the change in the IGP-M price index plus interest of 0.5% to 1% per month.

See the changes occurring in the period/year:

Description	6/30/2018	12/31/2017
Balance at 12/31/2017 and 12/31/2016	**209,970**	**313,013**
Additions in the period	5,158	51,778
Monetary restatement and interest	49,220	56,509
Payments	(100,507)	(211,330)
Balance at 6/30/2018 and 12/31/2017	**163,841**	**209,970**
Current	64,924	111,053
Non-current	98,917	98,917

29. Shareholders' equity

29.1 Capital

The share capital is R$ 2,795,963 (R$ 2,795,963 as of December 31, 2017), represented by 1,729,827,305 registered shares (1,729,827,305, as of December 31, 2017), consisting of 720,210,378 common shares (720,210,378 as of December 31, 2017) and 1,009,616,927 preferred shares (1,009,616,927 as of December 31, 2017), with no par value. The amount of shares converted into Units (share certificate denoting ownership of 4 preferred shares and 1 common share of the Company) is 250,119,394 (250,070,594 as of December 31, 2017).

Preferred shares have no voting rights, have priority in capital reimbursements in premiums and to are included in the public offering of the control sale, being assured a price equal to 80% of the amount paid for voting shares comprising the control block.

The company recorded the amount of R$ 66,473 (R$ 65,723 as of December 31, 2017) directly in shareholders' equity regarding transaction costs incurred on funds raised via new share issuances, which were recorded separately as a decrease in shareholders' equity in accordance with CPC Pronouncement 08 - Securities issuance transaction costs and premiums.

Irrespective of amendments to the bylaws, the share capital may be increased up to a maximum of 3,000,000,000 shares, consisting of up to 1,626,300,000 common shares and up to 1,373,700,000 preferred shares, via resolution by the Board of Directors, which will determine the payment conditions, features of the shares to be issued an issuance price.

29.2 Capital transaction - transactions between partners

	6/30/2018	12/31/2017
Opening balance - 12/-31/2017 and 12/31/2016	**(80,683)**	**4,273**
Transactions between partners – reflection (1)	(37,029)	(89,453)
Gain determined on new acquisitions of interests in direct and indirect subsidiaries (2)	131,532	4,497
Closing balance - 06/06/2018 and 12/31/2017	**13,820**	**(80,683)**

(1) Includes a portion resulting from the percentage interest in the subsidiary EEVP, referring to the derivative financial instrument described in note 33.
(2) The amount of R$ 131,532 (R$ 4,497 as of December 31, 2017) has been disclosed in note 17.

29.3 Incentive Profit reserve - income tax reduction reserve (subsidiaries)

Because the subsidiaries EPB, ESE, EBO, EMT and ETO operate in the infrastructure sector of the North-East region, central and western and northern regions they obtained a reduction to the income tax payable for the purposes of investments in projects expanding their installed capacity, as determined by article 551 (3) of Decree 3000, dated March 26, 1999.

This reduction was approved by the Constitutive Reports, which impose a number of obligations and restrictions:

- The amount obtained as a benefit cannot be distributed to the shareholders
- The amount should be recorded as a profits reserve and capitalized by December 31 of the successive year and/or used to offset losses, with the approval of the AGM/EGM; and
- The amount should be invested in activities directly related to production in the region subject to the tax incentive.

Following the enactment of Law 11638/07 and Law 11941/09, the tax incentives are now recorded in the income statement for the period and subsequently transferred to the profits reserve and income tax reduction reserve.

See the information about the incentives obtained by:

Subsidiary	Government Agency	No. of constitutive report	Income tax decrease (consolidated)	
			6/30/2018	12/31/2017
EPB	SUDENE	197/2012	26,640	44,784
ESE	SUDENE	205/2012	5,855	16,752
EBO	SUDENE	206/2012	2,166	4,373
EMT	SUDAM	114/2014	18,586	(11,627)
ETO	SUDAM	113/2014	39	15,923
Total			**53,286**	**70,205**

These amounts were recorded directly in the income statement for the period under consolidated "current income and social contribution taxes", and were allocated to the tax incentive reserve in the subsidiaries' shareholders' equity.

29.4 Dividends

The corporate bylaws determine the distribution of a mandatory dividend of 35% of the net income for the period, adjusted as stipulated by article 202 of Law 6404/76 issued December 15, 1976, and allows dividends to be paid out in interim results.

The Company's Board of Directors approved the distribution of interim dividends for FY 2017 of R$ 172,983 or R$ 0.10 per Company share (common and preferred) and R$ 0.50 per share deposit certificate (Unit), paid on March 7, 2018.

The Company usually allocates dividend receipts from subsidiaries to investments to the cash flow statement.

30 Operating revenue

30.1 Gross operating revenue - parent company

	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017
Operating revenue				
Specialized services (*)	47,647	87,446	36,768	52,617
Deductions from operating revenue				
PIS	(786)	(1,443)	(607)	(869)
COFINS	(3,621)	(6,646)	(2,794)	(3,999)
ISS	(1,179)	(2,161)	(413)	(705)
Net operating revenue	**42,061**	**77,196**	**32,954**	**47,044**

(*) Refers to administrative services and the sharing of human resources provided to its subsidiaries.

30.2 Operating revenue - consolidated

	6/30/2018				6/30/2017			
	Not reviewed by the independent auditors		4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018	Not reviewed by the independent auditors		4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017
	No. of consumers	MWh	R$	R$	No. of consumers	MWh	R$	R$
Residential	5,515,728	5,445,833	1,855,203	3,624,873	5,401,498	5,269,957	1,666,786	3,381,971
Industrial	42,809	1,100,020	359,232	685,460	45,382	1,178,589	363,305	732,329
Commercial	467,760	2,707,215	955,776	1,853,296	466,628	2,710,223	874,397	1,787,259
Rural	612,878	1,354,463	344,961	649,291	602,036	1,289,211	302,563	601,813
Public Authorities	62,349	668,704	229,911	426,109	62,135	671,797	214,319	409,675
Public Lighting	6,809	748,257	132,615	255,944	6,637	750,869	121,805	247,362
Public Utility	7,837	516,317	124,047	235,445	7,598	495,348	110,211	220,015
Internal Use	1,455	17,608	-	-	1,427	18,484	-	-
Subtotal	**6,717,625**	**12,558,417**	**4,001,745**	**7,730,418**	**6,593,341**	**12,384,478**	**3,653,386**	**7,380,424**
Electricity sales to distributors	2	998,089	268,455	522,170	2	1,486,613	96,167	273,375
Supplies not billed net	-	(152,110)	(66,238)	15,622	-	(93,817)	(44,988)	(34,231)
Provision of the transmission and distribution system	684	-	257,299	490,510	577	-	224,432	425,697
Sold electricity								
Trader	-	2,713,695	257,080	485,378	-	1,707,800	182,424	339,806
Construction revenue - assets (1)	-	-	408,158	644,342	-	-	385,041	672,977
Specialized Services	-	-	10,342	19,774	-	-	29,566	49,221
Regulatory Penalties (2)	-	-	(6,251)	(16,725)	-	-	-	-
Other operating revenue	-	-	35,994	67,004	-	-	36,697	70,028
Compensatable financial assets of the concession	-	-	106,132	238,847	-	-	3,015	21,452
(-) Excess Demand Revenue	-	-	-	-	-	-	(7,056)	(13,664)
(-) Reactive Surpluses	-	-	-	-	-	-	(11,591)	(24,501)
Creation and amortization - CVA assets and liabilities (3)	-	-	174,935	406,450	-	-	(78,390)	(225,826)
Subsidies for service awarded under concession	-	-	267,643	521,928	-	-	224,727	449,055
Total - gross operating revenue	**6,718,311**	**16,118,091**	**5,715,294**	**11,125,718**	**6,593,920**	**15,485,074**	**4,693,430**	**9,383,813**
Deductions from operating revenue								
ICMS	-	-	947,884	1,837,839	-	-	860,734	1,728,190
PIS	-	-	88,073	170,100	-	-	70,744	143,628
COFINS		-	397,174	784,141	-	-	325,738	662,988
CPRB	-	-	1,313	2,621	-	-	1,685	2,561
ISS	-	-	3,932	7,137	-	-	3,108	5,859
Rate Flag Deductions (4)	-	-	(3,968)	(3,077)	-	-	23,490	18,558

Energy Efficiency Program - PEE -	-	-	15,767	31,350	-	-	12,576	25,582
Energy Development Account - CDE	-	-	358,067	696,761	-	-	294,353	616,418
Research and Development Program – R&D	-	-	15,767	31,350	-	-	12,575	25,602
Inspection fee for electricity services - TFSEE	-	-	4,694	8,850	-	-	4,060	8,069
Total - deductions from operating revenue	**-**	**-**	**1,828,703**	**3,567,072**	**-**	**-**	**1,609,063**	**3,237,455**
Total net operating revenue	**6,718,311**	**16,118,091**	**3,886,591**	**7,558,646**	**6,593,920**	**15,485,074**	**3,084,367**	**6,146,358**

(1) Infrastructure construction revenue is represented by the same amount as the infrastructure construction cost, except for the transmission companies Pará I and Goiás I, where it differs from the construction cost by R$ 4,217, because of PIS/COFINS. These amounts must be recognized under ICPC 01 – Concession Agreements and denote the construction cost of assets in the electricity distribution and transmission concession.

(2) As a result of adopting CPC 47 - Revenue from contracts with customers on January 01, 2018, on the modified retrospective method, regulatory fines (DIC, FIC, DMIC) are now recognized as a deduction from revenue. For comparative purposes, the amount of fines as of June 30, 2017 is R$ 13,235 and is classified as operating expenses.

(3) Denotes the sector financial assets and liabilities recognized in profit and loss in the period ended June 30, 2018 in accordance with OCPC 08.

(4) From January 2015 energy bills will start using the Rate Flag System. The rate flag is "raised" on a monthly basis by ANEEL, in accordance with the information submitted by the National Electric System Operator (ONS), based on the country's electricity generation capacity.

By way of Official Notice 185 issued April 8, 2015, as amended by Order 245 issued January 28, 2016, amended by order 4356 dated December 22, 2017, ANEEL established new accounting procedures to record the Additional Revenue of the Rate Flags. Under the proposed amendment, the flag amounts are now recorded in operating revenue.

This revenue earned by subsidiaries on rate flags in the period ended June 30, 2018 amounted to R$ 103,230 (R$ 159,585 as of June 30, 2017), and R$ 3,077 (R$ 18,558 as of June 30, 2017) was passed through to the CCRBT. The net effect of the rate flags on the Companies' earnings through June 30, 2018 was therefore R$ 106,307 (R$ 141,027 as of June 30, 2017).

Aneel had already ratified the amounts below for January to June 2018 and 2017:

Months	Order	6/30/2018	6/30/2017
January	No. 516 issued March 6, 2018 (no. 592 issued March 2, 2017)	4,604	(183)
February	No. 728 issued April 2, 2018 (no. 899 issued March 30, 2017)	(2,447)	(155)
March	No. 981 issued May 30, 2018 (no. 1,237 issued May 5, 2017)	(2,298)	2,097
April	No. 1,210 issued June 1, 2018 (no. 1,492 issued May 30, 2017)	(2,634)	8,035
May	Amount to be ratified in July 2018 (no. 1,944 issued July 4, 2017)	140	8,343
June	Amount to be ratified in July 2018 (no. 2,330 issued August 1, 2017)	(442)	421
Total		**(3,077)**	**18,558**

31 Electricity purchased for resale

	MWH (1)		Electricity purchased for resale			
	6/30/2018	6/30/2017	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018	4/1/2017 to 6/30/2017	1/1/2017 to 6/30/2017
Energy from Itaipú - Binational	1,582,525	1,604,704	233,123	403,696	183,964	337,959
Auction energy	5,753,984	6,390,201	702,895	1,384,548	629,207	1,336,568
Bilateral energy and other supplies	3,891,653	5,156,207	712,545	1,459,979	677,509	1,224,986
Angra Quotas REN 530/12 (2)	471,679	465,722	47,522	112,486	45,933	99,160
Short-term electricity - CCEE	287,107	90,394	286,320	526,261	(1,326)	114,768
Physical Guarantee Quotas- Ratifying Resolution ANEEL 1410 - Appendix I	3,517,264	3,793,927	224,873	399,393	196,965	353,159
Alternative energy sources incentive program - PROINFA	291,545	290,758	55,053	110,105	51,939	103,873
Reimbursement for thermal exposure	-	-	-	-	2,026	2,026
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	(198,198)	(385,271)	(166,995)	(323,350)
Total	**15,795,757**	**17,791,913**	**2,064,133**	**4,011,197**	**1,619,222**	**3,249,149**

(1) Information outside the scope of the independent auditors.
(2) Includes the value of Normative Resolution 1585/2013.

32 Insurance coverage

The insurance policy of the Company and its subsidiaries is based on taking out suitable insurance coverage deemed sufficient to cover losses caused by any impairment to its assets, and indemnification resulting from civil liability or any involuntary material and/or personal damages inflicted on third parties resulting from its operations, considering the nature of its activity. The risk assumptions adopted, given their nature, are not part of an independent audit.

The main items covered are:

Lines	Date of expiry	Amount Insured (R$ thousand)	Parent Company	
			6/30/2018	12/31/2017
Operating Risks	11/7/2018	39,000	21	21
Fleet - Third party material, moral and personal damages	10/23/2018	Up to R$ 360 / vehicle	8	8
Collective Life Insurance and Personal Accidents (*)	12/31/2018	92,510	537	221
Civil Liability Directors and Officers (D&O)	11/26/2018	50,000	4	4
Total			**570**	**254**

Lines	Date of expiry	Amount Insured (R$ thousand)	Consolidated	
			6/30/2018	12/31/2017
Operating Risks	11/7/2018	63,000	3,011	3,011
General Civil Liability	11/23/2018	50,600	2,188	2,188
Fleet - Third party material, moral and personal damages	10/23/2018	Up to R$ 1,060 / vehicle	1,128	1,127
General civil liability to 2nd Risk	11/23/2018	10,000	102	102
Aeronautical - civil liability (RETA)	12/12/2018	658	2	2
Aeronautical - Hull/LUC	12/12/2018	110,448	113	114
Comprehensive Business Insurance	9/28/2018	820	2	2
Collective Life Insurance and Personal Accidents (*)	12/31/2018	122,283	4,824	2,240
Transportation	4/4/2019	Up to 2,000/ transportation	136	161
Civil Liability Directors and Officers (D&O)	11/26/2018	50,000	281	281
Explorer or Transportation Liability - R.E.T.A (Drones)	1/1/2019	1,165	8	-
Total			**11,795**	**9,228**

(*) Amount insured for May/18 and annualized premium.

33 Financial instruments and risk management

Fair value hierarchy

The different levels were assigned as follows:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs, except for quoted prices, included in Level 1 that are observable for the assets and liabilities, 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).

Because the distribution subsidiaries have classified the concession accounts receivable as the best estimate of the fair value through profit and loss, the relevant factors for the fair value appraisal are not publicly observable, meaning the fair value hierarchy is classified at level 3. The change and respective gains in net income for the period of R$ 238,847 (R$ 21,452 as of June 30, 2017) and the main assumptions used, can be seen in note 16.

The carrying amounts, fair values and hierarchical levels of the principal financial instrument assets and liabilities have been compared below:

Parent Company					
		6/30/2018		12/31/2017	
	Level	Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Amortized cost					
Cash and cash equivalents		917,705	917,705	134,406	134,406
Trade receivables		64,817	64,817	34,280	34,280
Accounts and credit receivable		1,824	1,824	3,048	3,048
Related-party credits		149,351	149,351	417,515	417,515
		1,133,697	1,133,697	589,249	589,249
Fair value through profit or loss					
Money market and secured funds	2	1,866,724	1,866,724	1,910,911	1,910,911
Derivative financial instruments	2	19,693	19,693	3,514	3,514
		1,886,417	1,886,417	1,914,425	1,914,425
Liabilities					
Amortized cost					
Trade accounts payable		1,879	1,879	7,069	7,069
Debts to related parties		80,129	80,129	106,042	106,042
Loans, financing, debt charges and debentures		3,999,895	3,961,670	2,851,014	2,782,580
		4,081,903	4,043,678	2,964,125	2,895,691
Fair value through profit or loss					
Derivative financial instruments	2	262,415	262,415	162,694	162,694
		262,415	262,415	162,694	162,694

	Level	Consolidated			
		6/30/2018		12/31/2017	
		Carrying amount	Fair value	Carrying amount	Fair value
Assets					
Amortized cost					
Cash and cash equivalents		1,173,673	1,173,673	921,481	921,481
Clients, consumers and concessionaires		2,964,213	2,964,213	2,719,021	2,719,021
Credit receivables		42,193	42,193	43,846	43,846
Financial sector assets		1,438,070	1,438,070	1,114,024	1,114,024
		5,618,149	5,618,149	4,798,372	4,798,372
Fair value through profit or loss					
Money market and secured funds	2	1,989,868	1,989,868	1,896,790	1,896,790
Accounts receivable from the concession	3	4,820,193	4,820,193	4,420,666	4,420,666
Derivative financial instruments	2	370,423	370,423	178,417	178,417
		7,180,484	7,180,484	6,495,873	6,495,873
Liabilities					
Amortized cost					
Trade accounts payable		1,657,538	1,657,538	1,514,174	1,514,174
Loans, financing, debt charges, debentures and lease		10,851,129	10,796,856	8,954,561	8,894,799
Financial sector liabilities		1,039,803	1,039,803	1,029,063	1,029,063
Refinancing of taxes		67,736	67,736	71,863	71,863
Regulatory fees		68,206	68,206	215,847	215,847
		13,684,412	13,630,139	11,785,508	11,725,746
Fair value through profit or loss					
Derivative financial instruments	2	320,015	320,015	216,095	216,095
Financial instrument - MTM (*)	2	579,798	579,798	556,489	556,489
		899,813	899,813	772,584	772,584

(*) The subsidiary EEVP and BNDESPAR signed a contract assuring BNDESPAR, at its sole discretion, the right to exercise against the subsidiary the put option for up to 67,642,986 preferred shares issued by Rede Energia S/A, owned by BNDESPAR. BNDESPAR may exercise the put option for up to all of the shares within the term of 60 days as from 1/3/2019.

On February 04, 1999, the subsidiary EEVP, BNDES Participações ("BNDESPAR") and Mr. Jorge Queiroz de Moraes Júnior (former shareholder of Rede group), entered into a Private purchase and sale agreement for shares issued by Rede Energia Participações S/A (current name of CAIUÁ Serviços de Eletricidade S/A/), as updated by Amendments 1, 2, 3 and 4 made March 29, 2006, August 09, 2007, April 27, 2010 and August 01, 2013, respectively.

On March 31, 2014, the subsidiary EEVP, BNDESPAR, Energia S/A and Mr. Jorge Queiroz de Moraes Júnior made Amendment 5 and Restated the Private purchase and sale agreement for shares issued by Rede Energia S/A. The parties negotiated that the subsidiary EEVP would award BNDESPAR, at its sole discretion, the right to exercise the put option for up to 67,642,986 preferred shares issued by Rede Energia Participações S/A. This put option may be exercised within the term of 60 days as from January 03, 2019. Said Amendment 5 was subject to the indirect share control of the subsidiary EEVP and Rede Energia being transferred to Energisa S/A.

Strike price

If the option is exercised, the subsidiary EEVP and/or Energisa S/A shall pay BNDESPAR the amount of R$ 390,800 for all the shares, restated by the change in the TJLP rate, plus 1.76% per annum, from July 01, 2013.

The strike price of the option shall be paid in local currency or via a capital increase of Energisa S/A, consisting of 4 preferred shares and 1 common share ("Units"), at the sole discretion of the subsidiary EEVP and/or Energisa S/A.

In the event of payment via a capital increase of Energisa S/A, the price of each preferred share to be issued will be the amount sufficient to comprise R$ 14.40 per Unit, restated from July 01, 2013. If the value of the Units is less than 25% of the average weighted price in the previous 60 sessions, Energisa will indemnify BNDESPAR for this difference within a maximum of 5 days of the capital being paid.

The strike price is the number of Units to be adjusted whenever there are capital increases via bonuses, splitting or grouping of shares or Units of Energisa S/A.

Security

The subsidiary EEVP shall issue BNDESPAR as security for performance of the obligation to purchase preferred shares a pledge of at least 117,643,852 common shares issued by Rede Energia, that it owns.

The share pledge shall account for a minimum of 40% of the voting capital of Rede Energia S/A at all times.

Pricing

The strike price - R$ 8.97/share - calculated by the initial strike price of R$ 5.78/share plus TJLP + 1.76% p.a. accumulated between July 01, 2013 and June 29, 2018 and projected up to the strike date with TJLP of 7.0% + 1.76% p.a. The risk-free rate used in the calculation is 6.22% p.a. and the average weighted volatility in the period was 49.55% p.a. On June 29, 2018 Rede's stock closed at R$ 5.68/share.

There are 67,642,986 put options and the exercise term is 60 days as from January 03, 2019.

In compliance with CVM Instruction 475/2008 and Resolution 604/2009, the description of the book balances and the fair values of the financial instruments included in the balance sheet at June 30, 2018 and December 31, 2017 are shown below:

Derivatives

The estimated fair values of the financial assets and liabilities were determined through information available in the market and appropriate valuation methodologies.

The Company and its subsidiaries have the policy of managing market risks, thereby avoiding assuming material positions exposed to fair value fluctuations. They therefore only seek to use instruments which provide greater risk control. The derivative contracts involve swap operations and options with interest and exchange rates, in order to counter the exposure to changes in US dollar exchange rate and to bring the debt cost in line with market trends.

The hedge transactions against adverse exchange variance require constant monitoring in order to preserve the efficiency of their structures. The transactions in force are subject to restructuring at any time and can be reversed or subject to additional transactions in order to reduce potential material losses.

Hedge Accounting

On July 01, 2015 the Company and its subsidiaries formally classified part of its swap transactions (hedge instruments) used to swap exchange variance and interest variance for CDI variance as hedge accounting. As of June 30, 2018 these transactions and the debts (subject to hedges) are being valued as fair value hedges. In these hedge designations, the Company and its subsidiaries documented: (i) the hedge ratio; (ii) the risk management goal and strategy; (iii) the financial instrument's identification; (iv) the item or transaction covered; (v) the nature of the risk to be covered; (vi) the description of the coverage relation; (vii) statement of the correlation between the hedge and the hedged item; and (viii) statement of the hedge's effectiveness.

Swap contracts are designated and effective as fair value hedges in relation to the exchange variance and/or interest rate, when applicable. During the period the hedge was highly effective in the exposure of fair value to change in interest rates and as a consequence, the carrying amount of securities classified as hedge was impacted by R$ 2,874 (R$ 2,527 as of June 30, 2017) and recognized in financial income at the same time as the fair value of the interest rate swap was recognized in profit or loss.

Fair Value Option

The Company and its subsidiaries opted to formally classify new debt securities secured in the second quarter of 2018, for which the Company and its subsidiaries have derivative financial instruments to swap exchange and interest rate variance, as measured at fair value. The fair value option aims to eliminate or reduce inconsistency in the measurement or recognition of certain liabilities, which would otherwise arise. Both the swaps and the respective debts can therefore be measured at fair value and this option is irreversible, and should only be made upon initial recognition of the transaction. As of June 30, 2018 these debt and derivatives, and any other assets and liabilities measured at fair value through profit or loss have any gains or losses resulting from their remeasurement recognized in the Company's profit and loss.

During the period, the carrying amount of debts classified as fair value option was impacted by R$ 47,620 (R$ 10,137 as of June 30, 2017) and recognized in financial income at the same time the interest rate swap's fair value was recognized in profit and loss.

The Company and its subsidiaries do not have credit risk assessment or derivative instruments taken out for this exposure. In the Company’s opinion the change in the credit risk does not have a significant impact.

Uncertainty

The amounts were estimated at the reporting date based on information available in the market and appropriate appraisal techniques. However, considerable judgment was required in the interpretation of the market data to

estimate the most adequate fair value. Consequently, the estimates used and presented below do not necessarily indicate the values that could be realized in the current exchange market.

Financial risk management

The Board of Directors is generally responsible for establishing and supervising the risk management model of the Company and its subsidiaries. The Company has therefore implemented operating limits with pre-established amounts and indicators in the "Financial Risk Management policy" (reviewed annually and available on the Company's site) and in the internal regulations of the Executive Board of the Company and its subsidiaries.

The Risk Management Committee, consisting of the Financial Board and specialist independent consultant, monitors compliance of operations with the "Financial Market Risk Management Policy" by way of the Quarterly Risk Management Report.

Furthermore, the Company and its subsidiaries' risk management aims to detect, analyze and monitor risks encountered, in order to establish limits and check compliance with them. For this, the Company and its subsidiaries have been using the services of an independent company specialized in cash and debt risk management, which means that the main macroeconomic metrics and their impact on results are monitored on a daily basis, in particular derivative transactions. This allows contracting and repositioning strategies to be devised, pursuing low risk and higher financial income.

Credit risk management

The debt index at the end of the period/year is the following:

	Consolidated	
	6/30/2018	12/31/2017
Debt (a)	10,851,129	8,954,561
Cash and cash equivalents	(1,173,673)	(921,481)
Net debt	**9,677,456**	**8,033,080**
Net equity (b)	4,085,296	3,843,453
Net debt index	**2.37**	**2.09**

(a) The debt is defined as short and long-term loans, financing and debentures (excluding derivatives and financial surety contracts) and debt charges, as detailed in notes 21 and 22.

(b) The shareholders' equity includes the entire capital and reserves of the Group, managed as capital.

a) Liquidity risk

By way of the projected cash flow, Management schedules its obligations to generate financial liabilities to the flow of receipts or sources of financing in order to ensure the greatest possible liquidity so as to honor its obligations, thereby avoiding default which hinders the operational progress of Energisa and its subsidiaries.

The contractual maturities of the main financial liabilities, including estimated interest payments and excluding the impact of currency trading agreements at the net position are as follows:

	Parent Company						
	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Trade accounts payable		1,879	-	-	-	-	1,879
Loans and financing, debt charges and debentures	10.12%	349,110	489,544	2,293,179	1,747,749	291,996	5,171,578
Derivative Financial Instruments		(8,104)	4,413	18,389	(257,420)	-	(242,722)
Total		**342,885**	**493,957**	**2,311,568**	**1,490,329**	**291,996**	**4,930,735**

Consolidated							
	Average effective weighted interest rate (%) months	Up to 6 months	6 to 12 months	1 to 3 years	3 to 5 years	Over 5 years	Total
Trade accounts payable		1,571,084	62,263	20,754	-	16,521	1,670,622
Loans and financing, debt charges and debentures	8.40%	1,241,288	1,089,787	6,831,795	3,708,816	3,451,222	16,322,908
Derivative Financial Instruments		(13,885)	1,828	201,645	(186,919)	47,739	50,408
Total		**2,798,487**	**1,153,878**	**7,054,194**	**3,521,897**	**3,515,482**	**18,043,938**

The liquidity risk denotes the risk of the Company struggling to honor its obligations posed by financial liabilities. The Company monitors the liquidity risk by maintaining investments readily convertible to meet obligations and commitments, in addition to foreseeing its future cash requirements.

b) Credit risk

Management believes the risks posed by its cash and cash equivalents, short-term investments and derivative financial instruments are minimal, as there is no concentration and transactions are conducted with banks which assess risk in accordance with the "Financial Risk Management policy". The Board of Directors' Audit Committee was convened in the first quarter of 2010 to oversee the group's management, according to the rules and principles established in the policy.

The credit risk, especially that of Energisa Group's distribution companies, is posed by accounts receivable, which is, however, mitigated by sales to a broad consumer base and legal prerogatives which allow the provision of services to defaulting clients to be suspended.

Part of the receivables referring to sales, energy acquisition and system service charges, incurred at CCEE, are also subject to change depending on the outcome of legal proceedings in progress, filed by a number of companies in the sector. These proceedings have resulted from the interpretation of market rules in force between June 2001 and February 2002, during which the Emergency Electricity Rationing Program was in force.

Exposure to credit risks

The carrying amount of the financial assets denotes the maximum credit exposure as shown below:

	Note	Parent Company		Consolidated	
		6/30/2018	12/31/2017	6/30/2018	12/31/2017
Cash and cash equivalents	6	917,705	134,406	1,173,673	921,481
Money market and secured funds	6	1,866,724	1,910,911	1,989,868	1,896,790
Clients, consumers and concessionaires	7	64,817	34,280	2,964,213	2,719,021
Credit receivables	8	1,824	3,048	42,193	43,846
Financial sector assets, net	12	-	-	398,267	84,961
Accounts receivable from the concession	16	-	-	4,820,193	4,420,666
Derivative financial instruments	33	19,693	3,514	370,423	178,417

c) Interest and exchange rate risk

Part of the local-currency loans and financing presented in note 21 consist of financing from several national development agencies (Eletrobrás, Banco do Nordeste, BNDES, BDMG and FINEP) and other institutions in the capital market. The interest rate is defined by these Agents, taking into account the underlying interest rate, the risk premium compatible with the financed companies, their guarantees and the sector they are engaged in. In the event it is not possible to acquire alternatives or different market hypotheses and/or methods for their estimates, in view of the subsidiaries' business and sector specifics, these are measured by the amortized cost method at the contractual rates.

The Company's earnings are is susceptible to variations due to the volatility of the exchange rate on the sale of options underlying swaps of liabilities denominated in foreign currencies, mainly the US dollar. The US dollar exchange rate closed the period ended June 30, 2018 up by 16.56% over December 31, 2017, quoted at R$ 8558

/ USD. The volatility of the US dollar as of June 30, 2018 was 18.93%, compared with 11.95% as of December 31, 2017.

R$ 2,609,657 (R$ 1,750,540 as of December 31, 2017) of the Company's consolidated bank debts and issuances of R$ 10,884,904 (R$ 8,992,198 as of December 31, 2017) as of June 30, 2018 is denominated in US dollars, as per note 21. The operations subject to hedging and the respective financial instruments used are detailed below.

The USD loans have a short- and long-term maturity (last maturity in September 2022) and maximum costs of USD plus 4.8535% per annum plus exchange variance.

The statement of financial position as of June 30, 2018 presents no balance (R$ 3,457 as of December 31, 2017) in current assets, R$ 19,693 (R$ 57 as of December 31, 2017) and noncurrent assets, R$ 3,691 (R$ 10,749 as of December 31, 2017) in current liabilities and R$ 258,724 (R$ 151,945 as of December 31, 2017) in the noncurrent liabilities at the parent company, R$ 48,558 (R$ 87,782 as of December 31, 2017) in the current assets, R$ 321,865 (R$ 90,635 as of December 31, 2017) in the noncurrent assets and R$ 640,413 (R$ 63,568 as of December 31, 2017) in current liabilities and R$ 259,400 (R$ 709,016 as of December 31, 2017) in consolidated noncurrent liabilities referring to the mark-to-market of the derivative financial instruments related to the foreign exchange rate and interest, resulting from a combination of factors usually adopted for the mark-to-market of these instruments, such as volatility, currency coupon, interest rates and the US dollar exchange rate. This is not a material liability, because the reversal value of derivatives at the calculation date is estimated, which does not correspond to the hedge objective. In the period Energisa recognized directly in its shareholders' equity a decrease of R$ 37,029 (R$ 89,453 as of December 31, 2017) consisting of its interest in the effects reflected in the subsidiaries' equity.

The Company and its subsidiaries have hedged 100% of the dollar-indexed liabilities against adverse exchange variance, thereby hedging the principal and interest through maturity. These hedges are split into the following instruments:

Operation	Notional (USD)	Financial Cost (% p.a.)		Maturity	Description
		Receivable Position	Payable Position		
ENERGISA S/A					
Resolution 4131 - Itaú BBA	120,000	VC + 4.75%	CDI+1.28%	5/24/2021	Fair Value Option
ESE					
Resolution 4131 - Citibank	7,438	VC + (Libor + 1.77%) x 117.65%	CDI + 1.85%	5/28/2019	Fair Value Hedge
Resolution 4131 - Citibank	5,700	VC + (Libor + 2.16%) x 117.65%	CDI + 2.50%	4/26/2019	Fair Value Option
Resolution 4131 - Bank of America ML	12,500	VC+ (Libor+1.75%) x117.65%	CDI + 1.95%	12/21/2018	Fair Value Option
Resolution 4131 - Citibank	61,805	(LIBOR + 0.73%) x 117.647%	CDI + 1.43%	1/19/2021	Fair Value Option
Resolution 4131 - Bank of America ML	34,321	(LIBOR + 1.20%) x 117.65%	CDI + 1.48%	1/29/2021	Fair Value Option
Resolution 4131 - Citibank	8,798	(LIBOR + 0.72%) x 117.647%	CDI + 1.35%	4/26/2021	Fair Value Option
EPB					
Resolution 4131 - Citibank	5,500	VC + (Libor + 1.88%) x 117.65%	CDI + 1.80%	2/27/2019	Fair Value Hedge
Resolution 4131 - Citibank	6,907	VC + (Libor + 1.77%) x 117.65%	CDI + 1.85%	5/28/2019	Fair Value Hedge
Resolution 4131 - Citibank	1,450	VC + (Libor + 2.16%) x 117.65%	CDI + 2.50%	4/26/2019	Fair Value Option
Resolution 4131 - Bank of America ML	21,374	VC + (Libor + 2.25%) x 117.65%	CDI + 1.99%	9/20/2019	Fair Value Option
Resolution 4131 - Bank of America ML	10,000	VC + (Libor + 2.25%) x 117.65%	116.75% CDI	5/21/2019	Fair Value Option
Resolution 4131 - Itaú BBA	25,480	VC + 4.47%	119.03% CDI	6/23/2020	Fair Value Option
Resolution 4131 - Citibank	18,541	VC + (Libor + 0.73%) x 117.65%	CDI + 1.43%	1/19/2021	Fair Value Option
EMG					
Resolution 4131 - Citibank	4,782	VC + (Libor + 1.77%) x 117.65%	CDI + 1.85%	5/28/2019	Fair Value Hedge
Resolution 4131 - Citibank	8,600	VC + (Libor + 2.16%) x 117.65%	CDI + 2.50%	4/26/2019	Fair Value Option
Resolution 4131 - Itaú BBA	9,091	VC + 5.71%	CDI + 3.35%	7/2/2018	Fair Value Option
Resolution 4131 - Itaú BBA	8,993	VC + 4.47%	119.03% CDI	6/23/2020	Fair Value Option
Resolution 4131 - Citibank	17,595	VC + (LIBOR + 0.72%) x 117.647%	CDI + 1.35%	5/17/2021	Fair Value Option
ENF					
Resolution 4131 - Citibank	8,250	VC + (Libor + 1.62%) x 117.65%	CDI + 1.50%	9/28/2022	Fair Value Option
Resolution 4131 - Citibank	4,539	VC + (Libor + 0.65%) x 117.65%	CDI + 1.32%	3/29/2021	Fair Value Option
EMT					
Resolution 4131 - Bank of America ML	28,235	VC + (Libor + 1.60%) x 117.65%	CDI + 1.70%	6/15/2020	Fair Value Option
Resolution 4131 - Citibank	14,351	VC + (Libor + 1.70%) x 117.65%	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Citibank	14,351	VC + (Libor + 1.80%)	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Bank of America ML	24,615	VC + (Libor + 1.20%) x 117.65%	CDI + 1.43%	1/15/2021	Fair Value Option
EMS					
Resolution 4131 - Citibank	14,429	VC + (Libor + 1.70%) x 117.65%	CDI + 1.55%	5/26/2022	Fair Value Option
Resolution 4131 - Citibank	14,429	VC + (Libor + 1.80%)	CDI + 1.55%	5/26/2022	Fair Value Option
ETO					
Resolution 4131 - Citibank	11,196	VC + (Libor + 1.70%) x 117.65%	CDI + 1.56%	5/16/2022	Fair Value Option
Resolution 4131 - Citibank	11,196	VC + (Libor + 1.80%)	CDI + 1.56%	5/16/2022	Fair Value Option
Resolution 4131 - Bank of America ML	31,032	VC + (LIBOR + 1.20%) x 117.65%	CDI + 1.47%	1/29/2021	Fair Value Option
Resolution 4131 - Itaú BBA	51,778	VC + 5.12%	CDI + 1.28%	6/1/2021	Fair Value Option
EBO					
Resolution 4131 - Itaú BBA	6,061	VC + 5.71%	CDI + 3.35%	7/2/2018	Fair Value Option
Resolution 4131 - Citibank	6,135	VC + (Libor + 0.97%) x 117.65%	116.00% CDI	11/13/2020	Fair Value Option
ECOM					
Resolution 4131 - Itaú BBA	9,953	VC + 5.71%	CDI + 3.55%	7/5/2018	Fair Value Option
ENERGISA SUL SUDESTE					
Resolution 4131 - Citibank	6,857	VC + (Libor + 1.70%) x 117.65%	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Citibank	6,857	VC + (Libor + 1.80%)	CDI + 1.53%	6/21/2022	Fair Value Option
Resolution 4131 - Bank of America ML	29,740	VC + (LIBOR + 1.70%) x 117.647%	CDI + 1.35%	4/9/2020	Fair Value Option

(*) These operations were originally subject to a call option with cap linked to the swap. These operations were reverted, thereby minimizing exposure to foreign exchange variance.

The Company also has swaps (fixed rates, CDI, TJLP, among others) for the notional value of its local currency debt (Reais). See below the interest swaps:

Operation	Notional (BRL)	Financial Cost (% p.a.)		Maturity	Description
		Receivable Position	Payable Position		
Parent Company					
Santander X ESA	271,430	IPCA + 6.15%	IPCA + 5.85% + (TJLP-5.50%)	7/15/2019	Not applicable
Itaú BBA X EMT	81,885	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X EMT	73,494	IPCA + 5.66%	102.65% CDI	6/14/2024	Fair Value Hedge
JP Morgan X EMT	10,544	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EMT	1,965	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EMT	3,657	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itaú BBA X ETO	39,771	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ETO	35,696	IPCA + 5.66%	102.65% CDI	6/14/2022	Fair Value Hedge
JP Morgan X ETO	9,526	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X ETO	1,775	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X ETO	3,304	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itaú BBA X ESS	24,647	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ESS	18,397	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ESS	22,121	IPCA + 5.66%	102.65% CDI	6/14/2024	Fair Value Hedge
Itaú BBA X ESS	16,511	IPCA + 5.66%	102.65% CDI	6/14/2024	Fair Value Hedge
JP Morgan X ESS	8,580	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X ESS	1,599	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X ESS	2,977	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
JP Morgan X EMS	10,762	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EMS	2,006	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EMS	3,733	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itaú BBA X EMG	8,392	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X EMG	7,532	IPCA + 5.66%	102.65% CDI	6/14/2024	Fair Value Hedge
JP Morgan X EMG	3,636	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EMG	678	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EMG	1,261	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itaú BBA X EPB	15,173	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X EPB	13,618	IPCA + 5.66%	102.65% CDI	6/14/2024	Fair Value Hedge
JP Morgan X EPB	11,635	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X EPB	2,169	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X EPB	4,035	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge
Itaú BBA X ESE	9,333	IPCA + 5.60%	101.75% CDI	6/15/2022	Fair Value Hedge
Itaú BBA X ESE	8,376	IPCA + 5.66%	102.65% CDI	6/14/2024	Fair Value Hedge
JP Morgan X ESE	7,126	IPCA + 4.49%	100.90% CDI	10/17/2022	Fair Value Hedge
JP Morgan X ESE	1,328	IPCA + 4.71%	101.60% CDI	10/15/2024	Fair Value Hedge
JP Morgan X ESE	2,472	IPCA + 5.11%	103.50% CDI	10/15/2027	Fair Value Hedge

In accordance with CPC 40, the values of the Company and its subsidiaries' derivative financial instruments, which were not recorded as fair value hedge, as of June 30, 2018 are presented below:

- **Parent Company**

Derivatives	Reference value		Description	Fair value	
	6/30/2018	12/31/2017		6/30/2018	12/31/2017
			Receivable Position		
			Fixed interest rate, CDI and IPCA	420,218	629,803
Interest swaps	271,430	493,639	**Liability Position**		
			CDI interest rate + TJLP and IPCA	(423,994)	(631,629)
			Total Swap Position	**(3,776)**	**(1,826)**

The Company classifies certain hedge instruments related to exchange variance risk and interest rate risk posed by loans as fair value hedge, as shown below:

Fair Value Hedge	Reference value		Description	Fair value	
	6/30/2018	12/31/2017		6/30/2018	12/31/2017
Debt (Hedge Object)*	-	89,700	Foreign Currency - USD and LIBOR	-	(83,477)
Forex Swap (Hedge Instrument)	-	89,700	**Receivable Position**		
			Foreign Currency - USD and LIBOR	-	83,245
			Liability Position		
			CDI Interest Rate	-	(90,831)
			Net swap position	-	(7,586)
			Net debt position + Swap	**-**	**(91,063)**

Fair Value Option	Reference value		Description	Fair value	
	6/30/2018	12/31/2017		6/30/2018	12/31/2017
Debt (Hedge Object)*	436,800	-	Foreign Currency - USD and LIBOR	(458,391)	-
Forex Swap (Hedge Instrument)	436,800	-	**Receivable Position**		
			Foreign Currency - USD and LIBOR	458,391	-
			Liability Position		
			CDI Interest Rate	(439,917)	-
			Net swap position	18,474	-
			Net debt position + Swap	**(439,917)**	**-**

- **Consolidated**

Derivatives	Reference value		Description	Fair value	
	6/30/2018	12/31/2017		6/30/2018	12/31/2017
Debt (Hedge Object)*	469,713	493,639	Fixed rate	(912,111)	(629,803)
Interest swaps (Hedge Instrument)	741,144	493,639	**Receivable Position**		
			Fixed rate	910,076	629,803
			Liability Position		
			CDI Interest Rate	(898,692)	(631,629)
			Net swap position	11,384	(1,826)
			Net debt position + Swap	(900,727)	(631,629)

Fair Value Option	Reference value		Description	Fair value	
	6/30/2018	12/31/2017		6/30/2018	12/31/2017
Debt designated to Fair Value Option	2,313,386	988,946	Foreign Currency - USD and LIBOR	(2,612,363)	(1,004,803)
Forex Swap (Derivative)	2,313,386	988,946	Receivable Position		
			Foreign Currency - USD and LIBOR	2,612,363	1,004,803
			Liability Position		
			CDI Interest Rate	(2,335,344)	(1,002,333)
			Net swap position	277,019	2,470
			Net debt position + Swap	**(2,335,344)**	**(1,002,333)**

In accordance with CPC 40, the values of the Company's derivative financial instruments, which were not recorded as fair value hedge, as of June 30, 2018 are presented below:

Fair Value Hedge	Reference value		Description	Fair value	
	6/30/2018	12/31/2017		6/30/2018	12/31/2017
Debt (Hedge Object)*	75,785	1,357,436	Foreign Currency - USD and LIBOR	(95,723)	(1,511,156)
			Receivable Position		
			Foreign Currency - USD and LIBOR	95,723	1,524,988
Forex Swap	75,785	1,357,436	**Liability Position**		
(Hedge Instrument)			CDI Interest Rate	(76,298)	(1,337,529)
			Net swap position	19,425	187,459
			Net debt position + Swap	**(76,298)**	**(1,323,697)**

(*) Loans formally classified as Fair Value Hedges are recognized at fair value in proportion to the effective portion relating to the risk being hedged.

The subsidiaries calculated the Fair Value of the derivatives as of June 30, 2018 based on the market price quotes for similar contracts. Their variance is directly associated with the variance of the debt balances listed in the note 21 and 22 and the positive performance of the hedge mechanisms used, as described above. The Company and its subsidiaries do not intend to settle these contracts before maturity. They also have different expectations for the results presented as Fair Value – as shown below. To ensure perfect management, daily monitoring is conducted in order to keep risk to a minimum and obtain better financial results.

The mark-to-market (MtM) of the Company and its subsidiaries' operations was calculated by an accepted method generally used by the market. The method basically consists of calculating the future value of the operations agreed in each contract, discounting the present value at market rates. A variant of the Black & Scholes formula is used to calculate the MtM of options. This formula is normally used to calculate the premium on currency options. The data used in these calculations was obtained from reliable sources. The market rates, such as the fixed rate and dollar coupon, were obtained directly from the BM&F site (Market Rates for Swaps). The Ptax exchange rate was obtained from the Central Bank's site. The implicit dollar volatility for options were obtained from BM&F.

Sensitivity analysis

Pursuant to CPC 40, the Company and its subsidiaries conducted sensitivity analyses on the main risks to which the financial instruments and derivatives are exposed, as shown:

Exchange variance

If the exchange exposure as of June 30, 2018 were maintained, and the effects on the future financial statements simulated by type of financial instrument and for three different scenarios, the following results would be obtained (restated as for the reporting date):

Operation	Exposure	Scenario I (Probable) (*)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Foreign-Currency Debt - USD and LIBOR	(2,389,171)	(2,014,136)	(2,597,399)	(3,180,662)
Change in Debt	-	375,035	(208,228)	(791,491)
Forex Swap		Increase in USD		
Receivable Position				
Derivative Financial Instruments - USD and LIBOR	2,708,086	2,333,051	2,916,314	3,499,577
Variance - USD and LIBOR	-	(375,035)	208,228	791,491
Liability Position				
Derivative Financial Instruments - CDI Interest Rate	(2,411,642)	(2,411,642)	(2,411,642)	(2,411,642)
Variance - CDI Interest Rate	-	-	-	-
Subtotal	296,444	(78,591)	504,672	1,087,935
Net Total	(2,092,727)	(2,092,727)	(2,092,727)	(2,092,727)

(*) The probable scenario is calculated based on the expected future dollar rate in the last Focus bulletin disclosed for the calculation date. The deterioration scenarios of 25% and 50% are calculated based on the probable scenario curve. In these scenarios the dollar curve is impacted, the CDA curve holds steady and the exchange coupon curve is recalculated. This is done to ensure the parity between the spot dollar, CDI, currency coupon and future dollar is always valid.

The derivatives in the "Probable Scenario" calculated based on the net analysis of the above operations until the maturity thereof, adjusted to present value by the fixed rate in Brazilian reais as of June 30, 2018, which is reflected in the negative present value of R$ 2,092,727, that shows how the adverse exchange variance in existing debts was mitigated. The greater the deterioration of the exchange rate (risk variable considered), the greater the positive results of the swaps. However, there would be negative present value of R$ 2,092,727 in the scenarios where the Brazilian real lost 25% and 50% against the US dollar, a scenario in which some of the current caps would be exceeded.

Interest rate variance

If the interest-rate exposure as of June 30, 2018 were maintained, and the effects on the future financial statements simulated by type of financial instrument and for two different scenarios, the following results would be obtained (restated as for the interim reporting date):

Operation	Exposure	Risk	Scenario I (Probable)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Local Currency Debt - Interest Rate	(469,713)		(469,713)	(469,713)	(469,713)
Change in Debt	-		-	-	-
Interest swaps					
Receivable Position					
Derivative Financial Instruments - Fixed	489,858		489,858	489,858	489,858
Change - Interest rates	-	Increase in CDI	-	-	-
Liability Position					
Derivative Financial Instruments - CDI	(474,698)		(474,698)	(523,152)	(571,619)
Variance - CDI + TJLP	-		-	(48,454)	(96,921)
Subtotal	15,160		15,160	(33,294)	(81,761)
Net Total	**(454,553)**		**(454,553)**	**(503,007)**	**(551,474)**

Operation	Exposure	Risk	Scenario I (Probable)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Local Currency Debt - Interest Rate	271,430		271,430	271,430	271,430
Change in Debt	-		-	-	-
Interest swaps					
Receivable Position					
Derivative Financial Instruments - Fixed	420,218		420,218	420,218	420,218
Change - Interest rates	-	Increase in TJLP	-	-	-
Liability Position					
Derivative Financial Instruments - CDI	(423,994)		(423,994)	(426,313)	(428,629)
Variance - CDI + TJLP	-		-	(2,319)	(4,635)
Subtotal	(3,776)		(3,776)	(6,095)	(8,411)
Net Total	**267,654**		**267,654**	**265,335**	**263,019**

Considering the exposure of financial instruments indexed to interest rates as of June 30, 2018 is maintained and the respective accumulated annual indexes are (CDI = 3.17%, LTIR = 3.28% and FNE = 8.0%) and if the indexes vary in accordance with the three scenarios defined, the net financial result would be affected by:

Instruments	Exposure (R$ thousands)	Risk	Scenario I (Probable)(1)	Scenario II (Deterioration of 25%)	Scenario III (Deterioration of 50%)
Receivable financial instruments:					
Money market and secured funds	3,007,807	Increase in CDI	192,500	240,625	288,750
Payable financial instruments:					
Swap	(2,411,642)	Increase in CDI	(154,345)	(192,931)	(231,518)
	(5,066,409)	Increase in CDI	(324,251)	(405,314)	(486,377)
	(13,044)	Increase in TJLP	(861)	(1,076)	(1,292)
Loans, financing and debentures	(2,055,252)	Rise in IPCA	(53,437)	(66,796)	(80,156)
	(11,473)	Increase in SELIC	(734)	(918)	(1,101)
	(644,894)	High TR	-	-	-
Subtotal (2)	(10,202,714)		(533,628)	(667,035)	(800,444)
Total -losses (2)	**(7,194,907)**	-	**(341,128)**	**(426,410)**	**(511,694)**

(1) Considers the CDI rate at June 30, 2019 (6.40% per annum), quote of the estimates presented by the recent BACEN survey, dated June 30, 2018, TJLP 6.60% per annum, Selic of 6.40% per annum, TR of 0.0% per annum, IPCA 2.60% and FNE of 8.0% per annum.

(2) Does not include fixed-interest transactions worth R$ 682,190.

Liquidity risk management

The liquidity risk denotes the risk of the Company and its subsidiaries struggling to honor their obligations posed by financial liabilities. The Company and its subsidiaries monitor the liquidity risk by maintaining investments readily convertible to meet obligations and commitments, in addition to foreseeing its future cash requirements.

34 Post-employment benefits

Retirement and Pension Plans

The subsidiaries sponsor defined-contribution retirement plans and defined-benefit retirement plans for their employees. The plans are no longer accepting new participants and current participants have the status of assisted participants. The defined-benefit plan undergoes an actuarial assessment at the end of each period, in order to ascertain whether the contribution rates are sufficient to establish the reserves required to meet the current and future payment commitments.

In the period ended June 30, 2018 the expense incurred on sponsoring these plans stood at R$ 31,240 (R$ 23,013 as of June 30, 2017). Recorded under private pension entity in the consolidated statement of income.

Retirement bonus

The Company and its subsidiaries EMG, ENF, Energisa Soluções S/A, Energisa Soluções Construções e Serviços em Linhas e Redes S/A and ECOM are parties to a collective agreement under which employees are entitled to a retirement bonus paid upon application for retirement at the National Social Security Institute (INSS).

The retirement bonus ranges from 1.5 to 15 times the employee's salary, depending on seniority (at least 6 months, but limited to 25 years) upon applying for retirement.

The participants of the CD Plan who at the requested retirement date present amounts deposited by the sponsor in their individual counts in excess of 15 base salaries, are not entitled to the premium.

As of June 30, 2018 the expense on maintaining this plan amounted to R$ 610 (R$ 299 as of June 30, 2017) at the parent company and R$ 2,170 (R$ 1,362 as of June 30, 2017) in the consolidated statement. recorded under private pension entity in the statement of income.

Health care plan

The subsidiaries sponsor their employees' health insurance plans, which are managed by operators regulated by the National Health Agency (ANS). In the case of sufferance and/or and retirement, employees can remain in the plan providing they assume the entire costs.

Welfare benefit plan - the Company and its subsidiaries maintain a post-employment benefit plan for medical and hospital assistance for active and retired employees and pensioners and their legal dependents. The Company's monthly contributions are for the average premiums calculated by the insurance company, multiplied by the number of lives insured. These premiums are adjusted annually for the variance in medical and hospital costs, sales costs and other expenses incurred on the insurance operation; and according to the claims ratio, in order to maintain the technical and actuarial equilibrium of the policy. Contributions collected from retired employees, pensioners and former employees are restated for inflation (INPC).

The Company and its subsidiaries EMG and ESOL have their own refund policies, under which employees are entitled to a reimbursement of 60% of their medical expenses. This benefit ceases immediately upon termination or retirement.

As of June 30, 2018 the expenses on this benefit amounted to R$ 1,434 (R$ 845 as of June 30, 2017) at the parent company and R$ 37,941 (R$ 30,315 as of June 30, 2017) in the consolidated statement.

35 Consolidated commitments

The subsidiaries have the following commitments under long-term energy sale contracts:

	Energy sale contract - reais thousand					
	Effective date	2018	2019	2020	2021	2021 onwards
Energisa Comercializadora de Energia Ltda	2018 to 2027	631,358	594,887	334,016	130,379	45,997

The subsidiaries have the following commitments under short- and long-term energy acquisition contracts:

	Energy purchase contract - reais thousand (*)					
	Term	2018	2019	2020	2021	2021 onwards
Energisa Nova Friburgo Distribuidora Energia S/A	2018 to 2028	55,126	75,729	77,810	80,170	630,291
Energisa Minas Gerais Distribuidora Energia S/A	2018 to 2049	112,173	244,159	237,183	232,670	4,505,594
Energisa Paraíba Distribuidora Energia S/A	2018 to 2049	352,236	699,084	615,491	627,856	9,759,821
Energisa Sergipe Distribuidora Energia S/A	2018 to 2049	258,688	503,454	427,808	433,500	7,312,118
Energisa Borborema Distribuidora Energia S/A	2018 to 2049	48,326	106,156	94,306	94,406	1,511,849
Energisa Mato Grosso Distribuidora Energia S/A	2018 to 2049	653,762	1,543,084	1,564,580	1,593,463	20,617,970
Energisa Tocantins Distribuidora Energia S/A	2018 to 2049	232,471	486,118	370,234	378,077	6,936,072
Energisa Mato Grosso do Sul Distribuidora S/A	2018 to 2049	370,849	739,056	710,919	722,885	13,037,434
Energisa Sul - Sudeste Distribuidora Energia S/A	2018 to 2049	226,341	492,677	426,103	433,712	8,764,630
Energisa Comercializadora de Energia Ltda.	2018 to 2027	436,142	599,936	318,948	128,907	41,121
		2,746,114	**5,489,453**	**4,843,382**	**4,725,646**	**73,116,900**

(*) This does not include the Proinfa and Itaipu quotas.

The amounts referring to energy acquisition contracts lasting between 8 and 30 years represent the volume contracted at the average current price at the end of period ended June 30, 2018, which have been ratified by ANEEL.

36 Additional information to the cash flows

As of June 30, 2018 and December 31, 2017 the equity changes that did not affect the Company's consolidated cash flows relating to the business combination are as follows:

	6/30/2018	12/31/2017
Other noncash transactions		
Concession accounts receivable - Segregation of Assets	154,481	765,493
Concession accounts receivable - Compensable financial assets of the concession	238,847	211,384
Operating activities		
Payment of suppliers	157,171	120,363
Inventory - transfer to intangible assets	968	2,791
Acquisition of grids - transfer to special obligations	5,158	51,778
Other accounts receivable - Tocantins state government	15,049	35,107
Investment activities		
Credit acquisition of intangible assets	157,171	120,363
Special obligations - transfer for acquisition of grids	(5,158)	51,778
Intangible assets - transfer to inventory	(968)	2,791
Financing activities		
Dividends offset Tocantins state government	15,049	35,107
Sale of aircraft		
Operating activities		
Other Accounts Receivable	-	11,630
Restricted deposits and escrows	-	9,661
Recoverable taxes	-	5,620
Taxes and social contributions	-	3,593
Investment activities		
Intangible assets	-	1,718
Financing activities		
Leases	-	32,222

37 Subsequent events

- **Rate flags**

  ANEEL decided to trigger the Yellow Flag Tier 2 for July and August 2018, after analyzing the hydrological situation in Brazil.

- **Loans taken out**

(a) On July 2, 2018 the direct subsidiary ECOM took out a foreign currency loan from Banco Santander (Brasil) S.A. in the amount of R$ 40,000 maturing on 6/22/2020 and incurring interest of 4.58% p.a. The Company made a swap for a rate equivalent to CDI + 1.35% p.a., thereby hedging the operation's currency risk.

(b) On July 2, 2018 the indirect subsidiary ESS took out a foreign currency loan from Citibank N.A in the amount of R$ 60,000 maturing on 7/3/2023 and incurring interest at the Libor rate plus a spread of 1.27% p.a. The Company made a swap for a rate equivalent to CDI + 1.25% p.a., thereby hedging the operation's currency risk.

- **Advance of dividends for FY 2018 - Parent company**

  On August 08 the Energisa S/A Board of Directors approved the payment of interim dividends from the earnings for FY 2018 amounting to R$ 96,870 (R$ 0.28 per Unit or R$ 0.056 per common and preferred share). These dividends shall be paid on September 4, 2018 and Company shareholders with holdings on or before 8/14/2018 were entitled to the dividends, including shares bought on the stock exchange on or before that date.

- **Dividend Distribution - Subsidiaries**

  The Board of Directors' meeting held August 8, 2018 approved the distribution of interim dividends based on the statement of financial position of the subsidiaries as of June 30, 2018, as follows:

Subsidiary	Dividends R$ /thousand	Amount per share (R$)	Payment date
Energisa Mato Grosso	124,623	0.58533	8/31/2018
Energisa Mato Grosso do Sul	49,169	75.9933	8/31/2018
Energisa Tocantins	9,154	14.0485	8/31/2018
Energisa Sul Sudeste	20,868	214.8870	8/31/2018
Energisa Paraíba	43,519	47.3980	8/31/2018
Energisa Sergipe	10,109	51.7039	8/31/2018
Energisa Borborema	4,533	15.4760	8/31/2018
Energisa Minas Gerais	2,994	3.6575	8/31/2018
Energisa Nova Friburgo	245	8.1466	8/31/2018

Independent Auditor's Review Report on Quarterly information

Shareholders, Directors and Officers of
Energisa S.A.
Cataguases - MG

Introduction

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

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

Review scope

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the management responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with audit standards and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion about the interim individual and consolidated financial statements

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

Other matters

Statements of added value

We have also reviewed the individual and consolidated statements of value added for the six month period ended June 30, 2018, prepared under the Company responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities Exchange Commission (CVM) applicable to the preparation of the Quarterly Information (ITR), and as supplementary information by the International Financial Reporting Standards (IFRS), which do not require a statement of value added presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not presented, in all material respects, consistently with the overall individual and consolidated interim financial information.

Rio de Janeiro, August 8, 2018.

ERNST & YOUNG
Auditores Independentes S.S.
CRC - 2SP 015.199/O-6

Roberto Cesar Andrade dos Santos
Accountant CRC - 1RJ 093.771/O-9