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Av. Barbacena 1200 Santo Agostinho 30190-131 Belo Horizonte, MG Brazil Tel.: +55 31 3506-5024 Fax +55 31 3506-5025

STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2019 AND DECEMBER 31, 2018

ASSETS

(Thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
CURRENT					
Cash and cash equivalents	5	312,816	301,696	239,993	226,830
Marketable securities	6	201,896	161,848	5,757	12,922
Customers and Traders	7	1,036,518	879,875	885,478	730,991
Concession holders – transmission service	7	77,007	71,164	77,077	71,236
Recoverable taxes	8	46,401	48,505	37,468	41,166
Income and Social Contribution tax recoverable	9a	175,775	159,160	174,383	156,738
Dividends receivable		98,513	98,842	110,842	98,842
Concession financial assets	11	427,389	423,511	182,663	180,995
Contractual assets	12	131,085	130,951	131,085	130,951
Advances to suppliers		-	6,785	-	2,036
Hydrological risk renegotiation premium		16,421	17,159	16,421	17,159
Derivative financial instruments (Swaps)	28	75,496	69,643	75,496	69,643
Others		97,878	168,167	84,661	154,619
TOTAL CURRENT		**2,697,195**	**2,537,306**	**2,021,324**	**1,894,128**
NON-CURRENT					
Marketable securities	6	28,372	21,498	788	1,709
Customers and Traders	7	14,346	5,020	3,755	5,020
Deferred income tax and Social Contribution tax	9c	2,404	-	-	-
Recoverable taxes	8	16,206	17,825	15,776	17,068
Income tax and Social Contribution taxes recoverable	9a	3,067	3,115	-	-
Escrow deposits	10	376,486	374,374	340,710	338,779
Receivable from related parties	27	1,042,893	921,288	1,045,723	927,913
Hydrological risk renegotiation premium		21,671	22,981	21,671	22,981
Advances to suppliers		-	87,285	-	87,285
Derivative financial instruments (Swaps)	28	890,150	743,692	890,150	743,692
Others		55,263	59,290	54,462	58,945
Concession financial assets	11	4,136,818	4,097,935	1,955,500	1,931,521
Contractual assets	12	961,859	998,359	961,859	998,359
Investments	13	4,257,192	4,205,308	7,694,187	7,488,441
Property, plant and equipment	14	2,624,999	2,659,221	1,993,576	2,025,205
Intangible assets	15	193,293	197,583	30,034	30,715
Leasing – rights of use	16	58,486	-	56,963	-
TOTAL NON-CURRENT		**14,683,505**	**14,414,774**	**15,065,154**	**14,677,633**
TOTAL ASSETS		**17,380,700**	**16,952,080**	**17,086,478**	**16,571,761**

The Condensed Explanatory Notes are an integral part of the Interim financial information.

STATEMENTS OF FINANCIAL POSITION

AS OF MARCH 31, 2019 AND DECEMBER 31, 2018

LIABILITIES

(Thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
CURRENT					
Loans and financings	19	203,604	44,338	203,604	44,338
Debentures	19	690,154	559,873	690,154	559,873
Suppliers	17	344,024	484,726	329,087	436,114
Income tax and Social Contribution tax	9b	42,594	112,057	-	-
Taxes payable	18	69,016	57,664	56,789	46,453
Regulatory charges	20	154,944	139,457	146,748	131,615
Post-employment obligations	21	57,922	57,052	57,922	57,052
Interest on Equity, and dividends, payable		660,068	660,068	659,622	659,622
Payroll and related charges		64,537	62,724	63,595	61,743
Advances from customers	7	12,601	40,267	12,601	40,267
Leasing – obligations	16	14,694	-	14,100	-
Others		105,666	74,191	94,135	72,900
TOTAL CURRENT		**2,419,824**	**2,292,417**	**2,328,357**	**2,109,977**
NON-CURRENT					
Loans and financings	19	5,958,616	5,919,979	5,791,143	5,756,612
Debentures	19	1,271,545	1,674,722	1,271,545	1,674,722
Deferred income tax and Social Contribution tax	9c	491,039	461,731	464,511	436,071
Taxes payable	18	4,534	4,445	4,173	4,124
Regulatory charges	20	51,459	59,349	46,396	54,048
Post-employment obligations	21	1,026,345	1,019,794	1,026,345	1,019,794
Provisions	22	97,586	98,708	97,523	97,793
Derivative financial instruments (Put options)	28	430,156	419,148	430,156	419,148
Leasing – obligations	16	44,343	-	43,396	-
Others		21,901	21,651	19,581	19,336
TOTAL NON-CURRENT LIABILITIES		**9,397,524**	**9,679,527**	**9,194,769**	**9,481,648**
TOTAL LIABILITIES		**11,817,348**	**11,971,944**	**11,523,126**	**11,591,625**
SHAREHOLDERS' EQUITY	23				
Share capital		2,600,000	2,600,000	2,600,000	2,600,000
Profit reserves		2,362,614	2,362,614	2,362,614	2,362,614
Equity valuation adjustments		14,120	17,522	14,120	17,522
Retained earnings		586,618	-	586,618	-
TOTAL SHAREHOLDERS' EQUITY		**5,563,352**	**4,980,136**	**5,563,352**	**4,980,136**
TOTAL LIABILITIES AND EQUITY		**17,380,700**	**16,952,080**	**17,086,478**	**16,571,761**

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STATEMENTS OF INCOME

FOR THE QUARTERS ENDED MARCH 31, 2019 AND 2018

Thousands of Brazilian Reais (except Net profit per share)

	Note	Consolidated		Parent Company	
		1Q19	1Q18	1Q19	1Q18
REVENUE	24	**1,954,876**	**1,562,484**	**1,699,599**	**1,389,384**
OPERATING COSTS					
COST OF ENERGY	25				
Charges for use of the national grid		(46,085)	(69,642)	(33,246)	(61,774)
Energy bought for resale		(782,920)	(795,414)	(776,547)	(785,966)
		(829,005)	(865,056)	(809,793)	(847,740)
COST	25				
Personnel and managers		(68,731)	(60,494)	(64,157)	(55,471)
Materials		(4,214)	(956)	(3,621)	(598)
Outsourced services		(18,762)	(10,325)	(10,243)	(8,356)
Depreciation and amortization		(43,223)	(35,195)	(34,977)	(35,154)
Operating provisions, net		(2,405)	(3,956)	(3,257)	(3,956)
Transmission infrastructure Construction cost		(28,087)	(1,063)	(28,087)	(1,063)
Other operating costs		775	(40)	33	168
		(164,647)	(112,029)	(144,309)	(104,430)
TOTAL COST		**(993,652)**	**(977,085)**	**(954,102)**	**(952,170)**
GROSS PROFIT		**961,224**	**585,399**	**745,497**	**437,214**
OPERATING EXPENSES	25				
Selling expenses		(16,698)	(133)	(8,767)	(133)
General and administrative expenses		(47,334)	(47,062)	(47,334)	(47,009)
Other operating expenses		(51,335)	(31,132)	(51,063)	(30,934)
		(115,367)	(78,327)	(107,164)	(78,076)
Share of profit (loss) of associates and joint ventures, net	13	36,679	(31,230)	202,872	83,037
Profit before Financial revenue (exp.) and taxes		**882,536**	**475,842**	**841,205**	**442,175**
Finance income	26	196,743	132,644	187,405	126,749
Finance expenses	26	(262,103)	(237,703)	(256,450)	(236,208)
Pre-tax profit		**817,176**	**370,783**	**772,160**	**332,716**
Current income tax and social contribution tax	9d	(206,709)	(115,148)	(160,504)	(77,244)
Deferred income tax and social contribution tax	9d	(27,251)	(8,357)	(28,440)	(8,194)
NET INCOME FOR THE PERIOD		**583,216**	**247,278**	**583,216**	**247,278**
Basic and diluted income per common share – R$	**23**	**0.2013**	**0.0854**	**0.2013**	**0.0854**

The Condensed Explanatory Notes are an integral part of the Interim financial information.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE QUARTERS ENDED MARCH 31, 2019 AND 2018

(Thousands of Brazilian Reais)

	Consolidated		Parent Company	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
NET INCOME FOR THE PERIOD	583,216	247,278	583,216	247,278
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	583,216	247,278	583,216	247,278
Comprehensive income attributed to equity holders of the parent	583,216	247,278	583,216	247,278

The Condensed Explanatory Notes are an integral part of the Interim financial information.

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STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

(Thousands of Brazilian Reais) – except where otherwise stated

	Share capital	Advance against future capital increase	Profit reserves	Equity valuation adjustments	Retained earnings	Total equity
BALANCES ON DECEMBER 31, 2017	**1,837,710**	**100,000**	**2,702,600**	**153,522**	**-**	**4,793,832**
Net income for the period	-	-	-	-	247,278	247,278
Comprehensive income for the period	**-**	**-**	**-**	**-**	**247,278**	**247,278**
Realization of deemed cost of PP&E	-	-	-	(3,468)	3,468	-
BALANCES ON MARCH 31, 2018	**1,837,710**	**100,000**	**2,702,600**	**150,054**	**250,746**	**5,041,110**
BALANCES ON DECEMBER 31, 2018	**2,600,000**	**-**	**2,362,614**	**17,522**	**-**	**4,980,136**
Net income for the period	-	-	-	-	583,216	583,216
Comprehensive income for the period	**-**	**-**	**-**	**-**	**583,216**	**583,216**
Realization of deemed cost of PP&E	-	-	-	(3,402)	3,402	-
BALANCES ON MARCH 31, 2016	**2,600,000**	**-**	**2,362,614**	**14,120**	**586,618**	**5,563,352**

The Condensed Explanatory Notes are an integral part of the Interim financial information.

STATEMENTS OF CASH FLOWS

FOR THE QUARTERS ENDED MARCH 31, 2019 AND 2018

(Thousands of Brazilian Reais)

	Note	Consolidated		Parent Company	
		1Q19	1Q18	1Q19	1Q18
CASH FLOW FROM OPERATIONS					
Net income for the period		583,216	247,278	583,216	247,278
Adjustments for:					
Expenses (revenues) not affecting cash and cash equivalents:					
Depreciation and amortization	25	47,122	36,549	38,876	36,508
Write-down of net residual value of PP&E, Intangible assets and Concession financial assets		1,650	-	985	-
Updating of concession financial assets	11	(106,612)	(148,912)	(25,824)	(67,086)
Financial updating of contractual assets	12	(6,675)	-	(6,675)	-
Adjustment to expectation of contractual cash flow from the concession	12	(5,596)	(2,927)	(5,596)	(2,927)
Gain (loss) by equity method	13	(36,679)	31,230	(202,872)	(83,037)
Financial interest and inflation adjustment		192,491	186,475	188,467	192,563
Foreign exchange variations – loans and financings	19	32,847	15,928	32,847	15,928
Amortization of transaction cost of loans and financings	19	2,877	6,210	2,877	6,210
Deferred income tax and social contribution tax	9c	27,251	8,357	28,440	8,194
Provisions for operating losses, net	25	19,103	4,542	12,024	4,542
Variation in fair value of derivative financial instruments – Swaps	28	(152,311)	(97,517)	(152,311)	(97,517)
Variation in fair value of derivative financial instruments (Put options)	28	11,008	4,457	11,008	4,457
Reimbursement for suspension of supply of power (Renova)		(62,576)	-	(62,576)	-
Post-employment obligations	21	25,114	21,938	25,114	21,938
		572,230	**313,608**	**468,000**	**287,051**
(Increase) / decrease in assets					
Customers and Traders		(182,667)	(7,291)	(161,989)	22,710
Recoverable taxes		3,723	2,325	4,990	2,360
Income and social contribution tax recoverable		75,152	15,668	(3,352)	(4,363)
Transport of energy		(5,843)	(14,731)	(5,841)	(14,731)
Escrow deposits		909	(1,525)	967	(1,525)
Dividends received		1,076	34,230	1,078	34,230
Concession financial assets		107,933	190,403	44,259	129,261
Contractual assets		3,556	-	3,556	-
Advances to suppliers		6,785	(46,550)	2,036	(46,550)
Others		80,685	2,449	84,605	1,312
		91,309	**174,978**	**(29,691)**	**122,704**
(Increase) reduction in liabilities					
Suppliers		(140,702)	(155,459)	(107,027)	(152,158)
Taxes		11,441	(50,325)	10,385	(50,745)
Income tax and social contribution tax		131,488	115,148	160,504	77,244
Payroll and related charges		1,813	(4,428)	1,852	(4,428)
Regulatory charges		7,597	(2,654)	7,481	(3,409)
Post-employment obligations		(17,693)	(16,110)	(17,693)	(16,110)
Advances from customers		(28,207)	(54,240)	(28,207)	(54,240)
Others		27,851	(22,015)	17,953	(17,649)
		(6,412)	**(190,083)**	**45,248**	**(221,495)**
Cash generated by operations		**657,127**	**298,503**	**483,557**	**188,260**
Income tax and social contribution tax paid		(292,670)	(190,857)	(174,797)	(66,153)
Interest paid on loans	19	(92,036)	(127,739)	(92,036)	(127,739)
Interest paid on leasing transactions		(1,717)	-	(1,676)	-
CASH FROM (USED IN) OPERATIONAL ACTIVITIES		**270,704**	**(20,093)**	**215,048**	**(5,632)**

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	Note	Consolidated		Parent Company	
		1Q19	1Q18	1Q19	1Q18
CASH FLOWS IN INVESTMENT ACTIVITIES					
Funding of investments	13b	(15,952)	(82,309)	(15,952)	(82,309)
Loan with related parties		46,599	-	46,599	-
Investment in fixed assets	14	(6,121)	(4,112)	(3,546)	(3,434)
Investment in Intangible assets	15	(424)	(844)	(424)	(844)
Investment in Securities		(46,922)	341,045	8,086	336,024
NET CASH USED IN (FROM) INVESTMENT ACTIVITIES		**(22,820)**	**253,780**	**34,763**	**249,437**
CASH FLOW IN FINANCING ACTIVITIES					
Interest on Equity, and dividends		-	(200,000)	-	(200,000)
Payments of loans	19	(234,599)	(286,838)	(234,599)	(286,838)
Leasing payments	16	(2,165)	-	(2,049)	-
NET CASH FLOW IN FINANCING ACTIVITIES		**(236,764)**	**(486,838)**	**(236,648)**	**(486,838)**
NET CHANGE IN CASH AND CASH EQUIVALENTS		**11,120**	**(253,151)**	**13,163**	**(243,033)**
Cash and cash equivalents at start of period	5	**301,696**	403,339	**226,830**	366,169
Cash and cash equivalents at end of period	5	**312,816**	**150,188**	**239,993**	**123,136**

The Condensed Explanatory Notes are an integral part of the Interim financial information.

STATEMENTS OF ADDED VALUE

FOR THE QUARTERS ENDED MARCH 31, 2019 AND 2018

(Thousands of Brazilian Reais)

	Consolidated				Parent Company			
	1Q19		1Q18		1Q19		1Q18	
REVENUES								
Sales of energy and services	2,262,791		1,809,022		2,044,495		1,687,971	
Construction revenue	28,087		1,063		28,087		1,063	
Gain on financial updating of the Concession grant fee	80,788		81,827		-		-	
Investments in property, plant and equipment	3,976		18,527		3,976		18,527	
Transmission indemnity revenue	32,499		49,841		32,499		49,841	
Reimbursement revenue – Generation	-		17,245		-		17,245	
Provision for doubtful receivables	(16,698)		(133)		(8,767)		(133)	
Other revenues (expenses)	1,324		(230)		1,324		(230)	
	2,392,767		**1,977,162**		**2,101,614**		**1,774,284**	
INPUTS ACQUIRED FROM THIRD PARTIES								
Energy bought for resale	(859,350)		(869,600)		(852,703)		(859,337)	
Charges for use of national grid	(50,229)		(76,378)		(36,626)		(67,795)	
Outsourced services	(46,154)		(28,657)		(37,631)		(26,686)	
Materials	(21,370)		(18,512)		(20,778)		(18,154)	
Paid concession	(628)		(778)		(628)		(778)	
Other operating costs	(19,061)		(15,008)		(20,834)		(14,812)	
	(996,792)		**(1,008,933)**		**(969,200)**		**(987,562)**	
GROSS VALUE ADDED	**1,395,975**		**968,229**		**1,132,414**		**786,722**	
RETENTIONS								
Depreciation and amortization	(47,122)		(36,549)		(38,876)		(36,508)	
NET VALUE ADDED	**1,348,853**		**931,680**		**1,093,538**		**750,214**	
ADDED VALUE RECEIVED BY TRANSFER								
Share of (loss) profit, net, of associates and joint ventures	36,679		(31,230)		202,872		83,037	
Finance income	196,743		132,644		187,405		126,749	
	233,422		**101,414**		**390,277**		**209,786**	
ADDED VALUE TO BE DISTRIBUTED	**1,582,275**		**1,033,094**		**1,483,815**		**960,000**	
DISTRIBUTION OF ADDED VALUE								
		%		%		%		%
Employees	**117,646**	**7.43**	**91,784**	**8.88**	**113,121**	**7.62**	**87,016**	**9.07**
Direct remuneration	77,318	4.89	61,980	6.00	72,913	4.91	57,572	6.00
Benefits	30,218	1.90	25,666	2.48	30,132	2.04	25,429	2.65
FGTS fund	4,256	0.27	4,138	0.40	4,222	0.28	4,015	0.42
Programmed Voluntary Retirement Plan	5,854	0.37	-	-	5,854	0.39	-	-
Taxes	**617,117**	**39.00**	**450,215**	**43.58**	**528,972**	**35.65**	**383,540**	**39.95**
Federal	474,075	29.96	312,740	30.27	403,055	27.16	256,390	26.71
State	141,201	8.92	136,851	13.25	125,060	8.43	126,538	13.18
Municipal	1,841	0.12	624	0.06	857	0.06	612	0.06
Remuneration of external capital	**264,296**	**16.71**	**243,817**	**23.60**	**258,506**	**17.42**	**242,166**	**25.23**
Interest	262,103	16.57	237,703	23.01	256,450	17.28	236,208	24.61
Rentals	2,193	0.14	6,114	0.59	2,056	0.14	5,958	0.62
Remuneration of own capital	**583,216**	**36.86**	**247,278**	**23.94**	**583,216**	**39.31**	**247,278**	**25.75**
Retained earnings	583,216	36.86	247,278	23.94	583,216	39.31	247,278	25.75
	1,582,275	**100.00**	**1,033,094**	**100.00**	**1,483,815**	**100.00**	**960,000**	**100.00**

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CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE QUARTER ENDED MARCH 31, 2019

(In thousands of Brazilian Reais – R$ ’000 – except where otherwise indicated)

1. OPERATING CONTEXT

Cemig Geração e Transmissão S.A. (‘**Cemig GT**’ or ‘the Company’) is a Brazilian corporation registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, CVM), and a wholly-owned subsidiary of Companhia Energética de Minas Gerais (‘**Cemig**’). It was incorporated on September 8, 2004, and began operating on January 1, 2005, pursuant to the process of separation of activities (‘unbundling’) of Cemig. Its shares are not traded on any exchange. It is domiciled in Brazil, with head office in Belo Horizonte, Minas Gerais.

The objects of Cemig GT are: (i) to study, plan, design, build and commercially operate systems of generation, transmission and sale of energy and related services for which concessions are granted, under any form of law, to it or to subsidiaries; (ii) to operate in the various fields of energy, from any source, for the purpose of economic and commercial operation; (iii) to provide consultancy services within its field of operation to companies in Brazil and abroad; and (iv) to carry out activities directly or indirectly related to its objects.

Cemig GT has interests in 64 power plants – of these 60 are hydroelectric, two are wind power plants, one is thermal, and one is solar – and the associated transmission lines, mostly part of the Brazilian national generation and transmission grid system, with installed capacity for 5,555 MW (information not reviewed by external auditors).

The Company has stockholding interests in subsidiaries, jointly-controlled entities and affiliated companies, the principal objects of which are construction and operation of systems for production and sale of energy.

Based on the facts and circumstances at this date, management has assessed the Company’s capacity to continue operating normally and believes firmly that its operations have the capacity to generate funds to enable the continuation of its business in the future. In addition, Management is not aware of any material uncertainties that could generate significant doubts about its ability to continue operating. Therefore, this interim financial information has been prepared on a going concern basis.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Interim Accounting Information has prepared in accordance with IAS 34 – *Interim Financial Reporting*, issued by the International Accounting Standards Board (IASB), Technical Pronouncement 21 (R1) – 'CPC21', which applies to interim financial statements, and the rules issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM), applicable to preparation of Quarterly Information (*Informações Trimestrais*, or ITR).

This Interim financial information has been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the December 31, 2018 financial statements, except for the adoption of new pronouncements that came into force as from January 1, 2019, the impacts of which are presented in Note 2.2 to this interim financial information.

Thus, this interim financial information should be read in conjunction with the said financial statements, approved by the Company's Audit Board on March 28, 2019.

Management certifies that all the material information in the interim financial accounting is being disclosed herein, and is the same information used by management in its administration of the Company.

The Company's Executive Board authorized the issuance of this Interim financial information on May 10, 2019.

2.2 New pronouncements, or revisions of pronouncements, applied for the first time in 2019

The Company and its subsidiaries have applied, for the first time, certain alterations to rules, which are in effect for annual periods beginning January 1, 2019 or later.

The following paragraphs describe each of these new rules and their effects:

IFRS 16 / CPC 06 (R2) – Leases

This establishes principles for recognition, measurement, presentation and disclosure of leasing transactions, and requires that lessees account all leasing transactions in accordance with a single balance sheet model, similar to the accounting of financial leasing in the manner of IFRS 16 / CPC 06 (R1). At the date of start of a leasing operation, the lessee recognizes a liability to make the payments (a leasing liability) and an asset, representing the right to use the asset that is the subject of the leasing during the period in which it is in effect (an 'asset of Right to Use'). Lessees are required to recognize separately: (i) the expenses of interest on the leasing liability; and (ii) the expense of depreciation of the asset of Right to Use.

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Lessees are also required to revalue the leasing liability when certain events occur (for example, change in the period of leasing, a change in the future payments of the leasing as a result of a change in an index, or in a rate used to determine such payments). In general, the lessee will recognize the amount of the revaluation of the leasing liability as an adjustment to the asset of right to use.

The Company and its subsidiaries have made an analysis of the initial application of IFRS 16 / CPC 06 (R2) in its financial statements as from January 1, 2019, and have adopted the exemption specified in the rule for short-term leasing operations (leasing transactions with a period of 12 months or less) without the option to purchase, and for low-value items. The Company opted to adopt the modified retrospective method, and thus, in accordance with the requirements of IFRS 16, has not re-presented the information and balances on a comparative basis.

In 2018 the Company and its subsidiaries carried out a detailed evaluation of the impacts of adoption of CPC 06 (R2) / IFRS 16 based on the following contracts affected:

- Leasing of buildings used as administrative headquarters;
- Leasing of commercial vehicles used in operations.

The Company considered the asset of Right to Use at the same value as the liability for leasing, on the date of initial adoption.

The impacts of adoption of IFRS 16 / CPC 06 (R2) on January 1, 2019 are as follows:

Jan. 1, 2019	Consolidated	Parent Company
Assets – right of use	61,202	59,545
Liabilities – Obligations referring to operating leasing agreements	(61,202)	(59,545)

This table shows the effects of adoption of IFRS 16 / CPC 06 R2 on the statement of financial position and the income statement for first quarter 2019 (1Q19):

Consolidated Statements of financial position	Consolidated			Parent Company		
	Mar. 31, 2019 Without adoption of IFRS 16/CPC 06R2	Adjustment	Mar. 31, 2019 With adoption of IFRS 16/CPC 06R2	Mar. 31, 2019 Without adoption of IFRS 16/CPC 06R2	Adjustment	Mar. 31, 2019 With adoption of IFRS 16/CPC 06R2
Current assets	**2,697,195**		**2,697,195**	**2,021,324**		**2,021,324**
Non-current assets	**14,625,019**	**58,486**	**14,683,505**	**15,008,191**	**56,963**	**15,065,154**
Right to use – Leasing	-	58,486	58,486	-	56,963	56,963
Other non-current assets	14,625,019	-	14,625,019	15,008,191	-	15,008,191
Current liabilities	**2,405,130**	**14,694**	**2,419,824**	**2,314,257**	**14,100**	**2,328,357**
Leasing	-	14,694	14,694	-	14,100	14,100
Other current liabilities	2,405,130	-	2,405,130	2,314,257	-	2,314,257
Non-current liabilities	**9,353,364**	**44,160**	**9,397,524**	**9,151,554**	**43,215**	**9,194,769**
Leasing	-	44,343	44,343	-	43,396	**43,396**
Deferred income tax and social contribution tax	491,222	(183)	491,039	464,692	(181)	464,511
Other non-current liabilities	8,862,142	-	8,862,142	8,686,862	-	8,686,862
Shareholders' equity	**5,563,720**	**(368)**	**5,563,352**	**5,563,704**	**(352)**	**5,563,352**
Retained earnings	586,986	(368)	**586,618**	586,970	(352)	586,618
Other lines of income statement	4,976,734	-	**4,976,734**	4,976,734	-	4,976,734

Income statement	Consolidated			Parent Company		
	Mar. 31, 2019 Without adoption of IFRS 16/CPC 06R2	Adjustment	Mar. 31, 2019 With adoption of IFRS 16/CPC 06R2	Mar. 31, 2019 Without adoption of IFRS 16/CPC 06R2	Adjustment	Mar. 31, 2019 With adoption of IFRS 16/CPC 06R2
Revenues	**1,954,876**		**1,954,876**	**1,699,599**	**-**	**1,699,599**
Operating costs and expenses	**(1,110,185)**	**1,166**	**(1,109,019)**	**(1,062,409)**	**1,143**	**(1,061,266)**
Depreciation and amortization	-	(2,716)	(2,716)	(41,824)	(2,582)	(44,406)
Leasing and rentals	(5,731)	3,882	(1,849)	(5,574)	3,725	(1,849)
Other costs and expenses	(1,104,454)	-	(1,104,454)	(1,015,011)	-	(1,015,011)
Share of profit (loss) of associates and joint ventures, net	**36,679**	**-**	**36,679**	**202,872**	**-**	**202,872**
Profit before Financial revenue (exp.) and taxes	**881,370**	**1,166**	**882,536**	**840,062**	**1,143**	**841,205**
Finance income	**196,743**	**-**	**196,743**	**187,405**	**-**	**187,405**
Finance expenses	**(260,386)**	**(1,717)**	**(262,103)**	**(254,774)**	**(1,676)**	**(256,450)**
Leasing interest liability	-	(1,717)	(1,717)	-	(1,676)	(1,676)
Other financial expenses	(260,386)	-	(260,386)	(254,774)	-	(254,774)
Pre-tax profit	**817,727**	**(551)**	**817,176**	**772,693**	**(533)**	**772,160**
Income tax and social contribution tax	(234,143)	183	(233,960)	(189,125)	181	(188,944)
PROFIT (LOSS) FOR THE PERIOD	**583,584**	**(368)**	**583,216**	**583,568**	**(352)**	**583,216**

IFRIC 23 / ICPC 22 – Uncertainty on treatment of taxes on profit

This relates to accounting of taxes on profits in the cases where the tax treatments involve uncertainty affecting application of IAS 12 (CPC 32) – *Income taxes* – and does not apply to taxes outside the scope of IAS 12, nor specifically include the requirements relating to interest and penalty payments associated with uncertain tax treatments. The Interpretation deals specifically with the following:

- Whether the entity considers uncertain tax treatments separately.
- The assumptions that the entity makes in relation to examination of the tax treatments by the tax authorities.
- How the entity determines real profit (or tax losses), the bases of calculation, unused tax losses, intertemporal tax credits and tax rates.
- How the entity considers changes of facts and circumstances.

The entity is required to decide whether it treats each uncertain tax treatment separately, or as a group with one or more uncertain tax treatments. It is required to follow the approach that best provides for resolution of the uncertainty. The interpretation is in effect for annual periods starting on or after January 1, 2019, but certain exemptions applying to a transition period are made available. The Company and its subsidiaries adopted the interpretation as from the date on which it came into effect.

The Company and its subsidiaries have analyzed the tax treatments adopted which could generate uncertainties in the calculation of income taxes and which might potentially expose the Company and its subsidiaries to materially probable risks of loss. The conclusion of these analyses is that none of the significant positions adopted by the Company and its subsidiaries have been altered in relation to expectation of losses due to any questioning or challenge by the tax authorities.

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2.3 Correlation between the Explanatory Notes published in the annual financial statements and those in the Interim Financial Information

Number of the Note		Title of the Note
Dec. 31, 2018	Mar. 31, 2019	
1	1	Operating context
2	2	Basis of preparation
3	3	Principles of consolidation
4	4	Concessions and authorizations
5	29	Operating segments
6	5	Cash and cash equivalents
7	6	Marketable securities
8	7	Customers and traders
9	8	Recoverable taxes
10	9	Income tax and social contribution tax
11	10	Escrow deposits
12	11	Concession financial assets
13	12	Contractual assets
14	13	Investments
15	14	Property, plant and equipment
16	15	Intangible assets
-	16	Leasing transactions
17	17	Suppliers
18	18	Taxes
19	19	Loans, financings and debentures
20	20	Regulatory charges
21	21	Post-employment obligations
22	22	Provisions
23	23	Equity
24	24	Revenue
25	25	Operating costs and expenses
26	26	Financial revenue and expenses
27	27	Related party transactions
28	28	Financial instruments and risk management
31	30	Subsequent events

The Notes to the 2018 annual statements that have not been included in these consolidated interim financial statements because they had no material changes, and/or were not applicable to the interim information, are as follows:

Number of the Note	Title of the Note
29	Insurance
30	Commitments

3. PRINCIPLES OF CONSOLIDATION

The reporting dates for the interim financial information of subsidiaries and jointly-controlled entities used for the purposes of consolidation and equity method gains (losses), respectively, coincide with those of the Company. The following subsidiaries are included in the consolidated interim financial information.

The Company uses the criteria of full consolidation. Its directly owned equity interests are as follows:

Subsidiary	Valuation method	Mar. 31, 2019	Dec. 31, 2018
		Direct stake, %	Direct stake, %
Cemig Baguari Energia S.A.	Consolidation	100.00	100.00
Cemig Geração Três Marias S.A.	Consolidation	100.00	100.00
Cemig Geração Salto Grande S.A.	Consolidation	100.00	100.00
Cemig Geração Itutinga S.A.	Consolidation	100.00	100.00
Cemig Geração Camargos S.A.	Consolidation	100.00	100.00
Cemig Geração Sul S.A.	Consolidation	100.00	100.00
Cemig Geração Leste S.A.	Consolidation	100.00	100.00
Cemig Geração Oeste S.A.	Consolidation	100.00	100.00
Sá Carvalho S.A. (1)	Consolidation	100.00	100.00
Horizontes Energia S.A. (1)	Consolidation	100.00	100.00
Rosal Energia S.A. (1)	Consolidation	100.00	100.00
Cemig PCH S.A. (1)	Consolidation	100.00	100.00
Empresa de Serviços de Comercialização de Energia Elétrica S.A. (1)	Consolidation	100.00	100.00
Usina Termelétrica do Barreiro S.A. (1)	Consolidation	100.00	100.00
Cemig Comercializadora de Energia Incentivada S.A. (1)	Consolidation	100.00	100.00
Cemig Trading S.A. (1)	Consolidation	100.00	100.00
Central Eólica Praias de Parajuru S.A. (2)	Consolidation	100.00	100.00
Central Eólica Volta do Rio S.A. (2)	Consolidation	100.00	100.00

(1) On November 30, 2018, Cemig, the Company's parent company, completed the stockholding restructuring which transferred to Cemig GT all ownership in Cemig's wholly-owned subsidiaries *Rosal Energia, Sá Carvalho, Horizontes Energia, Cemig PCH, UTE Barreiro, Empresa de Comercialização de Energia Elétrica, Cemig Comercializadora de Energia Incentivada* and *Cemig Trading*.

(2) Acquisitions arising from the elimination of crossover holdings between the Company and Energimp, in December 2018.

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4. CONCESSIONS AND AUTHORIZATIONS

Cemig GT, including its consortium interests and subsidiaries, holds the following concessions or authorizations, from Aneel:

	Company holding concession	Concession contract	Expiration date
GENERATION			
Hydroelectric plants			
Emborcação (1)	Cemig GT	7/1997	Jul. 2025
Nova Ponte (1)	Cemig GT	7/1997	Jul. 2025
Santa Luzia (1)	Cemig GT	7/1997	Feb. 2026
Irapé (1)	Cemig GT	14/2000	Feb. 2035
Queimado (Consortium) (1)	Cemig GT	06/1997	Jan. 2033
Salto Morais (1)	Cemig GT	02/2013	Jul. 2020
Rio de Pedras (1)	Cemig GT	02/2013	Sep. 2024
Luiz Dias (1)	Cemig GT	02/2013	Aug. 2025
Poço Fundo (1)	Cemig GT	02/2013	Aug. 2025
São Bernardo (1)	Cemig GT	02/2013	Aug. 2025
Xicão (1)	Cemig GT	02/2013	Aug. 2025
Rosal (1)	Rosal Energia	01/1997	May 2032
Machado Mineiro (1) Salto Voltão (1) Salto Paraopeba (1) Salto do Passo Velho (1)	Horizontes Energia	Resolution 331/2002	Jul. 2025 Oct. 2030 Oct. 2030 Oct. 2030
PCH Pai Joaquim (1)	Cemig PCH	Authorizing Resolution 377/2005	Apr. 2032
Sá Carvalho (1)	Sá Carvalho	01/2004	Dec. 2024
Três Marias (2)	Cemig Geração Três Marias S.A.	08/2016	Jan. 2046
Salto Grande (2)	Cemig Geração Salto Grande	09/2016	Jan. 2046
Itutinga (2)	Cemig Geração Itutinga	10/2016	Jan. 2046
Camargos (2)	Cemig Geração Camargos	11/2016	Jan. 2046
Coronel Domiciano, Joasal, Marmelos, Paciência and Piau (2)	Cemig Geração Sul	12/2016 and 13/2016	Jan. 2046
Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras (2)	Cemig Geração Leste	14/2016 and 15/2016	Jan. 2046
Cajurú, Gafanhoto and Martins (2)	Cemig Geração Oeste	16/2016	Jan. 2046
Thermal plants			
Igarapé (1)	Cemig GT	7/1997	Aug. 2024
Wind farms			
Central Eólica Praias de Parajuru (3)	Parajuru	Resolution 526/2002	Sep. 2032
Central Geradora Eólica Volta do Rio (3)	Volta do Rio	Resolution 660/2001	Jan. 2031
TRANSMISSION			
National grid (4)	Cemig GT	006/1997	Jan. 2043
Itajubá Substation (4)	Cemig GT	79/2000	Oct. 2030

(1) Refers to generation concession contracts that are not within the scope of ICPC 01 / IFRC 12, whose infrastructure assets are recorded as PP&E since the concession grantor does not have control over whom the service is provided to as the output is being sold mainly in the Free Market ('ACL').

(2) Refers to generation concession contracts of which the revenue relating to the concession grant fee is within the scope of scope of ICPC 01 / IFRIC 12, this revenue being recognized as a concession financial asset.

(3) These are concessions, given by authorization, for generation of wind power as an independent power producer, to be sold under *Proinfa* (the program to encourage alternative energy sources). Assets tied to the right of commercial operation are recorded in PP&E. The rights of authorization of commercial operation that are considered as Investments in the Interim accounting information of the parent company are classified in the consolidated statement of financial position under Intangible, in accordance with Technical Interpretation ICPC 09.

(4) These refer to transmission concession contracts which until the 2017 business year were within the scope of IPC 01 / IFRIC 12, classified in the financial assets model. However, with CPC 47 coming into effect on January 1, 2018, and the analysis of the performance obligations in the provision of energy transmission service, these assets were from then on defined as contractual assets.

5. CASH AND CASH EQUIVALENTS

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Bank accounts	2,276	4,135	1,561	3,583
Cash investments:				
Bank certificates of deposit (1)	274,489	246,691	237,431	219,204
Overnight (2)	36,051	50,870	1,001	4,043
	310,540	297,561	238,432	223,247
	312,816	301,696	239,993	226,830

1) *Bank Certificates of Deposit* (*Certificados de Depósito Bancário* or CDBs) accrue interest at between 75% and 106% of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit (*CDIs*) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) (75% to 106% in 2018).

2) Overnight transactions are repos available for redemption on the following day. They are usually backed by Treasury Bills, Notes or Bonds and referenced to a pre-fixed rate. This rate averaged 6.39% (6.39% in 2018). Their purpose is to settle the short-term obligations of the Company and its subsidiaries, or be used in the purchase of other assets with better remuneration to replenish the portfolio.

Note 28 gives the exposure of the Company and its subsidiaries to interest rate risks, and a sensitivity analysis of their effects on financial assets and liabilities.

6. MARKETABLE SECURITIES

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Financial Notes (LFs) – Banks (1)	157,810	118,374	4,383	9,409
Treasury Financial Notes (LFTs) (2)	62,173	56,572	1,727	4,496
Debentures (3)	10,131	8,338	281	663
Others	154	62	154	63
	230,268	183,346	6,545	14,631
Current assets	**201,896**	**161,848**	**5,757**	**12,922**
Non-current assets	**28,372**	**21,498**	**788**	**1,709**

1) *Bank Financial Notes* (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and remunerated at a percentage of the CDI rate published by Cetip. In 2018 the LFs in Cemig GT's portfolio were remunerated at rates varying from 102% to 111.25% of the CDI (102% to 111.25% in 2018).

2) *Treasury Financial Notes* (LFTs) are fixed-rate fixed-income securities, their yield follows the daily changes in the Selic rate between the date of purchase and the date of maturity.

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3) *Debentures* are medium and long term debt securities, which give their holders a right of credit against the issuing company. The debentures have remuneration varying from 104.25% to 151% of the CDI Rate on March 31, 2019 (104.25% to 161.54% of the CDI in 2018).

Note 28 gives a classification of these securities. Cash investments in securities of related parties are shown in Note 27.

7. CUSTOMERS, TRADERS AND POWER TRANSPOORT CONCESSION HOLDERS

	Balances not yet due		Up to 90 days past due	91 to 360 days past due	More than 360 days past due	Consolidated	
	Billed	Unbilled				Mar. 31, 2019	Dec. 31, 2018
Industrial	2,870	254,427	27,446	16,632	49,135	350,510	341,012
Commercial, services and others	11,459	69,020	6,486	20	10	86,995	67,675
Farmers	-	-	40	-	-	40	45
Wholesale supply to other concession holders	-	226,650	40,916	460	1,124	269,150	334,929
Concession holders – transmission service	3,471	68,721	195	53	4,567	77,007	71,164
CCEE (Wholesale Trading Exchange)	110,328	16,154	258,871	-	-	385,353	165,720
Provision for doubtful receivables	-	-	(4,505)	(1,814)	(34,865)	(41,184)	(24,486)
	128,128	**634,972**	**329,449**	**15,351**	**19,971**	**1,127,871**	**956,059**
Current assets						**1,113,525**	**951,039**
Customers and Traders						1,036,518	879,875
Concession holders – transmission service						77,007	71,164
Non-current assets						**14,346**	**5,020**
Customers and Traders						14,346	5,020

	Balances not yet due		Up to 90 days past due	91 to 360 days past due	More than 360 days past due	Parent Company	
	Billed	Unbilled				Mar. 31, 2019	Dec. 31, 2018
Industrial	2,871	228,680	4,443	703	26,508	263,205	251,621
Commercial, services and others	11,460	69,020	6,486	20	9	86,995	67,675
Farmers	-	-	40	-	-	40	45
Wholesale supply to other concession holders	-	187,100	14,824	-	1,124	203,048	284,935
Concession holders – transmission service	3,489	68,773	195	53	4,567	77,077	71,236
CCEE (Wholesale Trading Exchange)	110,327	-	258,871	-	-	369,198	156,221
Provision for doubtful receivables	-	-	(4,505)	-	(28,748)	(33,253)	(24,486)
	128,147	**553,573**	**280,354**	**776**	**3,460**	**966,310**	**807,247**
Current assets						**962,555**	**802,227**
Customers and Traders						885,478	730,991
Concession holders – transmission service						77,077	71,236
Non-current assets						**3,755**	**5,020**
Customers and Traders						3,755	5,020

The exposure of the Company and its subsidiaries to credit risk related to Customers and traders is given in Note 28.

The provision for doubtful accounts is considered to be sufficient to cover any potential losses in the realization of these assets. The changes in its total have been as follows:

	Consolidated	Parent Company
Balance at Dec. 31, 2017	**21,623**	**21,623**
Provision made, net	133	133
Balance at Mar. 31, 2018	**21,756**	**21,756**
Balance at Dec. 31, 2018	**24,486**	**24,486**
Provision made, net (Note 25c)	16,698	8,767
Balance at Mar. 31, 2019	**41,184**	**33,253**

Advances from customers

The Company receives advance payments for sale of power supply from certain customers. Advance payments related to supply not yet provided are as follows:

Consolidated and Parent company	
Balance at Dec. 31, 2017	**190,758**
Settled	(54,240)
Inflation adjustment	2,844
Balance at Mar. 31, 2018	**139,362**
Balance at Dec. 31, 2018	**40,267**
Settled	(28,207)
Inflation adjustment	541
Balance at Mar. 31, 2019	**12,601**

Advance payments will be adjusted until the actual delivery of the power supply under the following terms:

Mar. 31, 2019				Balance on Mar. 31, 2019,	Balance on Dec. 31, 2018
Counterparty	Specified period for billing	Index for updating of pre-paid amounts	Quantity of MWh deliverable		
White Martins Gases Industriais Ltda	May and June 2019	124% of CDI rate	25,548	12,601	40,267

Revenue from advances on sales of supply is recognized in the statement of income only when the supply is actually delivered.

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8. RECOVERABLE TAXES

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Current				
ICMS tax recoverable	25,895	24,300	19,800	18,385
Cofins tax	2,816	5,316	1,399	4,161
Pasep tax	473	1,018	172	773
Social security contributions	14,558	14,662	14,558	14,662
Others	2,659	3,209	1,539	3,185
	46,401	**48,505**	**37,468**	**41,166**
Non-current				
ICMS tax recoverable	15,776	17,068	15,776	17,068
Others	430	757	-	-
	16,206	**17,825**	**15,776**	**17,068**
	62,607	**66,330**	**53,244**	**58,234**

The ICMS tax credits recoverable that are reported in non-current assets arise from acquisitions of property, plant and equipment, and intangible assets, and can be offset against taxes payable in the next 48 months. The transfer to Non-current was made in accordance with estimates by management of the amounts which will likely be realized up to December 2020.

Credits of PIS, Pasep and Cofins taxes generated by the acquisition of machinery and equipment can be offset immediately.

9. INCOME TAX AND SOCIAL CONTRIBUTION TAX

a) Income tax and social contribution tax recoverable

These balances of income tax and social contribution tax refer to tax credits in the corporate income tax returns of prior years and to advance payments which will be offset against federal taxes eventually payable.

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Current				
Income tax	103,427	90,679	102,411	88,599
Social contribution tax	72,348	68,481	71,972	68,139
	175,775	**159,160**	**174,383**	**156,738**
Non-current				
Income tax	2,461	2,499	-	-
Social contribution tax	606	616	-	-
	3,067	**3,115**	-	-

The balances of Income tax and social contribution tax posted in non-current assets arise from retentions at source of tax relating to power supply sold under the *Proinfa* program by companies opting to use the presumed profit method of tax reporting, where the expectation of offsetting is greater than 12 months.

b) Income tax and social contribution Tax

The balances of income tax and social contribution tax recorded in current liabilities refer mainly to the taxes owed by the subsidiaries that report by the Real Profit method and have opted for monthly payment based on estimated revenue, and by the subsidiaries that have opted for the Presumed Profit method, in which payments are made quarterly.

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Current				
Income tax	31,203	83,207	-	-
Social contribution tax	11,391	28,850	-	-
	42,594	**112,057**	**-**	**-**

c) Deferred income tax and social contribution tax

Cemig GT and its subsidiaries have income tax credits, constituted at the rate of 25%, and social contribution tax credits, at the rate of 9%, on tax losses / carryforwards and temporary differences, as follows:

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
ASSETS				
Post-employment obligations	320,128	316,092	320,128	316,092
Estimated losses on doubtful receivables	13,125	8,326	11,306	8,326
Provisions for contingencies	33,158	33,532	33,158	33,250
Provision for SAAG put option	146,253	142,510	146,253	142,510
Provisions for losses on investments	269,923	273,558	269,923	273,558
Other provisions	18,383	23,130	18,383	23,130
Paid concession	7,855	7,683	7,855	7,683
Others	14,447	6,534	14,394	6,262
	823,272	**811,365**	**821,400**	**810,811**
LIABILITIES				
Deemed cost	(237,079)	(239,092)	(216,782)	(218,534)
Adjustment of expected cash flow from reimbursements of concession assets	(544,114)	(552,327)	(544,114)	(552,327)
Fair value of equity holdings	(153,306)	(155,457)	(153,306)	(155,457)
Updating on escrow deposits	(30,709)	(29,708)	(29,090)	(28,752)
Derivative financial instruments (Swaps)	(328,320)	(276,534)	(328,320)	(276,534)
Others	(18,379)	(19,978)	(14,299)	(15,278)
	(1,311,907)	**(1,273,096)**	**(1,285,911)**	**(1,246,882)**
Total net assets presented in Statement of financial position	2,404	-	-	-
Total net liabilities presented in Statement of financial position	(491,039)	(461,731)	(464,511)	(436,071)
	(488,635)	**(461,731)**	**(464,511)**	**(436,071)**

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The changes in deferred income and social contribution taxes have been as follows:

	Consolidated	Parent Company
Balance at Dec. 31, 2017	**(416,446)**	**(416,305)**
Effects allocated to Income statement	(8,357)	(8,194)
Balance at Mar. 31, 2018	**(424,803)**	**(424,499)**
Balance at Dec. 31, 2018	**(461,731)**	**(436,071)**
Effects allocated to Income statement	(27,251)	(28,440)
Others	347	-
Balance at Mar. 31, 2019	**(488,635)**	**(464,511)**

d) Reconciliation of the expense on income and social contribution taxes

The next table reconciles the statutory income tax (rate 25%) and the social contribution tax (rate 9%) with the current income tax expense in the Statement of income:

	Consolidated		Parent Company	
	Mar. 31, 2019	Mar. 31, 2018	Mar. 31, 2019	Mar. 31, 2018
Pretax profit	**817,176**	**370,783**	**772,160**	**332,716**
Income tax and Social Contribution tax – nominal expense (34%)	(277,840)	(126,067)	(262,534)	(113,123)
Tax effects applicable to:				
Tax incentives	6,632	1,416	6,629	1,416
Share of profit (loss) of associates and joint ventures, net	11,461	(12,102)	67,493	26,749
Non-deductible penalties	(2)	(261)	(2)	(261)
Non-deductible contributions and donations	(313)	(37)	(313)	(37)
Difference between Presumed Profit and Real Profit methods	26,220	13,684	-	-
Others	(118)	(138)	(217)	(182)
Income tax and Social contribution tax – effective expense	**(233,960)**	**(123,505)**	**(188,944)**	**(85,438)**
Current tax	(206,709)	(115,148)	(160,504)	(77,244)
Deferred tax	(27,251)	(8,357)	(28,440)	(8,194)
	(233,960)	**(123,505)**	**(188,944)**	**(85,438)**
Effective rate	**28.63%**	**33.31%**	**24.47%**	**25.68%**

10. ESCROW DEPOSITS

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Employment-law cases	30,494	30,183	29,943	29,649
Tax issues				
Income tax on Interest on Equity	16,874	16,791	15,558	15,475
Pasep and Cofins taxes (a)	202,409	201,211	190,965	189,922
Income tax and Social Security contribution on indemnity for employees' 'Anuênio' benefit (1)	65,223	64,786	65,223	64,786
Urban property tax (IPTU)	10,623	10,364	10,623	10,364
Social contribution tax (2)	18,062	18,062	18,062	18,062
Others	1,879	1,496	1,879	1,496
	315,070	**312,710**	**302,310**	**300,105**
Others				
Court embargo	775	763	743	731
Regulatory	2,866	3,537	2,866	3,537
Others	27,281	27,181	4,848	4,757
	30,922	**31,481**	**8,457**	**9,025**
	376,486	**374,374**	**340,710**	**338,779**

(1) See more details in Note 22 – Provisions (*Indemnity of employees' future benefit – the 'Anuênio'*).
(2) Escrow deposit in the legal action challenging an infringement claim relating to application of Social contribution tax to amounts of cultural and artistic donations and sponsorship, expenses on punitive fines, and taxes with liability suspended.

(a) Inclusion of ICMS tax in the taxable base for Pasep and Cofins taxes

This refers to escrow deposits in the action challenging the constitutionality of *inclusion* of ICMS tax *within* the amount ('Sales revenue') to which Pasep and Cofins taxes are applied. The company obtained an interim permission from the court not to make the payment, and authorization to make an escrow deposit, as from 2008, and maintained this practice until August 2011. After that date, while continuing to challenge the basis of the calculation in court, the Company opted to pay the taxes monthly.

In October 2017, the Federal Supreme Court (STF) published its Joint Judgment on the Extraordinary Appeal, which has the status of a global precedent, in favor of the Company's argument. Based on the opinion of its legal advisers, Cemig GT reversed the provision in the amount of R$101,233, with effect on the net income for 2017, posting it as a reversal of Deductions from revenue, in the fourth quarter of that year, with an amount of R$202,409 remaining deposited in escrow (R$201,211 at December 31, 2018).

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11. CONCESSION FINANCIAL ASSETS

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Transmission – Residual value receivable (1)	1,321,961	1,296,314	1,321,961	1,296,314
Generation – Indemnity receivable	816,202	816,202	816,202	816,202
Generation – Concession Grant Fee	2,426,044	2,408,930	-	-
	4,564,207	**4,521,446**	**2,138,163**	**2,112,516**
Current	**427,389**	**423,511**	**182,663**	**180,995**
Non-current	**4,136,818**	**4,097,935**	**1,955,500**	**1,931,521**

(1) Part of the assets linked to transmission infrastructure began to be recognized, as from 2018, as contractual assets, as required by IFRS 15 / CPC 47. For more details see Note 12 – *Contractual assets*.

The changes in financial assets are as follows:

	Consolidated			Parent Company		
	Generation	Transmission	Total	Generation	Transmission	Total
Balance at Dec. 31, 2017	**4,237,892**	**2,475,838**	**6,713,730**	**1,900,757**	**2,475,838**	**4,376,595**
Addition	-	1,063	1,063	-	1,063	1,063
Inflation adjustment	99,071	49,841	148,912	17,245	49,841	67,086
Adjustment to expectation of cash flow	-	2,927	2,927	-	2,927	2,927
Amounts received	(61,142)	(130,324)	(191,466)	-	(130,324)	(130,324)
Balances on Saturday, March 31, 2018	**4,275,821**	**2,399,345**	**6,675,166**	**1,918,002**	**2,399,345**	**4,317,347**
Balance at Dec. 31, 2018	**3,225,132**	**1,296,314**	**4,521,446**	**816,202**	**1,296,314**	**2,112,516**
Inflation adjustment	80,788	25,824	106,612	-	25,824	25,824
Amounts received	(63,674)	(44,259)	(107,933)	-	(44,259)	(44,259)
Transfers – Contractual assets	-	44,082	44,082	-	44,082	44082
Balance at Mar. 31, 2019	**3,242,246**	**1,321,961**	**4,564,207**	**816,202**	**1,321,961**	**2,138,163**

(1) For more details please see Note 12.

Transmission – Residual values reimbursable

The Company's transmission concession contracts are within the scope of ICPC 01 (IFRIC 12), which deals with accounting of concession contracts. They refer to the investment made in infrastructure that will be the subject of reimbursement by the grantor during and at the end of the concession contract, as specified in the regulatory framework of the sector and in the concession contract.

On August 16, 2016, the regulator (Aneel), through its Dispatch 2181, homologated the amount of R$892,050, in Reais of December 2012, for the residual portion of the assets not yet amortized by repayment to Cemig GT. This amount was recorded as a financial asset, with specific maturity and interest rate, in accordance with its characteristics.

The amount of the reimbursement receivable, updated to March 31, 2019, is R$1,321,961 (R$1,296,314 on December, 31, 2018). It is classified as a financial asset, measured at amortized cost, in accordance with IFRS 9 / CPC 48, as follows:

Portions of remuneration and depreciation not paid since the extensions of concessions

The portions of remuneration and depreciation not paid since the extensions of the concessions and up to the Periodic Tariff Review of 2017, in the amount of R$904,700 (R$936,945 on December 31, 2018) are updated by the IPCA index (*Expanded National Consumer Price Index*) and remunerated at the weighted average cost of capital of the transmission industry as defined by Aneel in the methodologies for concession holders' Periodic Tariff Reviews, to be paid over a period of eight years, in the form of reimbursement through the RAP, from July 2017.

Residual Value of transmission assets – injunction awarded to industrial customers

On April 10, 2017, a preliminary injunction was granted to the Brazilian Large Free Consumers' Association (*Associação Brasileira de Grandes Consumidores Livres*), the Brazilian Auto Glass Industry Technical Association (*Associação Técnica Brasileira das Indústrias Automáticas de Vidro*) and the Brazilian Ferro-alloys and Silicon Metal Producers' Association (*Associação Brasileira dos Produtores de Ferroligas e de Silicio Metálico*) in their legal action against the regulator and the federal government requesting suspension of the effects on their tariffs of payment of the residual value of transmission assets payable to agents of the energy sector who accepted the terms of Law 12,783/2013.

The preliminary relief granted was partial, with effects related to suspension of the inclusion in the customer tariffs paid by these associations of the portion of the indemnity corresponding to the remuneration of cost of capital included since the date of extension of the concessions – amounting to R$417,261 at March 31, 2019 (R$359,369 at December 31, 2018), inflation-adjusted by the IPCA index.

In compliance with the court decision, the regulator, in its Technical Note 183/201-SGT/ANEEL of June 22, 2017, presented a new calculation, excluding the amounts that refer to the cost of own capital. Cemig believes that this is a provisional decision, and that its right to receive the amount referring to the assets of the basic national grid system (*Rede Básica Sistema Elétrico*, or RBSE) is guaranteed by law, so that no adjustment to the amount recorded at March 31, 2019 is necessary.

Generation – Indemnity receivable

As from August 2013, concessions for various plants operated under Concession Contract 007/1997 began to expire. Following each expiration, the Company has a right to receive an amount corresponding to the residual value of the infrastructure assets. The accounting balances corresponding to these assets, including the deemed cost, are recognized in Financial assets, at fair value through profit or loss, and totaled R$816, 202 on March 31, 2019 (R$816,202 on December 31, 2018).

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Generating plant	Concession expiration date	Installed capacity (MW)	Net balance of assets based on historic cost	Net balance of assets based on deemed cost
Lot D				
Três Marias Hydroelectric Plant	July 2015	396	71,694	413,450
Salto Grande Hydroelectric Plant	July 2015	102	10,835	39,379
Itutinga Hydroelectric Plant	July 2015	52	3,671	6,589
Camargos Hydroelectric Plant	July 2015	46	7,818	23,095
Piau Small Hydroelectric Plant	July 2015	18.01	1,531	9,005
Gafanhoto Small Hydroelectric Plant	July 2015	14	1,232	10,262
Peti Small Hydroelectric Plant	July 2015	9.4	1,346	7,871
Dona Rita Small Hydroelectric Plant	Sep. 2013	2.41	534	534
Tronqueiras Small Hydroelectric Plant	July 2015	8.5	1,908	12,323
Joasal Small Hydroelectric Plant	July 2015	8.4	1,379	7,622
Martins Small Hydroelectric Plant	July 2015	7.7	2,132	4,041
Cajuru Small Hydroelectric Plant	July 2015	7.2	3,576	4,252
Paciência Small Hydroelectric Plant	July 2015	4.08	728	3,936
Marmelos Small Hydroelectric Plant	July 2015	4	616	4,265
Others				
Volta Grande Hydroelectric Plant	Feb. 2017	380	25,621	70,118
Miranda Hydroelectric Plant	Dec. 2016	408	26,710	22,546
Jaguara Hydroelectric Plant	Aug. 2013	424	40,452	174,203
São Simão Hydroelectric Plant	Jan. 2015	1,710	1,762	2,711
		3,601.70	**203,545**	**816,202**

As required by the regulator (Aneel) Normative Resolution 615/2014, the valuation reports that support the amounts to be received by the Company in relation to the residual value of (a) the plants previously operated by Company that were included in Lot D, and (b) the *Volta Grande* plant have been submitted to the regulator. The Company does not expect losses on realization of these assets.

On March 31, 2019, investments made after the *Jaguara, São Simão* and *Miranda* plants came into operation, in the amounts of R$174,203, R$2,711 and R$22,546, respectively, are recorded as concession financial assets, and the determination of the final amounts to be paid to the Company is in a process of discussion with the regulator. The Company's management does not expect losses in realization of these amounts.

Concession grant fee – Generation concessions

The concession grant fee for the 30 years of concession contracts No.'s 08 to 16/2016, for the 18 hydroelectric plants of Lot D of Auction 12/2015, which Cemig GT won, was R$2,216,353. This amount was recognized as a financial asset, valued at amortized cost, due to the Company's unconditional right to receive the amount paid, inflation-adjusted by the IPCA index plus remuneratory interest (the total of which is equivalent to the internal rate of return of the project) during the period that the concession is in force.

The changes in these financial assets are as follows:

SPC	Plant	Balance at Dec. 31, 2018	Monetary updating	Amounts received	Balance at March 31, 2019
Cemig Geração Três Marias S.A.	Três Marias	1,369,900	43,660	(34,212)	1,379,348
Cemig Geração Salto Grande S.A.	Salto Grande	429,910	13,764	(10,789)	432,885
Cemig Geração Itutinga S.A.	Itutinga	160,601	5,787	(4,587)	161,801
Cemig Geração Camargos S.A.	Camargos	120,452	4,311	(3,415)	121,348
Cemig Geração Sul S.A.	*Coronel Domiciano, Joasal, Marmelos, Paciência* and *Piau*	157,217	6,018	(4,805)	158,430
Cemig Geração Leste S.A.	*Dona Rita, Ervália, Neblina, Peti, Sinceridade* and *Tronqueiras*	106,697	4,510	(3,648)	107,559
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	64,153	2,738	(2,218)	64,673
Total		**2,408,930**	**80,788**	**(63,674)**	**2,426,044**

SPC	Plant	Balance at Dec. 31, 2017	Monetary updating	Amounts received	Balance at Mar. 31, 2018
Cemig Geração Três Marias S.A.	Três Marias	1,330,134	44,361	(32,851)	1,341,644
Cemig Geração Salto Grande S.A.	Salto Grande	417,393	13,981	(10,360)	421,014
Cemig Geração Itutinga S.A.	Itutinga	155,594	5,837	(4,405)	157,026
Cemig Geração Camargos S.A.	Camargos	116,710	4,350	(3,279)	117,781
Cemig Geração Sul S.A.	*Coronel Domiciano, Joasal, Marmelos, Paciência* and *Piau*	152,170	6,050	(4,614)	153,606
Cemig Geração Leste S.A.	*Dona Rita, Ervália, Neblina, Peti, Sinceridade* and *Tronqueiras*	103,133	4,509	(3,503)	104,139
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	62,001	2,738	(2,130)	62,609
Total		**2,337,135**	**81,826**	**(61,142)**	**2,357,819**

Of the energy produced by these plants, 70% is sold in the Regulated Market (ACR) and 30% in the Free Market (ACL).

12. CONCESSION CONTRACT ASSETS

Under IFRS 15 / Technical Pronouncement CPC 47 – *Revenue from contracts with customers*, concession infrastructure assets during the period of construction are classified as contractual assets. The balances of these on March, 31, 2019 were as follows:

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Transmission – Reimbursement assets incorporated into the Assets Remuneration Base	428,104	492,405	428,104	492,405
Transmission – Assets remunerated by tariff	664,840	636,905	664,840	636,905
	1,092,944	**1,129,310**	**1,092,944**	**1,129,310**
Current	**131,085**	**130,951**	**131,085**	**130,951**
Non-current	**961,859**	**998,359**	**961,859**	**998,359**

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Changes in contractual assets:

Balance at Dec. 31, 2017	-
Effects of initial adoption of CPC 47 / IFRS 1	1,092,271
Additions	95,712
Monetary updating	88,421
Adjustment to expectation of contractual cash flow from the concession	12,934
Amounts received	(161,527)
Transfers to PP&E	1,499
Balance at Dec. 31, 2018	**1,129,310**
Additions	28,087
Monetary updating	6,675
Adjustment to expectation of contractual cash flow from the concession	5,596
Amounts received	(31,643)
Settled	(926)
Transfers to PP&E	(73)
Transfers to Financial assets	(44,082)
Balance at Mar. 31, 2019	**1,092,944**

Outstanding balance to be received through RAP

The outstanding balance of the reimbursement for transmission, due to acceptance of the terms of Law 12783/13, of R$428,104, at March 31, 2019 (R$492,405 at December 31, 2018) was incorporated into the Assets Remuneration Base and is being recovered via RAP.

Transmission – Assets remunerated by tariff

For new assets related to improvements and upgrades of facilities constructed by transmission concession holders, the regulator calculates an additional portion of Permitted Annual Revenue (RAP) in accordance with a methodology specified in the *Proret* (Tariff Regulation Procedures).

Under the *Proret*, the revenue established in the Resolutions is payable to the transmission concession holders as from the date of start of commercial operation of the facilities. In the periods between tariff reviews, the revenues associated with the improvements and upgrades of facilities are provisional. They are then finally determined in the review immediately subsequent to the start of commercial operation of the facilities; this review then has effect starting on the date when commercial operations begin. The balance receivable on March 31, 2019 was R$664,840 (R$636,905 on December, 31, 2018, previously classified as financial assets).

A counterpart entry is posted for the activity of implementation of infrastructure (during the phase of works), linked to completion of performance, and of the performance obligations to operate and maintain, and not only to the passage of time. Revenue and costs related to formation of these assets are recognized as costs incurred.

13. INVESTMENTS

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Affiliated companies				
Madeira Energia (*Santo Antônio* Plant)	263,183	270,090	263,183	270,090
FIP Melbourne (*Santo Antônio* Plant)	464,201	470,022	464,201	470,022
Jointly-controlled entities				
Hidrelétrica Cachoeirão	51,793	49,213	51,793	49,213
Guanhães Energia	127,661	111,838	127,661	111,838
Hidrelétrica Pipoca	30,589	30,629	30,589	30,629
LightGer	45,361	42,191	45,361	42,191
Baguari Energia	167,039	162,224	167,039	162,224
Aliança Norte (*Belo Monte* plant)	662,381	663,755	662,381	663,755
Amazônia Energia (*Belo Monte* Plant)	1,011,395	1,012,636	1,011,395	1,012,636
Aliança Geração	1,254,488	1,216,860	1,254,488	1,216,860
Retiro Baixo	174,119	170,720	174,119	170,720
Usina Hidrelétrica Itaocara S.A.	4,982	5,130	4,982	5,130
Subsidiaries				
Cemig Baguari	-	-	21	36
Cemig Geração Três Marias S.A.	-	-	1,440,115	1,395,614
Cemig Geração Salto Grande S.A.	-	-	456,711	440,083
Cemig Geração Itutinga S.A.	-	-	185,028	178,545
Cemig Geração Camargos S.A.	-	-	139,898	131,570
Cemig Geração Sul S.A.	-	-	182,759	176,424
Cemig Geração Leste S.A.	-	-	127,342	120,686
Cemig Geração Oeste S.A.	-	-	74,520	69,897
Rosal Energia S.A.	-	-	137,245	124,898
Sá Carvalho S.A.	-	-	107,259	94,447
Horizontes Energia S.A.	-	-	58,646	54,953
Cemig PCH S.A.	-	-	95,417	92,987
Usina Termelétrica do Barreiro S.A.	-	-	18,565	18,406
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	-	-	40,272	26,755
Cemig Comercializadora de Energia Incentivada S.A.	-	-	3,104	2,841
Cemig Trading S.A.	-	-	42,511	28,135
Central Eólica Praias de Parajuru S.A.	-	-	146,723	145,880
Central Eólica Volta do Rio S.A.	-	-	180,859	180,976
Total of investments	**4,257,192**	**4,205,308**	**7,694,187**	**7,488,441**

The Company's investees that are not consolidated are jointly-controlled entities, with the exception of the interest in the *Santo Antônio* power plant.

a) Right to commercial operation of the regulated activity

In the process of allocation of the acquisition price of the subsidiaries and affiliates, a basic identification was made of the intangible assets relating to the right to operate the regulated activity. These assets are presented jointly with the historic value of the investments in the table above. These assets will be amortized over the remaining period of the concessions on the straight-line basis.

Changes in these assets are as follows:

Parent Company	Dec. 31, 2017	Amortization	Mar. 31, 2018	Dec. 31, 2018	Amortization	Mar. 31, 2019
Retiro Baixo	28,344	(296)	28,048	31,966	(347)	31,619
Central Eólica Praias de Parajuru	16,503	(354)	16,149	66,286	(1,554)	64,732
Central Eólica Volta do Rio	11,035	(218)	10,817	95,819	(2,053)	93,766
Madeira Energia (*Santo Antônio* Plant)	151,384	(1,489)	149,895	18,000	(184)	17,816
Aliança Geração	402,844	(6,327)	396,517	377,534	(6,327)	371,207
Aliança Norte (*Belo Monte* plant)	54,546	(493)	54,053	52,575	(493)	52,082
	664,656	**(9,177)**	**655,479**	**642,180**	**(10,958)**	**631,222**

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Consolidated	Dec. 31, 2017	Amortization	Mar. 31, 2018	Dec. 31, 2018	Amortization	Mar. 31, 2019
Retiro Baixo	28,344	(296)	28,048	31,966	(347)	31,619
Central Eólica Praias de Parajuru	16,503	(354)	16,149	-	-	-
Central Eólica Volta do Rio	11,035	(218)	10,817	-	-	-
Madeira Energia (*Santo Antônio* Plant)	151,384	(1,489)	149,895	18,000	(184)	17,816
Aliança Geração	402,844	(6,327)	396,517	377,534	(6,327)	371,207
Aliança Norte (*Belo Monte* plant)	54,546	(493)	54,053	52,575	(493)	52,082
	664,656	**(9,177)**	**655,479**	**480,075**	**(7,351)**	**472,724**

b) Changes of investments in affiliates, subsidiaries and jointly-controlled entities:

Consolidated	Dec. 31, 2018	Gain (loss) by equity method	Capital contributions	Dividends	Mar. 31, 2019
Hidrelétrica Cachoeirão	49,213	2,580	-	-	51,793
Guanhães Energia	111,838	(129)	15,952	-	127,661
Hidrelétrica Pipoca	30,629	(40)	-	-	30,589
Madeira Energia (*Santo Antônio* Plant)	270,090	(6,907)	-	-	263,183
FIP Melbourne (*Santo Antônio* Plant)	470,022	(5,821)	-	-	464,201
Baguari Energia	162,224	4,815	-	-	167,039
LightGer	42,191	3,917	-	(747)	45,361
Amazônia Energia (*Belo Monte* Plant)	1,012,636	(1,241)	-	-	1,011,395
Aliança Norte (*Belo Monte* plant)	663,755	(1,374)	-	-	662,381
Aliança Geração	1,216,860	37,628	-	-	1,254,488
Retiro Baixo	170,720	3,399	-	-	174,119
Usina Hidrelétrica Itaocara S.A.	5,130	(148)	-	-	4,982
Total of investments	**4,205,308**	**36,679**	**15,952**	**(747)**	**4,257,192**

Parent Company	Dec. 31, 2018	Gain (loss) by equity method	Capital contributions	Dividends	Mar. 31, 2019
Hidrelétrica Cachoeirão	49,213	2,580	-	-	51,793
Guanhães Energia	111,838	(129)	15,952	-	127,661
Hidrelétrica Pipoca	30,629	(40)	-	-	30,589
Madeira Energia (Santo Antônio Plant)	270,090	(6,907)	-	-	263,183
FIP Melbourne (*Santo Antônio* Plant)	470,022	(5,821)	-	-	464,201
Baguari Energia	162,224	4,815	-	-	167,039
Central Eólica Praias de Parajuru	145,880	843	-	-	146,723
Central Eólica Volta do Rio	180,976	(117)	-	-	180,859
LightGer	42,191	3,917	-	(747)	45,361
Amazônia Energia (*Belo Monte* Plant)	1,012,636	(1,241)	-	-	1,011,395
Aliança Norte (*Belo Monte* plant)	663,755	(1,374)	-	-	662,381
Aliança Geração	1,216,860	37,628	-	-	1,254,488
Retiro Baixo	170,720	3,399	-	-	174,119
Usina Hidrelétrica Itaocara S.A.	5,130	(148)	-	-	4,982
Cemig Baguari	36	(15)	-	-	21
Cemig Geração Três Marias S.A.	1,395,614	44,501	-	-	1,440,115
Cemig Geração Salto Grande S.A.	440,083	16,628	-	-	456,711
Cemig Geração Itutinga S.A.	178,545	11,613	-	(5,130)	185,028
Cemig Geração Camargos S.A.	131,570	8,328	-	-	139,898
Cemig Geração Sul S.A.	176,424	12,030	-	(5,695)	182,759
Cemig Geração Leste S.A.	120,686	8,162	-	(1,506)	127,342
Cemig Geração Oeste S.A.	69,898	4,622	-	-	74,520
Rosal Energia S.A.	124,897	12,348	-	-	137,245
Sá Carvalho S.A.	94,447	12,812	-	-	107,259
Horizontes Energia S.A.	54,953	3,693	-	-	58,646
Cemig PCH S.A.	92,987	2,430	-	-	95,417
Usina Termelétrica do Barreiro S.A.	18,406	159	-	-	18,565
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	26,755	13,517	-	-	40,272
Cemig Comercializadora de Energia Incentivada S.A.	2,841	263	-	-	3,104
Cemig Trading S.A.	28,135	14,376	-	-	42,511
Total of investments	**7,488,441**	**202,872**	**15,952**	**(13,078)**	**7,694,187**

Consolidated	Dec. 31, 2017	Gain (loss) by equity method	Injections / acquisitions	Dividends	Mar. 31, 2018
Hidrelétrica Cachoeirão	57,957	2,713	-	(12,913)	47,757
Guanhães Energia	25,018	(145)	17,975	-	42,848
Hidrelétrica Pipoca	26,023	2,859	-	(396)	28,486
Madeira Energia (*Santo Antônio* Plant)	534,761	(26,476)	-	-	508,285
FIP Melbourne (*Santo Antônio* Plant)	582,504	(23,014)	-	-	559,490
Baguari Energia	148,422	10,153	-	-	158,575
Central Eólica Praias de Parajuru	60,101	(1,750)	-	-	58,351
Central Eólica Volta do Rio	67,725	(6,315)	-	-	61,410
Central Eólica Praias de Morgado	50,569	(1,743)	-	-	48,826
LightGer	40,832	2,025	-	(445)	42,412
Amazônia Energia (*Belo Monte* Plant)	866,554	10,821	38,316	-	915,691
Aliança Norte (*Belo Monte* plant)	576,704	7,492	23,122	-	607,318
Aliança Geração	1,242,170	29,976	-	-	1,272,146
Retiro Baixo	157,773	3,681	-	-	161,454
Renova	282,524	(41,316)	-	-	241,208
Usina Hidrelétrica Itaocara S.A.	3,699	(191)	2,896	-	6,404
Total of investments	**4,723,336**	**(31,230)**	**82,309**	**(13,754)**	**4,760,661**

Parent Company	Dec. 31, 2017	Gain (loss) by equity method	Injections / acquisitions	Dividends	Mar. 31, 2018
Hidrelétrica Cachoeirão	57,957	2,713	-	(12,913)	47,757
Guanhães Energia	25,018	(145)	17,975	-	42,848
Hidrelétrica Pipoca	26,023	2,859	-	(396)	28,486
Madeira Energia (Santo Antônio Plant)	534,761	(26,476)	-	-	508,285
FIP Melbourne (Santo Antônio Plant)	582,504	(23,014)	-	-	559,490
Baguari Energia	148,422	10,153	-	-	158,575
Central Eólica Praias de Parajuru	60,101	(1,750)	-	-	58,351
Central Eólica Volta do Rio	67,725	(6,315)	-	-	61,410
Central Eólica Praias de Morgado	50,569	(1,743)	-	-	48,826
LightGer	40,832	2,025	-	(445)	42,412
Amazônia Energia (*Belo Monte* Plant)	866,554	10,821	38,316	-	915,691
Aliança Norte (*Belo Monte* plant)	576,704	7,492	23,122	-	607,318
Aliança Geração	1,242,170	29,976	-	-	1,272,146
Retiro Baixo	157,773	3,681	-	-	161,454
Renova	282,524	(41,316)	-	-	241,208
Usina Hidrelétrica Itaocara S.A.	3,699	(191)	2,896	-	6,404
Cemig Baguari	23	(10)	-	-	13
Cemig Geração Três Marias S.A.	1,391,822	50,555	-	-	1,442,377
Cemig Geração Salto Grande S.A.	440,122	18,869	-	-	458,991
Cemig Geração Itutinga S.A.	171,279	10,548	-	-	181,827
Cemig Geração Camargos S.A.	130,426	8,885	-	-	139,311
Cemig Geração Sul S.A.	167,571	10,886	-	-	178,457
Cemig Geração Leste S.A.	115,885	9,300	-	-	125,185
Cemig Geração Oeste S.A.	69,398	5,234	-	-	74,632
Total of investments	**7,209,862**	**83,037**	**82,309**	**(13,754)**	**7,361,454**

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c) Information on the subsidiaries, affiliates and and jointly-controlled entities, not adjusted for the Company's percentage ownership interest:

Company	Number of shares	On March 31, 2019			On December 31, 2018		
		Equity interest (%)	Share capital	Equity	Equity interest (%)	Share capital	Equity
Affiliated companies							
Madeira Energia (*Santo Antônio* Plant)	12,034,025,147	15,51	10,619,786	4,575,705	15,51	10,619,786	4,656,593
Jointly-controlled entities							
Hidrelétrica Cachoeirão	35,000,000	49,00	35,000	105,700	49,00	35,000	100,434
Guanhães Energia	516,087,600	49,00	516,088	260,533	49,00	396,402	228,242
Hidrelétrica Pipoca	41,360,000	49,00	41,360	62,426	49,00	41,360	62,509
Baguari Energia S.A. (1)	26,157,300,278	69,39	186,573	240,733	69,39	186,573	233,793
LightGer	79,078,937	49,00	79,232	92,576	49,00	79,232	86,105
Aliança Norte (*Belo Monte* Plant)	41,437,698,407	49,00	1,206,127	1,245,508	49,00	1,206,127	1,247,307
Amazônia Energia (Belo Monte Plant) (1)	1,322,427,723	74,50	1,322,428	1,357,577	74,50	1,322,428	1,359,243
Aliança Geração	1,291,582	45,00	1,291,488	1,955,583	45,00	1,291,488	1,857,905
Retiro Baixo	222,850,000	49,90	222,850	285,571	49,90	222,850	278,065
Renova (2)	41,719,724	36,23	2,919,019	(258,775)	36,23	2,919,019	(76,489)
Usina Hidrelétrica Itaocara S.A.	22,165,114	49,00	22,165	10,169	49,00	22,165	10,470
Subsidiaries							
Cemig Baguari	306,000	100,00	306	21	100,00	306	36
Cemig Geração Três Marias S.A.	1,291,423,369	100,00	1,291,423	1,440,115	100,00	1,291,423	1,395,614
Cemig Geração Salto Grande S.A.	405,267,607	100,00	405,268	456,711	100,00	405,268	440,083
Cemig Geração Itutinga S.A.	151,309,332	100,00	151,309	185,028	100,00	151,309	178,545
Cemig Geração Camargos S.A.	113,499,102	100,00	113,499	139,898	100,00	113,499	131,570
Cemig Geração Sul S.A.	148,146,505	100,00	148,147	182,759	100,00	148,147	176,424
Cemig Geração Leste S.A.	100,568,929	100,00	100,569	127,342	100,00	100,569	120,686
Cemig Geração Oeste S.A.	60,595,484	100,00	60,595	74,520	100,00	60,595	69,898
Rosal Energia S.A.	46,944,467	100,00	46,944	137,245	100,00	46,944	124,897
Sá Carvalho S.A.	361,200,000	100,00	36,833	107,259	100,00	36,833	94,447
Horizontes Energia S.A.	39,257,563	100,00	39,258	58,646	100,00	39,258	54,953
Cemig PCH S.A.	45,952,000	100,00	45,952	95,417	100,00	45,952	92,987
Usina Termelétrica do Barreiro S.A.	16,902,000	100,00	16,902	18,565	100,00	16,902	18,406
Empresa de Serviços de Comercialização de Energia Elétrica S.A.	486,000	100,00	486	40,272	100,00	486	26,755
Cemig Comercializadora de Energia Incentivada S.A.	1,000,000	100,00	1,000	3,104	100,00	1,000	2,841
Cemig Trading S.A.	1,000,000	100,00	1,000	42,511	100,00	1,000	28,135
Central Eólica Praias de Parajuru S.A.	71,834,843	100,00	71,835	81,991	100,00	71,835	79,594
Central Eólica Volta do Rio S.A.	138,867,440	100,00	138,867	87,093	100,00	138,867	85,157

(1) Control shared under a shareholders' agreement.
(2) Control shared under a shareholders' agreement. Due the net equity of Renova becoming negative, the Company reduced the carrying value of its interest in that investee to zero.

Madeira Energia S.A. (Mesa) and FIP Melbourne

Mesa is the parent company of Santo Antônio Energia S.A ('Saesa'), whose objects are operation and maintenance of the *Santo Antônio* Hydroelectric Plant on the Madeira River, and its transmission system, and all activities necessary for operation of the plant and its transmission system. Cemig directly holds an 8.54% equity interest; other shareholders include Furnas, Odebrecht Energia, and SAAG.

Operational continuity

On March 31, 2019 Mesa reported a loss of R$80,888, and current liabilities in excess of current assets by R$383,234, primarily comprising the accounts *Suppliers*, *Advances from customers* and *Debentures.* Mesa has so far accumulated losses totaling R$6,044,000. To deal with the situation of negative working capital, Mesa, as well as achieving regularity in its operating cash flow through long term sales contracts, has the positive impacts of the reprofiling of its debts, which adjusted the flow of payments to its real cash generation capacity. To ensure its liquidity, Mesa can rely on financial support from its shareholders, under the Equity Support Agreement signed for this purpose.

Arbitration proceedings

In 2014, Cemig GT and SAAG Investimentos S.A. (SAAG), a vehicle through which the Company holds an indirect equity interest in Mesa, opened arbitration proceedings, *in camera*, in the Market Arbitration Chamber, challenging the following: (a) the increase approved in the capital of Mesa of approximately R$750 million partially to be allocated to payment of the claims by the Santo Antonio Construction Consortium ('CCSA'), based on absence of quantification of the amounts supposedly owed, and absence of prior approval by the Board of Directors, as required by the bylaws and Shareholders' Agreement of Mesa; and also on the existence of credits owed to Mesa by CCSA, for an amount greater than the claims; and (b) the adjustment for impairment carried out by the Executive Board of Mesa, in the amount of R$750 million, relating to certain credits owed to Mesa by CCSA, on the grounds that those credits are owed in their totality by express provision of contract.

The arbitration judgment by the Market Arbitration Chamber recognized the right of the Company and SAAG in full, and ordered annulment of the acts being impugned. As a consequence of this decision, Mesa reversed the impairment, and posted a provision for doubtful receivables in the amount of R$678,551 in its financial statements as of December 31, 2017.

To resolve the question of the liability of CCSA to reimburse the costs of re-establishment of the collateral and use of the contractual limiting factor, the affiliated company opened arbitration proceedings with the International Chamber of Commerce (ICC) against CCSA, which are in progress. This process is confidential under the Arbitration Regulations of the ICC.

Renova Energia S.A. ('Renova')

Operational continuity

For On March 31, 2019 Renova Energia has reported: a loss of R$182,286; accumulated losses of R$3,233,173; current liabilities in excess of consolidated current assets by R$655,207; negative equity of R$258,775; and negative gross margin; and it has a need to obtain capital to comply with its commitments, including those for construction of wind and solar power plants. These events or conditions indicate the existence of material uncertainty, at March 31, 2019, that could raise significant doubts as to its capacity to remain operational.

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In response to this, the investee and its shareholders, including the Company, have approved a corporate and financing restructuring plan with the aim of rebalancing its liquidity and cash flow structure, resolving the capital structure and honoring its commitments. This includes: approval of a binding proposal from AES Tietê Energia S.A. for purchase of the investee's wind farms; reprofiling of amounts owed to related parties; and renegotiation of debt with financial creditors. Management of the Company and the investee believe that, with the success of the measures approved, it will be possible to resume economic, financial and liquidity equilibrium to continue the investee's business in the future.

However, in view of the investee's negative net equity, the Company reduced the carrying value of its equity interests in Renova to zero at December 31, 2018. No further losses have been recognized, considering the non-existence of any legal or constructive obligations to the investee.

Operational continuity of Renova depends on the success of the implementation of these measures, continuity of the flow of dividends from its investees, and obtaining of the necessary funding, from its shareholders and/or from outside parties.

Negotiations on Alto Sertão III

On April 9, 2019 Renova signed a share purchase agreement for the transaction to sell the Alto Sertão III Wind Generation Complex to AES Tietê Energia S.A., subdivided into Phases A and B, for R$350 million and R$90 million respectively, plus a purchase option on wind projects under development, for up to R$76 million. The transaction is subject to the following conditions: (i) The overall price may be augmented by an agreed earn-out amount, if the performance of Phase A exceeds the reference level specified in the negotiation. (ii) Settlement of the debts owed to creditors of the project: AES Tietê will assume the financial debt, estimated at R$988 million, most of which is owed to the Brazilian Development Bank (BNDES). (iii) The acquisition value of Phase A will be reduced by R$20 million/month, *pro rata die*, in favor of the purchaser, for any delay in closing of the transaction, originally scheduled for May 2, 2019.

The transaction is still subject to satisfactory negotiation of the definitive documents between the parties involved, which are to include compliance with conditions precedent, and the necessary approvals for their completion.

Signature of contract to acquire interest in Renova, and public offer for shares

On March 21, 2019 a share purchase agreement was signed for acquisition by the Company and Light Energia S.A. ('Light Energia') of up to 7,282,036 shares in Renova owned by CG I Fundo de Investimento em Participações ('CG I') and certain parties related to that Fund. The shares to be acquired from CG I include the shares currently bound by the Shareholders' Agreement of Renova, signed on December 19, 2014.

The shares in CG I will be acquired in the proportion of 67.85% by the Company and 32.15% by Light Energia and, in consideration CG I will receive securities issued by Light Energia and by the Company in the same proportion, corresponding to nominal value of R$14.68 per share in Renova, common or preferred, which will be subject to adjustments arising, among other matters, from the following: (i) the costs incurred for regularization of land ownership of Renova; and (ii) existence of certain contingencies up to the date of closing of the transaction.

The Agreement also provides that certain common shares owned by CG I shall be converted into preferred shares, enabling the Company to form 'Units' in Renova in the terms specified in Article 54 of the by-laws of Renova. As a result, after the closing, the Company will be owner of 50% or less of the common shares in Renova. On April 24, 2019 the Company received notification from BNDES Participações S.A. (BNDESPar) of exercise of its right to joint sale ('tag-along' right) of the totality of its interest, comprising 696,683 units, representing 5.01% of the share capital of Renova, as specified in the Shareholders' Agreement.

The closing of the acquisition of shares is subject to compliance with the conditions that are usual in this type of transaction, and to completion of the acts of financial restructuring of Renova.

Also, the Board of Directors has approved, subject to the closing of the share acquisition, a Public Offering to Acquire Shares in Renova, to be made the Company and by Light Energia, on a date to be announced, in which the shareholders of Renova will be offered equal terms to those being offered to CG I.

Amazônia Energia S.A. and Aliança Norte Energia S.A.

Amazônia Energia and Aliança Norte are shareholders in Norte Energia S.A. ('Nesa'), which holds the concession to operate the *Belo Monte* Hydroelectric Plant, on the Xingu River, in the State of Pará. Through the jointly-controlled entities referred to above, the Company owns an indirect equity interest in Nesa of 11.69%.

Nesa has expended significant funds for costs of organization and development and pre-operating costs, resulting in negative net working capital of R$3,092,856 at March 31, 2019. The completion of the construction works for the *Belo Monte* plant, and consequent generation of revenues, in turn, depend on the capacity of the investee to continue to comply with the schedule of works envisaged, as well as obtaining the necessary financial resources, either from its shareholders and / or from third parties.

On Monday, September 21, 2015, Nesa was awarded interim judgment ordering Aneel to "abstain, until hearing of the application for an injunction made in the origin case, from applying to Appellant any penalties or sanctions in relation to the Belo Monte Hydroelectric Plant not coming into operation on the date established in the original timetable for the project, including those specified in Aneel Normative Resolution 595/2013 and in the Concession Contract 01/2010-MME, of the Belo Monte Hydroelectric Plant". The legal advisers of Nesa have classified the probability of loss as 'possible'. The estimate of loss in *Belo Monte* up to March 31, 2019 is R$1,800,000.

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d) Risks related to compliance with laws and regulations

Jointly-controlled investees:

Norte Energia S.A. ('Nesa') – investment through Amazônia Energia and Aliança Norte

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of the investees and certain executives of those other indirect shareholders. In this context, the Federal Public Attorneys have started investigations into irregularities involving contractors and suppliers of Nesa and of its other shareholders, which are still in progress. At present it is not possible to determine the outcome of these investigations, and their possible consequences. These might at some time in the future include consequences for the investee, further to the write-downs of infrastructure assets of R$183,000 posted by Nesa in 2015, based on the results of the independent internal investigation conducted by Nesa and its other shareholders, the results of which were reflected in the Company as a loss by the equity method in that year.

On March 9, 2018 *Operação Fortuna* was begun, in the 49th phase of '*Operação Lava Jato*' ('*Operation Carwash*'). According to news reports this operation investigates payment of bribes by the construction consortium of the *Belo Monte* power plant, comprising the companies. Management of Nesa believes that so far there are no new facts that have been disclosed by the 49th phase of 'Operation Carwash' that require additional procedures and internal independent investigation in addition to those already carried out.

The company's management, based on its knowledge of the matters described above and on the independent procedures carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate; as a result no adjustment has been made in the interim accounting information. The effects of any future alterations in the existing scenario will be reflected appropriately in the Company's interim accounting information.

Madeira Energia S.A. ('Mesa')

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other indirect shareholders of Madeira Energia S.A. and certain executives of those other indirect shareholders. In this context, the Federal Public Attorneys have started investigations into irregularities involving contractors and suppliers of Mesa and of its other shareholders. These investigations are still in progress. In response to allegations of possible illegal activities, the investee and its other shareholders have started an independent internal investigation.

The internal independent investigation, concluded in February 2019 – unless there are any future developments such as any plea bargains that may be signed by third parties with the Brazilian authorities – has not found any objective evidence of any supposed undue payments by Saesa that should be considered for possible accounting write-off, passthrough or increase of costs to compensate undue advantages and/or linking of Mesa with acts of its suppliers, in the terms of the plea bargain or cooperation statements that have been made public.

The Company's management, based on its knowledge of the matters described above and on the independent procedures carried out, believes that the conclusions presented in the report of the independent investigation are adequate and appropriate; as a result no adjustment has been made in the interim accounting information. The effects of any future alterations in the existing scenario will be reflected appropriately in the Company's interim accounting information.

Renova Energia S.A. ('Renova')

Since 2017 Renova has been one of the subjects in an investigation being made by the Minas Gerais Civil Police relating to certain capital contributions made by its controlling shareholders, including Cemig GT, and other capital contributions made in previous years by Renova in certain projects under development. As a consequence of this matter, the governance bodies of Renova requested opening of an internal investigation on this subject, and this is being conducted by an independent company. A separate independent internal monitoring committee was also set up to accompany the internal investigation, jointly with the Audit Committee. Its members are: one independent member of the Board; the Chair of the Audit Board; and the Chair of the Board of Directors.

In this context, the scope of the independent internal investigation consists of assessment as to whether there are any irregularities, including breaches of the Brazilian legislation on corruption and money-laundering, and Renova's Code of Ethics and Integrity Policies.

On April 11, 2019, as part of the fourth phase of 'Operation Descarte', the Federal Police, the federal tax authority and the federal Public Attorneys' Office began the operation called 'Gone with the Wind', which resulted in a search and seizure warrant executed at the head office of the investee Renova in São Paulo, to establish whether any contracts had been over-invoiced without related provision of services, within the activities of this investee, in periods prior to 2015. The investigations of 'Operation Gone with the Wind' are still in progress, and according to a Market Notice published on April 11, 2019, Renova is collaborating fully with the authorities in relation to these investigations.

Although there is evidence of deficiencies of internal controls related to certain payments and filing of support documentation for services provided by outside parties, additional procedures are being requested to determine whether there are elements which would provide a basis for the items under investigation. As a result, no effect of the investigations has been included in the interim accounting information of Renova, nor of the Company, at March 31, 2019.

Other investigations

In addition to the matter mentioned above, there are investigations being conducted by the Public Attorneys' Office and Civil Police of Minas Gerais State, to identify possible irregularities in the Company's investments in Guanhães and Mesa. These procedures are being carried out by analysis of documents demanded by the respective authorities, and by hearing of witnesses.

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Internal procedures for risks related to compliance with law and regulations.

Taking into account the investigations that are being made by the Company, in its parent company, Cemig, and in certain investees, as described above, the governance bodies of the Company have authorized contracting of a specialized company to analyze the internal procedures related to these investments. This independent investigation is being supervised by the Special Investigation Committee, creation of which has been approved by the governance bodies.

On April 11, 2019 agents of the Brazilian Federal Police were in the Company's head office to execute a search and seizure warrant issued by a São Paulo Federal Court in connection with the operation entitled "Gone with the Wind", as described above.

The first phase of the Company's internal investigation was completed and the report delivered on May 13, 2019. Considering the present phase and preliminary results of this first phase of the internal investigations, no effect has been recorded in the Company's interim accounting statements at March, 31, 2019.

The Company will evaluate any change in the future scenarios, and any effects, when applicable, that might affect the financial statements, and will collaborate with the authorities in their analyses related to the investigations in progress.

14. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Mar. 31, 2019			Dec. 31, 2018		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**7,444,393**	**(4,938,264)**	**2,506,129**	**7,439,599**	**(4,899,564)**	**2,540,035**
Land	231,141	(16,805)	214,336	231,141	(16,174)	214,967
Reservoirs, dams, watercourses	3,282,586	(2,150,764)	1,131,822	3,282,178	(2,131,683)	1,150,495
Buildings, works and improvements	1,114,457	(804,801)	309,656	1,113,821	(800,133)	313,688
Machinery and equipment	2,770,429	(1,927,515)	842,914	2,766,671	(1,913,617)	853,054
Vehicles	31,747	(27,603)	4,144	31,747	(27,222)	4,525
Furniture and utensils	14,033	(10,776)	3,257	14,041	(10,735)	3,306
Under construction	**118,870**	**-**	**118,870**	**119,186**	**-**	**119,186**
Assets in progress	118,870	-	118,870	119,186	-	119,186
Net PP&E	**7,563,263**	**(4,938,264)**	**2,624,999**	**7,558,785**	**(4,899,564)**	**2,659,221**

Parent Company	Mar. 31, 2019			Dec. 31, 2018		
	Historic cost	Accumulated depreciation	Net value	Historic cost	Accumulated depreciation	Net value
In service	**6,355,956**	**(4,448,544)**	**1,907,412**	**6,354,911**	**(4,415,024)**	**1,939,887**
Land	226,882	(16,536)	210,346	226,882	(15,919)	210,963
Reservoirs, dams, watercourses	3,006,937	(2,027,126)	979,811	3,006,652	(2,010,201)	996,451
Buildings, works and improvements	1,036,543	(771,331)	265,212	1,036,543	(767,280)	269,263
Machinery and equipment	2,040,421	(1,595,573)	444,848	2,039,652	(1,584,089)	455,563
Vehicles	31,532	(27,408)	4,124	31,532	(27,027)	4,505
Furniture and utensils	13,641	(10,570)	3,071	13,650	(10,508)	3,142
Under construction	86,164	-	86,164	**85,318**	**-**	**85,318**
Assets in progress	86,164	-	86,164	85,318	-	85,318
Net PP&E	**6,442,120**	**(4,448,544)**	**1,993,576**	**6,440,229**	**(4,415,024)**	**2,025,205**

Changes in property, plant and equipment were as follows:

Consolidated	Balance at Dec. 31, 2018	Addition	Transfer (2)	Written down	Depreciation	Mar. 31, 2019
In service	**2,540,035**	**-**	**6,510**	**(724)**	**(39,692)**	**2,506,129**
Land (1)	214,967	-			(631)	214,336
Reservoirs, dams, watercourses	1,150,495	-	1,651	-	(20,324)	1,131,822
Buildings, works and improvements	313,688	-	636	-	(4,668)	309,656
Machinery and equipment	853,054	-	4,194	(724)	(13,610)	842,914
Vehicles	4,525	-	-	-	(381)	4,144
Furniture and utensils	3,306	-	29	-	(78)	3,257
Under construction	**119,186**	**6,121**	**(6,437)**	**-**	**-**	**118,870**
Net PP&E	**2,659,221**	**6,121**	73	(724)	**(39,692)**	**2,624,999**

(1) Certain land sites linked to concession contracts and not having provision for reimbursement are amortized in accordance with the period of the concession.
(2) Balance referring to transfer to Financial assets.

Parent Company	Balance at Dec. 31, 2018	Addition	Transfer (2)	Written down	Depreciation	Mar. 31, 2019
In service	**1,939,887**	**-**	**2,773**	**(59)**	**(35,189)**	**1,907,412**
Land (1)	210,963	-	-	-	(617)	210,346
Reservoirs, dams, watercourses	996,451	-	1,528	-	(18,168)	979,811
Buildings, works and improvements	269,263	-	-	-	(4,051)	265,212
Machinery and equipment	455,563	-	1,245	(59)	(11,901)	444,848
Vehicles	4,505	-	-	-	(381)	4,124
Furniture and utensils	3,142	-	-	-	(71)	3,071
Under construction	**85,318**	**3,546**	**(2,700)**	**-**	**-**	**86,164**
Net PP&E	**2,025,205**	**3,546**	**73**	**(59)**	**(35,189)**	**1,993,576**

(1) Certain land sites linked to concession contracts and not having provision for reimbursement are amortized in accordance with the period of the concession.
(2) Balance referring to transfer to Financial assets.

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Consolidated	Balance at Dec. 31, 2017	Addition	Transfer	Depreciation	Mar. 31, 2018
In service	**2,074,200**	**-**	**12,023**	**(35,426)**	**2,050,797**
Land	207,132	-	-	(610)	206,522
Reservoirs, dams, watercourses	1,071,105	-	3	(18,232)	1,052,876
Buildings, works and improvements	284,619	-	449	(4,039)	281,029
Machinery and equipment	505,323	-	11,571	(12,200)	504,694
Vehicles	3,101	-	-	(280)	2,821
Furniture and utensils	2,920	-	-	(65)	2,855
Under construction	**88,690**	**4,112**	**(12,023)**	**-**	**80,779**
Net PP&E	**2,162,890**	**4,112**	**-**	**(35,426)**	**2,131,576**

Parent Company	Balance at Dec. 31, 2017	Addition	Transfer	Depreciation	Mar. 31, 2018
In service	**2,070,862**	**-**	**11,355**	**(35,385)**	**2,046,832**
Land	207,132	-	-	(610)	206,522
Reservoirs, dams, watercourses	1,071,105	-	3	(18,232)	1,052,876
Buildings, works and improvements	284,619	-	449	(4,039)	281,029
Machinery and equipment	501,985	-	10,903	(12,159)	500,729
Vehicles	3,101	-	-	(280)	2,821
Furniture and utensils	2,920	-	-	(65)	2,855
Under construction	**84,985**	**3,434**	**(11,355)**	**-**	**77,064**
Net PP&E	**2,155,847**	**3,434**	**-**	**(35,385)**	**2,123,896**

The average annual depreciation rate for the Company and its subsidiaries is 3.18% p.a.

The Company and its subsidiaries have not identified any evidence of impairment of its property, plant and equipment assets. The generation concession contracts provide that at the end of each concession the grantor must determine the amount to be reimbursed to the Company – with the exception of the concession contracts related to Lot D of Auction12/2015. Management believes that the amounts ultimately received will be higher than the historic residual value, after depreciation for their respective useful lives.

Consortium

The Company is a partner in an energy generation consortium for the *Queimado* plant, for which no separate company with independent legal existence was formed to manage the object of the concession. The Company's portion in the consortium is recorded and controlled individually in the respective categories of PP&E and Intangible assets.

Consolidated and Parent Company	Stake in power output, %	Average annual depreciation rate %	Mar. 31, 2019	Dec. 31, 2018
In service				
Queimado plant	82,50	3,73	217,210	217,210
Accumulated depreciation			(101,471)	(99,287)
Total in operation			**115,739**	**117,923**
Under construction				
Queimado plant	82,50	-	644	603
Total under construction			**644**	**603**

15. INTANGIBLE ASSETS

Composition of the balance at March 31, 2019 and December 31, 2018:

Consolidated	Mar. 31, 2019			Dec. 31, 2018		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**262,957**	**(76,160)**	**186,797**	**262,559**	**(71,424)**	**191,135**
Temporary easements	11,749	(2,832)	8,917	11,749	(2,664)	9,085
Paid concession	19,169	(12,100)	7,069	19,169	(11,930)	7,239
Assets of the concession (Note 1)	162,105	(3,607)	158,498	162,106	-	162,106
Others	69,934	(57,621)	12,313	69,535	(56,830)	12,705
Under construction	**6,496**	**-**	**6,496**	**6,448**	**-**	**6,448**
Assets in progress	6,496	-	6,496	6,448	-	6,448
Net intangible assets	**269,453**	**(76,160)**	**193,293**	**269,007**	**(71,424)**	**197,583**

(1) The rights of authorization to generate wind power granted to the investees, which are considered as investments in the Interim accounting information of the parent company, are classified under Intangible assets in the consolidated statement of financial position, as per Technical Interpretation ICPC 09.

Parent Company	Mar. 31, 2019			Dec. 31, 2018		
	Historic cost	Accumulated amortization	Residual value	Historic cost	Accumulated amortization	Residual value
In service	**94,528**	**(70,990)**	**23,538**	**94,147**	**(69,880)**	**24,267**
Temporary easements	11,451	(2,832)	8,619	11,451	(2,664)	8,787
Paid concession	19,169	(12,100)	7,069	19,169	(11,930)	7,239
Others	63,908	(56,058)	7,850	63,527	(55,286)	8,241
Under construction	**6,496**	**-**	**6,496**	**6,448**	**-**	**6,448**
Assets in progress	6,496	-	6,496	6,448	-	6,448
Net intangible assets	**101,024**	**(70,990)**	**30,034**	**100,595**	**(69,880)**	**30,715**

This table shows the changes in intangible assets:

Consolidated	Dec. 31, 2018	Addition	Capitalization / Transfer	Amortization	Mar. 31, 2019
In service	**191,135**	**-**	**376**	**(4,714)**	**186,797**
Temporary easements	9,085	-	-	(168)	8,917
Paid concessions	7,239	-	-	(170)	7,069
Assets of the concession	162,106	-	-	(3,608)	158,498
Others	12,705	-	376	(768)	12,313
Under construction	**6,448**	**424**	**(376)**	**-**	**6,496**
Assets in progress	6,448	424	(376)	-	6,496
Total	**197,583**	**424**	**-**	**(4,714)**	**193,293**

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Parent Company	Dec. 31, 2018	Addition	Capitalization / Transfer	Amortization	Mar. 31, 2019
In service	**24,267**	**-**	**376**	**(1,105)**	**23,538**
Temporary easements	8,787	-	-	(168)	8,619
Paid concessions	7,239	-	-	(170)	7,069
Others	8,241	-	376	(767)	7,850
Under construction	**6,448**	**424**	**(376)**	**-**	**6,496**
Assets in progress	6,448	424	(376)	-	6,496
Total	**30,715**	**424**	**-**	**(1,105)**	**30,034**

Consolidated and Parent	Dec. 31, 2017	Addition	Capitalization / Transfer	Amortization	Mar. 31, 2018
In service	**23,922**	**-**	**4,043**	**(1,123)**	**26,842**
Temporary easements	9,461	-	-	(168)	9,293
Paid concessions	7,918	-	-	(170)	7,748
Others	6,543	-	4,043	(785)	9,801
Under construction	**8,718**	**844**	**(4,043)**	**-**	**5,519**
Assets in progress	8,718	844	(4,043)	-	5,519
Total	**32,640**	**844**	**-**	**(1,123)**	**32,361**

Taking into account the useful life of the related assets, the average annual amortization rate is 19.95%.

Items in Intangible assets, rights of commercial operation, paid concessions, and others are amortized by the straight-line method; the rates used are based on the consumption pattern of these rights. The Company and its subsidiaries have not identified any evidence of impairment of its intangible assets. The Company and its subsidiaries have no intangible assets with non-defined useful life.

16. LEASING TRANSACTIONS

As mentioned in Note 2.2, as from January 1, 2019 the standard IFRS 16 / CPC 06 (R2) – *Leases* came into effect. The Company has opted to adopt the modified retrospective method, and thus, in accordance with the requirements of this Standard, has not re-presented the information and balances on a comparative basis; it considers the asset of Right to Use as having the same value as the leasing liabilities on the initial adoption date.

The Company have valued their contracts and recognized an asset of Right to Use and a liability for leasing, for the following contracts which contain leasing:

- Leasing of buildings used as administrative headquarters;
- Leasing of commercial vehicles used in operations.

The Company has opted to use the exemptions specified in the rule for short-term leasing operations (i.e. those with a period of 12 months or less) without the option to purchase, and for low-value items. Thus, these leasing agreements are recognized as an expense in the income statement on the straight-line basis, over the period of the leasing. Their effects on net income in 1Q19 were immaterial.

a) Right to Use

The asset of Right to Use was valued at cost, comprising the amount of the initial measurement of the leasing liabilities, and amortized on the straight-line basis up to the end of the period of leasing or of the useful life of the asset identified, as the case may be.

Breakdown of the balance for each type of asset identified:

	Consolidated		Parent Company	
	Mar. 31, 2019	Jan 1, 2019	Mar. 31, 2019	Jan 1, 2019
Real estate property	43,599	44,823	43,514	44,735
Vehicles	14,887	16,379	13,449	14,810
	58,486	**61,202**	**56,963**	**59,545**

Changes in the value of the assets of Right to Use:

Consolidated	Real estate property	Vehicles	Total
Balances on Monday, December 31, 2018	-	-	-
Initial adoption on January 1, 2019	44,823	16,379	61,202
Amortization	(1,224)	(1,492)	(2,716)
Balances on Sunday, March 31, 2019	**43,599**	**14,887**	**58,486**

Parent Company	Real estate property	Vehicles	Total
Balances on Monday, December 31, 2018	-	-	-
Initial adoption on January 1, 2019	44,735	14,810	59,545
Amortization	(1,221)	(1,361)	(2,582)
Balances on Sunday, March 31, 2019	**43,514**	**13,449**	**56,963**

b) Leasing liabilities

The liability for leasing agreements was measured at the present value of the minimum payments required by the contracts, discounted at the Company's marginal interest rate for borrowing.

The changes in the liabilities for leasing transactions have been as follows:

	Consolidated	Parent Company
Balances on Monday, December 31, 2018	-	-
Initial adoption on January 1, 2019 (1)	61,202	59,545
Interest incurred	1,717	1,676
Payments made	(3,882)	(3,725)
Balances on March 31, 2018	**59,037**	**57,496**
Current liabilities	**14,694**	**14,100**
Non-current liabilities	**44,343**	**43,396**

(1) The Company's marginal borrowing rate applied to the liability for leasing recognized in the statement of financial position on the date of the initial application varied between 7.96% p.a. and 13.17% p.a., depending on the leasing contract period.

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The profile of maturity dates of gross leasing liabilities is shown in Note 26.

17. SUPPLIERS

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Wholesale supply, and transport of supply	301,718	394,684	295,220	369,797
Materials and services	42,306	90,042	33,867	66,317
	344,024	**484,726**	**329,087**	**436,114**

18. TAXES

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Current				
ICMS (value added) tax	14,798	18,348	10,192	13,387
Pasep tax	7,966	4,884	6,658	3,885
Cofins tax	35,607	22,149	30,717	18,742
Social security contributions	4,391	4,895	3,846	4,046
ISS tax on services	1,075	1,752	870	1,369
Others	5,179	5,636	4,506	5,024
	69,016	**57,664**	**56,789**	**46,453**
Non-current				
Pasep tax	642	628	583	576
Cofins tax	3,892	3,817	3,590	3,548
	4,534	**4,445**	**4,173**	**4,124**
	73,550	**62,109**	**60,962**	**50,577**

19. LOANS, FINANCINGS AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated – Mar. 31, 2019			Consolidated – Dec. 31, 2017
				Current	Non-current	Total	
FOREIGN CURRENCY							
KfW	2019	1.78%	Euro	227	-	227	229
Eurobonds	2024	9.25%	USD	203,192	5,845,050	6,048,242	5,856,124
(–) Transaction costs				-	(20,669)	(20,669)	(21,319)
(+/–) Funds advanced				-	(33,238)	(33,238)	(34,269)
Debt in foreign currency				**203,419**	**5,791,143**	**5,994,562**	**5,800,765**
BRAZILIAN CURRENCY							
Pipoca Consortium	2019	IPCA	R$	185	-	185	185
Caixa Econômica Federal	2021	TJLP + 2.50%	R$	-	56,865	56,865	55,576
Caixa Econômica Federal	2022	TJLP + 2.50%	R$	-	110,608	110,608	107,791
Debt in Brazilian currency				**185**	**167,473**	**167,658**	**163,552**
Total of loans and financings				**203,604**	**5,958,616**	**6,162,220**	**5,964,317**
Debentures – 3rd Issue, 2nd Series	2019	IPCA + 6.00%	R$	-	-	-	156,361
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	339,395	675,350	1,014,745	1,049,331
Debentures – 6th Issue, 2nd series	2020	IPCA + 8.07%	R$	18,090	16,277	34,367	33,322
Debentures – 7th Issue, Single series	2021	140.00% of CDI	R$	341,703	595,722	937,425	1,022,646
(–) Transaction costs				(9,034)	(15,804)	(24,838)	(27,065)
Total, debentures				**690,154**	**1,271,545**	**1,961,699**	**2,234,595**
Overall total				**893,758**	**7,230,161**	**8,123,919**	**8,198,912**

Financing source	Principal maturity	Annual financing cost	Currency	Parent Company – Mar. 31, 2017			Parent Company – Dec. 31, 2018
				Current	Non-current	Total	
FOREIGN CURRENCY							
KfW	2019	1.78%	Euro	227	-	227	229
Eurobonds	2024	9.25%	USD	203,192	5,845,050	6,048,242	5,856,124
(–) Transaction costs				-	(20,669)	(20,669)	(21,319)
(+/–) Funds advanced (1)				-	(33,238)	(33,238)	(34,269)
Debt in foreign currency				**203,419**	**5,791,143**	**5,994,562**	**5,800,765**
BRAZILIAN CURRENCY							
Pipoca Consortium	2019	IPCA	R$	185	-	185	185
Debt in Brazilian currency				**185**	-	185	185
Total of loans and financings				**203,604**	**5,791,143**	**5,994,747**	**5,800,950**
Debentures – 3rd Issue, 2nd Series	2019	IPCA + 6.00%	R$	-	-	-	156,361
Debentures – 3rd Issue, 3rd Series	2022	IPCA + 6.20%	R$	339,395	675,350	1,014,745	1,049,331
Debentures – 6th Issue, 2nd series	2020	IPCA + 8.07%	R$	18,090	16,277	34,367	33,322
Debentures – 7th Issue, Single series	2021	140.00% of CDI	R$	341,703	595,722	937,425	1,022,646
(–) Transaction costs				(9,034)	(15,804)	(24,838)	(27,065)
Total, debentures				**690,154**	**1,271,545**	**1,961,699**	**2,234,595**
Overall total				**893,758**	**7,062,688**	**7,956,446**	**8,035,545**

(1) Advance of funds to achieve the yield to maturity agreed in the Eurobonds contract.

The debentures issued by the Company are non-convertible; there are no agreements for renegotiation, nor debentures held in treasury.

There is an early maturity clause for cross-default in the event of non-compliance, by Cemig GT or by its parent company Cemig, on any pecuniary obligation with individual or aggregate value greater than R$50 million.

The consolidated composition of loans, financings and debentures, by currency and indexer, with the respective amortization, is as follows:

Consolidated	2019	2020	2021	2022	2023	2024	Total
Currency							
Euro	227	-	-	-	-	-	227
US dollar	203,192	-	-	-	-	5,845,050	6,048,242
Total, currency-denominated	**203,419**	**-**	**-**	**-**	**-**	**5,845,050**	**6,048,469**
Indexers							
IPCA (1)	25,035	348,912	332,635	342,715	-	-	1,049,297
CDI (2)	256,600	340,412	340,413	-	-	-	937,425
TJLP (3)	-	48,062	96,125	23,286	-	-	167,473
Total, governed by indexers	**281,635**	**737,386**	**769,173**	**366,001**	**-**	**-**	**2,154,195**
(–) Transaction costs	(6,756)	(9,034)	(9,015)	(33)	-	(20,669)	(45,507)
(+/-) Funds advanced	-	-	-	-	-	(33,238)	(33,238)
Overall total	**478,298**	**728,352**	**760,158**	**365,968**	**-**	**5,791,143**	**8,123,919**

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Parent Company	2019	2020	2021	2022	2023	2024	Total
Currency							
Euro	227	-	-	-	-	-	227
US dollar	203,192	-	-	-	-	5,845,050	6,048,242
Total, currency-denominated	**203,419**	**-**	**-**	**-**	**-**	**5,845,050**	**6,048,469**
Indexers							
IPCA (1)	25,035	348,912	332,635	342,715	-	-	1,049,297
CDI (2)	256,600	340,412	340,413	-	-	-	937,425
Total, governed by indexers	**281,635**	**689,324**	**673,048**	**342,715**	**-**	**-**	**1,986,722**
(–) Transaction costs	(6,756)	(9,034)	(9,015)	(33)	-	(20,669)	(45,507)
(+/–) Funds advanced	-	-	-	-	-	(33,238)	(33,238)
Overall total	**478,298**	**680,290**	**664,033**	**342,682**	**-**	**5,791,143**	**7,956,446**

(1) IPCA ('Expanded Consumer Price') Inflation Index.
(2) CDI: Interbank Certificates of Deposit
(3) TJLP: Long-Term Interest Rate.

This table shows the variations in the principal currencies and indexers used for monetary updating of loans, financings and debentures:

Currency	Accumulated change in 1Q19, %	Accumulated change in 1Q18, %	Indexer	Accumulated change in 1Q19, %	Accumulated change in 1Q18, %
US dollar	0.57	0.48	IPCA	1.51	0.70
Euro	(1.42)	2.91	CDI	1.51	1.59
			TJLP	0.72	(3.57)

The changes in loans, financings and debentures were as follows:

	Consolidated	Parent Company
Balances on December 31, 2018	**8,198,912**	**8,035,545**
Monetary updating	17,454	13,348
Foreign exchange variations	32,847	32,847
Financial costs RECORDED	198,464	198,464
Amortization of transaction costs	2,877	2,877
Financial charges paid	(92,036)	(92,036)
Amortization of financings	(234,599)	(234,599)
Balances on March 31, 2019	**8,123,919**	**7,956,446**

	Consolidated	Parent Company
Balances on December 31, 2017	**8,320,163**	**8,323,098**
Monetary updating	13,117	13,117
Foreign exchange variations	15,928	15,928
Financial costs RECORDED	189,263	189,263
Amortization of transaction costs	6,210	6,210
Financial charges paid	(127,739)	(127,739)
Amortization of financings	(286,838)	(286,838)
Subtotal	**8,130,104**	**8,133,039**
(–) FIC Pampulha – securities issued by the Company	5,059	6,547
Balances on March 31, 2018	**8,135,163**	**8,139,586**

Guarantees

The Company's debtor balances on loans and financings guaranteed by the parent company, Cemig on March 31, 2019 were as follows:

	Mar. 31, 2019
Surety guarantees	7,043,497
Receivables	467,473
Shares	612,722
Without guarantee	227
TOTAL	**8,123,919**

a) Restrictive covenants

The Company has contracts financial covenants as follows:

Security	Covenant	Ratio required – Cemig GT	Ratio required --- Cemig (guarantor)	Ratio required – Parajuru and Volta do Rio	Compliance required
7th debenture issue (1)	Net debt / (Ebitda + Dividends received)	The following, or less: 4.5 in 2019 3.0 in 2020 2.5 in 2021	Ratio to be the following, or less: 3.5 in 2019 3.0 in 2020 2.5 in 2021	-	Half-yearly and annual
Eurobonds (2)	Net debt / (Ebitda adjusted for the Covenant)	The following, or less: 5.0 on Jun. 30, 2019 4.5 on Dec. 31, 2019 4.5 on Jun. 30, 2020 3.0 on Dec. 31, 2020 3.0 on Jun. 30, 2021 2.5 on/after Dec. 31, 2021	Ratio to be the following, or less: 4.25 on Jun. 30, 2019 3.5 on Dec. 31, 2019 3.5 on Jun. 30, 2020 3.0 on Dec. 31, 2020 3.0 on Jun. 30, 2021 3.0 on/after December 31, 2021	-	Half-yearly and annual
Financing - Caixa Econômica Federal Parajuru and Volta do Rio (3)	Debt servicing coverage index	-	-	1.20 or more	Annual (during amortization)
	Equity / Total liabilities	-	-	20.61% (Parajuru); 20.63% (Volta do Rio)	Aways
	Share capital subscribed in investee / Total investments made in the project financed	-	-	20.61% (Parajuru); 20.63% (Volta do Rio)	Aways

(1) 7th Issue of Debentures by Cemig GT, in December 2016, of R$2,240,000.
(2) In the event of overrun of the financial maintenance covenants, interest will automatically be increased by 2% p.a. during the period in which they remain exceeded. There is also an obligation to comply with a 'debt maintenance covenant', involving asset collateral of 2.0x Cemig's consolidated Ebitda (1.75x at Dec. 2017); and an 'incurrence' covenant comprising an asset guarantee in Cemig GT of 1.5x Ebitda
(3) The financing contracts with Caixa Econômica Federal for the *Praias de Parajuru* and *Volta do Rio* wind power plants have financial covenants with compliance relating to early maturity of the remaining balance of the debt. Compliance with the debt servicing coverage index is considered to be demandable only annually and during the period of amortization, which begins in July 2020.

On March 31, 2019 the covenants requiring permanent compliance were complied with.

The information on the derivative financial instruments (swaps) contracted to hedge the debt servicing of the Eurobonds (principal, in foreign currency, plus interest), and the Company's exposure to interest rate risks, are given in Note 28.

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20. REGULATORY CHARGES

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Liabilities				
Global Reversion Reserve (RGR)	2,526	4,523	-	1,996
Royalties for use of water resources ('CFURH')	6,431	5,804	3,674	3,737
Energy Development Account (CDE)	52,813	38,346	52,813	38,346
Electricity Services Inspection Charge (TFSEE)	893	851	708	686
Proinfa – Alternative Energy Program	8,079	6,631	8,079	6,631
National Scientific and Technological Development Fund (FNDCT)	2,467	1,668	2,023	1,187
Research and Development	131,775	139,986	124,696	132,348
Energy System Expansion Research	1,419	997	1,151	732
	206,403	**198,806**	**193,144**	**185,663**
Current liabilities	**154,944**	**139,457**	**146,748**	**131,615**
Non-current liabilities	**51,459**	**59,349**	**46,396**	**54,048**

21. POST-EMPLOYMENT OBLIGATIONS

Changes in net liabilities were as follows:

	Pension plans and retirement supplement plans	Health Plan	Dental Plan	Life insurance	Total
Net liabilities on December 31, 2017	**435,902**	**398,630**	**8,441**	**61,558**	**904,531**
Expense recognized in Profit and loss account	10,150	10,044	210	1,534	21,938
Contributions paid	(9,334)	(6,083)	(139)	(554)	(16,110)
Net liabilities on March 31, 2018	**436,718**	**402,591**	**8,512**	**62,538**	**910,359**
Net liabilities on December 31, 2018	**456,211**	**515,889**	**10,374**	**94,372**	**1,076,846**
Expense recognized in Profit and loss account	10,348	12,253	249	2,264	25,114
Contributions paid	(10,306)	(6,524)	(145)	(718)	(17,693)
Net liabilities on March 31, 2019	**456,253**	**521,618**	**10,478**	**95,918**	**1,084,267**
				31/03/2019	**31/12/2018**
Current liabilities				**57,922**	**57,052**
Non-current liabilities				**1,026,345**	**1,019,794**

The amounts recorded in Current liabilities refer to the contributions to be made by the Company in the next 12 months, for amortization of post-employment obligations.

The amounts reported as expenses in the consolidated income statement refer to the tranches of the costs of post-employment obligations, totaling R$21,668 (R$17,863 on March 31, 2018), plus the financial costs and monetary updating on the debt agreed with Forluz, in the amount of R$3,446 (R$4,075 on March 31, 2018).

Debt agreed with the pension fund (Forluz)

At March 31, 2019 the Company has an obligation recognized for past actuarial deficits relating to the pension fund in the amount of R$143,089 (R$147,540 on December 31, 2018). This amount has been recognized as an obligation payable, and is being amortized up to June 2024, through monthly installments calculated by the system of constant installments (known as the 'Price' table), and adjusted by the IPCA (Expanded National Consumer Price) inflation index (published by the Brazilian Geography and Statistics Institute – IBGE) plus 6% per year. Because the Company is required to pay this debt even if Forluz has a surplus, the Company maintains the record of the debt in full, and records the effects of monetary updating and interest in the Profit and loss account.

Agreements to cover the deficit on Forluz Pension Plan 'A'

Forluz and the sponsors Cemig, Cemig GT and Cemig Distribuição S.A. (Cemig D) have signed Debt Assumption Instruments to cover the Deficit of Plan A for the years 2015 and 2016. On March 31, 2019 the total amount payable by Cemig GT as a result of the Plan A deficits of 2015 and 2016 was R$85,341 (R$85,417 on December 31, 2018), with monthly amortizations up to 2031, calculated by the system of constant installments (known as the 'Price Table'). Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA (Expanded National Consumer Price) index published by the IBGE. If the plan reaches actuarial balance before the full period of amortization of the contract, Cemig GT will be exempted from payment of the remaining installments and the contract will be extinguished.

On April 3, 2019 a new Debt Assumption Instrument was signed between Forluz and the sponsors Cemig, Cemig GT and Cemig D, in accordance with a plan for coverage of the deficit of Plan A of Forluz relating to the year of 2017. The total amount to be paid by Cemig GT as a result of the deficit in Plan A for 2017 is R$40,356, with monthly amortization up to 2033. Remuneratory interest applicable to the outstanding balance is 6% p.a., plus the effect of the IPCA (Expanded National Consumer Price) index published by the IBGE. If the plan reaches actuarial balance surplus before the full period of amortization of thedebt, also Company will not be required to pay the remaining installments and the contract will be extinguished.

22. PROVISIONS

Company and its subsidiaries are involved in certain legal and administrative proceedings before various courts and government bodies, arising in the normal course of business, regarding employment-law, civil, tax, environmental and regulatory matters, and other issues.

Actions in which the Company is defendant

The Company and its subsidiaries have recorded provisions for contingencies in relation to the legal actions in which, based on the assessment of the Company and its legal advisors, the chances of loss are assessed as 'probable' (i.e. an outflow of funds to settle the obligation will be necessary), as follows:

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Consolidated	Dec. 31, 2018	Additions	Reversals	Settled	Mar. 31, 2019
Employment-law cases	54,901	2,605	(1,438)	(2,603)	53,465
Civil cases	168	4	-	-	172
Tax	2,874	105	(441)	(30)	2,508
Regulatory	2,521	1,011	-	(817)	2,715
Environmental	48	1	-	-	49
Others	38,196	1,256	(698)	(77)	38,677
Total	**98,708**	**4,982**	**(2,577)**	**(3,527)**	**97,586**

Parent Company	Dec. 31, 2018	Additions	Reversals	Settled	Mar. 31, 2019
Employment-law cases	54,035	2,605	(585)	(2,604)	53,451
Civil cases	168	4	-	-	172
Tax	2,874	105	(441)	(30)	2,508
Regulatory	2,521	1,011	-	(817)	2,715
Environmental	-	-	-	-	-
Others	38,195	1,257	(699)	(76)	38,677
Total	**97,793**	**4,982**	**(1,725)**	**(3,527)**	**97,523**

Consolidated	Dec. 31, 2017	Additions	Reversals	Settled	Mar. 31, 2018
Employment-law cases	48,964	4,841	-	(936)	52,869
Civil cases	251	33	-	(28)	256
Tax	9,046	5	-	-	9,051
Regulatory	2,206	58	-	(1)	2,263
Environmental	-	27	-	(27)	-
Others	35,843	1,014	(2,022)	(25)	34,810
Total	**96,310**	**5,978**	**(2,022)**	**(1,017)**	**99,249**

Parent Company	Dec. 31, 2017	Additions	Reversals	Settled	Mar. 31, 2018
Employment-law cases	48,948	4,841	-	(936)	52,853
Civil cases	251	33	-	(28)	256
Tax	9,046	5	-	-	9,051
Regulatory	2,206	58	-	(1)	2,263
Environmental	-	27	-	(27)	-
Others	35,843	1,014	(2,022)	(25)	34,810
Total	**96,294**	**5,978**	**(2,022)**	**(1,017)**	**99,233**

The Company's management, in view of the extended periods and the Brazilian judiciary tax and regulatory systems, believes that it is not practical to provide information that would be useful to the users of this Interim financial information in relation to the possible timing of any cash outflows, or any possibility of reimbursements.

The Company believes that any disbursements in excess of the amounts recorded, when the respective cases are completed, will not significantly affect the Company's profit or financial position.

The details on the principal provisions and contingent liabilities are given below, these being the best estimates of expected future disbursements for these contingencies:

Provisions, made for legal actions in which the chances of loss have been assessed as 'probable'; and contingent liabilities, for actions in which the chances of loss are assessed as 'possible'

Labor claims

Company and its subsidiaries are involved in various legal claims filed by its employees and by employees of service providing companies. Most of these claims relate to overtime and additional pay, severance payments, various benefits, salary adjustments and the effects of such items on a supplementary retirement plan. In addition to these actions, there are others relating to outsourcing of labor, complementary additions to or re-calculation of retirement pension payments by Forluz, and salary adjustments.

The aggregate amount of the contingency is approximately R$159,476 (R$164,362 on December 31, 2018), of which R$53,465 (R$54,901 on December 31, 2017) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

Tax

Company and its subsidiaries are involved in numerous administrative and judicial claims relating to taxes, including, among other matters, subjects relating to the Social Integration Program (*Programa de Integração Social*, or PIS); the Contribution to Finance Social Security (*Contribuição para o Financiamento da Seguridade Social*, or Cofins); Corporate Income tax (*Imposto de Renda Pessoa Jurídica*, or IRPJ); the Social contribution tax on Net income (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and motions to stay tax enforcement. The aggregate amount of these contingencies is approximately R$36,187 (R$36,391 on December 31, 2018), of which R$2,508 (R$2,874 on December 31, 2018) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

Regulatory

The Company is defendant in court and administrative proceedings challenging, especially: reduction of an energy supply contract; limitation on a procedure for operation of the sluice dam of a hydroelectric plant; a claim of infringement arising from an inspection by the regulator; and other matters. The amount of the contingency is approximately R$21,939 (R$21,146 at December 31, 2018), of which R$2,715 (R$2,521 at December 31, 2018) has been recorded – the amount estimated as probably necessary for settlement of these disputes.

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Other legal actions in the normal course of business

The Company is involved, as plaintiff or defendant, in other lesser claims, related to the normal course of its operations, with an estimated total amount of R$140,208 (R$139,884 on December 31, 2018), of which R$38,677 has been recorded (R$38,412 on December 31, 2018). Management believes that it has appropriate defense for these actions, and does not expect these issues to give rise to significant losses that could have an adverse effect on the Company's financial position or profit. The main subjects related to these contingencies concern: (i) services of cleaning of power line pathways and fire breaks; and (ii) customer relations.

Contingent liabilities – for cases in which the chances of loss are assessed as 'possible', and the company believes it has arguments of merit for legal defense

Taxes

The Company is involved in numerous administrative and judicial proceedings in relation to taxes. Below are details of the main claims:

Indemnity of employees' future benefit (the 'Anuênio')

In 2006 the Company paid an indemnity to its employees, totaling R$41,860, in exchange for rights to future payments (referred to as the *Anuênio*) for time of service, which would otherwise be incorporated, in the future, into salaries. The company did not pay income tax nor Social Security contributions in relation to these amounts because it considered that those obligations are not applicable to amounts paid as an indemnity. However, to avoid the risk of a future fine, the Company decided to apply for an order of *mandamus*, which permitted payment into Court of R$28,716. Updated, this amount is R$65,223 (R$64,786 at December 31, 2018). This was posted in Escrow deposits in litigation. The updated amount of the contingency is R$66,187 (R$71,554 on December 31, 2018) and, based on the arguments above, management has classified the chance of loss as 'possible'.

Social Security contributions

The Brazilian federal tax authority (*Secretaria da Receita Federal*) has filed administrative proceedings against the Company related to various matters: employee profit sharing; the Workers' Food Program (*Programa de Alimentação do Trabalhador*, or PAT); the education assistance payment; the food assistance payment; Special Additional Retirement Pensions; overtime payments; hazardous occupation payments; matters related to Sest/Senat (transport workers' support programs); and fines for non-compliance with accessory obligations. The Company has presented the defenses and awaits judgment. The amount of the contingency is approximately R$334,797 (R$330,390 on December 31, 2018). Management has classified the chances of loss as 'possible', also taking into account assessment of the chance of loss in the judicial sphere, (the cases mentioned are in the administrative sphere), based on the analysis of the claims and the related case law.

Non-homologation of offsetting of tax credits

The federal tax authority did not ratify the Company's declared offsetting, in Corporate income tax returns, of carry-forwards and undue or excess payment of federal taxes – Corporate income tax, the social contribution Tax, PIS and Cofins – identified by official tax deposit receipts ('DARFs' and 'DCTFs'). The Company is contesting the non-homologation of the amounts offset. The amount of the contingency is R$77,692 (R$76,209 on December 31, 2018). The Company has assessed the chance of loss as 'possible', since the relevant requirements of the National Tax Code (CTN) have been complied with.

The social contribution tax on net profit (CSLL)

The federal tax authority issued tax assessments against the Company for the years of 2012 and 2013, alleging undue non-addition, or deduction, of amounts relating to the following items in calculating the CSLL: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R$79,998 (R$74,572 on December 31, 2018). The Company has classified the chances of loss as 'possible', in accordance with the analysis of the case law on the subject.

<u>Regulatory matters</u>

Accounting of energy sale transactions on the Wholesale Trading Exchange (CCEE)

In an claim dating from August 2002, AES Sul Distribuidora challenged in the courts the criteria for accounting of energy sale transactions in the wholesale electricity market (*Mercado Atacadista de Energia*, or MAE), predecessor of the present Wholesale Trading Exchange (*Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment on February 2006, which ordered the regulator (Aneel), working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, leaving out of account Aneel's Dispatch 288 of 2002.

This was to be put into effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig, referring to the expense on purchase of energy in the spot market on the CCEE, in the approximate amount of R$323,275 (R$317,460 on December 31, 2018). On November 9, 2008 the Company obtained an interim decision in the Regional Federal Appeal Court (*Tribunal Regional Federal*, or TRF), suspending the obligatory nature of the requirement to pay into court the amount that would have been owed under a Special Financial Settlement made by the CCEE.

The Company has classified the chance of loss as 'possible', since this action deals with the General Agreement for the Energy Sector, in which the Company has the full documentation to support its arguments.

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System Service Charges (ESS) – Resolution of the National Energy Policy Council

Resolution 3 of the National Energy Policy Council (*Conselho Nacional de Política Energética*, or CNPE) of March 6, 2013 established new criteria for the prorating of the cost of additional dispatch of thermal plants. Under the new criteria, the cost of the System Service Charges for Electricity Security (*Encargos do Serviço do Sistema*, or ESS – paid by companies in relation to the need for security of power supply), which were previously prorated in full between free customers and distributors, was now to be prorated between all the agents participating in the National Grid System, including generators and traders.

In May 2013, the Brazilian Independent Electricity Producers' Association (*Associação Brasileira dos Produtores Independentes de Energia Elétrica*, or Apine), of which the Company is a member, obtained an interim court decision suspending the effects of Articles 2 and 3 of CNPE Resolution 3, exempting generators from payment of the ESS under that Resolution.

As a result of the interim decision, the CCEE carried out the financial settlement for transactions in April through December 2013 using the criteria prior to the said Resolution. As a result, the Company recorded the costs of the ESS in accordance with the criteria for financial settlement published by the CCEE, without the effects of CNPE Resolution 3.

The applications by the plaintiff (Apine) were granted in the first instance, confirming the interim remedy granted in favor of its members, which include Cemig GT and its subsidiaries. This decision was confirmed in the judgment of the appeal distributed to the 7th panel of the Regional Federal Court of the First Region. A Special Appeal has been filed against this new judgment, and a hearing on its admissibility is awaited.

The amount of the contingency is approximately R$233,105 (R$225,132 on December 31, 2018). In spite of the successful judgment at the first instance, the Association's legal advisers still considered the chances of loss in this contingency as 'possible'. The Company agrees with this, since there are not yet elements to make it possible to foresee the outcome of the appeal filed by the federal government.

<u>Environmental issues</u>

Environmental impacts arising from construction of power plants

The Public Attorneys of Minas Gerais State, together with an association and individuals, have brought class actions requiring the Company to invest at least 0.5% of the annual gross operating revenue of the *Emborcação, Pissarrão, Funil, Volta Grande, Poquim, Paraúna, Miranda, Nova Ponte, Rio de Pedras* and *Peti* plants, since 1997, in environmental protection and preservation of the water tables of the counties where those power plants are located, and proportional indemnity for allegedly irrecoverable environmental damage caused, arising from omission to comply with Minas Gerais State Law 12503/1997. The Company has filed appeals to the Higher Appeal Court (STJ) and the Federal Supreme Court (STF). Based on the opinions of its legal advisers, it believes that this is a matter involving legislation at infra-constitutional level (there is a Federal Law with an analogous object) and thus a constitutional matter, on the issue of whether the state law is constitutional or not, so that the final decision is one for the national Higher Appeal Court (STJ) and the Federal Supreme Court (STF). No provision has been made, since based on the opinion of its legal advisers management has classified the chance of loss as 'possible'. The amount of the contingency is R$152,123 (R$147,636 on December 31, 2018).

The Public Attorneys' Office of Minas Gerais State has filed class actions requiring the formation of a Permanent Preservation Area (APP) around the reservoir of the *Capim Branco* hydroelectric plant, suspension of the effects of the environmental licenses, and recovery of alleged environmental damage. Based on the opinion of its legal advisers in relation to the changes that have been made in the new Forest Code and in the case law on this subject, the Company has classified the chance of loss in this dispute as 'possible'. The estimated value of the contingency is R$89,319 (R$87,159 on December 31, 2018).

Other environmental claims

The Company is involved in environmental matters, relating to protected areas, environmental licenses, recovery of environmental damage, and other matters, in the amount of R$11,023 (R$10,738 at December 31, 2018). No provision has been made, since based on the opinion of its legal advisers management has classified the chance of loss as 'possible'.

Alteration of the monetary updating index of employment-law cases

The Higher Employment-Law Appeal Court (*Tribunal Superior do Trabalho*, or TST), considering a position adopted by the Federal Supreme Court (*Supremo Tribunal Federal*, STF) in two actions on constitutionality that dealt with the index for monetary updating of federal debts, decided on August 4, 2015 that employment-law debts in actions not yet decided that discuss debts subsequent to June 30, 2009 should be updated based on the variation of the IPCA-E (Expanded National Consumer Price Index), rather than of the TR reference interest rate. On October 16, 2015 an interim injunction was given by the STF that suspended the effects of the TST decision, on the grounds that decisions on matters of general constitutional importance should be decided exclusively by the STF.

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In a joint judgment published on November 1, 2018, the TST decided that the IPCA-E should be adopted as the index for inflation adjustment of employment-law debts for cases filed from March 25, 2015 to November 10, 2017, and the TR would continue to be used for the other periods. The estimated amount of the contingency is R$5,301 (R$5,072 on December 31, 2018). No additional provision has been made, since the Company, based on the assessment by its legal advisers, has assessed the chances of loss in the action as 'possible', as a result of the decision by the STF, and of there being no established case law, nor analysis by legal writers, on the subject, after the injunction given by the Federal Supreme Court.

23. EQUITY AND REMUNERATION TO SHAREHOLDERS

Share capital

On March 31, 2019 and December 31, 2018 the Company's issued and outstanding share capital is R$2,600,00, represented by 2,896,785,358 nominal common shares, fully subscribed, without nominal value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

Profit per share – Basic and diluted

Profit per share has been calculated based on the weighted average number of the company's shares (it has only common shares) in each of the periods referred to, as follows:

	Mar. 31, 2019	Mar. 31, 2018
Number of shares	2,896,785,358	2,896,785,358
Net income for the period, R$'000	583,216	247,278
Profit per share – Basic and diluted – in R$	0.2013	0.0854

The put option of investments described in Note 28 could potentially dilute basic profit per share in the future; however, they have not caused dilution of profit per share in the business year presented here.

24. REVENUES

The revenue of the Company and its subsidiaries is as follows:

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Total revenue from supply of energy – with taxes (a)	1,730,450	1,530,475	1,553,027	1,417,901
Transmission revenue – with taxes (b)	163,156	143,546	164,115	144,500
Revenue from updating of the Concession Grant Fee (c)	80,788	81,827	-	-
Construction Revenue (d)	28,087	1,063	28,087	1,063
Transactions on CCEE (e)	259,216	121,734	241,889	106,675
Transmission indemnity revenue (f)	32,499	49,841	32,499	49,841
Reimbursement revenue – Generation	-	17,245	-	17,245
Contractual reimbursements	62,576	-	62,576	-
Other operating revenues	47,393	13,267	22,888	18,895
Sector / regulatory charges – Deductions from revenue (g)	(449,289)	(396,514)	(405,482)	(366,736)
	1,954,876	**1,562,484**	**1,699,599**	**1,389,384**

(a) Revenue from energy supply

This table shows energy supply by type of customer:

	Consolidated				Parent Company			
	Jan to Mar 2019		Jan to Mar 2018		Jan to Mar 2019		Jan to Mar 2018	
	MWh (1)		MWh (1)		MWh (1)		MWh (1)	
Industrial	3,231,349	725,101	3,263,105	763,656	2,872,573	667,323	3,020,910	706,594
Commercial	919,215	203,351	684,255	167,808	911,151	200,277	684,255	167,808
Rural	504	126	-	-	504	126	-	-
Subtotal	**4,151,068**	**928,578**	**3,947,360**	**931,464**	**3,784,228**	**867,726**	**3,705,165**	**874,402**
Net unbilled retail supply	-	24,432	-	(45,486)	-	23,700	-	(46,200)
	4,151,068	**953,010**	**3,947,360**	**885,978**	**3,784,228**	**891,426**	**3,705,165**	**828,202**
Wholesale supply to other concession holders (2)	3,108,702	834,176	2,620,870	679,263	3,006,982	722,298	2,620,870	624,465
Wholesale supply unbilled, net	-	(56,736)	-	(34,766)	-	(60,697)	-	(34,766)
	7,259,770	**1,730,450**	**6,568,230**	**1,530,475**	**6,791,210**	**1,553,027**	**6,326,035**	**1,417,901**

(1) Information in MWh has not been reviewed by external auditors.
(2) Includes sales contracts in the Regulated Market to distribution companies, sales on the Free Market to traders and generation companies, 'bilateral contracts' with other agents, and the revenues from management of generation assets (GAG) for the 18 hydroelectric plants of Lot D of Auction no 12/2015.

(b) Transmission concession revenue

Transmission revenue comprises: the sum of (a) the amount received from agents of the energy sector in relation to the performance obligations complied with by operating and maintaining transmission lines and networks of the national grid - this is called the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP); plus (b) the adjustment to expectation of cash flow from the assets of the concession, arising from variation in the fair value of the Remuneration Assets Base, which in 1Q19 was R$5,596 (R$2,927 in 1Q18).

(c) Gain on financial updating of Concession Grant Fee

Represents the inflation adjustment using the IPCA inflation index, plus interest, on the Concession Grant Fee for the concession awarded as Lot D of Auction 12/2015. For more details see Note 11.

(d) Construction revenue

Construction revenue corresponds to the performance obligation that is complied with by the building of infrastructure, taking the form of the investment in concession transmission assets made by the Company in the period. Recognition of this revenue is directly related to the expenditure incurred on the addition of contractual assets. Considering that the regulatory model currently in effect does not provide for specific remuneration for construction or upgrading of the infrastructure of the concession; that constructions and improvements are substantially executed through specialized services of outsourced parties; and that all construction revenue is related to construction of infrastructure, the Company's management has decided to record construction contract revenue with a zero profit margin.

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(e) Revenue from power supply transactions on the CCEE (Wholesale Trading Exchange)

The revenue from transactions made through the Wholesale Trading Exchange (*Câmara de Comercialização de Energia Elétrica* – CCEE) corresponds to the monthly calculation of the positive net balance of settlements of transactions for purchase and sale of energy in the Spot Market, through the CCEE, for which the consideration corresponds to the product of (i) the volume of energy sold, and (ii) the Spot Price.

(f) Transmission indemnity revenue

On March 31, 2019 the Company recognized revenue in the total amount of R$32,499 (R$49,841 on March 31, 2018), corresponding to updating, by the IPCA index, of the balance of indemnty receivable.

For more details see Notes 11 and 12.

(g) Deductions on Revenue

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Taxes on revenue				
ICMS tax (VAT)	140,742	136,586	124,853	126,316
Cofins tax	174,636	146,836	158,883	133,697
PIS and Pasep taxes	39,073	31,874	34,494	29,025
ISS tax on services	1,778	548	794	548
	356,229	**315,844**	**319,024**	**289,586**
Charges to the customer				
Global Reversion Reserve (RGR)	4,552	4,688	3,924	4,688
Energy Development Account (CDE)	51,781	38,671	51,781	38,671
Proinfa Program	13,305	10,241	13,305	10,241
Research and Development (R&D)	4,357	3,092	3,614	2,451
National Scientific and Technological Development Fund (FNDCT)	4,357	3,092	3,614	2,451
Energy System Expansion Research (EPE)	2,179	1,546	1,807	1,225
Electricity Services Inspection Charge (TFSEE)	2,530	1,995	1,974	1,561
Royalties for use of water resources (CFURH)	9,999	17,345	6,439	15,862
	93,060	**80,670**	**86,458**	**77,150**
	449,289	**396,514**	**405,482**	**366,736**

25. OPERATING COSTS AND EXPENSES

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Personnel (a)	90,605	79,539	86,031	74,463
Employee profit shares	15,289	4,590	15,229	4,590
Post-employment obligation (recovery of expense)	21,668	17,863	21,668	17,863
Materials	5,509	2,049	4,916	1,691
Outsourced services (b)	34,478	26,918	25,959	24,949
Depreciation and amortization	44,406	36,549	36,294	36,508
Amortization of Rights to Use assets	2,716	-	2,582	-
Provisions (c)	30,111	8,999	23,032	8,999
Charges for use of the national grid	46,085	69,642	33,246	61,774
Energy bought for resale (d)	782,920	795,414	776,547	785,966
Transmission infrastructure construction cost (e)	28,087	1,063	28,087	1,063
Other operating expenses, net (f)	7,145	12,786	7,675	12,380
	1,109,019	**1,055,412**	**1,061,266**	**1,030,246**

a) Personnel expenses

2019 Programmed Voluntary Retirement Plan ('PDVP')

In December 2018, the Company approved the Programmed Voluntary Retirement Plan for 2019 ('the 2019 PDVP'). Those eligible – any employees who had worked with the Company for 25 years or more by December 31, 2018 – were able to join from January 7 to 31, 2019. The program paid the standard legal severance payments – including: payment for the period of notice, an amount equal to the 'penalty' payment of 40% of the Base Value of the employee's FGTS fund, and the other payments specified by the legislation, but with no extra premium.

A total of R$11,648 has been appropriated as expense on the 2019 PDVP, including severance payments, corresponding to acceptance by 78 employees. This was recorded in the income statement for 2018.

2019 Programmed Voluntary Retirement Plan reopened

On March 2019, the Company launch again 2019 voluntary retirement plan, for applications made in the period April 1–10, 2019; and also changes to the requirements for qualification, but with the same financial advantages, which include: the severance payments specified by law, including payment for the period of prior notice, the 40% 'penalty payment' of the amount in the employee's FGTS account; and other payments specified in the legislation. In 1Q19 the amount appropriated as expense on the 2019 PDVP was R$5,854, corresponding to acceptance of the plan by 42 employees.

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b) Outsourced services

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Communication	944	640	827	616
Maintenance and conservation of electrical facilities and equipment	6,450	2,112	4,105	3,051
Building conservation and cleaning	7,030	7,165	5,330	5,744
Contracted labor	1,756	1,439	366	1,439
Freight and airfares	596	338	596	338
Accommodation and meals	766	716	761	706
Security services	1,856	2,419	1,279	1,885
Consultancy	915	556	823	556
Maintenance and conservation of furniture and utensils	245	148	201	132
Information technology	530	1,903	452	1,688
Maintenance and conservation of vehicles	63	69	52	63
Energy	997	1,097	869	1,023
Environment services	3,285	1,502	2,424	1,243
Cleaning of power line pathways	1,099	998	1,098	998
Printing and images	244	379	201	351
Legal services and procedural costs	1,587	678	1,552	678
Others	6,115	4,759	5,023	4,438
	34,478	**26,918**	**25,959**	**24,949**

c) Operating provisions (reversals)

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Provision for doubtful receivables (Note 7)	16,698	133	8,767	133
Estimated losses on other accounts receivable	-	453	-	453
Contingency provisions (reversals) (Note 22)				
Employment-law cases	1,167	4,841	2,020	4,841
Civil cases	4	33	4	33
Tax	(336)	5	(336)	5
Regulatory	1,011	58	1,011	58
Environmental	1	27	-	27
Others	558	(1,008)	558	(1,008)
	2,405	3,956	3,257	3,956
	19,103	**4,542**	**12,024**	**4,542**
Change in fair value of derivative instruments				
Put option – SAAG (Note 28)	11,008	4,457	11,008	4,457
	30,111	**8,999**	**23,032**	**8,999**

d) Energy bought for resale

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Spot market – CCEE (recovery of expenses)	(5,313)	4,497	(6,610)	4,495
Acquired in Free Market	831,814	856,293	831,814	854,842
'Bilateral' contracts	32,848	8,811	27,499	-
Pasep and Cofins credits	(76,429)	(74,187)	(76,156)	(73,371)
	782,920	**795,414**	**776,547**	**785,966**

e) Transmission infrastructure Construction cost

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Personnel	1,799	93	1,799	93
Materials	16,684	561	16,684	561
Outsourced services	9,592	313	9,592	313
Other	12	96	12	96
	28,087	**1,063**	**28,087**	**1,063**

f) Other operating costs and expenses

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Leasing and rentals	1,849	5,727	1,714	5,571
Advertising	325	196	325	196
Subsidies and donations	920	109	920	109
Paid concessions	628	778	628	778
Taxes (IPTU, IPVA and others)	523	342	271	289
CCEE annual charge	771	1,065	770	1,065
Insurance	1,216	952	952	952
Loss (gain) on deactivation and disposal of assets	1,899	185	1,899	185
Forluz – Administrative running cost	1,489	1,963	1,489	1,963
Other (Recovery of expenses)	(2,475)	1,469	(1,293)	1,272
	7,145	**12,786**	**7,675**	**12,380**

26. FINANCE INCOME AND EXPENSES

	Consolidated		Parent Company	
	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
FINANCE INCOME				
Income from cash investments	8,772	10,397	4,022	7,163
Arrears fees on sale of energy	5,698	3,147	1,544	1,929
Monetary updating	3,553	4,436	3,546	4,436
Monetary updating on escrow deposits	3,021	2,351	2,898	2,351
Revenue from advance payments	128	5,366	65	3,758
Gains on Swap Instruments (Note 28)	152,311	97,517	152,311	97,517
Borrowing costs payable by related parties (Note 27)	22,664	-	22,664	-
Others	2,497	11,059	2,066	11,020
Pasep and Cofins taxes on financial revenues	(1,901)	(1,629)	(1,711)	(1,425)
	196,743	**132,644**	**187,405**	**126,749**
FINANCE EXPENSES				
Costs of Loans and financings (Note 18)	(198,464)	(189,263)	(198,464)	(189,263)
Amortization of transaction cost (Note 19)	(2,877)	(6,210)	(2,877)	(6,210)
Monetary Updating – Forluz	(3,446)	(4,075)	(3,446)	(4,075)
Inflation adjustment – Loans and financings (Note 19).	(17,454)	(13,117)	(13,348)	(13,117)
Monetary updating	(2,743)	(2,821)	(2,644)	(2,760)
FX variation from loans and financings (Note 19).	(32,847)	(15,928)	(32,847)	(15,928)
Inflation adjustment – advance from customers (Note 7)	(541)	(2,844)	(541)	(2,844)
Leasing – Inflation adjustment (Note 16)	(1,717)	-	(1,676)	-
Others	(2,014)	(3,445)	(607)	(2,011)
	(262,103)	**(237,703)**	**(256,450)**	**(236,208)**
NET FINANCE INCOME (EXPENSES)	**(65,360)**	**(105,059)**	**(69,045)**	**(109,459)**

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27. RELATED PARTY TRANSACTIONS

The main principal balances and transactions with related parties are as follows (consolidated):

COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Controlling shareholder								
CEMIG								
Current								
Cooperation Working Agreement (1)	-	-	-	536	-	-	-	-
Provision of services (2)	948	948	-	1,376	-	-	-	-
Interest on Equity, and dividends	-	-	659,622	659,622	-	-	-	-
Amount receivable (3)	-	6,243	-	-	-	-	-	-
Non-current								
Loans with related parties (4)	369,221	408,114	-	-	7,706	-	-	-
Jointly-controlled entity								
Madeira Energia								
Current								
Transactions in energy (5)	-	5,669	52,873	64,111	6,158	8,552	(156,626)	(145,091)
Advance for future power supply (6)	-	6,785	-	-	-	2,424	-	-
Aliança Geração								
Current								
Transactions in energy (5)	-	-	6,002	5,785	-	-	(17,433)	(18,999)
Provision of service (7)	1,570	1,792	-	-	3,459	3,172	-	-
Interest on Equity, and dividends	90,664	90,664	-	-	-	-	-	-
Norte Energia								
Current								
Transactions in energy (5)	130	130	-	-	4,531	3,967	-	-
Baguari Energia								
Current								
Provision of service (7)	280	211	-	-	233	223	-	-
LightGer								
Current								
Transactions in energy (5)	-	-	1,424	1,424	-	-	(4,135)	(4,629)
Interest on Equity, and dividends	748	-	-	-	-	-	-	-
Retiro Baixo								
Current								
Interest on Equity, and dividends	5,718	5,718	-	-	-	-	-	-
Hidrelétrica Pipoca								
Current								
Transactions in energy (5)	-	-	-	1,303	-	-	(1,303)	(5,167)
Renova								
Current								
Transactions in energy (5)	-	-	-	515	-	-	-	(30,866)
Non-current								
Accounts receivable (8)	671,858	594,323	-	-	77,534	9,111	-	-
Empresa Amazonense de Transmissão de Energia (EATE)								
Current								
Transactions in energy (5)	-	-	226	230	-	-	(520)	(1,259)
Companhia Transirapé de Transmissão								
Current								
Transactions in energy (5)	-	-	-	18	-	-	-	-
Provision of service (7)	97	90	-	-	327	319	-	-
Light								
Current								
Transactions in energy (5)	-	374	403	403	15,427	15,584	-	-
Taesa								
Current								
Transactions in energy (5)	-	-	1,473	1,460	-	-	(3,415)	(6,423)
Provision of service (7)	174	130	-	-	151	139	-	-
Other related parties								
Cemig Distribuição								
Current								
Cooperation Working Agreement (2)	1,683	-	-	-	1,861	663	-	-
Transactions in energy (5)	16,048	22,303	850	792	63,016	49,043	(7,054)	(5,991)
	-	-	-	536	-	-	-	-
FIC Pampulha								
Current								
Cash and cash equivalents	36,051	53,038	-	-	-	-	-	-
Marketable securities	201,742	159,616	-	-	4,593	1,535	-	-
Non-current								
Marketable Securities	28,372	21,498	-	-	-	-	-	-

COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018	Jan to Mar 2019	Jan to Mar 2018	Jan to Mar 2019	Jan to Mar 2018
Forluz								
Current								
Post-employment obligations (9)	-	-	28,502	27,876	-	-	(10,348)	(10,150)
Supplementary pension contributions – Defined contribution plan (10)	-	-	-	-	-	-	(4,926)	(5,011)
Administrative running costs (11)	-	-	-	-	-	-	(1,489)	(1,963)
Operating leasing (12)	-	-	7,481	382	-	-	(2,322)	(3,272)
Non-current								
Post-employment obligations (9)	-	-	427,751	428,335	-	-	-	-
Operating leasing (12)	41,307	-	34,166	-	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (13)	-	-	27,386	26,940	-	-	(12,502)	(10,254)
Non-current								
Health Plan and Dental Plan (13)	-	-	504,710	499,323	-	-	-	-

The main conditions with reference to the related party transactions are:

(1) Technical Cooperation Working Agreement between Cemig, Cemig D and Cemig GT, instituted by Aneel Dispatch 3208/2016. Principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT.
(2) This refers to a service agreement between Cemig Telecomunicações (merged into Cemig on March 31, 2018), Cemig D and Cemig GT, instituted by Dispatch 2735/2016.
(3) This refers to the amount repaid by the parent company, Cemig, as a result of adjustment in the valuation opinion at book value of the stockholding restructuring of wholly-owned generation and trading subsidiaries.
(4) Refers to a loan contract in the amount of R$400,000 between the company and its parent company Cemig. This will be settled in a single payment in December 2019, plus interest, corresponding to 125.52% of the CDI rate. A guarantee, Cemig signed a promissory note in the global amount of R$442,258, corresponding to the amount of the debt plus the estimated interest for the 15-month period of the agreement. On March 13, 2019, R$46,599 was amortized, reducing the total balance to R$369,221 on March 31, 2019.
(5) Transactions in energy between generators and distributors were made in auctions organized by the federal government; transactions for transport of energy, made by transmission companies, arise from the centralized operation of the National Grid carried out by the National System Operator (ONS).
(6) Refers to advance payments for supply of power made in 2017 to Santo Antônio Energia, subsidiary of Madeira Energia, by Cemig GT. The final installment was paid in January 2019.
(7) Refers to a contract to provide plant operation and maintenance services.
(8) Cemig GT has an item of R$671,858 receivable from Renova Energia, with final maturity in December 2021. The outstanding amount is adjusted at 150% to 155% of the CDI rate. Part of this credit arises from new Debt Recognition Agreements signed between Cemig GT and Renova on February 20, 2019 for recognition of debts contracted by Renova, in the total amount, updated to March 31, 2019, of R$148,182 – settlement is scheduled for July 9, 2019 with updating at 155% of the CDI rate. This receivable has guarantees, shared between Cemig and Light, related to their stockholding interest in Renova, dividends of its investees, and wind projects to be developed.
(9) The contracts of Forluz are updated by the Expanded Consumer Price Index (*Índice Nacional de Preços ao Consumidor Amplo*, or IPCA) calculated by the Brazilian Geography and Statistics Institute (IBGE) plus interest of 6% p.a. and will be amortized up to the business year of 2031 (see Note 21).
(10) The Company's contributions to the pension fund for the employees participating in the Mixed Plan, and calculated on the monthly remuneration, in accordance with the regulations of the Fund.
(11) Funds for annual current administrative costs of the Pension Fund in accordance with the specific legislation of the sector. The amounts are estimated as a percentage of the Company's payroll.
(12) Rental of the Company's administrative head offices, in effect up to October 2020 (able to be extended every five years, up to 2035) and February 2019 (able to be extended every five years, up to 2034, currently in final phase of renewal), with annual inflation adjustment by the IPCA index and price reviewed every 60 months in line with market prices (see Note 19).
(13) Post-employment obligations relating to the employees' health and dental plan (see Note 21).

Dividends receivable from subsidiaries

Dividends receivable	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Cemig Geração Itutinga	-	-	5,129	-
Cemig Geração Sul	-	-	5,694	-
Cemig Geração Leste	-	-	1,506	-
Aliança Geração	90,664	90,664	90,664	90,664
Others	7,849	8,178	7,849	8,178
	98,513	**98,842**	**110,842**	**98,842**

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Cash investments in the *FIC Pampulha* investment fund

Cemig GT invests part of its cash balance in a reserved (group) investment fund, which has the characteristics of fixed income and obeys the Company's cash investment policy. The amounts invested by the fund at March 31, 2019 are reported in Marketable Securities in Current or Non-current assets, in proportion to the interests held by the Company in the fund.

The funds are allocated only in public and private fixed income securities, subject only to credit risk, with various maturity periods, obeying the unit holders' cash flow needs.

The financial investments of the investment fund in marketable securities of related parties are as follows:

Issuer of security	Type	Annual contractual conditions	Maturity	Mar. 31, 2019 –			Dec. 31, 2018 –		
				Cemig GT 0.34%	Other subsidiaries 11.85% (1)	Total (consolidated) 12.19%	Cemig GT 0.74%	Other subsidiaries 8.65% (1)	Total (consolidated) 9.39%
ETAU (2)	Debentures	108% of CDI	Dec. 1, 2019	35	1,213	1,248	75	870	945
Light	Promissory Note	CDI + 3.50%	Jan. 22, 2019	-	-	-	54	620	674
Cemig D	Promissory Note	151% of CDI rate	Oct. 24, 2019	184	6,449	6,633	397	4,599	4,996
				219	**7,662**	**7,881**	**526**	**6,089**	**6,615**

(1) Refers to the other companies consolidated by Cemig GT, which also have participation in the investment funds.
(2) ETAU – Empresa de Transmissão do Alto Uruguai S.A.

Remuneration of key management personnel

The total costs of key personnel comprising the Executive Board, Audit Board, Fiscal Concil and Board of Directors – are within the limits approved by a General Meeting of Shareholders, and their effects in the Income statements in the three-month periods March 31, 2019 and 2018, are as follows:

	Jan to Mar 2019	Jan to Mar 2018
Remuneration	807	862
Profit shares	56	20
Assistance benefits	65	79
	928	**961**

28. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Classification of financial instruments and fair value

The principal financial instruments, classified in accordance with the accounting principles adopted by the Company and its subsidiaries, are as follows:

	Level	Mar. 31, 2019		Dec. 31, 2018	
		Balance	Fair value	Balance	Fair value
Assets					
Amortized cost (1)					
Marketable securities	2	36,586	36,586	28,312	28,312
Customers and Traders; Concession holders (transmission service)	2	1,127,871	1,127,871	956,059	956,059
Restricted cash	2	18,232	18,232	90,710	90,710
Advances to suppliers	2	-	-	94,070	94,070
Receivable from related parties	2	1,042,893	1,042,893	921,288	921,288
Escrow deposits	2	376,486	376,486	374,374	374,374
Concession grant fee – Generation concessions	3	2,426,044	2,426,044	2,408,930	2,408,930
Reimbursements receivable – Transmission	3	1,321,961	1,321,961	1,296,314	1,296,314
		6,350,073	**6,350,073**	**6,170,057**	**6,170,057**
Fair value through profit or loss					
Cash equivalents – Investments	2	310,540	310,540	297,561	297,561
Marketable securities					
Financial Notes (LFs) – Banks	2	129,438	129,438	96,876	96,876
Treasury Financial Notes (LFTs)	1	62,173	62,173	56,572	56,572
Debentures	2	2,071	2,071	1,586	1,586
		504,222	**504,222**	**452,595**	**452,595**
Derivative financial instruments (swaps)	3	965,646	965,646	813,335	813,335
Reimbursements receivable – Generation	3	816,202	816,202	816,202	816,202
		1,781,848	**1,781,848**	**1,629,537**	**1,629,537**
		8,636,143	**8,636,143**	**8,252,189**	**8,252,189**
Liabilities					
Amortized cost (1)					
Loans, financings and debentures	2	(8,123,919)	(8,123,919)	(8,198,912)	(8,198,912)
Debt with pension fund (Forluz)	2	(143,089)	(143,089)	(147,540)	(147,540)
Deficit of pension fund (Forluz)	2	(85,341)	(85,341)	(85,417)	(85,417)
Concessions payable	3	(19,083)	(19,083)	(18,747)	(18,747)
Suppliers	2	(344,024)	(344,024)	(484,726)	(484,726)
Advances from customers	2	(12,601)	(12,601)	(40,267)	(40,267)
Leasing transactions (2)	2	(59,037)	(59,037)	-	-
		(8,787,094)	**(8,787,094)**	**(8,975,609)**	**(8,975,609)**
Fair value through profit or loss					
Derivative financial instruments – Put options	3	(430,156)	(430,156)	(419,148)	(419,148)
		(430,156)	(430,156)	(419,148)	(419,148)
		(9,217,250)	**(9,217,250)**	**(9,394,757)**	**(9,394,757)**

(1) The book values of the financial instruments on March 31, 2019 and December 31, 2018 reflect their fair values.
(2) Leasing transactions have been recognized in accordance with initial adoption of IFRS 16 / CPC 06 (R2). For more information see Note 16.

At the initial recognition the Company measures its financial assets and liabilities at fair value and classifies them according to the accounting standards currently in effect. *Fair value* is a measurement based on assumptions that market participants would use in pricing an asset or liability. The Company uses the following classification to its financial instruments:

- Level 1 Active market - Quoted prices: A financial instrument is considered to be quoted in an active market if the prices quoted are promptly and regularly made available by an exchange or organized over-the-counter market, by operators, by brokers or by a market association, by entities whose purpose is to publish prices, or by regulatory agencies, and if those prices represent regular arm's length market transactions made without any preference.

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- Level 2 No active market – Valuation technique: For an instrument that does not have an active market, fair value should be found by using a method of valuation/pricing. Criteria such as data on the current fair value of another instrument that is substantially similar, or discounted cash flow analysis or option pricing models, may be used. The objective of the valuation technique is to establish what would be the transaction price on the measurement date in an arm's-length transaction motivated by business considerations.
- Level 3 No active market – No observable inputs: The fair value of investments in securities for which there are no prices quoted on an active market, and/or of derivatives linked to them which are to be settled by delivery of unquoted securities, is determined based on generally accepted valuation techniques, such as on discounted cash flow analysis or other valuation techniques such as, for example, new replacement value (*Valor novo de reposição*, or VNR).

Fair value calculation of financial positions

Transmission concession financial assets remunerated by Tariff: These are measured at New Replacement Value (*Valor novo de reposição*, VNR), according to criteria established in regulations by the Concession-granting power ('the Grantor'), based on fair value of the assets in service belonging to the concession and which will be revertible at the end of the concession, and on the Weighted average cost of capital (WACC) used by the Grantor, which reflects the concession holder's return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig GT.

Indemnities receivable - Transmission: These are measured at New Replacement Value (Valor novo de reposição, or VNR), according to criteria established in regulations by the Concession-granting power ('Grantor'), based on fair value of the concession assets to be indemnified as a result of acceptance of the terms of Law 12783/13, and on the weighted average cost of capital (WACC) used by the Grantor, which reflects the concession holder's return on the operations of the concession. The VNR and the WACC are public information disclosed by the Grantor and by Cemig, respectively.

Reimbursements receivable – Generation: Measured at New Replacement Value (VNR), as per criteria set by regulations of the grantor power, based on the fair value of the assets to be reimbursed on termination of the concession.

Cash investments: The fair value of cash investments is calculated taking into consideration the market prices of the security, or market information that makes such calculation possible, and future rates in the fixed income and FX markets applicable to similar securities. The market value of the security is deemed to be its maturity value discounted to present value by the discount factor obtained from the market yield curve in Reais.

Derivative financial instruments

Derivative financial instruments held by the Company are: Put options; and Swap transactions for protection of debts.

Swap transactions: Fair value was calculated based on the market value of the security at its maturity adjusted to present value by the discount rate obtained from the market yield curve.

Put options: The put options for units of FIP Melbourne and FIP Malbec ('the SAAG Put') were measured at fair value using the Black-Scholes-Merton (BSM) method. The fair value of these options has been calculated on the basis of the estimated exercise price on the day of exercise of the option, less the fair value of the shares that are the subject of the put option, also estimated for the date of exercise, brought to present value at the reporting date.

The movement in relation to the put options, and other information on the derivative instruments, is given in the item "b) Financial instruments – Derivatives", in this Note.

Other financial liabilities

Fair value of its Loans, financings and debentures were determined using 140.97% of the CDI rate – based on its most recent funding. For the following, the Company considered fair value to be substantially equal to book value: Loans, financings and debentures, and debt agreed with Forluz, with annual rates between IPCA + 6.00% to 8.07% and CDI + 1.63% to 3.23%.

b) Derivative financial instruments

The SAAG put option

Option Contracts were signed between Company and the private pension entities that participate in the investment structure of SAAG (comprising FIP Melbourne, Parma Participações S.A. and FIP Malbec – jointly, 'the Investment Structure'), giving those entities the right to sell units in the Funds that comprise the Investment Structure, at the option of the Funds, in the 84th (eighty-fourth) month from June 2014. Under these contracts the exercise price of the Put Options would be the amount invested by each of the private pension plan in the Investment Structure, updated *pro rata temporis* by the Expanded National Consumer Price (IPCA) index published by the IBGE, plus interest at 7% per year, less such dividends and Interest on Equity as shall have been paid by SAAG to the pension plan entities. This option was considered to be a derivative instrument, accounted at fair value through profit or loss.

Cemig GT uses the Black-Scholes-Merton ('BSM') model for measurement of the fair value of the SAAG put option. The assumption was made that the future expenditures of FIP Malbec and FIP Melbourne are insignificant, so that the options are valued as if they hold direct equity interests at Mesa. However, neither SAAG nor Mesa are traded on a securities exchange, so that some assumptions are necessary for calculation of the price of the asset and its volatility for application of the BSM model. The closing price of the shares of Mesa on December, 31, 2018, is ascertained from free cash flow to equity, in proportion to the indirect interests held by the FIPs. Volatility is measured as an average of historic volatility of comparable generation companies listed on the B3 (assuming that the data series for the difference of capitalized returns, over time, follows a normal distribution).

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Based on the studies made, a liability of R$430,156 (R$419,148 on December 31, 2018) is recorded in the Company's interim accounting information, for the difference between the exercise price and the estimated fair value of the assets.

Changes in the values of the options are as follows:

	Consolidated and Parent
Balance at Dec. 31, 2017	**311,593**
Change in fair value	4,457
Balance at Mar. 31, 2018	**316,050**
Balance at Dec. 31, 2018	**419,148**
Change in fair value	11,008
Balance at Mar. 31, 2019	**430,156**

The Company performed the sensitivity analysis of the exercise price of the option, varying the risk-free interest rate and the volatility, keeping the other variables of the model unchanged. In this context, scenarios for the risk-free interest rate at 4.50% p.a. to 8.50% p.a., and for volatility between 21% and 81% p.a., were used, resulting in estimates of minimum and maximum price for the put option of R$408,334 and R$456,376, respectively.

This option to sell investments could potentially dilute basic profit per share in the future; however, it has not caused dilution of profit per share in the business years presented here, as shown in Note 23.

<u>Swap transactions</u>

Considering that part of the loans and financings of the Company is denominated in foreign currency, the Company uses derivative financial instruments (swap transactions) to protect the servicing associated with these debts (principal plus interest).

The derivative instruments contracted by the Company have the purpose of protecting operations against the risks arising from foreign exchange variation, and are not used for speculative purposes.

The amounts of the principal of derivative transactions are not presented in the statement of financial position, since they refer to transactions that do not require cash principal payments to be made: only the gains or losses that actually occur are recorded. The net result of those transactions on March 31, 2019 was a positive adjustment of R$152,311 (Positive adjustment of R$97,517 on March 31, 2018), which was posted in Finance income (expenses).

The Company has a Financial Risks Management Committee, created to monitor the financial risks in relation to volatility and trends of inflation indices, exchange rates and interest rates that affect its financial transactions and which could negatively affect its liquidity and profitability. The Committee implements action plans and sets guidelines for proactive control of the financial risks environment.

The counterparties of the derivative transactions are the banks Bradesco, Itaú, Goldman Sachs and BTG Pactual. The controlling shareholder Cemig is guarantor of the derivative instruments contracted by Cemig GT.

This table shows the derivative instruments contracted by the Company at March 31, 2019 and December 31, 2018:

Receivable by Cemig GT (1)	Payable by Cemig GT (1)	Maturity period	Trading market	Value of principal contracted (2)	Unrealized gain (loss),		Unrealized gain (loss),	
					According to contract Mar. 31, 2019	Fair value 2018 Mar. 31, 2019	According to contract Dec. 31, 2018	Fair value Dec. 31, 2018
In US$ 9.25% p.a.	R$ 150.49% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over-the-counter	US$ 1,000,000	705,563	731,743	679,530	626,888
In US$ 9.25% p.a.	R$ 125.52% of CDI	Interest: Half-yearly Principal: Dec. 2024	Over-the-counter	US$500,000	55,181	233,903	32,781	186,447
					760,744	**965,646**	**712,311**	**813,335**
Current assets						**75,496**		**69,643**
Non-current assets						**890,150**		**743,692**

(1) For the initial Eurobond issue of US$1 billion, placed in December 2017: (1) for the principal, a call spread was contracted, with floor at R$3.25/US$ and ceiling at R$ 5.00/US$; and (2) a swap was contracted for the total of the interest, for a coupon of 9.25% p.a., in Reais, at an average rate equivalent to 150.49% of the CDI. For the additional US$500 million issuance of the same Eurobond issue, in July 2018 (1) a call spread was contracted for the principal, with floor at R$ 3.85/US$ and ceiling at R$ 5.00/US$; and (2) a swap was contracted for the whole of the interest, resulting in a coupon in Reais of 9.25% p.a., with an average rate equivalent to 125.52% of the CDI rate.

(2) In thousands of US dollars.

In accordance with market practice, the Company uses a mark-to-market method to measure the hedge derivatives for its Eurobonds. The principal indicators for measuring the fair value of the swap are the B3 futures market curves for the DI rate and the dollar. To price the call spread, the Black & Scholes model is used.

The fair value found on March 31, 2019 was R$965,646 (R$813,335 on December 31, 2018), which would be a reference point if the Company were to liquidate the hedges on March 31, 2019, but the swap contracts protect the company's cash flow up to the maturity of the bonds in 2024. They have accrual value of R$760,744 on March 31, 2019 (R$712,311 on December 31, 2018).

The Company is exposed to market risk as a function of having contracted this hedge, the principal potential impact being an alteration in futures of Brazilian interest rates or exchange rates. Based on the futures curves for interest rates and the dollar, the Company estimates that in a probable scenario, at the end of the accounting period its net income would suffer a negative impact of R$1.2 billion for the option (call spread), and R$71 million for the swap – an aggregate R$1.3 billion.

The Company has measured the effects on its net income of reduction of the estimated fair value for the 'probable' scenario by 25% and 50%, respectively, as follows:

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Parent Company and Consolidated	Base scenario March 31, 2019	'Probable' scenario	'Possible' scenario: FX depreciation and interest rate increase 25%	'Remote' scenario: FX depreciation and interest rate increase 50%
Swap, asset side	6,170,480	6,112,816	5,064,330	4,109,765
Swap, liability side	(6,154,140)	(6,041,976)	(6,217,001)	(6,379,342)
Option / Call spread	949,306	1,217,052	608,889	101,359
Derivative hedge instrument	**965,646**	**1,287,892**	**(543,782)**	**(2,168,218)**

The same methods of measuring used in marking to market of the derivative instruments described above were applied to the calculation of estimated fair value.

c) Risk management

Corporate risk management is a management tool that is part of the Company's corporate governance practices and is aligned with the process of planning, which sets the Company's strategic business objectives.

The Company has a Financial Risks Management Committee, the purpose of which is to implement guidelines and monitor the financial risk of transactions that could negatively affect the Company's liquidity or profitability, recommending hedge protection strategies to control the Company's exposure to foreign exchange rate risk, interest rate risk, and inflation risks.

The main risks to which the Company and its subsidiaries are exposed are as follows:

Interest rate risk

On March 31, 2019 Cemig GT and its subsidiaries were exposed to the risk of reduction in Brazilian interest rates, since it has more assets than liabilities indexed to variation in interest rates:

Exposure to Brazilian domestic interest rates	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Assets				
Cash equivalents (Note 5) – CDI rate	310,540	297,561	238,432	223,247
Securities (Note 6) – CDI and Selic rates	230,268	183,346	6,545	14,631
Accounts receivable – Renova (Note 27) – CDI	671,858	507,038	671,858	507,038
Loan with related parties (Note 27) – CDI	369,221	408,114	369,221	408,114
Advances to suppliers – CDI	-	94,070	-	89,321
Restricted cash – CDI	18,232	90,710	18,157	90,656
	1,600,119	**1,580,839**	**1,304,213**	**1,333,007**
Liabilities				
Loans, financings and debentures – CDI rate (Note 19)	(937,425)	(1,022,646)	(937,425)	(1,022,646)
Loans, financings and debentures – TJLP Rate (Note 19)	(167,473)	(163,367)	-	-
Advances from customers – CDI (note 7)	(12,601)	(40,267)	(12,601)	(40,267)
	(1,117,499)	**(1,226,280)**	**(950,026)**	**(1,062,913)**
Net assets (liabilities) exposed	**482,620**	**354,559**	**354,187**	**270,094**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the Selic rate on March 31, 2020 will be 6.5%. They have made a sensitivity analysis of the effects on profit arising from increases of 25% and 50% in this rate in relation to the 'probable' scenario. Variation in the CDI rate accompanies the variation in the Selic rate.

Risk: Increase in Brazilian interest rates – Consolidated	Mar. 31, 2019	Mar. 31, 2020

	Amount Book value	'Probable' scenario: Selic 6.50%	'Possible' scenario –25% Selic 4.88%	'Remote' scenario –50% Selic 3.25%
Assets				
Cash equivalents – Cash investments (note 5)	310,540	330,725	325,679	320,633
Marketable securities (Note 6)	230,268	245,235	241,494	237,752
Accounts receivable – Renova (Note 27)	671,858	715,529	704,611	693,693
Loan with related parties (Note 27)	369,221	393,220	387,221	381,221
Restricted cash	18,232	19,417	19,121	18,825
	1,600,119	**1,704,126**	**1,678,126**	**1,652,123**
Liabilities				
Loans, financings and debentures – CDI rate (Note 19)	(937,425)	(998,358)	(983,124)	(967,891)
Loans, financings and debentures – TJLP Rate (Note 19)	(167,473)	(178,359)	(175,637)	(172,916)
Advances from customers – CDI (note 7)	(12,601)	(13,420)	(13,215)	(13,011)
	(1,117,499)	**(1,190,137)**	**(1,171,976)**	**(1,153,818)**
Net assets	**482,620**	**513,989**	**506,150**	**498,305**
Net effect of variation in interest rates		**31,369**	**23,530**	**15,685**

Inflation risk

The Company and its subsidiaries are exposed to risk of reduction of inflation, due to their having more assets than liabilities indexed to the variation of inflation indicators, as follows:

Exposure to inflation	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Assets				
Generation – Concession Grant Fee – IPCA (Note 11)	2,426,044	2,408,930	-	-
Transmission – Reimbursement receivable – IPCA index (Note 11)	1,321,961	1,296,314	1,321,961	1,296,314
	3,748,005	**3,705,244**	**1,321,961**	**1,296,314**
Liabilities				
Loans, financings and debentures – IPCA (Note 19)	(1,049,297)	(1,239,199)	(1,049,297)	(1,239,199)
Debt agreed with pension fund (Forluz) – Note 21)	(143,089)	(147,540)	(143,089)	(147,540)
Solution for Forluz pension fund deficit (Note 21)	(85,341)	(85,417)	(85,341)	(85,417)
	(1,277,727)	**(1,472,156)**	**(1,277,727)**	**(1,472,156)**
Net assets	**2,470,278**	**2,233,088**	**44,234**	**(175,842)**

Sensitivity analysis

The Company and its subsidiaries estimate that in a probable scenario, the IPCA inflation index on March 31, 2020 will be 3.62%. For the risk of reduction in inflation they have made a sensitivity analysis of the effects on profit arising from reductions in rates of 25.00% and 50.00% in relation to the 'probable' scenario.

Risk: reduction in inflation Consolidated	Mar. 31, 2019	Mar. 31, 2020		
	Book value	'Probable' scenario: IPCA 3.62%	'Possible' scenario –25% IPCA 2.71%	'Remote' scenario –50% IPCA 1.81%
Assets				
Generation – Concession Grant Fee – IPCA (Note 11)	2,426,044	2,513,821	2,491,877	2,469,934
Transmission – Reimbursement receivable – IPCA index (Note 11)	1,321,961	1,369,791	1,357,834	1,345,877
	3,748,005	**3,883,612**	**3,849,711**	**3,815,811**
Liabilities				
Loans, financings and debentures – IPCA (Note 19)	(1,049,297)	(1,087,262)	(1,077,771)	(1,068,280)
Debt agreed with pension fund (Forluz) (Note 21)	(143,089)	(148,266)	(146,972)	(145,678)
Solution for Forluz pension fund deficit (Note 21)	(85,341)	(88,429)	(87,657)	(86,885)
	(1,277,727)	**(1,323,957)**	**(1,312,400)**	**(1,300,843)**
Net assets	**2,470,278**	**2,559,655**	**2,537,311**	**2,514,968**
Net effect of variation in inflation		**89,377**	**67,033**	**44,690**

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Exchange rate risk

The Company is exposed to risk of increase in exchange rates, with effect on Loans and financings, and cash flow.

The net exposure to exchange rates is as follows:

Exposure to exchange rates	Consolidated and Parent Company			
	Mar. 31, 2019		Dec. 31, 2018	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financings (Note 19)	1,552,145	6,048,242	1,511,336	5,856,124
Euro				
Loans and financings (Note 19)	52	227	52	229
Net liabilities exposed	**1,552,197**	**6,048,469**	**1,511,388**	**5,856,353**

<u>Sensitivity analysis</u>

The Company estimates that in a probable scenario, at March 31, 2020 the exchange rates of foreign currencies in relation to the Real will be as follows: depreciation in the dollar exchange rate by 2.01%, to R$3.8183/US$, and depreciation of the Euro rate by 1.00%, to R$4.4197/€. The Company has made a sensitivity analysis of the effects on profit arising from depreciation of the Real exchange rate by 25%, and by 50%, in relation to this 'probable' scenario.

Risk: Exposure to exchange rates	Mar. 31, 2019	Mar. 31, 2020		
	Book value	'Probable' scenario US$1=R$3.8183 €1 = R$4.4197	Scenario +25% US$1=R$4.7729 €1 = R$5.5246	Scenario +50% US$1=R$5.7275 €1 = R$6.6296
US dollar				
Loans and financings (Note 19)	6,048,242	5,926,554	7,408,231	8,889,908
Euro				
Loans and financings (Note 19)	227	229	287	344
Net liabilities exposed	**6,048,469**	**5,926,783**	**7,408,518**	**8,890,252**
Net effect of exchange rate variation		**(121,686)**	**1,360,049**	**2,841,783**

Note that the Company has contracted a swap transaction to replace the exposure to the US dollar with exposure to variation in the CDI Rate, as described in more detail in the item *Swap Transactions* in this Note.

Liquidity risk

Cemig GT has sufficient cash flow to cover the cash needs related to its operating activities.

The Company manages liquidity risk with a group of methods, procedures and instruments that are coherent with the complexity of the business, and applied in permanent control of the financial processes, to guarantee appropriate risk management.

Cemig manages liquidity risk by permanently monitoring its cash flow in a conservative, budget-oriented manner. Balances are projected monthly, for each one of the companies, over a period of 12 months, and daily liquidity is projected, daily, over 180 days.

Short-term investments must, also, comply with certain rigid investing principles established in the Company's Cash Investment Policy, approved by the Financial Risks Management Committee. These include applying its resources in reserved, private-credit investment funds, without market risk, and investment of the remainder directly in bank CDs or repo contracts which earn interest at the CDI rate.

In managing cash investments, the Company seeks to obtain profitability through a rigid analysis of financial institutions' credit, applying operational limits for each bank, based on assessments that take into account their ratings, exposures and balance sheets. It also seeks greater returns on investments by strategically investing in securities with longer investment maturities, while bearing in mind the Company's minimum liquidity control requirements.

Any reduction in the Company's ratings could result in a reduction of its ability to obtain new financings and could also make refinancings of debts not yet due more difficult or more costly. In this situation, any financing or refinancing of debt could have higher interest rates or might require compliance with more onerous covenants, which could additionally cause restrictions to the operations of the business.

This table shows the flow of payments of the Company's obligations to suppliers, for debts agreed with the pension fund, and loans, financings and debentures, at floating and fixed rates, including future interest up to contractual maturity dates:

	Up to 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Over 5 years	Total
Financial instruments at (interest rates):						
Floating rates						
Loans, financings and debentures	34,842	380,256	1,045,150	4,011,287	6,811,794	12,283,329
Paid concessions	220	432	1,859	8,514	13,919	24,944
Debt agreed with pension fund (Forluz)	2,663	5,323	24,288	142,695	9,815	184,784
Solution for deficit of pension fund (Forluz)	813	1,635	7,448	43,734	104,232	157,862
Leasing transactions	1,294	2,588	11,644	32,467	104,416	152,409
	39,832	**390,234**	**1,090,389**	**4,238,697**	**7,044,176**	**12,803,328**
Fixed rate						
Suppliers	340,070	3,932	22	-	-	344,024
	379,902	**394,166**	**1,090,411**	**4,238,697**	**7,044,176**	**13,147,352**

Credit risk

The Company's risk of losses due to difficulty in receipt of amounts invoiced to customers is considered to be low. The Company carries out monitoring for the purpose of reducing default, on an individual basis, with its customers. Negotiations are also entered into for receipt of any receivables in arrears.

The provision for doubtful debtors constituted on March 31, 2019, considered to be adequate in relation to the credits receivable and in arrears, was R$41,184.

In relation to the risk of losses resulting from insolvency of the financial institutions at which the Company or its subsidiaries have deposits, a Cash Investment Policy was approved and has been in effect since 2004, and is reviewed annually.

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This Policy assesses and scales the credit risks of the institutions, liquidity risk, the market risk of the investment portfolio and the Treasury operational risk.

All investments are made in financial securities that have fixed-income characteristics, the majority of them indexed to the CDI rate. The Company does not make any transactions that would incorporate volatility risk into its financial statements.

As a management instrument, Cemig GT divides the investment of its cash holdings between direct purchases of securities, forming its own portfolio, and investment funds. The investment funds invest the funds exclusively in fixed income products, and companies of the Group are the only unit holders. They obey the same policy adopted in the investments for the Company's directly-held own portfolio.

The minimum requirements for concession of credit to financial institutions are centered on three items:

1. Rating by risk rating agencies;
2. Shareholders' equity greater or more than R$400 million;
3. Basel ratio one percentage point above the minimum required by the Brazilian Central Bank.

Banks exceeding these thresholds are classified in four groups, by the value of their equity; limits of concentration by group and institution are then set within this classification:

Group	Equity	Concentration	Limit per bank (% of equity) (1)
FR	Institutions which have the credit risk of the federal government	-	Between 6% and 9%
A1	Over R$ 3.5 billion	Minimum 80%	Between 6% and 9%
A2	R$ 1.0 billion to R$ 3.5 billion	Maximum 20%	Between 5% and 8%
A3	R$ 400 million to R$ 1.0 billion	Maximum 20%	Between 5% and 7%

(1) The percentage assigned to each bank depends on an individual assessment of indicators such as liquidity and quality of the credit portfolio.

Further to these points, the Company also sets two concentration limits:

1. No bank may have more than 30% of the Group's portfolio.
2. At least a total of 50% of the available funds must be placed with the FR and A1 banks.

Hydrological risk

The greater part of the energy sold by the Company is generated by hydroelectric plants. A prolonged period of scarce rainfall can result in lower water volumes in the reservoirs of these plants, which can lead to an increase in the cost of acquisition of energy, due to replacement by thermoelectric sources, or to reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of energy.

Risk of debt early maturity

The Company has loans, financings and debentures contracts with covenants relating to financial index of Cemig GT and its parent company, and cross-default clauses.

On March 31, 2019, the Company was compliant with all its covenants for financial indices requiring half-yearly, annual and permanent compliance. More details in Note 19.

d) Capital management

The comparisons of the Company's consolidated net liabilities and its Equity are as follows:

	Consolidated		Parent Company	
	Mar. 31, 2019	Dec. 31, 2018	Mar. 31, 2019	Dec. 31, 2018
Total liabilities	11,817,348	11,971,944	11,523,126	11,591,625
Cash and cash equivalents (Note 5)	(312,816)	(301,696)	(239,993)	(226,830)
Net liabilities	**11,504,532**	**11,670,248**	**11,283,133**	**11,364,795**
Total equity	**5,563,352**	**4,980,136**	**5,563,352**	**4,980,136**
Net liabilities / equity	**2.07**	**2.34**	**2.03**	**2.28**

29. OPERATING SEGMENTS

The operating segments of the Company reflect their management and their organizational structure, used to monitor its results, and are aligned with the regulatory framework of the Brazilian energy sector, with different legislation for the sectors of generation, and transmission, of energy.

The Company operates in the segments of generation and transmission; its subsidiaries operate only in the generation segment, and trading.

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These tables show information by segment for the quarters ended March 31, 2019 and 2018:

	March 31, 2019			
	Generation	Transmission	Trading (1)	Total
ASSETS	**14,592,550**	**2,698,688**	**89,462**	**17,380,700**
INVESTMENTS IN AFFILIATES AND JOINTLY-CONTROLLED ENTITIES	**4,257,192**	**-**	**-**	**4,257,192**
ADDITIONS TO THE SEGMENT	**22,497**	**-**	**-**	**22,497**
ADDITIONS TO CONTRACTUAL ASSETS	**-**	**28,087**	**-**	**28,087**
NET REVENUE	**1,783,080**	**140,429**	**31,367**	**1,954,876**
ENERGY COSTS				
Charges for use of the national grid	(46,085)	-	-	(46,085)
Energy bought for resale	(782,920)	-	-	(782,920)
	(829,005)	**-**	**-**	**(829,005)**
OPERATING COSTS AND EXPENSES				
Personnel	(58,582)	(31,969)	(54)	(90,605)
Employee profit shares	(8,828)	(6,461)	-	(15,289)
Post-employment liabilities	(12,627)	(9,041)	-	(21,668)
Materials	(4,676)	(833)	-	(5,509)
Outsourced services	(26,234)	(8,130)	(114)	(34,478)
Depreciation and amortization	(44,406)	-	-	(44,406)
Amortization of Rights to Use of assets	(1,773)	(943)	-	(2,716)
Provisions	(25,781)	(4,330)	-	(30,111)
Transmission infrastructure Construction cost	-	(28,087)	-	(28,087)
Other operating costs and expenses, net	(2,939)	(4,200)	(6)	(7,145)
	(185,846)	**(93,994)**	**(174)**	**(280,014)**
TOTAL COSTS AND EXPENSES	**(1,014,851)**	**(93,994)**	**(174)**	**(1,109,019)**
Share of profit (loss) of associates and joint ventures, net	36,679	-	-	**36,679**
Operating profit before Finance income (expenses)	**804,908**	**46,435**	**31,193**	**882,536**
Finance income	181,237	14,598	908	**196,743**
Finance expenses	(236,037)	(26,066)	-	**(262,103)**
Profit before income tax and social contribution tax	**750,108**	**34,967**	**32,101**	**817,176**
Income tax and social contribution tax	(219,534)	(10,482)	(3,944)	**(233,960)**
NET INCOME FOR THE PERIOD	**530,574**	**24,485**	**28,157**	**583,216**

(1) A new operating segment resulting from acquisition of subsidiaries in the stockholding restructuring of the Cemig group, December 2018.

The revenue of the Company and its subsidiaries in 1Q19 breaks down by segment as follows:

	Generation	Transmission	Trading	Total
Total revenue from supply of energy – with taxes	1,730,450	-	-	1,730,450
Transmission revenue – with taxes	-	163,156	-	163,156
Revenue from updating of the Concession Grant Fee	80,788	-	-	80,788
Construction revenue	-	28,087	-	28,087
Transactions in energy on the CCEE	259,216	-	-	259,216
Transmission indemnity revenue	-	32,499	-	32,499
Reimbursement for suspension of supply of power	62,576	-	-	62,576
Other operating revenues	7,260	6,557	33,576	47,393
Sector / regulatory charges – Deductions from revenue	(357,210)	(89,870)	(2,209)	(449,289)
Net operating revenue	**1,783,080**	**140,429**	**31,367**	**1,954,876**

Details of operating revenue are in Note 24.

	March 31, 2018		
	Generation	Transmission	Total
ASSETS	**13,519,189**	**2,661,883**	**16,181,072**
INVESTMENTS IN AFFILIATES AND JOINTLY-CONTROLLED ENTITIES	**4,760,661**	**-**	**4,760,661**
ADDITIONS TO THE SEGMENT	**87,265**	**-**	**87,265**
ADDITIONS TO FINANCIAL ASSETS	**-**	**1,063**	**1,063**
NET REVENUE	**1,423,212**	**139,272**	**1,562,484**
ENERGY COSTS			
Energy bought for resale	(795,414)	-	(795,414)
Charges for use of the national grid	(69,642)	-	(69,642)
	(865,056)	**-**	**(865,056)**
OPERATING COSTS AND EXPENSES			-
Personnel	(54,360)	(25,179)	(79,539)
Employee profit shares	(2,936)	(1,654)	(4,590)
Post-employment obligations (recovery of expense)	(11,634)	(6,229)	(17,863)
Materials	(1,495)	(554)	(2,049)
Outsourced services	(20,044)	(6,874)	(26,918)
Depreciation and amortization	(36,549)	-	(36,549)
Provisions	(7,970)	(1,029)	(8,999)
Transmission infrastructure Construction cost	-	(1,063)	(1,063)
Other operating costs and expenses, net	(9,922)	(2,864)	(12,786)
	(144,910)	**(45,446)**	**(190,356)**
TOTAL COSTS AND EXPENSES	**(1,009,966)**	**(45,446)**	**(1,055,412)**
Share of profit (loss) of associates and joint ventures, net	(31,230)	-	(31,230)
Operating profit before Finance income (expenses)	**382,016**	**93,826**	**475,842**
Finance income	124,433	8,211	132,644
Finance expenses	(236,533)	(1,170)	(237,703)
Profit before income tax and social contribution tax	**269,916**	**100,867**	370,783
Income tax and social contribution tax	(92,517)	(30,988)	(123,505)
NET INCOME FOR THE PERIOD	**177,399**	**69,879**	**247,278**

The revenue of the Company and its subsidiaries in 1Q19 breaks down by segment as follows:

	Generation	Transmission	Total
Total revenue from supply of energy – with taxes	1,530,475	-	1,530,475
Transmission revenue – with taxes	-	143,546	143,546
Revenue from updating of the Concession Grant Fee	81,827	-	81,827
Construction revenue	-	1,063	1,063
Transactions in energy on the CCEE	121,734	-	121,734
Transmission indemnity revenue	-	49,841	49,841
Reimbursement revenue – Generation	17,245	-	17,245
Other operating revenues	5,423	7,844	13,267
Sector / regulatory charges – Deductions from revenue	(328,479)	(68,035)	(396,514)
Net operating revenue	**1,428,225**	**134,259**	**1,562,484**

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30. SUBSEQUENT EVENTS

Approval of the Report of management and the Financial statements for 2018

On May 3, 2019 the AGM approved the report of Management and the Company's Financial Statements for the year 2018 and authorized allocation of the net income for the year in accordance with the proposal by management.

Reprofiling of the debt of Renova

As part of the financial restructuring of Renova, the following instruments for renegotiation of debt were signed on May 3, 2019:

- Banco Citibank S.A.: Proposal for reprofiling of the Bank Credit Note in the amount of up to R$185,000, updated at annual rate equivalent to 155% of the CDI, with total maturity of 6 years, grace period of one year. Amortization and interest payments to be paid quarterly. This transaction has two principal guarantees: (i) surety given by Chipley; and (ii) fiduciary assignment of 40% of the dividends of Chipley.
- Banco BTG Pactual S.A.: 2nd and 1st amendments to debt recognition agreements CD 8/17 and 14/17, respectively. The debt to be paid in 20 equal quarterly installments, after a grace period of one year from date of signature. The principal is subject to remuneratory interest of 155% of the CDI rate, p.a., payable during the whole of the period of the debt in quarterly payments, with no grace period. The main guarantee of this transaction is fiduciary assignment of the totality of the shares in Enerbras owned by the Company.

CONSOLIDATED RESULTS

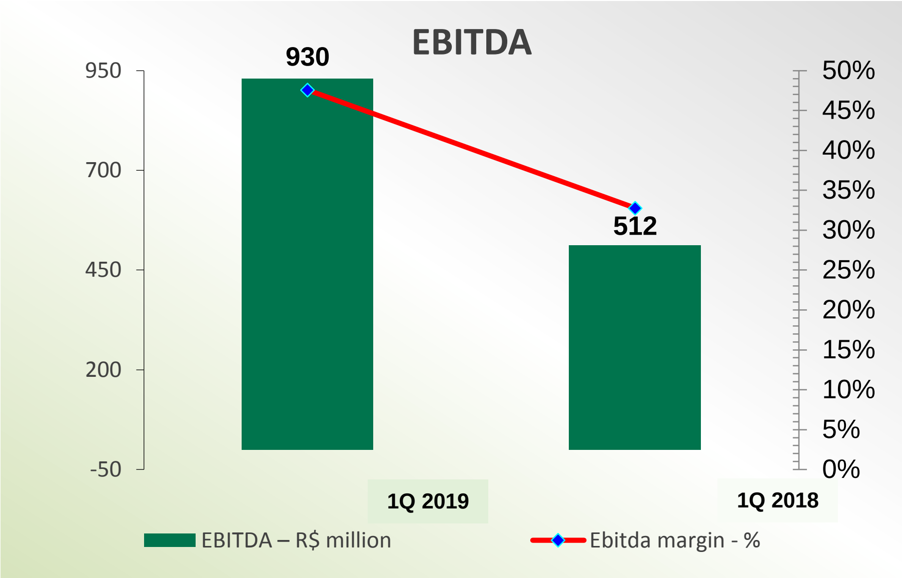
Net income for the period

For the first quarter of 2019 (1Q19) Cemig GT reports net income of R$583,216, which compares with its net income of R$247,278 in first quarter 2018 (1Q18). The main variations in revenue, costs and expenses are noted below.

Ebitda (profit before interest, tax, depreciation and amortization)

Cemig GT’s Ebitda was 81.44% higher in 1Q19 than 1Q18:

Ebitda – R$ million	Jan to Mar 2019	Jan to Mar 2018	Change, %
Net income for the period	583,216	247,278	135.85%
+ Current and deferred income tax and social contribution tax	233,960	123,505	89.43%
+ Net finance income (expenses)	65,360	105,059	(37.79%)
+ Amortization and depreciation	47,122	36,549	28.93%
= Ebitda	**929,658**	**512,391**	**81.44%**



Ebitda is a non-accounting measure prepared by the Company, reconciled with its consolidated financial statements in accordance with the specifications in CVM Circular SNC/SEP 01/2007 and CVM Instruction 527 of October 4, 2012. It comprises: net income, before the effects of net financial revenue (expenses), depreciation, amortization, and income tax and the Social Contribution tax. Ebitda is not a measure recognized by Brazilian GAAP nor by IFRS; it does not have a standard meaning; and it may be non-comparable with measures with similar titles provided by other companies. Cemig publishes Ebitda because it uses it to measure its own performance. Ebitda should not be considered in isolation or as a substitution for net income or operating profit, nor as an indicator of operating performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

The higher Ebitda in 1Q19 than 1Q18 mainly reflects net operating revenue 25% higher year-on-year, while operating expenses (excluding depreciation and amortization) were up by only 4.22% YoY. Also, the gain on equity interests in non-consolidated investees (equity method gain) was 217.45% higher than in 1Q18. Ebitda margin in 1Q19 was 47.56%, compared to the Ebitda margin of 32.79% in 1Q18.

Revenue from supply of energy

	Jan to Mar 2019			Jan to Mar 2018		
	MWh	R$ mn	Average price/MWh billed – R$/MWh[1]	*MWh*	R$ mn	Average price/MWh billed – R$/MWh[1]
Industrial	3,231,349	725,101	224,40	3,263,105	763,656	234,03
Commercial	919,215	203,351	221,22	684,255	167,808	245,24
Rural	504	126	249,78	-	-	-
Subtotal	**4,151,068**	**928,578**	**223,70**	**3,947,360**	**931,464**	**235,97**
Net unbilled retail supply	-	24,432	-	-	(45,486)	-
	4,151,068	**953,010**	**229,58**	**3,947,360**	**885,978**	**224,49**
Wholesale supply to other concession holders	3,108,702	834,176	268,34	2,620,870	679,263	259,17
Wholesale supply unbilled, net	-	(56,736)	-	-	(34,766)	-
	7,259,770	**1,730,450**	-	**6,568,230**	**1,530,475**	-

(1) The calculation of the average price does not include revenue from supply not yet billed.

Total revenue from supply of energy in 3Q15 was R$1,721,326, 13.07% higher than in 1Q18 (R$1,530,000 in 1Q18) – mainly reflecting the volume of energy sold to other concession holders 10.53% higher than in 1Q18.

Transmission revenue

Cemig GT's revenue from transmission comprises the sum of the revenues from all the transmission assets. The concession contracts establish the Permitted Annual Revenue (RAP) for the existing assets of the system, updated annually based on the variation in the IPCA index. Whenever there is an upgrade or adaptation to an existing asset, made under specific authorization from Aneel, this is constituted as a new, added, component of the RAP – recorded as revenue.

This revenue was R$163,156 in 1Q19, compared to R$143,546 in 1Q18 – or 13.66% higher year-on-year. The higher figure arises from (i) the inflation adjustment of the annual RAP, applied in July 2018, plus (ii) the new revenues related to the investments authorized to be included. It includes an additional adjustment of the expectation of cash flow from financial assets, arising from change in the fair value of the Regulatory Remuneration Assets Base (BRR).

The percentages and indices applied for the adjustment are different for different concessions: the IPCA index is applied to the contract of Cemig GT, and the IGP–M index to the contract of Cemig Itajubá. In 2018, the adjustments made to the RAP were: positive 4.00% for Cemig GT's concession contracts; and positive 3.30% for the concession contracts of Cemig Itajubá. The adjustments comprised (i) application of the inflation adjustment index, plus (ii) recognition of works to upgrade and improve the facilities.

Transmission indemnity revenue

The revenue from reimbursements of transmission assets in 1Q19 was R$32,499, – or 34.79% less than in 1Q18 (R$49,841).

As specified in the sector regulations, the Company reports in each period the amount of the inflation/monetary adjustment applicable to the amount of indemnity receivable, based on the IPCA inflation index and the average regulatory cost of capital. The amounts of the reimbursements are being received through RAP, since July 2017, over a period of 8 years.

In July 2018 the portion of RAP referring to the cost of capital not incorporated after the renewal of the concession (early 2013), as per MME Ministerial Order 120/2016, was adjusted downwards by 23.2%.

Revenue from transactions in the Wholesale Trading Exchange (CCEE)

Revenue from transactions in energy on the CCEE in 1Q19 was R$259,216, or 112.94% higher than in 1Q18 (R$121,734). The higher figure mainly reflects higher physical guarantee allocations, associated with higher Generation Scaling Factors (GSFs) in 1Q19 than in 1Q18, increasing the available excess supply. This excess supply, in turn, was valued at a higher Spot Price (PLD) than in 1Q18, contributing to the higher figure for revenue from transactions on the CCE.

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__Taxes and charges reported as deductions from revenue__

Taxes and charges applied to operating revenue in 1Q19 were R$449,289, or 13.31% more than in 1Q18 (R$396,514). The increase was in line with the year-on-year variation in revenues from supply and transmission of power.

The Energy Development Account – CDE

The amounts of payments to the Energy Development Account (CDE) are decided by an Aneel Resolution. The purpose of the CDE is to cover costs of concession indemnities (reimbursements of costs of assets), tariff subsidies, the subsidy for balanced tariff reduction, the low-income-customer subsidy, the coal consumption subsidy, and the Fuels Consumption Account (CCC).

The charges for the CDE in 1Q19 were R$51,781, compared to R$38,671 in 1Q18. The TUSD charge (component of the CDE) of the transmission companies is homologated annually, together with the approval of the budget of the CDE, for each full calendar year. The TUSD-CDE charge that came into effect on January 1, 2019, approved by Homologating Resolution 2510/2018, was the result of an increase of 40% from 2018.

The other significant deductions from revenue are taxes, calculated as a percentage of sales revenue. Hence, their variations are substantially proportional to the changes in revenue.

__Operating costs and expenses (excluding Finance income/expenses)__

Operating costs and expenses (excluding Net financial revenue/expenses) in 1Q19 totaled R$1,109,019, 5.08% higher than in 1Q18 (R$1,055,412).

For more information on the components of Operating costs and expenses see Note 25.

The following paragraphs outline the main variations in operating costs and expenses:

Energy bought for resale

The expense on energy bought for resale in 1Q19 was R$782,920, which was 1.57% less than the figure of R$795,414 for this account in 1Q18. This reflects an average volume of energy bought 9.59% lower YoY in 1Q19, at 4,796,727 MWh, vs. 5,305,723 MWh in 1H18, with an offsetting effect from the average price per MWh 33.30% higher YoY (at R$199.85 in 1Q19, vs. R$149.92 in 1Q18).

Personnel expenses

The expense on personnel in 1Q19 was R$90,605, 13.91% higher than in 1Q18 (R$79,539). This arises mainly from the following factors:

- Salary increase of 4.00% under the Collective Work Agreement, as from November 2018.

- The average number of employees was 3.37% higher in 1Q19, at 1,380, compared to 1,335 in 1Q18.
- Recognition, in 1Q19, of a cost of R$5,854 on voluntary retirement plans.

Construction cost

Construction cost was R$28,087 in 1Q19 – compared to R$1,063 in 1Q18. This cost is offset in full by the accounting item Construction revenue, thus having no effect on net income. The main factor in the higher figure was the timetable for works approved for the 2018–2025 cycle, approved in 2017 but of which only a small part was realized in 2018. Works began to be concluded only later in 2018, with higher values in 2019.

Post-employment obligations

The impact of the Company's post-employment obligation on operating profit was an expense of R$21,668 in 1Q19 – which compares with an expense of R$17,863 in 1Q18. This is mainly the result of reduction in the discount rate used in the actuarial calculation – which increased the amount of the actuarial liabilities, and consequently the scale of the expense reported.

Operating provisions

- Net operating provisions in 1Q19 total R$30,111, compared to R$8,999 in 1Q18, an increase of 234.60%, arising mainly from the following factors:
- Provision made for doubtful receivables due, especially, to the worsening of the financial condition of a customer of significant scale in the portfolio.
- The provisions for the SAAG put option were 146.98% higher in 2019, at R$11.008, compared to R$4,457 in 1Q18. There is more on the method of calculation in Note 28.

Share of (loss) profit of associates and joint ventures, net

A gain of R$36,679 in the value of non-consolidated investees was posted by the equity method in 1Q19, which compares with a net loss of R$31,230 in 1Q18. The losses recognized in 1Q18 were basically related to the investments in: (a) Renova, and (b) Santo Antônio Energia. No loss on the investment in Renova was recognized in 1Q19, since this had been written off in December 2018, due to that investee's uncovered liabilities. Also, the negative equity method result from the investment in Santo Antônio Energia was 74.28% lower in 1Q19 than in 1Q18.

Note 13 gives the breakdown of equity method gains/losses, by investee.

Finance income (expenses)

Cemig GT reports net financial expenses of R$65,360 in 1Q19, which was 37.79% lower than in 1Q19 (R$105,059). This mainly reflects higher gain on the hedge transactions contracted to protect the Eurobond issue: the gain in 1Q19 was R$152,311, compared to a gain of R$97,517 in 1Q18. The higher figure was the result of the dollar future curve moving upward, resulting in both the call spread and the asset becoming more valuable; and also due to the curve for the future DI interest rate (the liability side of the transaction) moving downward, contributing to an increase in fair value.

Also, amortization of transaction costs was 53.67% lower YoY in 1Q19, due to bringing forward of debt contracts, and also the amortization of the debentures of the First Series of the Sixth Issue.

For a breakdown of financial income / expenses please see Note 26.

Income tax and social contribution tax

In 1Q19 the expense on income tax and the Social Contribution tax was R$233,960, on pre-tax profit of R$817,176 – an effective rate of 28.63%. **In 1Q18**, the expense on income tax and the Social Contribution tax was R$123,505, or 32.29% of the pre-tax profit of R$370,783.

These effective rates are reconciled with the nominal rates in Note 9d.

****

(The original is signed by the following signatories:)

Cledorvino Belini
Chief Executive Officer

Dimas Costa
Chief Trading Officer

Maurício Fernandes Leonardo Júnior
Chief Finance and Investor Relations Officer

Paulo Mota Henriques
Chief Generation and Transmission Officer

Daniel Faria Costa
Chief Officer for Management of Holdings

Ronaldo Gomes de Abreu
Director without portfolio (Interim)

Ronaldo Gomes de Abreu
Interim Chief Corporate Management Officer

Leonardo George de Magalhães
Controller
CRC-MG 53,140

Leonardo Felipe Mesquita
Accounting Manager
Accountant – CRC-MG 85.260

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A free translation from Portuguese into English of Independent Auditor's Review Report on Quarterly Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent Auditor's Review Report on Quarterly Information - ITR

To the Shareholders and Management of
Cemig Geração e Transmissão S.A.
Belo Horizonte - MG

Introduction

We have reviewed the individual and consolidated interim financial information of Cemig Geração e Transmissão S.A. (the "Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2019, which comprise the statement of financial position as at March 31, 2019 and the statements of profit or loss, of comprehensive income, of changes in equity and cash flows for the three-month period then ended, including notes to the interim financial information.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on the individual and consolidated interim financial information

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

Emphasis of matter

Risks related to compliance with laws and regulations

As mentioned in Note 13 to the interim financial information, currently investigations and other legal measures are being conducted by public authorities in connection with Company, its parent company and certain investees regarding certain expenditures and their allocations, which involve and also include some of their other shareholders and certain executives of the Company and of these other shareholders. The governance bodies of the parent company have authorized contracting of a specialized company to analyze the internal procedures related to these certain investments and to ascertain such claims. At this point, it is not possible to forecast future developments arising from these internal investigation procedures and conducted by the public authorities, nor their possible effects on the Company's and its subsidiaries' interim financial information. Our conclusion is not modified in respect of this matter.

Risk regarding the ability of the jointly-controlled investee Renova Energia S.A. to continue as a going concern

As disclosed in Note 13 to the interim financial information, the jointly-controlled investee Renova Energia S.A. has incurred recurring losses and, as at March 31, 2019, has negative net working capital, equity deficit and negative gross margin. These events or conditions in connection with other matters disclosed in Note 13 indicate the existence of relevant uncertainty that may raise significant doubt about the ability of this jointly-controlled investee to continue as a going concern. Our conclusion is not modified in respect of this matter.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the three-month period ended March 31, 2019, prepared under Company's Management responsibility, whose form and content presentation in the interim financial information are required in accordance with the criteria defined by CPC 09 – Statement of Value Added and rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information Form (ITR), and as supplementary information by the International Financial Reporting Standards (IFRS), which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall interim financial information.

Belo Horizonte, May 15, 2019.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Shirley Nara S. Silva
Accountant CRC-1BA022650/O-0