

Standardized Financial Statements

2017

(A free translation of the original in Portuguese)

eneva

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Eneva S.A.

Parent company and consolidated financial statements at December 31, 2017 and independent auditor's report

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Independent auditor's report

To the Board of Directors and Stockholders
Eneva S.A.

Opinion

We have audited the accompanying financial statements of Eneva S.A. ("Company"), which comprise the balance sheet as at December 31, 2017 and the statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the consolidated financial statements of Eneva S.A. and its subsidiaries ("Consolidated"), which comprise the consolidated balance sheet as at December 31, 2017 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, as well as the notes to the financial statements and a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Eneva S.A. and Eneva S.A. and its subsidiaries as at December 31, 2017, and its financial performance and cash flows, as well as the consolidated financial performance and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

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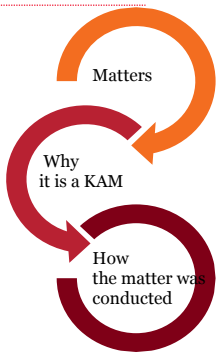
Eneva S.A.

Basis for our audit opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities, according to these standards, are described in the following section named "Auditor's responsibilities in the audit of the consolidated and parent company financial statements". We are independent from the Company and its subsidiaries, according to the main ethical principles stated in the Professional Code of Ethics Professional of the Accountant and in the professional standards determined by the Federal Accounting Council; moreover we comply with the other ethical responsibilities determined in those standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key Audit Matters (KAM) are those that, in our professional opinion, were the most significant in our audit for the current year. These matters were dealt within the context of our audit of the parent company and consolidated financial statements as a whole and in the opinion forming on these parent company and consolidated financial statements and, therefore, we have not expressed a separate opinion on these matters.



Our audit for the year ended December 31, 2017 was planned and carried out considering that the operations of the Company and its subsidiaries presented no material changes in relation to the previous year, except for the improvement in the Company's financial situation due to the renegotiation of borrowings and financings agreements and to the inflow of financial resources arising from the capital market operation. Within this context, the Key Audit Matters, as well as our audit approach, were kept substantially aligned with those used in the previous year, except for the exclusion of the mention to the Company's financial situation and of the Business Combination, which took place in 2016.

Why it is a KAM	How the matter was conducted in our audit
Projections of result used in the evaluation of the recoverable amount of PPE and intangible assets (Notes 4.8, 4.9, 13 and 14) and in the realization of deferred taxes (Notes 4.13 and 11)	
Certain Company's subsidiaries have material balance of PPE and intangible assets whose annual recoverability evaluation involves critical judgments by management in determining the future cash flows expected from each subsidiary to which the balances are related (Cash Generating Unit - CGU).	Our audit procedures included, among others, the understanding and evaluation of the internal controls environment of the measurement process at the recoverable value of the Company's assets and for the determination and record of its tax credits. We evaluated the governance around this process, including the approval of the budgets used in this

Why it is a KAM	How the matter was conducted in our audit
Furthermore, certain subsidiaries, as explained in Note 10, also have deferred income tax and social contribution assets substantially related to the tax losses and negative basis of social contribution and temporary differences, which were recognized based on study including the future taxable income projections. These projections include assumptions related to the Brazilian economy performance, projections terms considering the useful lives of each asset, investments to hold it, tax bases and the corresponding tax rates, discount rates besides the operating assumptions specific to each CGU, such as: installed capacity, physical guarantees, traded energy, fixed price, operating costs and terms, gas volume and variation on the dispatch percentage. Our work was focused on the result projections carried out by management, because they involve complex and subjective assumptions and judgments that, if changed, may result in amounts substantially different from those determined by the Company.	calculation and reviews of the Company's financial calculations expert teams. We involved our experts in financial projections for the reasonableness evaluation of the main operating and financial assumptions used by management, comparing them to the available economic and sector forecasts. We have also tested the logical and arithmetical coherence of the projections. With the support of our experts in tax matters, we tested the calculation bases of the tax losses, negative bases of social contributions and temporary differences, comparing them to the corresponding tax accounting. We carried out the sensibility analysis and recalculated the projections considering certain intervals and scenarios of discount rates, dispatch percentage and fuel (coal and gas) costs, as well as we read the disclosures carried out by management in the financial statements. Furthermore, we compared the projections to results for previous years effectively carried out. Our audit procedures showed that the judgments and the assumptions used by management in the projection of the result are reasonable and the disclosures are consistent with data and information we obtained.

Other matters

Statements of value added

The parent company and consolidated statements of value added for the year ended December 31, 2017 elaborated by the Company's management and presented as supplementary information for IFRS purposes, were submitted to the audit procedures together with the audit of the Company's financial statements. To set our opinion, we have assessed whether these statements are conciliated with the financial statements and accounting records, as applicable, and whether its shape and content are in accordance with the criteria defined in the Technical Pronouncement CPC 9 - Statement of value added.. In our opinion, these statements of value added were properly prepared, in all material respects, according to the criteria defined in this Technical Pronouncement and present fairly in relation to the parent company and consolidated financial statements taken a whole.

Other information accompanying the parent company and consolidated financial statements and auditor's report

The Company's management is responsible for the following information included in the Management Report.

Our opinion on the parent company
financial statements and consolidated financial statements does not comprise the Management Report upon which we do not express any audit conclusion.

In connection with the audit of the parent company and consolidated financial statements, it is our responsibility to read the Management report, and upon doing so, consider whether that report materially inconsistent with the financial statements or with knowledge we obtained during the audit, or else seems to be materially distorted. If based on the work carried out, we conclude that there is material distortion in Management report, we ought to express this fact. We have nothing to report about this fact.

Management's and governance's responsibilities for the parent company and consolidated financial statements

Management is responsible for the preparation and fair presentation of the parent company financial statements in accordance with accounting practices adopted in Brazil, and for the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In the preparation of the parent company and consolidated financial statements , management is responsible for assessing the going concern of the Company, disclosing, when applicable, matters related to the continuation of its operation and the use of the accounting base in the preparation of the financial statements, unless management intends to liquidate the Company or cease its operations, or has no other realistic alternative to avoid closing business.

The people responsible for the governance of the Company and its subsidiaries are those who supervise the process of preparation of the financial statements.

Auditor's responsibilities for the audit of the parent company and consolidated financial statements

Our purposes are to obtain reasonable assurance about whether the parent company and consolidated financial statements, taken as a whole, are free from material misstatement, whether due to fraud or error, and issue an independent auditor's report stating our opinion. Furthermore, reasonable assurance means a high level of a assurance, but it does not guarantee that an audit conducted in accordance with Brazilian and International Standards identifies possible existing material misstatements, which may be due to fraud or error and are considered material when, individually or taken as a whole, considering a reasonable perspective, may influence the economic decisions of the users, based on these financial statements.

As part of an audit carried out in accordance with the Brazilian and international audit standards, we exercise our professional judgment and maintain our professional skepticism during the audit. Furthermore:

- We identify and assess the risks of material misstatements in the parent company and consolidated financial statements, whether caused by fraud or error, plan and perform the audit procedures so as to provide an answer to such risks, as well as to obtain appropriate and enough audit evidence to use as ground for our opinion. The risk of not identifying material misstatements resulting from a fraud is greater than from errors, considering that a fraud involves cheating internal controls, collusion, forgery, concealment of evidence, or intentional false agency.

- We understand what are the most important internal controls for the audit before we plan the appropriate audit procedures for the circumstances. Our purpose is not to express an opinion on the efficacy of the internal controls of the Company and its subsidiaries.

- We assess how appropriate the accounting policies in use are and how reasonable the accounting estimates are as well as the corresponding disclosures made by management.

- We conclude on how appropriate is the use of management of the accounting base of the continuation of the operation, and based on the audit evidence obtained, whether there is material uncertainty in relation to events or conditions which may challenge the Company's going concern. Should we conclude that there is material uncertainty, we will mention in our auditor's report the disclosures made in the parent company and consolidated financial statements or we will change our opinion, should such disclosures be inappropriate. Our conclusions are based on audit evidence obtained up to the date of our report. However, future events or conditions may lead the Company to cease its operations.

- We assess the overall presentation, structure and content of these parent company and consolidated financial statements, including the disclosures and whether the financial statements represent the corresponding transactions and events in a way that is compatible with the purpose of an appropriate presentation.

- We obtain appropriate and sufficient audit evidence in relation to the financial statements of the entities or businesses of the group to express an opinion on the consolidated financial statements. We are responsible for conducting the audit of the group and therefore, for issuing an audit opinion.

Eneva S.A.

We were in touch with the staff responsible for governance at the Bank and discussed with them, during the audit, about the achievement of the goals we had set, and the significant evidence the audit found including of possible significant deficient internal control systems.

We also provided them with a statement that we had complied with the material ethical demands, including the applicable independency requirements, and communicated all the eventual relationships or matters that could considerably affect our independency, including, when applicable, the respective safeguard.

From the matters that were object of communication with those responsible for the governance, we determined those that were considered more significant in the audit of the financial statements for the current year, and that, for this reason, constitute the key audit matters. We describe these matters in our audit report unless the law or regulation had prohibited the public disclosure of the matter, or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of this communication may, within a reasonable perspective, overcome the benefits of it for the public interest.

Rio de Janeiro, March 14, 2018



Financial Statements

2017

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Message from the Administration

Rio de Janeiro, 03/14/2018

Dear Fellow Shareholders,

Compared to any time in our history, I am the most excited about our current business portfolio and the overall outlook for our market. A couple of years ago, Eneva was largely comprised of a portfolio of capital projects. Today, we are a leading energy company, with an innovative business model (Reservoir to Wire – R2W) for a demanding market.

I begin this letter with a sense of gratitude and pride about the results achieved in 2017. A year ago, I was in a new role – CEO of Eneva. After serving as CEO of Parnaiba Gas Natural, and Eneva's CFO, I knew the organization well. Most importantly, I knew we had great people, willing to learn, adapt and work to achieve great results.

Over the last year we have undertaken sustainable operating costs reductions and have allocated significant amount of capital to improve the quality of our assets and de-risk our business. While I am exceptionally pleased with our execution and our responses to such challenges, I am also confident that most of the turmoil is behind us.

Efficient capital allocation is hard work – painstaking, relentless, and at times puzzling?! Eneva's positioning improved considerably over the last three years, with positive prospects as we move ahead. Return on capital employed improved from 2.5% in 2015 to 6% in 2016 and surged another 1% to reach 7% in 2017. Although in the right track we are still not satisfied with these returns. We cannot guarantee success, though we can tilt the odds significantly in our favor by having the right mindset, process, team, and culture. Getting those four things right is just about everything.

Our 2017 performance was highlighted by our focus and discipline on streamlining costs, by tight execution of capital expenditures and by our asset integrity program. With the ERP implementation and a successful post-merger integration program, we redesigned processes and reinvented ourselves, conceiving a leaner organization and generating a 17% effective cost reduction in personal expenses.

Efficient (timely!) capital allocation is central for the long-term sustainability of our business, and bearing that in mind, we have invested R$ 260 million in the development of two new gas fields to sustain longer term production plateaus and continue de-risking our gas fired power plants. The connection of Gavião Caboclo and Gavião Azul fields was completed on time and below budget, with 1st gas in November 2017.

Last year development costs were as low as R$ 0.03/m3, bringing our historical average figures from R$ 0.11/m3 to R$ 0.08/m3. We have also continued the operational transformation initiated in 2016 to improve fleet efficiency, with focus on HSE, availability and cost structure.

The results obtained were gratifying, with Itaqui thermal power plant (TPP) availability surging from 68% in 2H16 to levels above 96% in 2H17, and overall variable costs in our TPPs reducing by 16% on a YoY basis. We also like to think of safety as a state of mind, not a process. With this continuous improvement attitude, we have reduced lost time injury rates by 69%, reaching 0.58 – below industry average.

Recurring EBITDA increased 14%, reaching R$ 1.25 billion, and a reflection of the efficiency initiatives mentioned earlier. Operating cash-flows reached R$ 1.0 billion, sustaining our high cash-conversion ratio. Our operating cash flows are directly related to dispatch levels of TPPs, which have proven to follow a seasonal pattern in the north subsystem – with low dispatch in first half of year and high dispatch on second half of year. By constantly streamlining costs over inflation adjusted revenue contracts, we expect to continue to show real growth on operational cash flows and EBITDA figures.

A key characteristic of our company is its significant investment in very long-life, regulated assets, with these partially funded by large amounts of long-term debt. To optimize our capital structure and guarantee competitive-long term financing for our growth strategy we have issued R$834MM in new equity in 2017. This fresh source of funding improved our cost of capital, is accretive on an EPS basis and set the stage to capture growth opportunities during a cycle of improved economic activity in Brazil.

The first phase of our liability management strategy was successfully implemented, reducing overall funding costs and extending average debt tenure, to 11.3% p.a. and 4.4 years, respectively. We expect to finalize the next phase of liability management by year end, where we are analysing several structures to maximize the net present value of cash flows at the lowest execution risk. We have also taken the first steps in our corporate structure reorganization, incurring in positive cash-flow effects of approximately R$ 44 million only in 2017.

Eneva invested R$8.3 billion in plant and equipment since inception, R$0.3 billion in 2017 alone, a massive commitment to the energy segment. We appreciate making such investments as long as they promise reasonable returns – and, on that front, we put an amount of confidence in future regulation and positive changes that have been established in recent periods.

Our confidence is justified by our experience and delivered results and by the knowledge that Brazil will need significant investments in energy. It is in the self-interest of policy makers to treat capital providers in a manner that will ensure the continued flow of funds to essential projects. It is concomitantly in our self-interest to conduct our operations in a way that earns the approval of our regulators and the people they represent.

Government has recognized the importance of our R2W model and enacted important regulation to the effect of enhancing its impact. Moreover, last year our operations won important awards, such as prizes for environmental sustainability and excellence in corporate governance. We are prepared to build on this and consistently deliver on the regulatory, social and environmental spheres.

Securing gas for the future, with the acquisition of new acreage and continuous exploration campaign efforts, is an important driver of shareholder value. Our successful bid in ANP 14th concession round increased the company's total exploratory area by 49%, reaching approximately 41 thousand Km2. We have discovered and certified approximately 27 Bcm during our first exploratory cycle (blocks acquired in ANP 9th round); in 2017 alone, we have certified additional reserve volumes of 2.7 Bcm, while consumption was in line with company predictions, reaching 1.6 Bcm, implying in a reserve replacement ratio of approximately 170% for the year.

The acquisition of Azulão gas field from Petrobras also brings optionality to our portfolio, as it provides the opportunity to replicate our R2W model in the same energy submarket where we already operate. This onshore natural gas field contains proven reserves, which were acquired at a value lower than our historical finding cost in Parnaiba basin. The field is located at approximately 300 km east of Manaus, capital of Amazonas state, and was declared commercial by Petrobras in 2004. Location is privileged and is just 12 Km away from a substation, allowing an easy connection to national integrated transmission grid.

It's All About the Long Term

We believe that a fundamental measure of our success will be the shareholder value we create over the long term. This value will be a direct result of our ability to extend and consolidate our leadership position in the energy generation business.

The stronger our market leadership, the more powerful our economic model. Market leadership can translate directly into higher revenues, higher profitability, greater capital velocity, and stronger returns on invested capital. Our goal is to move quickly to consolidate our position in the R2W business and extend our current position to pursue opportunities in the more comprehensive gas to power business. We see substantial opportunity in the large markets we are targeting. This strategy is not without risk: it requires capital allocation and crisp execution.

Our decisions have consistently reflected this focus. Because of our emphasis on the long term, we may make decisions and weigh tradeoffs differently than other companies. Accordingly, we want to share with you our fundamental management and decision-making approach so that you, our shareholders, may confirm that it is consistent with your investment philosophy:

- ✓ We will continue to focus relentlessly on finding new reserves.

- ✓ We make investment decisions based on long-term market considerations rather than short-term profitability or short-term market reactions. This is a capital-intensive business and "irrational exuberance" moves could seriously jeopardize our economic model.

- ✓ We measure our projects and the effectiveness of our investments analytically, to discard those that do not provide acceptable returns, and to step up our investment in those that work best. We will continue to learn from both our successes and our failures.

- ✓ We will work hard to spend wisely and maintain our lean culture. We understand the importance of continually reinforce a cost-conscious culture.
- ✓ We will balance our focus on growth with emphasis on long-term profitability and capital management. At this stage, we choose to prioritize growth because we believe that scale is central to achieving the potential of our business model.

- ✓ We will continue to focus on hiring and retaining talented employees, shifting more, over time, their compensation to long term incentive plans rather than cash. We know our success will be largely

affected by our ability to attract and retain motivated people, each of whom must think like, and therefore must be an owner.

Goals for 2018

As we look forward we believe that the overall energy market opportunity in Brazil is enormous and 2018 will be an important year. We plan to invest to build the foundation for a multi-billion-reais revenue company, providing competitive and reliable energy with operational excellence and high efficiency. Although this level of forward investment carries inherent risks, we believe it will provide the best risk-return trade-off for long-term value creation approach for investors. The elements of our 2018 plan may not surprise you:

Exploration & Production – we expect to finalize the assessment of the remaining 9th Bidding Round discovery evaluation plans and declare commerciality of additional fields to source current PPAs. Our goal is to achieve, over time, a yearly reserve replacement ratio of 100%. To fulfill our target, we have also allocated R$50 million in 2018 to complete the 1st phase of 13th Bidding Round seismic campaign in the Parnaiba Basin, with first wells to be drilled in 2019.

Asset Integrity – At Itaqui we should continue to focus on streamlining variable costs. If we are successful in our implementation plan we should expect savings of up to approximately R$ 13 / MWh. At Pecem II we should maintain our ongoing initiatives to reduce logistics costs – optimizing coal shipment unloading – with associated costs savings from the reduction of truck and demurrage expenses.

Capital Structure – we expect to conclude the Re-IPO debt pre-payment schedule related to Itaqui and Pecem II, amounting to R$ 520 million, and reposition ourselves to access competitive funding for either liability management and/or growth opportunities. We also expect to accelerate our corporate restructuring, releasing cash from subsidiaries and optimizing tax loss carry forward net present value.

New Energy Contracts – We are working diligently to conclude the acquisition of Azulão field, expected for May 2018, to further consolidate our positioning in the energy market through our R2W model. With new proven certified gas reserves we should either engage in bilateral contracts or participate in new energy auctions, that are expected to happen throughout 2018. We also continue bullish on the success of our strategy for closing the cycle of Parnaiba I and are working with several key stakeholders to improve new auction conditions and regulations to better fulfill the needs of improved energy efficiency projects.

In conclusion, as we close 2017 and kick off 2018, I am more enthusiastic than ever about this business. There is growth ahead of us, and we are close to demonstrating the replicability of our business model. We thank you, our shareholders, for your support, your encouragement, and for joining us on this journey.

Thank You.

Pedro Zinner

CEO

1- ECONOMIC AND FINANCIAL HIGHLIGHTS

Eneva S/A presents the corresponding Financial Statements, prepared in accordance with the International Financial Reporting Standards – IFRS. These statements were reviewed and approved by the Board of Directors and by the Executive Board on March 14, 2018.

Consolidated Income Statement *(R$ million)*	**2017**	**2016**	**%**
Net Operating Revenues	**2,721.8**	**2,194.4**	**24.0%**
Operating Costs	(1,611.6)	(1,275.0)	26.4%
Depreciation and amortization	(368.8)	(441.9)	-16.5%
PCLD - Provision For Doubtful Debts + Dry Wells	(41.9)	(56.1)	-25.2%
Operating Expenses	**(353.0)**	**(271.9)**	**29.8%**
Depreciation and amortization	(49.9)	(38.7)	28.9%
EBITDA (w/o/PCLD and Dry Wells)	**1,217.8**	**1,184.2**	2.8%
Other revenue/expenses	(24.9)	125.2	N/A
Net Financial Result	(520.8)	(691.6)	-24.7%
Equity Income	(26.4)	(31.3)	-15.8%
EBT	**185.1**	**49.8**	271.6%
Current and deferred taxes	(91.2)	(108.6)	-16.0%
Minority Interest	1.6	3.0	-45.9%
Net Income	**95.5**	**(55.8)**	N/A
Net Debt (R$ Billion)	**3.4**	**4.2**	-18.6%
Investment (R$ Million)	**314.3**	**314.3**	26.6%
Workforce - Employees	**771**	**717**	7.5%
Workforce - Outsourced	**468**	**460**	1.7%

[1]PCLD: Provision For Doubtful Debts

The consolidated net revenue was R$ 2,721.8 million, a positive variation of 24.0% when compared to the previous year (R$ 2,194.4 million).

The consolidated operating costs and expenses amounted to R$ 1,611.6 million in 2017, higher by 26.4% (R$ 1,275.0 million) when compared to the previous year.

The consolidated EBITDA, excluding expenses with PCLD and dry wells, attained R$ 1,217.8 million in 2017, against R$ 1,184.2 million recorded in 2016. The decontracting via MCSD and subsequent recontracting of 250 MWm from Parnaíba II in the second quarter of 2017 resulted in gain (EBITDA impact) of R$ 57 million.

It is also worth mentioning the better net result in view of the lower leverage of the Company and the reductions in the interest rate and IPCA. The consolidated net debt/EBITDA ratio for the past 12 months attained 2.8x at the end of December 2017.

Operating Data	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Parnaíba I								
Availability (%)	94.4%	81.7%	63.2%	97.1%	93.3%	82.9%	94.7%	89.1%
Dispatch (%)	99.4%	99.2%	17.0%	9.0%	92.0%	90.0%	92.0%	77.0%
Net generation (GWh)	1344.1	1154.4	234.0	145.0	1233.0	1053.0	1264.0	1.0
Total Net Variable Revenue (R$/MWh)[1]	111.0	110.7	108.0	129.5	104.7	120.6	87.6	91.8
Net Variable Revenue CCEAR - CVU (R$/MWh)[2]	108.4	101.4	99.5	120.2	93.6	90.2	70.4	82.2
Parnaíba II								
Availability (%)	92.0%	95.2%	84.8%	94.9%	93.3%	95.6%	N/A	N/A
Dispatch (%)	99.7%	99.9%	35.0%	54.0%	100.0%	100.0%	N/A	N/A
Net generation (GWh)	987.6	1028.5	364.0	503.0	1009.0	1033.0	N/A	N/A
Total Net Variable Revenue (R$/MWh)[1]	113.2	107.4	24.8	71.1	44.5	44.0	0.0	0.0
Net Variable Revenue CCEAR - CVU (R$/MWh)[2]	69.1	67.3	60.5	60.5	59.0	56.1	N/A	N/A
Parnaíba III								
Availability (%)	93.5%	82.1%	63.0%	100.0%	84.0%	83.3%	87.3%	93.6%
Dispatch (%)	91.0%	99.5%	0.0%	0.0%	69.0%	44.0%	52.0%	67.0%
Net generation (GWh)	316.6	305.8	2.0	0.0	246.0	171.0	195.0	235.0
Total Net Variable Revenue (R$/MWh)[1]	188.5	182.5	177.2	0.0	183.0	168.4	188.5	162.7
Net Variable Revenue CCEAR - CVU (R$/MWh)[2]	187.3	182.4	163.9	163.9	158.2	151.9	151.9	151.9
Parnaíba IV								
Availability (%)	96.2%	39.1%	0.0%	0.0%	0.0%	59.2%	78.7%	78.4%
Dispatch (%)	100.0%	100.0%	23.0%	30.0%	100.0%	100.0%	84.0%	62.0%
Net generation (GWh)	110.4	38.7	0.0	0.0	0.0	64.0	80.0	62.0
Total Net Variable Revenue (R$/MWh)[1]	-	-	-	-	-	-	-	-
Net Variable Revenue CCEAR - CVU (R$/MWh)[2]	82.1	79.9	79.9	79.9	79.9	74.1	N/A	N/A
Itaqui								
Availability (%)	99.3%	98.0%	96.5%	88.3%	54.9%	72.8%	70.5%	86.8%
Dispatch (%)	99.3%	99.5%	16.0%	4.0%	82.0%	89.0%	68.0%	71.0%
Net generation (GWh)	683.0	685.8	90.0	21.0	246.0	457.0	416.0	454.0
Total Net Variable Revenue (R$/MWh)[1]	159.4	147.9	115.7	128.5	162.8	108.9	103.4	105.4
Net Variable Revenue CCEAR - CVU (R$/MWh)[2]	163.2	146.6	117.1	130.7	128.4	95.0	87.5	92.0
Pecém II								
Availability (%)	86.3%	53.0%	88.3%	96.0%	98.6%	98.6%	96.7%	95.2%
Dispatch (%)	96.9%	99.4%	83.0%	84.0%	30.0%	51.0%	91.0%	86.0%
Net generation (GWh)	608.3	359.7	534.0	512.0	218.0	366.0	626.0	595.0
Total Net Variable Revenue (R$/MWh)[1]	164.9	174.0	136.7	150.1	163.3	112.5	118.2	127.7
Net Variable Revenue CCEAR - CVU (R$/MWh)[2]	168.0	151.2	118.2	134.5	131.7	99.1	91.2	96.3
Parnaíba Gás Natural - E&P								
Production (Bi m³)	0.7	0.6	0.1	0.2	0.6	0.6	0.4	0.3
Remaining reserves (Bi m³)[3]	18.8	17.7	18.4	17.6	17.7	18.5	17.1	N/A

[1] 4Q17 - CVU: (Variable Revenue+Short Term Market Revenue)/Quarter Net Generation - Net of PIS/COFINS (9.25%) and P&D (1%)

[2] Regulatory CVU updated - Dec/17 - - Net of PIS/COFINS (9.25%) and P&D (1%)

[3] Considering 2P certification report as of December 31, 2017

CONSOLIDATED FINANCIAL EARNINGS

Net Financial Result (R$MM)	2017	2016	%
Financial Revenues	**114.3**	**178.3**	**-35.9%**
Monetary variation	1.9	51.5	-96.4%
Interest earned	69.9	67.7	3.3%
Related parties	26.2	34.9	-24.9%
Other	16.3	24.2	-32.6%
Financial Expenses	**(635.1)**	**(870.0)**	**-27.0%**
Monetary variation	(22.0)	(26.1)	-15.7%
Debt charges	(459.9)	(577.8)	-20.4%
Debentures Cost	(83.6)	(180.1)	-53.6%
Commissions and Bank Guarantees	(37.1)	(10.3)	259.7%
Other	(18.3)	(70.3)	-74.0%
Interest on provisions for abandonment	(4.4)	(7.1)	-37.1%
FX changes	(10.1)	1.7	N/A
Related parties	0.3	-	N/A
Net Financial Income (Expense)	**(520.8)**	**(691.6)**	**-24.7%**

In 2017, ENEVA recorded a negative net financial result of R$520.8 million, against a negative result of R$691.6 million in the same period of the last year, a significant reduction of 24.7%.

The result was mainly affected by the decrease of the indexes used to restate the financing agreements and debentures of the Company, reducing the average cost of debt from 13.8% in 2016 to 11.5% in 2017. In addition, Parnaíba II's debt with Caixa Econômica Federal (CEF), in the amount of R$ 391 million was settled in advance in October 2017, which resulted in an economy of R$ 12 million in interest in the 4Q17. The balance of the consolidated gross debt at the end of 2017 was R$ 4.6 billion, against R$ 5.1 billion recorded in December 2016.

The average CDI, principal indexing unit of the Company's consolidated debt, decreased from 13.8% p.a. in 2016 to 7.5% p.a. in 2017. The TJLP was reduced from 7.5% p.a. in 2016 to 7.0% p.a. in 2017. The inflation measured by the IPCA, which in 2016 was 0.74%, increased to 1.14% in December 2017.

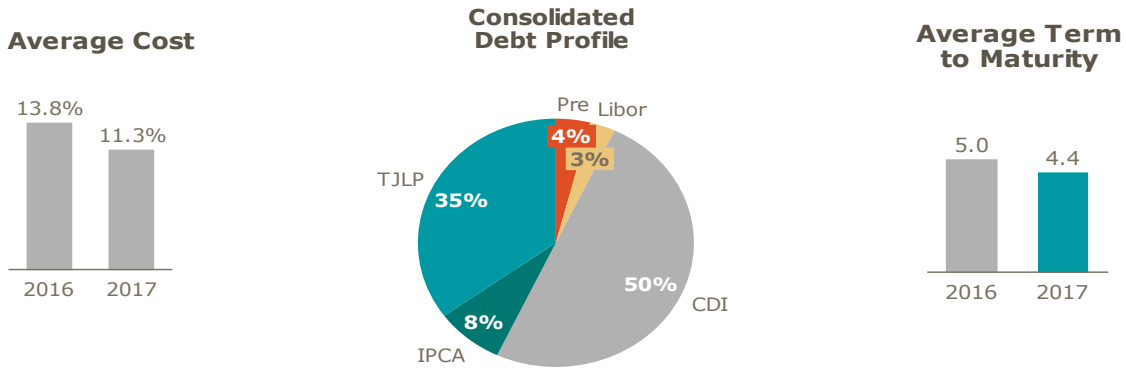
INVESTMENT

The investment in year 2017 was R$ 314.4 million, 26.6% higher than in year 2016, whose value was R$ 248.3 million. In 2017, it is worth mentioning the conclusion of the development of Gavião Caboclo and Azul fields. The total investment was R$176.8 million, equivalent to a development cost of R$0.03/$m^3$.

INDEBTEDNESS

On December 31, 2017, the consolidated gross debt totaled R$ 4.6 billion, with reduction of 11.0% in relation to the end of 2016. Of this total, 3% is denominated in foreign currency. The weighted-average nominal cost of the debt was 11.5% p.a. and the average maturity term was of 4.4 years.

Profile of Consolidated Gross Debt



Schedule of Maturity of the Consolidated Debt

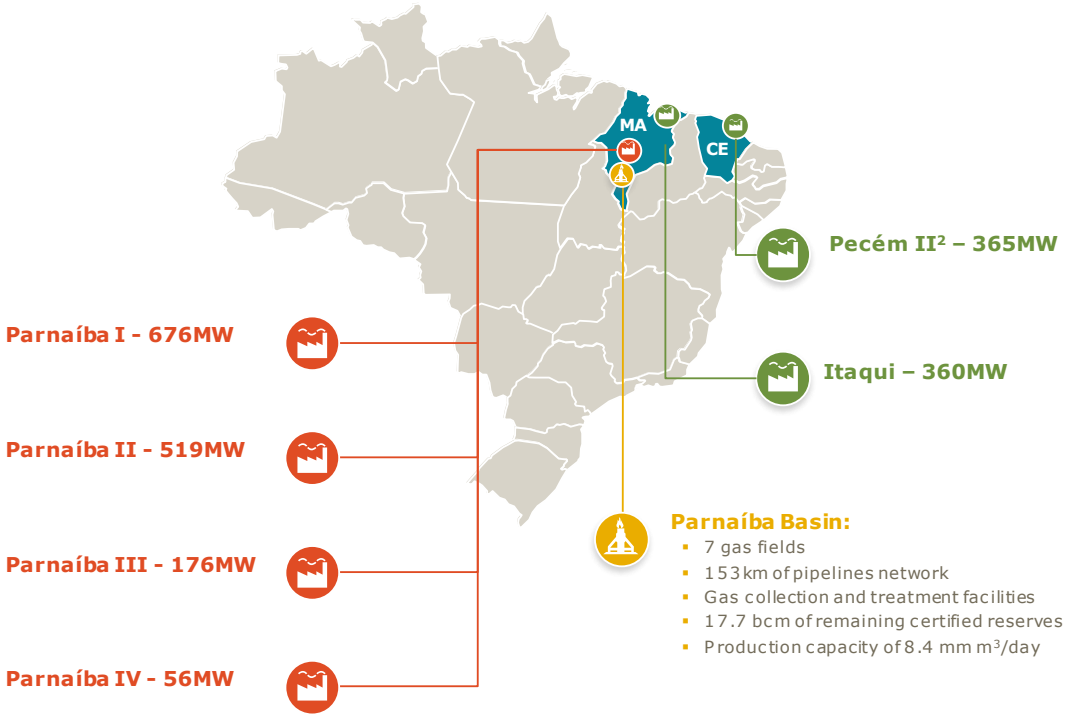
(R$ million)



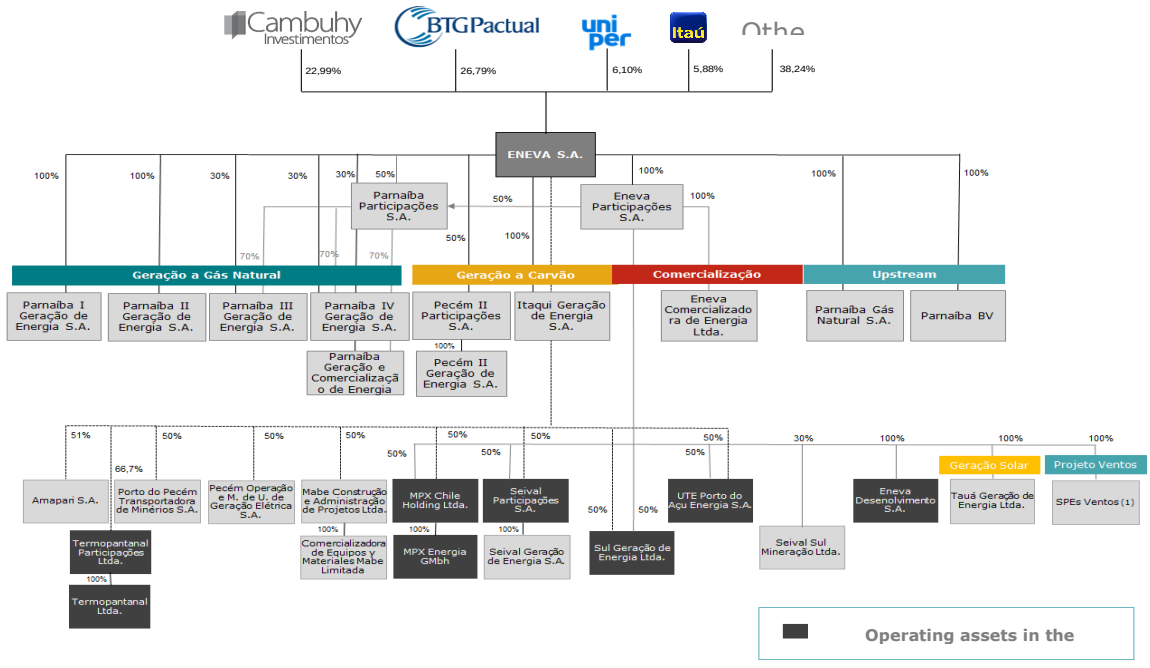
2- PROFILE AND CORPORATE STRUCTURE

ENEVA is an integrated energy company, which acts in the generation and sale of energy, and in the Exploration and Production (E&P) of hydrocarbons. With 2.2 GW of installed capacity, it accounts for 5% of all the thermal capacity installed in the country.

With gas production capacity of 8.4 million of m³/day, ENEVA is the largest private operator of natural gas in Brazil, and it operates in an area of 40,166 km² under regime of concession for exploration and production of hydrocarbons, in Parnaíba Basin, in the state of Maranhão.



Corporate structure after the public offering of shares – 12/31/2017



3- CAPITAL MARKETS

ENEVA's Capital Stock on December 31, 2017, was comprised by 314,990,499 common shares, 100,0% of which were outstanding. ENEVA's price per share at the end of 2017 was R$13.90, with adepreciation of 10.6% in comparison with September 30, 2017. In the same period, Bovespa Index (Ibovespa) increased by 2.8% and the Electric Energy Index (IEE) decreased by 3.8%. Over the last 12-month period, ENEVA's shares appreciated by 16.8%, Ibovespa increased by 26.9%, and IEE increased by 10.0%. The market value of the Company at the end of 2017 was of R$ 4,378.4 billion. The average financial volume traded in the 4Q17 was of R$7.3 million.

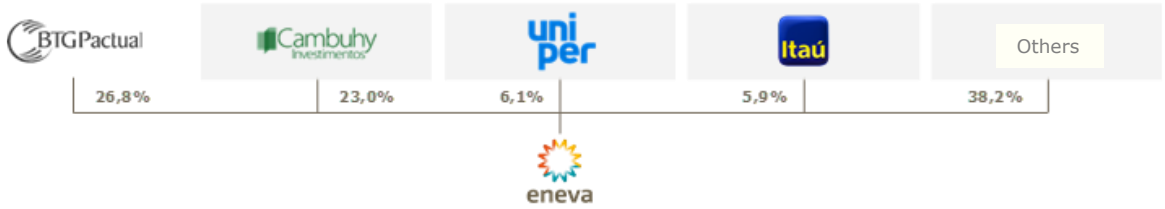
Shareholding Structure

BM&F BOVESPA (spot market) - ENEV3				
	4Q17	3Q17	4Q16	12 months
Volume (MM)*	0.550	0.011	0.020	0.144
Turnover (R$MM)*	$ 7.3	$ 0.2	$ 0.3	$ 1.9
Quotation per shares: (Closing)	$ 13.90	$ 15.55	$ 11.90	$ 13.90
ENEV3 valuing	-10.6%	14.3%	-8.4%	16.8%
IEE valuing	-3.8%	8.4%	-0.5%	10.0%
Ibovespa valuing	2.8%	18.1%	3.2%	26.9%
N° of shares 12/31/2017	314,990,499			
Market cap. (R$MM)	4,378.37			

*Daily average

ENEVA is listed in Novo Mercado segment since its IPO carried out in 2007. Currently, it does not have a shareholders' agreement in effect. The shareholding structure on December 31, 2017, is shown below:

Profile of Outstanding Shares
December 31, 2017.





Eneva concludes public offering of shares

Eneva concluded, on October 20, the primary and secondary public offering of shares, in the total amount of R$ 876,206,892.00, of which R$ 834,482,759.00 in primary funds to the Company. The price per share was defined at R$ 11.00, based on the result of the Bookbuilding procedure. 75,862,069 (seventy-five million, eight hundred sixty-two thousand and sixty-nine) new common shares. The Company's capital stock was increased to R$ 8,862,843,387.01, represented by 314,990,499 common shares.

The secondary distribution of shares corresponded to 3,793,103 common shares issued by the Company. The selling shareholders were Banco BTG Pactual S.A., Itaú Unibanco S.A., Ice Focus EM Credit Master Fund Limited and Uniper Holding GmbH.

4- HUMAN RESOURCES

Eneva closed the year 2017 with 771 own employees and 468 outsourced employees, compared to 717 own employees and 460 outsourced employees in 2016. The management of people seeks to ensure the development of these professionals, with strategic support so as to enable them to grow in conjunction with the purposes and goals of the Company.

Training and Development

Eneva invests in the knowledge and qualification of its employees, so as to promote the specialization and improvement of their competences, which causes effects on the quality of the services, reduction of costs and time, and the attainment of the Company's strategic purposes. In 2017, these activities corresponded to 13.695 thousand men-hour trained and 11.899 thousand men-hour trained in 2016.

5- SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

During 2017, ENEVA endeavored to improve its management of health, security, environment and social responsibility, aimed at the full compliance with the prevailing legislation, the requirements of the governmental agencies, focused on the improvement of the indicators of health, security and environment and on the implementation of social responsibility actions.

Occupational Safety

All the indicators related to Health and Occupational Safety, such as rates of accidents with and without leave, are monitored by the corporate area, which also controls the registration and investigation of accidents. In 2017, ENEVA completed more than five million hours worked without fatal accidents inside its operating units and obtained a reduction of 69% in the rate of accidents with leave.

Also in 2017, ENEVA launched its Golden Rules for Occupational Safety, which are rules applicable to own and outsourced employees seeking to ingrain the security culture and help the Company to attain the zero accident goal. The rules were created based on the analysis of accidents occurred since 2014 and on studies about the good practices of the industry.

International Certifications

In 2017, UTE Itaqui obtained the re-certification of ISO 9001 standard (Quality Management System) and UTE Pecém II of OHSAS 18.001 standard (Health and Security Management System) and ISO 14.001 standard (Environmental Management System) by independent international classifying agency.

ENEVA's power plants are committed to the best practices of the industry and operate in conformity with the legislation. The re-certifications also contribute to the improvement of the internal processes and to the ongoing improvement of the performance of the plants.

Solid waste disposal

The disposal of solid waste originated from power generation and E&P, in line with the National Policy on Solid Waste, focuses on the reduction and recycling of re-use of waste. Ashes generated by UTEs Itaqui and Pecém II are destined for re-use by the cement industry. Drilling gravel generated from operations in Parnaíba Basin is destined for re-use by compost plant. Eneva also has R&D projects for the identification of alternative re-use of ashes.

6- SOCIAL RESPONSIBILITY

ENEVA seeks to contribute to the local development and is permanently committed to sustainable development, providing economic, social and environmental benefits to all the interested parties, in the regions where it operates.

In 2017, Eneva proceeded with the implementation of social and environmental programs provided for in the environmental licensing processes of the operating units, mainly: social communication and relationship with interested parties, environmental education to the community, life quality programs, traffic awareness campaigns, qualification courses, programs of prioritization of local labor, monitoring of the health conditions of the surrounding population and support to the local infrastructure.

Other highlights are the resettlement projects developed by the Company in Itaqui and Parnaíba. In Parnaíba, the voluntary resettlement of community Demand, in Santo Antônio dos Lopes, with the realization of financial support and foment to the economic development of the resettled population. In Itaqui, the last stage of the project of resettlement of Vila Madureira community was concluded, with the definitive emancipation of the community. The last improvements built by the company were delivered – a soccer field and the House of Culture, a space that will host the cultural heritage of the community, as well as the library and film club.

- Resettlement of Vila Canãa: Agroecological production model and project winner of the Award Brasil Ambiental 2017

The project of resettlement of Vila Madureira community was conceived as an opportunity to reconcile the implementation of a public utility undertaking with the realization of a model resettlement project, capable of promoting the social and economic inclusion of the benefitted families.

Altogether, 95 families were included in the resettlement project, which was called Vila Canaã. Conceived on collective and participative basis, the project was proposed to the community in order to provide the necessary conditions for the reproduction of social bonds, offer proper housing conditions and the reconstitution of the economic activities, contributing to improve the quality of life of the residents.

The project was structured in accordance with the technical guidelines for preparation of programs of compulsory allocation of populations, especially those set forth in the Operating Policy of the Inter-American Development Bank and in the Principles of Ecuador. The program also had permanent monitoring

of the Public Defense Office of Maranhão and of the Brazilian Institute of Environment and Natural Renewable Resources – IBAMA.

In November 2017 the Project won the 13th Award Brasil Ambiental promoted by Amcham, in the category "Social and Environmental Responsibility".

- Polo Agrícola Hortcanaã

In order to promote the financial sustainability of the community, the generation of jobs and income and to develop its autonomy, the Project Polo Agrícola HortCanaã was created in parallel to the resettlement.

Initiated in year 2009 as an alternative of income to resettled family farmers, Polo Agrícola was established in an area of approximately 60 hectares of land destined to agricultural production.

Currently, Polo Agrícola is reference of agroecological model in the State of Maranhão and covers 29 elementary schools in the City of Paço do Lumiar and supplies fruits and vegetables through the PNAE – National Program of School Meal, and also participates in the PAA – Food Acquisition Program, which offers fruits and vegetables to daycares, homes for the elderly and restaurants for low-income people of Paço do Lumiar. It also covers people in situation of nutritional risk through the Social Development Department.

Dialogs with the community

The dialog with the community is one of the practices of social responsibility that most calls attention in the Company. Periodically, the company visits all the communities surrounding the undertakings. This action prizes the direct relationship with the target public, either in local visits to be frequently paid by the field teams, or in receiving the several publics, clarifying doubts and informing about the different stages of implementation of the undertaking.

ENEVA maintains a permanent channel of direct communication with the communities. This mechanism consists in a free-of-charge telephone line (0800) and a link of Contact on our website.

The interested people may register their questions, suggestions of improvements, complaints and report situations of risk. Every demand is responded within 72 hours. Since 2013, around 340 communications have been received, registered and responded within 72 hours.

- Support to the Quilombola Population (PAPQ) – Program Quintal Produtivo

ENEVA is developing the Project Quintal Produtivo with the quilombola communities surrounding its E&P operations. The project covers the implementation of productive family systems integrated with the use of sustainable and agroecological technology to 140 quilombola families of Bom Jesus and São Francisco, in the city of Lima Campos / MA.

Sectorial Context

Introduction

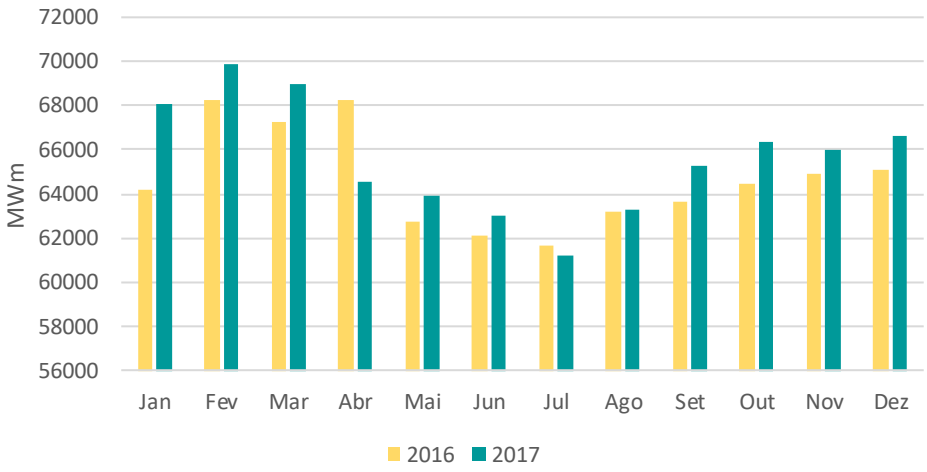
The year 2017 to the electric sector was characterized as the year of recovery after a long period of stagnation. Auctions of generation and transmission were resumed after approximately two years without the occurrence of the events, which leads to an outlook of regularity and predictability in the process of expansion of the system as of 2018, for which two energy auctions have been already scheduled (A-4 e A-6).

The long debates held in 2017 resulting from the Public Consultation 33 also indicate a relevant reform of the sector to commence in 2018, whose measures are aimed to solve several problems, such as the hydrological risk (which paralyzed part of the short-term market due to the protection of the hydroelectric agents through injunctions), and also cover the expansion of the free market and privatization of Eletrobrás.

As to the operation of the system, in 2017 the service conditions remained at alarming levels, and the year ended with hydrological conditions below the historical average. Except for the North submarket, the flow rates in 2017 were worse than in 2016 to all the submarkets, with highlight to the Northeast subsystem which had the worst hydrology ever. The year was marked by the implementation of the red flag and high prices in the short-term market throughout the second half.

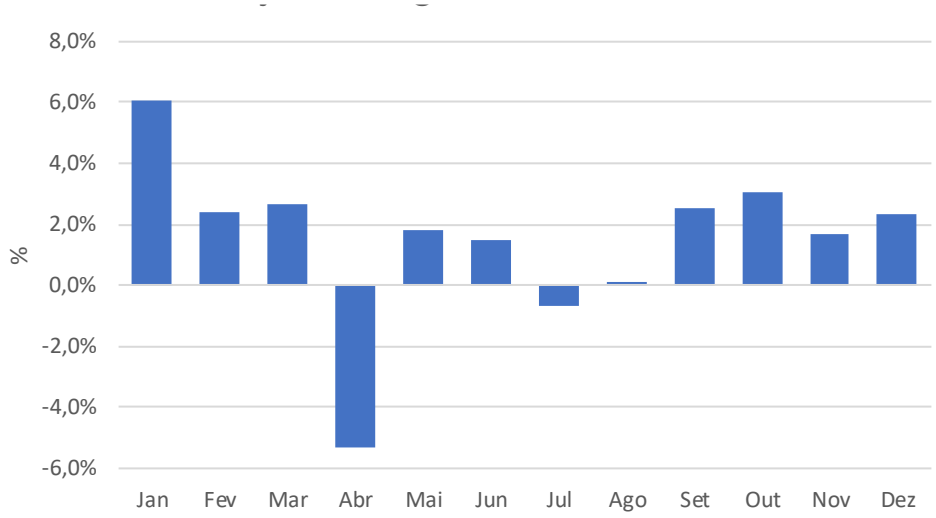
In 2017 the charge of the National Interconnected System (SIN) presented annual average growth of 1.5%[1] in relation to 2016, which indicates clear signs of economic recovery of the country. For 2018 the charge is expected to continue to grow at a more optimistic rate of 2.9%[2] per year.

Figure 1– Growth rate of the charge of the SIN 2017 vs 2016[3]



[1]Source: http://ons.org.br/AcervoDigitalDocumentosEPublicacoes/2018-2022_Boletim_Tecnico_ONS_Previsao_Carga.pdf
[2]Source: http://ons.org.br/AcervoDigitalDocumentosEPublicacoes/2018-2022_Boletim_Tecnico_ONS_Previsao_Carga.pdf
[3] Source: http://ons.org.br/pt/paginas/results-da-operacao/historico-da-operacao

Figure 2– Variation of the Charge of the SIN 2017 x 2016[4]



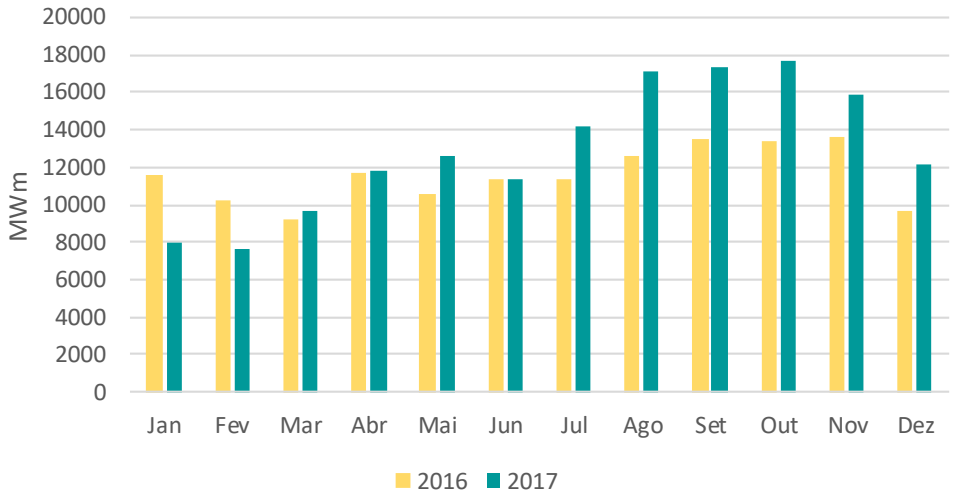
As to the expansion, new plants contracted at former energy auctions commenced commercial operation, notably the wind and solar sources, which together increased by approximately 3.4 GW[5] the installed capacity of the system. The demand was also covered by the contribution from Belo Monte hydroelectric power plant, which since December is able to flow its energy to the Southeast submarket due to the entry of the 1st Bi polo (transmission line in direct current of 4 GW capacity that interconnects the North subsystem to the Southeast subsystem). This power plant is still at motorization stage, which is to be concluded only in year 2020.

Overview of the National Interconnected System (SIN) in 2017

The 1st half of year 2017 presented lower thermoelectric delivery than in the same period of the previous year. The 2nd half presented higher thermoelectric delivery than in 2016, mainly due to the unfavorable hydrology in the year 2017, and to the changes in the parameters of prevention of risk applied to the official delivery models, occurred in May 2017.

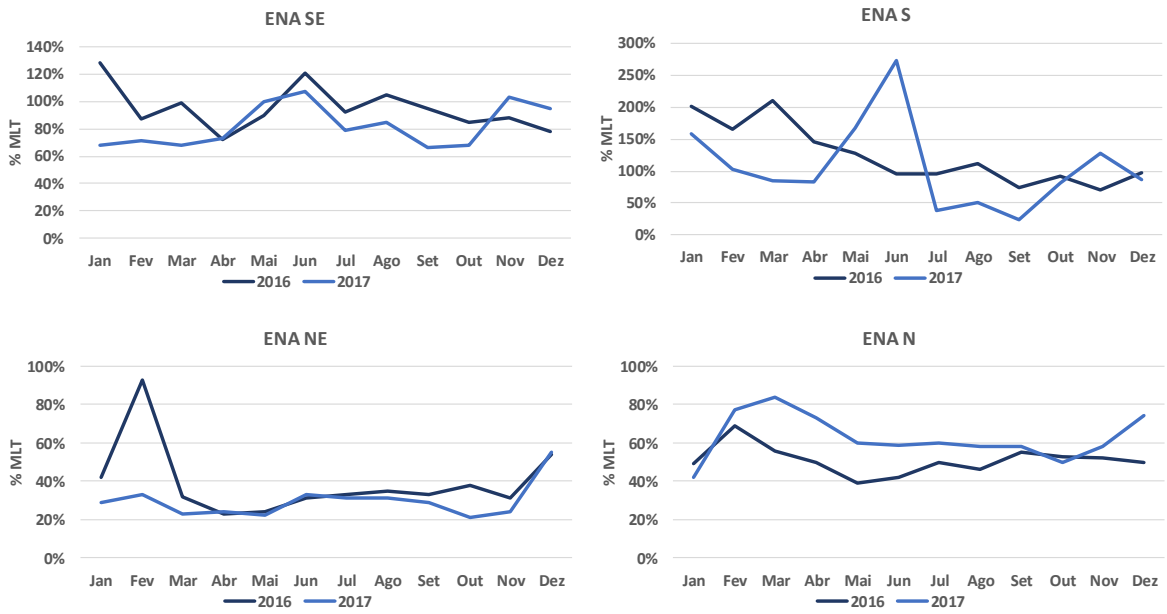
[4] Source: http://ons.org.br/pt/paginas/results-da-operacao/historico-da-operacao
[5] Source: http://ons.org.br/pt/paginas/results-da-operacao/historico-da-operacao

Figure 3– Generation of Thermal Energy (average MW) [6]



The rainfall rates remained below the average rate throughout the year in the North and Northeast subsystems. The Northeast subsystem remained as importer of energy up to its interchange limit during most of the year, which justifies the separation of the price of energy (PLD) in relation to the other submarkets.

Figure 4 – Affluent Natural Energy by Subsystem[7]



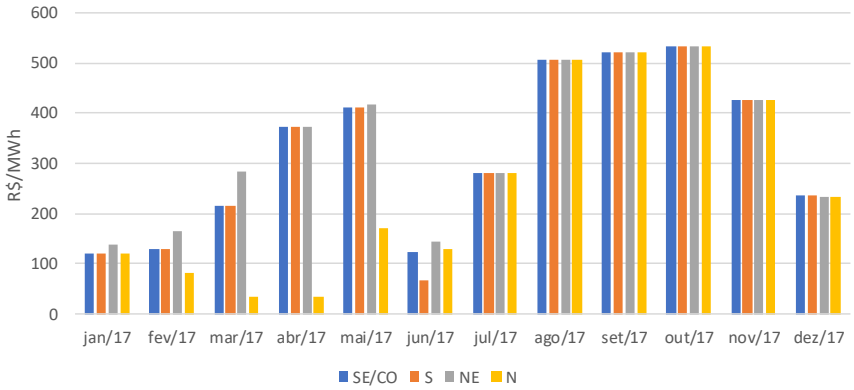
The unfavorable hydrology during most of the year caused PLDs to be higher than the usual for rainy periods. However, due to the energy interchange limitations between the subsystems, the PLD of the North submarket reached the minimum possible value in the months of March and April. In June, the unfavorable

[6] Source: http://ons.org.br/pt/paginas/results-da-operacao/historico-da-operacao
[7] Source: http://ons.org.br/pt/paginas/results-da-operacao/historico-da-operacao

hydrological scenario in the South submarket changed considerably, presenting an affluent flow of 273% of the historical average[8], which caused the PLD to drop in all the submarkets to lower levels. After June the hydrology became unfavorable again in most of the time, and the PLDs in the second half reached the maxim value in October.

Figure 5 – Average PLD by subsystem (R$/MWh)*9*

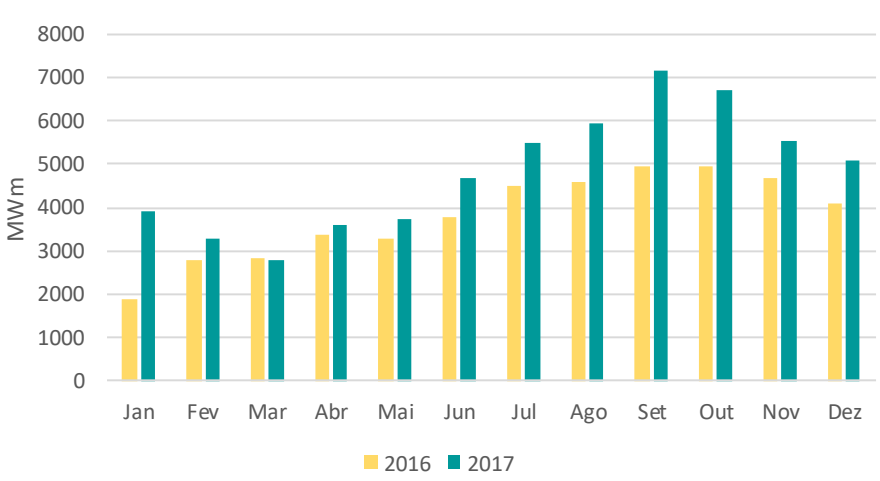
In December 2017 the installed capacity of wind power plants in the SIN exceeded 11GW[10], an increase



of 24%[11] in relation to December 2016. The Northeast subsystem generated 87%[12] of the wind power of the SIN, and the State of Rio Grande do Norte accounted for around 38%[13].

[8] Source: http://ons.org.br/pt/paginas/results-da-operacao/historico-da-operacao
[9] Source: https://www.ccee.org.br/portal/faces/pages_publico/o-que-fazemos/como_ccee_atua/precos/precos_medios?_afrLoop=154252175390458
[10] Source: http://ons.org.br/AcervoDigitalDocumentosEPublicacoes/Boletim_Eolica_dez_2017.pdf
[11] Source: http://ons.org.br/AcervoDigitalDocumentosEPublicacoes/Boletim_Eolica_dez_2017.pdf
[12] Source: http://ons.org.br/AcervoDigitalDocumentosEPublicacoes/Boletim_Eolica_dez_2017.pdf
[13] Source: http://ons.org.br/AcervoDigitalDocumentosEPublicacoes/Boletim_Eolica_dez_2017.pdf

Figure 6– Generation of Wind Power (average MW) [14]



Energy Auctions

With the beginning of the economic recovery and the expectation of growth of the charge of the SIN the auctions of generation and transmission of the sector were resumed. In total there were two energy auctions, two existing energy auctions, and two transmission auctions (one of them resulting from the cancellation of the transmission auction in 2016).

Energy Auction A-4/2017

Altogether, 220.2 MWm energy was contracted and 25 projects were made viable, at the average price of 144.51 R$/MWh.

Table 1 - Energy Auction A-4/2017[15]

Source	Contracted Projects	Capacity installed (MW)	Contracted Energy (MWm)	Average price (R$/MWh)
CGH	1	1,512	8	179
PCH	1	10	50	182.05
BIO	1	25	86	234.92
EOL	2	64	356	108
SOL	20	574	1702	145.68
Total	25	674.51	2202	144.51

[14] Source: http://ons.org.br/AcervoDigitalDocumentosEPublicacoes/Boletim_Eolica_dez_2017.pdf
[15] Source: CCEE

Energy Auction A-6/2017

Altogether 2.7366 GWm energy was contracted and 63 projects were made viable, at the average price of 189.45 R$/MWh.

Table 2 - Energy Auction A-4/2017[16]

Source	Contracted Projects	Capacity installed (MW)	Contracted Energy (MWm)	Average price (R$/MWh)
PCH	6	139,03	713	219.2
BIO	6	177,06	1026	216.82
Gas.	2	2138,91	18709	213.46
EOL	49	1386,63	6918	98.62
Total	63	3841.62	27366	189.45

Existing Energy Auctions A-1 and A-2/2017[17]

Auction A-1 was concluded with the contracting of 288 MWm at the average price of 177.46 R$/MWh. Auction A-2 was concluded with the contracting of 423 MWm at the average price of 174.52 R$/MWh. The contracts obtained in these auctions are valid for 2 years.

Transmission Auctions 2017

In 2017 two energy transmission auctions were held. The first one was held in April with the offer of 35 lots of which 31 lots were acquired. The rebate of the auction was 36.47% and 7,068 km of Transmission Lines were acquired[18]. The principal purposes of this auction were to increase the reliability of the system, to cover the states of Mato Grosso do Sul and Santa Catarina, and the Northern and Northeastern regions, and to leverage the efforts associated to the entry of the two bipoles Xingu-Estreito, the flow of wind potentials in the Northeastern region and the interconnection of isolated areas of the SIN.

The second auction was held in December, with 11 lots offered containing 22 transmission lines. The rebate of the auction was 40.46% and all the 4,918.90km of transmission lines object of the auction were acquired[19]. The main lots correspond to reinforcements in the Northeast submarket for the flow of the wind power generation and interconnection between the North-Southeast submarket and the North-Northeast submarkets for the production flow from Belo Monte. It is important to point out that many projects whose concession belonged to Abengoa were offered in the auction after the expiration of its concessions.

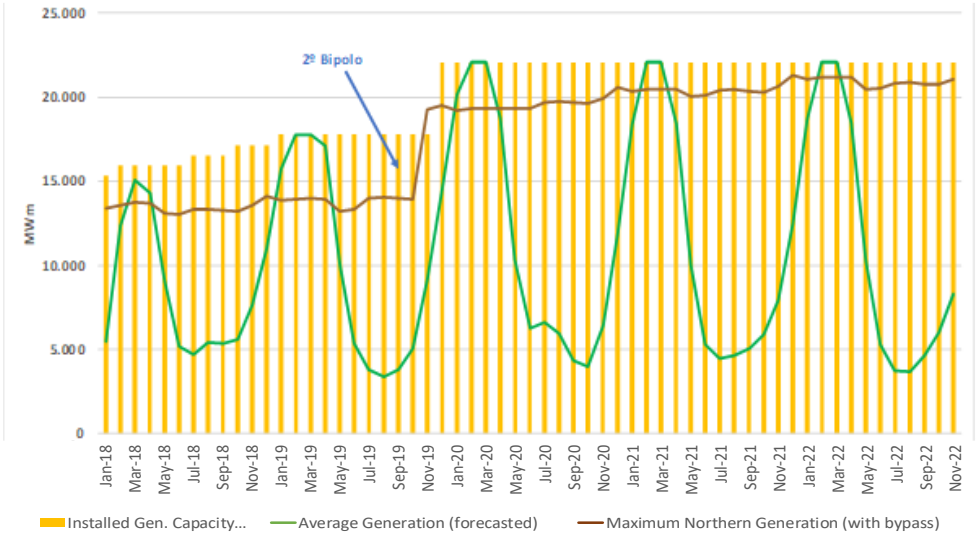
[16] Source: CCEE
[17] Source: CCEE
[18] Source: ANEEL

[19] Source: ANEEL

Perspectives for 2018

On December 12, 2017, the 1st Bipole of Belo Monte commenced operation, a transmission line in direct current whose purpose is to flow the energy from Belo Monte hydroelectric power plant, located in the North subsystem, to the Southeast. Accordingly, it is expected that during throughout the rainy period in the North, the prices of energy will be low, as well as the thermoelectric delivery, since the total hydroelectric generation capacity of the North is sufficient to cover alone the overall charge and export capacity of this submarket (see Figure 7). But in the period of drought in the North subsystem, the use of thermoelectric generation depends again on the storages and hydrological conditions of the SIN.

Figure 7- Total export capacity of the North[20]



Summary of the E&P activities in 2017 – natural gas

According to data of the National Petroleum, Natural Gas and Biofuel Agency (ANP), in 2017, 189 wells were concluded in Brazil, of which 143 terrestrial and 46 maritime. In 2016, 217 wells were concluded, of which 159 terrestrial and 58 maritime. Accordingly, in one year there was a drop of 12.9% in the conclusions of new wells, with special impact on maritime drillings (-20.7%).

In 2017, 24 notifications of discovery in wells were made to the ANP, of which 16 had signs of hydrocarbons in land and 8 in the sea. In 2016, there were 22 notifications of discovery, of which 14 terrestrial and 8 maritime – which represents an increase of 9.1%.

In connection with the declarations of merchantability, in 2017 there were 6 new fields: Mãe-da-Lua, Caburé Leste, Canário da Terra, Canário da Terra Sul, Mero and Periquito Norte; 5 terrestrial and 1

[20] Source: PMO of January 2018 of the ONS

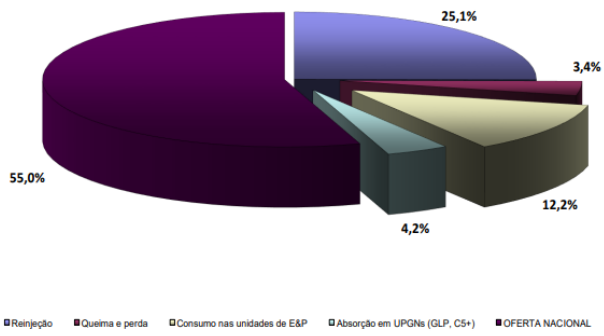
maritime. In 2016, the concessionaires declared merchantability of 4 new fields, one of them held by ENEVA[21].

In year 2017, in the production of hydrocarbons, there were: (1) increase of domestic production of natural gas and (2) drop of imports of gas from Bolivia.

In December 2017, according to the ANP, the total production of hydrocarbons had 306 fields operated by 26 companies, of which 79 maritime fields and 227 terrestrial fields. In December 2016, for the comparative base, the total production had 287 fields operated by 25 companies, of which 79 maritime fields and 208 terrestrial fields, which represents an increase of 6.6% in the number of production fields. However, the production of oil decreased from 2,730 Mbbl/d to 2,612 Mbbl/d.

In 2017, Brazil produced, on average, 109.9 Mm³/d of natural gas, an increase of 6.2% in relation to year 2016. Last year, the reinjection of gas represented around 25% of the domestic production (27.61 Mm³/d), according to data of the Ministry of Mines and Energy[22].

Segmentation of the Domestic Production of Natural Gas – Average 2017



Source: Ministry of Mines and Energy (MME)

The imported offer of natural gas recorded 29.37 Mm³/d in 2017, of which 83% were imports of gas from Bolivia. In 2016, the imported offer of gas was 32.13 Mm³/d. The decrease of the imported offer in 2016/17 was due to the reduction of imports of natural gas from Bolivia. The imported offer of gas in Brazil is composed of import of gas from Bolivia, Argentina and regasification of GNL.

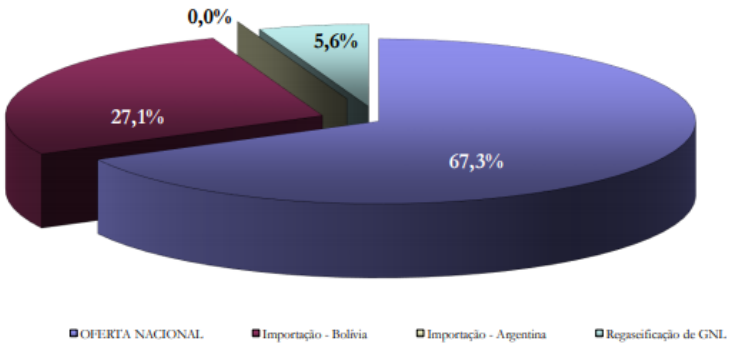
In 2017, Brazil imported 1.88 billion cubic meters of regasified natural gas (-37%), at the FOB price of US$ 6.56/MMBTU (+1.7%), with total FOB value of US$ 484 million (-37%). In 2016, Brazil imported 3.03 billion cubic meters of regasified natural gas, at the FOB price of US$ 6.45/MMBTU, with total FOB value of US$ 768 million. The imports had several origins, including Quatar, United States, Nigeria, France and Trinidad and Tobago.

[21] ANP Information. Campo de Gavião Preto.

[22] Monthly Bulletin of Monitoring of the Natural Gas Industry – Ed. 130 / Dec/17

The total supply of natural gas (domestic and imported) was 89.83 Mm³/d in 2017, of which 67.3% domestic and 32.7% imported. In 2016, the total supply was 84.54 Mm³/d, of which 62% domestic and 38% imported. The imports from Bolivia accounts for 27% of the total supply of Brazilian natural gas.

Segmentation of the Total Supply of Natural Gas – Average 2017



Source: Ministry of Mines and Energy (MME)

The demand for natural gas increased from average 80.26 Mm³/d, in 2016, to 85.56 Mm³/d in 2017. Last year, the demand was 48% for industrial and 40% for electrical generation. Compared to 2016, the total demand was 51% for industrial and 37% for electrical generation.

This situation is particularly different in the isolated systems (Northern Region and Maranhão). In these systems, which includes Parnaíba Complex, the total demand for natural gas reduced from 8.26 Mm³/d, in 2016, to 7.54 Mm³/d in 2017 (-8.7%). The electrical generation represented 97% of the total demand for gas in the two years, with no significant variations.

In 2017, Brazil produced 40.1 billion cubic meters of natural gas, of which 32.3 billion cubic meters of maritime mining (80%) and 7.8 billion of terrestrial mining (20%), according to ANP[23] data. The State of Maranhão (Parnaíba Complex) accounted for 1.62 billion m³ of gas, which corresponds to 4% of the total domestic production and to 21% of the terrestrial production.

7- SERVICES PROVIDED BY THE INDEPENDENT AUDITOR

The total remuneration of PricewaterhouseCoopers Auditores Independentes for the services provided to Eneva S.A. and its subsidiaries in 2017 was R$ 2.7 million, of which R$ 1.6 million related to the accounting review of the financial statements and the remainder of R$ 1.1 million related to consulting services for capital increase (R$ 1.0 million) and other corporate reports (R$ 0.1 million).

The contracting policy adopted by the Company follows the principles that preserve the auditor's independence, in accordance with the prevailing standards, which establish, mainly, that the auditor should not audit its own work, neither exercise management functions to its client or promote its interests.

[23] Statistical Data – ANP 2018.

(A free translation of the original in Portuguese March 14, 2018

Financial Statements

Eneva S.A.

(Publicly listed company)

December 31, 2017

with Independent Auditors Report on the financial statements

eneva

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Balance sheet

December 31, 2017 and December 31, 2016
All amounts in thousands of reais (A free translation of the original in Portuguese)

		Parent Company		Consolidated	
	Note	2017	2016	2017	2016
Assets					
Current					
Cash and cash equivalents	6	502,905	70,970	766,884	493,997
Marketable securities	7	43,438	36,866	217,146	132,757
Trade receivables	9	61	-	524,886	315,153
Inventories	10	-	-	170,367	163,188
Prepaid expenses		129	29	14,844	17,724
Taxes recoverable	11	15,191	13,297	116,311	101,341
Gains with derivatives	20	-	-	106	-
Sundry advances		175	84	11,324	249
Dividends receivable	12	72,310	-	-	
Secured deposits	8	14,233	51	15,159	51
Advances to suppliers		1,481	1,256	38,000	9,485
Others		-	-	2,230	15,656
		649,923	122,553	1,877,257	1,249,601
Non-current					
Long-term receivables					
Prepaid expenses		-	785	22	7,502
Secured deposits	8	4	4	76,745	32,152
Debentures receivable	15	306,270	246,600	-	-
Trade receivables	9	-	-	-	10,366
Tax recoverable	11	60,654	69,537	157,322	166,946
Deferred income tax and social contribution	11	182	-	357,815	396,295
Related-party transactions	15	587,410	530,878	341,556	265,239
Other credits		-	-	586	7,014
		954,520	847,804	934,046	885,514
Investments	12	5,434,111	5,051,403	422,587	440,843
Property, plant and equipment	13	13,632	14,859	6,452,811	6,528,059
Intangible assets	14	8,892	3,111	1,220,680	1,256,554
		6,411,155	**5,917,177**	**9,030,124**	**9,110,970**
		7,061,078	**6,039,730**	**10,907,381**	**10,360,571**

The accompanying notes are an integral part of these financial statements.

Balance sheet - continuing

December 31, 2017 and December 31, 2016
All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Parent Company		Consolidated	
		2017	2016	2017	2016
Liabilities					
Current					
Trade payables		10,841	12,067	293,198	177,249
Borrowings and financings	17	-	-	191,151	988,021
Debentures	18	-	-	231,635	255,742
Derivatives	20	-	-	1,394	-
Taxes and contributions payable	19	4,752	5,087	199,076	153,454
Social and labor obligations		7,124	2,803	21,460	37,021
Related-party transactions	15	-	-	6,272	16,554
Contractual retention		-	-	4,330	4,330
Profit sharing		24,866	8,714	52,437	23,843
Trade payables - electric power sector		-	-	47,688	48,065
Provision for cost due to unavailability		-	-	57,817	2,696
Other payables		60	29	331	4,821
Research and development - electric power sector		-	-	45,218	29,178
		47,643	28,700	1,152,007	1,740,974
Non-current					
Trade payables		1,968	3,552	881	5,410
Borrowings and financings	17	1,376,101	1,228,617	3,511,609	3,109,277
Debentures	18	-	-	421,197	590,219
Related-party transactions	15	9,515	38,948	106,856	101,836
Provision for uncovered liability	12	31,479	38,546	4,273	2,691
Provision for contingencies	21	3,773	-	10,779	5,708
Provision of abandonment		-	-	64,055	52,985
Provision for cost due to unavailability		-	-	1,488	1,110
Deferred income tax and social contribution	11	200,156	207,050	250,257	252,657
Other payables		-	-	8,044	16,896
		1,622,992	1,516,713	4,379,439	4,138,789
Total liabilities		**1,670,635**	**1,545,413**	**5,531,446**	**5,879,763**
Shareholder's equity	22				
Share capital		8,822,219	8,024,122	8,822,219	8,024,122
Capital reserve		18,144	10,834	18,144	10,834
Legal reserve		4,775	-	4,775	-
Cumulative translation adjustment		(3,595)	1,879	(3,595)	1,879
Accumulated losses		(3,451,100)	(3,542,518)	(3,451,100)	(3,543,157)
Equity attributable to controlling shareholders		5,390,443	4,494,317	5,390,443	4,493,678
Interest of non-controlling shareholders		-	-	(14,508)	(12,870)
Total shareholders' equity		5,390,443	4,494,317	5,375,935	4,480,808
		7,061,078	**6,039,730**	**10,907,381**	**10,360,571**

The accompanying notes are an integral part of these financial statements.

Statements of income

Years ended December 31, 2017 and 2016

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Note	Parent Company		Consolidated	
		2017	2016	2017	2016
Sales and services income	25	-	-	**2,721,773**	**2,160,983**
Cost of sales and services	26	-	-	**(1,611,638)**	(1,429,043)
Gross profit		**-**	**-**	**1,110,135**	**731,940**
Operating expenses/income		**117,326**	**(14,586)**	**(404,278)**	**(171,867)**
General and administrative	26	(97,415)	(58,394)	(353,002)	(174,262)
Other operating income	26	11	191,142	30,888	207,401
Other operating expenses	26	(9,006)	(27,543)	(55,794)	(164,195)
Equity in the result of investees	12	223,736	(119,791)	(26,370)	(40,811)
Result before finance income (costs) and taxes		**117,326**	**(14,586)**	**705,857**	**560,073**
Financial income/expenses	27	**(22,010)**	**(43,409)**	**(520,803)**	**(548,360)**
Financial income		137,160	146,870	114,298	165,913
Financial expenses		(159,170)	(190,279)	(635,101)	(714,273)
Result before income taxes		**95,316**	**(57,995)**	**185,054**	**11,713**
Income tax and social contribution on income	11	**182**	**(64,741)**	**(91,194)**	**(122,852)**
Current		-	-	(49,494)	(45,191)
Deferred		182	(64,741)	(41,700)	(77,661)
Profit/(Loss) for the year		**95,498**	**(122,736)**	**93,860**	**(111,139)**
Attributed to the owners of the parent company		**95,498**	**(122,736)**	**95,498**	**(108,107)**
Attributed to the non-controlling shareholders		**-**	**-**	**(1,638)**	**(3,032)**
Earnings/(loss) per share from continuing and discontinued operations attributable to the owners of the parent during the year (expressed in R$ per share)	23				
Basic earnings/(loss)per share - R$					
From continuing operations (Note 23)		-	-	0.3709835	(0.5977897)
Diluted earnings/(loss)per share					
From continuing operations (Note 23)		-	-	0.3709835	(0.5977897)

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income

Years ended December 31, 2017 and 2016

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2017	2016	2017	2016
Profit/(Loss) for the year	**95,498**	**(122,736)**	**93,860**	**(111,139)**
Cumulative translation adjustments	(3,595)	(1,879)	(3,595)	(1,879)
Total comprehensive income	**91,903**	**(124,615)**	**90,265**	**(113,018)**
Comprehensive income (loss) for the year	**91,903**	**(124,615)**	**90,265**	**(113,018)**
Non-controlling shareholders	-	-	(1,638)	(3,032)
Controlling shareholders	91,903	(124,615)	91,903	(109,986)
Total comprehensive income for the year attributable to the controlling shareholders				
From continuing operations	91,903	(124,615)	90,265	(113,018)
Total comprehensive income	**91,903**	**(124,615)**	**90,265**	**(113,018)**

The accompanying notes are an integral part of these financial statements.

Statements of cash flows

Years ended December 31, 2017 and 2016

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2017	**2016**	**2017**	**2016**
Cash flows from operating activities				
(Loss)/ profit before taxes, including discontinued operations	**95,316**	**(57,995)**	**185,054**	**11,713**
Adjustments to reconcile the profit/loss to the cash flows from operating activities:				
Depreciation and amortization	2,095	2,676	418,755	356,392
Fair value update - acquisition of investments	-	(190,415)	-	(190,415)
Provision for dismantling	-	-	4,439	3,232
Equity in the result of investees	(234,958)	91,770	22,883	39,070
Write-off of dry wells and subcommercial areas	-	-	32,712	5,191
Loss of impairment of trade receivables	-	-	9,232	31,262
Provision for uncovered liability	11,222	28,021	3,487	1,741
Result in the sale/write-off of investments	-	29,802	-	34,783
Result of administrative dispute	-	-	-	(92,275)
Asset and Liability exchange variation	1,971	(26,724)	1,971	(29,525)
Borrowings interest	145,513	162,025	467,022	596,508
Loans interest	(54,314)	(76,956)	(26,474)	(33,609)
Debentures interest - related-parties	(59,670)	-	83,372	19,106
Provision for contingencies	-	-	(5,179)	-
Financial investment earnings - marketable securities	-	-	2,902	-
Others	-	1,171	-	185
Write-off/Reversal of impairment - Properties, plants and equipment	-	-	-	97,978
Write-off/Reversal of impairment - Deferred assets	-	(3,852)	-	-
Contractual monetary update	-	(9,935)	(2,878)	(12,863)
Amortization of funding cost	-	-	1,147	5,148
Profit sharing payable	-	1,038	-	3,414
Recovery of tax credits	3,469	3,799	-	(11,120)
	(89,356)	**(45,575)**	**1,198,445**	**835,916**
Changes in assets and liabilities				
Sundry advances	(316)	2,610	(40,777)	28,179
Prepaid expenses	686	1,159	6,340	34,883
Trade receivables	-	-	(208,879)	98,384
Judicial deposits	-	-	(46,563)	-
Taxes recoverable	6,988	(13,214)	(5,347)	4,719
Inventory	-	-	(7,179)	9,369
Taxes and contributions	(10,938)	(2,172)	55,209	47,764
Trade payables	(2,809)	8,042	127,860	47,278
Provisions and labor charges	20,713	(5,407)	23,540	(3,865)
Trade payables	-	-	-	2,765
Dividends and interest on capital received	136,138	26,734	-	-
Income tax on interest on capital	5,288	-	-	
Debits/credits related-parties	(31,650)	62,823	(61,073)	(115,568)

Other assets and liabilities	4,848	3,576	28,486	(59,367)
	128,948	**84,151**	**(128,383)**	**94,541**
Cash from operations	**39,592**	**38,576**	**1,070,062**	**930,457**
Income tax and social contribution paid	**-**	**-**	(60,347)	(13,371)
Net cash provided by (used in) operating activities	**39,592**	**38,576**	**1,009,715**	**917,086**
Cash flow from investing activities				
Acquisition of properties, plants and equipment and intangible assets	(6,650)	(7,169)	(308,889)	(156,756)
Write-off of properties, plants and equipment and intangible assets	-	-	4,908	11,743
Increase in investments	(378,350)	(45,986)	-	(5,215)
Acquisition of subsidiary, net of cash acquired	-	-	-	53,738
Marketable securities	(6,572)	(36,866)	(87,268)	(131,557)
Cash arising from sale of PPE and intangible assets	-	72	-	-
Premium to the Stock Options program	-	-	7,983	-
Contractual retentions	-	-	-	(120)
Net cash used in investing activities	**(391,572)**	**(89,949)**	**(383,266)**	**(228,167)**
Cash flow from financing activities				
Financial instruments	**-**	-	(120)	39
Capital increase	798,097	14,607	798,097	14,607
Financing and debentures funding	-	-	139,167	10,192
Amortizations of Principal - Financings and debentures	-	-	(808,799)	(146,217)
Interest paid	-	-	(444,463)	(250,082)
Debentures interest paid - related-parties			(3,632)	(2,027)
Secured deposits	(14,182)	34,545	(33,812)	(68,849)
Net cash provided by (used in) financing activities	**783,915**	**49,152**	**(353,562)**	**(442,337)**
Increase (decrease) in cash and cash equivalents	**431,935**	**(2,221)**	**272,887**	**246,582**
Statement of the increase in cash and cash equivalents				
At the beginning of the year	70,970	73,191	493,997	247,415
At the end of the year	502,905	70,970	766,884	493,997

Transactions that involve no cash:
* Adjustment on the translation of the subsidiary Parnaíba BV in R$ 3,595, according to Statements of Comprehensive Income;

The accompanying notes are an integral part of these financial statements.

Statements of changes in equity

Years ended December 31, 2017 and 2016

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent Company					
	Share capital	Legal reserve	Capital reserve and options granted	Other comprehensive income	Accumulated losses/profits	Total shareholders' equity
At December 31, 2015	**7,007,627**	**-**	**14,438**	**-**	**(3,419,782)**	**3,602,283**
Loss for the year	-	-	-	-	(122,736)	(122,736)
Transactions with shareholders:						
Capital increase	1,016,495	-	1,811	-	-	1,018,306
Goodwill on share issue	-	-	142,771	-	-	142,771
Fair value of asset instruments	-	-	(148,186)	-	-	(148,186)
Other comprehensive income:						
Cumulative translation adjustments	-	-	-	1,879	-	1,879
At December 31, 2016	**8,024,122**	**-**	**10,834**	**1,879**	**(3,542,518)**	**4,494,317**
Profit for the year	-	-	-	-	95,498	95,498
Transactions with shareholders:						
Capital increase	798,097	-	-	-	-	798,097
Legal reserve	-	4,775	-		(4,775)	-
Goodwill on share issue	-	-	(695)	-	695	-
Premium paid to the stock options program	-	-	7,590	-	-	7,590
Fair value of asset instruments	-	-	415	-	-	415
Other comprehensive income:						
Cumulative translation adjustments	-	-	-	(5,474)	-	(5,474)
At December 31, 2017	**8,822,219**	**4,775**	**18,144**	**(3,595)**	**(3,451,100)**	**5,390,443**

	Consolidated							
	Share capital	Legal reserve	Capital reserve and options granted	Other comprehensive income	Accumulated losses	Total shareholders' equity	Non-controlling shareholder interests	Total shareholders' equity
At December 31, 2015	**7,007,627**	**-**	**14,438**	**-**	**(3,435,050)**	**3,587,015**	**(9,838)**	**3,577,177**
Loss for the year	-	-	-	-	(108,107)	(108,107)	(3,032)	(111,139)
Capital transactions with partners:								
Capital increase	1,016,495	-	1,811	-	-	1,018,306	-	1,018,306
Goodwill on share issue	-	-	142,771	-	-	142,771	-	142,771
Fair value of asset instruments	-	-	(148,186)	-	-	(148,186)	-	(148,186)
Other comprehensive income								
Cumulative translation adjustments	-	-	-	1,879	-	1,879	-	1,879
At December 31, 2016	**8,024,122**	**-**	**10,834**	**1,879**	**(3,543,157)**	**4,493,678**	**(12,870)**	**4,480,808**
Profit for the year	-	-	-	-	95,498	95,498	(1,638)	93,860
Transactions with shareholders:								-
Capital increase	798,097	-	-	-	-	798,097	-	798,097
Legal reserve	-	4,775	-	-	(4,775)	-	-	-
Write-off deferred asset	-	-	-	-	639	639	-	639
Goodwill on share issue	-	-	(695)	-	695	-	-	-
Premium paid to the stock options program	-	-	7,590	-	-	7,590	-	7,590
Fair value of asset instruments	-	-	415	-	-	-	-	-
Other comprehensive income								
Cumulative translation adjustments	-	-	-	(5,474)	-	(5,474)	-	(5,474)
At December 31, 2017	**8,822,219**	**4,775**	**18,144**	**(3,595)**	**(3,451,100)**	**5,390,443**	**(14,508)**	**5,375,935**

The accompanying notes are an integral part of these financial statements.

Statements of value added

Years ended December 31, 2017 and 2016

All amounts in thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2017	2016	2017	2016
Revenue	**(71)**	**191,142**	**2,957,379**	**2,565,339**
Sales of goods, products and services	-	-	2,966,822	2,357,938
Other income (i)	(71)	191,142	(211)	207,401
(-) Provision for impairment of trade receivables	-	-	(9,232)	-
Consumables acquired from third parties (including ICMS and IPI)	**(34,021)**	**(33,621)**	**(1,152,000)**	**(981,935)**
Materials, electricity, outsourced services and others	(34,021)	(33,621)	(1,051,601)	(902,841)
Gas contracts	-	-	(96,430)	(79,094)
Impairment/recovery of assets	-	-	(3,969)	-
Gross value added	**(34,092)**	**157,521**	**1,805,379**	**1,583,404**
Depreciation and amortization and depletion	(2,095)	(2,676)	(418,755)	(356,392)
Net value added produced	**(36,187)**	**154,845**	**1,386,624**	**1,227,012**
Transferred value added	**404,692**	**(49,252)**	**(152,429)**	**(90,753)**
Equity in the result of investees	223,736	(119,792)	(26,370)	(40,811)
Finance income	17,936	15,858	69,862	80,399
Interest on loan operations and debentures	113,984	82,793	(57,087)	33,608
Provision for loss on investment	(1,981)	-	(3,962)	(99,449)
Insurance	(530)	(570)	(2,928)	(36,420)
CCEE Penalty	-	-	(80,700)	-
Costs with exploration and dry well	-	-	(99,543)	-
Shared services (iv)	51,780	-	48,645	-
Others	(233)	(27,541)	(346)	(28,080)
Total value added to be distributed	**368,505**	**105,593**	**1,234,195**	**1,136,259**

	Parent Company		Consolidated	
	2017	**2016**	**2017**	**2016**
Distribution of value added	**368,505**	**105,593**	**1,234,195**	**1,136,259**
Personnel	**94,291**	**16,246**	**227,304**	**137,628**
Direct remuneration	79,267	6,403	179,662	67,924
Benefits	10,946	7,990	39,422	38,528
FGTS and contributions	4,078	1,853	8,220	31,176
Taxes and contributions	**22,748**	**64,956**	**376,972**	**308,917**
IR/CSLL	-	-	49,494	45,191
Deferred Income Tax and Social Contribution	(182)	64,741	41,700	77,661
Federal	8,259	215	299,836	229,223
State (ii)	14,594	-	(39,960)	(43,158)
Municipal	54	-	66	-
Fees and contributions (iii)	23	-	25,836	-
Payment of capital from of third-parties	**155,968**	**147,128**	**536,059**	**800,853**
Interest and fines paid or earned	1,088	91	3,325	46,002
Rent	3,342	5,067	3,651	86,937
Exchange and monetary variation	2,027	(26,718)	30,186	25,797
Financial expenses	145,945	168,688	492,996	642,117
Others	3,566	-	5,901	-
Capital remuneration	**95,498**	**(122,737)**	**93,860**	**(111,139)**
Profits reinvested/loss for the year	95,498	(122,737)	95,498	(108,107)
Profit/(Loss) for the year attributable to the non-controlling shareholders	-	-	(1,638)	(3,032)

(i) This refers to the net result of the losses and gains on the disposal of assets
(ii) This refers to Sudene tax incentive balance held in the Companies Parnaíba I and Parnaíba III
(iii) This refers to the Research and Development program mandatory for the electric power companies in a minimum percentage of the ROL - 1% of ADOMP and other fees.
(iv) This refers to the reimbursement of the costs related to operating, finance and administrative activities

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

All amounts in thousands of reais except when otherwise indicated

1. Operating context

Eneva S.A. is a publicly traded company registered in B3 S.A. – Brasil, Bolsa, Balcão, headquartered in the Municipality of Rio de Janeiro, State of Rio de Janeiro, which operates in the generation and trade of electric power and in the exploration and production (E&P) of hydrocarbons in Brazil. ENEVA counts on a thermal power station of 2.2 GW of installed capacity (67% natural gas and 33% mineral coal), equal to 5% of the national installed thermal power capacity, 100% operating since July 2016.

With gas production capacity of 8.4 million m³/day, ENEVA is the largest natural gas private operator in Brazil, operating in an area of 40,166 km² under the concession system for the exploration and production of hydrocarbons, in the Parnaíba Basin, State of Maranhão.

During 2017, the Company partially concluded the corporate restructure of the economic group Eneva S.A.. The subsidiary Eneva Participações S.A. incorporated the net assets of the following companies of Grupo Eneva:

- UTE Porto do Açu Energia

- Açu II Geração de Energia S.A.

- Açu III Geração de Energia S.A.

- Eneva Desenvolvimento S.A.;

- Eneva Investimento (Parnaíba V Geração de Energia S.A.)

- Eneva Solar Empreendimentos S.A.

- Seival Participações S.A.

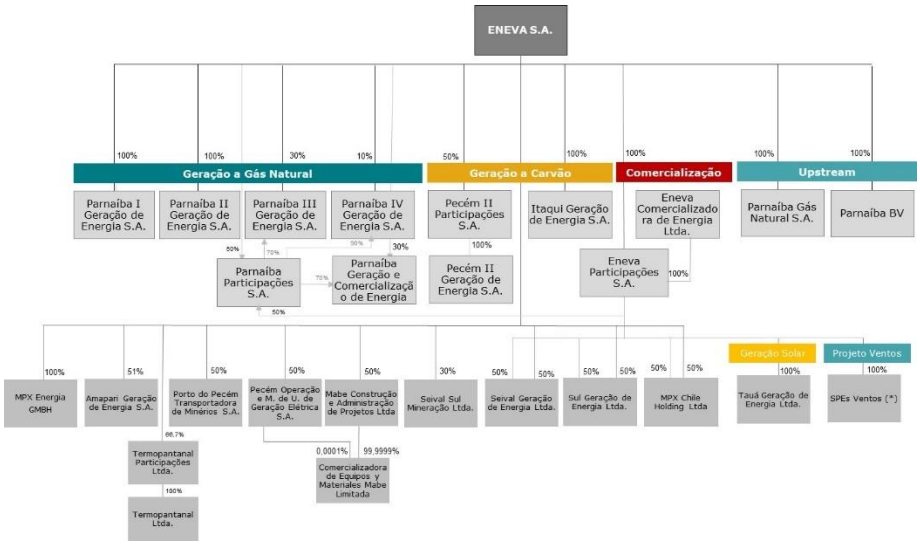
- Tauá II Geração de Energia S.A.

Furthermore, the subsidiary Parnaíba Gás Natural S.A. incorporated the net assets of BPMB Parnaíba S.A.

Public offer of shares

On October 20, Eneva concluded the public offer of primary and secondary distribution of shares, in the total amount of R$ 876,207, being R$ 834,483 in primary resources, with funding costs of R$ 36,386, totaling R$ 798,097 in net resources for the Company. The price per share was fixed in R$ 11.00, based on the result of the bookbuilding. It was issued 75,862,069 (seventy five million, eight hundred and sixty two thousand and sixty nine) new common shares. The Company's share capital increased to R$ 8,822,219, represented by 314,990,499 common shares.
The secondary distribution of shares corresponded to 3,793,103 common shares issued by the Company, amounting R$ 41,724, according to Note 22. The seller shareholders were Banco BTG Pactual S.A., Itaú Unibanco S.A., Ice Focus EM Credit Master Fund Limited and Uniper Holding GmbH.

On December 31, 2017, the Company presents the following structure:



The details of the Company's corporate interest is described in Note 12 - Investments.

The summary of the technical specifications of the operating subsidiaries is as follows:

Energy Generation

Venture/ Company	Location	Total capacity	Fuel	ENEVA's interest
Parnaíba I	Santo Antônio dos Lopes/MA	676 MW	Natural gas	100%
Parnaíba II	Santo Antônio dos Lopes/MA	519 MW	Natural gas	100%
Parnaíba III	Santo Antônio dos Lopes/MA	176 MW	Natural gas	100%
Parnaíba IV	Santo Antônio dos Lopes/MA	56 MW	Natural gas	100%
Itaqui	São Luís/MA	360 MW	Imported coal	100%
Pecém II	São Gonçalo do Amarante/CE	365 MW	Imported coal	50%

Tauá	Tauá/CE	1 MW	Solar power source	100%

Energy trade

Company	ENEVA's interest
ENEVA Comercializadora de Energia Ltda.	100%

Parnaíba Gás Natural

Company	Interest in the Venture	Venture	Location	ENEVA's interest
Parnaíba Gás Natural S.A.	100%	7 natural gas fields, currently with production capacity of 8.4 million m³ per day	MA	100%

2. Licenses and authorizations

The Company permanently monitors the compliance with the conditioners of the environmental licenses necessary to the development of its activities, focused on the business sustainability and on the use of the natural resources.

During 2017, ENEVA worked to improve its health, security, environment and social responsibility management, in order to fully comply with the effective legislation, with the requirements of the government bodies, focused on the improvement of the health, security and environment indicators and on the implementation of social responsibility actions.

In the environment license area, Eneva acted to ensure the maintenance of the effective licenses and other authorizations, related to its E&P and Generation operations. For the new projects, licenses were obtained to carry out the land seismic activities in the areas of the 9th and 13th rounds of ANP bids, the installation licenses for the projects of development of the production of the Gavião Azul and Gavião Caboclo fields, besides the operating license of these fields, enabling the first gas in the date foreseen in the project.

3. Presentation of the financial statements

The financial statements were prepared considering the historical cost as value basis. Other assets and liabilities are adjusted in order to reflect the fair value measurement, as well as to consider the Company's operating continuity assumption, according the management plans.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

(a) Consolidated financial statements

The consolidated financial statements have been prepared and are being presented in accordance with accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian Accounting Pronouncements Committee (CPC), as well as according to the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. while it is not required by IFRS. Therefore, under the IFRS, the presentation of such statements is considered supplementary information.

(b) Parent company financial statements

The parent company's financial statements have been prepared in accordance with accounting practices adopted in Brazil issued by the Brazilian Accounting Pronouncements Committee (CPC). Because the accounting practices adopted in Brazil, used in the parent company financial statements as from 2014, do not differ from the IFRS applicable to the separate financial statements, once the equity in the results of investees is now allowed in subsidiaries, associated and joint ventures in the separate financial statements. These should be in compliance with the financial report international standards, but they are divergent due to the deferred assets, as presented below.

For the purpose of BR GAAP, Law No. 11,941/09 abolished deferred assets, permitting the maintenance of the balance accumulated up to December 31, 2008, which may be amortized in up to 10 years, subject to impairment tests. Following the adoption of IFRS, the Company recorded the amount of R$ 26,192 in the consolidated accumulated losses, net of tax at January 1, 2009, corresponding to its and its subsidiaries' deferred assets at that date. The difference between the individual and consolidated shareholders' equity is therefore related to the deferred asset which was recognized in accumulated losses in the consolidated shareholders' equity.

The table below shows the reconciliation between the individual and consolidated shareholders' equities at December 31, 2016:

	2016
Shareholders' equity - Parent Company	4,494,317
Deferred assets - Law No. 11,941/09	(639)
Shareholders' equity - attributable to the controlling shareholders	4,493,678

On December 31, 2017, the balances were conciliated and adjusted, with no more differences between the net equities.

The issue of these financial statements was authorized by the Board of Directors on March 14, 2018.

(c) Changes in accounting practices and disclosures

A series of new standards or amendments to standards and interpretations will be in force for years beginning on or after January 1, 2018. The Company has not early adopted these amendments in the preparation of these financial statements.

IFRS 9 Financial Instruments (IFRS 48 - Financial Instruments)

IFRS 9/CPC 48 substitutes the existing orientations in IAS 39 (CPC 38) Financial Instruments: Recognition and Measurement. The mentioned standard significantly amends the accounting criteria related to classification and measurement of financial assets, as well as the measurement model of the impairment of financial assets and it also amends the disclosure requirements, including new information to be presented in the financial statements.

Management reviewed its financial assets and liabilities and expects the following impacts arising from the adoption of the new standard on January 1, 2018:

- Regarding the new model of impairment of financial assets, Management expects an increase of around 2% in the PECLD (Estimated Loss for Impairment of Trade Receivables) of its subsidiaries and a decrease of around 2% in the item Consumers and Concessionaires;

- Related to the financial assets (repurchase agreements, LFT, investment fund, secured deposits, loans and commercial operations with related-parties), no impacts are expected in the classification and measurement. After the evaluation of the business model, it was identified that the financial assets are measured at fair value through profit or loss.

Hedge accounting

The Company uses derivatives to mitigate the foreign exchange rate risk in the acquisition, with Petrobras, of 100% of the rights and obligations for the exploration and production of hydrocarbons of the concession of the Azulão field and in the purchase of equipment to be used in the maintenance operating cycle of the Plant. The types of hedge accounting that the Company currently designates comply with the requirements of the IFRS 9/CPC 48 and are aligned with the strategy and objective of the entity's risk management.

The new rules will be retrospectively used as from January 1, 2018 with the practical expedients allowed according to the standard.

IFRS 15 Revenue from Contracts with Customers

In November 2016, the Accounting Pronouncements Committee approved the Technical Pronouncement 47 - Revenue from contracts with customers, related to IFRS 15. The fundamental principle of the mentioned standard is the revenue recognition upon the transfer of control of the goods and services to the customers, instead of the principle of transfer of risks and benefits, considering which amount it expects to be able to exchange for those goods and services and when the revenue should be recognized. IFRS 15 substituted the current standards for revenue recognition, including CPC 30 (IAS 18) Revenue, CPC 17 (IAS 11) Construction Contracts, and CPC 30 Interpretation A (IFRIC 13) Customer Loyalty Programs.

According to the standard, the revenue should be recognized net of the variable consideration. The standard classifies possible discounts, rebates, refunds, credits, price concession, incentives, performance bonus, penalties or other similar items as variable consideration. Accordingly, the penalties that represent refund to the customers, such as ADOMP, should be accounted for as reducers of the revenue from energy supply and not as operating costs.

The subsidiaries Itaqui Geração de Energia, Parnaíba I Geração de Energia and Parnaíba III Geração de Energia identified the need to reclassify certain penalties for performance that currently are classified in

the statement of operations as operating costs and will be classified as revenue reducer items for the year 2017, with estimated effect in the amounts of R$ 6,086 and R$ 2,299 and R$ 1,092 respectively, when presented comparatively with the financial statements for the year to be ended December 31, 2018.

IFRS 16 Leases

In December 2017, the CPC 6 (R2) was issued in correlation to the standard IFRS 16, which introduced new rules for the lease operations. The objective is to ensure that the lessees and lessors give material information that faithfully represents these transactions. CPC 6 (R2) requires that the lessees start to recognize the liabilities of the future payments and the right of use of the leased asset for almost all the lease agreements, including the operating ones. Furthermore, optional exemptions were created for short term leases with low cost.

The leases recognition and measurement criteria in the financial statements are substantially maintained. CPC 6 (R2) generally should be retrospectively used as from January 1, 2019 and will substitute CPC 6 (R1) - Leases (IAS 17) and corresponding interpretations.

The Company began the qualitative analysis of its main contracts and will continue evaluating the potential effects of IFRS 16 during 2018, which will depend on the decision about the transition method and on the use of practical means and/or exemptions. Accordingly, it is not yet possible to estimate the amount of the rights of use and lease liabilities that will be recognized in the adoption of this new pronouncement and, such as this adoption, may affect the Company's result.

(d) Restatement of the statement of cash flow for December 31, 2016

According to CPC 23 - Accounting Policies, Changes in the Accounting Estimates and Errors Correction and CPC 26 (R1) - Presentation of the Financial Statements, the statement of cash flow is being restated because the Company's management evaluates that the best applicability of the interest paid on borrowings, financings and debentures is in the financings' cash flows, because the cost of these financial liabilities is intrinsically linked to the funding for the construction of the generator and producer park of gas of Eneva Group. For this reason, the interest paid was reclassified from the operating activities cash flows for the financing activities cash flows, according to the item 33 of the CPC 3 - Statement of cash flows.

	Statements of cash flows Parent company on December 31, 2016			Statements of cash flows Consolidated on December 31, 2016		
	Originally Stated	Adjustments	Restated	Originally Stated	Adjustments	Restated
(Loss)/Profit before taxes, including operations	(57,995)	-	(57,995)	11,713	-	11,713
Net cash provided by (used in) operating activities	38,576	-	38,576	664,977	252,109	917,086
Net cash provided by (used in) investing activities	(89,949)		(89,949)	(228,167)	-	(228,167)
Net cash provided by (used in) financing activities	49,152	-	49,152	(190,228)	(252,109)	(442,337)
Increase (decrease) in cash and cash equivalents	(2,221)		(2,221)	246,582	-	246,582
At the beginning of the year	73,191	-	73,191	247,415	-	247,415
At the end of the year	70,970		70,970	493,997	-	493,997

4. Summary of the significant accounting practices and policies

The Company consolidates all the entities it controls, i.e., when it is exposed or it has rights to variable returns of its investment and it is able to conduct the material activities of the investee.

4.1 Consolidation

The consolidated financial statements include the financial statements of the parent company and the companies the Company has the (direct or indirect) control, as shown in Note 12.
The following accounting metrics are applied in the preparation of the consolidated financial statements:

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. They are deconsolidated from the date that control ceases.

The acquired identifiable assets and liabilities, including the contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. Non-controlling interests are determined on each acquisition. Acquisition-related costs are expensed as incurred.

Transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated, unless the transaction provides evidence of impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the proportion acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded directly in equity.

(c) Associates and joint arrangements

Associated companies are all the entities over which the Company exercises significant influence but does not control, in which it generally holds an equity interest of between 20% and 50% of the voting rights.

Joint arrangements are all entities over which the Group shares control with one or more parties. Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor.

Investments in associates and joint ventures are accounted for using the equity method and are initially recognized at cost. The Group's investment in associates and joint ventures includes goodwill identified on acquisition, net of any accumulated impairment loss. See Note 4.9 for the impairment of non-financial assets, including goodwill.

The Group’s share of the profit or loss of its associates and joint ventures is recognized in the statement of income and its share of reserve movements is recognized in the Group reserves. When the Group’s share of losses in an associate or joint venture equals or exceeds the carrying amount of the investment, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate or jointly-controlled investee.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

Dilution gains and losses arising on investments in associates are recognized in the statement of operations.

4.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Board, which also makes the Company's strategic decisions.

4.3 Foreign currency translation

(a) Functional and presentation currency

The items included in each of the company's entities' financial information are measured by using the currency of the main economy in which each company operates ("functional currency"). The individual and consolidated financial statements are presented in R$, which is the Company's functional currency and the Company's reporting currency.

(b) Transactions and balances

Foreign-currency transactions are translated into the functional currency at the exchange rates prevailing on the transaction or valuation dates, on which the items are reassessed. Foreign exchange gains and losses resulting from the settlement of these transactions and the translation at the exchange rates at the end of the financial year for monetary assets and liabilities denominated in foreign currency are recognized in the statement of operations, except when qualified as hedge accounting and are therefore deferred in equity as cash flow hedges.

Foreign exchange gains and losses that relate to commercial operations, borrowings and cash and cash equivalents are presented in the statement of income within "Finance income or costs".

(c) Companies with different functional currency

The results and financial position of the subsidiary Parnaíba B.V., whose functional currency is different from the reporting currency are translated into the reporting currency as follows:

(i) The assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) The revenue and expenses of each statement of operations are translated at the average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).

(iii) All resulting exchange differences are recognized as a separate component of equity, in the account "Carrying value adjustments". When a foreign operation is partially disposed of or sold,

exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on sale.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recognized in equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the statement of income as part of the gain or loss on sale.

4.4 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, with immaterial risk of change in value, where the balance is presented net of bank overdrafts in the statement of cash flows.

4.5 Financial assets

(a) Classification

The Company classifies its financial assets, upon initial recognition, in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. All financial assets in this category are classified as current assets. Derivatives are also categorized as held for trading unless they are designated as hedges.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(b) Recognition and measurement

Normal purchases and sales of financial assets are typically recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of operations. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of the "Financial assets at fair value through profit or loss" category are presented in the statement of operations within "Finance income (costs)" in the period in which they arise.

The translation differences on the monetary instruments are recognized in profit or loss.

(c) Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(d) Impairment of financial assets

(i) Assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or debtor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:
  - Adverse changes in the payment status of borrowers in the portfolio; and
  - National or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of operations. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recorded loss is recognized in the statement of operations.

4.6 Trade receivables

Trade receivables are amounts due for the sale of electricity in the ordinary course of the Company's business. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, the estimated loss for impairment of trade receivables.

The Company assesses its operations, considering the business nature and the profile of the these clients, and it constitutes estimated loss for impairment of trade receivables for the amounts overdue for more than 180 days for balances with companies that are not part of the same Group, according to internal policy.

Regarding the new standard IFRS 15 effective as from January 1, 2018, the impacts were evaluated and are described in Note 3, item c.

4.7 Inventories

Inventories are stated at the lower of cost and net realizable value. The method to assess the inventories is the weighted moving average method. Net realizable value is the estimated selling price in the ordinary course of business, less conclusion costs and selling expenses.

4.8 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of assets and liabilities of the acquired entity. Goodwill arising from acquisitions of subsidiaries is recorded as "Intangible assets" in the consolidated financial statements. In the case of advantageous purchase, the amount is recorded as a gain in the result for the year on the acquisition date. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is carried at cost less accumulated impairment losses.

The goodwill amortization term is linked to the plants authorization period.

Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to Cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

(b) Exploration right agreements

It refers to the signature bonus paid to obtain a grant of the oil and natural gas exploration and production activities in certain blocks. It also includes the expenditures associated to the acquisition of computer systems and programs.

Amortization

The signature bonus is amortized as from the declaration of commerciality and beginning of the production by the produced units method.

Intangible assets consist of assets acquired from third parties, with defined useful lives and are measured at cost, less accumulated amortization and accumulated impairment, when applicable. The other intangible assets primarily consist of energy generation contracts acquired from third parties. The other intangible assets are amortized on a straight-line basis at the rates mentioned in the breakdown charts presented in Note 14, which consider the estimated time of use.

4.9 Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at the historic cost of acquisition or construction, less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of assets built by the Company itself includes:

- The cost of materials and direct labor;
- Any other costs to bring the asset to its location and condition necessary so it can be operated as intended by Management;
- The dismantling costs, and the restoration of the site where these assets are located; and
- Loan costs on qualifiable assets.

When parts of an item of property, plant and equipment have different useful lives, these items are recorded as separate items (principal constituents) of property, plant and equipment.

The gains and losses deriving from the sale of property, plant and equipment (determined by comparing the funds obtained through the sale against the book value of the property, plant and equipment), are recorded net amongst other revenue/expense figures in the statement of operations.

(b) Subsequent costs

Subsequent costs are capitalized to the extent that it is probable that future benefits associated with these costs will flow to the Group. Recurring repairs and maintenance are charged to the statement of operations.

(c) Depletion and depreciation

Items of property, plant and equipment are depreciated by the straight-line method in the statement of operations for the year, based on the useful estimated economic life of each component (Note 13). Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date they are installed and are available for use, or in the case of internally constructed assets, on the date construction is completed and the asset is available for use.

The exploration and development expenses of the production are depreciated as from the declaration of commerciality and beginning of the production by the produced units method. In this method, the monthly depreciation rate is obtained dividing the monthly production by the total estimated balance of the reserves (proved to be the most probable) at the beginning of the month. Every year, the Company reviews the total balance of the reserves.

(d) Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortization and are tested annually for impairment. The assets that are subject to amortization are reviewed for verification of impairment upon the existence of impairment or possible reversal of losses. An impairment loss is recognized when the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash-generating units (CGUs)). Non-financial assets other than goodwill that were adjusted due to impairment are subsequently reviewed for possible reversal of the impairment at the balance sheet date.

The expected recoverability of the non-financial assets is based on the projection of future profit taking into consideration business and financial assumptions at the year end. Accordingly, these estimates may differ from the effective profit in the future due to the inherent uncertainties involving these estimates.

4.10 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due in one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method.

4.11 Borrowings and financings

Borrowings and financings are recognized initially at fair value, net of transaction costs incurred, and are subsequently carried at amortized cost. Any difference between the proceeds (net of transaction costs) and the total amount payable is recognized in the statement of income over the period of the borrowings using the effective interest rate method.

Borrowings and financings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Both general and specific borrowing and financings costs directly related to the acquisition, construction or production of a qualifying asset that requires a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the property, plant and equipment when it is probable that future economic benefits associated with the item will flow to the Company and costs can be measured reliably. The other borrowing costs are recognized as finance costs in the period in which they are incurred.

4.12 Provisions

Provisions are recognized when: (i) the Company has a present legal or constructive obligation as a result of past events; (ii) it is probable that an outflow of resources will be required to settle the obligation; and (iii) the amount can be reliably estimated. Provisions do not include future operating losses.

When there is a number of similar obligations, the probability of settling them is determined, taking into account the class of the obligations taken as a whole. A provision is recognized even if the probability of settlement related to any other individual items included in the same class of obligations is minimal.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the time elapses is recognized as interest expense.

4.13 Current and deferred income tax and social contribution

The income tax and social contribution benefit or expense for the period comprise current and deferred taxes. Taxes on profit are recognized in the statement of income, except to the extent that they relate to items recognized in comprehensive income or directly in equity. In such cases, the taxes are also recognized in comprehensive income or directly in equity.

The current and deferred income tax and social contribution is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's entities operate and generate taxable income. Management periodically evaluates positions taken by the Company in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

The current income tax and social contribution are presented net, separated by taxpaying entity, in liabilities when there are amounts payable, or in assets when the amounts prepaid exceed the total amount due on the reporting date.

Deferred income tax and social contribution are recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and the determined tax losses.

Deferred tax assets are recognized only to the extent it is probable that future taxable profit will be available against which the temporary differences and/or tax losses can be utilized.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, except for a deferred tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented net in the balance sheet when there is a legally enforceable right and the intention to offset them upon the calculation of current taxes, generally when related to the same legal entity and the same tax authority. Accordingly, deferred tax assets and liabilities in different entities or in different countries are generally presented separately, and not on a net basis.

4.14 Employee benefits

(a) Profit sharing

The Company recognizes a liability and an expense for profit-sharing based on a methodology that takes into consideration the profit attributed to the Company's stockholders after certain adjustments. The Company recognizes a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

4.15 Share capital

Common shares are classified in equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

4.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of electrical power in the ordinary course of the Company’s activities. Revenue is shown net of value-added tax, returns, rebates and discounts and, in the consolidated financial statements, after eliminating sales within the Group.

The Company recognizes revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will result from the transaction and when specific criteria have been met for each of the Company’s activities as described below. The Company bases its estimate on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sale of electricity

Revenue derives from electricity supply agreements, including a fixed monthly amount and variable amount according to the demand required by the National Electric System Operator - ONS. Revenue on any sales is recognized by a measurement equal to the volume of energy transferred to the client and estimates to measure the energy delivered, but does not yet take into account the measurements prior to closing the financial year.

(b) Natural gas production and sale

Revenue from sale of natural gas and gas treatment capacity is recognized by measurement equivalent to the volume of gas transferred to the client or whenever it is available according to contractual provisions.

(c) Energy trade

Revenue comprises the fair value of the consideration received or receivable for the sale of electrical power both in the regulated market and in the free market.

(d) Finance income

Interest income is recognized on the accrual basis, using the effective interest rate method.

4.17 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

4.18 Distribution of dividends and interest on capital

The distribution of dividends and interest on capital to the Company's stockholders is recognized as a liability in the financial statements at year-end based on the Company's bylaws. Any amount that exceeds the minimum required is only provided on the date it is approved by the stockholders at General or Extraordinary Meeting.

The tax benefits of interest on capital are recognized in the statement of operations.

4.19 Commitments made

The Company discloses the commitments arising from operations of Property, Plant and Equipment, Intangible Assets and Lease.

On December 31, 2017, the Company has commitments made with the Exploration Program of the subsidiary Parnaíba Gás Natural S.A., as described in Note 30.

5. Critical accounting estimates and judgments

Accounting estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5.1 Critical accounting estimates and assumptions

Based on assumptions, the Company makes estimates concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

(a) Impairment of non-current assets

The Company conducts impairment tests on property, plant and equipment and intangible assets, in accordance with the accounting policies described in Note 4.9. The recoverable values of Cash Generating Units (UGCs) were determined based on calculations of the value in use using assumptions and estimates primarily relying on studies of the regulated electricity trading market. These functions and estimates were discussed with the operational managers and were revised and approved by Management.

(b) Income tax, social contribution and other taxes

Deferred income tax and social contribution are recognized using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, as well as on the tax losses for previous years.

The assessment of realization of the deferred assets is presented in Note 11.

6. Cash and cash equivalents

		Parent Company		Consolidated	
		2017	2016	2017	2016
Cash and banks		47	441	12,172	54,894
Investment funds FICFI RF CP ENEVA	(a)	57,434	70,529	283,763	245,945
Investment funds FI Master Plus 50 RF DI LP	(b)	303,456	-	303,456	-
CDB/ Securities held under repurchase agreements	(c)	141,968	-	167,493	193,158
		502,905	**70,970**	**766,884**	**493,997**

(a) Substantially consist of quotas in investment funds, of high liquidity, readily convertible into a known amount of cash, regardless of asset maturity, and are subject to an insignificant risk of a change in value. This is a share investment fund FI Multimercado Crédito Privado administrated by Banco Itaú and primarily backed by Bank Deposit Certificates - CDBs and securities subject to repurchase agreements issued by first-rate financial institutions and companies, all linked to floating rates and with an average annual yield of 100.7% (nominal rate on the curve) of the DI CETIP rate (Interbank Deposit Certificate - CDI). Securities held under repurchase agreements underlied by debentures represent purchase and sale commitments, registered at CETIP or SELIC, when applicable, and with guarantee of repurchase at a previously established rate from the financial institutions. The portfolio consists of 25% securities held under repurchase agreements, 32% of CDBs and 43% of LFTs (presented in Note 7) at December 31, 2017.

(b) Substantially consist of quotas in investment funds, of immediate liquidity, readily convertible into a known amount of cash, regardless of asset maturity, and are subject to an insignificant risk of a change in value. It is the Investment Funds of Quotas of FI Eneva RF LP managed by Caixa Econômica Federal. The average profitability of the fund for the year was of 98.4% of CDI.

(c) These represent amounts invested in CDBs and securities held under repurchase agreements issued by first-rate financial institutions all linked to floating rates, with immediate liquidity and with an average annual yield of 99.7% (nominal rate on the curve) of the DI CETIP rate (Interbank Deposit Certificate - CDI). The companies that hold these amounts are Itaqui Geração de Energia S.A., Parnaíba I Geração de Energia S.A., Parnaíba III Geração de Energia S.A. And the Company itself.

The portfolio of the Investment Fund FICFI RF CP ENEVA, detailed by operations, is as follows:

	Consolidated	
	2017	2016
CDBs	160,906	145,946
Securities held under repurchase agreements	122,857	99,999
	283,763	**245,945**

7. Marketable securities

		Parent Company		Consolidated	
		12/31/2017	12/31/2016	12/31/2017	12/31/2016
Treasury Financial Bills (LFTs)	(a)	43,438	36,866	217,146	132,757
		43,438	**36,866**	**217,146**	**132,757**

(a) Treasury Financial Bills (LFTs) are post-fixed securities whose remuneration is based on the variation of the daily SELIC rate recorded between the settlement date and the maturity date. On December 31, 2017, the Company's portfolio of LFTs has securities whose maturities are due between 2019 and 2022, however, given its high liquidity in the secondary market, they can be readily convertible into cash and are subject to an immaterial risk of change in value.

8. Secured deposits

		Parent Company		Consolidated	
		2017	2016	2017	2016
ICMS Coal of Itaqui	(a)	-	-	75,836	31,921
Guarantee - FINEP warrant	(b)	12,110	-	12,110	-
Judicial deposits		2,067	-	2,411	-
Other secured deposits		60	55	1,547	282
		14,237	**55**	**91,904**	**32,203**
Current		**14,233**	**51**	**15,159**	**51**
Non-current		**4**	**4**	**76,745**	**32,152**

(a) This refers to the judicial deposits of ICMS on the coal loads of Itaqui. As a counterparty, the Company maintains provision on equivalent amount, recorded as Taxes and contributions payable.

(b) Eneva S.A. offered as bank guarantees within the scope of FINEP financing for Parnaíba Gás Natural, promissory note and fiduciary assignment of financial investment with Banco Fibra.

9. Trade receivables

		Consolidated	
		2017	2016
Energy trading agreements in the regulated environment (CCEAR):			
Itaqui Geração de Energia S.A.	(a)	141,485	75,192
Parnaíba Geração de Energia S.A.	(a)	200,162	134,828
Parnaíba II Geração de Energia S.A.	(b)	88,144	78,943
Parnaíba III Geração de Energia S.A.	(a)	76,345	26,693
Energy trading agreements in the free environment and bilateral agreements:			
Parnaíba Geração e Comercialização de Energia S.A.		19,189	5,308
Parnaíba IV Geração de Energia S.A.		-	1,407
Eneva Comercializadora de Energia Ltda.		46,485	39,739
Tauá Geração de Energia Ltda.		144	1,245
Provision for impairment of trade receivables	(c)	(47,068)	(37,836)
		524,886	**325,519**
Current		**524,886**	**315,153**
Non-current		**-**	**10,366**

(a) The observed increase is related to the energy dispatch curve, which had high level between June and December 2017.

(b) Trade receivables related to (i) energy trading agreements in the regulated environment (CCEAR), begun on July 2016, in the amount of R$ 47,940 (R$ 71,411 on December 31, 2016) and (ii) operations of sale of electricity in the free market, in the amount of R$ 40,204 (R$ 7,532 on December 31, 2016), carried out before the subsidiary's CCEAR was effective;

(c) The Company assessed its operations and, considering the business nature and the profile of these clients, in compliance with the accounting practices detailed in Note 4.6, it constituted Estimated Loss for Impairment of Trade Receivables (PCLD) for the amounts overdue for more than 180 days, between non-associated companies, according to the Company's internal policy. Changes in the year were as follows:

	Clients of Energy Trading Agreements in the Regulated Environment (CCEAR) (I)	Electricity Trade Chamber (CCEE) (II)	Free market (III)	**Total**
At 12/31/2016	3,181	14,533	20,122	37,836
Provisions	-	3	10,363	10,366
Reversals	(1,134)	-	-	(1,134)
At 12/31/2017	**2,047**	**14,536**	**30,485**	**47,068**
At 12/31/2016	**3,181**	**14,533**	**20,122**	**37,836**
At 12/31/2017	**2,047**	**14,536**	**30,485**	**47,068**

I. This refers to the default of different distributors within the scope of the CCEARs. The subsidiaries Itaqui, Parnaíba I and Parnaíba III are affected by this default, that is why we we recorded estimated loss of the totality of the receivables balance, being R$ 77, R$ 1,690 and R$ 280, respectively;

II. This refers to the billing, which was partially settled. We requested review to CCEE and it is being analyzed. This balance refers to the companies: Parnaíba I (R$7,356), Parnaíba II (R$5,770) and Parnaíba IV (R$1,410);

III. This refer to: (I) invoices against the customer Energias do Brasil, in the amount of R$ 20,122 and (ii) invoices against the customer Canabrava Energética S.A., in the amount of R$ 10,363. The total outstanding balances for more than 180 days was provided for, according the Group's policy. The counterparty of the provision is presented in Note 26.

The maturities of the trade receivables are as follows:

	Consolidated
	2017
Falling due	469,470
Up to 30 days	4,674
From 31 to 60 days	210
From 61 to 90 days	123
From 91 to 120 days	821
From 121 to 180 days	2,519
From 181 to 360 days	47,069
More than 360 days	-
	524,886

The presented turnover was aligned with the Company's expectations. It is important to emphasize that, as described in item "c" of this note, the policy adopted by the Company is the provision of balances held with third-parties overdue for fore than 180 days. On December 31, 2017, the Related-parties balance overdue for more then 180 days is of R$ 11,352.

10. Inventories

		Consolidated	
		2017	2016
Material, supplies and others	(a)	24,121	39,006
Coal	(b)	52,776	39,559
Electronic and mechanical parts	(c)	91,621	81,341
Lubricant and chemicals		1,849	3,282
		170,367	**163,188**

(a) This substantially comprises material consumable in one-year period, necessary to carry out the drilling campaign of Parnaíba Gás Natural;

(b) This comprises the inventory of coal, acquired by the subsidiary Itaqui Geração de Energia S.A. for input in the generation of electricity and for the formation of security inventory.

(c) This comprises electronic and mechanical parts for use and replace in the maintenance operations carried out by the subsidiaries: Itaqui Geração de Energia S.A. (R$ 36,012), Parnaíba I Geração de Energia S.A. (R$ 12,513), Parnaíba II Geração de Energia S.A. (R$ 30,247), Parnaíba III Geração de Energia (R$ 5,458), Parnaíba IV Geração de Energia (R$ 7,380) and Tauá Geração de Energia (R$ 11).

11. Deferred taxes recoverable

Recoverable taxes are as follows:

	Parent Company		Consolidated	
	2017	2016	2017	2016
Prepaid income tax	12,867	30,716	48,200	65,849
Prepaid social contribution	531	531	27,895	15,069
Provision for IRRF - Loan	61,803	51,069	78,810	58,635
PIS	-	-	19,177	19,081
COFINS	47	-	90,099	104,377
Others	597	518	9,452	5,276
	75,845	**82,834**	**273,633**	**268,287**
Current	**15,191**	**13,297**	**116,311**	**101,341**
Non-current	**60,654**	**69,537**	**157,322**	**166,946**

Deferred taxes

Deferred income and social contribution taxes reflect future tax effects attributable to temporary differences between the tax bases of assets and liabilities and their carrying values, as well as on the tax losses for the previous years.

Deferred tax by company and nature is as follows:

	Consolidated 2017				
	Deferred asset			Deferred liability	
	Tax losses/ Negative basis	Temporary differences	Total	Temporary differences	Net
Eneva S.A.	-	182	182	(200,156)	(199,974)
Itaqui	121,803	70,389	192,192	(649)	191,543
Parnaíba I	-	35,028	35,028	(58,659)	(23,631)
Parnaíba III	-	555	555	(10,960)	(10,405)
Parnaíba IV	-	-	-	(1,857)	(1,857)
Eneva Comercializadora de Energia	21,850	7	21,857	-	21,857
Parnaíba II	92,533	5,988	98,521	-	98,521
Eneva Participações	-	187	187	-	187
PGN	31,808	13,899	45,707	-	45,707
Amapari	-	-	-	(1,165)	(1,165)
Seival Geração	-	-	-	(11,178)	(11,178)
Termo Pantanal	-	-	-	(2,047)	(2,047)
	267,994	**126,235**	**394,229**	**(286,671)**	**-**
Net deferred asset					**357,815**
Net deferred liability					**(250,257)**

	Consolidated 2016				
	Deferred asset			Deferred liability	
	Tax losses/ Negative basis	Temporary differences	Total	Temporary differences	Net
Eneva S.A.	-	-	-	(207,049)	(207,049)
Itaqui	117,207	74,920	192,127	(649)	191,478
Parnaíba I	-	34,081	34,081	(55,155)	(21,074)
Parnaíba III	350	155	505	(8,790)	(8,285)
Parnaíba IV	-	-		(1,857)	(1,857)
Eneva Comercializadora de Energia	21,851	-	21,851	-	21,851
Parnaíba II	102,846	7,829	110,675	-	110,675
BPMB	-	5,003	5,003	-	5,003
PGN	39,291	27,997	67,288	-	67,288
Amapari	-	-		(1,165)	(1,165)
Seival Geração	-	-		(11,178)	(11,178)
Termo Pantanal	-	-		(2,049)	(2,049)
	281,545	**149,985**	**431,530**	**(287,892)**	**-**
Net deferred asset					**396,295**
Net deferred liability					**(252,657)**

Deferred tax per nature is as follows:

	2017	2016
Provisions	32,692	26,089
PIS and COFINS - injunction	119	84
Pre-operating expenses - RTT (1)	93,424	166,099
Assets - temporary differences	**126,235**	**192,272**

(1) Constituted on balance of pre-operating expenses that, due to the Transitional Taxation System, are now controlled in the Part B of the Real Profit Calculation Book (LALUR) and, consequently, comprise the tax losses balance.

On December 31, 2017, the taxes calculated on adjusted net income comprise Income Tax (rate of 15% and additional 10%) and Social Contribution (rate of 9%). The conciliation of the expense calculated using the combined statutory tax rate and of the expense of income tax and social contribution expense in the statements of operations is as follows:

	Parent Company		Consolidated	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016
Result for the year before IRPJ/CSLL	95,316	(57,995)	185,054	11,713
Nominal rate - %	34%	34%	34%	34%
IRPJ/CSLL at nominal rate	(32,407)	19,718	(62,918)	(3,982)
Equity in the result of investees	90,932	(22,863)	-	(13,284)
Permanent differences	(16,103)	(6)	(4,489)	8,350
Not constituted tax asset (a)	(42,240)	(61,590)	(80,427)	(143,537)
Benefit reduction	-	-	56,640	29,601
Income tax and social contribution as per statement of operations	182	(64,741)	(91,194)	(122,852)
Current income tax and social contribution expenses	-	-	(49,494)	(45,191)
Deferred income tax and social contribution	182	(64,741)	(41,700)	(77,661)
Total	**182**	**(64,741)**	**(91,194)**	**(122,852)**

(a) This refers to the installment of deferred taxes of subsidiaries that not recorded due to uncertainties regarding its assessment, considering the current studies of realization of tax credit, with the balances stated as follows:

	Parent Company		Consolidated	
	2017	2016	2017	2016
Tax losses/Negative basis	(20,057)	(43,371)	(60,514)	(96,472)
Temporary differences	(22,183)	(18,219)	(19,913)	(47,065)
	(42,240)	**(61,590)**	**(80,427)**	**(143,537)**

The expected recoverability of tax credits was based on the projection of taxable profit taking into consideration business and financial assumptions at the year end. Accordingly, these estimates may differ from the effective profit in the future due to the inherent uncertainties involving these estimates.

Based on the estimate of generation of future taxable income, through its subsidiaries and considering the scenario of 2017, in which the Company began to recover the tax credits, the projection for the following years as from 2018 is as follows:

	2018	2019	2020	2021	2022	More than 5 years up to 2029	Total
Expectation of annual realization of the deferred taxes	52,804	41,314	28,368	23,978	29,324	218,441	**394,229**

12. Investments

12.1 Breakdown of the balances

	Parent Company		Consolidated	
	2017	**2016**	**2017**	**2016**
Equity interests	5,434,016	5,051,308	422,492	440,748
Future acquisition of investment	95	95	95	95
	5,434,111	**5,051,403**	**422,587**	**440,843**

12.2 Equity interests

	Equity Interest	
	2017	**2016**
Direct subsidiaries		
Amapari Energia S.A.	51.00%	51.00%
BPMB Parnaíba S.A.	-	100.00%
ENEVA Desenvolvimento S.A. (**)	-	99.99%
ENEVA Participações S.A.	100.00%	100.00%
Itaqui Geração de Energia S.A	100.00%	100.00%
MPX Energia GMBH	100.00%	100.00%
Parnaíba B.V.	100.00%	100.00%
Parnaíba Gás Natural S.A.	100.00%	100.00%
Parnaíba I Geração de Energia S.A	100.00%	100.00%
Parnaíba II Geração de Energia S.A.	100.00%	100.00%
Eneva Investimentos S.A. (**)	-	99.99%
SPE's Winds	100%	100%
Tauá II Geração de Energia Ltda. (**)	-	100.00%
Termopantanal Participações Ltda.	66.67%	66.67%
Indirect subsidiaries		
Açu II Geração de Energia S.A. (**)	-	50.00%
Açu III Geração de Energia Ltda. (**)	-	100.00%
ENEVA Comercializadora de Energia Ltda.	100.00%	100.00%
ENEVA Solar Empreendimentos Ltda. (**)	-	50.00%
Parnaíba Geração e Comercialização de Energia S.A.	30.00%	30.00%
Parnaíba III Geração de Energia S.A.	30.00%	30.00%
Parnaíba IV Geração de Energia S.A.	9.63%	30.00%
Parnaíba Participações S.A.	50.00%	50.00%
Seival Geração de Energia Ltda.	100.00%	100.00%
Seival Participações S.A. (**)	-	50.00%
Sul Geração Energia Ltda.	50.00%	50.00%
Tauá Geração de Energia Ltda.	100.00%	100.00%
Termopantanal Ltda.	100.00%	100.00%
UTE Porto do Açu Energia S.A. (***)	-	50.00%
Joint ventures:		
MABE Construção e Administração de Projetos Ltda.	50.00%	50.00%
Pecém II Participações S.A	50.00%	50.00%
PO&M - Pecém Operação e Manutenção de Geração Elétrica S.A.	50.00%	50.00%
Porto do Pecém Transportadora de Minérios S.A.	50.00%	50.00%
Associates:		
Seival Sul Mineração Ltda.	30.00%	30.00%

(*) The subsidiary BPMB was incorporated to Parnaíba Gás Natural on 8/31/2017
(**) The subsidiaries were incorporated to Eneva Participações S.A. on 8/31/2017

(***) The subsidiary was incorporated to Eneva Participações S.A. on 10/31/2017;

The Company's equity interests include the (direct and indirect) subsidiaries, joint-ventures and the associated companies. On December 31, 2017 and December 31, 2016, the balances of the main accounts groups of the companies in which the Company has equity interests are as follows:

					2017	
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Result
Subsidiaries (direct and indirect)						
Amapari Energia S.A.	6,883	1,749	32,923	3,738	(28,029)	(3,343)
Eneva Comercializadora de Energia Ltda	54,049	70,180	51,635	7,597	64,997	(8,277)
ENEVA Participações S.A.	3,265	248,972	10,484	44,729	197,024	2,329
Itaqui Geração de Energia S.A.	291,244	2,362,267	330,682	1,378,679	944,150	(70,372)
MPX Energia GMBH	398	-	-	-	398	-
Parnaíba B.V.	13,603	126,196	61,563	-	78,236	186
Parnaíba Gás Natural S.A	436,733	2,335,246	449,645	688,321	1,634,013	77,628
Parnaíba Geração e Comercialização de Energia S.A (i)	45,007	16,628	70,447	67,104	(75,916)	(16,503)
Parnaíba I Geração de Energia S.A	328,381	1,134,132	196,279	628,203	638,031	131,379
Parnaíba II Geração de Energia S.A.	163,976	1,371,230	60,123	675,979	799,104	86,173
Parnaíba III Geração de Energia S.A.(i)	172,485	276,501	52,976	150,126	245,884	60,533
Parnaíba IV Geração de Energia S.A (i)	7,187	251,412	18,294	219,161	21,144	3,445
Parnaíba Participações S.A. (i)	1,949	253,601	4,312	53,309	197,929	33,518
SPE´s Winds	41	2,063	29	477	1,598	(719)
Sul Geração de Energia Ltda. (i)	-	13,391	348	1,035	12,008	(1,050)
Termopantanal Participações Ltda.	9	400	1	2,726	(2,318)	-
Tauá Geração de Energia Ltda.	358	7,875	445	1,614	6,174	(1,147)
Joint ventures						
MABE Construção e Administração de Projetos Ltda.	78,918	9,341	19,994	76,813	(8,548)	(7,103)
Pecém II Participações S.A	473	655,166	555	3,471	651,613	(37,622)
PO&M - Pecém Operação e Manutenção de Geração Elétrica S.A.	6,895	271	3,322	3,839	5	897
Porto do Pecém Transportadora de Minérios S.A.	18,148	704	11,418	934	6,500	507
Associates						
Seival Sul Mineração Ltda.	5,597	96,817	4,769	84,873	12,772	(13,504)

	2016					
	Current assets	Non-current assets	Current liabilities	Non-current liabilities	Equity	Result
Subsidiaries (direct and indirect)						
Açu II Geração de Energia S.A. (i)	14	3	-	574	(557)	(5,206)
Amapari Energia S.A.	8,558	1,938	31,838	3,340	(24,682)	(6,184)
BPMB Parnaíba Participações S.A	89,935	537,880	107,250	40,952	479,613	80,291
Eneva Desenvolvimento S.A.	4	166	9	511	(350)	-
ENEVA Participações S.A.	2,970	207,690	5,811	65,703	139,146	(43,557)
Itaqui Geração de Energia S.A.	222,520	2,387,455	184,056	1,412,304	1,013,615	(110,113)
Eneva Comercializadora de Energia Ltda	12,746	55,701	35,596	7,677	25,174	43,155
Parnaíba Gás Natural S.A	291,942	1,471,701	373,615	877,400	512,628	(28,449)
Parnaíba Geração e Comercialização de Energia S.A (i)	19,760	4,522	18,649	65,046	(59,413)	(20,762)
Parnaíba I Geração de Energia S.A	241,805	1,178,957	250,530	566,393	603,839	57,329
Parnaíba II Geração de Energia S.A.	224,075	1,394,583	920,340	255,646	442,672	(29,565)
Parnaíba III Geração de Energia S.A.(i)	152,791	269,531	62,692	110,162	249,468	64,369
Parnaíba IV Geração de Energia S.A (i)	12,227	214,858	15,964	227,816	(16,695)	(25,696)
Parnaíba Participações S.A.	2,896	262,305	2,287	54,324	208,590	14,630
Parnaíba V Geração de Energia S.A	1	-	-	11	(10)	-
Seival Participações S.A. (i)	5	114	-	24,089	(23,970)	(63,501)
Sul Geração de Energia Ltda. (i)	10	14,029	11	1,172	12,856	(300)
Parnaíba B.V.	20,614	116,510	-	55,010	82,114	18
MPX Energia GMBH	398	-	-	-	398	-
Açu III Geração de Energia Ltda	40	-	-	-	40	(2,484)
Eneva Solar Empreendimentos Ltda	1	6,776	-	17	6,760	(1)
SPE´s Winds	58	2,140	37	419	1,742	(708)
Tauá II Geração de Energia Ltda.	8	477	-	58	427	-
Termopantanal Participações Ltda.	9	400	1	2,726	(2,318)	-
UTE Porto do Açu Energia S.A.	353	1,504	801	1,456	(400)	(39,654)
Joint ventures						
MABE Construção e Administração de Projetos Ltda.	82,636	18,385	33,285	74,920	(7,184)	(6,177)
OGMP Transporte Aéreo Ltda.	33	1,084	-	859	258	(113)
Pecém II Participações S.A	484	693,750	35	21,682	672,517	(63,430)
PO&M - Pecém Operação e Manutenção de Geração Elétrica S.A.	5,497	329	3,027	4,522	(1,723)	(324)
Porto do Pecém Transportadora de Minérios S.A.	22,290	188	12,274	-	10,204	6,379
Associates						
Seival Sul Mineração Ltda.	2,484	49,382	383	35,241	16,242	1,345

(i) As shown in the Group's organizational chart, presented in Note 1, Eneva S.A. has a direct interest in these subsidiaries and also indirect interest, through the subsidiary Eneva Participações S.A.. For this reason, in the tables above we showed 100% interest considering the Company's final interest.

Investments

Equity interests in the investment group is as follows:

	Parent Company		Consolidated	
	2017	2016	2017	2016
Investments - equity value (a)	4,745,848	4,086,923	358,201	347,513
Assets' added value (b)	524,359	774,651	64,386	93,330
Concession right (c)	163,904	189,829	-	-
	5,434,111	**5,051,403**	**422,587**	**440,843**

(a) Changes in investment - equity value

Investments	%	In 2016	Transfer of unsecured liability	Capital Increase	Share capital decrease	Equity in the Result of Investees	Dividends and interest on capital - Stated*	Carrying value adjustment:	Incorporation effect	Realization of deferred income tax and social contribution - added value	Transfer of shares	In 2017
BPMB Parnaíba S.A. (i)	0	525,324	-	-	-	27,508	(112,290)	-	-	-	(440,542)	-
Eneva Participações S.A. (ii) (iii)	100	239,567	-	52,757	(18,200)	2,329	-	(2,681)	(12,361)	-	-	261,411
Future acquisition of investment	-	95	-	-	-	-	-	-	-	-	-	95
Itaqui Geração de Energia S.A.	100	1,014,522	-	-	-	(70,372)	-	-	-	-	-	944,150
MPX ENERGIA GMBH	100	398	-	-	-	-	-	-	-	-	-	398
Parnaíba B.V.	100	84,801	-	-	-	186	-	(5,474)	-	-	-	79,513
Parnaíba Gás Natural S.A. (iv)	100	660,942	-	784,977	-	77,628	-	-	-	(6,895)	-	1,516,652
Parnaíba I Geração de Energia S.A.	100	604,447	-	-	-	131,378	(97,740)	(53)	-	-	-	638,032
Parnaíba II Geração de Energia S.A.	100	422,931	-	290,000	-	86,173	-	-	-	-	-	799,104
Parnaíba III Geração de Energia S.A. (iii)	30	75,040	-	-	(15,600)	18,160	(3,706)	95	-	-	-	73,989
Parnaíba IV Geração de Energia S.A.	9.6	-	(5,008)	-	-	1,447	-	5,530	-	-	-	1,969
Parnaíba Participações S.A. (iii)	50	104,806	-	19	(18,200)	16,759	-	(2,681)	-	-	-	100,703
Pecém II Participações S.A.	50	335,567	-	-	-	(18,822)	-	-	-	-	-	316,745
Porto do Pecém Transportadora de Minérios S.A.	50	3,709	-	-	-	(459)	-	-	-	-	-	3,250
Seival Sul Mineração Ltda.	30	7,883	-	-	-	(4,052)	-	-	-	-	-	3,831
Sul Geração de Energia Ltda.	50	6,463	-	66	-	(525)	-	-	-	-	-	6,004
Tauá II Geração de Energia Ltda.	100	428	-	-	-	(43)	-	-	(385)	-	-	-
Pecém Oper. e Manutenção de Ger. Elétrica S.A.	50	-	(447)	-	-	449	-	-	-	-	-	2
		4,086,923	**(5,455)**	1,127,819	(52,000)	267,744	(213,736)	(5,264)	(12,746)	(6,895)	(440,542)	**4,745,848**

*Changes in Dividends and interest on capital for 2017:

Dividends and interest on capital - Stated	213,736
Dividends and interest on capital paid in the year	(136,138)
Taxes on interest on capital	(5,288)
Dividends and interest on capital receivable	72,310

i. Based on the Company's corporate restructure, Eneva S.A opted to transfer to BPMB Parnaíba S.A. to the subsidiary Parnaíba Gás Natural S.A., which later incorporated this company.

ii. Furthermore, as part of the corporate restructure plan, Eneva Participações S.A. incorporated the net assets of the following companies: UTE Porto do Açu Energia, Açu II Geração de Energia S.A., Açu III Geração de Energia S.A., Eneva Desenvolvimento S.A., Eneva Investimento (Parnaíba V Geração de Energia S.A.), Eneva Solar Empreendimentos S.A., Seival Participações S.A., Tauá II Geração de Energia S.A..

iii. The Company's management assessed the cash position of the subsidiaries Eneva Participações S.A., Parnaíba III Geração de Energia and Parnaíba Participações S.A. regarding its financial obligations and opted to optimize the resources through capital decrease.

iv. The capital transfer presented above was realized as follows: (i)R$ 100,000 in cash; and (ii) R$ 684,977 in assets of BPMB Parnaíba S.A..

(b) Breakdown of Added Value

	Parent Company		Consolidated	
Added Value - Net	**2017**	**2016**	**2017**	**2016**
BPMB Parnaíba S.A. (i)	-	230,014	-	-
Eneva Participações S.A. (ii)	52,889	52,889	64,386	64,625
PGN S.A. (iii)	471,470	491,748	-	28,705
	524,359	**774,651**	**64,386**	**93,330**

i. As strategy to optimize the Company's corporate and operating structure, the subsidiary BPMB Parnaíba S.A. was incorporated to Parnaíba Gás Natural, as described in Note 1.

ii. The value added on ENEVA Participações S.A. was generated in the acquisition of 50% of Eneva Participações, and it is associated to the projection of the net operating revenue arising from the operation authorization as Electric Power Independent Productor, of its indirect subsidiaries Parnaíba III and IV. However, the expectation of future profitability is associated to an investee (Parnaíba Participações) of Eneva Participações, and for this reason, it is characterized with undefined useful life, according the added value is not amortized but tested at least once a year or whenever there are hints of loss in its recoverable value, according to technical pronouncement CPC 1.

iii. The capital increase held on October 2016 in the Company referred to the acquisition of 73% of the interest in Parnaíba Gás Natural, giving rise to the added value that is associated to the concession agreement for exploration, development and production of oil and natural gas. This added value has a defined useful life of 24 years and its amortization is of 4.0812% per year. On December 31, 2017, this amount comprises R$ 471,470 (R$ 491,748 on December 31, 2016) regarding the Business Combination operation arising from the acquisition occurred in October 2016 and R$ 10,139 related to the amortization of the first acquisition operation in November 2015. In 2017, amortization of R$ 20,278 was determined.

(c) Breakdown of the Concession right - fair value adjustment

	Parent Company	
	12/31/2017	**12/31/2016**
Itaqui Ger. de Energia S.A. (i)	13,127	13,425
Parnaíba III Ger. de Energia S.A. (ii)	35,436	39,265
Parnaíba IV Geração de Energia S.A (i)	11,786	11,870
Parnaíba Gás Natural S.A. (iii)	30,058	31,355
Eneva Participações S.A. (iv)	73,497	73,497
BPMB Parnaíba S.A. (iii)	-	20,417
	163,904	**189,829**

i. The goodwill was generated in the exchange of 50% of the shares of Porto do Pecém Geração de Energia for 100% of the shares of Itaqui Ger. de Energia. The transaction took place in 2008 with EDP Energias do Brasil. The goodwill is realized in the same proportion of the useful life of CCEAR Itaqui. Its useful is of 30 years, and amortization is of 3.3048% per year.

ii. The generated goodwill arose from the acquisition of 30% of Parnaíba III, Parnaíba Geração e Comercialização de Energia and Parnaíba IV Geração de Energia S.A. during the capital increase occurred in November 2015, according to the Judicial Recovery Plan. The goodwill related to the acquisition of Parnaíba III is associated to CCEAR, accordingly, the goodwill is characterized by its defined useful life, therefore, it is amortized and tested at least once a year or whenever there are hints of impairment. Its useful life is of 11 years, giving rise to an annual amortization of 9.0226% per year.

iii. Goodwill arisen from the acquisition of 100% of the concession for exploration, development and production of oil and gas by the subsidiary BPMB Parnaíba S.A. that occurred in November 2015. As a consequence of the Company's corporate restructure, all the assets of BPMB Parnaíba S.A. were paid up in the subsidiary Parnaíba Gás Natural and will be object of evaluation of the recoverability of the assets at least once a year.

iv. The goodwill on Eneva Participações S.A. was generated in the acquisition of a 50% interest during the capital increase held on November 2015. The goodwill for future profitability has undefined useful life. Accordingly, it is not amortized but tested at least once a year or whenever there are hints of loss in its recoverable value, according to technical pronouncement CPC01.

(d) Breakdown of Equity in the Results of Investees

	Breakdown of Equity in the Results of Investees	
	2017	**2016**
Equity in the result of investees	267,744	(67,458)
Result of Unsecured Liability	(11,222)	(28,021)
Amortization of Added Value	(32,786)	(24,312)
	223,736	**(119,791)**

(e) Breakdown of non-controlling interest

On December 31, 2017, the non-controlling stockholders' interest in equity and in the result of the investees is as follows:

				Attributed to the non-controlling stockholders	
Investments	**Interest**	**Equity**	**Result**	**Equity Net**	**Result**
Amapari Energia S.A.	49.00%	(28,029)	(3,343)	(13,735)	(1,638)
Termopantanal Participações	33.34%	(2,318)	-	(773)	-
Total				**(14,508)**	**(1,638)**

Unsecured liability

On December 31, 2017 and December 31, 2016, the balance of investment with subsidiaries of Grupo Eneva is classified as non-current assets under unsecured liability, considering the negative equity of these companies, is as follows:

	Parent Company		Consolidated	
	2017	**2016**	**2017**	**2016**
Unsecured liability (a)	(42,885)	(50,957)	(4,273)	(2,691)
Assets' added value (*)	11,406	12,411	-	-
	(31,479)	**(38,546)**	**(4,273)**	**(2,691)**

(*) The presented balance arose from the business combination operation, which occurred in November 2015, for the independent production of energy between the companies Parnaíba IV Geração de Energia S.A. and Parnaíba Comercialização e Geração de Energia S.A..

(a) Changes in Unsecured Liability

Company	At 12/31/2016	Transfer for investment	Provision for unsecured liability	Capital increase	Incorporation effect	Carrying value adjustment:	At 12/31/2017
Açu II Geração de Energia S.A.	(279)	-	(17)	-	296	-	-
Amapari Energia S.A.	(12,586)	-	(1,705)	-	-	-	(14,291)
ENEVA Desenvolvimento	(350)	-	(41)	-	391	-	-
Eneva Investimentos S.A.	(10)	-	(309)	273	46	-	-
MABE Construção e Administração de Projetos Ltda	(722)	-	(3,551)	-	-	-	(4,273)
Parnaíba Geração e Comercialização de Energia S.A.	(17,824)	-	(4,951)	-	-	-	(22,775)
Parnaíba IV Geração de Energia S.A.	(5,008)	(522)	-	-	-	5,530	-
Pecém Operação e Manutenção S.A.	(447)	447	-	-	-	-	-
Seival Participações S.A.	(11,985)	-	(58)	-	12,043	-	-
Termopantanal Participações Ltda	(1,546)	-	-	-	-	-	(1,546)
UTE Porto do Açu Energia S.A.	(200)	-	(590)	767	23	-	-
	(50,957)	**(75)**	**(11,222)**	**1,040**	**12,799**	**5,530**	**(42,885)**

Company	At 12/31/2015	Provision for unsecured liability	At 12/31/2016
Açu II Geração de Energia S.A.	-	(279)	(279)
Amapari Energia S.A.	(9,431)	(3,155)	(12,586)
ENEVA Desenvolvimento	(350)	-	(350)
ENEVA Investimentos	(10)	-	(10)
MABE Construção e Administração de Projetos Ltda	(4)	(718)	(722)
Parnaíba Geração e Comercialização de Energia S.A.	(11,595)	(6,229)	(17,824)
Parnaíba IV Geração de Energia S.A.	-	(5,008)	(5,008)
Pecém Operação e Manutenção S.A.	-	(447)	(447)
Seival Participações S.A.	-	(11,985)	(11,985)
Termopantanal Participações Ltda	(1,546)	-	(1,546)
UTE Porto do Açu Energia S.A.	-	(200)	(200)
	(22,936)	**(28,021)**	**(50,957)**

13. Property, plant and equipment

a) Breakdown of balances - PPE in service

	Consolidated									
	2017									
	Land	Buildings, Civil Constructions, Improvements	Machinery and Equipment	Computer equipment	Vehicles	Furniture and utensils	PPE E&P	Provision for impairment	PPE in course	Total
Depreciation rate %		4	7	17	20	10	DUP			
Cost										
At 12/31/2016	10,575	2,947,780	2,735,562	7,776	2,618	11,640	2,568,477	(528,553)	212,029	7,967,904
Additions	-	-	687	112		831	122,096	-	178,724	302,450
Write-offs	-	-	(3,636)	(151)	(187)	(17)	-	-	(123)	(4,114)
Dry well	-	-	-	-	-	-	(32,712)	-	-	(32,712)
Provision for abandonment	-	-	-	-	-	-	5,984	-	-	5,984
Transfers	-	11,918	45,462	986	541	283	255,271	-	(314,461)	-
At 12/31/2017	10,575	2,959,698	2,778,075	8,723	2,972	12,737	2,919,116	(528,553)	76,169	8,239,512
Depreciation										
At 12/31/2016	-	(293,878)	(381,682)	(3,505)	(1,066)	(4,575)	(779,413)	24,274	-	(1,439,845)
Additions	-	(93,053)	(108,775)	(1,570)	(323)	(981)	(137,602)	-	-	(342,304)
Write-offs	-	-	155	-	174	8	-	-	-	337
Acquisition resulting from business combinations	-	-	-	-	-	-	(4,889)	-	-	(4,889)
At 12/31/2017	-	(386,931)	(490,302)	(5,075)	(1,215)	(5,548)	(921,904)	24,274	-	(1,786,701)
Carrying amount										
At 12/31/2016	10,575	2,653,902	2,353,880	4,271	1,552	7,065	1,789,064	(504,279)	212,029	6,528,059
At 12/31/2017	10,575	2,572,767	2,287,773	3,648	1,757	7,189	1,997,212	(504,279)	76,169	6,452,811

	Consolidated									
	2016									
	Land	Buildings, Civil Constructions, Improvements	Machinery and Equipment	Computer equipment	Vehicles	Furniture and utensils	PPE E&P	Provision for impairment	PPE in course	Total
Depreciation rate %		4	7	17	20	10	DUP			
Cost										
At 12/31/2015	10,575	2,972,723	2,496,089	6,409	1,979	9,803	755,573	(430,575)	249,758	6,072,334
Additions	-	1,782	6,761	1,238	949	2,181	67,774	-	73,968	154,653
Write-offs	-	-	(375)	-	(310)	(344)	(7,240)	-	(515)	(8,784)
Acquisition resulting from business combinations	-	-	96,060	-	-	-	1,801,393	-	-	1,897,453
Impairment	-	-	-	-	-	-	-	(97,978)	-	(97,978)
Dry well	-	-	-	-	-	-	(5,191)	-	-	(5,191)
Provision for abandonment	-	-	-	-	-	-	(43,832)	-	-	(43,832)
Transfers	-	(26,725)	137,027	129	-	-	-	-	(111,182)	(751)
At 12/31/2016	10,575	2,947,780	2,735,562	7,776	2,618	11,640	2,568,477	(528,553)	212,029	7,967,904
Depreciation										
At 12/31/2015	-	(214,022)	(257,191)	(2,292)	(958)	(3,872)	(167,014)	24,274	-	(621,075)
Additions	-	(86,351)	(117,949)	(1,628)	(362)	(740)	(123,452)	-	-	(330,482)
Write-offs	-	6,495	6,168	415	254	37	-	-	-	13,369
Acquisition resulting from business combinations	-	-	(12,710)	-	-	-	(488,947)	-	-	(501,657)
At 12/31/2016	-	(293,878)	(381,682)	(3,505)	(1,066)	(4,575)	(779,413)	24,274	-	(1,439,845)
Carrying amount										
At 12/31/2015	10,575	2,758,701	2,238,898	4,117	1,021	5,931	588,559	(406,301)	249,758	5,451,259
At 12/31/2016	10,575	2,653,902	2,353,880	4,271	1,552	7,065	1,789,064	(504,279)	212,029	6,528,059

b) Machinery and Equipment

These basically refer to the plants' equipment, transmission line and substation. Asset depreciation is based on the concession term and calculated by the straight-line method at the rates determined by Normative Resolution 474 issued February 7, 2012 by the National Electric Energy Agency - ANEEL.

c) Buildings, Civil Constructions and Improvements

These basically relate to the UTEs Itaqui and Parnaíba I, which came into operation in February 2013 and October 2013 respectively. Depreciation follows the same procedure and criteria described in the item Machinery and equipment.

d) Property, plant and equipment in course

The balance recorded in the group of the PPE in course, on December 31, 2017, corresponds to the importations in course in the amount of R$ 13,136 and the assets of the reserve PPE of R$ 63,033, totaling R$ 76,169 (R$ 212,029 on December 31, 2016).

The depreciation rates of the unitized assets had no changes, being maintained in the same rates already adopted, according to Normative Resolution 474 of February 7, 2012.

Equipment	Average rate %
Buildings, Civil Constructions and Improvements	4
Machinery and Equipment	7
Computer equipment	17
Vehicles	20
Furniture and utensils	10

e) Impairment assessment

According to the technical pronouncement CPC-01, the entity should evaluate at least annually whether there are indicators of a possible devaluation in the amount of the asset (PPE and intangibles assets). If there is any evidence, it should be calculated its recoverable value, which is determined by the higher monetary amount between the sale net amount and its value in use.

In the recoverability assessment of the Cash Generating Units (CGUs), it is used the Value in Use method from the projections of cash flows that consider the following key assumptions:

Approach: Unlevered cash flows were projected, expressed in nominal terms (considering the inflation effects of the economy) and presented in local currency, Reais (R$).

Term: The projection begins in 2018 and goes through up to the final period of the cash generating units authorization (2043).

In the energy generation assets, the useful life is defined by the plants operating capacity and by the effective award period granted by the Federal Government. The Plants have Power Purchase Agreement (PPA) signed by each UGC with term between 15 and 20 years, ending in 2026 (Itaqui), 2027 (Pecém, Parnaíba I and III) and 2035 (Parnaíba II).

For the complementary period that goes up to the end of the projection period (2043), the continuity of the operations under the availability system was assumed and the effective trade agreements were used as the best estimate to forecast the operation flows. The model also considers the forecast of these operating flows up to 2035 and considers a growth rate (4.5%, inflation projection) to extrapolate the cash flow positions up to 2043.

For the natural gas production assets, the projection term is linked to the gas plants operating capacity and the existing reserves volume. The Group's natural gas production company (Parnaíba Gás Natural) has a continuous program of prospection, exploration and development of fields in order to generate and/or reset the reserve portfolio, maintaining the operating conditions of natural gas supply for the plants up to the projection period.

Sales price: The used reference are the current contractual conditions up to the end of the useful life of the assets, indexed by the inflation (IPCA).

Dispatch: The dispatch curve used in the budget cycle takes into account macroeconomic data and the sector structure conjuncture.

Maintenance CAPEX and Overhaul: Maintenance investments were projected according to the budget cycle, indexed by the inflation (IPCA). These are expenditures with straight behavior along the years, except for overhaul expenditures that occur at each 32 thousand hours cycle.

Discount rate: The Company uses the Capital Weighted Average Cost (CPMC) in nominal terms, considering inflation effects, as follows:

	Itaqui	Pecém II Interest	Parnaíba I	Parnaíba II	Parnaíba III	Parnaíba IV	PGN
Nominal CMPC (after tax)	8.70%	9.00%	8.70%	8.70%	8.70%	8.90%	11.80%
Nominal CMPC (before tax)	11.30%	11.20%	11.30%	11.60%	11.60%	11.20%	15.90%

The rated presented above were adjusted during the projection, considering the evolution of the specific indebtedness structure of each Cash Generating Unit (CGU).

Residual value: A residual value was not calculated in the last period, once the projection was structured based on the assets' economic useful life.

a) Depreciation of PPE E&P

As presented in Note 4.9, PPE E&P is depreciated from the declaration of commerciality and beginning of the production, by the produced units method.

Annually, the volume of 2P reserves of each field is certified by international class company, and based on this information, the Company maintains its depreciation records for produced units.

It is as follows:

Campo Gavião Real	Dec/17	Dec/16
Recoverable amount in billions m³ (*)	8.798	9.356
Field's accumulated production in billions of m³	6.208	5.757
Total	2.590	3.599

Gavião Vermelho field	Dec/17	Dec/16
Recoverable amount in billions m³ (*)	2.123	2.124
Field's accumulated production in billions of m³	0.742	0.417
Total	1.381	1.707

Gavião Branco field	Dec/17	Dec/16

Recoverable amount in billions m³ (*)	6.176	5.326
Field's accumulated production in billions of m³	1.419	0.685
Total	4.757	4.641

Gavião Branco field	**Dec/17**	**Dec/16**
Recoverable amount in billions m³ (*)	4.155	4.155
Field's accumulated production in billions of m³	0.066	0.000
Total	4.089	4.155

Gavião Branco field	**Dec/17**	**Dec/16**
Recoverable amount in billions m³ (*)	0.936	0.936
Field's accumulated production in billions of m³	0.006	0.000
Total	0.930	0.936

(*) Numbers unaudited by our independent auditors.

In January 2018, the independent consultancy Gaffney, Cline & Associates, Inc (GCA) issued a new Audit Executive Report of the Natural Gas Reserves of the seven fields declared as commercial in Parque dos Gaviões, in the Parnaíba Basin.

According to the criteria of the Petroleum Resources Management System (PMRS), GCA certified the PGN's natural gas reserve, in the Parnaíba Basin, according to the Table 1 below:

Certified Volumes of PGN's Natural Gas Reserves in the Parnaíba Basin
(base date - December 31, 2017)

Classification of the Reserves	PGN's Gas Reserves (100% WI) (Bm^3)
(1P)	14.2
(2P)	18.8
Developed	15.5
Not developed	3.3
(3P)	22.2

14. Intangible assets

a) Breakdown of balances - Intangible assets in service

	Consolidated								
	2017								
	Computer licenses and software	E&P Intangible assets	Right of use	Awards and CCEARs	Exploration rights agreements	Goodwill in the acquisition of Investments	Signature bonus	Intangible assets in course	**Total**
Amortization rate % p.a.	5								
Cost									
At 12/31/2016	86,874	34,002	15,783	183,448	496,817	191,119	340,514	642	1,349,199
Additions	1,658	4,299	-	-	-	-	482	-	6,439
Additions (Incorporation - Value Added)	-	-	-	-	-	33,644	-	-	33,644
Additions - MTM	-	1,288	-	-	-	-	-	-	1,288
Transfers (Incorporation)	-	239,236	-	-	(223,387)	(15,849)	-	-	-
Write-offs	-	(70)	-	-	(724)	-	-	-	(794)
At 12/31/2017	88,532	278,755	15,783	183,448	272,706	208,914	340,996	642	1,389,776
Amortization									
At 12/31/2016	(19,423)	(706)	(7,926)	(36,742)	(5,069)	(8,505)	(14,274)	-	(92,645)
Additions	(4,927)	(1,844)	(4,547)	(13,238)	(12,677)	(1,532)	(4,042)	-	(42,807)
Additions - Added value goodwill	-	-	-	-	-	(33,644)	-	-	(33,644)
Write-offs	-	-	-	-	-	-	-	-	-
At 12/31/2017	(24,350)	(2,550)	(12,473)	(49,980)	(17,746)	(43,681)	(18,316)	-	(169,096)
Carrying amount									
At 12/31/2016	67,451	33,296	7,857	146,706	491,748	182,614	326,240	642	1,256,554
At 12/31/2017	64,182	276,205	3,310	133,468	254,960	165,233	322,680	642	1,220,680

	Consolidated								
	2016								
	Computer licenses and software	E&P Intangible assets	Right of use	Awards and CCEARs	Exploration rights agreements	Goodwill in the acquisition of Investments	Signature bonus	Intangible assets in course	Total
Amortization rate % p.a.	5								
Cost									
At 12/31/2015	72,260	11,637	15,753	183,448	-	191,119	340,514	615	815,346
Additions	1,431	-	-	-	-	-	30	642	2,103
Write-offs	(3)	(2,956)	-	-	-	-	-	-	(2,959)
Acquisition resulting from business combinations	11,820	25,321	-	-	496,817	-	-	-	533,958
Transfers	1,366	-	30	-	-	-	(30)	(615)	751
At 12/31/2016	86,874	34,002	15,783	183,448	496,817	191,119	340,514	642	1,349,199
Amortization									
At 12/31/2015	(11,554)	(4,261)	(6,928)	(24,472)	-	(1,491)	-	-	(48,706)
Additions	(3,649)	(1,583)	(998)	(12,270)	(5,069)	(7,014)	(14,274)	-	(44,857)
Acquisition resulting from business combinations	(4,220)	(440)	-	-	-	-	-	-	(4,660)
Write-offs	-	5,578	-	-	-	-	-	-	5,578
At 12/31/2016	(19,423)	(706)	(7,926)	(36,742)	(5,069)	(8,505)	(14,274)	-	(92,645)
Carrying amount									
At 12/31/2015	60,706	7,376	8,825	158,976	-	189,628	340,514	615	766,640
At 12/31/2016	67,451	33,296	7,857	146,706	491,748	182,614	326,240	642	1,256,554

*Balances arising from the merge involving the companies BPMB Parnaíba S.A. (merged company) and Parnaíba Gás Natural S.A. (merging company), as described in Note 1.

Exploration right agreements

On December 31, 2017, the wholly-owned subsidiaries Parnaíba Gás Natural (PGN) and Parnaíba Participações take part in the following concessions:

No.	Block/Contract	ANP Round	Operator	% PGN	% Parnaíba Participações
1	BT-PN-1	9th	PGN	100%	-
2	BT-PN-4	9th	PGN	100%	-
3	BT-PN-5	9th	PGN	100%	-
4	BT-PN-7	9th	PGN	100%	-
5	BT-PN-8	9th	PGN	100%	-
6	BT-PN-10	9th	PGN	100%	-
7	PN-T-69_R13	13th	PGN	100%	-
8	PN-T-84_R13	13th	PGN	70%	30%
9	PN-T-87_R13	13th	PGN	100%	-
10	PN-T-101_R13	13th	PGN	100%	-
11	PN-T-103_R13	13th	PGN	100%	-
12	PN-T-146_R13	13th	PGN	100%	-
13	PN-T-163_R13	13th	PGN	100%	-

All the supply operations in natural gas commercial operation and lease of capacity of gas treatment unit (GTU) of these subsidiaries is carried out with the companies Parnaíba I Geração de Energia S.A., Parnaíba II Geração de Energia S.A., Parnaíba III Geração de Energia S.A., Parnaíba IV Geração de Energia S.A. and Consórcio UTE Parnaíba IV, also subsidiaries of the parent company ENEVA. This intangible assets was identified in the business combination operation, involving Parnaíba Gás Natural (PGN), as described in Note 16.

Right of use in course
This refers to the signature bonus of Parnaíba Gás Natural arising from the acquisition of the concession of the 9th and 13th rounds blocks. Furthermore, the right of use of the land related to the project of the wind farm is part of the balance.

On December 31, 2017, the net accumulated amount was of R$ 322,680.

b) **Impairment assessment**

Intangible assets and property, plant and equipment were submitted to impairment tests, considering the value in use model, based on the cash flow present value by cash generating unit. The key assumptions of the impairment tests are described in Note 13 - Property, plant and equipment (item e).

As a consequence of the impairment test, it was not necessary the constitution and/or reversal of provision for impairment in intangible assets and property, plant and equipment for December 31, 2017. For the cash-generating units (CGUs) of coal, despite the cash flows present an improvement in relation to the previous years, management maintained the provision for impairment of property, plant and equipment for the same amount of the previous year considering the historical of losses and the instability of the plants in the previous years, expecting improvements arising from operating adjustments implemented in 2017, but that need to be prospectively confirmed.

15. Related-parties

The assets and liabilities balances on December 31, 2017 and December 31, 2016 and the operations that influenced the result for the year, related to the Company's transactions with its direct and indirect subsidiaries, associated companies and key management, were carried out according to the conditions agreed upon by the parties.

Stockholders
The Company's main stockholders are Banco BTG Pactual S.A, Cambuhy, Uniper Energy and Itaú Unibanco S.A, which respectively hold 26.8%, 23.0%, 6.1% and 5.9% of the common shares.

Managers
The Company is managed by a Board of Directors and an Executive Board, pursuant to the duties and powers vested by its Bylaws.

Related companies
The Company's main affiliated companies are: Banco BTG Pactual S.A, Cambuhy, Uniper Energy and Itaú Unibanco S.A ans their respective subsidiaries and associates.

On December 31, 2017, the balances of assets, liabilities and effects on income of related-party transactions are as follows:

	Parent Company		Consolidated	
Assets	**2017**	**2016**	**2017**	**2016**
Loan				
Itaqui Geração de Energia S.A. (a)	165,585	149,734	-	-
MABE da Brasil (b)	17,881	16,349	17,881	16,349
Parnaíba IV Geração de Energia S.A. (c)	79,523	102,604	-	-
Pecém II Geração de Energia S.A. (d)	264,563	243,653	264,563	243,653
Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A.	2,529	2,318	2,529	2,318
Termopantanal Ltda.	7,683	7,683	-	-
Termopantanal Ltda.	(7,453)	(7,453)	-	-
	530,311	**514,888**	**284,973**	**262,320**
Commercial operations				
Açu II Geração de Energia Ltda.	-	6		-
Açu III Geração de Energia Ltda.	-	-	-	-
Amapari Energia S.A.	642	293	-	-
BPMB Parnaíba S.A	-	56	-	-
ENEVA Comercializadora de Energia S.A.	3,352	2,819	-	-
ENEVA Desenvolvimento	-	2,728	-	-
ENEVA Investimentos S.A.	-	11	-	-
ENEVA Participações S.A.	5,996	138	-	-
ENEVA Solar Empreendimentos Ltda.	-	232	-	-
Uniper Energy	92	92	93	92
Itaqui Geração de Energia S.A. (a)	7,966	960	-	-
MABE do Brasil (b)	22	22	22	22
Parnaíba Gás Natural S.A. (e)	10,483	-	-	-
Parnaíba Geração e Comércio de Energia	194	-	-	-
Parnaíba I Geração de Energia S.A.	5,162	564	-	-
Parnaíba II Geração de Energia S.A.	8,278	4,713		-
Parnaíba III Geração de Energia S.A.	2,386	225	-	-
Parnaíba IV Geração de Energia S.A. (c)	1,465	169	-	-
Parnaíba Participações S.A.	179	108	-	-
Pecém II Geração de Energia S.A. (d)	7,028	1,215	49,524	2,786
Pecém II Participações S.A.	2,484	-	2,761	-
Porto do Pecém Transportadora de Minério S.A	10	10	10	10
PO&M Geração Elétrica S.A	18	-	18	-
SPE´s Winds	40	-	-	-
Seival Geração de Energia S.A.	375	287	-	-
Seival Participações S.A.	-	65	-	-
Seival Sul Mineração Ltda.	10	10	4,155	9
Sul Geração de Energia S.A.	342	357	-	-
Tauá Geração de Energia	575	-	-	-
Tauá II Geração Energia Solar Ltda.	-	58	-	-
Termopantanal Participações Ltda.	-	457	-	-
UTE Porto do Açu Energia S.A.	-	395	-	-
	57,099	**15,990**	**56,583**	**2,919**
	587,410	**530,878**	**341,556**	**265,239**
Debentures				
Parnaíba Gás Natural (f)	306,270	246,600	-	-
	306,270	**246,600**	-	**-**
Total long term assets	**893,680**	**777,478**	**341,556**	**265,239**

Liabilities	Parent Company 2017	Parent Company 2016	Consolidated 2017	Consolidated 2016
Loan				
Parnaíba Participações S.A.	-	31,403	-	-
Petra Energia S.A.	-	-	-	5,275
	-	**31,403**	-	**5,275**
Debentures				
Parnaíba Gás Natural S.A. (f)	**-**	**-**	82,281	82,152
	-	**-**	**82,281**	**82,152**
Commercial operations				
Amapari Energia S.A.	3	-	-	-
Copelmi Mineração Ltda.	-	-	146	146
Uniper Energy	13	13	27,987	28,702
ENEVA Participações S.A.	3,355	4,774	-	-
Itaqui Geração de Energia S.A	2,186	2,186	-	-
Parnaíba Gás Natural S.A.	3,387	-	-	-
Parnaíba I Geração de Energia S.A.	35	35	-	-
Parnaíba II Geração de Energia S.A.	29	29	-	-
Parnaíba III Geração de Energia S.A.	11	11	-	-
Parnaíba IV Geração de Energia S.A.	7	7	-	-
Pecém II Geração de Energia S.A.	45	45	2,702	2,112
Pecém II Participações S.A	-	-	12	-
Porto do Pecém Transportadora de Minérios S.A.	-	-	-	3
Tauá Geração de Energia Ltda.	444	445	-	-
	9,515	**7,545**	**30,847**	**30,963**
Total long and short terms liabilities	**9,515**	**38,948**	**113,128**	**118,390**

Result	Parent Company 2017	Parent Company 2016	Consolidated 2017	Consolidated 2016
Amapari Energia S.A.	539	266	-	-
BPMB Parnaíba S.A	-	631	-	-
Eneva Comercializadora de Combustível Ltda.	-	-	-	-
Eneva Comercializadora de Energia S.A.	1,105	1,283	-	-
Eneva Desenvolvimento S.A.	-	46	-	-
Eneva Participações S.A.	737	(2,554)	-	-
Eneva Solar Empreendimentos Ltda.	-	-	-	-
Uniper Energy	-	-	-	-
Itaqui Geração de Energia S.A. (a)	28,104	38,767	-	-
MABE Construção e Administração de Projetos Ltda. (b)	1,802	2,277	1,802	2,277
MPX Chile Energia	-	(28,153)	-	-
Parnaíba Gás Natural S.A. (e)	68,125	-	-	-
Parnaíba Geração e Comercialização de Energia S.A	479	-	-	-
Parnaíba I Geração de Energia S.A.	7,067	4,944	-	-
Parnaíba II Geração de Energia S.A.	5,913	2,781	-	-
Parnaíba III Geração de Energia S.A.	3,294	1,919	-	-
Parnaíba IV Geração de Energia S.A. (c)	14,758	18,187	-	-
Eneva Investimento S.A.	13	-	-	-
Parnaíba Participações S.A.	(3,810)	(2,242)	-	-
Pecém II Geração de Energia S.A. (d)	27,307	38,862	27,307	38,862
Pecém II Participações S.A	2,851	-	2,851	-
Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A.	270	339	270	339
Seival Geração de Energia S.A.	88	-	-	-
Seival Participações S.A.	-	57	-	-
SPE's Winds	86	-	-	-
Sul Geração de Energia S.A.	41	51	-	-
Tauá Geração de Energia Ltda.	291	163	-	-
UTE Porto do Açu Energia S.A.	-	94	-	-
	159,060	**77,718**	**32,230**	**41,478**

(a) The balance is as follows: (i) loan agreement signed in January 2012 with ENEVA (lender) subject to monthly market interest (104% of CDI) with indefinite term. In June 2016, we capitalized as investment the full amount of the principal of this loan, R$ 332,095. Therefore, the balance of R$ 165,585 refers just to the interest. On December 31, 2017, the effect on result is

R$ 18,280 and (ii) reimbursement of operating, finance and administrative activities costs, in the amount of R$ 7,966. On December 31, 2017, the effect on result is R$ 9,824;

(b) Loan agreement signed in January 2013 with ENEVA (lender) subject to monthly market interest (105% of CDI) with indefinite term, in the amount of R$ 14,710 (principal) and R$ 3,171 (interest). On December 31, 2017, the effect on consolidated result is R$ 1,802;

(c) The balance is as follows: (i) loan agreement signed in January 2012 with ENEVA (lender) subject to monthly market interest (125% of CDI) with indefinite term, in the amount of R$ 29,318 (principal) and R$ 50,205 (interest). On December 31, 2017, the effect on result is R$ 12,864; and (ii) reimbursement of operating, finance and administrative activities costs, in the amount of R$ 1,465. On December 31, 2017, the effect on result is R$ 1,894;

(d) The balance comprises loan agreement entered into by ENEVA (lender) subject to market interest (104% of CDI) with indefinite term, in the amount of R$ 222,465 (principal) and R$ 42,098 (interest). (i) On December 31, 2017, the effect on result is R$ 22,298; and (ii) revenue from reimbursement of operating, finance and administrative activities costs, in the amount of R$ 7,028. On December 31, 2017, the effect on result is R$ 5,009;

(e) The balance is comprised by the reimbursement of operating, finance and administrative activities costs, in the amount of R$ 10,483 owned to the holding. On December 31, 2017, the effect on result for this transaction is R$ 8,456. Furthermore, the revenue of R$ 59,669 related to interest on the 3rd and 4th issue of shares.

(f) The balance refers to the debentures convertible into shares of the 3rd and 4th issue of Parnaíba Gás Natural which were part of the business combination transaction. The financial flow of the receipt of the debentures interest will be received in the next 3 years.

Compensation of the Board of Directors

and Executive Board members

In accordance with Law No. 6,404/1976 and the Company's Bylaws, the shareholders will establish the managers' overall annual remuneration at the General Meeting. The Board of Directors will distribute the amount among the directors.

The annual compensation of officers and the Board of Directors is presented below:

	Parent Company		Consolidated	
	2017	**2016**	**2017**	**2016**
Short term benefits	31,831	5,535	34,410	16,771
	31,831	**5,535**	**34,410**	**16,771**

The minimum, average and maximum individual annual compensation of the Board of Directors and Officers, in R$, are as follows:

	Consolidated					
	2017			2016		
	Minimum	**Average**	**Maximum**	**Minimum**	**Average**	**Maximum**
Board of Directors	237,600	403,600	662,400	396,000	1,157,872	3,928,162
Executive Board	1,503,026	3,847,225	12,457,457	780,887	2,151,100	6,180,965
	1,740,626	4,250,825	13,119,857	1,176,887	3,308,972	10,109,127

Related to the share-based payment plan, see Note 24.

16. Business combination

On September 25, 2009, Eneva S.A. and OGX Petróleo e Gás ('OGX') constituted OGX Maranhão Petróleo e Gás (former name of Parnaíba Gás Natural – 'PGN'), with the respective interest percentages of 33.33% and 66.67%.

On February 19, 2014, Parnaíba Gás Natural passed through a corporate restructuring, in which Uniper Energy (former E.ON) and Cambuhy Investimentos Ltda ("Cambuhy") became part of the company's stockholders' basis, diluting the other stockholders.

On November 5, 2015, Eneva S.A. received with a portion of its capital increase, within the scope of the judicial recovery plan, the interest that Uniper Energy held in Parnaíba Gás Natural. After this transfer of the shares of Uniper Energy, Eneva S.A., Cambuhy and OGX became the only shareholders of PGN.

On October 3, 2016, Eneva S.A. received as a portion of its private capital increase the interest held by the fund Cambuhy and by OGX, in the share capital of PGN, becoming the holder of 100% of its share capital.

Furthermore, on December 12, 2016, Eneva S.A. acquired all the shares of Parnaíba B.V.. This operation was an unfolding of the Company's private capital increase mentioned earlier. Parnaíba B.V. Holds strategic equipment for the exploratory campaign of natural gas, of PGN. This company, before the acquisition, was controlled by OGX. Because the two businesses (PGN and Parnaíba B.V.) are interdependent, it makes sense that they are part of the same corporate structure.

Determining the Fair Value of the Business Combination

CPC 46 – Measure of Fair Value defines the fair value as the price that would be received for the sale of an asset or that would be paid for the transfer of a liability in a non-forced transaction between the market's participants at the measure date.

The Company hired specialized consulting company to support the measure of the fair value of the tangible and intangible assets of PGN and Parnaíba B.V., in order to allocate the purchase price (PPA) in the parent company Eneva S.A..

The effects of the Purchase Price Allocation and the other effects are as follows:

a) Identification and measure of the intangible assets' fair value:
The exploration rights agreements held by PGN, related to the 9th and 13th bid rounds of ANP, were assessed and had their fair value calculated as follows:

Intangible assets accounting basis of 8/31/2017 - **[a]**	32,690
Intangible assets at fair value* - **[b]**	529,508
Added Value [c] = [a] - [b]	**(496,818)**

* For the assessment of this intangible assets, the Revenue Approach methodology and the *Multi-Period Excess Earnings Method (MEEM) were considered.*

b) Deferred taxes:
According to provisions of CPC 32, the acquired identifiable assets and the liabilities taken in a business combination should be recognized at their fair values at the acquisition date, and on these amounts the deferred tax (asset or liability) should be determined:

Deferred income tax and social contribution	Accounting basis	Fair value	Temporary difference	Rate	Deferred tax
Intangible assets	32,690	529,508	(496,818)	34%	(168,918)
Interest at fair value	105,775	178,966	(73,191)	34%	(24,885)
Total deferred taxes (liabiltiies)					**144,033**

c) Definition of the consideration fair value:
The individual issue price of the new shares was of R$ 15.00 (fifteen reais), from which (i) R$

13.14 (thirteen reais and fourteen cents) were recorded as share capital; and (ii) R$1.86 (one real and eighty six cents) were recorded as capital reserve.
For the assessment of the fair value of the consideration transferred, the Company used the quotation of its shares, at the operation date (October 3, 2016) which was of R$ 13.06 per share, because it is a quoted financial instrument (level 1 in the classification of the financial instruments), as follows:

Number of shares delivered – **[a]**	76,384,790
Issue price – **[b]**	15.00
Screen price (Eneva's shares) - **[c]**	13.06
Difference **d = [b]- [c]**	1.94
Total effect – R$ thousand f= [a]x [d]	**148,186**
Consideration fair value – R$ thousand f= [a]x [c]	**997,585**

d) With the adoption of the quotation of the shares of Eneva S.A., at the transaction date, as fair value of the consideration transferred, we determined an advantageous purchase, in the amount of R$ 190,416. The acquired assets and taken liabilities were analyzed and correctly identified:

Active debentures	246,600
PGN's equity at fair value (incremental value of 83.61%)	858,497
Parnaíba B.V.'s equity at fair value (100%)	82,904
Assets received in the acquisition - [a]	**1,188,001**
Number of shares	76,384,790
Screen price (Eneva's shares)	13.06
Consideration's fair value - [b] = (number * price)	**997,585**
Advantageous Purchase [c] = [a] - [b]	**190,416**

This operation was considered a business combination in stage. For this reason, the Company measured again its previous interest in PGN carried at the fair value used on the new acquisition, recognizing in the result a loss of R$ 4,370, as follows:

Assessment carried at fair value of the previous interest	
Assessment of the previous interest	168,291
Previous interest recorded	172,661
Adjustment of the assessment - Previous interest	**(4,370)**

The balance sheet carried at fair value of the acquired companies is as follows:

			PGN
Current assets	250,757	Current liabilities	343,445
Non-current assets	1,978,142	Non-current liabilities	858,666
		Equity	1,026,788
Total assets	**2,228,899**	**Total liabilities**	**2,228,899**
			Parnaíba BV
Current assets	74	Current liabilities	37,613
Non-current assets	120,443	Non-current liabilities	-
		Equity	82,904
Total assets	**120,517**	**Total liabilities**	**120,517**

17. Borrowings and financings

On December 31, 2017 and December 31, 2016, the borrowings with financial institutions is as follows:

					Consolidated							
					2017				2016			
Company	Creditor	Currency	Interest rates	Maturity	Funding costs to appropriate	Principal	Interest	Total	Funding costs to appropriate	Principal	Interest	Total
Itaqui	BNDES (Direct)	R$	TJLP+2.78%	6/15/2026	(6,694)	787,413	2,948	783,667	(7,534)	808,901	2,923	804,290
Itaqui	BNB	R$	10%	12/15/2026	(1,946)	194,420	825	193,299	(2,190)	200,527	759	199,096
Itaqui	BNDES (Indirect)	R$	IPCA+12.13%	6/15/2026	(1,507)	140,710	7,588	146,791	(1,696)	141,116	7,774	147,194
Itaqui	BNDES (Indirect)	R$	TJLP+4.8%	6/15/2026	(1,279)	156,388	714	155,823	(1,439)	159,606	692	158,859
Parnaíba I	BNDES (Direct)	R$	TJLP+3.77%	6/15/2027	(24,089)	357,314	1,483	334,708	(25,965)	390,709	1,946	366,690
Parnaíba I	BNDES (Direct)	R$	IPCA+6.67%	7/15/2026	(8,407)	193,340	5,731	190,664	(9,061)	208,875	6,185	205,999
Parnaíba II	Bradesco	R$	CDI+2.50%	1/3/2019	-	40,000	-	40,000	-	31,513	6,864	38,377
Parnaíba II	CEF	R$	CDI+3.00%	1/3/2019	-	-	-	-	-	269,918	156,890	426,808
Parnaíba II	Bradesco	R$	CDI+3.00%	1/3/2019	-	334,116	7,070	341,186	-	334,116	29,359	363,475
Parnaíba II	BNDES (Indirect)	R$	TJLP+5.15%	9/15/2027	-	250,451	1,179	251,630	-	261,531	1,232	262,763
PGN	BTGI LLC	R$	CDI+3.50%	6/5/2018	-	25,000	172	25,172	-	50,000	615	50,615
PGN	FINEP	R$	TJLP+3.00%	3/15/2025	-	39,724	153	39,877		-	-	-
ENEVA S/A	Banco Itaú BBA	R$	CDI+2.75%	5/15/2028	-	282,642	130,294	412,936	-	282,642	82,984	365,626
ENEVA S/A	Banco BTG Pactual	R$	CDI+2.75%	5/15/2028	-	514,770	237,301	752,071	-	514,770	151,137	665,907
ENEVA S/A	Bullseye I FIDC	R$	CDI+2.75%	5/15/2028	-	55,641	25,649	81,290	-	55,641	16,336	71,977
ENEVA S/A	Bullseye I LLC	US$	LIBOR 6M	5/15/2028	-	113,735	3,320	117,055	-	112,054	765	112,819
ENEVA S/A	Banco Credit Suisse	US$	LIBOR 6M	5/15/2028	-	12,388	361	12,749	-	12,204	84	12,288
					(43,922)	**3,498,052**	**424,788**	**3,878,918**	**(47,885)**	**3,834,123**	**466,545**	**4,252,783**
Secured deposits					**-**	**(176,158)**	**-**	**(176,158)**	**-**	**(155,485)**	**-**	**(155,485)**
Net balance of borrowings and financings					**(43,922)**	**3,321,894**	**424,788**	**3,702,760**	**(47,885)**	**3,678,638**	**466,545**	**4,097,298**
Current					**(4,829)**	**168,117**	**27,863**	**191,151**	**(4,082)**	**776,864**	**215,239**	**988,021**
Non-current					**(39,093)**	**3,153,777**	**396,925**	**3,511,609**	**(43,803)**	**2,901,774**	**251,306**	**3,109,277**

The financial institutions usually do not require guarantees for borrowings and financings granted to the Parent Company. However, the borrowings got by the subsidiaries are guaranteed by the assets (machinery and equipment) as well as by the billing flow of the subsidiaries' CCEAR contracts. Furthermore, the parent company Eneva S.A. grants endorsement to the subsidiaries.

The changes in borrowings are as follows (current and non-current):

	Parent Company	Consolidated
In 2016	**1,228,617**	**4,097,298**
(+) New fundings	-	39,626
(+) Interest incurred	145,619	467,022
(+/-) Exchange variation Interest	1,865	105
(+/-) Exchange variation Principal	-	1,864
(-) Payment of interest	-	(340,197)
(-) Payment of principal	-	(542,952)
(+) Amortization of funding cost	-	3,545
(-) Contractual monetary update	-	(2,878)
(-) Secured deposits	-	(20,673)
In 2017	**1,376,101**	**3,702,760**

	Parent Company	Consolidated
In 2015	**1,068,705**	**3,918,551**
(+) New fundings	-	10,191
(+) Interest incurred	162,025	545,111
(+/-) Exchange variation Interest	(103)	(103)
(+/-) Exchange variation Principal	(26,621)	(29,422)
(-) Payment of interest	-	(221,540)
(-) Payment of principal	-	(77,673)
(+) Amortization of funding cost	-	3,461
(-) Contractual monetary update	(9,935)	(12,863)
(-) Secured deposits	34,546	(38,415)
In 2016	**1,228,617**	**4,097,298**

The installments of the borrowings and financings classified as non-current liabilities on December 31, 2017 have the following payment schedule:

	Consolidated
	2017
Maturity year	
2019	559,418
2020	212,693
2021	254,251
2022 up to the last maturity	2,661,405
	3,687,767
Secured deposits	(176,158)
Net balance	**3,511,609**

Financial and non-financial covenants

The financial agreements of the operating subsidiaries have non-financial covenants clauses, usual in the market, which on December 31, 2017 are fully met, as follows:

- Obligation to periodically submit financial statements to creditors.
- Creditor rights to inspect and visit facilities.
- Obligation to keep up with tax, social security and payroll obligations.
- Obligation to maintain materially important contracts for its operations in force.
- Comply with environmental legislation and keep any operating licenses necessary in force.
- Contractual restrictions on related-party transactions and sales of assets outside the normal course of business.
- Restrictions on the change of share control, corporate restructuring and material changes to the core activities and Articles of Association of the borrowers.
- Restrictions on debt ratios and the procurement of new debt.

The financing contracts relating to the ventures Porto do Itaqui Geração de Energia S.A., Parnaíba I Geração de Energia S.A., Parnaíba III Geração de Energia S.A. and Parnaíba Gás Natural S.A. have financial covenants specific clauses, as follows:

Company	Description Financial covenants	Position on 12/31/2017
Parnaíba I	Own capital index of at least 25%	Met
Parnaíba I	Debt coverage index of at least 1.20	Met
Parnaíba III	Net debt of no more than 3.0 times the EBITDA	Met
Itaqui	Relation Equity x Proportional debt proportional at 25/75	Met
Itaqui	Relation Equity x Total assets of at least 20%	Met
PGN	Leverage ratio (Debt/Equity) of up to 3.0	Met
PGN	Net debt of no more than 2.0 times the EBITDA	Met
PGN	Debt coverage index of at least 1.30	Met

As presented above, it was not identified situations of noncompliance of financial and non-financial covenants clauses up to December 31, 2017.

18. Debentures

					Consolidated							
					2017				2016			
Company	Creditor	Currency	Interest rates	Maturity	Cost to appropriate	Principal	Interest	Total	Cost to appropriate	Principal	Interest	Total
Parnaíba III	Bradesco (a)	R$	CDI + 2,95%	12/5/2024	(5,612)	100,000	419	94,807	-	100,457	3,063	103,520
PGN	2Nd issue (Bradesco/Citibank) (b)	R$	123% CDI	2/28/2020	(3,968)	496,170	15,438	507,640	(6,407)	661,560	36,498	691,651
PGN	5Th issue (Icatu) (c)	R$	123% CDI	2/25/2018	-	50,000	385	50,385	-	50,000	790	50,790
					(9,580)	646,170	16,242	652,832	(6,407)	812,017	40,351	845,961
Current					3	215,390	16,245	231,635	-	215,391	40,351	255,742
Non-current					(9,583)	430,780	-	421,197	(6,407)	596,626	-	590,219

(a) On November 24, 2017, Parnaíba III carried out the 2nd issue of debentures in the total amount of R$ 260,000, at the cost of 100% of the CDI plus 2.95% p.a., to be amortized in 12 consecutive six-monthly installments as from 2019. The first installment already disbursed on December 13, 2017 in the amount of R$ 100,000 was used to carry out the anticipated total redeem of the debentures of the 1st installment of R$ 100,457. The disbursement of the 2nd installment is foreseen to occur in 2018.

(b) In February 2014, PGN approved the issue of 74,500 simple debentures non-convertible into shares with unit value of R$ 10, representing an amount up to R$ 745,000 at the cost of 120% of CDI, with final maturity on February 20, 2020, with six-month remunerative interest and amortization of the principal in the following proportion: 11.2% in Feb/16, 22.2% in Feb/17, 22.2% in Feb/18, 22.2% in Feb/19 and 22.2% in Feb/20. On February 25, 2016, the Debenture Holders' General Meeting approved the extension of the first installment of the principal amortization from February 28, 2016 to August 28, 2016. On October 3, 2016, it was approved the increase of the remunerative interest to 123% of CDI. In February of 2017, the principal amount of R$ 165,390 was paid.

(c) On February 25, 2016, the Company carried out the 5th issue of debentures, of private subscription, non-convertible into shares issued by the Company, of sole series, of the unsecured type, in the amount of R$ 70,000, with 7,000 debentures with nominal unit amount of R$ 10, due to February 25, 2017. From the total number of debentures issued, 5,000 were subscribed amounting R$ 50,000. As provided by the deeds of debentures, the Company could exercise the right to postpone the maturity of the debentures for up to four consecutive six-month periods. In February 2018, R$ 50,000 were settled from the principal and R$ 1,000 from interest.

The changes in debentures are as follows:

	Consolidated
In 2016	**845,962**
(+) New fundings	100,000
(+) Interest incurred	83,372
(-) Payment of interest	(107,898)
(-) Payment of principal	(265,846)
(+) Amortization of funding cost	(2,758)
In 2017	**652,832**

	Consolidated
In 2015	**173,261**
(+) Acquisition of the subsidiary PGN	714,715
(+) Interest incurred	54,198
(-) Payment of interest	(28,543)
(-) Payment of principal	(68,543)
(+) Amortization of funding cost	873
In 2016	**845,961**

The debentures presented above are non-convertible into shares and have no covenants.

19. Taxes and contributions payable

	Parent Company		Consolidated	
	2017	2016	2017	2016
Corporate Income Tax - IRPJ	-	-	15,800	25,269
Social contribution on Net Income - CSLL	-	-	25,407	19,785
Income Tax Withheld at Source	144	1,106	43,514	42,823
Income tax on lease	-	-	4,402	-
Value-added Tax on Sales and Services (ICMS)	3	23	81,262	34,396
CSL and IOF	458	3,689	1,925	1,254
Importation IPI	-	-	40	40
PIS/COFINS	3,870	-	23,078	20,322
FGTS	240	127	907	625
Importation tax	-	-	122	122
Royalties/Special Participation	-	-	-	5,546
Others	37	142	2,619	3,272
	4,752	**5,087**	**199,076**	**153,454**

20. Financial instruments and risk management

The management of these financial instruments is done through operating strategies and internal controls, aimed at liquidity, profitability and security. Our control policy consists of permanently monitoring contract rates versus market rates. The Company and its subsidiaries do not invest in derivative financial instruments or any other risky assets on a speculative basis. This is a determination of the financial investment policy.

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

The description of the consolidated carrying amounts of financial instruments included in the balance sheets as well as the fair value hierarchy classification, is presented below:

Financial instruments	**Parent Company**	
	2017	**2016**
Assets		
Loans and receivables	907,917	777,533
Secured deposit	14,237	55
Related-party transactions	587,410	530,878
Debentures receivable	306,270	246,600
Financial assets at fair value through profit or loss	546,343	107,836
Cash and cash equivalents (level 1)	502,905	70,970
Marketable securities (level 2)	43,438	36,866
Investments held to maturity	-	**-**
Available-for-sale financial assets	-	**-**
Liabilities		
Financial liabilities at amortized cost	1,398,425	1,283,184
Trade payables	12,809	15,619
Borrowings and financings	1,376,101	1,228,617
Related-party transactions	9,515	38,948
Financial liabilities at fair value through profit or loss	**-**	**-**

	Consolidated	
	2017	2016
Assets		
Loans and receivables	958,346	622,961
Trade receivables	524,886	315,153
Secured deposit	91,904	32,203
Related-party transactions	341,556	265,239
Trade receivables - energy trade operations LP	-	10,366
Financial assets at fair value through profit or loss	984,030	626,754
Cash and cash equivalents (Level 1)	766,884	493,997
Marketable securities (Level 2)	217,146	132,757
Investments held to maturity	-	-
Available-for-sale financial assets	-	-
Liabilities		
Financial liabilities at amortized cost	4,814,817	5,296,703
Trade payables	294,079	182,659
Borrowings and financings	3,702,760	4,097,298
Debentures	652,832	845,961
Related-party transactions	113,128	118,390
Contractual retentions	4,330	4,330
Trade payables - electric power sector	47,688	48,065
Financial liabilities at fair value through profit or loss	-	-

The financial instruments measured at amortized cost and presented above are close to their market values (fair value).

Fair value of financial instruments

The concept of fair value states that assets and liabilities should be valued at market prices, in the case of liquid assets, or by using mathematical pricing methods, in other cases. The hierarchy level of the fair value gives priority to unadjusted prices quoted on an active market. A part of the Company's accounts has the fair value equal to book value, these accounts include cash equivalents, payables and receivables, bullet debts and short-term. Financial investments are being presented at fair value, due to their classification under fair value through profit or loss.

Derivatives, hedge and risk management

Derivatives assigned as fair value hedge offer protection against the exposition to the changes in the fair value of recognized assets or liabilities, solid commitment not recognized or the identified portion of the asset.

In the initial recognition of a hedge relation, the subsidiaries Parnaíba Gás Natural and Parnaíba I Geração de Energia formally classify and document the hedge relations to which the company wants to use the hedge accounting, as well as the Management's objective and strategy of risk management to give effect to the hedge. The documentation includes the identification of the hedge instrument, the item or transaction object of hedge, the nature of the risks object of hedge, the nature of the risks excluded from the hedge relation, the forward-looking statement of the hedge relation efficiency and the way PGN and Parnaíba I will evaluate the efficiency of the hedge instrument in order to offset the exposure to changes in the fair value of the item object of hedge. Regarding the fair value hedge, the demonstration of a character to a particular risk in the transaction foreseen in the object of hedge, as well as the periods foreseen to transfer the gains or losses arising from the hedge instruments through profit or loss are also included in the documentation of the hedge relation. It is expected that these hedges are highly efficient to offset the changes in the fair value, being permanently evaluated to verify whether they were effectively efficient during all the base periods for which they were intended.

In December 2017, the Company contracted derivative financial instruments (NDFs) in order to mitigate the foreign exchange exposition arising from the following transactions: (i) acquisition by Parnaíba Gás Natural together with Petrobras of 100% of the rights and obligations for the exploration and production

of hydrocarbon of the concession of the Azulão Field and (ii) purchase of equipment to be used in the maintenance operating cycle of the plant by Parnaíba I Geração de Energia S.A.. The contractual amount of the operation is of USD 56.260 and USD 8.393 respectively. These amounts are foreseen to be settled in March 2018.

The Company evaluated the hedge object and classified the operation as an asset fair value derivative. Therefore, the determined Market to Market (MtM) net amounts were of R$ 1,394 in losses and R$ 106 in gains to PGN and Parnaíba I, respectively.

Market risk

Risk of variation in the prices of commodities, foreign exchange rates and interest.

20.1.1Risk of price variation (commodities)

In the case of the Company, this risk is exclusively associated to the price of the coal, which forms the inventories necessary for the generation of energy in the thermoelectric plants.

The price of the coal in inventory is fixed and will be converted into income by the remuneration of the energy generation according to the Power Purchase Agreement rules. The period between the purchase of the load and its use for the energy generation is set as the risk of price variation taken by the thermoelectric plant. The projection of risk and sensitivity of the average amounts for 2017 and 2016 is as follows:

Itaqui **2016 (R$)**	**Market value**	**API2 / CIF ARA (25% increase)**	**API2 / CIF ARA (50% increase)**
Variable income (Ccomb portion)	171,308,862	214,136,078	256,963,293
Variable cost (Coal)	(172,475,646)	(210,785,842)	(249,096,038)
Variable result	(1,166,784)	3,350,236	7,867,255
2017 (R$)	**Market value**	**API2 / CIF ARA (25% increase)**	**API2 / CIF ARA (50% increase)**
Variable income (Ccomb portion)	206,762,377	258,452,971	310,143,565
Variable cost (Coal)	(188,059,712)	(231,257,898)	(274,456,083)
Variable result	18,702,665	27,195,073	35,687,482

(ª) *ARA: Areas of Amsterdam-Rotterdam-Antwerp - a port and refining area in the Belgian-Dutch region. A load or barge of a refined product traded on an ARA basis of cost, insurance and freight (CIF) means that the ports within this area are covered by the cost.*

Assumptions	**2016**	**2017**
Generation	1,574,599	1,479,333
Coal consumption	736,328	649,289
CIF ARA	59.75	83.75
API2	59.75	83.75
Award	7.50	7.40
Factor i	0.5228	0.5228
FX	3.48	3.19

Being:

*Ccomb = CIF ARA * Factor i * FX*

Coal cost = API2 + award

API2 ~ CIF ARA

20.1.2Foreign exchange rate risk

Risk of fluctuation in the foreign exchange rates to which the Company's assets and liabilities may be associated. The types of foreign exchange exposure of the Company are as follows:

a) Borrowings and financings

The Company has foreign exchange exposure on its financial liabilities, arising from transactions in US dollars by its subsidiaries. The projection of risk and sensitivity of the outstanding current amounts:

	Risk	Amount Future Market	Amount Future (25% increase)	Amount Future (50% increase)
Cash flow risk:	U.S. Dollar valuation			
Liabilities indexed to the U.S. Dollar|Libor USD		129,804	162,225	194,706
Outstanding (principal + interest)		**129,804**	**162,225**	**194,706**
Increase in finance costs		**-**	**32,451**	**64,902**

The valuation does not denote the total exposure in the currency or the overall loss posed by this exposure.
Reference rate: PTAX 800 Sale (3,3080 on 12/31/2017) of the Brazilian Central Bank
Scenario I: adverse change of 25% (increase in foreign exchange rate to generate loss in a short position)
Scenario II: adverse change of 50% (increase in foreign exchange rate to generate loss in a short position)
Source: Bloomberg.

b) Coal inventory

The Company goes long when forming its coal inventory for its thermal power plants, which in turn is determined in the international market in US dollars. The Company consequently also assumes a purchased position in US dollars, generally creating a mismatch between its assets and liabilities. As mentioned earlier for the coal price risk, the company is studying hedge mechanisms against the market risks posed by coal purchases. In other words, the commodity price hedge and the exchange risk hedge are structured simultaneously.

20.1.3 Interest rate risk

Risk of shifting of the interest structure that could be associated with the payment flows of the debt principal and interest.

a) Cash flow risk related to floating interest rates

More than 81% (Borrowings and financings, Debentures, loans) of the Company and its subsidiaries' liabilities are indexed to floating interest and inflation in the interbank deposit segment (DI), in the inflationary segment with restatement according to the IPCA price index and by the TJLP economic index.

The BNDES facilities restated by the IPCA and TJLP price indexes - which also contain a strong inflation component - are part of a special credit segment posing low volatility and therefore a low probability of abrupt changes in rates. The assets of the Company and its subsidiaries, represented by their income, will also be updated by the same rates, which substantially decreases the mismatch between the assets and liabilities.

The current debt has a principal of R$ 3,968,064 and the total balance of R$ 4,355,592 on 12/31/2017. From this total, approximately 10% has short term maturity. In order to verify the sensibility of the debts indexers to which the Company was exposed, 3 different scenarios were defined. As probable scenario, the Company used market projections to estimate what would be the gross financial expenses for 2018. As alternative scenarios, the Company calculated what would be the financial loss for 2018 should the TJLP, CDI and IPCA curves be displaced in 25% and 50% respecting the payment term of each line.

Risk	Scenario Probable	Scenario I (25% increase)	Scenario II (50% increase)
Cash flow risk:	Increase in the interest rate		
Liabilities indexed to TJLP	152,554	190,693	228,831
Liabilities indexed to CDI	196,851	246,064	295,277
Liabilities indexed to IPCA	41,437	51,796	62,156
Expected Financial Costs	**390,842**	**488,553**	**586,264**
Increase in finance costs	-	**97,711**	**195,422**

Methodology: parallel displace above the interest curves in 25% and 50%.
IPCA 2018: 3.93% (Source: Boletim Focus)
TJLP 2018: 6.75% (Source: National Monetary Council)
Average CDI 2018: 6.87% (Source: Market Projection)

Credit risk

This arises from the possibility of the Company and its subsidiaries suffering losses due to the default of their counterparties or of financial institutions where they have funds or financial investments. This risk factor could derive from commercial operations and cash management.

To mitigate these risks, the Company and its subsidiaries have a policy of analyzing the financial position of their counterparties, as well as constantly monitoring outstanding accounts.

The Company has a financial investment policy, which establishes investment limits for each institution and considers the credit rating as a reference for limiting the investment amount. The average terms are continually assessed, as are the indexes underlying the investments, in order to diversify the portfolio.

	Consolidated	
	2017	**2016**
Credit risk positions		
Cash and cash equivalents	766,884	493,997
Trade receivables	524,886	315,153
Gains in the operations with derivatives	-	-
Marketable securities	217,146	132,757
Trade receivables - energy trade operations	-	10,366
Purchase of energy – long term	-	-
Obligations payable to operator	-	-
Secured deposit	91,904	32,203
Consolidated of the credit accounts	**1,600,820**	**984,476**

Liquidity risk

The Company and its subsidiaries monitor their liquidity levels, based on expected cash flows versus the amount of cash and cash equivalents on hand. Managing the liquidity risk means maintaining cash, sufficient securities and capacity to settle market positions. The amounts recognized at December 31, 2017 approach the operations' settlement values, including estimated future interest payments. The undiscounted flows are as follows:

	Consolidated 2017					
	Up to 6 months	**From 6 to 12 months**	**From 1 to 2 years**	**From 2 to 5 years**	**Over 5 years**	**Total**
Liabilities						
Trade payables	-	293,198	881	-	-	294,079
Related-parties	-	18,867	94,261	-	-	113,128
Borrowings and financings	183,264	213,883	853,427	1,771,252	3,576,762	6,598,588
Debentures	242,931	18,327	217,549	251,864	39,264	769,935
Contractual retention	-	4,330	-	-	-	4,330
	426,195	**548,605**	**1,166,118**	**2,023,116**	**3,616,026**	**7,780,060**

	Consolidated 2016					
	Up to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	Over 5 years	Total
Liabilities						
Trade payables	-	177,249	5,410	-	-	182,659
Related-parties	-	19,745	98,645	-	-	118,390
Borrowings and financings	968,913	214,015	360,822	1,636,699	4,149,140	7,329,589
Debentures	230,943	90,828	321,946	370,767	-	1,014,484
Contractual retention	-	4,330	-	-	-	4,330
	1,199,856	**506,167**	**786,823**	**2,007,466**	**4,149,140**	**8,649,452**

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure of the Group, Management can make, or may propose to the stockholders when their approval is required, adjustments to the amount of dividends paid to stockholders, return capital to stockholders, issue new shares or sell assets to reduce, for example, debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio corresponds to the net debt expressed as a percentage of total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as equity as shown in the consolidated balance sheet plus net debt.

The gearing ratios at December 31, 2017 and 2016 were as follows:

	Consolidated	
	2017	**2016**
Total borrowings, financings and debentures (Notes 17 and 18)	4,355,592	4,943,259
Less: cash and cash equivalents (Note 6)	(766,884)	(493,997)
Net debt	**3,588,708**	**4,449,262**
Total shareholders' equity	**5,375,935**	**4,480,808**
Total capital	**8,822,219**	**8,024,122**
Gearing ratio - %	**41**	**55**

Capital is managed considering the consolidated position, not only the parent entity.

21. Provision for contingencies

The Company and its subsidiaries are a party in civil (indemnity), tax, environmental and labor lawsuits, as well as regulatory administrative proceedings, assessed by its legal advisors. The main lawsuits refer to:

Probable risk contingencies

The consolidated balance of the provision for contingencies in the year ended December 31, 2017 is presented, as follows:

						Consolidated
	12/31/2016	12/31/2017				
	Opening balance	Additions	Reversal	Write-offs	Update	Accumulated balance
Civil (a)	-	1,300	-		-	1,300
Regulatory	2,000	-	-	(2,000)	-	-
Labor (b)	3,708	7,839	(2,939)		871	9,479
Total Provisions	**5,708**	**9,139**	**(2,939)**	**(2,000)**	**871**	**10,779**

a) Civil risks

Ordinary lawsuit filed by RIP Serviços e Industriais S.A. against the subsidiary Itaqui, requiring the payment of invoices in the total amount of R$ 4,959, from which R$ 1,000 is probable.

b) Labor risks

These encompass claims from former employees and employees of third-party companies that pled severance funds, recognition of employment relationship, additional due to transfer, among other reasons employment relationship with the Company and later leveling of rights to its employees or funds eventually not paid by its companies. The labor lawsuits are pulverized, with no material individual suit.

Possible risk contingencies

The Grupo ENEVA is a party in tax, civil, labor and environment lawsuits, which are not provided for, because they involve risk management and its lawyers and legal advisors classified as possible, which amount approximately to R$ 325,335 on December 31, 2017 (R$ 363,191 in 2016). The liabilities contingencies are as follows:

	Consolidated	
	12/31/2017	12/31/2016
Labor	37,875	23,177
Indemnity (*) (**)	287,460	340,014
	325,335	**363,191**

(*) The presented variation refers basically to the changes in the prognosis of certain suits from possible to remote.
(**) The indemnity suits encompass the civil, environmental and tax ones.

The material lawsuits whose legal advisors estimate the loss probability as possible and do not require constitution of provision are as follows:

a) Labor risks

The labor lawsuits are pulverized, with no material individual suit, except for the labor claims against the parent company Eneva and the subsidiary PGN, in which severance pay and recognition of employment relationship are claimed, involving R$ 5,775, begun in 2017, and R$ 5,795 9R$ 5,438 in December 2016).

Other risks:

The lawsuits are civil, tax and environmental-natured, as well as encompass regulatory issues. The main economically material lawsuits per nature are as follows:

(i) Civil

Mabe Construção e Administração de Projetos Ltda

1) Ordinary lawsuits, filed by Montcalm Montagens Industriais S.A. against the Company and subsidiary, requiring, respectively, the payment of R$ 41,782 for amounts supposedly due for provided services (electromechanical assembly, installation of equipment and piping of electric plant and specialized paint) and R$ 19,213 regarding amounts withheld and indemnity for caused damages. On December 2017, the amounts involved are respectively R$ 86,480 and R$ 38,105 (R$ 53,807 and R$ 24,743, respectively, on December 31, 2016).

2) Suit for collection of indemnity for moral and material damages, filed by AG Logistics, regarding amounts due in the scope of contracts signed by the parties for dispatch, delivery and custom clearance of products related to the construction of Pecém I, II and Itaqui. In December 2017, the suit amounts to R$ 20,732 (R$ 17,570 on December 31, 2016).

Subsidiary Amapari Energia S.A.

Monition action against the subsidiary Amapari, filed in March 2017 by Br Distribuidora, based on debt acknowledgment agreement entered into by the parties. The total amount was approximately R$ 27,410.

Subsidiary Eneva Comercializadora de Energia S.A.

It refers to action for annulment of arbitral award that upheld the claims filed in arbitral proceedings by the Company's subsidiary. The action was filed in March 2017 and on December 31, 2017 amounts to R$ 38,000.

Other subsidiaries

The other lawsuits are divided into suits involving demands with requests of indemnity for moral and material damages, as well as suits arising from the passing of the transmission line, industrial services and other natures.

(ii) Environmental

Subsidiary Parnaíba I Geração de Energia S.A.

The administrative proceeding was filed in 2015 against the subsidiary supposedly because it did not meet the condiotioners established by the environmental license and did not monthly present the air quality monitoring data. The amount involved in the suit is of R$ 15,975 in December 2017 (R$ 10,000 in December 2016).

(iii) Tax

Value-added Tax on Sales and Services (ICMS)

Subsidiary Amapari Energia S.A.

In 2011, the State Finance Secretariat filed tax assessment notice against the subsidiary Amapari. The tax assessment notice refers to the collection of ICMS due to mistake in filling the tax collection slips, whose consequence was the lack of record of the accumulated credit amount

since 2008 and determination of debit balance for April 2009, and fine for non-compliance with accessory obligation. On December 31, 2017, the possible loss amount involved in this tax assessment notice is of R$ 23,090 (R$ 14,872 in 2016).

Contingent assets (not recorded)

Emergency Water Charges - Pecém II (Acceptance of preliminary injunction)

The claims in this dispute are the following: (i) the transfer, by ANEEL, of the amount charged by the State of Ceará, as Emergency Water Charge ("Encargo Hídrico Emergencial - EHE"), with the increase of the Unit Variable Cost ("Custo Variável Unitário - CVU") and of the sale revenue perceived by the parties; and (ii) the suspension of any penalties by ANEEL for eventual decrease and/or interruption of the generation of electric power of the plants due to the decrease in the water supply.

On January 31, 2017, it was ruled the decision that rejected the claim for summary judgment filed by the Plaintiffs. Against this decision, the Plaintiffs filed bill of review, which was assigned to the Judge Souza Prudente, on March 1, 2017. After the General Attorney's Office manifested, the Judge Souza Prudente, on May 5, 2017, approved the summary judgment requested by the joint-venture Pecém II and by the partner company Porto do Pecém.

Within the administrative scope, on July 2, 2017, the letter No. 107/2017-SRG/ANEEL was received, requesting data to comply with the judicial decision mentioned above. On 7/10/2017, a petition was presented, proposing the instrumentalization of the decision by the TRF 1st Region. On 7/27/2017, the subsidiary and company Porto do Pecém presented new information for receipt of the difference of CVU. On August 22, 2017, the Executive Board of ANEEL approved the calculation methodology suggested by the companies, authorizing the transfer of EHE from September 2016 to March 2017.

Pecém II Geração received the following amounts related to EHE: (i) R$ 10,196 in October 2017, related to the period between September 2016 and May 2017; and (ii) R$ 2,534 in November 2017, related to the period between June and August 2017. The amount receivable related to the period between September and December 2017 of R$ 1,708, as well as the next transfers, will be regularly received as from 2018.

22. Shareholder's Equity

On December 31, 2017 and December 31, 2016m Company's share capital is divided in R$ 8,822,219 and R$ 8,024,122 respectively. The distribution of the Company's shares is as follows:

	Parent Company			
	2017			
	Common shares		Total	
	Number	%	Number	%
Shareholder				
Banco BTG Pactual	84,385,955	26.79%	84,385,955	26.79%
Cambuhy	72,416,316	22.99%	72,416,316	22.99%
DD Brazil Holdings (Uniper Energy)	19,214,420	6.10%	19,214,420	6.10%
Itaú Unibanco	18,521,441	5.88%	18,521,441	5.88%
Others	120,452,367	38.24%	120,452,367	38.24%
Total	**314,990,499**	**100.00%**	**314,990,499**	**100.00%**

	Parent Company			
	2016			
	Common shares		Total	
	Number	%	Number	%
Shareholder				
Banco BTG Pactual	80,659,750	33.73%	80,659,750	33.73%
Cambuhy	61,501,011	25.72%	61,501,011	25.72%
DD Brazil Holdings (Uniper Energy)	19,808,765	8.28%	19,808,765	8.28%
Itaú Unibanco	18,842,832	7.88%	18,842,832	7.88%
OGX Petróleo e Gás S.A.	14,875,412	6.22%	14,875,412	6.22%
Others	43,440,660	18.17%	43,440,660	18.17%
Total	**239,128,430**	**100.00%**	**239,128,430**	**100.00%**

No shareholder holds more than 50% (fifty percent) of the shares issued by the Company; and there is no shareholders' agreement filed in the Company's headquarter (according to the Article 118 of the Law No. 6,404/76).

On October 3, 2016, it was concluded the private capital increase of ENEVA S.A., through the subscription and payment of the capital increase were partially carried out on cash, amounting R$ 14,607; and partially through contribution of the Assets of Parnaíba Gás Natural S.A., amounting R$ 1,145,772, from which: (i) R$ 1,001,885 were recorded as share capital and (ii) R$ 143,887 were recorded as capital reserve. Therefore, we determined a capital increase of R$ 1,016,492.

On October 20, 2017, it was ended the public offer of primary and secondary distribution of book-entry common shares, nominative with no par value, issued by the Company, free and unencumbered of any burden or obligation, which took place in Brazil, with effort to place the shares abroad, comprising: (i) the primary distribution of 75,862,069 shares issued by the Company ("Primary Offer"); and (ii) secondary distribution of shares issued by the Company and held by the Seller Shareholders, within the scope of the placement of the shares of the Complementary Lot, which corresponded to the distribution of 3,793,103 shares ("Secondary Offer"), within the authorized capital limit provided by the company's bylaws, for the price of R$ 11.00 per share, amounting: R$ 876,207, being R$ 834,483 related to the primary offer and R$ 41,724 related to the secondary offer, with a funding cost of R$ 36,386.

23. Result per share

The diluted and basic result per share was calculated by the division of the result for the year attributable to controlling and non-controlling stockholders of the Company on December 31, 2017 and December 31, 2016 and the respective number of common shares as follows:

	2017		2016	
	Common	**Total**	**Common**	**Total**
Result for the year				
Basic numerator				
Profit/Loss attributable to the controlling				
Controllers of the continuing operations	95,498	95,498	(108,107)	(108,107)
Basic denominator				
Weighted average of shares	257,418,463	257,418,463	180,844,546	180,844,546
Profit/Loss per share (R$) - basic	**0.3709835**	**0.3709835**	**(0.5977897)**	**(0.5977897)**

	2017		2016	
	Common	**Total**	**Common**	**Total**
Result for the year				
Diluted numerator				
Profit/Loss attributable to the controlling				
Controllers of the continuing operations	95,498	95,498	(108,107)	(108,107)
Diluted denominator				
Weighted average of shares	257,418,463	257,418,463	180,844,546	180,844,546
Profit /Loss per share (R$) - diluted	**0.3709835**	**0.3709835**	**(0.5977897)**	**(0.5977897)**

24. Share-based payment

The Company had option plans for the purchase of stock, with which it granted right of share subscription. As a counterparty, on December 9, 2014, the material fact of the Company's judicial recovery was disclosed. After the material fact, options granted in the remaining plans were cancelled or expired.

In Board of Directors Meeting on August 10, 2016, a new Option Plan for Purchase or Subscription of Shares was approved, which is still valid. New options for the purchase of shares were granted to Company's contributors within the new Plan, which will be settled with equity instruments.

a) Stock options awarded by the Company

The Company awarded stock option plans for its own stock to beneficiaries providing services to it.

The Options Program consists of the right to acquire a certain amount of Company shares, awarded to the program's beneficiary, at a given strike price per share - or purchase price per share - which has to be exercised in a period or by a deadline.

According to the regulation, the plan is managed by the Company's Board of Directors, which should determined the number of shares to be awarded and price of the shares subscription. However, the members of the Board of Directors will only be designated as beneficiaries of the Plan upon previous approval by the Shareholders' General Meeting, in this sense.

At the date of the exercise of the right, the shares sold to the beneficiary of the plan should be object of a new subscription or should be in treasury.

The other shareholders of the Company have no subscription right on the shares for the options plans. Accordingly, the Company's capital dilution occurs proportionally to the number of new subscribed shares.

The options will represent the maximum of 4% (four percent) of the Company's total shares at the options issue date. For this limit effect, it will be considered the sum of all the shares issued by the Company, including the shares that come to be issued by the Company due to options awarded within the scope of the Options Plan.

Each awarded option was divided into 5 (five) annual lots, each one equal to 20% (twenty percent) of the total number of shares.

The options' strike price is updated by the IPCA-IBGE plus 3% per year.

The requirement for the acquisition of the purchase right is that the beneficiary of the plan concludes a specified period providing services.

During the 2nd quarter of 2017, the Company received from the plan's beneficiaries R$ 7,590 as premium for the concession of the rights to the share options, the remaining balance of the difference between the premium paid and the fair value measured will be recorded in the result, proportionally to the term established as minimum for the provision of services of the beneficiaries. Up to December 31, 2017, the amount of R$ 415 was recognized in the result of the year.

At the shares acquisition date, the participant may use its variable remuneration for the payment of the strike price, less 20% (twenty percent) of the strike price.

The stock options awarded by the Company are as follows:

Plan	Date Awarded	Award term (years)	Initial date of maturity	Date rights expire	Original amount awarded	Original strike price (a)	Strike price restated by IPCA + 3% p.a.
2016	4/3/2017	5	4/3/2018	8/1/2022	3,288,094	15.00	15.14
2016	5/10/2017	5	5/10/2018	9/7/2022	1,333,333	15.00	15.56
2016	8/3/2017	5	8/3/2018	12/1/2022	710,301	15.00	15.40

The changes in the options plan in the year are as follows:

Plan awarded by the Company - number of share options	Number of options	Weighted average strike price of options
At December 31, 2016	**-**	**-**
Exercised	-	-
Cancelled	-	-
Awarded	5,331,728	15.61
Expired	-	-
At December 31, 2017	**5,331.728**	**15.61**

The Company is not able to measure the fair value of the services received by the participants, therefore, it decided to measure their respective fair values, based on the fair value of equity instruments awarded.

To determine the fair value of the options the Merton model (1973) 1, was used, which is a variant of the Black & Scholes (1973) 2, model which considers dividend payments. A number of assumptions were made for the model's entry variables. Such as:

- The share price at the measurement date;
- The instrument's strike price;
- The expected volatility;
- Expected dividends;
- The instruments' term; and
- Risk-free interest rate.

To calculate the expected volatility, the continuous returns from the price history of the share were used (based on the past volatility, adjusted for changes expected due to information publicly available). The time window for estimating the expected volatility was the same as the option's term, or the longest term available, when the trading history of the company's share was shorter than the expected term.

The risk-free interest rate was based on public securities and interest rate curves published by BM&FBovespa.

Service conditions and performance conditions outside the market inherent to the transactions are not taken into account when determining fair value.

It is based on the assumption that the participant will use its variable remuneration for the payment of the strike price, less 20% at the acquisition date of the shares.

[1] MERTON, R. Theory of Rational Option Pricing. *Bell Journal of Economics and Management Science,* 4 (Spring 1973), 141-83

[2] BLACK, F.; SCHOLES, M. The pricing of options and corporate liabilities. *Journal of Political Economy*, Chicago, v. 81, p. 637-654, 1973

The table below shows the assumptions made to calculate the fair value of the options awarded by the Company:

Fair value assumptions	Plan 2016
Number of exercisable options (matured)	-
Average outstanding term (years)	4.66
Updated fair value of the options – in R$ (a)	2.56
Weighted average fair value of the options awarded for the period – in R$ (a)	2.66
Price of the share in R$ (b)	13.90
Strike price of the options in R$ (c)	15.61
Expected dividends	-
Average expected volatility (per annum) (d)	79.36%
Risk-free interest rate (per annum) (e)	4.69%
Effects on net income in the period in R$ k	1,787
Intrinsic value in R$ k (f)	7,535

(a) Calculation of the options' fair value based on the Merton model (1973)
(b) The closing price of the share ENEV3
(c) Strike prices of the options restated by the IPCA price index + 3% p.a.
(d) To calculate the volatility of the share the continuous returns from the price history of the share ENEV3 were used.
(e) Reference rate with IPCA coupon, disclosed by BM&FBOVESPA - B3
(f) A value of zero is used when the options' intrinsic value is negative. The exercise price, for the calculation of the intrinsic value, considers a 20% discount,

25. Operating revenue

The reconciliation between the gross revenue and the net revenue recorded in the income statement for the year is as follows:

	Consolidated	
	2017	**2016**
Gross revenue	2,966,822	2,357,939
Taxes on sales	(245,049)	(196,956)
Total net revenue (a)	**2,721,773**	**2,160,983**

(a) The presented variation is related to the larger dispatch curve that occurred between June and December 2017.

26. Costs and expenses per nature

Costs and expenses per nature	**Parent Company**		**Consolidated**	
	2017	**2016**	**2017**	**2016**
Downtime cost	-	-	(49,790)	(1,601)
Regulatory costs (d)	(23)	-	(89,586)	(129,407)
Depreciation and amortization	(2,095)	(2,676)	(418,755)	(356,392)
Environmental expenses	(241)	-	(5,819)	-
Rental expenses (*)	(3,342)	(5,067)	(101,963)	(86,937)
Costs with exploration and dry well (*)	-	-	(99,543)	(13,176)
Personnel expenses (*)	(57,117)	(16,246)	(198,901)	(137,628)
Electric power for resale (a)	-	-	(338,556)	(52,515)
Taxes and contributions	(428)	(217)	(2,312)	(3,993)
Generation inputs (*) (b)	-	-	(326,434)	(594,794)
Material	(271)	(1,026)	(26,049)	(25,997)
Other income (expenses) (*)	(13,897)	185,994	(129,714)	216,033
Government interests (*)(c)	-	-	(59,918)	(35,031)
Loss in the disposal of goods and rights		-	(3,962)	(18,540)
Provision for loss in investment	-	(24,191)	(3,487)	(99,449)
Insurance	(530)	(570)	(20,136)	(36,420)
Outsourced services	(28,466)	(30,796)	(114,621)	(184,252)
	(106,410)	**105,205**	**(1,989,546)**	**(1,560,099)**
Classified as:				
Cost	**-**	**-**	**(1,611,638)**	**(1,429,043)**
Administrative and general expenses and other operating results:	**(106,410)**	**105,205**	**(377,908)**	**(131,056)**

(*) The variation presented in the consolidated costs refers basically to the consolidation of PGN, which was fully acquired in October 2016, reflecting the consolidation of this company and the elimination of the costs with purchase of gas and lease of gas treatment capacity, besides the relocation of the exploration costs.

(a) The variation refers to the higher volume of energy purchase, which occurred in the subsidiary that trades energy, arising from commercial opportunities during 2017.

(b) The variation refers to the expenditures incurred in the fourth quarter of 2016 between the Company and the subsidiary PGN, which began to eliminate this expenditures for consolidated purposes;

(c) The balance refers to the payment of sector charges to the government (royalties) regarding the production of natural gas. Up to December 31, 2017, the costs and expenses of this subsidiary were recognized based on equity in the results of investees;

(d) The variation basically refers to the material decrease of ADOMP in 2017, due to the management strategy in the decrease of the costs and the improvement in the dispatch level, mainly presented by Itaqui Geração de Energia S.A..

27. Financial income/expenses

	Parent Company		Consolidated	
	2017	2016	2017	2016
Financial expenses				
Debt charges	(145,513)	(168,086)	(467,022)	(574,587)
Monetary variation	(1,821)	(21,501)	(32,065)	(26,156)
Debentures interest/cost (a)	-	(91)	(83,372)	(46,002)
Interest between related-party	(3,929)	-	265	-
Interest on provision of abandonment	-	-	(4,439)	-
Commission on bank guarantees	(22)	-	(37,070)	(49,838)
Others (b)	(7,885)	(601)	(11,398)	(17,690)
	(159,170)	**(190,279)**	**(635,101)**	**(714,273)**

	Parent Company		Consolidated	
	2017	2016	2017	2016
Financial income				
Financial investment	17,936	10,017	69,862	59,837
Related-parties revenues	58,244	82,793	26,209	33,609
Contractual monetary update	-	9,935	-	12,863
Monetary variation	(206)	48,225	12,207	55,681
Fine/Interest determined	-	-	-	-
Gains (losses) in the operations with derivatives	-	-	-	359
Debentures fair value	-	-	-	71
Interest on debentures	59,670	-	-	-
Others	1,516	(4,100)	6,020	3,493
	137,160	**146,870**	**114,298**	**165,913**

Financial result, net	**(22,010)**	**(43,409)**	**(520,803)**	**(548,360)**

(a) The variation refers to the recognition of the interest of debentures of the subsidiary PGN that, on September 30, 2016, was recognized based on the equity in the results of investees and that began to be fully consolidated in October 2016.
(b) On December 31, 2017, the balance comprises basically the debt renegotiation cost of the subsidiary Parnaíba II, which took place in January 2017 and the PIS and COFINS costs on finance income.

28. Insurance coverage (unaudited)

The Company and its direct and indirect subsidiaries adopt the policy of contracting insurance coverage for the risks to which their exposure is considered material, limited and that Management considers the coverage enough to cover eventual claims, considering the nature of their activities, and consistent with the other companies of similar size operating in the sector. The policies are in force and the premiums have been paid. The main assets or interests covered and their respective amounts, effective on December 31, 2017, are as follows:

On December 31, 2017 and December 31, 2016, the objective of the insurance was the coverage of the following values at risk:

	Consolidated	
	2017	**2016**
Material damages	12,734,606	12,823,857
Civil liability	510,000	510,000
	13,244,606	**13,333,857**

The main effective policies are the following:

		Consolidated 12/31/2017			
Insurance company	**Modality**	**Value at risk**	**Maximum Indemnity Limit**	**Effectiveness**	**Award**
		In thousands of reais and thousands of U.S. dollars			
Amounts expressed in thousands of Reais and thousands of U.S. dollars	Operating risks	USD 3,849,640	USD 500,000	8/1/2017 to 8/1/2018	USD 8,429
Tokio Marine / Swiss	Genera civil liability		R$ 135,000	8/1/2017 to 8/1/2018	R$ 257
Tokio Marine	Genera civil liability		R$ 50,000	7/1/2017 to 7/1/2018	R$ 66
AIG	Managers' civil liability (D&O)		R$ 200,000	8/30/2017 to 8/30/2018	R$ 592
Tokio Marine	Port operator civil liability		R$ 25,000	8/23/2017 to 8/23/2018	R$ 29
Sompo	Oil risk	USD 2,172,169	USD 52,168	3/1/2017 to 9/1/2018	USD 162
Tokio Marine / AXA / Fairfax	Insurance Guarantee		R$ 108,482	12/22/2015 to 6/20/2020	R$ 2,991
Fairfax	Insurance Guarantee		R$ 55,350	1/31/2018 to 7/31/2024	R$ 2,340

29. Segment reporting

Segment information should be prepared in accordance with CPC 22 (Segment reporting), equivalent of IFRS 8, and should be presented with respect to the Company and its subsidiaries' business that was identified based on its management structure and on internal management reporting, provided to the main manager for decision-making purposes.

The Company's management managers its ventures based on five main business segments, which are subject to risks and remunerations managed by centered decisions, which are: (i)gas-fired thermal plants, (ii)*upstream*, (iii)coal -fired thermal plants, (iv)energy trade and (v)*holding* and others.

The activities of each segments have their performance assessed by the main manager, which, in the Company's case, is the CEO. These segments reflect the structure of the Company's business model.

ENEVA is an integrated energy company with complementary business in electric power generation and exploration and production of hydrocarbons. Its business model is based on the management of the reservoir-to-wire (R2W), which is the generation of thermal energy integrated to the fields that produce natural gas. In the case of ENEVA, this model as implemented as a pioneer in Parnaíba Complex.

The segments are described as follows:

Parnaíba Complex
Parnaíba Complex has total capacity installed of 1.4 GW, in which four thermal plants generate energy from the gas produced in the fields it has concession on the Parnaíba Basin, in the State of Maranhão. The complex is interconnected to the North Subsystem of production and transmission of energy of the National Interconnected System (SIN).

Gas-fired thermal plants
In this segment, the Group acts in the electric power and natural gas generation with Energy Trading Agreements in the Regulated Environment (CCEAR) and an energy trading agreement in the free hiring environment (ACL). This segment comprises the subsidiaries (i) Parnaíba I Geração de Energia S.A., (ii) Parnaíba II Geração de Energia S.A., (iii) Parnaíba III Geração de Energia S.A., (iv) Parnaíba IV Geração de Energia S.A., (v) Parnaíba Geração e Comercialização S.A.

Upstream
In this segment, the Group acts in the exploration and production (E&P) of hydrocarbons in an area under concession of approximately 27 thousand km² in the Parnaíba Basin, in the State of Maranhão. Currently, the Company has production capacity of 8.4 million m³ per day, which is totally for the supply of the thermal electrical complex also owned by ENEVA. This segment comprises the subsidiaries (i) Parnaíba Gás Natural S.A. and (ii) Parnaíba B.V..

Coal -fired thermal plants
In this segment the Group acts in the electric power generation fired by mineral coal imported with Energy Trading Agreement in the Regulated Environment (CCEAR). This segment comprises the subsidiary Itaqui Geração de Energia S.A., with installed capacity of 360 MW and located in the State of Maranhão, interconnected to the North Subsystem of production and transmission of energy of the National Interconnected System (SIN). Furthermore, this segment also contemplates a joint-venture with Pecém II Participações S.A., whose impact is reflected through equity in the results of investees.

Energy trade

In this segment, the Group acts in the trade of energy in the Regulated Environment (ACR) and in the Free Hiring Environment (ACL) registered in CCEE. This segment comprises the indirect subsidiary Eneva Comercializadora de Energia Ltda.

Holdings and others

This segment comprises the balances of Eneva S.A. and Eneva Participações S.A., besides companies held for the development of projects, as shown on the organizational chart in Note 1.

Management periodically assesses whether its business segmentation is adherent to the Company's decision making and business model.

2017

	Parnaíba Complex								
	Gas-fired thermal plants	*Upstream*	Eliminations	Subtotal Consolidated	Coal - fired thermal plants	Energy trade	Holding and others	Eliminations	Total consolidated
Total assets	**3,912,449**	**2,922,556**	**(687,867)**	**6,147,138**	**2,904,140**	**124,229**	**7,011,828**	**(5,279,953)**	**10,907,382**
Current	728,310	345,029	(102,058)	**971,281**	291,245	23,561	666,955	(75,784)	**1,877,258**
Non-current	3,184,139	2,577,527	(585,809)	**5,175,857**	2,612,895	100,668	6,344,873	(5,204,169)	**9,030,124**
Total liabilities	**3,912,449**	**2,922,556**	**(687,867)**	**6,147,138**	**2,904,140**	**124,229**	**7,011,828**	**(5,279,953)**	**10,907,382**
Current	492,035	516,066	(201,560)	**806,541**	330,202	51,635	90,184	(126,555)	**1,152,007**
Non-current	1,594,949	694,242	(416,853)	**1,872,338**	1,313,043	7,597	1,688,499	(502,039)	**4,379,438**
Non-controlling shareholders	-	-	-	**-**	-	-		(14,508)	**(14,508)**
Shareholder's Equity	1,825,465	1,712,248	(69,454)	3,468,259	1,260,895	64,997	5,233,145	(4,636,851)	5,390,445

2016

	Parnaíba Complex								
	Gas-fired thermal plants	*Upstream*	Eliminations	Subtotal Consolidated	Coal - fired thermal plants	Energy trade	Holding and others	Eliminations	Total consolidated
Total assets	**3,600,601**	**2,475,631**	**(604,597)**	**5,471,635**	**2,882,635**	**68,448**	**6,375,768**	**(4,437,915)**	**10,360,571**
Current	618,459	526,504	(297,516)	**847,447**	221,714	12,746	169,429	(1,735)	**1,249,601**
Non-current	2,982,142	1,949,127	(307,081)	**4,624,188**	2,660,921	55,702	6,206,339	(4,436,180)	**9,110,970**
Total liabilities	**3,600,601**	**2,428,032**	**(556,998)**	**5,471,635**	**2,882,635**	**68,448**	**6,375,768**	**(4,437,915)**	**10,360,571**
Current	1,290,881	418,364	(246,890)	**1,462,355**	183,149	35,597	69,485	(11,613)	**1,738,973**
Non-current	1,132,486	761,224	(197,406)	**1,696,304**	1,349,396	7,677	1,733,875	(646,462)	**4,140,790**
Non-controlling shareholders	-	-	-	**-**	-	-	-	(12,870)	**(12,870)**
Shareholder's Equity	1,177,234	1,248,444	(112,702)	**2,312,976**	1,350,090	25,174	4,572,408	(3,766,970)	**4,493,678**

2017

	Parnaíba Complex								
	Gas-fired thermal plants	*Upstream*	Eliminations	Subtotal Consolidated	Coal - fired thermal plants	Energy trade	Holding and others	Eliminations	Total consolidated
Statement of income									
Net operating revenue	1,907,627	737,777	(670,728)	**1,974,676**	701,901	431,517	541	(386,862)	**2,721,773**
Cost of goods and/or sold services	(1,340,860)	(296,550)	670,728	**(966,682)**	(606,911)	(424,640)	(266)	386,861	**(1,611,638)**
General and administrative expenses	(33,484)	(46,656)	-	**(80,140)**	(16,693)	(15,202)	(107,780)	(33,644)	**(253,459)**
Other operating results	(2,134)	(7,866)	11,552	**1,552**	(2,905)	(443)	(31,784)	8,674	**(24,906)**
Costs with exploration and dry well	-	(99,543)	-	**(99,543)**	-	-	-	-	**(99,543)**
Equity in the result of investees	32,818	(6,225)	(38,146)	**(11,553)**	(18,822)	-	267,385	(263,380)	**(26,370)**
Financial income/expenses	(216,620)	(138,875)	-	**(355,495)**	(145,828)	1,208	(20,688)	-	**(520,803)**
Provision for current and deferred taxes	(48,801)	(42,108)	-	**(90,909)**	64	(718)	369	-	**(91,194)**
Profit (Loss) for the year	**298,546**	**99,954**	**(26,594)**	**371,906**	**(89,194)**	**(8,278)**	**107,777**	**(288,351)**	**93,860**
Attributed to the owners of the parent company	298,546	99,954	(26,594)	371,906	(89,194)	(8,278)	107,777	(286,713)	**95,498**
Attributed to the non-controlling shareholders								1,638	**1,638**

2016

	Parnaíba Complex								
	Gas-fired thermal plants	*Upstream*	Eliminations	Subtotal Consolidated	Coal - fired thermal plants	Energy trade	Holding and others	Eliminations	Total consolidated
Statement of income									
Net operating revenue	1,617,555	425,109	(424,101)	**1,618,563**	541,195	113,728	13,104	(125,606)	**2,160,984**
Cost of goods and/or sold services	(1,249,836)	(198,884)	424,101	**(1,024,619)**	(463,480)	(55,307)	(11,243)	125,606	**(1,429,043)**
General and administrative expenses	(34,899)	(26,732)		**(61,631)**	(18,943)	(814)	(68,563)	(24,312)	**(174,263)**
Other operating results	(16,587)	8,046		**(8,541)**	(1,700)	2,865	(9,791)	71,808	**54,641**
Costs with exploration and dry well	-	(13,176)		**(13,176)**	-	-	-	-	**(13,176)**
Equity in the result of investees	12,538	-	(12,538)	**-**	(32,406)	-	(100,993)	94,329	**(39,070)**
Financial income/expenses	(273,991)	(67,657)		**(341,648)**	(166,279)	2,320	(42,751)	-	**(548,358)**
Provision for current and deferred taxes	(13,607)	(24,866)		**(38,473)**	-	(19,636)	(64,742)	-	**(122,851)**
Profit (Loss) for the year	**41,173**	**101,839**	**(12,538)**	**130,474**	**(141,613)**	**43,155**	**(284,980)**	**141,826**	**(111,138)**
Attributed to the owners of the parent company	41,173	101,839	(12,538)	**130,474**	(141,613)	43,155	(284,980)	144,856	**(108,108)**
Attributed to the non-controlling shareholders								3,030	**3,030**

30. Commitments

Minimum Exploratory Program ("PEM")

On October 7, 2015, PGN S.A. bought 6 new blocks in the 13th Bid Round carried out by ANP and entered as operator in all of them.

The signature bonus of the six blocks amounted to R$ 10,000. Besides the signature bonus, it was considered as the auction judgment criteria, the Minimum Exploratory Program ("PEM") to be used in the blocks, expressed in Work Units, and the content percentages of local content in the exploration and development stages.

The subsidiary Parnaíba Gás Natural S.A. committed to comply with PEM of the first exploratory period with a 2D seismic acquisition campaign.

On December 31, 2017, the PEM balance related to the 13th round to be met before ANP is as follows:

PEM with guarantee insurance	Work Units	Additions	Write-offs	In 2017	In 2016
PN-T-69	3010	9,482	-	9,482	9,482
PN-T-87	3010	9,482	-	9,482	9,482
PN-T-84	3249	14,619	-	14,619	-
PN-T-101	7003	20,484	-	20,484	20,484
PN-T-103	7003	20,484	-	20,484	20,484
PN-T-146	1010	4,544	-	4,544	4,544
PN-T-163	1010	4,544	-	4,544	4,544
Total		83,639	-	83,639	69,020

The amounts refer to the guarantee hired directly by PGN, corresponding to its interest percentage in each block.

31. Events after the reporting period

Five (5) blocks acquired by Eneva in the 14th Round of Bids of ANP

Eneva, through its wholly-owned subsidiary, Parnaíba Gás Natural S.A., acquired 5 exploratory blocks in the Parnaíba Basin during the 14th Round of Bids of the National Agency of Oil, Natural Gas and Biofuel (ANP), on September 27, 2017. The acquired blocks, with total are of 13,509 km2, were PN-T-117, PN-T-118, PN-T-119, PN-T-133 and PN-T-134. The contracts were signed on January 31, 2018.

The total signature bonus offered was of R$ 2.7 million, and the minimum investment estimated by ANP for the 5 blocks is R$ 55.4 million, with a 6-year term for performance.

Prepayment of the debt of Itaqui, in the amount of R$ 154 million.

On February 6, 2018, the subsidiary Itaqui Geração de Energia S/A settled in advance the updated outstanding balance of the instalments of the financing agreements with the banks Votorantim and Bradesco, arising from the transfer of resources from BNDES, in the total amount of R$ 306.8 million (R$ 156.6 million at the cost of long term interest rate (TJLP) plus 4.8% a year and R$ 150.2 million at the cost of IPCA plus 12.1% a year).

A portion of the resources for the settlement of Itaqui's debt arisen from the disbursement of R$ 162.3 million related to the second instalment of the 2nd Issue of common debentures, non convertible into shares, for distribution with restrict placement efforts, with the cost of 100% of CDI plus 2.95% a year and maturity on December 5, 2024, of Parnaíba III Geração de Energia S.A. ("Debentures").

Restoration of the deferral of ICMS in the importation of mineral coal in Itaqui

The Government of the State of Maranhão edited, on March 8, 2018, the Decree No. 33,870/2018, restoring the deferral of the posting and payment of the Value-Added Tax on Sales and Services (ICMS) in the operations of importation of mineral coal intended for the electric power production process in the thermal power plant of Itaqui.

With the decree, the Government of the State of Maranhão partially amends the ICMS regulation in order that 50% of the tax are deferred and posted as from April 1, 2018 and 77.77% as from December 1, 2018.

Acquisition of Interest in Pecém II Participações S.A.

On March 9, 2018, the Company entered into an agreement of purchase and sale of shares with Uniper Holding GmbH. for the acquisition of 100% of the shares held by Uniper in Pecém II Participações S.A., sole shareholder of Pecém II Geração de Energia S.A.. According to the agreement, ENEVA is committed, subject to approval of the Economic Defense Board of Directors (CADE) and to certain suspensory conditions, to acquire the shares for the amount of R$ 50 million.

Board of Directors

Carlos Márcio Ferreira
President

Directors:
Jose Aurélio Drummond Jr.
Frank Paul Possmeier
Edwyn Neves
Marcelo Pereira Lopes de Medeiros
Guilherme Bottura
Renato Antônio Secondo Mazzola

Executive Board

Pedro Zinner
CEO and Investor Relations Officer

Lino Lopes Cançado
Executive Officer

Laira Sanui
Executive Board

Controller
Ana Paula Alves do Nascimento
CRC-RJ 086983/O-0

Accountant
Bruno Campelo de Azevedo
CRC-RJ 106648/O-9