Equatorial Energia S.A.

Quarterly Financial Information at June 30, 2018

(A free translation of the original report in Portuguese as published in Brazil containing quarterly financial information prepared in accordance with accounting practices adopted in Brazil)

KPDS 237291

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Report on Review of Quarterly Financial Information - ITR

The Board of Directors and Shareholders of
Equatorial Energia S.A
São Luís - MA

Introduction
We have reviewed the interim, individual and consolidated financial statements of the company Equatorial Energia S.A. ("Company"), contained in the Quarterly Information Form - ITR for the quarter ended June 30, 2018, consisting of the statement of financial position as of June 30, 2018 and the related statements of income, the comprehensive statements of income, for the three and six-month period then ended and the statement of changes in shareholders' equity and statements of cash flows for the three and six-month period then ended, in addition to the notes to the financial statements.

Company Management is responsible for the preparation of the interim financial statements in accordance with CPC 21 (R1) and IAS 34 - *Interim Financial Reporting*, issued by the *International Accounting Standards Board* - IASB and for the presentation of this information in due accordance with the standards issued by the Brazilian Securities Commission applicable to the preparation of Quarterly Information - ITR. Our responsibility is to express an opinion on the interim financial statements based on our review.

Scope of review
We conducted our review in accordance with Brazilian and international standards on reviews of interim information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim 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 smaller in scope than an audit conducted in accordance with audit standards, and we cannot therefore provide assurance that we have discovered all the significant matters that could have been identified by an audit. Accordingly, we do not express an audit opinion.

KPMG Auditores Independentes, uma sociedade simples brasileira e firma-membro da rede KPMG de firmas-membro independentes e afiliadas à KPMG International Cooperative ("KPMG International"), uma entidade suíça.

KPMG Auditores Independentes, a Brazilian entity and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Conclusion about the individual and consolidated interim information
Based on our review we are not aware of any facts that lead us to believe the individual and consolidated interim financial information included in the aforesaid quarterly information has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB applicable to the preparation of Quarterly Information - ITR, presented in a manner consistent with the requirements set forth by the Brazilian Securities Commission - CVM.

Other matters

Statements of added value
The individual and consolidated interim accounting information relating to added value (DVA) for the six-month period ended June 30, 2018, which are the responsibility of Company Management and are presented as supplementary information for the purpose of IAS 34, was subject to review procedures conducted in conjunction with the review of the Company's quarterly Information - ITR. To form our conclusion we evaluated whether these statements have been reconciled against the interim accounting information and accounting records, as applicable, and whether their form and content comply with the criteria set out in CPC Technical Pronouncement 09 - Statements of Added Value. Our review did not detect any facts that lead us to believe the statements were not prepared, in all material respects, in accordance with the individual and consolidated interim financial statements accounting information taken as a whole.

Fortaleza, August 09, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 S-CE

Original report in Portuguese signed by
João Alberto da Silva Neto
Contador CRC RS-048980/O-0 T-CE

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Equatorial Energia S.A.

Statements of financial position as of June 30, 2018 and December 31, 2017

(In thousands of Reais)

		Parent company		Consolidated	
Assets	**Note**	**06/30/2018**	**12/31/2017**	**06/30/2018**	**12/31/2017**
Current					
Cash and cash equivalents	5	1,005,818	1,247,838	4,438,850	4,172,474
Short-term investments		-	-	522	919
Trade accounts receivable	6	-	-	2,221,911	2,439,478
Accounts receivable - rate tiers		-	-	7,973	8,763
Fuel purchased - CCC account		-	-	54,533	77,895
Services in progress	7	-	-	232,661	195,802
Related-party transactions	10	1,789	1,670	-	-
"A Component" revenue receivable and other financial item	8	-	-	8,622	100,414
Judicial deposits	19	4,240	4,240	6,793	15,245
Inventories		-	-	21,796	15,934
Dividends		306,588	208,269	-	-
Taxes and contributions recoverable		644	641	119,880	117,137
Taxes and contributions recoverable on net income		32,745	29,965	165,980	156,064
Other credits	9	3,137	8,174	208,707	194,075
Total current assets		**1,354,961**	**1,500,797**	**7,488,228**	**7,494,200**
Noncurrent					
Trade receivables	6	-	-	718,140	613,431
"A Component" revenue receivable and other financial item	8	-	-	331,854	120,021
Fuel purchased - CCC account		-	-	101,565	101,311
Judicial deposits	19	16	-	159,495	141,566
Services ordered	7	-	-	10,474	-
Advances for future capital increases		6,730	-	-	-
Derivative financial instruments	28.4	-	-	125,211	48,720
Taxes and contributions recoverable		12	9	128,468	130,747
Taxes and contributions recoverable on net income		-	-	46,417	45,561
Deferred income and social contribution taxes	17	-	-	-	8,401
Subrogation of CCC		-	-	8,898	8,466
Other receivables	9	8,899	8,661	183,010	187,836
Concession financial assets	11	-	-	3,660,578	3,224,622
Investments	12	5,009,016	4,675,018	448,933	422,063
Property, plant and equipment		2,083	1,840	12,093	10,661
Intangible assets	13	-	-	4,931,621	4,930,846
Total noncurrent assets		**5,026,756**	**4,685,528**	**10,866,757**	**9,994,252**
Total assets		**6,381,717**	**6,186,325**	**18,354,985**	**17,488,452**

		Parent company		Consolidated	
Liabilities	**Note**	**06/30/2018**	**12/31/2017**	**06/30/2018**	**12/31/2017**
Current					
Trade accounts payable	14	2,032	1,178	982,392	1,185,038
Payroll charges and obligations		703	1,063	52,392	40,071
Loans and financing	15	320,496	310,447	740,836	984,578
Debentures	16	10,220	3,269	255,031	213,812
"A Component" revenue receivable and other financial items	8	-	-	2,988	-
Taxes and contributions payable		2,870	3,851	482,619	476,712
Taxes and contributions payable on net income		3,272	5,443	19,252	23,384
Dividends and interest on equity		234,679	234,834	324,016	263,976
Consumer charges		-	-	52,296	49,611
Public lighting fee		-	-	22,052	24,480
Energy efficiency research and development		-	-	90,446	88,588
Profit sharing		11,150	13,621	57,260	80,578
Derivative financial instruments	28.4	-	-	26,877	19,946
Payables from judicial reorganization	18	-	-	19,586	8,544
Provision for civil, tax, labor and regulatory claims	19	-	-	57,385	53,954
Other accounts payable	20	9,323	9,325	559,624	561,075
Total current liabilities		**594,745**	**583,031**	**3,745,052**	**4,074,347**
Non-current					
Loans and financing	15	-	-	3,454,647	2,978,665
Debentures	16	796,776	800,195	3,407,508	2,793,186
Taxes and contributions payable		-	-	38,319	38,236
Deferred income and social contribution taxes	17.1	50	50	217,992	184,702
Taxes and contributions payable and deferred		-	-	34,725	13,976
Provision for civil, tax, labor and regulatory claims	19	-	-	434,247	425,089
Energy efficiency research and development		-	-	160,294	156,374
Payables from judicial reorganization	18	-	-	810,385	965,523
Retirement and pension plan		-	-	43,216	43,216
Other accounts payable	20	16,450	16,964	66,035	67,034
Total noncurrent liabilities		**813,276**	**817,209**	**8,667,368**	**7,666,001**
Shareholders' equity					
Capital	21.1	2,375,354	2,227,021	2,375,354	2,227,021
Capital reserves		60,611	59,150	60,611	59,150
Profit reserves		2,376,939	2,524,802	2,376,939	2,524,802
Equity appraisal adjustment		(22,262)	(22,262)	(22,262)	(22,262)
Other comprehensive income		(2,626)	(2,626)	(2,626)	(2,626)
Retained earnings		185,680	-	185,680	-
Equity attributable to equity holders		**4,973,696**	**4,786,085**	**4,973,696**	**4,786,085**
Minority interests		**-**	**-**	**968,869**	**962,019**
Total shareholders' equity		**4,973,696**	**4,786,085**	**5,942,565**	**5,748,104**
Total liabilities and equity		**6,381,717**	**6,186,325**	**18,354,985**	**17,488,452**

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of income

Tree and six-month periods ended June 30, 2018 and 2017

(In thousands of reais)

	Note	Parent Company				Consolidated			
		01/01/2018 a 06/30/2018	04/01/2018 a 06/30/2018	01/01/2017 a 06/30/2017	04/01/2017 a 06/30/2017	01/01/2018 a 06/30/2018	04/01/2018 a 06/30/2018	01/01/2017 a 06/30/2017	04/01/2017 a 06/30/2017
Net operating revenue	24	-	-	-	-	4,744,922	2,339,291	3,924,893	2,177,471
Costs of electricity, construction and operation	25	-	-	-	-	(3,678,415)	(1,757,982)	(2,883,808)	(1,572,684)
Electricity purchased for resale and transmission costs	26	-	-	-	-	(2,493,037)	(1,146,457)	(1,901,493)	(1,123,211)
Construction cost		-	-	-	-	(745,882)	(387,755)	(640,084)	(300,230)
Operating cost		-	-	-	-	(439,496)	(223,770)	(342,231)	(149,243)
Gross income		-	-	-	-	1,066,507	581,309	1,041,085	604,787
Operating expenses									
Sales expenses	25	-	-	-	-	(320,528)	(156,111)	(311,693)	(131,577)
General and administrative expenses	25	(21,405)	(13,226)	(20,000)	(12,772)	(236,458)	(119,224)	(272,630)	(163,113)
Amortization of concession rights		(5,015)	(2,938)	(2,961)	(1,480)	(5,015)	(2,938)	(2,961)	(1,480)
Equity in net income of subsidiaries		222,565	143,536	173,238	123,795	34,215	17,741	13,281	6,953
Other net operating revenue (expense)		(27)	(14)	(7)	(2)	(32,936)	(18,621)	(54,290)	(24,864)
Total operating revenue (expense)		196,118	127,358	150,270	109,541	(560,722)	(279,153)	(628,293)	(314,081)
Income before net financial items, income tax and social contributions		196,118	127,358	150,270	109,541	505,785	302,156	412,792	290,706
Financial revenue		33,710	15,907	34,938	19,566	482,971	353,832	284,283	131,441
Finance expenses		(44,148)	(22,166)	(5,676)	(1,352)	(653,538)	(443,172)	(397,439)	(196,652)
Financial income, net	27	(10,438)	(6,259)	29,262	18,214	(170,567)	(89,340)	(113,156)	(65,211)
Net income before income and social contribution taxes		185,680	121,099	179,532	127,755	335,218	212,816	299,636	225,495
Current income and social contribution taxes	17.3	-	-	(6,096)	(3,802)	(33,001)	(17,376)	(35,669)	(14,786)
Deferred income and social contribution taxes	17.3	-	-	3,134	3,134	(41,691)	(32,426)	(27,750)	(38,573)
Taxes on net income		-	-	(2,962)	(668)	(74,692)	(49,802)	(63,419)	(53,359)
Net income for the period		**185,680**	**121,099**	**176,570**	**127,087**	**260,526**	**163,014**	**236,217**	**172,136**
Income attributable to:									
Noncontrolling interests		-	-	-	-	74,846	41,915	59,647	45,049
Shareholders of parent entity		185,680	121,099	176,570	127,087	185,680	121,099	176,570	127,087
Net income for the period		**185,680**	**121,099**	**176,570**	**127,087**	**260,526**	**163,014**	**236,217**	**172,136**
Basic earnings per lot of one thousand shares - R$		0.9343	0.6093	0.8887	0.6396	0.9343	0.6093	1.1888	0.8663
Diluted earnings per lot of one thousand shares - R$		0.9257	0.6038	0.8830	0.6355	0.9257	0.6038	1.1813	0.8608
Number of shares at period-end - thousand		**198,743**	**198,743**	**198,694**	**198,676**	**198,743**	**198,743**	**198,694**	**198,676**

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of comprehensive income

Tree and six-month periods ended June 30, 2018 and 2017

(In thousands of reais)

	Parent Company				Consolidated			
	01/01/2018 a 06/30/2018	**04/01/2018 a 06/30/2018**	**01/01/2017 a 06/30/2017**	**04/01/2017 a 06/30/2017**	**01/01/2018 a 06/30/2018**	**04/01/2018 a 06/30/2018**	**01/01/2017 a 06/30/2017**	**04/01/2017 a 06/30/2017**
Net income for the period	185,680	121,099	176,570	127,087	260,526	163,014	236,217	172,136
Other comprehensive income in the period, net of tax	-	-	-	-	-	-	-	-
Total comprehensive income	185,680	121,099	176,570	127,087	260,526	163,014	236,217	172,136
Noncontrolling interests	-	-	-	-	74,846	41,915	59,647	45,049
Controlling shareholders	185,680	121,099	176,570	127,087	185,680	121,099	176,570	127,087
Total comprehensive income	185,680	121,099	176,570	127,087	260,526	163,014	236,217	172,136

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of changes in shareholders' equity

Six-month periods ended June 31, 2018 and 2017

(In thousands of reais)

			Profit reserves								
	Capital	**Capital reserves**	**Legal**	**Investment and expansion reserve**	**Additional dividends reserve**	**Equity appraisal adjustment**	**Retained earnings**	**Other comprehensive income**	**Shareholders' equity of parent company**	**Noncontrolling interests**	**Consolidated equity**
Balances at December 31, 2016	1,981,985	54,959	173,735	1,836,110	-	(22,262)	-	(529)	4,023,998	847,689	4,871,687
Capital increase (Note 21.1)	245,036	-	(173,735)	(70,000)	-	-	-	-	1,301	-	1,301
Awarded options recognized (Note 22)	-	3,487	-	-	-	-	-	-	3,487	-	3,487
Distribution of dividends to noncontrolling interests	-	-	-	-	-	-	-	-	-	(53,233)	(53,233)
Net income for the period	-	-	-	-	-	-	176,570	-	176,570	59,647	236,217
Balances at June 30, 2017	2,227,021	58,446	-	1,766,110	-	(22,262)	176,570	(529)	4,205,356	854,103	5,059,459
Balances at December 31, 2017	2,227,021	59,150	49,863	2,471,104	3,835	(22,262)	-	(2,626)	4,786,085	962,019	5,748,104
Capital increase	148,333	-	(49,863)	(98,000)	-	-	-	-	470	-	470
Awarded options recognized (Note 21)	-	1,461	-	-	-	-	-	-	1,461	-	1,461
Net income for the period	-	-	-	-	-	-	185,680	-	185,680	74,846	260,526
Dividends	-	-	-	-	-	-	-	-	-	(67,996)	(67,996)
Balances at June 30, 2018	2,375,354	60,611	-	2,373,104	3,835	(22,262)	185,680	(2,626)	4,973,696	968,869	5,942,565

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of cash flows - Indirect method

Six-month periods ended June 30, 2018 and 2017

(In thousands of reais)

	Parent company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Cash flows from operating activities				
Net income for the period	185,680	176,570	260,526	236,217
Adjustments to:				
Amortization and depreciation	5,018	2,968	205,808	192,230
Equity in net income of subsidiaries	(222,565)	(173,238)	(34,215)	(13,281)
Write-off of intangible assets	-	-	20,799	8,729
Indexation of financial assets	-	-	(53,210)	4,789
Debt charges, net interest and monetary and exchange variance	43,707	(8,844)	407,152	266,342
Losses incurred on financial derivatives	-	-	(58,698)	19,056
Adjustment to present value	(242)	2,522	22,396	20,540
Provision for impairment and allowance for doubtful accounts	-	-	160,896	166,859
Provision for civil, tax, labor and regulatory claims	-	-	35,583	24,552
"A Component" revenue receivable (returnable) and other financial items	-	-	(117,053)	(151,996)
Earnings on investments	-	(19,685)	(13)	(103,453)
Deferred PIS/COFINS - Transmission firms	-	-	20,749	-
Deferred income and social contribution taxes	-	(3,134)	41,691	27,750
Current income and social contribution taxes	-	6,096	33,001	35,669
Share-based payments	1,461	3,487	1,461	3,487
Other	-	-	40,258	-
	13,059	(13,258)	987,131	737,490
Changes in current and noncurrent assets and liabilities				
Trade receivables	-	-	(48,038)	(91,890)
Accounts receivable - rate tiers	-	-	790	(49,698)
Fuel purchased - CCC account	-	-	23,108	27,194
Services ordered	-	-	(47,333)	(23,570)
Judicial deposits	(16)	(2)	(9,477)	(13,461)
Inventories	-	-	(5,862)	3,129
Taxes and contributions recoverable	(6)	(647)	(464)	(16,592)
Taxes and contributions recoverable on net income	(2,780)	(1,886)	(10,772)	21,000
CCC sub-rogation	-	-	(432)	24,844
Advance for future capital increase	(6,730)	(72,567)	-	-
Other receivables	(1,430)	47,340	(9,806)	(62,006)
Trade accounts payable	854	452	(202,564)	(72,237)
Payroll charges and obligations	(360)	306	12,321	10,351
Taxes and contributions payable	(981)	4,218	5,990	25,300
Taxes and contributions payable on net income	(1,497)	(2,372)	(9,568)	(10,032)
Deferred taxes and contributions	-	-	-	11,080
Consumer charges	-	-	2,685	20,001
Public lighting fee	-	-	(2,428)	(17,800)
Energy efficiency research and development	-	-	(34,480)	(5,800)
Profit sharing	(2,471)	(4,032)	(23,318)	(26,527)
Related-party transactions	(119)	-	-	-
Provision for civil, tax, labor and regulatory claims	-	-	(22,994)	(31,874)
Income and social contribution taxes paid	(674)	-	(27,565)	(26,180)
Other accounts payable	(1)	1,300	(2,604)	2,923
Interest paid	(23,655)	-	(186,173)	(165,698)
Cash used in operating activities	(39,866)	(27,890)	(598,984)	(467,543)
Net cash flow (used in) provided by operating activities	(26,807)	(41,148)	388,147	269,947
Cash flows from investment activities				
Acquisitions of intangible assets and property, plant and equipment	(246)	(1,350)	(386,549)	(664,961)
Concession financial assets - Transmission firms	-	-	(224,325)	-
Investment acquisition	-	(80)	-	-
Capital increase in investees	(236,901)	-	-	-
Discharge of short-term investments	-	37,628	410	612,106
Receipt of dividends	21,619	6,552	6,815	6,552
Cash flow (used in) provided by investment activities	(215,528)	42,750	(603,649)	(46,303)
Cash flows from financing activities				
Amortization of derivative financial instruments	-	-	-	(128,521)
Amortization of loans and financing and debentures	-	-	(1,081,438)	(695,276)
Obtainment of loans and financing and debentures	-	-	1,773,281	653,119
Judicial reorganization amounts paid	-	-	(202,478)	(72,322)
Proceeds for capital increase	470	1,301	470	1,301
Dividends paid	(155)	(4)	(7,957)	(6,000)
Net cash provided by (used in) financing activities	315	1,297	481,878	(247,699)
Net (Decrease) increase in cash and cash equivalents	(242,020)	2,899	266,376	(24,055)
Cash and cash equivalents at beginning of period	1,247,838	137,661	4,172,474	920,784
Cash and cash equivalents at end of period	1,005,818	140,560	4,438,850	896,729
Net (Decrease) increase in cash and cash equivalents	(242,020)	2,899	266,376	(24,055)

See the accompanying notes to the quarterly information.

Equatorial Energia S.A.

Statements of added value

Six-month periods ended June 30, 2018 and 2017

(In thousands of reais)

	Parent company		Consolidated	
	06/30/2018	**06/30/2017**	**06/30/2018**	**06/30/2017**
Revenue				
Sales of products, services and construction revenue	-	-	6,587,171	5,476,898
Provision for impairment and allowance for doubtful accounts	-	-	(160,896)	(166,859)
Provision (reversal) for civil, labor, tax and regulatory litigation	-	-	(25,850)	(24,552)
Other operating expenses/revenue	(27)	(7)	(8,764)	(35,618)
Other non-recurrent expenses / revenue	-	-	(24,172)	(18,672)
	(27)	(7)	6,367,489	5,231,197
Consumables acquired from third parties (including ICMS and IPI)				
Costs of goods sold and services rendered	-	-	(3,238,919)	(2,541,577)
Materials, energy, outsourced services and other	(9,891)	(7,984)	(373,930)	(31,642)
CCC Subsidy	-	-	(57,205)	(333,550)
	(9,891)	(7,984)	(3,670,054)	(2,906,769)
Gross added value used	(9,918)	(7,991)	2,697,435	2,324,428
Depreciation and amortization	(3)	(3)	(200,793)	(189,238)
Added value (used) produced by the Company	(9,921)	(7,994)	2,496,642	2,135,190
Transferred added value				
Financial revenue	33,710	34,938	482,971	283,682
Equity in net income of subsidiaries	222,565	173,238	34,215	13,281
Amortization of concession rights	(5,015)	(2,961)	(5,015)	(2,961)
Other	(438)	(5,673)	(209,945)	(117,614)
	250,822	199,542	302,226	176,388
Total added value to be distributed	**240,901**	**191,548**	**2,798,868**	**2,311,578**
Distribution of added value				
Employees				
Direct compensation	8,596	9,024	151,136	134,747
Benefits	570	352	39,230	36,327
Government Severance Indemnity Fund for Employees (FGTS)	161	313	15,018	13,320
Other	2,049	2,037	(17,821)	(13,686)
	11,376	11,726	187,563	170,708
Taxes				
Federal	-	2,962	924,936	774,665
State	-	-	962,733	832,954
Municipal	-	-	4,616	4,266
	-	2,962	1,892,285	1,611,885
Third-party capital remuneration				
Interest	43,710	3	420,774	262,043
Rent	135	287	14,901	13,544
Other financial expenses	-	-	22,819	17,181
	43,845	290	458,494	292,768
Interest on equity				
Earnings retained in the period	185,680	176,570	185,680	176,570
Noncontrolling interests in earnings for the period	-	-	74,846	59,647
	185,680	176,570	260,526	236,217
Added value	**240,901**	**191,548**	**2,798,868**	**2,311,578**

See the accompanying notes to the quarterly information.

Notes to the quarterly information

(In thousands of Reais)

1 Reporting entity

Equatorial Energia S.A. ("Company" or "Equatorial" or "Parent"), headquartered in São Luís, Maranhão, Brazil, is a publicly traded holding corporation with interests primarily in electric power generation, distribution and transmission operations. The Company is listed on B3 under the ticket "EQTL3" and has been listed on Novo Mercado since 2008.

2 Subsidiaries and joint ventures

Equatorial has the following interests:

Direct interest	**Note**	**6/30/2018**	**12/31/2017**
Companhia Energética do Maranhão S.A. - CEMAR	(a)	65.11%	65.11%
55 Soluções S.A.	(b)	100.00%	100.00%
Centrais Elétricas do Pará S.A. - CELPA	(c)	96.50%	96.50%
Geradora de Energia do Norte	(d)	25.00%	25.00%
Vila Velha Termoelétricas Ltda.	(e)	50.00%	50.00%
Equatorial Telecomunicações Ltda.	(f)	0.04%	0.04%
Equatorial Transmissão S.A.	(g)	100.00%	100.00%
Integração Transmissora de Energia S.A. - INTESA	(h)	51.00%	51.00%

Indirect interest	**Note**	**6/30/2018**	**12/31/2017**
Equatorial Transmissora 1 SPE S.A.	(i)	100.00%	100.00%
Equatorial Transmissora 2 SPE S.A.	(j)	100.00%	100.00%
Equatorial Transmissora 3 SPE S.A.	(k)	100.00%	100.00%
Equatorial Transmissora 4 SPE S.A.	(l)	100.00%	100.00%
Equatorial Transmissora 5 SPE S.A.	(m)	100.00%	100.00%
Equatorial Transmissora 6 SPE S.A.	(n)	100.00%	100.00%
Equatorial Transmissora 7 SPE S.A.	(o)	100.00%	100.00%
Equatorial Transmissora 8 SPE S.A.	(p)	100.00%	100.00%
Solenergias Comercializadora de Energia S.A	(q)	51%	51%
Helios Energia Comercializadora e Serviços Ltda.	(r)	99.99	99.99
Equatorial Telecomunicações Ltda.	(f)	99.96	99.96

(a) Companhia Energética do Maranhão (CEMAR): A publicly held corporation primarily engaged in electric power distribution. CEMAR holds the concession for the state of Maranhão, serving 2.5 consumers and covering a concession area of over 332 thousand square kilometers. The public power distribution concession contract (no. 060/2000) between the National Electricity Regulatory Agency - ANEEL and CEMAR on 8/28/2000, has a term extending to August 2030 and is extendable for a further maximum term of 30 years.

(b) 55 Soluções S.A.: A privately held company held corporation headquartered in São Luís, Maranhão, Brazil, and primarily engaged in: a) services in the electric power, telecommunications and data transmission businesses; b) electricity bill collection services for third parties; and c) third-party facilities operation, maintenance and planning services.

(c) Centrais Elétricas do Pará S.A. (CELPA): A publicly traded corporation headquartered in Belém, Pará, supplying electricity to a concession area spanning 1,248,000 km^2 across the State of Pará, serving more than 2.6 million consumers in 144 municipalities. Electricity distribution concession agreement no. 182/1998 entered into by between ANEEL and CEMAR on 7/28/1998, has a term extending to July 2028 and is extendable for a further term of 30 years.

(d) Geradora de Energia do Norte S.A. is the company responsible for the development and operation of the Tocantinópolis and Nova Olinda thermal power stations in the municipality of Miranda do Norte, Maranhão, Brazil, with a combined installed capacity of 330 MW to be delivered to the National Interconnected System. On October 1, 2008, Equatorial acquired a 25% interest in the share capital of Geradora de Energia do Norte S.A.: The consortium that controls Geradora de Energia do Norte S.A. consists of Equatorial Energia S.A. (25%), Fundo de Investimentos em Participações Brasil Energia (25%) and GNP S.A. (50%). GNP S.A., in turn, is controlled by Servtec Investimentos e Participações Ltda. (50%) and Companhia Ligna de Investimentos (50%). The control of Geradora de Energia do Norte S.A. is shared and governed by a Shareholders' Agreement.

(e) Vila Velha Termoelétricas Ltda., currently in a pre-operational phase, is responsible for the development and operation of thermal power stations in the state of Espírito Santo. Equatorial Energia has a 50% interest in the company. Control of C Vila Velha Termoelétricas Ltda. is shared and governed by a Shareholders' Agreement.

(f) Equatorial Telecomunicações Ltda.: A private entity headquartered in São Luís, Maranhão, Brazil, engaged in the provision of telecommunications service, land-line telephone service, multimedia communication services, and voice over Internet protocol service and telecommunications information services.

(g) Equatorial Transmissão S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) transmit and sell energy and provide related services; b) study, plan, design, implement, operate and maintain energy transmission systems; c) provide consultancy and engineering services within their operating remit; c) participate in technical, scientific and entrepreneurial associations and organizations; and e) acquire interests in other Brazilian or foreign companies as partner or shareholder, and was incorporated on November 17, 2016;

(h) Integração Transmissora de Energia S.A. ("INTESA" or "Company"), with registered offices in Rio de Janeiro, is a privately held corporation. Its registered business interests include the construction, development, operation and maintenance of electric utility facilities within the interconnected grid and specifically the Colinas/Serra da Mesa 2 500kV Transmission Line in the states of Tocantins and Goiás, which serves 25 municipalities between Colinas do Tocantins (TO) and Colinas do Sul (GO). Transmission system operation and maintenance services are performed by ELETRONORTE under the Company's oversight and supervision. On December 19, 2017 an agreement for the purchase and sale of shares was settled under which Fundo de Investimento em Participações Brasil Energia (FIP) sold shares representing a 51% equity interest in the company to Equatorial Energia, with shared control. The ownership structure thereafter is as follows: Equatorial Energia S.A. (51%), Centrais Elétricas do Norte do Brasil - ELETRONORTE (37%) and Companhia Hidro Elétrica do São Francisco - CHESF (12%). A shareholders' agreement has been concluded for the joint arrangement.

(i) Equatorial Transmissora 1 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 251-km, 500 kV Rio das Águas - Barreiras II C2 Transmission Line, and was incorporated on November 17, 2016;

(j) Equatorial Transmissora 2 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the (a) 213-km, 500 kV Barreiras II, Buritirama C1 Transmission Line, and (b) 500kV Buritirama Substation (new substation for line connections and compensation of reactive power), incorporated on November 17, 2016;

(k) Equatorial Transmissora 3 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 380-km, 500 kV Buritirama - Queimada Nova II, C2, Transmission Line, and was incorporated on November 17, 2016;

(l) Equatorial Transmissora 4 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the (a) 257-km, 500 kV Igaporã III - Janaúba 3 C1 Transmission Line, (b) 337-km, 500 kV Janaúba 3 - Presidente Juscelino C1 Transmission Line; and (c) 500 kV Janaúba 3 (new 500 kV yard - parte 1) substation, founded on November 17, 2016;

(m) Equatorial Transmissora 5 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 257-km, 500 kV Igaporã III - Janaúba 3 C2 Transmission Line, incorporated on November 17, 2016.

(n) Equatorial Transmissora 6 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 330-km, 500 kV Janaúba 3 - Presidente Juscelino C2 Transmission Line, incorporated on November 17, 2016.

(o) Equatorial Transmissora 7 SPE S.A.: A privately held company, having its registered office in Brasília, Distrito Federal. The Company's core activities are the: a) explore and operate the public electricity transmission concession and build, assemble, operate and maintain transmission lines, in accordance with Procurement Notice 13/2015-ANEEL 2nd Republication Stage, consisting of the 56.1-km, 500 kV Vila do Conde - Marituba Transmission Line; (b) 68.6-km, 230 kV Marituba - Castanhal - Transmission Line; (c) 500/230 kV Marituba - (3+1R)x300 MVA substation; and (d) 230/69 kV Marituba 2x200 MVA substation, founded on November 17, 2016;

(p) Equatorial Transmissora 8 SPE S.A.: A privately held company, having its registered office in São Luís, Maranhão State. The Company's core activities are the: a) operate a power transmission concession including the construction, erection, operation and maintenance of transmission systems in the state of Pará under Invitation for Auction No. 05/2016, comprising (a) the Xingu—Altamira 230 kV ~61 km Transmission Line; (b) the Altamira-Transamazônica 230 kV ~188 km Transmission Line; (c) the Transamazônica-Tapajós 230 kV ~187 km Transmission Line; (d) the 230/138-13.8 kV (2 x 150 MVA) Tapajós Substation; e) the Tapajós Substation-Synchronous Compensator (-75/+150 MVAR); and f) the Rurópolis Substation-Synchronous Compensator (-55/+110 MVAR), established on June 14, 2017; and

(q) Solenergias Comercializadora de Energia S.A. ("Solenergias"): A corporation having registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary 55 Soluções S.A.

(r) Hélios Energia Comercializadora e Serviços Ltda. Sociedade Empresária Limitada having registered offices in Rio de Janeiro (RJ), engaged in the trading of electric power, management of power supply contracts, organization of electric power auctions and trading in power generation equipment. It owns subsidiary Solenergias Comercializadora de Energia S.A.

The subsidiaries CEMAR, CELPA, 55 Soluções and Equatorial Transmissão are collectively referred to in the notes hereafter as "Subsidiaries".

Geradora de Energia do Norte, Integração Transmissora de Energia S.A. and Vila Velha are joint ventures controlled by Equatorial and are recognized using the equity method of accounting. They are initially recognized at cost, which includes transaction costs.

The presentations of the subsidiaries' quarterly information included in the consolidation are the same as the parent company's and accounting policies have been applied consistently with the consolidated companies, including the joint subsidiaries, and are consistent with those used in the previous year.

All intercompany accounts and transactions have been eliminated in the consolidation.

3 Basis of preparation and presentation of the quarterly information

3.1 Statement of compliance

The quarterly information individual and consolidated has been prepared in accordance with Technical Pronouncement CPC 21 (R1) - *Interim Financial Statements*, IAS 34 - *Interim Financial Reporting* of the International Accounting Standards Board (IASB) and Brazilian generally accepted accounting principles (BR-GAAP), and includes information required to be presented under Brazilian corporate law in a manner consistent with the standards set out in Accounting Pronouncements (CPC) approved by the Federal Accounting Counsel (CFC) and by the Brazilian Securities Commission (CVM) as applicable to the preparation of quarterly information.

The Company also observes the guidelines laid down in the Brazilian Power Sector Accounting Manual and the standards issued by Brazilian power sector regulator, ANEEL, where not conflicting with Brazilian generally accepted accounting principles and/or with international financial reporting standards.

The individual and consolidated interim quarterly information to the period ended on June 30, 2018 was authorized for issuance by Management on August 9, 2018.

All material information related to the quarterly information and that alone, is being presented, which corresponds to that used by it in its management.
After issuance, the quarterly information can only be altered by shareholders.

3.2 Functional currency and reporting currency

The individual and consolidated quarterly information is presented in Brazilian reais, which is the Company's functional currency. All balances have been rounded off to the nearest thousands, except where specified otherwise.

3.3 Use of estimates and judgments

Preparing the individual and consolidated quarterly information requires Management to make judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported values of assets, liabilities, revenue and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized prospectively.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized and information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the periods ending June 30, 2018 and 2017 is included in the following notes:

- **Note 6.1 -** Unvoiced revenue: Estimated revenue from energy consumed but not yet invoiced;
- **Note 6.2-** Accounts receivable: Credit risk analysis criteria for determining the allowance for doubtful accounts;

- **Note 11 -** Financial asset of the concession: Criteria for determining and restating concession financial assets;

- **Note 13 -** Intangible assets: Calculation of the amortization of intangible concession assets linearly over the period in which the company is entitled to charge consumers for the use of the underlying concession asset (the regulatory useful life of assets) or the term of the concession contract, whichever is shortest;

- **Note 17 -** Deferred income and social contribution taxes: Deferred income and social contribution taxes on temporary differences based on projections of taxable income and the availability of future taxable earnings. Deferred tax is recognized in respect of temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes and the tax losses, based on projections of taxable income and the availability of future taxable earnings;

- **Note 19 -** Provisions for civil, tax, labor and regulatory claims: Recognition of provisions for tax, civil and labor risks by rating the chance of defeat according to the evidence available, the hierarchy of law, available case law, recent court decisions and their relevance in the legal framework, in addition to independent legal advisors' opinions; and

- **Note 30** - Financial instruments: Definition of fair value using valuation techniques including the discounted cash flow method for financial assets and liabilities not traded in an active market.

(i) Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer, when applicable.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of CPC / IFRS, including the level in the fair value hierarchy in which the valuations should be classified.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities

- **Level 2**: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

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

The Company, when applicable, recognizes transfers between levels of the fair value hierarchy in the quarterly information review period or at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is disclosed in note 28.3.

3.4 Basis of measurement

The individual and consolidated quarterly information has been prepared on the historical cost basis, except for the following material items recognized in the balance sheets:

- Short-term investments (investment funds) measured at fair value; and
- Defined-benefit's net asset or liability is recognized as the fair value of the plans' assets, less the present value of the defined-benefit obligation, and is limited.

4 Significant accounting policies

The interim individual and consolidated financial information is being presented without repeating certain notes previously disclosed, but disclosing any material changes in the period. The accounting principles used in the preparation of interim information are the same as used in the preparation of the Company's annual financial statements, as described in Note 4, for the financial year ended December 31, 2017, except the new accounting practices adopted as per note 4.1. This interim individual and consolidated quarterly information should therefore be read in conjunction with the Company's individual and consolidated annual financial statements for the financial year ended December 31, 2017, issued on March 8, 2018, which include the full set of notes.

The company adopted all the reviewed pronouncements and interpretations issued by CPC and IASB that were in effect on June 30, 2018.

4.1 Main changes in accounting policies

4.1.1 CPC Technical Pronouncement 47 - Revenue from contracts with customers (IFRS 15 - Revenue from Contracts with Customers)

The Company adopted CPC 47 / IFRS 15 using the cumulative effect method, with the initial application from 1 January 2018. As a result, the Company did not apply the requirements demanded by the standard for the comparative period presented.

The core principle of the new standard is that the Company will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

The standard states that revenue is recognized net of variable consideration. Discounts, rebates, refunds, credits, price concessions, incentives, performance bonuses, penalties or other similar items are classified under the above standard as variable consideration. The distribution companies were assessed by ANEEL on several aspects of power supply to customers. These include the quality of service and products delivered to consumers. Quality-of-service assessments include an assessment of outage rates. The individual continuity metrics DIC, FIC,

DMIC and DICRI are an important part of the service quality. If these thresholds are not met the subsidiaries CEMAR and CELPA are required to reimburse customers by awarding a discount on their monthly bills. These penalties were accounted for as operating expense until December 31, 2017.

The standards states the Company may only account for the effects of a contract with a customer when it is probable that they will collect the consideration to which they will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due. Revenue is not recognized from contracts with customers with a long history of default but which, for any reason, have not had their power supply suspended. Based on the Company's assessment, there are no contracts subject to the situation, meaning there are no impacts from adopting the standard.

The impacts of adopting IFRS 15 of the consolidated statement of income for the financial year ended June 30, 2018 are as follows:

6/30/2018		**Balances without adopting CPC 47 / IFRS 15**	**Adjustments CPC 47/IFRS 15**	**Reported Balance**
Net revenue	(a)	4,744,922	(21,033)	4,735,023
Cost of electricity, construction and operation		(3,678,415)	-	(3,678,415)
Sales expenses		(320,528)	-	(320,528)
General and administrative expenses		(236,458)	-	(236,458)
Amortization of concession rights		(5,015)	-	(5,015)
Equity in net income of subsidiaries		34,215	-	34,215
Other operating expenses, net	(a)	(32,936)	21,033	(23,037)
Net finance income		(170,567)	-	(170,567)
Taxes on net income		(74,692)	-	(74,692)
Net income for the period		**260,526**	**-**	**260,526**

(a) DIF/FIC and others previously recognized as other operating expenses, being reclassified to revenue deductions, in accordance with the standard.

4.1.2 Technical Pronouncement CPC 48 - Financial Instruments (IFRS 9 - Financial Instruments)

The Company adopted CPC 48/IFRS 9 with initial application from January 01, 2018, taking advantage of the exemption allowing it not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes.

- Classification - Financial assets and liabilities

CPC 48/IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing CPC 38/IAS 39 categories of held to maturity, loans and receivables and available for sale. The new classification requirements did not have any impacts on the recording of the Company's financial assets and liabilities, as shown below:

Parent company

	Category of financial instruments		6/30/2018		12/31/2017	
Assets	**CPC 38/IAS 39**	**CPC 48/IFRS 9**	**Carrying**	**Market**	**Carrying**	**Market**
Cash and cash equivalents [1]	Loans and receivables	Amortized cost	57,678	57,678	56,503	56,503
Cash and cash equivalents (Investment fund)	FVTPL	FVTPL	948,140	948,140	1,191,335	1,191,335
Total assets			1,005,818	1,005,818	1,247,838	1,247,838

	Category of financial instruments		6/30/2018		12/31/2017	
Liabilities	**CPC 38/IAS 39**	**CPC 48/IFRS 9**	**Carrying**	**Market**	**Carrying**	**Market**
Payable	Amortized cost	Amortized cost	2,032	2,032	1,178	1,178
Loans and financing	Amortized cost	Amortized cost	320,496	320,496	310,447	310,447
Debentures	Amortized cost	Amortized cost	806,996	844,676	803,464	816,486
Total liabilities			1,129,524	1,167,204	1,115,089	1,128,111

Consolidated

	Category of financial instruments		6/30/2018		12/31/2017	
Assets	**CPC 38/IAS 39**	**CPC 48/IFRS 9**	**Carrying**	**Market**	**Carrying**	**Market**
Cash and cash equivalents [4]	Loans and receivables	Amortized cost	508,125	508,125	565,164	565,164
Cash and cash equivalents (Investment fund)	FVTPL	FVTPL	3,930,725	3,930,725	3,607,310	3,607,310
Short-term investments	FVTPL	FVTPL	522	522	919	919
Trade accounts receivable	Loans and receivables	Amortized cost	2,940,051	2,940,051	3,052,909	3,052,909
Derivative financial instruments	FVTPL	FVTPL	125,211	125,211	48,720	48,720
CCC subrogation - amounts allocated	FVTPL	FVTPL	8,898	8,898	8,466	8,466
Financial concession assets - Transmission	Loans and receivables	Amortized cost	399,777	399,777	152,919	152,919
Financial concession assets - Distributors	Loans and receivables	FVTPL	3,260,801	3,260,801	3,071,703	3,071,703
Total assets			11,174,110	11,174,110	10,508,110	10,508,110

	Category of financial instruments		6/30/2018		12/31/2017	
Liabilities	**CPC 38/IAS 39**	**CPC 48/IFRS 9**	**Carrying**	**Market**	**Carrying**	**Market**
Payable	Amortized cost	Amortized cost	982,392	982,392	1,185,038	1,185,038
Loans and financing	Amortized cost	Amortized cost	4,195,483	4,202,602	3,963,243	3,978,750
Derivative financial instruments	FVTPL	FVTPL	26,877	26,877	19,946	19,946
Payables from judicial reorganization	Amortized cost	Amortized cost	829,971	829,971	974,067	986,203
Debentures	Amortized cost	Amortized cost	3,662,539	3,568,798	3,006,998	3,080,650
Total liabilities			9,697,262	9,610,640	9,149,292	9,250,587

[1] For the period ended June 30, 2018 the Company adjusted the balance previously presented in the financial year ended December 31, 2017.

- Impairment - Financial assets and contract assets

CPC 48/IFRS 9 replaces the 'incurred loss' model in CPC 38/IAS 39 with a forward-looking 'expected credit loss' (ECL) model. The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments, and to contract assets. The provisions for expected losses were measured based on the expected lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The potential of the estimated losses were analyzed based on actual credit loss experience in recent years. The Company performed the calculation of loss rates separately for each client segment (residential, industrial, commercial, rural and government sector). We also observed whether it was necessary to make changes to the credit risk according to external credit assessments published, when applicable. After his analysis it was concluded that the Company's existing criteria is sufficient and in line with the assessments required by the standard, meaning there are no impacts from adopting this standard.

5 Cash and cash equivalents

	Parent company		Consolidated	
	6/30/2018	**12/31/2017**	**6/30/2018**	**12/31/2017**
Cash and bank deposits	390	468	61,406	112,687
Short-term financial investments (i)	1,005,428	1,247,370	4,377,444	4,059,787
Total	1,005,818	1,247,838	4,438,850	4,172,474

(i) Short-term financial investments	**6/30/2018**	**12/31/2017**	**6/30/2018**	**12/31/2017**
CDB	56,993	55,686	384,324	391,804
Investment funds	948,140	1,191,335	3,930,725	3,607,310
Debentures held under repurchase agreements	295	349	62,395	60,673
Total	1,005,428	1,247,370	4,377,444	4,059,787

(i) Short-term financial investments consist of highly liquid fixed-income investments indexed to the Bank Deposit Certificate (CDB) rate and repo transactions directly with the financial institutions operating in the National Financial Market, which have a low credit risk. Investment funds represent low-risk transactions with tier-one financial institutions rated AA and above They include a range of assets intended to improve returns at a lower levels of risk, such as: fixed income securities, government bonds, repo transactions, debentures, CDBs and other investments permitted under Company policy. These instruments pay interest at approximately 98,64% of the Interbank Deposit Certificate (CDI) rate (100.18% at December 31, 2017), are readily available for use in the Company and its subsidiaries' operations, are readily convertible to known amounts of cash, and are subject to an insignificant risk of changes in value (i.e. immediately liquid financial assets). These transactions have maturities of less than three months and a repurchase commitment by the issuer, and are therefore classified as cash and cash equivalents pursuant to CPC 03 (R2).

The Company adopted the strategy of investing its financial funds in investment funds and asset that aim to track the changes in interest rates on interbank deposits and classified as cash and cash equivalents. The Company uses the investment funds in the daily management of cash.

6 Trade accounts receivable (Consolidated)

6.1 Breakdown of balances

	6/30/2018	12/31/2017
Trade accounts receivable, billed	1,401,046	1,556,676
Trade accounts receivable, unbilled (a)	292,971	292,977
Account receivables installment (b)	1,506,236	1,394,480
Low-income and "viva luz" consumers	64,827	85,704
Other	193,367	166,827
Total	3,458,447	3,496,664
(-) Allowance for impairment of accounts receivable	(518,396)	(443,755)
Total trade accounts receivable	2,940,051	3,052,909
Current	2,221,911	2,439,478
Noncurrent	718,140	613,431

(a) This consists of the estimated energy supplied between the reading date and end of the month, pursuant to the practice set out in the 2015 Power Sector Accounting Manual; and

(b) CEMAR and CELPA customers can pay overdue bills in as many as 48 installments. Installment payments incur interest of 1% per month.

6.2 Provision for impairment of accounts receivable (CEMAR and CELPA)

	12/31/2017	Provisions/ additions	Reversals (write-offs) (a)	6/30/2018
Trade accounts receivable, billed	218,505	553,611	(549,036)	223,080
Account receivables installment	210,808	93,230	(25,222)	278,816
Other	14,442	20,351	(18,293)	16,500
Total	443,755	667,192	(592,551)	518,396

(a) The subsidiary CELPA reassessed the aging of trade receivables for the period ended June 30, 2018 and identified a total of R$ 55,342 (R$ 161,388 as of December 31, 2017) more than 360 days overdue. The Company accordingly wrote them off, taking into account the legally established terms. The write-off did not affect the results of operations for the period, however, previously as a provision had been established for these receivables.

The allowance for doubtful accounts is recognized based on defined criteria and Management's best estimates, in accordance with General Instruction 6.3.2 of the Accounting Manual for Public Electric Utility Service.

a. Trade accounts receivable, billed (CEMAR and CELPA)

	6/30/2018			
	Balances outstanding	**Overdue up to 90 days**	**More than 90 days overdue**	**Total**
Residential	233,701	354,836	125,119	713,656
Industrial	66,342	18,092	39,657	124,091
Commercial	148,805	64,235	41,022	254,062
Rural	16,022	19,143	30,544	65,709
Public authorities	71,424	47,241	26,349	145,014
Public lighting	18,143	8,458	19,517	46,118
Public utility	19,598	16,126	16,672	52,396
Total supplies billed	574,035	528,131	298,880	1,401,046

	12/31/2017			
	Outstanding balances	**Overdue by up to 90 days**	**More than 90 days overdue**	**Total**
Residential	312,299	361,813	121,995	796,107
Industrial	74,859	23,676	42,030	140,565
Commercial	169,864	72,892	42,376	285,132
Rural	21,263	23,777	26,647	71,687
Public authorities	71,371	67,209	23,463	162,043
Public lighting	19,637	11,943	15,536	47,116
Public utility	18,968	20,022	15,036	54,026
Total supplies billed	688,261	581,332	287,083	1,556,676

b. Account receivables installment

	6/30/2018			
	Balances outstanding	**Overdue up to 90 days**	**More than 90 days overdue**	**Total**
Residential	787,597	68,703	198,672	1,054,972
Industrial	32,906	4,015	17,990	54,911
Commercial	103,156	9,769	36,607	149,532
Rural	33,872	3,573	11,518	48,963
Public authorities	100,768	4,300	8,459	113,527
Public lighting	26,268	2,324	2,719	31,311
Public utility	48,931	1,725	2,364	53,020
Total financed receivables	1,133,498	94,409	278,329	1,506,236

	12/31/2017			
	Balances outstanding	**Overdue up to 90 days**	**More than 90 days overdue**	**Total**
Residential	744,476	65,713	150,858	961,047
Industrial	35,291	4,872	15,042	55,205
Commercial	103,710	10,628	27,812	142,150
Rural	31,365	3,371	8,232	42,968
Public authorities	103,434	3,948	7,429	114,811
Public lighting	27,256	2,337	979	30,572
Public utility	43,943	2,046	1,738	47,727
Total financed receivables	1,089,475	92,915	212,090	1,394,480

7 Services ordered (Consolidated)

Refers to costs accrued through services executed for third parties or for the own granted registered through Service Orders (ODS), costs related to the withdrawal (write-off) of property, plant and equipment recorded through Deactivation Orders - ODD and costs of disposal of assets through the issuance of Sales Orders - ODA, the criteria for calculating these costs are established and determined by the Accounting Manual of Electric Energy Public Service - MCSE.

	06/30/2018	12/31/2017
Current		
Deactivations and disposals in progress (a)	71,040	39,050
Own service (b)	26,962	19,455
Own service P&D e PEE (c)	64,895	78,659
Services rendered to third parties (d)	61,793	49,903
Manufacturing and material repairs	1,237	1,171
Others	6,734	7,564
Total	232,661	195,802
Noncurrent		
Own service P&D e PEE (c)	10,474	-
Total	10,474	-

(a) Refers mainly to the increase in the costs of (low) withdrawal of fixed assets recorded through deactivation orders, among which we highlight: lowers of meters; generators, transformers and reclosers;

(b) Refers mainly to the increase in the issuance of service orders to calculate costs with the execution of services as relocation of electrical installations;

(c) Variation resulting from the closing of Energy Efficiency and Research and Development projects in the period; and

(d) The variation presented is mainly due to the increase in the installation and withdrawal of a temporary service grid and branch for the establishment of provisional supply

8 "A Component" revenue receivable (returnable) and other financial items (Consolidated)

The "A Component" Offsetting account (CVA) is a system for recognizing changes in costs related to purchased electricity and regulatory charges during the period between rate adjustments and/or periodic reviews. It is a system designed to ensure greater neutrality in the passing on of these changes to electricity rates, in which utilities record changes in these costs as regulatory assets and liabilities, as shown below:

	12/31/2017	Accrual	Indexation	Amortization	6/30/2018
Portion A					
Energy Development Account - CDE (a)	(41,258)	23,044	(1,189)	12,062	(7,341)
Alternative Source Incentive Program - PROINFA	787	1,974	78	(592)	2,247
National Grid (b)	54,742	25,876	2,457	(8,981)	74,094
Acquisition of energy - CVA (c)	480,656	375,235	25,476	(141,642)	739,725
System Service Charges - ESS (d)	(344,921)	963	(12,321)	92,318	(263,961)
	150,006	427,092	14,501	(46,835)	544,764
Financial items					
Over-purchased electricity (e)	166,008	(189,526)	732	(29,092)	(51,878)
Neutrality	1,040	22,844	(350)	(17,842)	5,692
CEPISA violation of continuity limit	268	-	-	(182)	86
Excess demand and surplus reactive energy	(138,477)	(29,731)	(4,313)	-	(172,521)
ANGRA III regulatory asset	41,217	-	967	(27,113)	15,071
Other	373	(3,288)	(89)	(722)	(3,726)
	70,429	(199,701)	(3,053)	(74,951)	(207,276)
Total	220,435	227,391	11,448	(121,786)	337,488
Current - Net	100,414				5,634
Noncurrent - Net	120,021				331,854

(a) Positive variation due to the increase in amounts approved by ANEEL as a budget review for payment in 2018, in which they exceeded the coverage amounts in the period;

(b) A positive variation due to the increase in tariffs imposed to pay the costs that are higher than the current coverage rates;

(c) In the period ended June 30, 2018, there was an increase in costs with the effect of availability and financial exposure, resulting from the costs passed on to distributors to service the market, directly affected by the activation of thermals whose generation price is higher than PLD. For financial exposure, the increase had in fact the differences of PLD among the submarkets. Added to the variation of the period is the effect generated by the re-accounting of the New Energy Saving and Deficit Compensation Mechanism (MCSD);

(d) The System Service Charge is related to the payment of Thermal Plants dispatched and that operate with the purchase price above the PLD. The measure of dispatching these thermals is taken by the National System Operator - ONS to guarantee the energy security of the system. In the periodic tariff review of the Company, the estimated value of this charge granted by ANEEL was lower than the costs effectively paid, which in the tariff modality procedure results in the recovery through regulatory asset. As a result, in the period ended June 30, 2018, the ESS account was above the tariff coverage, which resulted in an active constitution; and

(e) For 2018, due to the situation of contracts and market, the scenario presents a sale of energy in the spot market, with the PLD being lower than the average price and in the sale operation that results in the formation of a regulatory asset. Additionally, the revaluation of operations in the short-term market occurred from August to October 2017 recalculated by CCEE in the liquidation of January/18.

On an annual basis, in August, ANEEL calculates a new rate adjustment index for subsidiaries CEMAR e CELPA to adjust their "A Component" expenses (non-manageable costs such as purchased electricity, sector charges and transmission charges). ANEEL determined the subsidiary CEMAR's annual rate review through Resolution 2,289 of August 22, 2017, with new rates that will be effective from August 28, 2017 to August 27, 2018. By way of Resolution 2,284 issued August 31, 2017, ANEEL determined the subsidiary CELPA's annual rate adjustment with new rates that will be effective from August 7, 2017 to August 6, 2018.

In this process the CVAs reported by subsidiaries are validated, and any difference between the amount calculated by CEMAR and CELPA and the amount approved by ANEEL for the period is derecognized. The average rate increase for consumers was 12.88% for CEMAR and 7.19% for CELPA, taking account of the financial components included in the subsidiaries' rates.

9 Other receivables

	Parent company		Consolidated	
	6/30/2018	**12/31/2017**	**6/30/2018**	**12/31/2017**
Current				
Employee amounts recoverable	11	-	6,041	3,448
Advances to suppliers	-	-	19,884	12,322
Sale of assets and rights	-	-	4,962	5,498
Electricity reimbursement credit	-	-	4,152	3,564
Credits on electricity bills	-	-	640	871
Prepaid expenses	-	-	3,101	897
Collection of arrangements	-	-	20,781	24,007
PIS/COFINS neutrality (a)	-	-	8,434	-
Rate discount subsidy	-	-	79,044	86,653
Other receivables (b)	3,126	8,174	61,668	56,815
Total	3,137	8,174	208,707	194,075
Noncurrent				
Amounts to be released (c)	-	-	16,287	16,287
Guarantee (d)	-	-	71,778	62,393
Credit assignment - CELPA	8,899	8,601	-	-
Advances to suppliers (e)	-	-	86,737	100,773
Other receivables	-	60	8,208	8,383
Total	8,899	8,661	183,010	187,836

(a) Differences between PIS/COFINS amounts determined by applying average equivalent rates to income for the reference month and the amounts actually collected in the month in which the average equivalent rate was applicable;

(b) On the period ended on June 30, 2018 the main balances of the amount are transactions from the subsidiaries CEMAR and CELPA: i) R$ 15,625 for mutual use of the pole, which is sharing of the electricity infrastructure, recorded ii) R$ 6,576 for incorporation of the grid, financial participation in works pursuant to Resolution 223/229/414 - ANEEL; iii) spot energy and grid usage charges amounting to R$ 21,083 and iv) R$ 18,384 in other amounts receivable;

(c) The subsidiary CELPA has a balance of amounts to be released with Daycoval Bank in the amount of R$ 16,287, blocked as a result of financing agreements renegotiated through the Judicial Recovery Plan;

(d) In compliance with the contractual requirements of the Medium-and Long-Term Debt (DMLP) contract of the subsidiary CELPA with the National Treasury Department (STN), Par Bonds and Discount Coupons. Guarantees are provided in the form of a cash deposit with the National Treasury to amortize the principal of these loans, which mature on April 15, 2024.

(e) Advances to transmission (SPEs) for the construction of transmission facilities.

10 Related-party transactions

The main balances of assets and liabilities as of June 30, 2018 and December 31, 2017, as well as the transactions that influenced the result of the period, relating to related-party transactions primarily derive from transactions of the Company with its subsidiaries, shareholders and their related parties, key members of Management (Presidente and Directors) and other related parties as defined by CVM Resolution 560 issued December 11, 2008, which approved CPC 05 - Related Parties Disclosures. There were no significant changes to the disclosures made in the Company's annual financial statements.

Key management personnel compensation

Key management personnel includes Directors and Officers. The compensation was set at up to R$ 16,000 by the Extraordinary General Meeting held April 27, 2018.

Proportion of each constituent of overall compensation in the period ended June 30, 2018:

	Board of Directors	%	Statutory Board	%	Total
Number of members	7		7		14
Annual fixed compensation	540	100%	1,241	15%	1,781
Salaries or management fees	540	100%	1,170	14%	1,710
Direct and indirect benefits	-		71	1%	71
Variable compensation	-	0%	6,591	79%	6,591
Bonuses	-	0%	6,591	79%	6,591
Post-employment benefits	-	0%	7	0%	7
Share-based payments	-	0%	524	6%	524
Total remuneration by board	540	100%	8,363	100%	8,903

11 Concession financial assets (Consolidated)

The changes in concession financial asset balances are as follows:

	12/31/2017	Restatement of financial assets	Capitalization	Write-offs	Accrual	6/30/2018
Financial assets	4,621,377	119,641	219,908	(1,028)	224,325	5,184,223
Special obligations	(1,396,755)	(66,431)	(60,459)	-	-	(1,523,645)
Total	3,224,622	53,210	159,449	(1,028)	224,325	3,660,578

The concession held by CEMAR and CELPA is without consideration and therefore there are no fixed financial obligations or payments to be made to the concession authority.

12 Investments

The main information about investments in subsidiaries and joint ventures is as follows:

		Parent company		Consolidated	
		6/30/2018	**12/31/2017**	**6/30/2018**	**12/31/2017**
Appraised by equity accounting:					
CEMAR	65,11%	1,795,734	1,780,817	-	-
CELPA	96,50%	2,277,241	2,235,140	-	-
Geradora de Energia do Norte	25,00%	95,643	89,254	95,643	89,254
Vila Velha	50,00%	3,300	3,300	3,300	3,300
55 Soluções	100,00%	60,304	53,110	-	-
Equatorial Telecomunicações	0,04%	-	18,958	-	-
Transmissora SPE 01	100,00%	-	21,079	-	-
Transmissora SPE 02	100,00%	-	23,746	-	-
Transmissora SPE 03	100,00%	-	39,907	-	-
Transmissora SPE 04	100,00%	-	16,469	-	-
Transmissora SPE 05	100,00%	-	19,669	-	-
Transmissora SPE 06	100,00%	-	35,159	-	-
Transmissora SPE 07	100,00%	-	27,349	-	-
Transmissora SPE 08	100,00%	-	-	-	-
Equatorial Transmissão	100,00%	445,053	311,061	-	311,061
Integração Transmissora de Energia S.A. - INTESA (a)	51%	331,741	-	331,741	-
Subtotal		5,009,016	4,675,018	430,684	403,615
Other investments		-	-	18,249	18,448
Total		5,009,016	4,675,018	448,933	422,063

(a) On December 19, 2017 the Group completed the acquisition of the 51% interest in Integração Transmissora de Energia S.A. - INTESA for Equatorial Energia, with the capital then being held as follows: Equatorial Energia S.A. (51%), Centrais Elétricas do Norte do Brasil - ELETRONORTE (37%) and Companhia Hidro Elétrica do São Francisco - CHESF (12%). The base date used in the purchase and sale agreement was December 31, 2016, at which time INTESA had equity of R$ 403,286.

On March 28, 2018 the company announced the binding offer to acquire shares accounting for 49% of the capital of the company Integração Transmissora de Energia S.A. In exchange for transferring ownership of the shares in Intesa, the Company undertook the obligation to pay the seller R$ 271,902. The acquisition price is subject to the adjustments set out in the Offering, including any distributions of profits by Intesa and adjustments to annual permit revenues - RAP. Completion of the acquisition, with the effective transfer of Intesa shares to the Company is subject to performing certain conditions, including the negotiation of the share purchase and sale agreement and approval of the operation by the National Electricity Regulatory Agency - ANEEL and the Administrative Council for Economic Defense (CADE).

12.1 Changes in the capital expenditure in subsidiaries and joint subsidiaries

Subsidiaries	Balance at December 31, 2017	Capital Increase	Additional dividends	Minimum dividends	Equity in net income of subsidiaries	Transfer of share control (a)	Prov. Devaluation of permanent investment	Amortization of concession rights (b)	Balance at June 30, 2018
CEMAR	1,780,817	-	(107,868)	-	127,800	-	-	(5,015)	1,795,734
CELPA	2,235,140	-	(5,255)	-	47,356	-	-	-	2,277,241
Geradora de Energia do Norte	89,254	-	-	(6,815)	13,204	-	-	-	95,643
Vila Velha	3,300	-	-	-	-	-	-	-	3,300
55 Soluções	53,110	-	-	-	7,194	-	-	-	60,304
Transmissora SPE 01	18,958	-	-	-	-	(18,958)	-	-	-
Transmissora SPE 02	21,079	-	-	-	-	(21,079)	-	-	-
Transmissora SPE 03	23,746	-	-	-	-	(23,746)	-	-	-
Transmissora SPE 04	39,907	-	-	-	38	(39,945)	-	-	-
Transmissora SPE 05	16,469	-	-	-	27	(16,496)	-	-	-
Transmissora SPE 06	19,669	-	-	-	43	(19,712)	-	-	-
Transmissora SPE 07	35,159	-	-	-	35	(35,194)	-	-	-
Transmissora SPE 08	27,349	-	-	-	53	(27,402)	-	-	-
Equatorial Transmissão	-	236,901	-	-	6,135	202,532	(515)	-	445,053
Integração Transmissora de Energia S.A. - INTESA	311,061	-	-	-	20,680	-	-	-	331,741
Total	4,675,018	179,001	(113,123)	(6,815)	222,565	-	(515)	(5,015)	5,009,016

(a) By way of order 3592 issued October 26, 2017, the Economic and Financial Oversight Division of the National Electricity Regulatory Agency (“ANEEL") approved the transfer of the direction control from the transmission companies which were then directly controlled by Equatorial Transmissão S.A., a wholly-owned subsidiary of Equatorial Energia S.A, recorded in minutes from the extraordinary general meeting on January 02 and February 1, 2018.

(b) Refers to the amortization of intangible assets on the concession right of the subsidiary CEMAR, which will be amortized through the end of the concession in 2030.

12.2 Reconciliation of capital expenditure

		6/30/2018						
Subsidiary	**Interest**	**Equity of subsidiary**	**Net income**	**PPA profit or loss**	**Equity in net income of subsidiaries**	**Size of investment**	**Balance of goodwill/PPA/Provision for losses**	**Total investment**
CEMAR	65.1087%	2,478,412	196,287	-	127,800	1,613,662	182,072	1,795,734
CELPA	96.4992%	2,626,896	49,628	(554)	47,356	2,534,933	(257,692)	2,277,241
Geradora de Energia do Norte	25.0000%	336,472	52,625	192	13,204	84,118	11,525	95,643
Vila Velha	50.0000%	6,600	-	-	-	3,300	-	3,300
55 Soluções	100.0000%	60,304	7,194	-	7,194	60,304	-	60,304
Equatorial Transmissão	100.0000%	445,053	6,135	-	6,135	445,053	-	445,053
Integração Transmissora de Energia S.A. - INTESA	51.0000%	491,344	40,549	-	20,680	250,585	81,156	331,741
		6,445,081	352,418	(362)	222,369	4,991,955	17,061	5,009,016

		12/31/2017						
Subsidiary	**Interest**	**Equity of subsidiary**	**Net income**	**PPA profit or loss**	**Equity in net income of subsidiaries**	**Size of investment**	**Balance of goodwill/PPA/Provision for losses**	**Total investment**
CEMAR	65.1087%	2,447,799	489,617	-	318,783	1,593,731	187,086	1,780,817
CELPA	96.4992%	2,582,714	613,531	9,204	600,934	2,492,298	(257,158)	2,235,140
Geradora de Energia do Norte	25.0000%	311,490	107,137	385	26,880	77,873	11,381	89,254
Vila Velha	50.0000%	6,600	-	-	-	3,300	-	3,300
55 Soluções	100.0000%	53,110	19,789	-	19,789	53,110	-	53,110
Transmissora SPE 01	100.0000%	18,958	119	-	119	18,958	-	18,958
Transmissora SPE 02	100.0000%	21,079	131	-	131	21,079	-	21,079
Transmissora SPE 03	100.0000%	23,746	112	-	112	23,746	-	23,746
Transmissora SPE 04	100.0000%	39,907	163	-	163	39,907	-	39,907
Transmissora SPE 05	100.0000%	16,469	19	-	19	16,469	-	16,469
Transmissora SPE 06	100.0000%	19,669	33	-	33	19,669	-	19,669
Transmissora SPE 07	100.0000%	35,159	233	-	233	35,159	-	35,159
Transmissora SPE 08	100.0000%	27,349	124	-	124	27,349	-	27,349
Equatorial Transmissão	100.0000%	(515)	(3,083)	-	(3,083)	(515)	515	-
Integração Transmissora de Energia S.A. - INTESA	51.0000%	450,794	58,394	-	29,781	229,905	81,156	311,061
		6,054,328	1,286,319	9,589	994,018	4,652,038	22,980	4,675,018

12.3 Information about the subsidiaries and joint ventures

		Statement of financial position					Profit or loss					
		Current		Noncurrent								
	Equity Interest	Asset	Liabilities	Assets	Liabilities	Equity	Net revenue	Gross Profit	Operating Revenue/ expenses	Net financial income	Income taxes	Net income for the period
Balances at 6/30/2018												
CEMAR	65.1087%	2,322,235	1,271,668	3,901,621	2,473,776	2,478,412	1,786,392	508,392	(236,261)	(30,178)	(45,666)	**196,287**
CELPA	96.4992%	3,575,774	2,018,803	5,821,726	4,751,801	2,626,896	2,525,052	512,704	(317,236)	(131,369)	(14,471)	**49,628**
Geradora de Energia do Norte	25.0000%	101,116	69,263	564,742	260,123	336,472	120,672	79,231	(6,734)	(10,497)	(9,375)	**52,625**
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	**-**
55 Soluções	100.0000%	57,489	27,588	31,985	1,582	60,304	58,722	9,655	(1,152)	507	(1,816)	**7,194**
Equatorial Transmissão	100.0000%	405,283	36,639	500,951	424,542	445,053	226,111	18,788	(4,116)	(364)	(8,173)	**6,135**
Integração Transmissora de Energia S.A. - INTESA	51.0000%	255,317	58,022	393,714	130,665	491,344	78,266	54,579	(23,687)	(2,763)	(11,266)	**16,863**
		6,717,214	**3,481,983**	**11,221,339**	**8,042,489**	**6,445,081**	**4,795,215**	**1,183,349**	**(589,186)**	**(174,664)**	**(90,767)**	**328,732**

		Statement of financial position					Profit or loss					
		Current		Noncurrent								
	Equity Interest	Asset	Liabilities	Asset	Liabilities	Net	Net revenue	Profit/ (Losses)	Operating Revenue/ expenses	Net financial income	Income taxes	Net income for the year
Balances at 12/31/2017												
CEMAR	65.1087%	2,877,884	1,452,571	3,675,456	2,652,970	2,447,799	3,370,836	1,097,200	(480,671)	(24,970)	(101,942)	**489,617**
CELPA	96.4992%	3,147,581	2,028,985	5,448,618	3,984,500	2,582,714	5,150,974	1,414,483	(684,461)	(207,295)	90,804	**613,531**
Geradora de Energia do Norte	25.0000%	155,866	135,289	570,391	279,864	311,490	540,183	169,539	(19,828)	(22,760)	(19,814)	**107,137**
Vila Velha	50.0000%	-	-	6,600	-	6,600	-	-	-	-	-	**-**
55 Soluções	100.0000%	46,286	26,097	38,872	5,951	53,110	104,915	68,212	(41,877)	1,895	(8,441)	**19,789**
Transmissora SPE 01	100.0000%	5,771	10,309	24,885	1,389	18,958	13,781	150	-	(23)	(8)	**119**
Transmissora SPE 02	100.0000%	4,676	10,632	28,361	1,326	21,079	13,182	167	-	(31)	(5)	**131**
Transmissora SPE 03	100.0000%	3,131	11,172	33,444	1,657	23,746	16,417	156	-	(42)	(2)	**112**
Transmissora SPE 04	100.0000%	4,013	23,836	62,647	2,917	39,907	28,066	340	-	(84)	(93)	**163**
Transmissora SPE 05	100.0000%	3,609	9,049	22,863	954	16,469	9,204	114	-	(63)	(32)	**19**
Transmissora SPE 06	100.0000%	3,693	11,457	28,646	1,213	19,669	11,737	135	-	(67)	(35)	**33**
Transmissora SPE 07	100.0000%	3,516	960	34,988	2,385	35,159	22,451	486	-	(105)	(148)	**233**
Transmissora SPE 08	100.0000%	4,620	2,897	28,111	2,485	27,349	24,105	208	(2)	(24)	(58)	**124**
Equatorial Transmissão	100.0000%	216	1,967	1,236	-	(515)	-	(2,412)	(590)	(81)	-	**(3,083)**
Integração Transmissora de Energia S.A. - INTESA	51.0000%	184,516	58,630	440,250	115,342	450,794	131,810	78,637	68	(7,498)	(12,813)	**58,394**
		6,445,378	**3,783,851**	**10,445,368**	**7,052,953**	**6,054,328**	**9,437,661**	**2,827,415**	**(1,227,361)**	**(261,148)**	**(52,587)**	**1,286,319**

13 Intangible assets (Consolidated)

Intangible assets are comprised as follows:

		6/30/2018			
	Weighted average annual amortization rates (%)	**Cost**	**Amortization**	**(-) Obligations Linked to the Concession**	**Net value**
In service	4.38	9,777,944	(4,472,160)	(1,897,154)	3,408,630
In progress		1,554,755	-	(213,836)	1,340,919
Concession agreement		291,810	(109,738)	-	182,072
Total		11,624,509	(4,581,898)	(2,110,990)	4,931,621

		12/31/2017			
	Weighted average annual amortization rates (%)	**Cost**	**Amortization**	**(-) Obligations Linked to the Concession**	**Net value**
In service	4.37	9,603,849	(4,214,284)	(1,797,065)	3,592,500
In progress		1,453,154	-	(301,894)	1,151,260
Concession agreement		291,810	(104,724)	-	187,086
Total		11,348,813	(4,319,008)	(2,098,959)	4,930,846

Change in intangible assets

	12/31/2017	**Reclassification**	**Additions**	**Write-offs**	**Capitalization/ transfer**	**6/30/2018**
In service	9,603,849	-	1,386	(46,910)	219,619	9,777,944
(-) Amortization	(4,214,284)	-	(284,666)	26,790	-	(4,472,160)
Total in service	5,389,565	-	(283,280)	(20,120)	219,619	5,305,784
In progress	1,453,154	(1,236)	542,364	-	(439,527)	1,554,755
Total in progress	1,453,154	(1,236)	542,364	-	(439,527)	1,554,755
Special obligations	(3,062,194)	-	(157,553)	349	60,459	(3,158,939)
(-) Amortization	963,235	-	84,714	-	-	1,047,949
Total special obligations	(2,098,959)	-	(72,839)	349	60,459	(2,110,990)
Concession right	291,810	-	-	-	-	291,810
(-) Amortization	(104,724)	-	(5,014)	-	-	(109,738)
Total concession rights	187,086	-	(5,014)	-	-	182,072
Total	4,930,846	(1,236)	181,231	(19,771)	(159,449)	4,931,621

Intangible assets in progress

The balance of intangible assets in progress breaks down as follows:

Intangible assets in progress	**Consolidated**	
	6/30/2018	**12/31/2017**
Work in progress	1,315,841	1,234,980
Materials in inventory	181,096	166,015
Advances to suppliers	57,818	52,159
Total	1,554,755	1,453,154

14 Trade accounts payables

	Parent company		**Consolidated**	
	6/30/2018	**12/31/2017**	**6/30/2018**	**12/31/2017**
Electricity sales to distributors (a)	-	-	573,542	670,131
Electricity network usage charge	-	-	47,558	44,808
Materials and services [2]	2,032	1,178	326,301	441,877
Other	-	-	34,991	28,222
Total	2,032	1,178	982,392	1,185,038

(a) In the period up to June 30, 2018, energy acquisition costs had an average price lower regarding to the same period of 2017 due to short-term energy purchase, financial exposure and availability effect influenced by the average PLD in 2017, which was settled for the average amount of R$ 201.66 and R$ 255.66, where the average PLD in 2018 was R$ 112.44 and R$ 112.45 of subsidiaries CEMAR and CELPA, respectively Another important factor was that, in the January 2018 settlement, there was a short-term market revenue, but the remaining items for the 2017 sales were expenses.

[2] For a better presentation and comparison with the current period, the Company classified amounts previously classified as "Other" to "Materials and services".

15 Loans and financing

Balance breakdown

	Parent company				Consolidated			
	6/30/2018				6/30/2018			
	Average cos of debt (% p.a.)	Principal and interest			Average cost of debt (% p.a.)	Principal and interest		
		Current	Noncurrent	Total		Current	Noncurrent	Total
Foreign currency (USD)								
National Treasury	-	-	-	-	5.06%	906	85,049	85,955
CCBI Citibank	-	-	-	-	8.48%	6,712	1,059,328	1,066,040
Total foreign currency		-	-	-		7,618	1,144,377	1,151,995
Local currency								
Eletrobrás	-	-	-	-	9.86%	31,949	134,187	166,136
IBM	-	-	-	-	7.81%	5,731	494	6,225
BNDES	-	-	-	-	9.59%	342,090	1,221,896	1,563,986
Banco do Brasil	-	-	-	-	4.50%	1,932	2,135	4,067
Cash	-	-	-	-	6.00%	6,722	47,932	54,654
Finep	-	-	-	-	4.00%	646	483	1,129
Sudene	-	-	-	-	7.00%	6,957	20,345	27,302
Santander	-	-	-	-	7.99%	-	200,000	200,000
Votorantim	-	-	-	-	4.50%	470	345	815
Promissory note	8.01%	321,207	-	321,207	5.04%	339,057	689,462	1,028,519
Subtotal		321,207	-	321,207		735,554	2,317,279	3,052,833
(-) Arrangement costs		(711)	-	(711)		(2,336)	(7,009)	(9,345)
Total local currency		320,496	-	320,496		733,218	2,310,270	3,043,488
Total		320,496	-	320,496		740,836	3,454,647	4,195,483

	Parent company				Consolidated			
	12/31/2017				12/31/2017			
	Average cost of debt (% p.a.)	Principal and interest			Average cost of debt (% p.a.)	Principal and interest		
		Current	Noncurrent	Total		Current	Noncurrent	Total
Foreign currency (USD)								
National Treasury	-	-	-	-	4.73%	721	72,965	73,686
CCBI Citibank	-	-	-	-	3.13%	3,801	578,900	582,701
Total foreign currency		-	-	-		4,522	651,865	656,387
Local currency								
Eletrobras	-	-	-	-	4.50%	34,867	141,142	176,009
Guanabara	-	-	-	-	11.43%	1,694	-	1,694
IBM	-	-	-	-	11.32%	11,761	2,017	13,778
BNDES	-	-	-	-	9.66%	304,029	1,370,787	1,674,816
Banco do Brasil	-	-	-	-	10.61%	284,022	3,097	287,119
BNB	-	-	-	-	8.50%	18,514	39,254	57,768
Cash	-	-	-	-	6.00%	6,745	51,193	57,938
Finep	-	-	-	-	4.00%	1,126	1,402	2,528
Sudene	-	-	-	-	7.00%	6,966	23,747	30,713
Santander	-	-	-	-	9.76%	122	200,000	200,122
Votorantim	-	-	-	-	4.50%	473	580	1,053
Promissory note	10.82%	310,447	-	310,447	10.63%	311,429	500,000	811,429
Subtotal		310,447	-	310,447		981,748	2,333,219	3,314,967
(-) Arrangement costs		-	-	-		(1,692)	(6,419)	(8,111)
Total local currency		310,447	-	310,447		980,056	2,326,800	3,306,856
Total		310,447	-	310,447		984,578	2,978,665	3,963,243

As of June 30, 2018, the amounts recorded under loans and financing have an average annual cost of 7.35% p.a., equal to 113.54% of the CDI rate (8.58% p.a., equal to 86.44% of the CDI rate at December 31, 2017).

Debt amortization schedule

At June 30, 2018 and December 31, 2017 the installment payments under the primary loans and financing agreements were as follows:

Parent company

The Parent company's entire debt is recorded under current due to short-term maturities.

Consolidated

	6/30/2018		12/31/2017	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	740,836	18%	984,578	25%
2019	376,180	9%	399,777	10%
2020	864,150	21%	742,290	19%
2021	1,268,918	30%	1,221,963	31%
2022	313,558	7%	250,222	6%
2022 onwards	638,850	15%	370,832	9%
Subtotal	3,461,656	82%	2,985,084	75%
Arrangement costs (Non-Current)	(7,009)	0%	(6,419)	0%
Noncurrent	3,454,647	82%	2,978,665	75%
Total	4,195,483	100%	3,963,243	100%

Change in debt

Changes in balances of loans and financing are as follows:

Parent company

	Local currency		Foreign currency (USD)		
	Current liabilities	**Noncurrent liabilities**	**Current liabilities**	**Noncurrent liabilities**	**Total**
Balances at December 31, 2017	310,447	-	-	-	310,447
Charges	10,760	-	-	-	10,760
Arrangement costs	(711)	-	-	-	(711)
Balance at June 30, 2018	320,496	-	-	-	320,496

Consolidated

	Local currency		Foreign currency (USD)		
	Current liabilities	**Noncurrent liabilities**	**Current liabilities**	**Noncurrent liabilities**	**Total**
Balances at December 31, 2017	980,056	2,326,800	4,522	651,865	3,963,243
Inflows (a)	-	198,281	-	390,000	588,281
Charges	97,068	3,324	14,998	-	115,390
Monetary and exchange variance	(40,828)	74,690	-	102,512	136,374
Transfers	291,817	(291,817)	-	-	-
Amortization of principal	(518,912)	-	-	-	(518,912)
Interest payments	(76,824)	-	(11,902)	-	(88,726)
Arrangement costs	841	(1,008)	-	-	(167)
Balances at June 30, 2018	733,218	2,310,270	7,618	1,144,377	4,195,483

(a) The public distribution of Equatorial Transmissora 7 SPE's 1st issuance of promissory notes ended on February 28, 2018. The funds secured in a single series of R$ 185,000 were allocated to the ordinary management of this Company, in order to meet its working capital requirement. Promissory note secured at the rate of 114.60% of the CDI rate with bullet amortization, maturing on August 28, 2019 and with the endorsement of the parent company, Equatorial Transmissão.

Covenants and guarantees

The loans and financing secured by the Company and its subsidiaries CEMAR and CELPA involve certain covenants and financial guarantees (floating, collateral and real) which, if breached, could result in the accelerated maturity of the contracts. In the period ended June 30, 2018, the Company and its subsidiaries CEMAR and CELPA remained within the contractual limits.

16 Debentures

Change in parent company and consolidated debt

Changes in debentures in the period were as follows:

	Parent company		
	Current liabilities	**Noncurrent liabilities**	**Total**
Balances at December 31, 2017	3,269	800,195	803,464
Charges	30,606	-	30,606
Interest payments	(23,655)	-	(23,655)
Monetary variance	-	2,341	2,341
Arrangement costs	-	(5,760)	(5,760)
Balances at June 30, 2018	10,220	796,776	806,996

Second debenture issue

On December 11, 2017 the Company made the Second Debenture Issuance. This was a public issuance of non-convertible, ordinary debentures secured by guarantees in two series. Series 1 amounted to R$ 695,000, maturing in November/2022 yielding CDI + 1.6% p.a. and series 2 amounted to R$ 105,000 maturing in November/2024 and yielding IPCA + 5.77% p.a. Both were preferentially used to boost the Company's working capital.

	Consolidated		
	Current liabilities	**Noncurrent liabilities**	**Total**
Balances at December 31, 2017	213,812	2,793,186	3,006,998
Inflow	-	1,185,000	1,185,000
Charges	110,422	1,255	111,677
Transfer	553,034	(553,034)	-
Amortization of principal	(562,526)	-	(562,526)
Interest payments	(86,585)	-	(86,585)
Monetary variance	30,247	(8,870)	21,377
Arrangement costs	(3,373)	(10,029)	(13,402)
Balances at June 30, 2018	255,031	3,407,508	3,662,539

The Company's subsidiaries have seven issuances in force:

CELPA

First debenture issue

On July 25, 2016 CELPA conducted the First Debenture Issue which was settled on August 5, 2016. This was a private issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia S.A., in a single series for a total amount of R$ 100,000, maturing in May 2020, which was primarily used to increase CELPA's working capital. Debentures procured at a rate equal to IPCA + 9.0% p.a. with amortization of 50% on May 30, 2019 and 50% on May 30, 2020. As of June 30, 2018 the remaining balance is R$ 106,824 (R$ 104,392 as of December 31, 2017). The effective interest rate is 12.12% p.a. (11.80% as of December 31, 2017).

Second debenture issue

On October 13, 2016 CELPA conducted the Second Debenture Issue, distribution of which finished on December 1, 2016. This was a private issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia S.A., in two series for a total amount of R$ 60,000, maturing in January 2024, which was primarily used to increase the Company's working capital. The cost of contracting the first series is IPCA + 8.04% p.a., with amortization in three equal payments from January 15, 2022 onwards. As of June 30, 2018 the remaining balance is R$ 65,449 for series one and R$ 24,467 for series two, yielding 11.13% and 10.06% p.a. respectively (R$ 90,472 yielding 10.57% p.a. at December 31, 2017).

Third debenture issue

On November 11, 2016 CELPA conducted the Third Debenture Issue, distribution of which finished on December 26, 2016. This was a public issue of non-convertible, ordinary debentures secured by collateral and guarantees provided by the parent company, Equatorial Energia amounting to R$ 300,000, in two series of R$ 199,069 and R$ 100,931, maturing in December 2021 and December 2023 respectively, which was primarily used to implement CELPA's investment program. Contracted at the cost of IPCA + 6.70% p.a. for the 1st and IPCA + 6.87% p.a. for the 2nd series. As of June 30, 2018 the remaining balance is R$ 215,773 for series one and R$ 109,494 for series two, yielding 9.75% and 9.93% p.a. respectively (R$ 309,247 yielding 9.56% at December 31, 2017).

Fourth debenture issue

On December 5, 2016 CELPA conducted the Fourth Debenture Issue which was distributed on December 28, 2016. This was a private issue of non-convertible, ordinary debentures secured by guarantees provided by the parent company, Equatorial Energia, in a single series for a total amount of R$ 500,000, maturing in Debentures 2019, which was primarily used to increase CELPA's working capital. As of June 30, 2018 the remaining balance is R$ 56,661, with an effective rate of 8.53% p.a. (R$ 501,382 with an effective rate of 11.51% as of December 31, 2017).

Fifth debenture issue

On April 25, 2018, the Company conducted the Fifth Debenture Issue which was distributed on May 18, 2018. This was a simple issue of non-convertible, unsecure for a total amount of R$ 1,000,000, in two series of R$ 543,033 and R$ 456,967, the target audience of second series being holders of Company's 4th issue. The two series mature on April 2023 and were intended for the ordinary management of Issuer's business, in order to cover working capital needs. Contracted at the cost of CDI + 1,10% p.a. for the 1st and CDI + 1,30% pay. for the 2nd series. As of June 30, 2018 the remaining balance is R$ 547,765 for the first series and R$ 460,921 for the second series, with an effective rate of 8.53% p.a. and 8.75% p.a., respectively.

CEMAR

Fourth debenture issue

The public distribution of CEMAR's 4th issue of non-convertible debentures ended on September 22, 2012. The proceeds secured of R$ 280,000, divided into two tranches of R$ 101,380 and R$ 178,620, were used to payment of debts, cash recomposition and increase of working capital. Debentures contracted with a rate in the 1st series of CDI + 1.08% p.a. and 2nd series with IPCA + 5.90% p.a. with semi-annual amortizations of the 1st series and annual of the 2nd series (first amortization on June 22, 2016) with respective maturities on June 21, 2018 and June 22, 2020. As of June 30, 2018 the remaining balance is R$ 170,926 (R$ 292,966 as of December 31, 2017). The effective interest rate on this operation is 8.93% p.a. (11.15% p.a. as of December 31, 2017).

Sixth debentures issuance

The public distribution of CEMAR's 6th issue of non-convertible debentures ended on October 27, 2014. The proceeds of R$ 200,000 in a single tranche were intended primarily for a capital increase to service CEMAR's management business. Debentures secured at the rate of 113.2% of CDI, first amortization occurred on October 13, 2017 with maturity on October 14, 2019. As of June 30, 2018 the remaining balance is R$ 135,283 (R$ 135,527 as of December 31, 2017). The effective interest rate on this operation is 8.32 % p.a. (11.24% p.a. as of December 31, 2017).

Seventh debentures issuance

The public distribution of CEMAR's 7th issue of non-convertible debentures ended on November 1, 2016. The proceeds secured of R$ 270,000, divided into two tranches of R$ 155,000 and R$ 115,000, were used primarily for the implementation of CEMAR's investment program. Debentures contracted with a rate in the 1st series of IPCA + 5.48% p.a. and 2nd series with IPCA + 5.54% p.a. with bullet amortization and respective maturities on October 15, 2021 and October 15, 2023. As of June 30, 2018 the remaining balance is R$ 294,635 (R$ 281,805 as of December 31, 2017). The effective interest rate on this operation is 17.06% p.a. (12.04% p.a. as of December 31, 2017).

Eighth debentures issuance

The public distribution of CEMAR's 8th issue of non-convertible debentures ended on October 13, 2017. The funds secured in a single series of R$ 500,000 were allocated to the ordinary management of this Company, in order to meet its working capital requirement. Debentures secured at the rate of 107% of the CDI rate with bullet amortization, maturing on September 15, 2022. As of June 30, 2018 the remaining balance is R$ 509,718 (R$ 507,917 as of December 31, 2017). The effective interest rate on this operation is 7.87% p.a. (10.62% p.a. as of December 31, 2017).

Amortization schedule of Parent Company's debt

	6/30/2018		**12/31/2017**	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	10,220	1%	3,269	0%
2021	-	0%	-	-
2021 onwards	802,536	99%	800,195	100%
Noncurrent	802,536	99%	800,195	100%
Arrangement costs (Noncurrent)	(5,760)	-	-	-
Total noncurrent	796,776	99%	800,195	100%
Total			803,464	100%

Consolidated debt amortization schedule

	6/30/2018		12/31/2017	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	255,031	7%	213,812	7%
2019	309,435	8%	703,849	23%
2020	135,746	4%	134,690	4%
2021	379,748	10%	364,758	12%
2021 onwards	2,610,465	72%	1,607,746	55%
Noncurrent	3,435,394	94%	2,811,043	94%
Arrangement costs - (Noncurrent)	(26,818)	-1%	(17,857)	(1%)
Total noncurrent	3,408,576	93%	2,793,186	96%
Total	3,663,607	100%	3,006,998	100%

Covenants

The debentures involve certain covenants and financial guarantees (ordinary) which, if breached, could result in the accelerated maturity of the contracts. In the period ended June 30, 2018, the Company and its subsidiaries CEMAR and CELPA remained within the contractual limits, as shown below:

Parent company

Covenants debentures	**2nd debentures**
1st Net Debt/Adjusted EBITDA: <=4	2.01

CEMAR

Covenants debentures	**4th debentures**	**6th debentures (a)**	**7th debentures**	**8th debentures**
1st Net Debt/Regulatory EBITDA: <=3.25	1.03	1.03	1.03	1.03
2nd regulatory EBITDA/Net financial expense: <=1.5	32.3	N/A	N/A	32.3

(a) In the 6th debentures issuance there is no contractual requirement to calculate the 2nd index.

CELPA

Covenants debentures	**1st Debentures**	**2nd Debentures**
1st Net Debt/Regulatory EBITDA: <=3.5	2.9	2.9
2nd regulatory EBITDA/Net financial expense: <=2	4.2	4.2
Covenants debentures	**3rd Debentures**	**4th Debentures**
1st Net Debt/Regulatory EBITDA: <=3.5	2.6	2.6
2nd regulatory EBITDA/Net financial expense: <=1.5	4.5	4.5
Covenants debentures	**5rd Debentures**	
1st Net Debt/Regulatory EBITDA: <=4	2.6	

17 Deferred income and social contribution taxes

Subsidiaries recognize deferred income and social contribution taxes on temporary differences and income tax on tax losses based on projections of taxable income.

Deferred tax credits on tax losses have no expiration date and their financial effects occur upon realization. Income tax is calculated at the rate of 25% plus a surcharge of 10%, and social contribution was recognized at the rate of 9%. The relevant tax credits are recognized in noncurrent assets based on their likelihood of realization, subject to a limit of 30% in annual offsets against taxable income, in accordance with CPC 32.

17.1 Breakdown of deferred income and social contribution tax

(i) Breakdown of consolidated deferred taxes

	6/30/2018	12/31/2017
Assets		
IRPJ tax losses (a)	-	169,535
IRPJ and CSLL on temporary differences	-	(94,081)
IRPJ and CSLL on revaluation reserve	-	(67,053)
Total assets	-	8,401

	6/30/2018	12/31/2017
Liabilities		
IRPJ tax losses (a)	300,033	130,498
IRPJ and CSLL on temporary differences	(503,884)	(363,151)
IRPJ and CSLL on revaluation reserve	(62,192)	-
IRPJ and CSLL, CELPA acquisition	48,051	47,951
Total deferred tax liabilities	(217,992)	(184,702)

(a) The tax loss credits derive from subsidiaries CELPA and CEMAR and amount to R$ 169,535 and R$ 130,498 respectively.

(ii) Breakdown of IRPJ and CSLL on temporary differences consolidated

Long position

	6/30/2018	12/31/2017
Provision for contingencies	-	40,679
Allowance for doubtful accounts	-	108,176
Provision for profit-sharing	-	10,725
Accelerated depreciation	-	(94,571)
Provision for pension fund	-	14,693
Funding cost, AVP and restatement of financial asset	-	(189,698)
SWAP	-	(9,783)
Other nondeductible expenses	-	25,698
Total	-	(94,081)

Short Position

	6/30/2018	12/31/2017
Provision for contingencies	76,136	31,235
Allowance for doubtful accounts	170,148	37,894
Provision for profit sharing	8,469	-
Stayed taxes	-	9,606
Accelerated depreciation	(524,441)	(397,170)
Provision for pension fund	14,694	-
Funding cost, AVP and restatement of financial asset	(242,736)	(42,722)
SWAP	(33,433)	2,934
Other nondeductible expenses	27,279	(4,928)
Total	(503,884)	(363,151)

(iii) Breakdown of IRPJ and CSLL, CELPA acquisition

	6/30/2018	12/31/2017
Intangible - concession goodwill	(31,584)	(33,322)
Write-off of property, plant and equipment	29,782	31,421
Possible contingencies	40,703	40,703
Other accounts payable - PLPT	9,150	9,149
Total	48,051	47,951

17.2 Prospects of recovery

Based on technical feasibility studies, subsidiary Management estimates that these tax credits of the subsidiaries CEMAR and CELPA can be realized up to 2021, as shown below:

Expected realization CEMAR	**2019**	**2020**	**2021**	**Total**
Deferred taxes	63,772	62,887	3,839	130,498

The subsidiary CEMAR did not realize deferred income taxes on tax losses in the period ended June 30, 2018 (R$ 2,046 as of December 31, 2017) as it had elected to realize accelerated depreciation tax benefits up to 2018, research and development incentives and the SUDENE benefit up to 2021.

Expected realization CELPA	**2018**	**2019**	**2020**	**2021**	**Total**
Deferred taxes	17,026	74,372	77,307	830	169,535

The subsidiary CELPA did not realize deferred income taxes on tax losses in the period ended June 30, 2018 (R$ 8,754 as of December 31, 2017) as it had elected to realize accelerated depreciation tax benefits up to 2018, research and development incentives and the SUDENE benefit up to 2021.

The technical feasibility studies, which include the recovery of deferred taxes and are revised on an annual basis, were prepared by the subsidiaries CEMAR and CELPA and reviewed by the Oversight Boards and approved by the Board of Directors on March 7, 2018.

17.3 Reconciliation between the income and social contribution tax expense

The reconciliation of expenses, calculated by applying the relevant tax rates and the Corporate Income Tax (IRPJ) and Social Contribution on Net Income (CSLL) expense charged to consolidated profit or loss during the periods ended June 30, 2018 and 2017, is shown below:

Parent company

	6/30/2018		6/30/2017	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Profit before income (IRPJ) and social contribution (CSLL) taxes	185,680	185,680	179,532	179,532
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	46,420	16,711	44,883	16,158
Additions:				
Funding cost	48	17	-	-
Effect of IR/CSLL on equity accounting	4,610	1,659	10,584	3,810
Other provisions	832	299	2,220	799
	5,490	1,975	12,804	4,609
Exclusions:				
Effect of IR/CSLL on equity accounting	(20,599)	(7,416)	(37,813)	(13,613)
Other provisions	(58,700)	(21,132)	(15,395)	(5,537)
	(79,299)	(28,548)	(53,208)	(19,150)
Corporate taxes - IRPJ and CSLL	-	-	4,479	1,617
Income and social contribution taxes on income	-	-	4,479	1,617
Effective rate (excluding income tax/CSLL)	0%	0%	2%	1%
Deferred tax asset/ liability	-	-	(3,134)	-
Income and social contribution taxes on income	-	-	1,345	1,617
Effective rate for deferred tax assets	0%	0%	1%	1%

Consolidated

	6/30/2018		6/30/2017	
	IRPJ	**CSLL**	**IRPJ**	**CSLL**
Profit before income (IRPJ) and social contribution (CSLL) taxes	335,218	335,218	299,636	299,636
Statutory rate	25%	9%	25%	9%
Calculated at the tax rate	83,805	30,170	74,909	26,967
Additions:				
Provision for contingencies	56,178	20,224	59,393	21,382
Allowance for doubtful accounts	146,966	52,908	118,403	42,625
Adjustment to present value	5,661	2,038	5,196	1,871
SWAP variance	256,218	92,239	18,668	6,721
IRPJ/CSLL on revaluation reserve	3,575	1,287	3,653	1,315
Profit sharing, fees and license premium	4,980	1,792	6,911	2,488
Provision for pension fund	15,058	5,420	9,603	3,457
Provision for profit-sharing	6,227	2,242	5,325	1,917
Provision for asset recovery	-	-	4,254	1,531
Funding cost, AVP and restatement of financial asset	17,169	6,180	5,641	2,030
Effect of IR/CSLL on equity accounting	4,610	1,659	10,584	3,810
Other provisions	84,635	33,182	28,647	10,351
	601,277	219,171	276,278	99,498
Exclusions:				
Provision for contingencies	(53,114)	(19,066)	(61,147)	(22,012)
Allowance for doubtful accounts	(128,306)	(47,491)	(113,224)	(40,761)
SWAP variance	(273,608)	(98,499)	(51,192)	(18,429)
Profit sharing, fees and license premium	(8,772)	(3,154)	(9,725)	(3,501)
Provision for pension fund	(10,804)	(3,889)	(9,603)	(3,457)
Provision for profit-sharing	(7,886)	(2,839)	(7,992)	(2,877)
Provision for asset recovery	(4,254)	(189)	(531)	(193)
Funding cost, AVP and restatement of financial asset	(28,162)	(10,118)	(3,975)	(1,431)
Effect of IR/CSLL on equity accounting	(8,632)	(5,802)	-	-
Accelerated depreciation	(17,616)	-	(19,066)	-
Other provisions	(93,191)	(27,576)	(23,921)	(8,605)
	(634,345)	(218,623)	(300,376)	(101,266)
Corporate taxes - IRPJ and CSLL	50,737	30,718	50,811	25,199
Offsetting of negative CSLL base	-	(1,804)	-	(746)
PAT Incentive	(1,112)	-	(979)	-
Incentive for extended maternity leave	(29)	-	(75)	-
Prior year IRPJ expense	-	(888)	-	-
Income and social contribution taxes on income	49,596	28,026	49,757	24,453
Effective rate (excluding income tax/CSLL)	15%	8%	17%	8%
Deferred tax assets/ liability	39,688	2,003	24,594	3,156
(-) IRPJ government subsidy	(44,621)	-	(38,541)	-
Income and social contribution taxes on income	44,663	30,029	35,810	27,609
Effective rate for deferred tax assets	13%	9%	12%	9%

CEMAR

Income tax on operating income at June 30, 2018 was R$ 51,597 (R$ 42,516 as of June 30, 2017),

CELPA

There was no income tax on operating income at June 30, 2018 (R$ 11,373 at June 30, 2017).

18 Payables from judicial reorganization - CELPA

18.1 Debt breakdown

	3/31/2018	12/31/2017
Current		
Operational creditors (a)	18,437	18,354
Sector charges	-	2,914
Financial creditors (b)	1,149	1,150
(-) Adjustment to present value (c)	-	(13,874)
Total	19,586	8,544
Noncurrent		
Operational creditors	45,217	45,217
Inter-company	80,129	77,875
Financial creditors (b)	1,029,684	1,195,598
(-) Adjustment to present value (c)	(344,645)	(353,167)
Total	810,385	965,523
Total	829,971	974,067

(a) Amounts owed to CELPA's creditors including service providers, material suppliers, landlords and other creditors scheduled under the Judicial Reorganization Plan.

(b) This is the group of creditors which include: (i) public or private financial institutions; (ii) holders of credits resulting from financial or banking transactions, including but not limited to *Bonds* and credits resulting from derivative operations, denominated in receivables or otherwise. On February 16, 2018 the contract with the Inter-American Development Bank - IDB was settled early in the amount of R$ 193,382 million.; and

(c) As of June 30, 2018, the balance is composed for R$ 306,194of loans and financing, R$ 13,874 of operating creditors, R$ 24,956 of intragroup (as of December 31, 2017, the balance of the adjustment to present value amounts to R$ 367,041, including R$ 327,833 of loans and financing, R$ 13,874 of operating creditors, R$ 25,334 of intragroup).

The schedule of long-term payments under judicial reorganization relief is as follows:

	6/30/2018		12/31/2017	
Maturity	**Amount**	**%**	**Amount**	**%**
Current	19,586	2%	8,544	0.9%
2019	14,431	2%	-	-
2020	-	0%	107,255	11%
2021	81,039	10%	37,353	4%
2022 onwards	1,059,560	128%	1,174,082	121%
Subtotal	1,155,030	140%	1,318,690	135%
(-) Adjustment to present value (Noncurrent)	(344,645)	(42%)	(353,167)	(36%)
Noncurrent	810,385	98%	965,523	99%
Grand total	829,971	100%	974,067	100%

18.2 Changes in payables under judicial reorganization

	Balance at 12/31/2017	Reclassification RJ (a)	Interest and charges	Monetary and exchange variance	Amortization	Adjustment to present value	Balance at 6/30/2018
Operational creditors	49,697	83	-	-	-	-	49,780
Sector charges	2,915	-	-	9	(2,924)	-	-
Intercompany	52,540	-	2,254	-	-	756	55,550
Financial creditors	868,915	-	26,650	6,990	(199,554)	21,640	724,641
Total	974,067	83	28,904	6,999	(202,478)	22,396	829,971

(a) The Company reclassified amounts previously presented as payables.

19 Provision for civil, tax, labor and regulatory claims (Consolidated)

The subsidiaries CEMAR and CELPA are parties (as defendants) to judicial and administrative proceedings in courts and government agencies, arising from the normal course of operations, involving tax, labor, civil and other issues.

Management recorded the following provisions in amounts considered sufficient to cover probable estimated losses from the current actions based on information from its legal advisers, an analysis of pending legal proceedings, and previous experience with regards to the amounts claimed, as follows:

	6/30/2018		12/31/2017	
	Provision	Judicial deposits	Provision	Judicial deposits
Civil (a)	139,813	88,758	133,913	87,967
Tax	32,909	32,971	27,681	27,469
Labor	43,296	44,559	42,169	41,375
Regulatory	8,711	-	8,377	-
PPA CELPA (b)	266,903	-	266,903	-
Total	491,632	166,288	479,043	156,811
Current	57,385	6,793	53,954	15,245
Noncurrent	434,247	159,495	425,089	141,566

(a) Of the civil judicial deposits, R$ 43,270 refer to banknote contracts which are being deposited as part of the judicial reorganization proceedings of the subsidiary CELPA. These claims have been scheduled in the judicial reorganization plan and have been challenged by the creditor financial institutions. The amounts remain in deposits in court until a final decision is issued on the merits as to whether or not these claims are subject to judicial reorganization relief.

(b) The fair value of CELPA's contingent civil, tax and labor liabilities was determined based on a review by the Company's legal advisers, who also considered the cases with a likelihood of defeat rated as possible, resulting in an adjustment of R$ 266,903 at June 30, 2018 (R$ 266,903 as of December 31, 2017).

Changes in proceedings in the period (Consolidated)

	12/31/2017	6/30/2018				
	Balance	Additions	Usage (1)	Reversal of provision (2)	Indexation (3)	Balance
Civil	133,913	35,933	(24,509)	(12,505)	6,981	139,813
Tax	27,681	5,226	-	-	2	32,909
Labor	42,169	1,358	(3,711)	(1,119)	4,599	43,296
Regulatory	8,377	-	-	-	334	8,711
PPA CELPA (a)	266,903	-	-	-	-	266,903
Total	479,043	42,517	(28,220)	(13,624)	11,916	491,632

(1) Effective expenses (payments) on judicial contingencies.

(2) Reversals in the period.

(3) Monetary restatement.

(a) PPA CELPA - derived from the estimated costs of likely settlements based on the assessment of CELPA's legal department.

Civil

The subsidiaries CEMAR and CELPA are defendants in 32,435 civil proceedings (27,654 claims at December 31, 2017), including 23,311 cases being heard by special courts (19,846 at December 31, 2017) and largely relating to claims for property and moral damages as well as reimbursement of amounts paid by consumers.

The most significant civil proceedings involve claims for damages relating to injuries involving the distribution system, power outages, deaths from electric shock or damages arising from the termination of contracts with suppliers.

In addition to the proceedings provisioned for, other civil contingencies amounting to R$ 424,251 (R$ 396,972 at December 31, 2017) have been rated by Management as having a possible likelihood of defeat as of June 30, 2018, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Tax

The subsidiaries CEMAR and CELPA are defendants in 222 tax proceedings (217 ate December 31, 2017), none of which have been rated as probable defeats.

Decree 8426/2015 came into force on April 1, 2015 which restored the PIS and COFINS rates on financial revenue. The subsidiary CEMAR believes that this decree not only clearly violated the principle of legality in tax matters but also the noncumulative principle and art. 195 (§ 9 and 12) of the Federal Constitution. The Company accordingly opted to provide for and place in a court deposit the amounts determined in the amount of R$ 30,214 (R$ 11,046 as of December 31, 2017).

In addition to the proceedings provisioned for, as mentioned earlier, other tax contingencies amounting to R$ 46,451 (R$ 46,131 at December 31, 2017) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Labor

The labor liabilities of the subsidiaries CEMAR and CELPA currently consist of 1,831 claims (1,698 claims at December 31, 2017) brought by former employees against the Company and its subsidiaries, with claims ranging from overtime, hazardous work bonuses, salary equality and/or reclassification, occupational diseases/reintegration, CIPA stability and other claims, as well as claims brought by the former employees of service providers (subsidiary liability) largely seeking severance pay.

In addition to the proceedings provisioned for, as mentioned earlier, other labor contingencies amounting to R$ 69,860 (R$ 68,579 at December 31, 2017) have been rated by Management as having a possible likelihood of defeat, based on an assessment made by the Legal Departments and legal advisors of CEMAR and CELPA, for which provisions have been recognized.

Regulatory

The amount to be provision for this item relates to the penalties likely to be imposed against the subsidiaries CEMAR and CELPA in connection with:

- Violation Notices (AI) issued by the power sector regulator, ANEEL;
- Notices (TN) issued by the Electric Power Trading Chamber (CEEE) for power trading irregularities;
- Penalties applied by the National System Operator (NOS) for violations related to power system operations; and
- Administrative penalties imposed by consumer protection authorities.

The amount of R$ 5,558 and R$ 3,153 corresponds to denotes probable penalties to be applied to the subsidiary CEMAR and CELPA, respectively resulting from ANEEL Notifications and Assessment Notices, in addition to the Frontier measurement penalty at CCEE.

20 Other accounts payable

	Parent company		Consolidated	
	6/30/2018	**12/31/2017**	**6/39/2018**	**12/31/2017**
Current				
Return to consumers (a)	-	-	44,588	50,396
ANEEL - assessment notices	-	-	3,010	3,010
Collections arrangements (b)	-	-	13,527	12,682
Electricity charges	-	-	18,244	17,207
Other appropriations - suppliers (c)	-	-	8,023	15,647
Regulatory fines	-	-	1,632	1,623
Guarantees	-	-	15,828	12,448
PIS/COFINS neutrality	-	-	1,250	2,514
Acquisition of CELPA (d)	-	-	60,000	60,000
Tax issues - CCC	-	-	343,346	338,541
Other accounts payable (e)	9,323	9,325	50,176	47,007
Total current	9,323	9,325	559,624	561,075
Noncurrent				
ANEEL - assessment notices (f)	-	-	26,026	26,619
Devaluation of permanent investments	-	514	-	
Other accounts payable	16,450	16,450	40,009	40,415
Total noncurrent	16,450	16,964	66,035	67,034
Total	25,773	26,289	625,659	628,109

(a) Denotes consumer credits of the subsidiaries CEMAR and CELPA relating to various returns such as credits payable, violation of voltage levels, overpayments, over invoiced amounts and improper charges in bills;

(b) Denotes compensation for services provided by the subsidiaries CEMAR and CELPA to the public sector relating to the collection of the CIP - Public Lighting Contributions;

(c) Advances received from consumers and third parties for technical services or sales to be made by the subsidiaries CEMAR and CELPA;

(d) Refers to the balance to be refunded with respect to the Luz Para Todos Program. Company Management estimated the size of the adjustment during the acquisition of the subsidiary CELPA;

(e) Refer to a tax questionnaire of the subsidiary CELPA, regarding the CCC fund, pursuant to Normative Resolution 427/11. Variation occurred during the period ended June 30, 2018 is basically due to the IPCA and to the inclusion of the new values of ICMS, PIS and COFINS. There are amounts receivable which their receipts must be finalized after completion of inspection that is in progress;

(f) On June 30, 2018 the main balances of the amount are transactions with the subsidiaries: i) R$ 26,389 for provision for expenses of the subsidiary CELPA; and ii) R$ 8,764 in other amounts payable. In addition the company has a share purchase and sale agreement for the acquisition of Integração Transmissora de Energia S.A. - INTESA (see note 11); and

(g) This denotes balances of payments for regulatory fines of the subsidiary CELPA recorded as overdue federal liabilities financed in August 2012 and Regulatory Fines not recorded as overdue federal liabilities paid voluntarily in accordance with Law 12996/2014 in August 2014. The value of the installment incurs interest of 1% plus the variance of the SELIC base interest rate.

21 Shareholders' equity

21.1 Capital

The share capital as of June 30, 2018 and December 31, 2017 is R$ 2,375,354, consisting of shares with no par value. The main shareholders are shown below:

Shareholders	**ON**	**%**
Squadra Investimentos	29,215,020	14.70%
Opportunity	19,526,839	9.83%
BlackRock	11,459,825	5.77%
Executives	606,253	0.31%
Other NCI	137,935,530	69.40%
Total	198,743,467	100%

There was no change in the number of shares in the current period in relation to the previous year. The company does not have treasury stock.

The Company is authorized to raise its share capital, for which an amendment to the Bylaws is not required, up to the limit of 300,000 (three hundred million) shares, via the issuance of new common shares. Within the authorized capital limit, the Board of Directors is authorized to resolve the issue of shares, simple convertible debentures or subscription bonuses establishing whether the increase will occur through public or private subscription, the payment conditions and issue price, and may also exclude the pre-emptive rights or shorten the term for the exercise thereof in issues which are placed through a sale on a stock exchange or through public subscription, or in a public share control acquisition offering, in accordance with the law. Within the authorized capital limit and in accordance with the plan approved by the General Meeting, the Board of Directors may award a share purchase option to managers, employees or individuals providing services to the Company or its subsidiaries, providing this does not make a change to the Company’s share control possible.

The Company is listed on B3's *Novo Mercado* segment, consisting exclusively of common shares providing 100% tag along rights to minority shareholders in the event of a merger or transfer of control.

22 Stock option plan

Fourth Stock option plan

The Extraordinary General Meeting on July 21, 2014 approved the creation of Equatorial's Fourth Stock Option Plan (“Plan”). The stock options to be offered under the Plan should not exceed 3.0% (three percent) of the Company's total share capital (including shares arising from the exercise of Options under the Plan), provided the total number of shares issued or likely to be issued under the Plan is within the limits of the Company's authorized capital.

When stock options are exercised, the relevant shares are issued through a capital increase. Further details on the Plan can be obtained in the minutes of the relevant Extraordinary General Meeting, available on the Company's website and on the CVM website.

Strike price of the options

The strike price of the Options granted under the Plan will be determined by the Plan Management Committee based on the average share price on BM&FBOVESPA, weighted by trading volume over a period of up to 180 days preceding the Granting Date.

The strike price will be reduced by the amount of any dividends, interest on equity and other benefits distributed by the Company to shareholders or any other amount per share provided by the Company to shareholders, including as a result of any capital reduction without a corresponding cancellation of shares or any other corporate transaction resulting in the allocation of funds to shareholders or reduction in share value, taking account of the period between the Granting Date and the exercise of the Options.

Beneficiaries

Plan beneficiaries may exercise their Options no later than 6 (six) months from the Granting Date. Options vest over a period of 4 (four) years, 25% each year.

Over a period of 1 (one) year from the Option exercise date, beneficiaries are not allowed to sell, assign or otherwise dispose of Company Shares originally acquired or subscribed under the Plan.

On July 21, 2014 the Plan Management Committee granted 4,225,000 (four million, two hundred twenty-five thousand) Options to Plan beneficiaries at a price of R$ 21.76 (twenty-one reais and seventy-six cents) per Option.

Potential dilution

Under the Plan rules, a potential issuance of the remaining options should result in an additional dilution not exceeding 3% for the current shareholders of Equatorial Energia S.A.

23 Operating revenue (Consolidated)

At June 31, 2018 and 2017 electric power supply by class of consumers was as follows:

	6/30/2018		
	No. of consumers (*)	**MWh (*)**	**R$**
Residential	3,246,096	2,463,940	2,412,329
Industrial	11,799	388,088	252,261
Commercial	332,350	1,238,877	965,013
Rural	228,513	215,216	113,525
Public authorities	43,067	433,423	352,778
Public lighting	1,627	460,438	207,816
Public utility	8,931	273,576	95,891
Own consumption	547	15,190	-
Availability revenue - Network usage	265	791,985	105,775
Supply CCEE	-	-	435,469
Low-income	1,213,879	881,153	194,042
CDE subsidy - Other	-	-	129,318
Transfer to special obligations - surplus demand/excess reactive	-	-	(29,278)
Construction revenue	-	-	766,631
"A Component" revenue receivable (returnable) and other financial items	-	-	232,022
Indexation of financial assets	-	-	53,210
Other	-	-	300,369
Total	5,087,074	7,161,886	6,587,171

	6/30/2017 [3]		
	No, of consumers (*)	**MWh (*)**	**R$**
Residential	2,901,897	2,376,268	2,077,981
Industrial	12,195	441,268	244,282
Commercial	333,383	1,309,701	920,557
Rural	213,952	199,904	96,699
Public authorities	42,157	425,487	315,344
Public lighting	1,518	438,199	177,248
Public utility	8,605	260,458	80,495
Own consumption	519	13,385	-
Availability revenue - Network usage	208	676,863	63,609
Supply CCEE	-	-	26,088
Low-income	1,384,713	876,853	172,175
CDE subsidy - Other	-	-	80,456
Transfer to special obligations - surplus demand/excess reactive	-	-	(22,113)
Construction revenue	-	-	640,084
"A Component" revenue receivable (returnable) and other financial items	-	-	378,715
Indexation of financial assets	-	-	(4,789)
Other	-	-	230,067
Total	4,899,147	7,018,386	5,476,898

(*) Information not reviewed by the independent auditors.

24 Net operating revenue (Consolidated)

The reconciliation between gross revenue and net revenue is as follows:

	6/30/2018	**6/30/2017**
Electricity sales to consumers	5,087,755	4,521,839
Distribution revenue	4,564,664	3,924,511
WACC financial remuneration	161,751	138,157
"A Component" revenue receivable/returnable and other financial items (a)	232,022	378,715
CDE subsidy - Other (b)	129,318	80,456
Electricity sales to distributors (c)	435,469	26,088
Availability revenue - Network usage	105,775	63,609
Construction revenue (d)	766,631	640,084
Indexation of financial assets	30,677	(4,789)
Other revenue	160,864	230,067
Gross operating revenue	6,587,171	5,476,898
Deductions from revenue		
ICMS on electricity sales	(962,733)	(832,954)
PIS and COFINS	(511,787)	(400,654)
Consumer charges	(41,232)	(35,510)
ISS	(1,457)	(1,241)
Energy Development Account - CDE	(300,384)	(278,107)
DIF/FIC penalties and others	(24,656)	-
Others	-	(3,539)
Deductions from operating revenue	(1,842,249)	(1,552,005)
Net operating revenue	4,744,922	3,924,893

(a) Consists of costs related to sector charges, determined in specific legislation, electricity generation and transmission activities, including internal generation. The reduction was due to over contracting of energy related to the volume traded in the short-term market - MCP, as well as the difference between the average purchase price and the PLD settlement. Additionally, in the quarter of 2018 there was payment of Reserve Energy, which did not happen in 2017;

[3] To facilitate a comparative analysis with the current period, the company classified the number of consumers and MWh of the low income class and availability revenue - Use of the grid,

(b) This entails the adjustment between the amounts ratified in the previous rate process and the realized amounts, in addition to projections for the period in which the rates addressed by Resolution 2289/2017 are in force. The greater variance is related to the projection established in the 2016 Annual Rate Adjustment was 23% lower at the subsidiary CEMAR and 78% lower at the subsidiary CELPA compared with 2017;

(c) The variation presented is due to the sale of energy in the short-term market - MCP and the settlement price of the differences - PLD. In the period ended June 30, 2018, the PLD reached the level of R$ 472.87 (R$ 73.99 as of June 30, 2017), raising short-term costs. In addition, in 2018, there was an increase in revenue due to the effect of the new energy MCSD recording; and

(d) Construction revenue from concession assets rose compared to the previous period as a result of including eight new transmission companies of the group; and

25 Service costs and operating expenses (Consolidated)

	6/30/2018			
Operating costs/expenses	**Cost of power supply service**	**Sales expenses**	**Administrative expenses**	**Total**
Personnel	71,076	28,417	88,070	187,563
Material	11,870	2,056	(951)	12,975
Outsourced services	123,015	129,496	81,684	334,195
Electricity purchased for resale	2,174,339	-	-	2,174,339
Charge for using transmission and distribution system	318,698	-	-	318,698
Construction cost	745,882	-	-	745,882
Allowance for doubtful accounts and losses on commercial clients	-	160,896	-	160,896
Provision for civil, labor, tax and regulatory litigation	-	-	25,850	25,850
Amortization	165,030	-	35,763	200,793
Leasing and rental	10,038	2,458	2,405	14,901
CCC Subsidy	57,205	-	-	57,205
Other	1,262	(2,795)	3,637	2,104
Total	3,678,415	320,528	236,458	4,235,401

	6/30/2017			
Operating costs/expenses	**Cost of power supply service**	**Sales expenses**	**Administrative expenses**	**Total**
Personnel	31,836	26,194	112,678	170,708
Material	8,267	2,446	407	11,120
Outsourced services	113,125	116,903	86,996	317,024
Electricity purchased for resale	1,780,784	-	-	1,780,784
Charge for using transmission and distribution system	120,709	-	-	120,709
Construction cost	640,084	-	-	640,084
Allowance for doubtful accounts and losses on commercial clients	-	166,859	-	166,859
Provision for civil, labor and tax litigation	-	-	24,552	24,552
Amortization	149,674	-	39,564	189,238
Leasing and rental	8,855	2,354	2,335	13,544
CCC Subsidy	31,642	-	-	31,642
Other	(1,168)	(3,063)	6,098	1,867
Total	2,883,808	311,693	272,630	3,468,131

26 Electricity purchased for resale and transmissions cost (Consolidated)

	GWh(*)		R$	
	6/30/2018	**6/30/2017**	**6/30/2018**	**6/30/2017**
Electricity deriving from auctions (a)	6,301	5,852	1,583,113	1,116,422
Eletronuclear Contracts	240	240	60,073	54,880
Guarantee contracts	2,289	2,649	201,678	166,845
System Service Charges - ESS/ Energy reserve (b)	-	-	64,214	(10,351)
Bilateral electricity	115	112	-	-
Short-Term Electricity - CCEE (c)	-	-	303,726	494,650
Alternative source incentive program (PROINFA)	159	161	52,846	50,909
Charge for using transmission and distribution system (d)	-	-	318,698	120,709
(-) Recoverable portion of noncumulative PIS/COFINS	-	-	(222,308)	(174,447)
Other costs	-	-	130,997	81,876
Total	9,104	9,014	2,493,037	1,901,493

(*) Information not reviewed by the independent auditors.

(a) The change in the period refers to the cost of energy contracts, which, although they did not suffer a significant increase in volume, presented an average price higher payout of 19% and 17%, respectively, in the subsidiaries CEMAR and CELPA. Therefore, the new contracts that initiated the supply in 2018, as well as the updating of the IPCA tariffs of the current contracts, resulted in this increase in the cost of purchasing energy from the auctions;

(b) In the first half of 2017, the tariff coverage on 2016, ESS payments were higher than a current coverage (RTP of 2017) of payment of this charge. Interest on net income as of December 31, 2018 was increased by R$ 18 and R$ 27 million, respectively, which did not occur in the second quarter of 2017;

(c) The variance in Short-Term Energy (CCEE) in the first half of 2018 is due to the payment of the hydrological risk due to the effective generation and generation of the physical guarantee, as well as the LDP corresponding to the period; and

(d) Includes the costs of Use and Connection Charges of the transmission system. These costs were higher compared to the same prior period, as a result of the new tariffs approved through Resolutions no. 2,258 and 2,259 of June 27, 2017, respectively, related to the Basic Network and Connection, being incorporated into the Periodic Tariff Review of 2017.

27 Net finance income

		Parent company		Consolidated	
		6/30/2018	**6/30/2017**	**6/30/2018**	**6/30/2017**
Financial revenue					
Financial income[4]		34,763	27,581	119,081	155,054
"A Component" amounts receivable/returnable		-	-	35,865	20,801
Transactions with derivatives financial instruments	(a)	-	-	213,729	-
Arrears charge on power sales		-	-	102,108	89,334
Financial revenue of AVP		242	242	-	-
Monetary and exchange variance on debt	(b)	-	-	7,068	4,937
Monetary and exchange variance on STN pledge		-	-	10,688	4,445
PIS/COFINS on financial revenue		(1,632)	(1,730)	(11,628)	(12,417)
Indexation of subrogation to CCC		-	-	782	-
Discounts obtained		-	-	2	48
Interest earned		-	-	5	8
Other financial revenue		337	8,845	5,271	22,073
Total financial revenue		33,710	34,938	482,971	284,283

[4]For purposes of comparability and better analysis of balances with the current period, the Company reclassified amounts of "Financial income" that were included under "Other financial income"

		Parent company		Consolidated	
		6/30/2018	**6/30/2017**	**6/30/2018**	**6/30/2017**
Finance expenses					
"A Component" amounts receivable/returnable		-	-	(24,417)	(12,749)
Operations with derivative financial instruments	(b)	-	-	(155,031)	(28,863)
Monetary and exchange variance on debt		(2,341)	-	(179,051)	(68,434)
Monetary and exchange variance on STN pledge		-	-	(2,914)	-
Interest on debt		(41,366)	-	(232,275)	(194,633)
Efficiency restatement and contingencies		-	-	(12,753)	(20,026)
Regulatory fines		-	-	(153)	(6,961)
AVP financial expense		-	-	(22,750)	(20,805)
Related party payables		-	(2,764)	-	-
Interest and fines on electricity transactions		-	-	(117)	-
Interest expense		-	-	(8,779)	(14,812)
Discounts awarded		-	-	(6,351)	(2,382)
Other financial expenses		(441)	(2,912)	(8,947)	(27,774)
Total financial expenses		(44,148)	(5,676)	(653,538)	(397,439)
Net finance income		(10,438)	29,262	(170,567)	(113,156)

(a) Refers mainly to the contracting of swap operations, which exchange Dollar + spread per CDI + spread, where the main variation refers to the exchange rate on these operations. In the period ended June 30, 2018, the main effect refers to the exchange variation with the dollar increase in 16.56%, rising from R$ 3,31 on December 31, 2017 to R$ 3.86 on June 30 of 2018, against an expense in 2017 with slight growth of the dollar in 1.51% from R$ 3,26 on December 31, 2016 to R$ 3,31 on June 30, 2018; and

(b) Effect generated by the growth of gross foreign currency debt of R $ 390,000 and a 16.56% increase in the dollar in 2018, compared to a growth of 1.51% in the same period of 2017, a variation of 15.05% between periods.

28 Financial instruments

28.1 General considerations

Pursuant to CVM Resolution 604 of November 19, 2009, which approved Technical Pronouncements (CPCs) 38, 39 and 40, the Company and its subsidiaries have performed an analysis of their financial instruments including: cash and cash equivalents, trade accounts receivable, concession financial assets, trade accounts payable, loans and financing, debentures and derivatives, and have not made any required adjustments to their accounting records.

The management of these instruments is done through operating strategies and internal controls aimed at liquidity, profitability and security. The control policy consists of permanent monitoring of contractual terms and conditions against existing market conditions.

Management uses financial instruments to obtain optimum returns on available cash, to maintain the liquidity of assets, to hedge against foreign exchange or interest rate variation and to ensure compliance with applicable covenants, namely net debt over adjusted EBITDA[5] (ND/Adjusted EBITDA) and net debt over net debt plus shareholders' equity (ND/ND+SE).

28.2 Derivatives policy

The Company and its subsidiaries uses derivatives only to hedge against fluctuations in macroeconomic indicators and foreign exchange rates. These operations are not conducted on a speculative basis.

[5] The Adjusted EBITDA is calculated by the EBITDA plus or minus items we consider nonrecurrent or which do not affect our cash generation, such as loss/gain on retirement of assets and rights.

28.3 Category and fair value of financial instruments

The fair values of the Subsidiaries' financial assets and liabilities were estimated through information available in the market and appropriate valuation methodologies. However, considerable judgment was required in the interpretation of market data to estimate the most adequate realization value. As a result, the estimates below do not necessarily indicate the values that could be realized in the current exchange market. The use of different market methodologies may have a material effect on the estimated realizable values.

In compliance with CVM Instruction 475, the accounting balances and the market values of the financial instruments included in the balance sheet at June 30, 2018 and December 31, 2017 are shown below:

Parent company

		6/30/2018		12/31/2017	
Asset	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Cash and cash equivalents	Amortized cost	57,678	57,678	56,503	56,503
Cash and cash equivalents (Investment fund)	Fair value through profit or loss	948,140	948,140	1,191,335	1,191,335
Total assets		1,005,818	1,005,818	1,247,838	1,247,838

		3/31/2018		12/31/2017	
Liabilities	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Payable	Amortized cost	2,032	2,032	1,178	1,178
Loans and financing	Amortized cost	320,496	320,496	310,447	310,447
Debentures	Amortized cost	806,996	844,676	803,464	816,486
Total liabilities		1,129,524	1,167,204	1,115,089	1,128,111

Consolidated

		6/30/2018		12/31/2017	
Asset	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Cash and cash equivalents [4]	Amortized cost	508,,125	508,125	565,164	565,164
Cash and cash equivalents (Investment fund)	Fair value through profit or loss	3,930,725	3,930,725	3,607,310	3,607,310
Short-term investments	Fair value through profit or loss	522	522	919	919
Trade accounts receivable	Amortized cost	2,940,051	2,940,051	3,052,909	3,052,909
Derivative financial instruments	Fair value through profit or loss	125,211	125,211	48,720	48,720
CCC subrogation - amounts allocated	Fair value through profit or loss	8,898	8,898	8,466	8,466
Financial concession assets - Transmission [6]	Amortized cost	399,777	399,777	-	-
Financial concession assets - Distributor [8]	Fair value through profit or loss	3,260,801	3,260,801	3,224,622	3,224,622
Total assets		11,174,110	11,174,110	10,508,110	10,508,110

		6/30/2018		12/31/2017	
Liabilities	**Category of financial instruments**	**As reported**	**Market**	**As reported**	**Market**
Payable	Amortized cost	982,392	982,392	1,185,038	1,185,038
Loans and financing	Amortized cost	4,195,483	4,202,602	3,963,243	3,978,750
Derivative financial instruments	Fair value through profit or loss	26,877	26,877	19,946	19,946
Payables from judicial reorganization	Amortized cost	829,971	829,971	974,067	986,203
Debentures	Amortized cost	3,662,539	3,568,798	3,006,998	3,080,650
Total liabilities		9,697.262	9.610.640	9,149,292	9,250,587

- **Cash and cash equivalents** - are classified as amortized cost. The balance of cash and banks is level 1 in the fair value hierarchy, while the balance of short-term investments, considered to be cash and cash equivalents, is level 2 in the fair value hierarchy.

- **Short-term investments and Investments funds** - measured at fair value through profit or loss. The fair value hierarchy for short-term investments is tier 2.

- **Trade accounts receivable** - directly derived from the subsidiaries' operations and are classified as amortized cost, and are recorded at their original values, subject to the provision for losses and present value adjustment, when applicable. Tier 2 of the fair value hierarchy.

- **Financial concession assets -** these are financial assets that present an unconditional right to receive a certain amount at the end of the concession term. The financial assets of transmission operations are classified as amortized cost, while the financial assets of the distribution operations are classified as fair value through profit or loss. Tier 2 of the fair value hierarchy.

- **Trade payables** - derive directly from the Company and its subsidiaries' operations and are classified as liabilities at amortized cost. Tier 2 of the fair value hierarchy.

[6] For purposes of comparability and better analysis of balances with the current period, the Company segregated the values of the Financial Asset of the Concession into two "Transmission" and "Distributors" lines.

- **Loans and financing -** provide funding for the subsidiaries' investment programs and may be used to manage short-term requirements. Classified as liabilities at amortized cost and recorded at their amortized amounts. Tier 2 of the fair value hierarchy.

- **Payables from judicial reorganization -** derives from the judicial reorganization plan of the subsidiary CELPA, classified as liabilities at amortized cost. Tier 2 of the fair value hierarchy.

- **Debentures** - classified as liabilities at amortized cost and recorded at their amortized amounts. For reporting purposes the debentures' market values are calculated based on secondary market rates of the actual debt or equivalent debt, as disclosed by ANBIMA. Tier 2 of the fair value hierarchy.

- **Derivative financial Instruments** are measured at fair value through profit or loss and are used as a hedge against foreign exchange and interest rate fluctuations. For swap transactions, market value has been determined using information from active markets. Tier 2 of the fair value hierarchy.

28.4 Derivative financial instruments

The subsidiaries CEMAR and CELPA have swaps with the banks Itaú, Citibank and Santander for their foreign-currency transactions.

CELPA has swaps with Citibank relating to foreign currency transactions, maturing on April 19, 2021. As of June 30, 2018 the debit balances of foreign currency loans and financing with the bank Citibank of R$ 1,066,040. (As of December 31, 2017 the debit balances of foreign currency loans and financing with the bank Citibank of R$ 582,701).

As of June 30, 2018, CEMAR does not have any swaps and the latest operations were completed with the banks Itaú and Santander respectively on October 23, 2017 and October 10, 2017

In accordance with CPC 40 (R1), the values of the Company's derivative instruments as of June 30, 2018 and December 31, 2017 are summarized below:

CELPA

Short position		**Fair value**	
Market risk hedge	**Indexes**	**6/30/2018**	**12/31/2017**
Citibank - 542MM			
Long position	USD + Libor + 1.39% p.a.	689,715	599,963
Short Position	117.25% of CDI	(567,493)	(571,189)
Total		122,222	28,774
Citibank - 390 MM			
Active side	US$ + Libor + 0.84% p.a.	384,439	-
Liability side	111.8% do CDI	(408,327)	-
Total		(23,888)	-
Long position	USD	125,211	48,720
Short Position	CDI	(26,877)	(19,946)
Total		98,334	28,774

Specific appraisal methods used for derivative financial instruments: Market prices of the financial institutions. The fair value of interest rate swaps is calculated based on the present value of the future cash flows estimated based on the yield curves adopted by the market.

We emphasize that as the accounting rules addressing the issue require the swap be recorded at market value, however perfect the hedge is from a cash perspective, oscillations can occur in results.

28.5 Financial risk management - CVM Directive 475

The Boards of Directors of the subsidiaries CEMAR and CELPA has overall responsibility for the establishment and oversight of the risk management framework.

The risks described below are a compilation of the findings by the various departments, according to their respective specialties. Management defines the type of treatment and the owners for monitoring each of the risks ascertained, in order to prevent and control them.

The Company and its subsidiaries' risk management procedures are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and activities the subsidiaries CEMAR and CELPA, through their training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's audit committee oversees how management monitors compliance with the Company and its subsidiaries' risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by them. The Audit Committee is assisted in its duties by the internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

For the period ended June 30, 2018, there was no change in the Company's risk management policies.

(i) Credit risk

Credit risk is the risk of financial loss to the Company and its subsidiaries if a customer or counterparty to a financial instrument fails to meet its contractual obligations. This risk arises principally from the Company and its subsidiaries' trade accounts receivable and financial instruments. The significant amounts combined with the aging of trade accounts receivable constitute a risk to the liquidity and the capital structure of the Company and its subsidiaries. Management monitors situations in progress and to mitigate the risk of default every year it holds a workshop to identify the main groups of defaulters and to take strategic decisions to combat them. The collections committee periodically monitors the implementation and efficiency of all decisions taken in the workshop. The Company and its subsidiaries use all means of collection permitted by the regulatory agency, such as power cuts due to delinquency, blacklisting and follow-up and permanent negotiation of overdue bills. To mitigate risks related to depositary financial institutions for financial investments, the Company and its subsidiaries select only those institutions which offer low risk as assessed by risk rating agencies. The Company and its subsidiaries maintain their concession assets in accordance with applicable regulations and monitors any developments in concession reversal rules.

The carrying amount of financial assets represents the maximum credit exposure.

The Company has also other assets submitted as collateral for loan operations, including statutory liens and receivable percentages of receivables on net operating revenue.

Accounts receivable

The Company and its subsidiaries' exposure to credit risk is primarily influenced by each client's individual characteristics. However, Management also takes into account factors which could influence the credit risk of its client base, including the risk of non-payment in the market and state it operates in. Given the activity of the Company and its subsidiaries, there is no material concentration of revenue in a specific group of receivables portfolios.

The Company and its subsidiaries limit their exposure to credit risk from trade receivables by establishing a maximum payment term according to consumer class. After this term has lapsed, the energy supply is cut off, and restored only after the debt has been settled.

The receivables portfolio of the subsidiaries CEMAR and CELPA are represented as follows:

	%	
Consumer class (CEMAR and CELPA)	**06/30/2018**	**12/31/2017**
Residential	61.52%	60.39%
Industrial	5.81%	6.29%
Commercial	14.13%	14.61%
Rural	3.75%	3.67%
Public authorities	8.78%	9.22%
Public lighting	2.39%	2.35%
Public utility	3.62%	3.46%
Total	100%	100%

The subsidiaries CELPA and CEMAR recorded an allowance for impairment that represents its estimate of incurred losses in respect of trade receivables, as stated in note 6.2, including the change in the provision for impairment losses during the period.

As of June 30, 2018 and December 31, 2017, the maximum credit risk exposure for trade account receivables of the subsidiaries CEMAR and CELPA by consumer type was as follows:

	June 30, 2018				
Consumer type	**Billed consumers**	**Unbilled consumers**	**Account receivables installment**	**Low-income and "viva luz" consumers**	**Total**
Residential	713,655	175,151	1,054,971	64,827	2,008,604
Industrial	124,091	10,846	54,912	-	189,849
Commercial	254,062	57,744	149,533	-	461,339
Rural	65,712	7,990	48,962	-	122,664
Public authorities	145,014	28,120	113,526	-	286,660
Public lighting	46,118	450	31,310	-	77,878
Public utility	52,397	12,671	53,020	-	118,088
Total	1,401,049	292,972	1,506,234	64,827	3,265,082

	December 31, 2017				
Consumer type	**Billed consumers**	**Unbilled consumers**	**Account receivables installment**	**Low-income and "viva luz" consumers**	**Total**
Residential	796,107	168,124	961,047	85,704	2,010,982
Industrial	140,565	13,765	55,205	-	209,535
Commercial	285,132	59,298	142,150	-	486,580
Rural	71,687	7,671	42,968	-	122,326
Public authorities	162,043	30,122	114,811	-	306,976
Public lighting	47,116	441	30,572	-	78,129
Public utility	54,026	13,556	47,727	-	115,309
Total	1,556,676	292,977	1,394,480	85,704	3,329,837

Cash and cash equivalents

The Company has individual and consolidated cash and cash equivalents of R$ 1,005,818 and R$ 4,438,850, respectively, on June 31, 2018 (R$ 1,247,838 and R$ 4,172,474 respectively, as of December 31, 2017). Cash and cash equivalents are maintained with banks and financial institutions with AA- to AAA+ ratings assigned by rating agencies.

Derivatives

Derivatives are taken out from banks and financial institutions whose credit is rated between AA- and AA+ by the rating agency.

(ii) Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company and its subsidiaries' approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company and its subsidiaries' reputation. To determine the Company and its subsidiaries' financial capacity to adequately honor commitments undertaken, the maturity flows of borrowed funds and other obligations are reported. For further information about loans taken out by the Company and its subsidiaries see notes 15 (Loans and financing) and 16 (Debentures).

The Company and its subsidiaries have obtained funds through its commercial activities, the financial markets, mainly allocating them to its investment program and managing its cash for the purpose of working capital and honoring financial commitments.

For short-term financial investments priority is given to short-term investments, in order to obtain maximum liquidity and cover disbursements. The Company and its subsidiaries' cash generation and excellent stability in receipts and payment obligations in the course of the year enable the Company and its subsidiaries to obtain stable cash flows, thereby reducing its liquidity risk.

The Company and its subsidiaries aim to maintain the level of its 'Cash and cash equivalents' and other investments with an active market at an amount in excess of expected cash outflows to settle debts over the next 12 months. The ratio of investments to cash outflows was 3.7 as of June 30, 2018 (5.3 on December 31, 2017).

Exposure to consolidated liquidity risk

The contractual maturities of the existing financial liabilities at the consolidated reporting date are as follows. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

	Consolidated					
	6/30/2018					
	Carrying amount	**Total**	**2 months or less**	**2 -12 months**	**1-2 years**	**2-5 years**
Non-derivative financial liabilities						
Secured bank loans	3,357,137	72,847	328,588	944,631	1,829,877	181,194
Unsecured bank loans	321,331	58	321,039	272	(38)	-
Unsecured debt securities issued	517,015	17,797	(269)	499,487	-	-
Subtotal - Loans and financing	4,195,483	90,703	649,358	1,444,389	1,829,839	181,194
Debt securities issued without guarantee	3,477,352	24,172	230,860	248,009	2,734,581	239,731
Debt securities issued with guarantee	185,187	-	-	185,187	-	-
Subtotal - Debentures	3,662,539	24,172	230,860	433,196	2,734,581	239,731
Bank unsecured loans	829,971	1,008	18,578	(29,348)	28,636	811,097
Subtotal - Other financial liabilities non-derivatives	829,971	1,008	18,578	(29,348)	28,636	811,097
Suppliers	982,392	813,283	169,109	-	-	-
Total	9,670,385	929,166	1,067,905	1,848,237	4,593,057	1,232,022
Derivative financial liabilities						
Interest rate swaps used for hedging	98,334	(2,364)	(24,513)	(10,164)	135,376	-
Total	98,334	(2,364)	(24,513)	(10,164)	135,376	-

The inflows/ (outflows) disclosed above represent the non-discounted contractual cash flows related to the derivative financial liabilities held to manage risk and not normally closed before contractual maturity. The disclosure presents the amounts of net cash flows for derivatives which are settled in cash based on the net exposure and gross cash flows from inflows and outflows for derivatives with simultaneous gross settlement.

As stated in notes 15 and 16, the Company and its subsidiaries also have loans subject to covenants. Future nonperformance of this covenant could result in the Company and its subsidiaries having to settle the debt early. The covenants are monitored regularly by the financial board and periodically reported to Management to ensure the contract is being performed. The Company and its subsidiaries are not expected to default on any of the covenants established.

(iii) Market risks

Market risk is the risk that changes in market prices - such as foreign exchange rates, interest rates and stock prices - will affect the Company and its subsidiaries' earnings or the value of its financial instruments, and also includes any covenants which, if breached, could result in accelerated maturity as described further in this note. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Company and its subsidiaries use derivatives to manage market risks. All operations are conducted within guidelines established by the Risk Management Committee.

The Company and its subsidiaries generally seek to use swaps to manage volatility in earnings.

(iv) Exchange rate risk

This arises from the possibility of the subsidiaries incurring losses due to exchange rate fluctuations. Part of the subsidiaries' financial liabilities are subject to foreign exchange variations due to the volatility of the exchange rate on balances denominated in foreign currencies, especially the US dollar. The subsidiaries exposure to foreign exchange risk is 0.4% at CEMAR and 24.7% at CELPA (0.4% and 24.58% respectively as of December 31, 2017). Subsidiaries continuously monitor market foreign exchange and interest rates in order to assess any requirement to use derivatives to hedge against the risk of variation in these rates. In the period ended June 30, 2018 the Company did not have foreign-currency debt.

The Company and its subsidiaries continuously monitor market foreign exchange and interest rates in order to assess any requirement to use derivatives to hedge against the risk of variation in these rates.

The subsidiary CEMAR has a foreign-currency loan, which accounts for a negligible portion of the Company's overall debt and arises from its contract with the National Treasury Department - STN.

Index	R$ MM	Average Cost (p.a.)	Average Final Term (month/year)	Average Term (years)	Interest (%)
Libor	6	3.3%	Apr/24	6.1	0.2%
Fixed	9	6.0%	Apr/24	6.0	0.4%
Foreign currency	**15**	**4,8%**	**-**	**6.0**	**0.4%**
IGP-M	116	11.2%	Dec//23	2.9	4.7%
TJLP	381	9.6%	May/22	2.3	15.3%
FIXED	140	5.3%	Ago/22	2.3	5.7%
SELIC	200	10.4%	Mar/24	3.0	8.0%
CDI	1,164	7.89%	Ago/21	3.2	46.9%
IPCA	466	8.7%	Nov/21	3.2	18.8%
Local currency	**2,467**	**8.5%**	**-**	**2.7**	**99.4%**
Total	**2,482**	**13.3%**	**-**	**8.7**	**100%**

CELPA has four foreign currency debts, two of which account for 93.7% of its foreign exchange exposure and are subject to swaps to hedge against exchange rate variance. And there is another which is secured to hedge against foreign exchange variance, accounts for a negligible portion of the Company's overall debt and arises from its contract with the National Treasury Department - STN.

Index	R$ MM	Average cost (p.a.)	Average final term (month/year)	Average term (years)	Interest (%)
Semi-annual Libor	29	3.5%	Apr/24	5.9	0.6%
Quarterly Libor	1,066	8.5%	Jan/22	1.5	23.2%
Fixed	42	6.2%	Apr/24	5.8	0.9%
Foreign Currency	**1.137**	**3.8%**	**-**	**4.8**	**24.72%**
TJLP	283	9.8%	Mar/23	2.4	6.2%
CDI	1,271	8.6%	Dec/22	4.5	27.6%
Fixed	553	10.0%	Dec/31	11.5	12.0%
RGR	4	6.0%	Apr/22	2.0	0.1%
IGP-M	253	8.0%	Sep/34	15.6	5.5%
FINISA	35	6.0%	Jun/27	4.6	0.8%
IPCA	585	10.6%	Apr/22	3.5	12.7%
SELIC	479	10.5%	Mar/24	3.0	10.4%
Local Currency	**3,463**	**9.5%**	**-**	**6.2**	**75.3%**
Total	**4,600**	**9.15%**	**-**	**4.9**	**100%**

The sensitivity of the Company's debt has been assessed in five scenarios in accordance with CVM Instruction 475. One scenario with the actual rates identified at June 30, 2018 (the Likely Scenario); another two scenarios with 25% (Scenario II) and 50% (Scenario III) strengthening of the relevant currencies.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a weakening of 25% (Scenario IV) and 50% (Scenario V).

The currency used in the sensitivity analysis and the respective scenarios is as follows:

			Cash flow risk associated with exchange variance				
Operation	**Risk**	**Balance in R$ (exposure)**	**Probable Scenario**	**Scenario II +25%**	**Scenario III +50%**	**Scenario IV -25%**	**Scenario V -50%**
Financial liabilities							
Loans and borrowings	USD	(1,151,995)	(1,084,443)	(1,258,237)	(1,523,395)	(727,922)	(462,764)
Impact on net income			67,552	(106,242)	(371,400)	424,073	689,231
Reference for financial liabilities			**Rate at 6/30/2018**	**+25%**	**+50%**	**-25%**	**-50%**
Dollar USD/R$ (12 months)			3.86	4.44	5.33	2.66	1.78

Source: Santander

(v) Risk of early maturity

The Company and its subsidiaries have loan, financing and debenture agreements containing covenants which in general require the maintenance of economic and financial indexes at certain levels. Failure to adhere to these covenants could result in early maturity of this debt. Management monitors its positions and projects future indebtedness in order to act preventively with respect to the indebtedness limits mentioned in notes 15 (Loans and financing) and 16 (Debentures).

In consideration of the contracts subject to Judicial Reorganization of the subsidiary CELPA, renewal of the credits led to the suspension of early maturity clauses and financial and non-financial covenants, except where agreed by the parties.

(vi) Interest rate risk

Changes in interest rates affect both the Company and its subsidiaries' financial assets and liabilities. The impact of these changes on interest earned on financial investments and interest paid on debt is described below.

The sensitivity of subsidiaries' financial assets and liabilities has been assessed in five scenarios.

In accordance with CVM Instruction 475, we present a scenario with the actual rates determined at December 31, 2017 and another two scenarios with 25% (Scenario II) and 50% (Scenario III) appreciation of the relevant indicators.

We have also included two scenarios with the opposite effect to that required in the above Instruction to demonstrate the effects of a decrease of 25% (Scenario IV) and 50% (Scenario V) in these indicators.

			Parent company				
			Cash flow or fair value risk associated with interest rates (R$ thousand)				
Operation	**Risk**	**Balance in R$ (exposure)**	**Probable Scenario**	**Scenario II +25%**	**Scenario III +50%**	**Scenario IV -25%**	**Scenario V -50%**
Financial Assets							
Short-term investments	CDI	1,005,428	1,069,072	1,084,012	1,098,952	1,054,132	1,039,097
Impact on net income			63,644	78,584	93,524	48,704	33,669
Financial Liabilities							
Loans, financing, and debentures	CDI	(1,028,136)	(1,093,217)	(1,108,494)	(1,123,772)	(1,077,940)	(1,062,565)
	IPCA	(107,575)	(111,997)	(113,061)	(114,125)	(110,943)	(109,878)
Impact on net income			(69,502)	(85,844)	(102,186)	(53,171)	(36,732)
Net effect on income			(5,859)	(7,260)	(8,662)	(4,467)	(3,064)

			Consolidated				
			Cash flow or fair value risk associated with interest rates (R$ thousand)				
Operation	**Risk**	**Balance in R$ (exposure)**	**Probable Scenario**	**Scenario II +25%**	**Scenario III +50%**	**Scenario IV -25%**	**Scenario V -50%**
Financial Assets							
Short-term investments	CDI	4,377,966	4,642,833	4,705,582	4,767,918	4,580,497	4,518,161
Impact on net income			264,867	327,616	389,952	202,531	140,195
Financial Liabilities							
Loans, financing, and debentures	CDI	(3,648,688)	(3,869,434)	(3,876,912)	(3,928,234)	(3,773,926)	(3,722,603)
	SELIC	(678,603)	(719,794)	(721,058)	(730,663)	(701,911)	(692,306)
	TJLP	(664,005)	(707,829)	(716,592)	(726,847)	(696,083)	(685,828)
	IGP-M	(369,110)	(386,089)	(382,050)	(386,055)	(374,110)	(370,140)
	IPCA	(1,158,306)	(1,206,260)	(1,214,915)	(1,226,344)	(1,191,946)	(1,180,517)
Impact on net income			(370,694)	(392,814)	(479,430)	(219,264)	(132,682)
Net effect on income			(105,827)	(65,199)	(89,479)	(16,733)	7,513

Reference for financial assets and financial liabilities	Rate at 6/30/2018	25%	50%	-25%	-25%
CDI (% 12 months)	7.35	7.57	9.08	4.54	3.03
SELIC (% 12 months)	7.39	7.59	9.11	4.56	3.04
TJLP (% 12 months)	6.84	8.25	9.90	4.95	3.30
IGP-M (% 12 months)	6.92	5.75	6.91	3.45	2.30
IPCA (% 12 months)	4.39	5.17	6.20	3.10	2.07

Source: Santander

(vii) Risk of energy shortages

The Brazilian Electric System is predominantly supplied by hydroelectric energy generation. A lengthy drought during the wet season will reduce water volumes in reservoirs, resulting in higher energy acquisition costs in the short term and higher system charges due to need to procure energy from thermoelectrical power plants. In the worst-case scenario a rationing program could be introduced, which would result in lower revenue. In order to encourage the rational use of energy, the government issued Decree 8401/2015 which created the Centralizing Account of Rate Flag Funds (flag account) in order to indicate the hydrological situation in the country, thereby containing the national energy consumption

(viii) Risk of electricity rate adjustments

Tariff review processes are a requirement under concession contracts and use previously defined methodologies. Any changes to current methodologies are required to be extensively discussed with inputs provided by the Company, concession holders and other players in the industry. Where any unforeseeable event affects the economic and financial balance of the concession, the subsidiaries CEMAR and CELPA are entitled to request that the regulator initiate an Extraordinary Rate Review to be conducted at the regulator's discretion. ANEEL may also conduct Extraordinary Tariff Reviews where any charges and/or taxes are created, modified or abolished to ensure they are properly reflected in electricity rates.

28.6 Capital management

Management's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain the future development of the business. Management also monitors the capital return and level of dividends for shareholders.

Management seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowing and the advantages and security afforded by a sound capital position, and establishes and monitors indebtedness and liquidity levels as well as financing maturities and costs accordingly.

Capital management is based on three financial indicators, for which maximum limits are established in order not to compromise the Company's operations:

- Net Debt/EBITDA
- Net Debt/Net Debt + Equity)
- Short-Term Debt to Total Debt

In the period ended June 30, 2018, the Company and its subsidiaries achieved the required levels for the ratios described above.

29 Commitments

CEMAR and CELPA's commitments under long-term power purchase agreements are as follows:

CEMAR

	Term	2018	2019	2020	2020 onwards*
Contracted power (in R$)	2018 to 2032	1,548,292	1,667,446	1,741,596	35,134,077
Contracted power (in MhW)		7,555,798	7,981,079	8,342,682	127,154,581

(*) estimated 12 years after 2020.

CELPA

	Term	2018	2019	2020	2020 onwards *
Contracted power (R$)	2018 to 2032	1,007,707	2,208,452	2,362,063	47,200,850
Contracted power (MhW)		5,987,360	12,451,261	11,621,860	188,612,590

(*) estimated 12 years after 2020.

The amounts referring to power purchase contracts lasting between 6 and 30 years relate to contract volume at the current price under the appropriate clause of the CCEAR contract, and have been approved by ANEEL.

30 Segment reporting

The Company reviews the performance of its segments and allocates resources based on a range of factors, of which revenue and operating income are the primary financial factors. The Company classifies its operating segments as follows: Distribution, Transmission, Services, Trading, Central Administration and other.

Information by business segment as of June 30, 2018 (June 30, 2017 only the income of comparative period) and December 31, 2017 is presented below:

	6/30/2018					
	Distribution	Management	Transmissior	Services and Trading	Eliminations	Total
Operating assets	15,633,168	6,838,547	901,272	187,010	(5,205,012)	18,354,985
Operating liabilities	10,794,900	1,419,798	448,338	84,916	(335,532)	12,412,420

	12/31/2017					
	Distribution	Management	Transmission	Services and Trading	Eliminations	Total
Operating assets	15,170,406	6,187,777	296,974	197,606	(4,364,311	17,488,45
Operating liabilities	10,406,379	1,402,207	94,638	90,563	(253,439)	11,740,348

	6/30/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Net operating revenue	4,311,444	-	226,111	207,367	-	4,744,922
Operating costs and expenses	(3,844,499)	(33,838)	(203,853)	(191,162)	-	(4,273,352)
Operating income before financial income/expenses	466,945	(33,838)	22,258	16,205	-	471,570
Financial income/Loss	(161,547)	(10,416)	(387)	1,782	-	(170,567)
Equity in the net income of subsidiaries and associated companies	-	34,215	-	-	-	34,215
Income and social contribution taxes	(60,037)	-	(8,172)	(6,482)	-	(74,692)
Net income (loss) for the period	245,361	(10,039)	13,699	11,505	-	260,526

	6/30/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Net operating revenue	3,773,279	-	-	151,614	-	3,924,893
Operating costs and expenses	(3,369,753)	(23,816)	(3,530)	(128,283)	-	(3,525,382)
Operating income before financial income/expenses	403,526	(23,816)	(3,530)	23,331	-	399,511
Financial income/loss	(144,942)	29,259	(54)	2,581	-	(113,156)
Equity in the net income of subsidiaries and associated companies	-	13,281	-	-	-	13,281
Income and social contribution taxes	(51,264)	(2,962)	-	(9,193)	-	(63,419)
Net income (loss) for the period	207,320	15,762	(3,584)	16,719	-	236,217

30.1 Interest revenue and expenses by segment

	6/30/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Interest income	102,108	-	-	-	-	102,108
Interest expense	(187)	-	-	-	-	(187)
Total	101,921	-	-	-	-	101,921

	6/30/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Interest Income	89,334	-	-	-	-	89,334
Interest Expense	(42)	-	-	-	-	(42)
Total	89,292					89,292

30.2 Operating revenue by segment

	6/30/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Electricity sales to distributors	435,469	-	-	-	-	435,469
Electricity Sales to Consumers	4,722,972	-	-	162,038	-	4,885,010
CVA and other financial liabilities	202,745	-	-	-	-	202,745
Construction revenue	542,303	-	224,328	-	-	766,631
Other revenue	200,794	-	22,533	73,989	-	297,316
Total gross revenue	6,104,283	-	246,861	236,027	-	6,587,171

	6/30/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Electricity sales to distributors	26,088	-	-	-	-	26,088
Electricity Sales to Consumers	4,143,124	-	-	108,351	-	4,251,475
CVA and other financial liabilities	378,715	-	-	-	-	378,715
Construction revenue	640,084	-	-	-	-	640,084
Other revenue	114,378	-	-	66,158	-	180,536
Total gross revenue	5,302,389	-	-	174,509	-	5,476,898

30.3 Addition to non-current assets by segment

	6/30/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Financial asset of the concession	219,908	-	224,325	-	-	444,233
Intangible assets	542,303	61	548	838	-	543,750
Total	762,211	61	224,873	838	-	987,983

	12/31/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Financial asset of the concession	555,116	-	151,077	-	-	706,193
Intangible assets	1,290,421	1,236	7,703	678	-	1,300,038
Total	1,845,537	1,236	158,780	678	-	2,006,231

30.4 Non-current assets by segment

	6/30/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Noncurrent assets						
Financial asset of the concession	3,260,801	-	399,777	-	-	3,660,578
Property, plant and equipment	-	2,966	-	9,127	-	12,093
Intangible assets	4,739,448	608	7,343	2,150	182,072	4,931,621
Total	8,000,249	3,574	407,120	11,277	182,072	8,604,292

	12/31/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Noncurrent assets						
Financial asset of the concession	3,071,703	-	152,919	-	-	3,224,622
Property, plant and equipment	-	3,076	-	8,821	-	11,897
Intangible assets	4,733,584	-	7,615	1,325	187,086	4,929,610
Total	7,805,287	3,076	160,534	10,146	187,086	8,166,129

30.5 Non-cash items by segment

	6/30/2018					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Amortization	(200,363)	(3)	(274)	(153)	-	(200,793)
Indexation of financial assets	30,677	-	22,533	-	-	53,210
Total	(169,686)	(3)	22,259	(153)	-	(147,583)

	6/30/2017					
	Distribution	**Management**	**Transmission**	**Services and Trading**	**Eliminations**	**Total**
Amortization	(189,101)	(93)	-	(134)	-	(189,238)
Indexation of financial assets	(4,789)	-	-	-	-	(4,789)
Total	(193,890)	(93)	-	(134)	-	(194,027)

30.6 Geographic segment

a. Distribution operating revenue

	6/30/2018		6/30/2017	
	Maranhão	**Pará**	**Maranhão**	**Pará**
Net operating revenue	1,786,392	2,525,052	1,510,778	2,262,501

b. Noncurrent distribution assets

	6/30/2018		12/31/2017	
	Maranhão	**Pará**	**Maranhão**	**Pará**
Financial asset of the concession	1,345,001	1,915,800	1,294,726	1,776,977
Intangible assets	1,984,362	2,743,274	1,958,916	2,762,202
Total	3,329,363	4,659,074	3,253,642	4,539,179

31 Insurance

The main insurance policies obtained and maintained by Equatorial and subsidiaries CEMAR and CELPA are shown by type of risk and effective date below:

Equatorial

Risks	Expiration	Insured amount
D&O General	12/31/2018	30,000

CEMAR

Risks	Expiration	Insured amount
Operating risks	12/31/2018	309,833
General civil liability - Operations	12/31/2018	7,000
All risks	12/29/2018	1,095
Judicial surety bond	(a)	93,396
Power auction guarantee insurance	(b)	213
Vehicle insurance	12/31/2018	(c)

(a) Policies in force through May 2021;

(b) Policies in force through June 2019; and

(c) 115 insured own vehicles,

CELPA

Risks	Expiration	Insured amount
Operating risks	12/31/2018	327,359
General civil liability - Operations	12/31/2018	7,000
Judicial surety bond	(a)	68,250
Power auction guarantee insurance	(b)	143
Vehicle insurance	12/31/2018	(c)

(a) Policies in force through October 2022.

(b) Policies in force through March 2019.

(c) 60 own vehicles.

The subsidiaries CEMAR and CELPA have the policy of taking out insurance coverage for the assets subject to risk at amounts considered sufficient to cover any incidents, considering the nature of its activity. The subsidiaries' insurance contracts are made in accordance with the risk management and insurance fundamentals generally employed by electricity distribution companies. Given their nature, the risk assumptions made do not comprise the scope of a review of the quarterly information, and were not therefore reviewed by our independent auditors.

32 Subsequent events

On July 26, 2018, the Company was the winner of the bidding process in the auction mode ("Auction"), carried out in the form of bid announcement no. 2/2018-PPI / PND ("Notice"), for the granting of a public electricity distribution service concession associated with the transfer of control of the power company Companhia Energética do Piauí - CEPISA.

The Company offered in the Auction the index 119.00, which was the highest combined discount rate in regulatory easing and granting.

The Company will acquire approximately 89.94% of the total and voting share capital of CEPISA, upon verification of the conditions set forth in the Notice, at the closing date, against payment of R$ 45,521.52 (forty-five thousand, five hundred and twenty and one reais and fifty-two cents) to Centrais Elétricas Brasileiras S.A. ("Eletrobras").

In addition to the purchase of the shareholding interest, the Company will also enter into a shareholders' agreement with Eletrobras and a concession agreement for the public electricity distribution service (pursuant to Law No. 12,783, of January 11, 2013) with the Federal Government ("Operation ").

In addition, according to the terms of the notice, the Company shall acquire any remaining shares of the 74,790,616 common shares and 3,582,784 preferred shares of CEPISA, representing approximately 10.06%, which will be offered to CEPISA employees and retirees.

The Company also committed to contribute approximately R$ 720,000 to Companhia Energética do Piauí. In addition, Eletrobras will be entitled to make a capital increase within six months of the date of settlement of the transaction in order to increase its ownership interest in up to 30% of CEPISA's total share capital.

Pursuant to the tender notice schedule, it is expected that Equatorial Energia will assume control of CEPISA by October 31, 2018.

Equatorial Transmissora 8 SPE S.A.

Working capital

On July 5, 30 and 31, 2018 occurred the payment of capital in the amounts of R$ 11,700, R$ 10,238 and R$ 4,700 respectively, from Equatorial Energia S.A.

Obtaining of instalation license

On July 26, 2018 - Equatorial Energia SA ("Company"), with its shares traded in the Novo Mercado of B3 SA - Brazil, under the code "EQTL3", informs the market and the general public that in July 25, obtained the Installation License ("LI") from the State Department of the Environment (SEMAS), for its transmission line project for lot 31, of the auction held in April 2017.

Issuance of promissory note

On August 3, 2018, SPE 8 settled the first issuance of promissory notes in the amount of R$ 405,000,000.00 (four hundred and five million reais) with a term of 24 months and a payment of

120.0% of the CDI, the allocation of resources is for the implementation of transmission projects object of lot 31 from the Auction ANEEL 05-2016.

Integração Transmissora de Energia S.A. - INTESA

As communicated to the market, issued by Centrais Elétricas Brasileiras SA ("Eletrobras") on August 1, 2018, Eletrobras should abstain from the current sale of its shareholding in the Company, as it did not fit in case of exemption from art. 28, item II, paragraph 4, of Law 13,303/2016.

CELPA

The average Annual Tariff Readjustment (RTA) was established at 8.08% (economic), however, considering the net effect of inclusion of the Financial Components in the tariff, the average effect to be perceived by the consumer will be 11.75%.

Annual Tariff Readjustment 2018

Economic readjustment	8.08%
Inclusion of Current Year Financial Components	6.97%
Exclusion of Last Year Financial Components	-3.31%
Average effect perceived by consumers	**11.75%**

“B Component” had a 6.96% increase when compared to “B Component” present in the last tariff year, influenced by the IGP-M of the reference period, which was 8.24%, less the X-factor of 1.28%, but the Q component of the X Factor, in the amount of -0.43%, contributes positively to the result, and with this the “B Component” homologated reached the value of R $ 1,678 million.

The tariff readjustment takes effect as of August 7, 2018.

Board of Directors

Carlos Augusto Leone Piani

Eduardo Saggioro

Firmino Ferreira Sampaio Neto

Guilherme Aché

José Jorge de Vasconcelos Lima

Luís Henrique de Moura Gonçalves

Marcelo de Souza Monteiro

Fiscal Council

Paulo Roberto Franceschi

Saulo de Tarso Alves de Lara

Vanderlei Dominguez da Rosa

Executive Board

Augusto Miranda da Paz Júnior
CEO

Carla Ferreira Medrado
Officer

Eduardo Haiama
CFO and Investor Relations Officer

Humberto Luis Queiroz Nogueira
Officer

Leonardo da Silva Lucas Tavares de Lima
Officer

Sérvio Túlio dos Santos
Director

Tinn Freire Amado
Director

Geovane Ximenes de Lira
Accounting and Tax Manager
Accountant
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