CONTENTS

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

ASSETS

(Thousands of Brazilian Reais)

	Note	Consolidated		Holding company	
		June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017
CURRENT					
Cash and cash equivalents	5	496,931	403,339	471,597	366,169
Securities	6	150,103	520,963	92,871	397,734
Customers and Traders	7	846,543	850,487	740,443	763,187
Concession holders – Transport of energy	7	94,773	89,153	94,895	89,249
Recoverable taxes	8	28,401	30,840	27,557	30,064
Income and Social Contribution taxes recoverable	9a	195,198	138,435	195,198	138,435
Concession financial assets	11	547,088	689,353	308,134	456,101
Advances to suppliers		84,833	98,914	64,982	69,914
Hydrological risk renegotiation premium		17,165	16,681	17,165	16,681
Derivative financial instruments - Swaps		6,854	-	6,854	-
Other		72,475	135,907	75,889	139,237
TOTAL, CURRENT		**2,540,364**	**2,974,072**	**2,095,585**	**2,466,771**
NON-CURRENT					
Securities	6	40,357	14,659	24,963	11,191
Customers and Traders	7	4,619	-	4,619	-
Recoverable taxes	8	6,673	8,272	6,673	8,272
Escrow deposits	10	317,701	309,994	317,701	309,994
Receivables from related parties	25	368,392	351,709	372,013	357,549
Hydrological risk renegotiation premium		29,764	35,060	29,764	35,060
Advances to suppliers		99,118	5,084	99,118	2,061
Derivative financial instruments – Swaps	26	125,577	8,649	125,577	8,649
Other		57,315	59,886	57,316	59,875
Concession financial assets	11	6,134,276	6,024,377	4,001,399	3,920,494
Investments – Equity method	12	4,709,952	4,723,336	7,221,341	7,209,862
Property, plant and equipment	13	2,102,000	2,162,890	2,091,572	2,155,847
Intangible assets	14	31,706	32,640	31,706	32,640
TOTAL, NON-CURRENT		**14,027,450**	**13,736,556**	**14,383,762**	**14,111,494**
TOTAL ASSETS		**16,567,814**	**16,710,628**	**16,479,347**	**16,578,265**

The condensed notes are an integral part of the interim financial information.

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2018 AND DECEMBER 31, 2017

LIABILITIES

(Thousands of Brazilian Reais)

	Note	Consolidated		Holding company	
		June 30, 2018	Dec. 31, 2017	June 30, 2018	Dec. 31, 2017
CURRENT					
Loans and financings	17	285,477	153,991	285,477	153,991
Debentures	17	1,714,903	1,453,430	1,716,860	1,456,365
Suppliers	15	368,249	472,043	351,438	454,512
Income tax and Social Contribution tax		55,392	99,832	-	-
Taxes payable	16	44,766	133,666	35,444	126,038
Regulatory charges	18	135,250	151,532	133,511	149,698
Post-retirement obligation	19	53,416	52,395	53,416	52,395
Profit sharing		364,230	564,230	364,230	564,230
Payroll and related charges		51,054	48,547	51,054	48,547
Advances from clients	7	121,396	190,758	121,396	190,758
Derivative financial instruments - Swaps	26	1,214	12,596	1,214	12,596
Other obligations		41,232	59,230	39,400	54,734
TOTAL, CURRENT		**3,236,579**	**3,392,250**	**3,153,440**	**3,263,864**
NON-CURRENT					
Loans and financings	17	4,408,797	3,977,975	4,408,797	3,977,975
Debentures	17	2,231,397	2,734,767	2,231,397	2,734,767
Deferred income tax and Social Contribution tax	9b	422,492	416,446	422,340	416,305
Taxes payable	16	3,978	3,830	3,978	3,830
Regulatory charges	18	81,902	84,557	76,724	80,737
Post-retirement obligation	19	861,693	852,136	861,693	852,136
Provisions	20	107,772	96,310	107,772	96,294
Derivative financial instruments - Swap		-	28,515	-	28,515
Derivative financial instruments - Put options	26	336,199	311,593	336,199	311,593
Other obligations		16,285	18,417	16,287	18,417
TOTAL, NON-CURRENT LIABILITIES		**8,470,515**	**8,524,546**	**8,465,187**	**8,520,569**
TOTAL LIABILITIES		**11,707,094**	**11,916,796**	**11,618,627**	**11,784,433**
EQUITY	21				
Share capital		1,837,710	1,837,710	1,837,710	1,837,710
Profit reserves		2,702,600	2,702,600	2,702,600	2,702,600
Equity valuation adjustments		143,896	153,522	143,896	153,522
Advance against future capital increase		100,000	100,000	100,000	100,000
Retained earnings		76,514	-	76,514	-
TOTAL OF EQUITY		**4,860,720**	**4,793,832**	**4,860,720**	**4,793,832**
TOTAL LIABILITIES AND EQUITY		**16,567,814**	**16,710,628**	**16,479,347**	**16,578,265**

The condensed notes are an integral part of the interim financial information.

STATEMENTS OF INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

(Thousands of Brazilian Reais, except earnings per share)

	Note	Consolidated		Holding company	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
NET REVENUE	22	**3,275,675**	**3,669,170**	**2,946,534**	**3,364,268**
OPERATING COSTS					
COST OF ENERGY	23				
Charges for use of the national grid		(125,521)	(166,056)	(108,654)	(149,826)
Energy purchased for resale		(1,692,509)	(1,714,863)	(1,666,009)	(1,693,189)
		(1,818,030)	(1,880,919)	(1,774,663)	(1,843,015)
COST	23				
Personnel and managers		(138,410)	(162,920)	(125,915)	(156,583)
Materials		(4,477)	(4,267)	(3,650)	(3,501)
Outsourced services		(48,209)	(34,763)	(42,638)	(27,576)
Depreciation and amortization		(70,288)	(83,232)	(70,200)	(83,203)
Operating provisions, net		(14,365)	(19,806)	(14,381)	(19,791)
Infrastructure construction cost		(4,732)	(7,025)	(4,732)	(7,025)
Other		(11,916)	(12,919)	(11,517)	(11,835)
		(292,397)	(324,932)	(273,033)	(309,514)
TOTAL COST		**(2,110,427)**	**(2,205,851)**	**(2,047,696)**	**(2,152,529)**
GROSS PROFIT		**1,165,248**	**1,463,319**	**898,838**	**1,211,739**
OPERATING EXPENSES	23				
Selling expenses		(152)	-	(152)	-
General and administrative expenses		(49,817)	(89,271)	(49,817)	(89,271)
Other operating expenses		(78,169)	(95,789)	(77,730)	(95,579)
		(128,138)	(185,060)	(127,699)	(184,850)
Share of (loss) profit, net, of associates and joint ventures	12	(140,412)	14,467	66,614	216,488
Income before finance income (expenses) and taxes		**896,698**	**1,292,726**	**837,753**	**1,243,377**
Finance income	24	253,314	84,759	242,183	66,373
Finance expenses	24	(1,008,586)	(618,122)	(1,007,013)	(618,006)
Income before income tax and social contribution tax		**141,426**	**759,363**	**72,923**	**691,744**
Current income and Social Contribution taxes	9c	(68,492)	(172,421)	-	(106,006)
Deferred income and Social Contribution taxes	9c	(6,046)	(56,390)	(6,035)	(55,186)
NET INCOME FOR THE PERIOD		**66,888**	**530,552**	**66,888**	**530,552**
Basic and diluted earnings per common share – R$	21	**0.0231**	**0.1832**	**0.0231**	**0.1832**

The condensed notes are an integral part of the interim financial information.

STATEMENTS OF INCOME

FOR THE THREE-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

(Thousands of Brazilian Reais, except earnings per share)

	Note	Consolidated		Holding company	
		04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
NET REVENUE	22	**1,713,191**	**1,994,887**	**1,557,150**	**1,846,575**
OPERATING COSTS					
COST OF ENERGY	23				
Charges for use of the national grid		(55,879)	(84,120)	(46,880)	(75,449)
Energy purchased for resale		(897,095)	(980,581)	(880,043)	(961,385)
		(952,974)	(1,064,701)	(926,923)	(1,036,834)
COST	23				
Personnel and managers		(77,916)	(96,756)	(70,444)	(93,402)
Materials		(3,521)	(2,678)	(3,052)	(2,303)
Outsourced services		(37,884)	(23,669)	(34,282)	(18,697)
Depreciation and amortization		(35,093)	(43,444)	(35,046)	(43,423)
Operating provisions, net		(10,409)	(11,175)	(10,425)	(11,160)
Infrastructure construction cost		(3,669)	(4,105)	(3,669)	(4,105)
Other		(11,876)	(4,694)	(11,685)	(4,503)
		(180,368)	(186,521)	(168,603)	(177,593)
TOTAL COST		**(1,133,342)**	**(1,251,222)**	**(1,095,526)**	**(1,214,427)**
GROSS PROFIT		**579,849**	**743,665**	**461,624**	**632,148**
OPERATING EXPENSES	23				
Selling expenses		(19)	-	(19)	-
General and administrative expenses		(2,755)	(38,785)	(2,808)	(38,785)
Other operating expenses		(47,037)	(20,378)	(46,796)	(20,256)
		(49,811)	(59,163)	(49,623)	(59,041)
Share of (loss) profit, net, of associates and joint ventures	12	(109,182)	39,691	(16,423)	130,757
Income before finance income (expenses) and taxes		**420,856**	**724,193**	**395,578**	**703,864**
Finance income	24	120,670	40,181	115,434	30,073
Finance expenses	24	(770,883)	(278,230)	(770,805)	(278,178)
Income before income tax and social contribution tax		**(229,357)**	**486,144**	**(259,793)**	**455,759**
Current income and Social Contribution taxes	9c	46,656	(78,107)	77,244	(48,387)
Deferred income and Social Contribution taxes	9c	2,311	(62,475)	2,159	(61,810)
NET INCOME (LOSS) FOR THE PERIOD		**(180,390)**	**345,562**	**(180,390)**	**345,562**
Basic and diluted earnings per common share – R$	21	**(0.0623)**	**0.1193**	**(0.0623)**	**0.1193**

The condensed notes are an integral part of the interim financial information.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

(Thousands of Brazilian Reais)

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
NET INCOME FOR THE PERIOD	66,888	530,552	66,888	530,552
Items not to be reclassified to statements of income in subsequent periods				
Equity gain (loss) on Other comprehensive income in subsidiary and jointly-controlled entity, net of taxes	-	(33,852)	-	(33,852)
COMPREHENSIVE INCOME FOR THE PERIOD	66,888	496,700	66,888	496,700
Comprehensive income attributed to equity holders of the parent	66,888	496,700	66,888	496,700

The condensed notes are an integral part of the interim financial information.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE QUARTERS ENDED JUNE 30, 2018 AND 2017

(Thousands of Brazilian Reais)

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
NET INCOME (LOSS) FOR THE PERIOD	(180,390)	345,562	(180,390)	345,562
Items not to be reclassified to statements of income in subsequent periods				
Equity gain (loss) on Other comprehensive income in subsidiary and jointly-controlled entity, net of taxes	-	(50,059)	-	(50,059)
COMPREHENSIVE INCOME FOR THE PERIOD	(180,390)	295,503	(180,390)	295,503
Comprehensive income attributed to equity holders of the parent	(180,390)	295,503	(180,390)	295,503

STATEMENT OF CHANGES IN EQUITY

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

(Thousands of Brazilian Reais)

	Share capital	Advance for future capital increase	Profit reserves	Equity valuation adjustments	Retained earnings	Total Equity
BALANCES ON DECEMBER 31, 2016	**1,837,710**	**-**	**2,474,659**	**270,825**	**-**	**4,583,194**
Net income for the period	-	-	-	-	530,552	530,552
Other comprehensive income						
Equity gain (loss) on other comprehensive income in subsidiary and jointly-controlled entity	-	-	-	(33,852)	-	(33,852)
Total Comprehensive income for the period	-	-	-	**(33,852)**	**530,552**	**496,700**
Advance for future capital increase	-	100,000	-	-	-	100,000
Constitution of reserves						
Tax incentives reserve	-	-	2,192	-	(2,192)	-
Realization of reserves						
Realization of deemed cost of PP&E	-	-	-	(9,900)	9,900	-
BALANCES ON JUNE 30, 2017	**1,837,710**	**100,000**	**2,476,851**	**227,073**	**538,260**	**5,179,894**
BALANCES ON DECEMBER 31, 2017	**1,837,710**	**100,000**	**2,702,600**	**153,522**	**-**	**4,793,832**
Net income for the period	-	-	-	-	66,888	66,888
Total Comprehensive income for the period	-	-	-	-	**66,888**	**66,888**
Realization of reserves						
Realization of deemed cost of PP&E	-	-	-	(9,626)	9,626	-
BALANCES ON JUNE 30, 2018	**1,837,710**	**100,000**	**2,702,600**	**143,896**	**76,514**	**4,860,720**

The condensed notes are an integral part of the interim financial information.

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2018 AND 2017

(Thousands of Brazilian Reais)

	Note	Consolidated		Holding company	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
CASH FLOW FROM OPERATIONS					
Net income for the period		66,888	530,552	66,888	530,552
Expenses (revenues) that do not affect cash and cash equivalents:					
Depreciation and amortization	23	73,088	86,333	73,001	86,304
Loss on write off of net residual value of unrecoverable Concession financial assets , PP&E and Intangible assets		7,746	5,581	7,745	5,581
Share of loss (profit) of associates and joint ventures	12	140,412	(14,467)	(66,614)	(216,488)
Interest and monetary variation		47,712	265,518	207,249	415,995
Foreign exchange variations	17	548,353	710	548,353	710
Amortization of loans' transaction costs	17	9,503	17,691	9,503	17,691
Income tax and Social Contribution tax	9c	74,538	228,811	6,035	161,192
Provisions for operating losses, net	23	14,970	19,806	14,986	19,791
Fair value adjustment of derivative financial instruments - Swap	24	(180,429)	-	(180,429)	-
Fair value adjustment of derivative financial instruments - Put options	26	24,606	41,602	24,606	41,602
Post-retirement obligation	19	43,874	48,895	43,874	48,895
		871,261	**1,231,032**	**755,197**	**1,111,825**
(Increase) / decrease in assets					
Customers and Traders		(827)	120	17,973	20,316
Recoverable taxes		4,038	7,589	4,106	7,718
Income and Social Contribution taxes recoverable		(6,795)	13,297	(6,578)	13,297
Transport of energy		(5,620)	(25,768)	(5,646)	(25,820)
Escrow deposits		(2,085)	(2,499)	(2,085)	(2,499)
Dividends received from investments		89,940	47,839	272,103	47,840
Concession financial assets		379,893	(36,162)	257,609	(147,390)
Advances to suppliers		(70,899)	-	(85,628)	-
Others		8,069	50,922	10,192	59,036
		395,714	**55,338**	**462,046**	**(27,502)**
Increase (decrease) in liabilities					
Suppliers		(103,794)	62,549	(103,074)	44,327
Taxes payable		(61,167)	(52,826)	(62,861)	(56,480)
Income and Social Contribution taxes payable		-	(20,072)	-	(16,690)
Payroll and related charges		2,507	(100)	2,507	(101)
Regulatory charges		(18,937)	15,135	(20,200)	14,783
Post-retirement obligation	19	(33,296)	(30,234)	(33,296)	(30,234)
Advances from clients		(74,773)	57,560	(74,773)	57,560
Others		(23,033)	(8,632)	(20,367)	(7,664)
		(312,493)	**23,380**	**(312,064)**	**5,501**
Cash generated by operating activities		**954,482**	**1,309,750**	**905,179**	**1,089,824**
Income tax and Social Contribution tax paid		(185,302)	(106,095)	(72,587)	(89,316)
Interest paid on loans and financings	17	(382,229)	(409,561)	(382,229)	(409,561)
Settlement of derivative financial instruments - Swap		12,981	-	12,981	-
NET CASH FROM OPERATING ACTIVITIES		**399,932**	**794,094**	**463,344**	**590,947**
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital contribution in investees	12b	(149,918)	(186,231)	(149,918)	(186,231)
Property, plant and equipment	13	(17,482)	(9,651)	(14,009)	(8,490)
Intangible assets	14	(1,422)	(331)	(1,422)	(331)
Marketable securities		352,437	(42,514)	297,388	177,432
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**183,615**	**(238,727)**	**132,039**	**(17,620)**

The condensed notes are an integral part of the interim financial information.

	Note	Consolidated		Holding company	
		06/30/2018	06/30/2017	06/30/2018	06/30/2017
CASH FLOWS FROM FINANCING ACTIVITIES					
Interest on capital and dividends paid		(200,000)	-	(200,000)	-
Payment of loans	17	(289,955)	(637,436)	(289,955)	(637,436)
Advance for future capital increase	21	-	100,000	-	100,000
NET CASH USED IN FINANCING ACTIVITIES		**(489,955)**	**(537,436)**	**(489,955)**	**(537,436)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**93,592**	**17,931**	**105,428**	**35,891**
Cash and cash equivalents at the beginning of the period	5	403,339	427,827	366,169	361,252
Cash and cash equivalents at the end of the period	5	**496,931**	**445,758**	**471,597**	**397,143**

The condensed notes are an integral part of the interim financial information.

CEMIG Geração e Transmissão S.A.

STATEMENTS OF ADDED VALUE

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018 AND 2017

(Thousands of Brazilian Reais)

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
REVENUES				
Sales of electricity and services	3,721,690	4,004,790	3,489,886	3,799,584
Construction revenue	4,732	7,025	4,732	7,025
Gain on financial updating of the Concession Grant Fee	156,980	150,476	–	-
Investments in PP&E	28,538	8,585	28,538	8,585
Transmission Indemnity revenue	146,519	269,855	146,519	269,855
Generation Indemnity revenue	34,463	-	34,463	-
Provision for doubtful receivables (PECLD)	(152)	-	(152)	-
Other revenues (expenses)	(221)	-	(221)	-
	4,092,549	**4,440,731**	**3,703,765**	**4,085,049**
INPUTS ACQUIRED FROM THIRD PARTIES				
Energy purchased for resale	(1,851,519)	(1,863,640)	(1,823,614)	(1,840,234)
Charges for use of national grid	(137,630)	(180,800)	(119,308)	(163,300)
Outsourced services	(73,453)	(67,835)	(67,877)	(60,639)
Materials	(22,871)	(17,190)	(22,044)	(16,425)
Paid concession	(1,446)	(1,529)	(1,446)	(1,529)
Other operational costs	(55,431)	(74,335)	(55,009)	(73,426)
	(2,142,350)	**(2,205,329)**	**(2,089,298)**	**(2,155,553)**
GROSS VALUE ADDED	**1,950,199**	**2,235,402**	**1,614,467**	**1,929,496**
RETENTIONS				
Depreciation and amortization	(73,088)	(86,333)	(73,001)	(86,304)
NET ADDED VALUE	**1,877,111**	**2,149,069**	**1,541,466**	**1,843,192**
ADDED VALUE RECEIVED BY TRANSFER				
Share of (loss) profit, net, of associates and joint ventures	(140,412)	14,467	66,614	216,488
Finance income	253,314	84,759	242,183	66,373
	112,902	**99,226**	**308,797**	**282,861**
ADDED VALUE TO BE DISTRIBUTED	**1,990,013**	**2,248,295**	**1,850,263**	**2,126,053**

DISTRIBUTION OF ADDED VALUE								
		%		%		%		%
Employees	**187,855**	**9.44**	**238,539**	**10.61**	**176,188**	**9.51**	**232,202**	**10.92**
Direct remuneration	121,874	6.12	134,658	5.99	111,101	6.00	128,321	6.04
Benefits	51,497	2.59	57,860	2.57	50,904	2.75	57,860	2.72
FGTS	7,753	0.39	8,405	0.37	7,452	0.40	8,405	0.40
Programmed Voluntary Retirement Plan	6,731	0.34	37,616	1.67	6,731	0.36	37,616	1.77
Taxes	**714,414**	**35.90**	**853,174**	**37.95**	**588,218**	**31.79**	**737,686**	**34.70**
Federal	441,519	22.19	566,284	25.19	337,690	18.25	467,504	21.99
State	271,517	13.64	285,252	12.69	249,172	13.47	268,544	12.63
Municipal	1,378	0.07	1,638	0.07	1,356	0.07	1,638	0.08
Remuneration of external capital	**1,020,856**	**51.30**	**626,030**	**27.84**	**1,018,969**	**55.08**	**625,613**	**29.43**
Interest	1,008,586	50.68	618,122	27.49	1,007,013	54.43	618,006	29.07
Rentals	12,270	0.62	7,908	0.35	11,956	0.65	7,607	0.36
Remuneration of own capital	**66,888**	**3.36**	**530,552**	**23.60**	**66,888**	**3.62**	**530,552**	**24.95**
Retained earnings	66,888	3.36	530,552	23.60	66,888	3.62	530,552	24.95
	1,990,013	**100.00**	**2,248,295**	**100.00**	**1,850,263**	**100.00**	**2,126,053**	**100.00**

The condensed notes are an integral part of the interim financial information.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED AS OF JUNE 30, 2018

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

1. OPERATING CONTEXT

Cemig Geração e Transmissão S.A. (‘the Company’, ‘**Cemig GT**’ or ‘Cemig Geração e Transmissão’) is a Brazilian corporation registered with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM) and a wholly-owned subsidiary of Companhia Energética de Minhas 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, Belo Horizonte, Minas Gerais.

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

Cemig GT has interests in 59 power plants, of which 54 are hydroelectric, three are wind power plants, one is thermal, and one is solar, and the associated transmission lines, most of wich are part of the Brazilian national generation and transmission grid system, with installed capacity for 4,854 MW (information not reviewed by external auditors).

As of June 30, 2018, the Company’s current liabilities exceeded its current assets by R$ 696,215, in the consolidated accounting, and R$ 1,057,855 in the holding company accounting. In the half-year to June 30, 2018, the Company generated positive operational cash flow, in the consolidated result, of R$ 399,932 (R$ 794,094 positive in the first half of 2017); and positive operational cash flow of R$ 463,344 in the holding company (R$ 590,947 positive in the first half of 2017),

As of June 30, 2018, the Company’s consolidated indebtedness from loans, financings and debentures on current and non-current liabilities comprised R$ 2,000,380 and R$ 6,640,194, respectively. Management monitors the Company’s cash flow, and for this purpose assesses measures to the adjustment of its current financial position to the levels considered adequate to meet its necessities.

As part of the Company’s indebtness management, in December 2017 and July 2018 the subsidiary Cemig GT issued Eurobonds for an amount of US$ 1 billion (R$ 3.2 billion) and US$ 500 million (R$1.9 billion), respectively, which mature in 2024. Also, at the end of 2017, debts totaling R$ 741 million were refinancing. These initiatives have balanced the Company’s cash flows, extended average debt maturities, and improved credit quality.

Based on the facts and circumstances that existed this date, Management evaluated the Company's ability to continue on a going concern basis and is convinced that its operations have the capacity to generate funds to continue 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, these interim financial information have been prepared on a going concern basis.

Changes in the Company's by-laws – enhancement of corporate governance

On June 11, 2018 a General Meeting of Shareholders approved changes to the Company`s by-laws, to formalize best corporate governance practices and meet the requirements of Law 13,303/2016 (the 'State Companies Law'). The improvements now formally incorporated in the by-laws include:

- Reduction of the number of members of the Board of Directors from 15 to 9, in line with the IBGC Best Corporate Governance Practices Code, and the Corporate Sustainability Evaluation Manual of the Dow Jones Sustainability Index.

- Creation of the Audit Committee (*Comitê de Auditoria*). The Fiscal Council (*Conselho Fiscal*) remains in existence.

The changes in the by-laws have not affected the Company's dividend policy.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The individual and consolidated interim financial information has been prepared in accordance with International Accounting Standard No. 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), Accounting Pronouncement 21 (R1) – 'CPC21', which applies to interim financial information, and the rules issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or CVM), applicable to preparation of Interim Financial Information (*Informações Trimestrais*, or ITR).

This interim financial information have been prepared according to principles, practices and criteria consistent with those adopted in the preparation of the December 31, 2017 financial statements, except for the adoption of new pronouncements that came into force as from January 1, 2018, 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 Fiscal Council on March 28, 2018.

Material information in the interim financial information is being disclosed, which is used by Management in its administration of the Company.

On August 13, 2018 the Company's Executive Board authorized the issuance of this Interim financial information.

2.2 Adoption of new pronouncements effective as from January 1, 2018

IFRS 15/CPC 47 (Revenue from contracts with customers)

IFRS 15/CPC 47 - Revenue from contracts with customers - establishes a five-step model to account for revenues arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount which reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. This new pronouncement will supersede all current requirements for recognition of revenue under the CPCs/IFRS. Additionally IFRS 15/ CPC 47 establishes requirements for more detailed presentation and disclosure than the in effect.

The Company and its subsidiaries performed an assessment of the five steps for recognition and measurement of revenue, as required by IFRS 15/CPC 47:

1. Identify the contracts signed with its customers;
2. Identify the performance obligations in each type of contract;
3. Determine the price of each type of transaction;
4. Allocate the price to the performance obligations contained in the contract; and
5. Recognize the revenue when (or to the extent that) the entity satisfies each performance obligation of the contract.

The Company and its subsidiaries have adopted the new standard based on the prospective method, as from January 1, 2018, without significant financial effects in its Interim financial information.

IFRS 9/CPC 48 – Financial Instruments

IFRS 9/CPC 48 – Financial Instruments - establishes that all financial activities recognized that are within the scope of IAS 39 (equivalent to CPC 38) should subsequently be measured at amortized cost or fair value, reflecting the business model in which the assets are administered, and their cash flow characteristics, not affecting accounting recognition of the Company's financial assets and liabilities. IFRS 9 / CPC 48 contains three categories of accounting for financial instruments: Amortized cost; Fair value through other comprehensive income; and Fair value through profit or loss.

The standard has eliminated the existing categories under IAS 39/CPC 38 and, thus, the Company and its subsidiaries have reclassified those categories to comply with the new standard, as follows:

Consolidated	Classification	
	IFRS 39 (CPC 38)	IFRS 9 (CPC 48)
Financial assets		
Cash equivalents – Investments	Loans and receivables	Amortized cost
Securities – Investments (1)	Held to maturity	Amortized cost
Securities – Investments (1)	Available for sale	Fair value through profit or loss
Customers and Traders; Concession holders (Transport of energy)	Loans and receivables	Amortized cost
Restricted cash	Loans and receivables	Amortized cost
Advances to suppliers	Loans and receivables	Amortized cost
Receivable from related parties	Loans and receivables	Amortized cost
Escrow deposits	Loans and receivables	Amortized cost
Derivative financial instruments - Swaps	Fair value throught profit or loss	Fair value throught profit or loss
Concession financial assets – Transmission infrastructure	Loans and receivables	Amortized cost
Indemnities receivable – Transmission	Loans and receivables (2)	Fair value throught profit or loss
Indemnities receivable – Generation	Loans and receivables (2)	Fair value throught profit or loss
Concession grant fee – Generation concessions	Loans and receivables	Amortized cost
Other	Loans and receivables	Amortized cost
Financial liabilities		
Loans, financings and debentures	Amortized cost	Amortized cost
Debt agreed with pension fund (Forluz)	Amortized cost	Amortized cost
Concessions payable	Amortized cost	Amortized cost
Suppliers	Amortized cost	Amortized cost
Advances from clients	Amortized cost	Amortized cost
Derivative financial instruments - Swaps	Fair value throught profit or loss	Fair value throught profit or loss
Derivative financial instruments – Put options	Fair value throught profit or loss	Fair value throught profit or loss

1) The Company has 'securities' with various classifications under IFRS 9/CPC 48.
2) They are recognized at their nominal realization values, which are similar to fair value.

The Company and its subsidiaries have adopted the new standard based on the prospective method, as from January 1, 2018, without significant financial effects in its Interim financial information.

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

The table below shows the correlation between the Explanatory Notes published in the consolidated financial statements on December 31, 2017 and the consolidated interim financial information on june 30, 2018.

The Company understands that this interim financial information presents the material updating of information relating to its equity situation, and its results for the six-month period ended June 30, 2018, in compliance with the requirements for disclosure stated by the CVM (the Brazilian Securities Commission).

Number of the Note		Title of the Note
Dec. 31, 2017	June 30, 2018	
1	1	Operational context
2	2	Basis of preparation
3	3	Consolidation principles
4	4	Concessions and authorizations
5	27	Operational segments
6	5	Cash and cash equivalents
7	6	Securities
8	7	Customers and Traders
9	8	Recoverable taxes
10	9	Income and Social Contribution tax recoverable
11	9	Income and Social Contribution tax
12	10	Escrow deposits in litigation
13	11	Concession financial assets
14	12	Investments
15	13	Property, plant and equipment
16	14	Intangible assets
17	15	Suppliers
18	16	Taxes and social security
19	17	Loans, financings and debentures
20	18	Regulatory charges
21	19	Post-retirement obligation
22	20	Provisions
23	21	Equity
24	22	Revenue
25	23	Operating costs and expenses
26	24	Finance income and expenses
27	25	Related party transactions
28	26	Financial instruments and risk management
29	26	Measurement at fair value
32	28	Subsequent events

The Notes to the 2017 financial 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
30	Insurance
31	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. Accounting practices are applied uniformly in line with those used by the Company.

The following subsidiaries and are included in the consolidated interim financial information:

Subsidiary	06/30/2018 and 12/31/2017
	Direct interest, %
Cemig Baguari	100.00
Cemig Geração Três Marias S.A.	100.00
Cemig Geração Salto Grande S.A.	100.00
Cemig Geração Itutinga S.A.	100.00
Cemig Geração Camargos S.A.	100.00
Cemig Geração Sul S.A.	100.00
Cemig Geração Leste S.A.	100.00
Cemig Geração Oeste S.A.	100.00

4. CONCESSIONS AND AUTHORIZATIONS

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

	Company holding concession	Concession contract	Expiration date
POWER GENERATION			
Hydroelectric plants			
Emborcação (1)	Cemig GT	07/1997	07/2025
Nova Ponte (1)	Cemig GT	07/1997	07/2025
Santa Luzia (1)	Cemig GT	07/1997	02/2026
Irapé (1)	Cemig GT	14/2000	02/2035
Queimado (Consortium) (1)	Cemig GT	06/1997	01/2033
Salto Morais (1)	Cemig GT	02/2013	07/2020
Rio de Pedras (1)	Cemig GT	02/2013	09/2024
Luiz Dias (1)	Cemig GT	02/2013	08/2025
Poço Fundo (1)	Cemig GT	02/2013	08/2025
São Bernardo (1)	Cemig GT	02/2013	08/2025
Xicão (1)	Cemig GT	02/2013	08/2025
Três Marias (2)	Cemig Geração Três Marias S.A.	08/2016	01/2046
Salto Grande (2)	Cemig Geração Salto Grande	September 2016	01/2046
Itutinga (2)	Cemig Geração Itutinga	10/2016	01/2046
Camargos (2)	Cemig Geração Camargos	11/2016	01/2046
Coronel Domiciano, Joasal, Marmelos, Paciência and Piau (2)	Cemig Geração Sul	12/2016 and 13/2016	01/2046
Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras (2)	Cemig Geração Leste	14/2016 and 15/2016	01/2046
Cajurú, Gafanhoto and Martins (2)	Cemig Geração Oeste	16/2016	01/2046
Thermal plants			
Igarapé (1)	Cemig GT	07/1997	08/2024
POWER TRANSMISSION			
National grid (3)	Cemig GT	006/1997	01/2043
Itajubá Substation (3)	Cemig GT	79/2000	10/2030

(1) 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) Generation concession contracts whose revenue related to the Concession Grant Fee is within the scope of ICPC 01 /IFRIC 12, and is classified as concession financial assets.

(3) Transmission concession contracts that are within the scope of ICPC 01 /IFRIC 12, considering the financial asset model, and the income and costs of the construction works related to the formation of the financial asset is recognized as expenses are incurred. The financial asset to be reimbursed is identified when the implementation of the infrastructure is finalized and included as remuneration for the services of implementation of the infrastructure.

5. CASH AND CASH EQUIVALENTS

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Bank accounts	814	4,700	751	2,077
Cash investments:				
Bank certificates of deposit (CDBs)	438,114	282,675	434,968	274,542
Overnight	58,003	111,657	35,878	85,243
Others	-	4,307	-	4,307
	496,117	**398,639**	**470,846**	**364,092**
	496,931	**403,339**	**471,597**	**366,169**

Bank Certificates of Deposit (*Certificados de Depósito Bancário* or CDBs) accrued interest at 75% to 106% of the CDI Rate (Interbank Rate for Interbank Certificates of Deposit or Certificados de Depósito Inter-bancário - CDIs) published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) on June 30, 2018 (85% to 106% on December 31, 2017).

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 of 6.39%, on June 30, 2018 (6.89% on December 31, 2017). Their purpose is to settle the Company's short-term obligations, or to be used in the acquisition of other assets with better return to replenish the portfolio.

The Company's exposure to interest rate risks and a sensitivity analysis for financial assets and liabilities are disclosed in Note 26.

6. SECURITIES

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Bank certificates of deposit (CDBs)	491	1,214	303	927
Financial Notes (LFs) – Banks	113,779	149,459	70,379	114,102
Treasury Financial Notes (LFTs)	63,536	364,561	39,301	278,319
Debentures	12,591	20,334	7,789	15,524
Others	63	54	62	53
	190,460	**535,622**	**117,834**	**408,925**
Current	**150,103**	**520,963**	**92,871**	**397,734**
Non-current	**40,357**	**14,659**	**24,963**	**11,191**

Investments in Bank certificates of deposit - CDBs accrued interest at Interbank Certificates of Deposit CDI rate, published by the Custody and Settlement Chamber (*Câmara de Custódia e Liquidação*, or Cetip) which was 100.50% to 105.25% on June 30, 2018 (100.25% to 100.25% on December 31, 2017).

Bank Financial Notes (*Letras Financeiras*, or LFs) are fixed-rate fixed-income securities, issued by banks and that accrued interest a percentage of the CDI published by the Custody and Settlement Chamber (Câmara de Custódia e Liquidação, or Cetip). The LFs in Cemig GT's portfolio have remuneration rates varying from 102% to 111.25% of the CDI (102.10% to 112% in 2017).

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

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 June 30, 2018 (104.25% to 161.54% on December 31, 2017).

Note 26 provides further information of these securities. Investments in securities of related parties are shown in Note 25.

7. CUSTOMERS, TRADERS AND TRANSPORT OF ENERGY CONCESSION HOLDERS

	Balances not yet due		Up to 90 days past due	More than 90 days past due	Consolidated		Holding company	
	Billed supply	Unbilled supply			06/30/2018	12/31/2017	06/30/2018	12/31/2017
Industrial	13,246	231,192	20,713	51,605	316,756	331,437	252,404	286,360
Commercial, Services and others	9,462	48,142	15	187	57,806	38,589	57,806	38,589
Other concession holders – wholesale supply	-	214,080	18,617	3,569	236,266	308,589	199,554	273,526
Concession Holders – Transport of energy	11,493	80,752	1,105	1,423	94,773	89,153	94,895	89,249
CCEE (Wholesale Electricity Trading Chamber)	42,794	5,024	214,123	168	262,109	193,495	257,073	186,335
(–) Provision for doubtful receivables	-	-	-	(21,775)	(21,775)	(21,623)	(21,775)	(21,623)
	76,995	**579,190**	**254,573**	**35,177**	**945,935**	**939,640**	**839,957**	**852,436**

	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Current assets				
Customers and Traders	846,543	850,487	740,443	763,187
Transport of energy Concession Holders	94,773	89,153	94,895	89,249
Non-current assets				
Customers and Traders	4,619	-	4,619	-

Note 26 presents Company and its subsidiaries' exposure to credit risk related to customers and traders.

The allowance for doubtful accounts is considered to be sufficient to cover any potential losses in the realization of accounts receivable, and its changes is as follows:

Consolidated and Holding company	
Balance at December 31, 2016	**4,109**
Additions, net	-
Balance on June 30, 2017	**4,109**
Balance at December 31, 2017	**21,623**
Additions, net	152
Balance at June 30, 2018	**21,775**

Advances from clients

Cemig GT receives advance payments for the sale of energy from certain customers. Advance payments related to services not yet provided are as follows:

Consolidated and Holding company	
Balance on December 31, 2016	**181,200**
Addition	142,601
Supply completed	(85,041)
Monetary adjustments	24,680
Balance on June 30, 2017	**263,440**
Balance on December 31, 2017	**190,758**
Supply completed	(74,773)
Monetary adjustments	5,411
Balance on June 30, 2018	**121,396**

Advance payments are adjusted until the actual delivery of the energy supply under the following terms:

Jun. 30, 2018					
Counterparty	Specified period for energy billing	Index for adjusting prepaid amounts	MWh deliverable	Balances on 06/30/2018	Balances on 12/31/2017
BTG Pactual	-	1.57% a.m.	-	-	17,287
BTG Pactual	-	1.2% p.m.	-	-	25,633
Deal Comercializadora	-	1.2% p.m.	-	-	772
White Martins Gases Industriais Ltda.	Aug. 2018 – Mar. 2019	124% of CDI rate	214,642	121,396	147,066
				121,396	**190,758**

Revenue from advanced sales of energy supply is recognized in the statement of income only when the supply actually take place.

8. RECOVERABLE TAXES

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Current				
ICMS (VAT)	6,428	6,644	5,586	5,868
COFINS	1,593	2,400	1,591	2,400
PASEP	204	488	204	488
Social Security Contributions	16,374	13,690	16,374	13,690
Others	3,802	7,618	3,802	7,618
	28,401	**30,840**	**27,557**	**30,064**
Non-current				
ICMS (VAT)	6,673	7,731	6,673	7,731
COFINS	-	451	-	451
PASEP	-	90	-	90
	6,673	**8,272**	**6,673**	**8,272**
	35,074	**39,112**	**34,230**	**38,336**

The ICMS (VAT) credits 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 management’s best estimate of the amounts which will likely be realized after June 2019.

Credits of PIS, PASEP and COFINS generated by the acquisition of machinery and equipment can be offset immediately.

9. INCOME AND SOCIAL CONTRIBUTION TAX

a) Income and Social Contribution tax recoverable

The 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		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Current				
Income tax	113,014	85,093	113,014	85,093
Social contribution tax	82,184	53,342	82,184	53,342
	195,198	**138,435**	**195,198**	**138,435**

b) Deferred income tax and Social Contribution tax

Cemig GT and its subsidiaries have tax credits for income tax and the social contribution tax, arising from balances of tax losses, negative base for the social contribution tax, and temporary differences, at the rates of 25% (for income tax) and 9% (for the social contribution tax), as follows:

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
ASSETS				
Tax loss carryforwards	14,860	-	14,860	-
Post-retirement obligation	258,468	252,231	258,468	252,231
Estimated provision for doubtful receivables	7,404	7,352	7,404	7,352
Provisions for contingencies	36,642	32,740	36,642	32,740
Other provisions	363,742	366,304	363,742	366,304
Paid concession	7,473	8,227	7,473	8,227
Adjustment to fair value: Swap/loss	-	11,037	-	11,037
Others	2,097	2,235	2,100	2,235
	690,686	**680,126**	**690,689**	**680,126**
LIABILITIES				
Deemed cost	(231,303)	(236,262)	(231,303)	(236,262)
Adjustment to expectation of cash flow from the indemnifiable Concession financial assets	(660,641)	(675,533)	(660,641)	(675,533)
Cost of acquisition of equity interests	(132,664)	(136,967)	(132,664)	(136,967)
Escrow deposits monetary adjustment	(27,734)	(28,007)	(27,734)	(28,007)
Adjustment to fair value of Swap - Gain	(44,614)	-	(44,614)	-
Others	(16,222)	(19,803)	(16,073)	(19,662)
	(1,113,178)	**(1,096,572)**	**(1,113,029)**	**(1,096,431)**
Total net liabilities presented in Statement of financial position	**(422,492)**	**(416,446)**	**(422,340)**	**(416,305)**

The changes in deferred income and Social Contribution taxes were as follows:

	Consolidated	Holding company
Balance on December 31, 2016	**(286,174)**	**(285,529)**
Effects allocated to statement of income	(56,390)	(55,186)
Balance on June 30, 2017	**(342,564)**	**(340,715)**
Balance on December 31, 2017	**(416,446)**	**(416,305)**
Effects allocated to statement of income	(6,046)	(6,035)
Balance on June 30, 2018	**(422,492)**	**(422,340)**

c) Reconciliation of income tax and the Social Contribution tax effective rate:

This table reconciles the statutory income tax (rate 25%) and the Social Contribution tax (rate 9%) with the current income tax expense in the Income Statement:

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Income before income tax and social contribution tax	**141,426**	**759,363**	**72,923**	**691,744**
Income tax and social contribution tax – nominal expense	(48,085)	(258,183)	(24,794)	(235,193)
Tax effects applicable to:				
Tax incentives	-	4,331	-	3,649
Share of profit (loss) in associates and joint ventures	(50,708)	(5,735)	19,681	62,952
Gain on dilution of an equity interest	-	7,686	-	7,686
Non-deductible penalties	(555)	(71)	(552)	(71)
Non-deductible contributions and donations	(179)	(319)	(179)	(149)
Difference between Presumed profit and Real profit	25,095	23,525	-	-
Others	(106)	(45)	(191)	(66)
Income tax and social contribution tax – effective expense	**(74,538)**	**(228,811)**	**(6,035)**	**(161,192)**
Current tax	(68,492)	(172,421)	-	(106,006)
Deferred tax	(6,046)	(56,390)	(6,035)	(55,186)
	(74,538)	**(228,811)**	**(6,035)**	**(161,192)**
Effective rate	**52.70%**	**30.13%**	**8.28%**	**23.30%**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Income before income tax and social contribution tax	**(229,357)**	**486,144**	**(259,793)**	**455,759**
Income tax and social contribution tax – nominal expense	77,982	(165,289)	88,329	(154,958)
Tax effects applicable to:				
Tax incentives	(1,416)	2,674	(1,416)	1,992
Share of profit (loss) in associates and joint ventures	(38,606)	4,325	(7,068)	35,288
Gain on dilution of an equity interest	-	7,686	-	7,686
Non-deductible penalties	(294)	(15)	(291)	(15)
Non-deductible contributions and donations	(142)	(107)	(142)	(111)
Difference between Presumed profit and Real profit	11,411	10,212	-	-
Others	32	(68)	(9)	(79)
Income tax and social contribution tax – effective expense	**48,967**	**(140,582)**	**79,403**	**(110,197)**
Current tax	46,656	(78,107)	77,244	(48,387)
Deferred tax	2,311	(62,475)	2,159	(61,810)
	48,967	**(140,582)**	**79,403**	**(110,197)**
Effective rate	**21.35%**	**28.92%**	**30.56%**	**24.18%**

10. ESCROW DEPOSITS

These deposits are mainly related to legal proceedings relating to labor and tax contingencies.

Escrow deposits mainly relate to tax disputes on Income Tax on Interest on Equity and the calculation of PASEP/COFINS, for which the Company believes the amounts of ICMS (VAT) should be exclude from the taxable amount on which the PASEP/COFINS taxes are charged.

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Labor claims	32,069	29,676	32,069	29,676
Tax contingencies				
Income tax on Interest on Equity	15,227	14,908	15,227	14,908
PASEP/COFINS taxes (1)	186,784	183,606	186,784	183,606
Income and social contr. tax on indemnity for employees' 'Anuênio' benefit (2)	64,031	63,027	64,031	63,027
Urban property tax (IPTU)	10,021	6,497	10,021	6,497
Others	1,040	4,186	1,040	4,186
	277,103	**272,224**	**277,103**	**272,224**
Others				
Court embargo	468	521	468	521
Regulatory	3,419	3,308	3,419	3,308
Others	4,642	4,265	4,642	4,265
	8,529	**8,094**	**8,529**	**8,094**
	317,701	**309,994**	**317,701**	**309,994**

(1) The escrow deposits relating to Pasep and Cofins taxes refer to the case challenging the constitutionality of *inclusion* of the ICMS (VAT), which has been charged, *within* the amount on which the Pasep and Cofins taxes are calculated.
(2) See more details in Note 20 – *Provisions (Indemnity of employees' future benefit – the 'Anuênio').*

1) Inclusion of ICMS tax in the taxable base for PASEP/COFINS

This refers to escrow deposits in the action challenging the constitutionality of inclusion of ICMS tax within the amount to which PASEP/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, they opted to pay the taxes monthly.

In October 2017, the Federal Supreme Court (*Supremo Tribunal Federal*, or STF) published its Joint Judgment on the Extraordinary Appeal, which has the status of a global precedent, in favor of the Company's argument. Cemig GT reversed the provision in the amount of R$ 101,233, with effect on the net income for 2017, and recorded the reversal as a deduction on revenue, in the fourth quarter of that year, remaining an escrow deposit in amount of R$ 186,784.

11. CONCESSION FINANCIAL ASSETS

The balances of the financial assets are as follows:

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Receivable for residual value – Transmission	1,822,294	1,928,038	1,822,294	1,928,038
Transmission – Assets remunerated by tariff	552,019	547,800	552,019	547,800
Receivable for residual value – Generation	1,935,220	1,900,757	1,935,220	1,900,757
Concession grant fee – Generation concessions	2,371,831	2,337,135	-	-
	6,681,364	**6,713,730**	**4,309,533**	**4,376,595**
Current	**547,088**	**689,353**	**308,134**	**456,101**
Non-current	**6,134,276**	**6,024,377**	**4,001,399**	**3,920,494**

The changes in concession financial assets are as follows:

	Consolidated			Holding company		
	Generation	Transmission	Total	Generation	Transmission	Total
Balance on December 31, 2016	**2,800,389**	**2,287,511**	**5,087,900**	**546,624**	**2,287,511**	**2,834,135**
Additions	-	156,280	156,280	-	156,280	156,280
Monetary updating	150,477	120,600	271,077	-	120,600	120,600
Amounts received	(111,228)	(8,890)	(120,118)	-	(8,890)	(8,890)
Disposals	-	(380)	(380)	-	(380)	(380)
Transfers of indemnity – plants not renewed (Volta Grande)	70,252	-	70,252	70,252	-	70,252
Balance on june 30, 2017	**2,909,890**	**2,555,121**	**5,465,011**	**616,876**	**2,555,121**	**3,171,997**
Balance on December 31, 2017	**4,237,892**	**2,475,838**	**6,713,730**	**1,900,757**	**2,475,838**	**4,376,595**
Additions	-	4,732	4,732	-	4,732	4,732
Monetary updating	191,443	146,519	337,962	34,463	146,519	180,982
Adjustment of expectation of cash flow from Concession financial assets	-	9,671	9,671	-	9,671	9,671
Amounts received	(122,284)	(262,341)	(384,625)	-	(262,341)	(262,341)
Transfers – PP&E	-	(106)	(106)	-	(106)	(106)
Balance on June 30, 2018	**4,307,051**	**2,374,313**	**6,681,364**	**1,935,220**	**2,374,313**	**4,309,533**

Transmission – Residual value receivable

Company's transmission concession contracts are within the scope of ICPC 01 (IFRIC 12). The financial assets under these contracts refer to the investment made in infrastructure that will be returned to the grantor at the end of the concession contract and for which the Company is entitled to receive an amount corresponding to the residual value of the infrastructure assets at the end of the concession contract.

On April 22, 2016 the Mining and Energy Ministry (*Ministério de Minas e Energia*, or MME) published its Ministerial Order 120, setting the deadline and method of payment for the remaining amount corresponding to the residual value of the assets. The Ministerial Order determined that the amounts homologated by the regulator should become part of the Regulatory Remuneration Asset Base (*Base de Remuneração Regulatória*, or BRR) and that the cost of capital should be added to the related Permitted Annual Revenues ('RAP').

On August 16, 2016, the regulator, through its Dispatch 2,181, homologated the amount of R$ 892,050, in Reais as of December 2012, for the portion of the residual value of assets to be paid to the Company. This amount was recorded as a financial asset, with specific maturity and interest rate, in accordance with its characteristics.

The amount of indemnity to be received, updated to June 30, 2018, in the amount of R$ 1,822,294 (R$ 1,928,038 on December 31, 2017), corresponds to the following credits:

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, up to the tariff process of 2017, in the amount of R$ 964,679 (R$ 992,802 on December 31, 2017). This amount is to be inflation adjusted by the IPCA index (Expanded National Customer Price Index) and remunerated at the weighted average cost of capital of the transmission industry as defined by the regulator for the Periodic Tariff Review, 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 Customers' 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 electricity sector who accepted the terms of Law 12,783/2013.

The preliminary injunction 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$ 385,259 on June 30, 2018 (R$ 316,138 on December 31, 2017) updated by IPCA.

In complicance with the court decision, the regulator, in its Technical Note 183/2017-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 on june 30, 2018 is necessary.

Adjustment of the BRR Transmission Assets – Aneel Technical Note 183/2017

The regulator, Aneel, accepted the Company's claim for inclusion of certain cables in the basis for the tariff calculation, and calculated the differences between the revenue amounts ratified in the tariff reviews of June 23, 2009 and June 8, 2010. The new amounts, calculated with the inclusion of the value of these cables in the regulatory remuneration base of assets (*Base de Remuneração de Ativos*, or BRR), for the period from July 2005 through December 2012, resulted in a credit of R$ 149,255, when updated to currency of July 2017, and Cemig received this amount in twelve months, through RAP, until June, 2018.

Remaining balance to be received through RAP

The remaining balance, of R$ 472,356 on june 30, 2018 (R$ 544,471 on December 31, 2017) was incorporated into the regulatory remuneration base of assets, and is being recovered via RAP.

The Company expects to receive in full the receivables in relation to the residual value of the transmission assets.

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 concessionaires 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 ultimately 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. On june 30, 2018, the receivable amounts are R$ 552,019 (R$ 547,800 on December 31, 2017).

Generation – Residual value financial asset

Starting August 2013, various concession under the Concession Contract 007/1997 started expiring. Upon expiration of the concession contract, the Company has a right to receive an amount corresponding to the residual value of the infrastructure assets, as specified in the concession contract. The financial asset balance corresponding to such amounts, including Deemed Cost, are recognized in Financial Assets, amounted to R$ 816,411 on june 30, 2018 and December 31, 2017.

Generating plant	Concession expiration date	Installed capacity (MW)	Net balance of assets based on historical cost	Net balance of assets based on fair value (replacement 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. 15	1,710	2,258	2,920
		3,601.70	**204,041**	**816,411**

As stated in 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 the plants, previously operated by Company, that were included in Lot D and for the *Volta Grande* plant have submitted to the regulator. The Company do not expect any losses in realization of these amounts.

On June 30, 2018, investments made after the *Jaguara, São Simão* and *Miranda* plants came into operation, in the amounts of R$ 174,203, R$ 2,920 and R$ 22,546, respectively, are recorded as concession financial assets, and the determination of the final amounts to be paid to the Company are under discussions with the regulator. Management does not expect losses in realization of these amounts.

Miranda and São Simão plants – Basic plans

In accordance with the Mining and Energy Ministry Order 291/17, the amounts of the basic projects of the *Miranda* and *São Simão* plants were recorded as concession financial assets and are being monetary adjusted, as shown below:

Plants	Miranda	São Simão	Total
Concession termination date	Dec. 2016	Jan. 15	
Residual value of assets based on deemed cost on 12/31/2017	**609,995**	**202,744**	**812,739**
Adjustment (1)	174,157	40,855	215,012
Amounts based on MME Order	**784,152**	**243,599**	**1,027,751**
Monetary updating	25,373	31,222	56,595
Residual value of assets of basic project on 12/31/2017	**809,525**	**274,821**	**1,084,346**
Monetary updating	25,729	8,734	34,463
Residual value of assets of basic project on 06/30/2018	**835,254**	**283,555**	**1,118,809**

(1) Adjustment of the residual value of the *São Simão* and *Miranda* plants, as per MME Order 291/17.

Company is discussing with the Ministry of Mines and Energy the criteria used to determine the amounts informed by its Order 291/17, as well as the payment date, since that Order establishes that payment must be made, by the Federal Government, on or before December 31, 2018, provided that is subject to budget and financial availability.

Concession grant fee – Generation concessions

In June 2016, the Concession Contracts 08 to 16/2016, relating to 18 hydroelectric plants of Lot D of Aneel Auction 12/2015, won by Cemig GT, were transferred to the related specific-purpose entities (SPEs), wholly-owned subsidiaries of Company, as follows:

SPE	Plants	Balance at Dec. 31, 2017	Monetary updating	Amounts received	Balances on June 30, 2018
Cemig Geração Três Marias S.A.	Três Marias	1,330,134	84,877	(65,703)	1,349,308
Cemig Geração Salto Grande S.A.	Salto Grande	417,393	26,758	(20,721)	423,430
Cemig Geração Itutinga S.A.	Itutinga	155,594	11,237	(8,809)	158,022
Cemig Geração Camargos S.A.	Camargos	116,710	8,372	(6,558)	118,524
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	152,170	11,680	(9,227)	154,623
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	103,133	8,746	(7,007)	104,872
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	62,001	5,310	(4,259)	63,052
Total		**2,337,135**	**156,980**	**(122,284)**	**2,371,831**

SPE	Plants	Balance at Dec. 31, 2016	Monetary updating	Amounts received	Balances on June 30, 2017
Cemig Geração Três Marias S.A.	Três Marias	1,283,197	80,959	(59,763)	1,304,393
Cemig Geração Salto Grande S.A.	Salto Grande	402,639	25,530	(18,847)	409,322
Cemig Geração Itutinga S.A.	Itutinga	149,904	10,825	(8,013)	152,716
Cemig Geração Camargos S.A.	Camargos	112,447	8,060	(5,965)	114,542
Cemig Geração Sul S.A.	Coronel Domiciano, Joasal, Marmelos, Paciência and Piau	146,553	11,320	(8,393)	149,480
Cemig Geração Leste S.A.	Dona Rita, Ervália, Neblina, Peti, Sinceridade and Tronqueiras	99,315	8,573	(6,373)	101,515
Cemig Geração Oeste S.A.	Cajurú, Gafanhoto and Martins	59,710	5,210	(3,874)	61,046
Total		**2,253,765**	**150,477**	**(111,228)**	**2,293,014**

Company paid a concession fee for a 30-year concession contract related to 18 hydroelectric plants was R$ 2,216,353. The amount of the concession fee was recognized as a financial asset, as the Company has an unconditional right to receive the amount paid, updated by the IPCA Index and remuneratory interest (the total amounts is equivalent to the project's internal return rate), during the period of the concession. Of the energy produced by these plants, 70% is sold in the Regulated Market (ACR) and 30% in the Free Market (ACL).

12. INVESTMENTS

Information on investments in the subsidiaries, jointly-controlled entities and affiliated companies is as follows:

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Affiliated companies				
Madeira Energia (Santo Antônio Plant)	457,410	534,761	457,410	534,761
FIP Melbourne (Santo Antônio Plant)	516,571	582,504	516,571	582,504
Jointly-controlled entities				
Hidrelétrica Cachoeirão	48,346	57,957	48,346	57,957
Guanhães Energia	59,608	25,018	59,608	25,018
Hidrelétrica Pipoca	28,177	26,023	28,177	26,023
Lightger	41,361	40,832	41,361	40,832
Baguari Energia	160,952	148,422	160,952	148,422
Central Eólica Praias de Parajuru	54,015	60,101	54,015	60,101
Central Eólica Volta do Rio	54,089	67,725	54,089	67,725
Central Eólica Praias de Morgado	45,821	50,569	45,821	50,569
Aliança Norte (Belo Monte Plant)	635,489	576,704	635,489	576,704
Amazônia Energia (Belo Monte Plant)	964,978	866,554	964,978	866,554
Aliança Geração	1,280,382	1,242,170	1,280,382	1,242,170
Retiro Baixo	165,700	157,773	165,700	157,773
Renova	193,432	282,524	193,432	282,524
Usina Hidrelétrica Itaocara S.A.	3,621	3,699	3,621	3,699
Subsidiaries				
Cemig Baguari	-	-	10	23
Cemig Geração Três Marias S.A.	-	-	1,397,859	1,391,822
Cemig Geração Salto Grande S.A.	-	-	444,086	440,122
Cemig Geração Itutinga S.A.	-	-	174,103	171,279
Cemig Geração Camargos S.A.	-	-	131,800	130,426
Cemig Geração Sul S.A.	-	-	172,441	167,571
Cemig Geração Leste S.A.	-	-	119,726	115,885
Cemig Geração Oeste S.A.	-	-	71,364	69,398
Total	**4,709,952**	**4,723,336**	**7,221,341**	**7,209,862**

The Company’s investees that are not consolidated are jointly-controlled entities and the interest in the *Santo Antônio* power plant, which is an affiliated company in which the Company has significant influence.

a) Right to exploitation of the regulated activity

In the process of allocation of the acquisition price of the jointly-controlled subsidiaries, a valuation was made of the intangible assets relating to the right to operate the regulated activity. This asset is presented together with the acquisition cost of the investments in the previous table. These assets will be amortized over the remaining period of the concessions on the straight-line basis.

	Consolidated and Holding company 12/31/2016	Amortization	Consolidated and Holding company 06/30/2017	Consolidated and Holding company 12/31/2017	Amortization	Consolidated and Holding company 06/30/2018
Retiro Baixo	29,525	(592)	28,933	28,344	(591)	27,753
Central Eólica Praias de Parajuru	19,341	(764)	18,577	16,503	(707)	15,796
Central Eólica Volta do Rio	13,807	(504)	13,303	11,035	(436)	10,599
Central Eólica Praias de Morgado	27,406	(1,028)	26,378	23,956	(972)	22,984
Madeira Energia (Santo Antônio plant)	157,340	(2,978)	154,362	151,384	(2,979)	148,405
Aliança Norte (Belo Monte plant)	56,518	(986)	55,532	54,546	(986)	53,560
	303,937	**(6,852)**	**297,085**	**285,768**	**(6,671)**	**279,097**

b) Changes of investments in subsidiaries and jointly-controlled entities are as follows:

Consolidated	12/31/2017	Gain (loss) by equity method (Income statement)	Injections/acquisitions	Dividends	06/30/2018
Hidrelétrica Cachoeirão	57,957	6,739	-	(16,350)	48,346
Guanhães Energia	25,018	(299)	34,889	-	59,608
Hidrelétrica Pipoca	26,023	3,357	-	(1,203)	28,177
Madeira Energia (Santo Antônio Plant)	534,761	(77,435)	84	-	457,410
FIP Melbourne (Santo Antônio Plant)	582,504	(65,933)	-	-	516,571
Baguari Energia	148,422	16,088	-	(3,558)	160,952
Central Eólica Praias de Parajuru	60,101	(6,086)	-	-	54,015
Central Eólica Volta do Rio	67,725	(13,636)	-	-	54,089
Central Eólica Praias de Morgado	50,569	(4,748)	-	-	45,821
Lightger	40,832	2,308	-	(1,779)	41,361
Amazônia Energia (Belo Monte Plant)	866,554	28,243	70,181	-	964,978
Aliança Norte (Belo Monte Plant)	576,704	17,420	41,365	-	635,489
Aliança Geração	1,242,170	38,212	-	-	1,280,382
Retiro Baixo	157,773	7,927	-	-	165,700
Renova	282,524	(89,092)	-	-	193,432
Usina Hidrelétrica Itaocara S.A.	3,699	(3,477)	3,399	-	3,621
Total of investments	**4,723,336**	**(140,412)**	**149,918**	**(22,890)**	**4,709,952**

Holding company	12/31/2017	Gain (loss) by equity method (Income statement)	Injections/acquisitions	Dividends	06/30/2018
Hidrelétrica Cachoeirão	57,957	6,739	-	(16,350)	48,346
Guanhães Energia	25,018	(299)	34,889	-	59,608
Hidrelétrica Pipoca	26,023	3,357	-	(1,203)	28,177
Madeira Energia (Santo Antônio Plant)	534,761	(77,435)	84	-	457,410
FIP Melbourne (Santo Antônio Plant)	582,504	(65,933)	-	-	516,571
Baguari Energia	148,422	16,088	-	(3,558)	160,952
Central Eólica Praias de Parajuru	60,101	(6,086)	-	-	54,015
Central Eólica Volta do Rio	67,725	(13,636)	-	-	54,089
Central Eólica Praias de Morgado	50,569	(4,748)	-	-	45,821
Lightger	40,832	2,308	-	(1,779)	41,361
Amazônia Energia (Belo Monte Plant)	866,554	28,243	70,181	-	964,978
Aliança Norte (Belo Monte Plant)	576,704	17,420	41,365	-	635,489
Aliança Geração	1,242,170	38,212	-	-	1,280,382
Retiro Baixo	157,773	7,927	-	-	165,700
Renova	282,524	(89,092)	-	-	193,432
Usina Hidrelétrica Itaocara S.A.	3,699	(3,477)	3,399	-	3,621
Cemig Baguari	23	(13)	-	-	10
Cemig Geração Três Marias S.A.	1,391,822	90,379	-	(84,342)	1,397,859
Cemig Geração Salto Grande S.A.	440,122	33,420	-	(29,456)	444,086
Cemig Geração Itutinga S.A.	171,279	19,831	-	(17,007)	174,103
Cemig Geração Camargos S.A.	130,426	15,928	-	(14,554)	131,800
Cemig Geração Sul S.A.	167,571	21,347	-	(16,477)	172,441
Cemig Geração Leste S.A.	115,885	16,792	-	(12,951)	119,726
Cemig Geração Oeste S.A.	69,398	9,342	-	(7,376)	71,364
Total of investments	**7,209,862**	**66,614**	**149,918**	**(205,053)**	**7,221,341**

Consolidated	Dec. 31, 2016	Gain (loss) by equity method (Income statement)	Injections/acquisitions	Dividends – Provision	Other comprehensive income	Others	06/30/2017
Hidrelétrica Cachoeirão	50,411	6,396	-	(2,641)	-	-	54,166
Guanhães Energia (1)	-	(2,081)	78,641	-	-	(59,071)	17,489
Hidrelétrica Pipoca	31,809	2,716	-	(1,284)	-	-	33,241
Madeira Energia (Santo Antônio Plant)	643,890	(48,633)	-	-	-	-	595,257
FIP Melbourne (Santo Antônio Plant)	677,182	(42,517)	-	-	-	-	634,665
Baguari Energia	162,106	12,529	-	(5,752)	-	1	168,884
Central Eólica Praias de Parajuru	63,307	(1,125)	-	(406)	-	-	61,776
Central Eólica Volta do Rio	81,228	(4,054)	-	-	-	-	77,174
Central Eólica Praias de Morgado	59,586	(2,830)	-	-	-	-	56,756
Lightger	41,543	3,530	-	(642)	-	-	44,431
Amazônia Energia (Belo Monte Plant)	781,022	6,194	55,941	-	-	-	843,157
Aliança Norte (Belo Monte Plant)	527,498	2,304	33,649	-	-	-	563,451
Aliança Geração	1,319,055	39,043	-	(51,576)	-	-	1,306,522
Retiro Baixo	161,848	6,442	-	-	-	-	168,290
Renova	688,625	36,553	18,000	-	(33,852)	-	709,326
Usina Hidrelétrica Itaocara S.A.	2,782	-	-	-	-	-	2,782
Total of investments	**5,291,892**	**14,467**	**186,231**	**(62,301)**	**(33,852)**	**(59,070)**	**5,337,367**
Guanhães – Uncovered liabilities of jointly-controlled entity (1)	(59,071)	-	-	-	-	59,071	-
Total	**5,232,821**	**14,467**	**186,231**	**(62,301)**	**(33,852)**	**1**	**5,337,367**

(1) Transfer to uncovered liabilities.

Holding company	12/31/2016	Gain (loss) by equity method (Income statement)	Injections / acquisitions	Dividends – Provision	Other comprehensive income	Others	06/30/2017
Hidrelétrica Cachoeirão	50,411	6,396	-	(2,641)	-	-	54,166
Guanhães Energia (1)	-	(2,081)	78,641	-	-	(59,071)	17,489
Hidrelétrica Pipoca	31,809	2,716	-	(1,284)	-	-	33,241
Madeira Energia (Santo Antônio Plant)	643,890	(48,633)	-	-	-	-	595,257
FIP Melbourne (Santo Antônio Plant)	677,182	(42,517)	-	-	-	-	634,665
Baguari Energia	162,106	12,529	-	(5,752)	-	1	168,884
Central Eólica Praias de Parajuru	63,307	(1,125)	-	(406)	-	-	61,776
Central Eólica Volta do Rio	81,228	(4,054)	-	-	-	-	77,174
Central Eólica Praias de Morgado	59,586	(2,830)	-	-	-	-	56,756
Lightger	41,543	3,530	-	(642)	-	-	44,431
Amazônia Energia (Belo Monte Plant)	781,022	6,194	55,941	-	-	-	843,157
Aliança Norte (Belo Monte Plant)	527,498	2,304	33,649	-	-	-	563,451
Aliança Geração	1,319,055	39,043	-	(51,576)	-	-	1,306,522
Retiro Baixo	161,848	6,442	-	-	-	-	168,290
Renova	688,625	36,553	18,000	-	(33,852)	-	709,326
Usina Hidrelétrica Itaocara S.A.	2,782	-	-	-	-	-	2,782
Cemig Baguari	55	(7)	-	-	-	-	48
Cemig Geração Três Marias S.A.	1,399,282	90,908	-	-	-	-	1,490,190
Cemig Geração Salto Grande S.A.	440,148	31,224	-	-	-	-	471,372
Cemig Geração Itutinga S.A.	167,962	19,508	-	-	-	-	187,470
Cemig Geração Camargos S.A.	125,995	15,737	-	-	-	-	141,732
Cemig Geração Sul S.A.	165,133	19,331	-	-	-	(1)	184,463
Cemig Geração Leste S.A.	113,976	16,073	-	-	-	-	130,049
Cemig Geração Oeste S.A.	69,375	9,247	-	-	-	-	78,622
Total of investments	**7,773,818**	**216,488**	**186,231**	**(62,301)**	**(33,852)**	**(59,071)**	**8,021,313**
Guanhães – Uncovered liabilities of jointly-controlled entity (1)	(59,071)	-	-	-	-	59,071	-
Total	**7,714,747**	**216,488**	**186,231**	**(62,301)**	**(33,852)**	-	**8,021,313**

(1) Transfer to uncovered liabilities.

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

Company	Number of shares	On June 30, 2018			On December 31, 2017		
		Interest (%)	Share capital	Equity	Interest (%)	Share capital	Equity
Affiliated companies							
Madeira Energia (Santo Antônio Plant)	9,730,201,137	18.13	9,546,672	4,552,760	18.13	9,546,672	5,327,114
Jointly-controlled entities							
Hidrelétrica Cachoeirão	35,000,000	49.00	35,000	98,665	49.00	35,000	118,280
Guanhães Energia	358,511,000	49.00	386,139	121,650	49.00	330,536	51,058
Hidrelétrica Pipoca	41,360,000	49.00	41,360	57,504	49.00	41,360	53,108
Baguari Energia S.A. (1)	26,157,300,278	69.39	186,573	231,961	69.39	186,573	213,895
Central Eólica Praias de Parajuru	70,560,000	49.00	70,560	77,999	49.00	70,560	88,976
Central Eólica Volta do Rio	117,230,000	49.00	117,230	88,752	49.00	117,230	115,694
Central Eólica Praias de Morgado	52,960,000	49.00	52,960	46,605	49.00	52,960	54,312
Lightger	79,078,937	49.00	79,232	84,410	49.00	79,232	83,331
Aliança Norte (Belo Monte Plant)	39,919,934,434	49.00	1,203,675	1,187,611	49.00	1,119,255	1,065,628
Amazônia Energia (Belo Monte Plant) (1)	1,281,030,446	74.50	1,323,660	1,295,273	74.50	1,229,600	1,163,160
Aliança Geração	1,291,582,500	45.00	1,291,488	1,970,945	45.00	1,291,488	1,857,905
Retiro Baixo	222,850,000	49.90	222,850	276,447	49.90	222,850	257,880
Renova	417,197,244	36.23	2,919,019	534,119	36.23	2,919,019	779,808
Usina Hidrelétrica Itaocara S.A.	17,014,114	49.00	18,038	7,390	49.00	11,102	7,549
Subsidiaries							
Cemig Baguari	1,000	100.00	1	10	100.00	1	32
Cemig Geração Três Marias S.A.	1,291,423,369	100.00	1,291,423	1,397,859	100.00	1,291,423	1,391,822
Cemig Geração Salto Grande S.A.	405,267,607	100.00	405,268	444,086	100.00	405,268	440,122
Cemig Geração Itutinga S.A.	151,309,332	100.00	151,309	174,104	100.00	151,309	171,279
Cemig Geração Camargos S.A.	113,499,102	100.00	113,499	131,799	100.00	113,499	130,426
Cemig Geração Sul S.A.	148,146,505	100.00	148,147	172,441	100.00	148,147	167,571
Cemig Geração Leste S.A.	100,568,929	100.00	100,569	119,725	100.00	100,569	115,885
Cemig Geração Oeste S.A.	60,595,484	100.00	60,595	71,364	100.00	60,595	69,398

(1) Jointly-controlled under a Shareholders' Agreement.

On June 30, 2018, the current liabilities of some jointly-controlled entities exceeded their current assets, as follows:

<u>Madeira Energia S.A. ('Mesa'):</u> The excess of current liabilities over current assets, equal to R$ 1,749,729, arises mainly from the balances of the accounts Suppliers, Other liabilities and Loans and financings. Mesa expects to adjust the flow of its debt servicing payments with the BNDES and the onlending banks, and the release of funds from the reserve account to be allocated to these payments, which will be replaced by a bank guarantee and operational cash generation.

<u>Renova Energia S.A. ('Renova'):</u> On June 30, 2018, Renova Energia reported a loss of R$ 245,689, accumulated Losses of R$ 2,440,279 and current liabilities in excess of current assets in the amount of R$ 59,190. Renova Energia is required to obtain capital to comply with its commitments, including the construction of wind and solar generating plants.

For this purpose it has taken several measures to rebalance its liquidity and cash flow structure, and is working with its controlling shareholders on a new restructuring plan, aiming to rebalance the capital structure and honor its commitments.

The Management of Renova believes that with the success of these measures it will be possible to recover economic and financial equilibrium, and liquidity.

The events or conditions described above indicate the existence of relevant uncertainty that may cast significant doubt on Renova Energia ability to continue as a going concern as of June 30, 2018.

Management has analyzed the impairment`s indications, which did not resulted in impacts and/or adjustments to its interim financial information.

Investment in the *Santo Antônio* hydroelectric plant, through Madeira Energia S.A. ('Mesa') and FIP Melbourne

The Company has direct and indirect investments, of 10% and 8.13% respectively, in Madeira Energia S.A. (which holds an investment in Santo Antônio Energia S.A.), of R$ 973,981 on June 30, 2018 (R$ 1,117,265 on December 31, 2017).

Madeira Energia S.A. ('Mesa') and its subsidiary Santo Antônio Energia S.A. ('Saesa') are incurring construction costs related to the construction of the *Santo Antônio* hydroelectric plant. On June 30, 2018 the total PP&E and intangible assets constituted by these costs amounted to R$ 21,202,427 (Mesa, consolidated). According to financial projections prepared by its management, these construction costs will be recovered through future revenues from operations as all the entity's generation plants are currently under operation.

The Federal Public Attorneys' Office has conducted and is in the process of conducting investigations, and other legal measures are in progress, involving 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 on irregularities involving contractors and suppliers of Mesa and of its other shareholders. In response to allegations of possible illegal activities, the investee and its other shareholders have started an independent internal investigation. It is not possible to determine the results of these investigations, or the developments arising from them, which may at some time in the future affect the investee.

The effects of any changes to the current scenario will be reflected, appropriately, in the interim financial information of the Company.

The FID (Availability Factor)

On July 31, 2015, the Regional Federal Appeal Court accepted the request by Santo Antônio Energia S.A. for interim relief, on appeal. This relief suspended the application of the Availability Factor (FID) related to the generating units of the Santo Antônio hydroelectric plant not dispatched by the National System Operator (ONS). This decision, which had ordered Aneel and the CCEE to adopt the necessary procedures to make that decision effective in the CCEE's accounting and settlement, was suspended by the Higher Appeal Court (STJ), and was subsequently re-established after an injunction was granted in a Constitutional Appeal to the Federal Supreme Court (STF). However, on April 10, 2018 the Supreme Court ruled against allowing the Constitutional Appeal to go forward, re-establishing the effects of the decision given by the STJ. Due to the decision by the Supreme Court the CCEE, after authorization by Aneel, agreed the payment by installments of the debt, of R$738,000, relating to the Availability Factor. This was posted in the Liabilities of Saesa in Suppliers, as follows: (a) payment in 36 equal installments, adjusted by inflation, plus interest; (b) the installments to start with the CCEE accounting of July 2018, with financial settlement set for September 5, 2018.

Arbitration proceedings

In 2014, Cemig GT and SAAG Investimentos S.A. (SAAG), a vehicle through which Cemig GT holds an indirect equity interest in Mesa, opened arbitration proceedings, 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 Cemig GT and SAAG in full, and ordered the annulment of the acts being impugned. As a consequence of this decision, Mesa reversed the impairment, and posted a provision for doubtful accounts in the amount of R$ 678,551 in its financial statements as of December 31, 2017.

To resolve the question of the liability of the CCSA consortium 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.

Investment in the _Belo Monte_ Plant through Amazônia Energia S.A. and Aliança Norte

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, and manages that interest. Through the jointly-controlled entities referred to above, Cemig GT owns an indirect equity interest in Nesa of 11.74%.

NESA has expended significant funds for costs of organization, development and pre-operating costs, resulting in negative net working capital of R$ 2,324,202 on june 30, 2018. The completion of the construction works for _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 April 7, 2015, NESA was awarded a preliminary injuncion ordering the regulator 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 June 30, 2018 is R$ 616,000.

Investigations and other legal measures are in progress, conducted by the Federal Public Attorneys' Office, which involve other Shareholders of the investees and certain executives of those other 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, and also, based on the results of the independent internal investigation conducted by NESA and its other shareholders, a write-down of the value of the infrastructure of NESA, by R$ 183,000 was already recorded in 2015.

The effects of any alterations to the existing scenario will be reflected, appropriately, in the Company's interim financial information.

Investment in Renova Energia S.A. ('Renova')

Negotiations on Alto Sertão III

On February 23, 2018, Renova received a binding offer from Brookfield Energia Renovável S.A. ('BER') for acquisition of the assets of the whole Alto Sertão III Complex, and approximately 1.1 GW in certain wind projects under development. On February 27, 2018 the Board of Directors of Renova approved the proposal received and granted BER exclusivity for up to 60 (sixty) days, for finalization of the documents of the transaction.

On May 10, 2018, Renova announced ending of negotiations with BER involving the sale of assets, as no agreement was reached on the final terms of the transaction.

On July 17, 2018 Renova announced that it has received non-binding offers from various investors for acquisition of the asset and that these offers are undergoing due diligence. It also stated that exclusivity has not been granted to any one of these interested parties.

Risks related to compliance with laws and regulations

On January 19, 2018, Renova responded to a formal statement by the Civil Police of Minas Gerais State received in November 2017, relating to the investigation being carried out by that Police Force into certain injections of capital made by the controlling shareholders of Renova, including the Company, and injections of capital made by it in certain projects under development in previous years. 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.

In addition, a monitoring committee was set up, composed by an independent counselor, the Chairman of the Fiscal Council and the chairman of the Board of Directors, who, together with the Audit Committee, will monitor the internal investigation. Through its governance and control bodies, Cemig GT is monitoring the progress of the investigation, and is also in the process of evaluating the internal procedures and controls carried out by the Company at the time of the events subject of inquiries by the police authorities.

The investigation is in progress, and it is not possible to determine any effects of this investigation, nor any impacts on the interim financial information of Renova, or the Company, for the six-month period ended June 30, 2018.

Resolution of crossover assets of Cemig GT and Energimp

On May 17, 2018, a document entitled 'Private Transaction Agreement' was signed between the Company and Energimp S.A. ('Energimp'), for resolution of crossover shareholdings currently held by the Company and Energimp in the companies Central Eólica Praias de Parajuru S.A. ('Parajuru'), Central Eólica Volta do Rio S.A. ('Volta do Rio') and Central Eólica Praia de Morgado S.A. ('Morgado').

The transaction will result in 100% of the share capital of Parajuru and Volta do Rio being wholly owned by the Company, and 100% of the shares in Morgado being wholly owned by Energimp.

This transaction to resolve crossover shareholding was approved by the competition authority, CADE, and is in the process of approval by the financing bank.

13. PROPERTY, PLANT AND EQUIPMENT

Consolidated	06/30/2018			12/31/2017		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service	**6,361,756**	**(4,349,032)**	**2,012,724**	**6,342,503**	**(4,268,303)**	**2,074,200**
Land	220,579	(14,670)	205,909	220,582	(13,450)	207,132
Reservoirs, dams, watercourses	3,006,797	(1,974,006)	1,032,791	3,009,602	(1,938,497)	1,071,105
Buildings, works and improvements	1,039,593	(762,721)	276,872	1,039,564	(754,945)	284,619
Machinery and equipment	2,049,606	(1,560,997)	488,609	2,030,392	(1,525,069)	505,323
Vehicles	31,525	(26,268)	5,257	28,712	(25,611)	3,101
Furniture and utensils	13,656	(10,370)	3,286	13,651	(10,731)	2,920
In progress	**89,276**	**-**	**89,276**	**88,690**	**-**	**88,690**
Assets in progress	89,276	-	89,276	88,690	-	88,690
Net property, plant and equipament	**6,451,032**	**(4,349,032)**	**2,102,000**	**6,431,193**	**(4,268,303)**	**2,162,890**

Holding company	06/30/2018			12/31/2017		
	Historical cost	Accumulated depreciation	Net value	Historical cost	Accumulated depreciation	Net value
In service	**6,357,380**	**(4,348,869)**	**2,008,511**	**6,339,089**	**(4,268,227)**	**2,070,862**
Land	220,579	(14,670)	205,909	220,582	(13,450)	207,132
Reservoirs, dams, watercourses	3,006,689	(1,974,006)	1,032,683	3,009,602	(1,938,497)	1,071,105
Buildings, works and improvements	1,039,593	(762,721)	276,872	1,039,564	(754,945)	284,619
Machinery and equipment	2,045,338	(1,560,834)	484,504	2,026,978	(1,524,993)	501,985
Vehicles	31,525	(26,268)	5,257	28,712	(25,611)	3,101
Furniture and utensils	13,656	(10,370)	3,286	13,651	(10,731)	2,920
In progress	**83,061**	**-**	**83,061**	**84,985**	**-**	**84,985**
Assets in progress	83,061	-	83,061	84,985	-	84,985
Net property, plant and equipament	**6,440,441**	**(4,348,869)**	**2,091,572**	**6,424,074**	**(4,268,227)**	**2,155,847**

The changes in PP&E are as follow:

Consolidated	12/31/2017	Addition	Transfer	Disposals	Depreciation	06/30/2018
In service	**2,074,200**	**-**	**15,850**	**(6,479)**	**(70,847)**	**2,012,724**
Land	207,132	-	-	(3)	(1,220)	205,909
Reservoirs, dams, watercourses	1,071,105	-	111	(1,966)	(36,459)	1,032,791
Buildings, works and improvements	284,619	-	568	(237)	(8,078)	276,872
Machinery and equipment	505,323	-	11,852	(4,273)	(24,293)	488,609
Vehicles	3,101	-	2,822	-	(666)	5,257
Furniture and utensils	2,920	-	497	-	(131)	3,286
In progress	**88,690**	**17,482**	**(15,744)**	**(1,152)**	**-**	**89,276**
Net property, plant and equipment	**2,162,890**	**17,482**	**106**	**(7,631)**	**(70,847)**	**2,102,000**

Holding company	12/31/ 2017	Addition	Transfer	Disposals	Depreciation	06/30/2018
In service	**2,070,862**	**-**	**14,887**	**(6,478)**	**(70,760)**	**2,008,511**
Land	207,132	-	-	(3)	(1,220)	205,909
Reservoirs, dams, watercourses	1,071,105	-	3	(1,966)	(36,459)	1,032,683
Buildings, works and improvements	284,619	-	568	(237)	(8,078)	276,872
Machinery and equipment	501,985	-	10,997	(4,272)	(24,206)	484,504
Vehicles	3,101	-	2,822	-	(666)	5,257
Furniture and utensils	2,920	-	497	-	(131)	3,286
In progress	**84,985**	**14,009**	**(14,781)**	**(1,152)**	**-**	**83,061**
Net property, plant and equipament	**2,155,847**	**14,009**	**106**	**(7,630)**	**(70,760)**	**2,091,572**

Consolidated	12/31/2016	Addition	V. Grande, Jaguara, Miranda Plants (1)	Transfer	Disposals	Depreciation	06/30/2017
In service	**3,053,781**	**-**	**(869,239)**	**32,818**	**(4,717)**	**(82,324)**	**2,130,319**
Land	274,455	-	(61,287)	-	-	(4,659)	208,509
Reservoirs, dams and watercourses	1,590,003	-	(440,923)	576	-	(40,280)	1,109,376
Buildings, works and improvements	369,448	-	(68,971)	424	-	(8,626)	292,275
Machinery and equipment	812,749	-	(298,058)	31,818	(4,717)	(28,037)	513,755
Vehicles	4,225	-	-	-	-	(563)	3,662
Furniture and utensils	2,901	-	-	-	-	(159)	2,742
In progress	**116,371**	**9,651**	**(130)**	**(32,818)**	**(1,814)**	**-**	**91,260**
Net property, plant and equipament	**3,170,152**	**9,651**	**(869,369)**	**-**	**(6,531)**	**(82,324)**	**2,221,579**

Holding company	12/31/2016	Addition	V. Grande, Jaguara, Miranda Plants (1)	Transfer	Disposals	Depreciation	06/30/2017
In service	**3,053,781**	**-**	**(869,239)**	**31,455**	**(4,717)**	**(82,295)**	**2,128,985**
Land	274,455	-	(61,287)	-	-	(4,659)	208,509
Reservoirs, dams and watercourses	1,590,003	-	(440,923)	576	-	(40,280)	1,109,376
Buildings, works and improvements	369,448	-	(68,971)	424	-	(8,626)	292,275
Machinery and equipment	812,749	-	(298,058)	30,455	(4,717)	(28,008)	512,421
Vehicles	4,225	-	-	-	-	(563)	3,662
Furniture and utensils	2,901	-	-	-	-	(159)	2,742
In progress	**114,599**	**8,490**	**(130)**	**(31,455)**	**(1,814)**	**-**	**89,690**
Net property, plant and equipament	**3,168,380**	**8,490**	**(869,369)**	**-**	**(6,531)**	**(82,295)**	**2,218,675**

(1) R$ 799,117 was transferred to Generation concession assets, in relation to the *Jaguara*, *Miranda and Volta Grande* plants, and R$ 70,252 was transferred to Concession financial assets, in relation to the *Volta Grande* plant.

The average annual depreciation rate for the Company and its subsidiaries is 3.10%. The principal annual depreciation rates, which take into account the expected useful life of the assets, are revised annually by Management.

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 paid to the Company for the residual value of the infrastructure assets. Management believes that the amounts ultimately received will be higher than the historic residual value.

The residual value of the assets is the residual balance of the assets at the end of the concession. As established in the contract signed between the Company and the Nation, at the end of the concession the assets will revert to the Nation, which in turn will indemnify the Company for those assets that have not yet been totally depreciated. For contracts under which Company does not have a right to receive such amounts or there is uncertainty related to collection of the amounts, such as in the case of thermal generation and hydroelectric generation as an independent energy producer, no residual value is recognized, and the depreciation rates are adjusted so that all the assets are depreciated within the concession term.

Consortium

The Company is a partner in an electricity 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 controls being kept in Fixed assets and Intangible assets. The Company's portion in the consortium is recorded and controlled separately in the respective categories of PP&E and Intangible assets.

Consolidated and Holding company	Interest in power output, %	Average annual depreciation rate %	06/30/2018	12/31/2017
In service				
Queimado plant	82.50	4.03	217,210	217,109
Accumulated depreciation			(95,018)	(90,649)
Total in operation			**122,192**	**126,460**
In progress				
Queimado plant	82.50	-	240	340
Total In progress			**240**	**340**

14. INTANGIBLE ASSETS

Composition of the balance on june 30, 2018 and December 31, 2017 are as follows:

Consolidated and Holding company	06/30/2018			12/31/2017		
	Historical cost	Accumulated amortization	Residual value	Historical cost	Accumulated amortization	Residual value
In service	**93,412**	**(67,662)**	**25,750**	**89,923**	**(66,001)**	**23,922**
Temporary easements	11,451	(2,327)	9,124	11,451	(1,990)	9,461
Paid concession	19,169	(11,591)	7,578	19,169	(11,251)	7,918
Others	62,792	(53,744)	9,048	59,303	(52,760)	6,543
In progress	**5,956**	**-**	**5,956**	**8,718**	**-**	**8,718**
Assets in progress	5,956	-	5,956	8,718	-	8,718
Net intangible assets	**99,368**	**(67,662)**	**31,706**	**98,641**	**(66,001)**	**32,640**

Changes in intangible assets are as follows:

Consolidated and Holding company	12/31/2017	Addition	Transfers / capitalizations	Disposals	Amortization	06/30/2018
In service	**23,922**	**-**	**4,184**	**(115)**	**(2,241)**	**25,750**
Temporary easements	9,461	-	-	-	(337)	9,124
Paid concession	7,918	-	-	-	(340)	7,578
Others	6,543	-	4,184	(115)	(1,564)	9,048
In progress	**8,718**	**1,422**	**(4,184)**	**-**	**-**	**5,956**
Assets in progress	8,718	1,422	(4,184)	-	-	5,956
Total	**32,640**	**1,422**	**-**	**(115)**	**(2,241)**	**31,706**

Consolidated and Holding company	12/31/2016	Addition	V. Grande, Jaguara, Miranda Plants	Transfers / capitalizations	Disposals	Amortization	06/30/2017
In service	**26,532**	**-**	**(80)**	**614**	**-**	**(2,664)**	**24,402**
Temporary easements	10,136	-	-	-	-	(336)	9,800
Paid concession	8,597	-	-	-	-	(340)	8,257
Others	7,799	-	(80)	614	-	(1,988)	6,345
							-
In progress	**9,220**	**331**	**-**	**(614)**	**(15)**	**-**	**8,922**
Assets in progress	9,220	331	-	(614)	(15)	-	8,922
Total	**35,752**	**331**	**(80)**	**-**	**(15)**	**(2,664)**	**33,324**

Taking into account the useful life of the related assets, the average annual amortization rate is 13.36%.

The intangible assets easements, onerous concessions, and others, are amortized by the straight-line method and taking into account 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.

15. SUPPLIERS

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Wholesale supply and transport of energy	339,932	420,268	325,544	409,716
Materials and services	28,317	51,775	25,894	44,796
	368,249	**472,043**	**351,438**	**454,512**

16. TAXES PAYABLE

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Current				
ICMS (VAT)	10,978	60,635	7,349	57,723
PASEP	4,882	9,782	3,751	9,047
COFINS	21,468	45,139	17,411	41,748
Social Security Contributions	3,575	3,816	3,269	3,522
ISSQN	825	992	733	900
Others	3,038	13,302	2,931	13,098
	44,766	**133,666**	**35,444**	**126,038**
Non-current				
PASEP	556	535	556	535
COFINS	3,422	3,295	3,422	3,295
	3,978	**3,830**	**3,978**	**3,830**
	48,744	**137,496**	**39,422**	**129,868**

17. LOANS, FINANCINGS AND DEBENTURES

Financing source	Principal maturity	Annual financing cost	Currency	Consolidated – 06/30/2018			Consolidated – 12/31/2017
				Current	Non-current	Total	
FOREIGN CURRENCY							
KfW	2019	1.78%	Euro	4,936	-	4,936	4,383
Eurobonds	2024	9.25%	USD	29,139	3,855,800	3,884,939	3,333,149
(–) Transaction costs				-	(15,566)	(15,566)	(15,400)
(-) Interest paid in advance (1)				-	(46,312)	(46,312)	(47,690)
Debt in foreign currency				**34,075**	**3,793,922**	**3,827,997**	**3,274,442**
BRAZILIAN CURRENCY							
Banco do Brasil	2021	140.00% of CDI rate	R$	124,665	617,622	742,287	742,364
Banco da Amazônia S.A.	2018	CDI rate + 1.90%	R$	126,494	-	126,494	121,470
Finep	2018	TJLP +5%, TJLP +8%	R$	786	-	786	2,359
Pipoca Consortium (2)	2018	IPCA	R$	185	-	185	185
(–) Transaction costs				(728)	(2,747)	(3,475)	(8,854)
Debt in Brazilian currency				**251,402**	**614,875**	866,277	**857,524**
Total of loans and financings				**285,477**	**4,408,797**	**4,694,274**	**4,131,966**
Debentures – 3rd Issue, 2nd Series (3)	2019	IPCA + 6.00%	R$	149,006	-	149,006	301,065
Debentures – 3rd Issue, 3rd Series (3)	2022	IPCA + 6.20%	R$	21,934	977,097	999,031	1,010,202
Debentures – 5th Issue, Single series (3)	2018	CDI rate + 1.70%	R$	731,386	-	731,386	703,021
Debentures – 6th Issue, 1st series (3)	2018	CDI rate + 1.60%	R$	527,921	-	527,921	507,692
Debentures – 6th Issue, 2nd series (3)	2020	IPCA 8.07%	R$	2,399	31,556	33,955	32,093
Debentures – 7th Issue, single series (3)	2021	140.00% do CDI	R$	293,413	1,248,401	1,541,814	1,683,557
(–) FIC Pampulha – securities issued by the Company (4)				(5,130)	-	(5,130)	(12,405)
(–) Transaction costs				(6,026)	(25,657)	(31,683)	(37,028)
Total, debentures				**1,714,903**	**2,231,397**	**3,946,300**	**4,188,197**
Overall total				**2,000,380**	**6,640,194**	**8,640,574**	**8,320,163**

Financing source	Principal maturity	Annual financing cost	Currency	Holding company – 06/30/2018			Holding company – 12/31/2017
				Current	Non – current	Total	Total
FOREIGN CURRENCY							
KfW	2019	1.78%	Euro	4,936	–	4,936	4,383
Eurobonds	2024	9.25%	USD	29,139	3,855,800	3,884,939	3,333,149
(–) Transaction costs				–	(15,566)	(15,566)	(15,400)
(-)(-) Interest paid in advance (1)				–	(46,312)	(46,312)	(47,690)
Debt in foreign currency				**34,075**	**3,793,922**	**3,827,997**	**3,274,442**
BRAZILIAN CURRENCY							
Banco do Brasil	2021	140.00% do CDI	R$	124,665	617,622	742,287	742,364
Banco da Amazônia S.A.	2018	CDI rate + 1.90%	R$	126,494	–	126,494	121,470
Finep	2018	TJLP +5%, TJLP +8%	R$	786	–	786	2,359
Pipoca Consortium (2)	2018	IPCA	R$	185	–	185	185
(–) Transaction costs				(728)	(2,747)	(3,475)	(8,854)
Debt in Brazilian currency				**251,402**	**614,875**	866,277	**857,524**
Total of loans and financings				**285,477**	**4,408,797**	**4,694,274**	**4,131,966**
Debentures – 3rd Issue, 2nd Series (3)	2019	IPCA + 6.00%	R$	149,006	-	149,006	301,065
Debentures – 3rd Issue, 3rd Series (3)	2022	IPCA + 6.20%	R$	21,934	977,097	999,031	1,010,202
Debentures – 5th Issue – Single series (3)	2018	CDI rate + 1.70%	R$	731,386	-	731,386	703,021
Debentures – 6th Issue, 1st series (3)	2018	CDI rate + 1.60%	R$	527,921	-	527,921	507,692
Debentures – 6th Issue, 2nd series (3)	2020	IPCA 8.07%	R$	2,399	31,556	33,955	32,093
Debentures – 7th Issue, Single series (3)	2021	140.00% of CDI	R$	293,413	1,248,401	1,541,814	1,683,557
(–) FIC Pampulha – securities issued by the Company itself (4)				(3,173)	-	(3,173)	(9,470)
(–) Transaction costs				(6,026)	(25,657)	(31,683)	(37,028)
Total, debentures				**1,716,860**	**2,231,397**	**3,948,257**	**4,191,132**
Overall total				**2,002,337**	**6,640,194**	**8,642,531**	**8,323,098**

(1) Interest paid in advance on the receipt of Eurobond funds.
(2) Credit for the payment of the share capital of Hidrelétrica Pipoca S.A.
(3) Simple Debentures, not convertible into shares, without preference, nominative and book-entry.
(4) FIC Pampulha has financial investments in securities issued by the Company. For more information and characteristics of this fund, see Note 25.

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-payment, by Cemig GT or by its shareholder Cemig, of any pecuniary obligation with individual or aggregate value greater than R$ 50 million ('cross default').

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

Consolidated	2018	2019	2020	2021	2022	2023	2024	Total
Currency								
Euro	4,704	232	-	-	-	-	-	4,936
US dollar	29,139	-	-	-	-	-	3,855,800	3,884,939
Total, currency-denominated	**33,843**	**232**	-	-	-	-	**3,855,800**	**3,889,875**
Indexers								
IPCA (1)	27,688	161,614	338,220	322,442	332,213	-	-	1,182,177
CDI (2)	1,425,427	746,644	746,645	746,056	-	-	-	3,664,772
TJLP (3)	786	-	-	-	-	-	-	786
Total, governed by Indexers	**1,453,901**	**908,258**	**1,084,865**	**1,068,498**	**332,213**	-	-	**4,847,735**
(–) Transaction costs	(1,100)	(11,330)	(11,361)	(11,325)	(42)	-	(15,566)	(50,724)
(–) Interest paid in advance	-	-	-	-	-	-	(46,312)	(46,312)
Overall total	**1,486,644**	**897,160**	**1,073,504**	**1,057,173**	**332,171**	-	**3,793,922**	**8,640,574**

Holding company	2018	2019	2020	2021	2022	2023	2024	Total
Currency								
Euro	4,704	232	-	-	-	-	-	4,936
US dollar	29,139	-	-	-	-	-	3,855,800	3,884,939
Total, currency-denominated	**33,843**	**232**	-	-	-	-	**3,855,800**	**3,889,875**
Indexers								
IPCA (1)	27,688	161,614	338,220	322,442	332,213	-	-	1,182,177
CDI (2)	1,427,384	746,644	746,645	746,056	-	-	-	3,666,729
TJLP (3)	786	-	-	-	-	-	-	786
Total, governed by Indexers	**1,455,858**	**908,258**	**1,084,865**	**1,068,498**	**332,213**	-	-	**4,849,692**
(–) Transaction costs	(1,100)	(11,330)	(11,361)	(11,325)	(42)	-	(15,566)	(50,724)
(–) Interest paid in advance	-	-	-	-	-	-	(46,312)	(46,312)
Overall total	**1,488,601**	**897,160**	**1,073,504**	**1,057,173**	**332,171**	-	**3,793,922**	**8,642,531**

(1) IPCA ('Expanded Customer Price') Inflation Index.
(2) CDI rate: Interbank Rate for Certificates of Deposit.
(3) TJLP: Long-Term Interest Rate (*Taxa de Juros de Longo Prazo*).

The principal currencies and Indexers used for monetary updating of loans and financings had the following variations:

Currency	Accumulated change in 06/30/2018, %	Accumulated change in 06/30/2017, %	Indexer	Accumulated change in 06/30/2018, %	Accumulated change in 06/30/2017, %
US dollar	16.56	1.51	IPCA	2.60	1.18
Euros	13.45	9.79	CDI	3.17	5.61
			TJLP	(5.71)	(6.67)

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

	Consolidated	Holding company
Balance on December 31, 2017	**8,320,163**	**8,323,098**
Monetary variations	21,727	21,727
Foreign exchange variations	548,353	548,353
Financial charges provisioned	405,737	405,737
Amortization of transaction cost	9,503	9,503
Financial charges paid	(382,229)	(382,229)
Amortization of financings	(289,955)	(289,955)
Subtotal	**8,633,299**	**8,636,234**
(–) FIC Pampulha – Securities issued by the Company	7,275	6,297
Balance on June 30, 2018	**8,640,574**	**8,642,531**

	Consolidated	Holding company
Balance at December 31, 2016	**8,633,671**	**8,643,585**
Monetary variations	23,896	23,896
Foreign exchange variations	710	710
Financial charges provisioned	526,027	526,027
Amortization of transaction cost	17,691	17,691
Financial charges paid	(409,561)	(409,561)
Amortization of financings	(637,436)	(637,436)
Subtotal	**8,154,998**	**8,164,912**
(–) FIC Pampulha – Securities issued by the Company	(12,701)	10,535
Balance on june 30, 2017	**8,142,297**	**8,175,447**

Guarantees

On June 30, 2018, the guarantees of the debtor balance on loans and financings were as follows:

	06/30/2018
Sureties	6,385,463
Receivables	1,039,776
Shares	1,210,399
Without guarantee	4,936
TOTAL	**8,640,574**

a) Restrictive covenants

The Company has contracts with covenants linked to financial indices, as follows:

Title	Parameter	Ratio required – Issuer – Cemig GT	Ratio required – Guarantor – Cemig	Compliance required
Banco do Brasil: Bank Credit Notes, and Fixed Credit(1)	Net debt / (Ebitda + Dividends received)	Ratio to be the following, or less: 5.5 on June 30, 2018 5.0 on December 31, 2018 5.0 on June 30, 2019 4.5 on December 31, 2019 4.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 2.5 on / after Dec. 31, 2021	Ratio to be the following, or less: 4.5 on June 30, 2018 4.25 on December 31, 2018 4.25 on June 30, 2019 3.5 on December 31, 2019 3.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 2.5 on / after Dec. 31, 2021	Half-yearly
7th debenture issue (2)	Net debt / (Ebitda + Dividends received)	Ratio to be the following, or less: 5.5 in 2017 5.0 in 2018 4.5 in 2019 3.0 in 2020 2.5 in 2021	Ratio to be the following, or less: 4.5 in 2017 4.25 in 2018 3.5 in 2019 3.0 in 2020 2.5 in 2021	Half-yearly
Eurobonds (3)	Net debt / Ebitda adjusted for the Covenant	Ratio to be the following, or less: 5.5 on December 31, 2017 5.5 on June 30, 2018 5.0 on December 31, 2018 5.0 on June 30, 2019 4.5 on December 31, 2019 4.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 2.5 on /after Dec. 31, 2021	Ratio to be the following, or less: 5.0 on December 31, 2017 5.0 on June 30, 2018 4.25 on December 31, 2018 4.25 on June 30, 2019 3.5 on December 31, 2019 3.5 on June 30, 2020 3.0 on December 31, 2020 3.0 on June 30, 2021 3.0 on and after Dec. 31, 2021	Half-yearly

(1) Through contractual amendments, a further early maturity clause was added to Cemig GT's Bank Credit Notes and Fixed Credit Line with Banco do Brasil S.A., requiring compliance with a financial ratio similar to that demanded by the Eurobonds.
(2) 7th Issue of Debentures by Cemig GT, in December 2016, of R$ 2,240 million.
(3) In the event that 'maintenance financial covenants' are exceeded at any time, the interest rate will automatically be increased by 2% p.a. as long as the excess continues.There is also an obligation to comply with a 'maintenance' covenant – which requires that the debt in Cemig Consolidated (as per financial statements), shall have asset guarantee for debt of 1.75x Ebitda (2.0 x in December 2017); and a 'damage' covenant, requiring real guarantee for debt in Cemig GT of 1.5x Ebitda.

As of june 30, 2018, the Company was in compliance with the restrictive covenants.

18. REGULATORY CHARGES

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Liabilities				
Global Reversion Reserve - RGR	-	8,753	-	8,753
Royalties for use of water resources	3,511	14,622	2,456	13,549
Energy Development Account - CDE	57,135	51,639	57,136	51,639
Electricity Services Inspection Charge - TFSEE	697	740	552	595
Proinfa – Alternative Energy Program	5,991	6,612	5,991	6,612
National Scientific and Technological Development Fund - FNDCT	1,571	2,359	1,163	1,945
Research and Development	147,328	150,050	142,216	146,231
Energy System Expansion Research	919	1,314	721	1,111
	217,152	**236,089**	**210,235**	**230,435**
Current liabilities	**135,250**	**151,532**	**133,511**	**149,698**
Non-current liabilities	**81,902**	**84,557**	**76,724**	**80,737**

19. POST-RETIREMENT OBLIGATION

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, 2016	**357,099**	**356,833**	**7,662**	**184,867**	**906,461**
Expense recognized in statement of income	18,618	19,833	428	10,016	48,895
Contributions paid	(17,681)	(11,406)	(271)	(876)	(30,234)
Net liabilities on June 30, 2017	**358,036**	**365,260**	**7,819**	**194,007**	**925,122**
Net liabilities on December 31, 2017	**435,902**	**398,630**	**8,441**	**61,558**	**904,531**
Expense recognized in statement of income	20,299	20,088	420	3,067	43,874
Contributions paid	(19,746)	(12,169)	(277)	(1,104)	(33,296)
Net liabilities on June 30, 2018	**436,455**	**406,549**	**8,584**	**63,521**	**915,109**
				06/30/2018	**12/31/2017**
Current liabilities				53,416	52,395
Non-current liabilities				861,693	852,136

The amounts recorded in Current liabilities refer to the contributions to be made by Cemig GT in the next 12 months amortize the post-retirement obligations.

The amounts reported as expenses in the Consolidated statement of income refer to the cost of post-employment obligations, totaling R$ 36,370 (R$ 40,752 in the six-month period ended June 30, 2018), plus the costs and monetary updating on the debt agreed with Forluz, in the amount of R$ 7,504 (R$ 8,143 for the six-month period ended June 30, 2017).

Debt agreed with the pension fund (Forluz)

On June 30, 2018 the Company has recognized an obligation for past actuarial deficits relating to the pension fund in the amount of R$ 155,285 (R$ 163,049 on December 31, 2017). This amount has been recognized as an obligation payable by the Company, 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 Customer 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 Income Statement.

Agreement to cover the deficit on Forluz Pension Plan ‘A’

Forluz and the sponsors Cemig, Cemig GT and Cemig D have signed Debt Assumption Instruments to cover the Deficit of Plan A for the years 2015 and 2016. On June 30, 2018 the total amount payable by Cemig GT as a result of the deficit found in Plan A was R$ 86,065 (R$ 64,109 on December 31, 2017), with monthly amortizations up to June 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 Customer 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.

20. PROVISIONS

The Company and its subsidiaries are involved in certain legal and administrative proceedings in 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 made 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 being necessary), as follows:

Consolidated	12/31/2017	Additions	Reversals	Settled	06/30/2018
Labor	48,964	12,414	(16)	(2,741)	58,621
Civil	251	33	(90)	(33)	161
Tax	9,046	-	(340)	-	8,706
Regulatory	2,206	137	-	(1)	2,342
Environmental		27	-	(27)	-
Other	35,843	4,222	(2,022)	(101)	37,942
Total	**96,310**	**16,833**	**(2,468)**	**(2,903)**	**107,772**

Consolidated	12/ 31/2016	Additions	Reversals	Settled	06/30/2017
Labor	46,286	14,739	-	(4,485)	56,540
Civil	364	31	-	(7)	388
Tax	7,145	67	(1,618)	-	5,594
Regulatory	50	2,526	(4)	(498)	2,074
Other	51,451	4,064	-	(502)	55,013
Total	**105,296**	**21,427**	**(1,622)**	**(5,492)**	**119,609**

Holding company	12/31/2017	Additions	Reversals	Settled	06/30/2018
Labor	48,948	12,414	-	(2,741)	58,621
Civil	251	33	(90)	(33)	161
Tax	9,046	-	(340)	-	8,706
Regulatory	2,206	137	-	(1)	2,342
Environmental		27	-	(27)	-
Other	35,843	4,222	(2,022)	(101)	37,942
Total	**96,294**	**16,833**	**(2,452)**	**(2,903)**	**107,772**

Holding company	12/31/2016	Additions	Reversals	Settled	06/30/2017
Labor	46,286	14,724	-	(4,485)	56,525
Civil	364	31	-	(7)	388
Tax	7,145	67	(1,618)	-	5,594
Regulatory	50	2,526	(4)	(498)	2,074
Other	51,451	4,064	-	(502)	55,013
Total	**105,296**	**21,412**	**(1,622)**	**(5,492)**	**119,594**

The Company's management, in view of the long periods and manner of working of the Brazilian judiciary and 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 provisioned, 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

The Company is 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$ 178,442 (R$ 167,948 on December 31, 2017), of which R$ 58,621 (R$ 48,964 on December 31, 2017) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

Tax

The Company is involved in numerous administrative and judicial claims actions 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 (*Contribuição Social sobre o Lucro Líquido*, or CSLL); and motions to stay tax enforcement. The aggregate amount of these contingencies is approximately R$ 43,008 (R$ 37,328 on December 31, 2017), of which R$ 8,706 (R$ 9,046 on December 31, 2017) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

Regulatory

The Company is defendant in court and administrative proceedings challenging, mainly, reduction of an electricity supply contract, limitation on the procedure for operation of the sluice dam of a hydroelectric plant, an infraction accusation arising from an inspection by the regulator – and other matters. The amount of the contingency is approximately R$ 20,081 (R$ 23.319 on December 31, 2017), of which R$ 2,342 (R$ 2,206 on December 31, 2017) has been provisioned – the amount estimated as probably necessary for settlement of these disputes.

Other legal actions in the normal course of business

Breach of contract – Power line pathways and accesses cleaning services contract

The Company is involved in disputes alleging losses suffered as a result of supposed breaches of contract at the time of provision of services of cleaning of power line pathways and firebreaks. The amount recorded is R$ 33,975 (R$ 31,987 on December 31, 2017), this being estimated as the likely amount of funds necessary to settle this dispute.

Other legal proceedings

The Company is involved as plaintiff or defendant, in other less significant claims, related to the normal course of its operations, with an estimated total amount of R$ 75,465 (R$ 77,571 on December 31, 2017), of which R$ 4,128 has been provisioned (R$ 4,107 on December 31, 2017). Management believes that it has appropriate defense for these proceedings, 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.

Contingent liabilities in which losses are assessed as 'possible', and the Company believes it has arguments of merit for legal defense

Taxes and contributions

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, which updated is R$ 64,031 (R$ 63,027 on December 31, 2017). This was posted in Escrow deposits in litigation. The updated amount of the contingency is R$ 74,819 (R$ 73,334 on December 31, 2017) 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 defenses and awaits judgment. The amount of the contingency is approximately R$ 205,469 (R$ 458,619 on December 31, 2017). Management has classified the chance 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 evaluation 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 – IRPJ, CSLL, 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$ 130,259 (R$ 126,880 on December 31, 2017). 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 income (CSLL)

The federal tax authority issued a tax assessment 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 Social Contribution tax on net income: (i) taxes with liability suspended; (ii) donations and sponsorship (Law 8,313/91); and (iii) fines for various alleged infringements. The amount of this contingency is R$ 39,132 (R$ 72,584 on December 31, 2017). The Company has classified the chances of loss as 'possible', in accordance with the analysis of the case law on the subject.

Regulatory matters

Accounting of electricity sale transactions on the Wholesale Electricity Trading Chamber (CCEE)

In a claim dating from August 2002, AES Sul Distribuidora challenged in the courts the criteria for accounting of electricity sale transactions in the wholesale electricity market (*Mercado Atacadista de Energia*, or MAE), predecessor of the present Wholesale Electricity Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE), during the period of rationing. It obtained a favorable interim judgment in February 2006, which ordered Aneel, working with the CCEE, to comply with the claim by AES Sul and recalculate the settlement of the transactions during the rationing period, not considering Aneel's Dispatch 288 of 2002.

This should take effect in the CCEE as from November 2008, resulting in an additional disbursement for Cemig GT, related to the expense on purchase of electricity in the spot market on the CCEE, in the approximate amount of R$ 300,362 (R$ 287,515 on December 31, 2017). 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 the 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 Electricity Sector, in which the Company has the full documentation to support its arguments.

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), 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 Resolution CNPE 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 from April through December 2013 using the criteria prior to 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 Resolution CNPE 3.

The applications by the plaintiff (Apine) were granted in the first instance, confirming the interim decision granted in favor of its members, which include Cemig GT and its subsidiaries. This decision was the subject of an appeal, distributed to the 7th Panel of the Regional Federal Court (*Tribunal Federal Regional*, or TRF) of the 1st Region, which is still pending judgment.

The amount of the contingency is approximately R$ 212,399 (R$ 201,586 on December 31, 2017). 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.

Environmental issues

Impact 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 12,503/1997. 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, 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$ 133,398 (R$ 126,159 on December 31, 2017).

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 advisors 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$ 82,906 (R$ 79,378 on December 31, 2017).

Other environmental claims

The Company is involved in environmental matters, in which the subjects include protected areas, environmental licenses, recovery of environmental damage, and other matters, in the amount of R$ 65,756 (R$ 64,241 on December 31, 2017). No provision has been made, since based on the opinion of its legal advisers management has classified the chance of loss as 'possible'.

Other contingent liabilities

Irregularities in competitive tender proceedings

The Company is a party in a dispute alleging irregularities in competitive tender proceedings, governed by an invitation to an online competitive bid. The estimated amount is R$ 26,511 (R$ 26,149 on December 31, 2017) and no provision has been made. The Company has classified the chance of loss as 'possible', after analysis of the case law on this subject.

21. EQUITY AND REMUNERATION TO SHAREHOLDERS

On June 30, 2018 and December 31, 2017 the Company's issued and outstanding share capital is R$ 1,837,710, represented by 2,896,785,358 nominal common shares, fully subscribed, without nominal value, wholly owned by Cemig (Companhia Energética de Minas Gerais).

Basic and diluted earnings per share

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

	06/30/2018	06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Number of shares	2,896,785,358	2,896,785,358	2,896,785,358	2,896,785,358
Net Income (loss) for the period	66,888	530,552	(180,390)	345,562
Earnings per share – Basic and diluted (in R$)	0.0231	0.1832	(0.0623)	0.1193

The call and put options related to investments described in Note 26 could potentially dilute basic earnings per share in the future; however, they have not caused dilution of earnings per share in the periods presented here.

Advance against future capital increase

On February 10, 2017 the Board of Directors of Cemig, Company's equity holder, authorized the Advance for Future Capital Increase (AFAC), of R$ 100,000, which will be capitalized, through a specific decision at the Shareholders' Extraordinary Meeting.

Capital increase – Proposal by management

On July 18, 2018 the Board of Directors approved submission to an Shareholders' Extraordinary Meeting of a proposal to increase the share capital to R$ 2,600,000 by capitalization of the profit reserves and the AFAC referred to above, of R$ 100,000, to comply with Article 199 of the Corporate Law (Law 6,404/76), considering that on June 30, 2018 the profit reserves exceeded the share capital by R$ 819,874.

22. REVENUE

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

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Revenue from supply of energy – with taxes (a)	3,245,172	3,333,959	3,008,603	3,121,439
Transmission revenue – with taxes (b)	294,712	241,400	296,622	241,950
Revenue from updating of the Concession Grant Fee (c)	156,980	150,477	-	-
Construction Revenue (d)	4,732	7,025	4,732	7,025
Energy transactions on the CCEE (e)	154,151	412,075	146,787	411,312
Transmission indemnity revenue (f)	146,519	269,855	146,519	269,855
General indemnity revenue (g)	34,463	-	34,463	-
Other operational revenues	27,655	17,356	37,874	24,883
Deductions on revenue (h)	(788,709)	(762,977)	(729,066)	(712,196)
	3,275,675	3,669,170	2,946,534	3,364,268

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Revenue from supply of energy – with taxes (a)	1,714,697	1,763,569	1,590,702	1,654,721
Transmission revenue – with taxes (b)	151,166	114,340	152,122	114,678
Revenue from financial updating of the Concession Grant Fee (c)	75,153	70,970	-	-
Construction Revenue (d)	3,669	4,105	3,669	4,105
Energy transactions on the CCEE (e)	32,417	192,062	40,112	192,991
Transmission indemnity revenue (f)	96,678	204,025	96,678	204,025
Generation indemnity revenue (g)	17,218	-	17,218	-
Other operational revenues	14,388	7,164	18,979	10,174
Deductions on revenue (h)	(392,195)	(361,348)	(362,330)	(334,119)
	1,713,191	1,994,887	1,557,150	1,846,575

(a) Revenue from energy supply

This table shows energy supply by type of customer:

	Consolidated				Holding company			
	06/30/2018		06/30/2017		06/30/2018		06/30/2017	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	6,997,103	1,554,617	7,062,196	1,640,636	6,450,956	1,430,822	6,657,911	1,548,370
Commercial	1,536,251	347,911	1,058,806	268,714	1,536,251	347,911	1,058,806	268,714
Rural	315	78	3,660	537	315	78	3,660	537
Subtotal	**8,533,669**	**1,902,606**	**8,124,662**	**1,909,887**	**7,987,522**	**1,778,811**	**7,720,377**	**1,817,621**
Unbilled revenue, net	-	(4,612)	-	23,571	-	(6,900)	-	7,958
	8,533,669	1,897,994	8,124,662	1,933,458	7,987,522	1,771,911	7,720,377	1,825,579
Wholesale supply to other concession holders (2)	5,590,372	1,420,996	5,777,612	1,475,050	5,590,372	1,310,510	5,777,612	1,356,742
Wholesale supply unbilled, net	-	(73,818)	-	(74,549)	-	(73,818)	-	(60,882)
	14,124,041	3,245,172	13,902,274	3,333,959	13,577,894	3,008,603	13,497,989	3,121,439

	Consolidated				Holding company			
	04/01/2018 to 06/30/2018		04/01/2017 to 06/30/2017		04/01/2018 to 06/30/2018		04/01/2017 to 06/30/2017	
	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$	MWh (1)	R$
Industrial	3,733,998	790,961	3,628,119	850,468	3,430,046	724,228	3,373,679	792,570
Commercial	851,996	180,103	563,620	145,050	851,996	180,103	563,620	145,050
Rural	315	78	3,660	537	315	78	3,660	537
Subtotal	**4,586,309**	**971,142**	**4,195,399**	**996,055**	**4,282,357**	**904,409**	**3,940,959**	**938,157**
Unbilled revenue, net	-	40,874	-	7,334	-	39,300	-	8,200
	4,586,309	1,012,016	4,195,399	1,003,389	4,282,357	943,709	3,940,959	946,357
Wholesale supply to other concession holders (2)	2,969,502	741,733	2,866,338	759,223	2,969,502	686,045	2,866,338	707,407
Wholesale supply unbilled, net	-	(39,052)	-	957	-	(39,052)	-	957
	7,555,811	1,714,697	7,061,737	1,763,569	7,251,859	1,590,702	6,807,297	1,654,721

(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 amount received from agents of the electricity sector for operation and maintenance of transmission lines of the national grid, in the form of the Permitted Annual Revenue (*Receita Anual Permitida*, or RAP), plus an adjustment for expectation of cash flow arising from the variation in the fair value of the Remuneration Assets Base, in the amount of R$ 9,671, in the six-month period ended June 30, 2018.

(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 investments in assets of the transmission concession made by the Company in the period, and is totally offset by the item Construction costs.

(e) Revenue from energy transactions in the CCEE (Wholesale Electricity Trading Chamber)

The revenue from transactions made through the Wholesale Electricity Trading Chamber (*Câmara de Comercialização de Energia Elétrica*, or CCEE) is the monthly positive net balance of settlements of transactions for purchase and sale of electricity in the Spot Market, through the CCEE.

(f) Transmission indemnity revenue

In the half-year ended June 30, 2018, the Company recognized revenue in the total amount of R$ 146,519 (R$ 269,855 in the half year ended June 30, 2017), corresponded to updating, by the IPCA index, of the balance of indemnity receivable existing.

For more details see Note 11.

(g) Generation indemnity revenue

In the half-year ended June 30, 2018, the Company recognized revenue of R$ 34,463, for the adjustment to the balance of non-amortized idemnities for the concessions of the *São Simão* and *Miranda* Hydroelectric Plants, as per Ministerial Order 291/17. For more details see Note 11.

(h) Taxes and charges applied to Revenue

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Taxes on revenue				
ICMS (VAT)	271,101	285,102	248,819	268,495
COFINS	301,999	290,438	277,010	267,994
PIS-PASEP	65,543	63,049	60,139	58,177
ISSQN	1,178	1,006	1,178	1,006
	639,821	**639,595**	**587,146**	**595,672**
Charges to the customer				
Global Reversion Reserve - RGR	9,313	(1,007)	9,313	(1,007)
Energy Development Account - CDE	73,861	31,572	73,861	31,572
Customer charges – Proinfa alternative sources program	19,443	19,577	19,443	19,577
Research and Development (P&D)	6,477	8,499	5,251	7,404
National Scientific and Technological Development Fund (FNDCT)	6,477	8,499	5,251	7,404
Energy System Expansion Research (EPE)	3,238	4,250	2,625	3,702
Electricity Services Inspection Charge (TFSEE)	3,939	8,211	3,069	7,203
Royalties for use of water resources	26,140	43,781	23,107	40,669
	148,888	**123,382**	**141,920**	**116,524**
	788,709	**762,977**	**729,066**	**712,196**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Taxes on revenue				
ICMS (VAT)	134,515	148,738	122,503	138,318
COFINS	155,163	146,946	143,313	135,913
PIS-PASEP	33,669	31,899	31,114	29,503
ISSQN	630	457	630	457
	323,977	**328,040**	**297,560**	**304,191**
Charges to the customer				
Global Reversion Reserve - RGR (Reversal)	4,625	(10,386)	4,625	(10,386)
Energy Development Account - CDE	35,190	3,823	35,190	3,823
Customer charges – Proinfa alternative sources program	9,202	9,914	9,202	9,914
Research and Development (P&D)	3,385	3,268	2,800	2,723
National Scientific and Technological Development Fund (FNDCT)	3,385	3,268	2,800	2,723
Energy System Expansion Research (EPE)	1,692	1,634	1,400	1,361
Electricity Services Inspection Charge (TFSEE)	1,944	4,107	1,508	3,601
Royalties for use of water resources	8,795	17,680	7,245	16,169
	68,218	**33,308**	**64,770**	**29,928**
	392,195	**361,348**	**362,330**	**334,119**

23. OPERATING COSTS AND EXPENSES

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Personnel (a)	164,930	211,565	152,435	205,228
Employees' and managers' profit sharing	4,511	5,624	4,511	5,624
Post-retirement obligations	36,370	40,752	36,370	40,752
Materials	4,889	5,782	4,062	5,016
Outsourced services (b)	61,747	63,790	56,176	56,603
Depreciation and amortization	73,088	86,333	73,001	86,304
Operating provisions (c)	39,576	61,408	39,592	61,393
Charges for use of the national grid	125,521	166,056	108,654	149,826
Energy purchased for resale (d)	1,692,509	1,714,863	1,666,009	1,693,189
Transmission Infrastructure Construction Cost (e)	4,732	7,025	4,732	7,025
Other operating expenses, net (f)	30,692	27,713	29,853	26,419
	2,238,565	**2,390,911**	**2,175,395**	**2,337,379**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Personnel (a)	85,391	120,220	77,972	116,866
Employees' and managers' profit sharing (reversal of provision)	(79)	1,187	(79)	1,187
Post-retirement obligations	18,507	20,687	18,507	20,687
Materials	2,840	3,221	2,371	2,846
Outsourced services (b)	34,829	37,089	31,227	32,117
Depreciation and amortization	36,539	45,159	36,493	45,138
Operating provisions (c)	30,577	5,841	30,593	5,826
Charges for use of the national grid	55,879	84,120	46,880	75,449
Energy purchased for resale (d)	897,095	980,581	880,043	961,385
Transmission infrastructure construction cost (e)	3,669	4,105	3,669	4,105
Other operational expenses, net (f)	17,906	8,175	17,473	7,862
	1,183,153	**1,310,385**	**1,145,149**	**1,273,468**

a) Personnel expenses

Programmed Voluntary Retirement Plan (PDVP)

In March 2018, the Company approved the 2018 Employee Voluntary Severance Program ('the 2018 PDVP'). Those eligible to take part were any employees who have worked with the Company for 25 years or more by December 31, 2018. The acceptance period was from April 2 to 30, 2018 and it will pay 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, as well as the other payments specified by the legislation and there is no provision for additional premium payment. In the first semester of 2018, the amount appropriated as expense on the 2018 PDVP, including severance payments, was R$ 6,731, corresponding to the acceptance by 37 employees.

In the first semester of 2017, the amount appropriated as expense related to the 2017 PDVP, including severance payments, was R$ 37,616, corresponding to the acceptance by 174 employees.

b) Outsourced services

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Communication	1,320	1,625	1,288	1,579
Maintenance and conservation of electrical facilities and equipment	6,359	8,460	6,823	5,973
Building conservation and cleaning	14,450	12,339	11,706	10,080
Contracted labor	4,392	1,935	4,392	1,935
Freight and airfares	1,059	1,085	1,058	1,080
Accommodation and meals	1,447	1,601	1,429	1,507
Security services	5,215	6,069	4,225	5,231
Consultancy	953	2,518	953	2,518
Maintenance and conservation of furniture and utensils	284	281	258	272
Information technology	4,289	5,625	3,614	5,618
Maintenance and conservation of vehicles	156	106	143	96
Electricity	1,960	2,351	1,808	2,128
Environment	2,914	6,901	2,172	6,168
Cleaning of power line pathways	2,155	734	2,155	702
Copying services	537	576	504	571
Legal services and procedural costs	1,882	1,916	1,882	1,916
Others expenses	12,375	9,668	11,766	9,229
	61,747	**63,790**	**56,176**	**56,603**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Communication	680	1,046	672	1,021
Maintenance and conservation of electrical facilities and equipment	4,247	5,331	3,772	3,267
Building conservation and cleaning	7,285	7,558	5,962	5,987
Contracted labor	2,953	846	2,953	846
Freight and airfares	721	687	720	685
Accommodation and meals	731	922	723	879
Security services	2,796	3,147	2,340	2,732
Consultancy	397	1,475	397	1,475
Maintenance and conservation of furniture and utensils	136	195	126	191
Information technology	2,386	4,444	1,926	4,437
Maintenance and conservation of vehicles	87	43	80	36
Electricity	863	1,247	785	1,106
Environment	1,412	2,669	929	2,258
Cleaning of power line pathways	1,157	589	1,157	574
Printing and images	158	292	153	292
Legal services and procedural costs	1,204	1,354	1,204	1,354
Others expenses	7,616	5,244	7,328	4,977
	34,829	**37,089**	**31,227**	**32,117**

c) Operating provisions (reversals)

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Estimated losses on doubtful receivables	152	-	152	-
Estimated losses on other accounts receivable (1)	453	-	453	-
Contingency provisions (reversals)				
Labor claims	12,398	14,739	12,414	14,724
Civil	(57)	31	(57)	31
Tax	(340)	(1,551)	(340)	(1,551)
Regulatory	137	2,522	137	2,522
Environmental	27	-	27	-
Other	2,200	4,065	2,200	4,065
	14,365	19,806	14,381	19,791
Adjustment to fair value of derivative instruments				
Put option – SAAG (Note 26)	24,606	41,602	24,606	41,602
	39,576	**61,408**	**39,592**	**61,393**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Provision for estimate of doubtful receivables	19	-	19	-
Estimated losses on other accounts receivable (1)	-	-	-	-
Contingency provisions (reversals)				
Labor claims	7,557	8,585	7,573	8,570
Civil	(90)	12	(90)	12
Tax	(345)	(1,861)	(345)	(1,861)
Regulatory	79	2,517	79	2,517
Environmental	-	-	-	-
Other	3,208	1,922	3,208	1,922
	10,409	11,175	10,425	11,160
Adjustment to fair value of derivative instruments				
Put option – SAAG (Note 26)	20,149	(5,334)	20,149	(5,334)
	30,577	**5,841**	**30,593**	**5,826**

(1) The estimated losses on other accounts receivable are presented in the consolidated Income Statement as operating expenses.

d) Energy purchased for resale

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Spot market – CCEE	54,745	39,388	45,976	15,982
Energy acquired in Free Market	1,779,090	1,824,252	1,777,639	1,824,252
‘Bilateral’ contracts	17,684	-	-	-
Pasep and Cofins credits	(159,010)	(148,777)	(157,606)	(147,045)
	1,692,509	**1,714,863**	**1,666,009**	**1,693,189**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Spot market – CCEE	50,248	25,173	41,481	4,498
Energy acquired in Free Market	922,797	1,036,149	922,797	1,036,149
‘Bilateral’ contracts	8,873	-	-	-
Pasep and Cofins credits	(84,823)	(80,741)	(84,235)	(79,262)
	897,095	**980,581**	**880,043**	**961,385**

e) Transmission infrastructure construction cost

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Personnel	2,383	565	2,383	565
Materials	1,010	3,741	1,010	3,741
Outsourced services	2,206	3,261	2,206	3,261
Others	(867)	(542)	(867)	(542)
	4,732	**7,025**	**4,732**	**7,025**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Personnel	2,290	81	2290	81
Materials	449	3,131	449	3,131
Outsourced services	1,893	2,051	1893	2,051
Others	(963)	(1,158)	(963)	(1,158)
	3,669	**4,105**	**3,669**	**4,105**

f) Other operating expenses, net

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Leasing and rentals	11,493	7,305	11,178	7,004
Advertising	407	87	388	87
Subsidies and donations	677	1,161	677	479
Paid concessions	1,446	1,529	1,446	1,529
Taxes (IPTU, IPVA and others)	613	933	529	832
CCEE annual charge	2,079	1,991	2,079	1,991
Insurance	1,714	1,891	1,713	1,891
Net loss (gain) on deactivation and disposal of assets	312	1,696	312	1,696
Forluz – Administrative running cost	3,457	2,897	3,457	2,897
Other expenses	8,494	8,223	8,074	8,013
	30,692	**27,713**	**29,853**	**26,419**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
Leasing and rentals	5,766	2,330	5,607	2,169
Advertising	211	69	192	69
Subsidies and donations	568	329	568	329
Paid concessions	668	777	668	777
Taxes charges (IPTU, IPVA and others)	271	721	240	690
CCEE annual charge	1,014	997	1,014	997
Insurance	762	813	761	813
Net loss (gain) on deactivation and disposal of assets	127	99	127	99
Forluz – Administrative running cost	1,494	1,457	1,494	1,457
Other expenses	7,025	583	6,802	462
	17,906	**8,175**	**17,473**	**7,862**

24. FINANCIAL REVENUE (EXPENSES)

	Consolidated		Holding company	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
FINANCE INCOME				
Income from cash investments	19,218	40,341	12,899	22,197
Arrears fees on sale of electricity	5,909	5,116	3,510	4,289
Monetary variations	7,238	4,110	7,060	4,110
Monetary updating on court escrow deposits	5,622	8,742	5,622	8,742
Gain on advanced payment	11,850	27,759	9,287	27,757
Pasep and Cofins charged on finance income	(3,377)	(3,833)	(3,011)	(3,237)
Gains on financial instruments (Note 26)	180,429	-	180,429	-
Other	26,425	2,524	26,387	2,515
	253,314	**84,759**	**242,183**	**66,373**
FINANCE EXPENSES				
Costs of loans and financings	(405,737)	(526,027)	(405,737)	(526,027)
Amortization of transaction costs	(9,503)	(17,691)	(9,503)	(17,691)
Monetary updating – Forluz	(7,504)	(8,143)	(7,504)	(8,143)
Monetary updating – Loans and financings	(21,727)	(23,896)	(21,727)	(23,896)
Monetary updating	(6,553)	(6,127)	(6,421)	(6,039)
Foreign exchange variations – loans and financings	(548,353)	(710)	(548,353)	(710)
Monetary adjustment – Advances from clients	(5,411)	(24,680)	(5,411)	(24,680)
Other	(3,798)	(10,848)	(2,357)	(10,820)
	(1,008,586)	**(618,122)**	**(1,007,013)**	**(618,006)**
NET FINANCE INCOME (EXPENSES)	**(755,272)**	**(533,363)**	**(764,830)**	**(551,633)**

	Consolidated		Holding company	
	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017
FINANCE INCOME				
Income from cash investments	8,821	17,634	5,736	7,970
Arrears fees on sale of electricity	2,762	2,353	1,581	1,588
Monetary variations	2,802	1,938	2,624	1,938
Monetary updating on Escrow deposits	3,271	6,231	3,271	6,231
Revenue from advance payments	6,484	13,069	5,529	13,067
Pasep and Cofins charged on Finance income	(1,748)	(1,796)	(1,586)	(1,468)
Gains on financial instruments (Note 26)	82,912	-	82,912	-
Other	15,366	752	15,367	747
	120,670	**40,181**	**115,434**	**30,073**
FINANCE EXPENSES				
Costs of loans and financings	(216,474)	(237,561)	(216,474)	(237,561)
Amortization of transaction cost	(3,293)	(8,829)	(3,293)	(8,829)
Monetary Updating – Forluz	(3,429)	(3,760)	(3,429)	(3,760)
Monetary updating – loans and financings	(8,610)	(8,558)	(8,610)	(8,558)
Monetary updating	(3,732)	(2,082)	(3,661)	(2,033)
Foreign exchange variations – loans and financings	(532,425)	(710)	(532,425)	(710)
Monetary adjustment – Advances from clients	(2,567)	(12,119)	(2,567)	(12,119)
Other	(353)	(4,611)	(346)	(4,608)
	(770,883)	**(278,230)**	**(770,805)**	**(278,178)**
NET FINANCE INCOME (EXPENSES)	**(650,213)**	**(238,049)**	**(655,371)**	**(248,105)**

25. RELATED PARTY TRANSACTIONS

Company's main balances and transactions with related parties (consolidated) are shown here:

COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Controlling shareholder								
CEMIG								
Current								
Cooperation Working Agreement (1)	-	-	541	2,768	-	-	(541)	-
Interest on Equity, and dividends	-	-	364,230	564,230	-	-	-	-
Jointly-controlled entity								
Madeira Energia								
Current								
Transactions in energy (2)	-	-	26,191	40,162	17,146	10,513	(324,342)	(212,341)
Advance for future energy supply (3)	33,386	49,048	-	-	4,026	-	-	-
Non-current								
Advance for future energy supply (3)	-	5,084	-	-	-	-	-	-
Aliança Geração								
Current								
Transactions in energy (2)	-	-	-	-	332	209	(36,847)	(35,085)
Services (4)	1,483	1,657	-	-	5,964	5,373	-	-
Interest on Equity, and dividends	-	72,315	-	-	-	-	-	-
Norte Energia								
Current								
Transactions in energy (2)	130	130	-	-	8,287	2,926	-	-
Baguari Energia								
Current								
Services (4)	211	211	-	-	446	431	-	-
Interest on Equity, and dividends	3,558	-	-	-	-	-	-	-
Lightger								
Current								
Transactions in energy (2)	-	-	-	-	-	-	(9,012)	(10,463)
Retiro Baixo								
Current								
Transactions in energy (2)	-	-	-	-	-	-	(898)	(678)
Interest on Equity, and dividends	2,581	2,581	-	-	-	-	-	-
Hidrelétrica Pipoca								
Current								
Transactions in energy (2)	-	-	1,589	-	-	-	(9,154)	(7,172)
Interest on Equity, and dividends	-	584	-	-	-	-	-	-
Hidrelétrica Cachoeirão								
Current								
Interest on Equity, and dividends	2,291	-	-	-	-	-	-	-
Renova								
Current								
Transactions in energy (2)	-	-	11,963	1,744	-	-	(66,548)	(102,750)
Non-current								
Advance for future energy supply (5)	99,118	-	-	-	2,550	26,486	-	-
Accounts receivable (6)	367,436	350,200	-	-	17,236	-	-	-
Empresa Amazonense de Transmissão de Energia (AETE)								
Current								
Transactions in energy (2)	-	-	326	725	-	-	(2,226)	(5,723)
Companhia Transirapé de Transmissão								
Current								
Transactions in energy (2)	-	-	20	46	-	-	(134)	(317)
Services (4)	90	90	-	-	637	634	-	-
Light,								
Current								
Transactions in energy (2)	84	1,128	402	404	30,155	24,291	-	(512)
Taesa								
Current								
Transactions in energy (2)	-	-	1,628	3,605	-	-	(11,300)	(23,179)
Services (4)	172	404	-	-	282	528	-	-

COMPANY	ASSETS		LIABILITIES		REVENUE		EXPENSES	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Other related parties								
Cemig Distribuição								
Current								
Cooperation Working Agreement (1)	-	-	-	-	663	5,132	-	-
Transactions in energy (2)	23,338	22,212	891	3,263	122,180	91,521	(12,184)	(21,294)
FIC Pampulha								
Current								
Cash and cash equivalents	89,001	214,663	-	-	-	-	-	-
Securities	130,936	447,073	-	-	2,176	16,946	-	-
(–) Securities issued by the Company (7)	(5,130)	(12,405)	-	-	-	-	-	-
Non-current								
Securities	40,357	14,660	-	-	-	-	-	-
Forluz								
Current								
Post-retirement obligations (8)	-	-	26,578	24,632	-	-	(20,299)	(18,618)
Supplementary pension contributions (9)	-	-	-	-	-	-	(9,608)	(11,130)
Administrative running costs (10)	-	-	-	-	-	-	(3,457)	(2,897)
Operational leasing (11)	-	-	358	1,391	-	-	(6,565)	(7,012)
Non-current								
Post-retirement obligations (8)	-	-	409,877	411,270	-	-	-	-
Cemig Saúde								
Current								
Health Plan and Dental Plan (12)	-	-	24,518	25,822	-	-	(20,508)	(20,261)
Non-current								
Health Plan and Dental Plan (12)	-	-	390,615	338,673	-	-	-	-

The main conditions and characteristics of interest with reference to the related party transactions are:

(1) Technical Cooperation Working Agreement between Cemig, Cemig D and Cemig GT, instituted by Aneel Dispatch 3,208/2016. Principally includes reimbursement of expenses related to sharing of infrastructure, personnel, transport, telecoms and IT.
(2) Transactions with 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).
(3) Refers to advance payments made in 2017 to Santo Antônio Energia, subsidiary of Madeira Energia. Settlement will be by invoices for energy supply to be issued by Santo Antônio Energia starting in 2018, in 12 tranches.
(4) Refers to a contract to provide plant operation and maintenance services.
(5) This refers to advance payments under Agreements for Incentive-bearing Energy Supply becoming due in April 2018 through May 2019, discounted at 155% of the rate for Interbank Certificates of Deposit published by Cetip.
(6) Cemig GT has an item of R$ 367 million receivable from Renova that will be paid in monthly installments up to December 2021 with updating at 150% to 155% of the CDI rate.
(7) FIC Pampulha has financial investments in securities issued by subsidiary companies of the Company. There is more information, and characteristics of the fund, in the description below.
(8) The contracts of Forluz are updated by the Expanded Customer 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 19).
(9) 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.
(10) 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.
(11) Rental of the Company's administrative head offices, in effect up to March 2019 and May 2034, adjusted annually by the IPCA inflation index.
(12) Post-employment obligations relating to the employees' health and dental plan (see Note 19).

Cash investments in FIC Pampulha

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 on June 2018 are reported in 'Securities' in Current or Non-current assets, in proportion to the interests held by the Company in the fund.

The funds applied 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 securities of related parties are as follows:

Issuer of security	Type	Annual contractual conditions	Maturity	06/30/2018			12/31/2017		
				Cemig GT 8.51%	Other subsidiaries 5.24% 1	Total (consolidated) 13.75%	Cemig GT 26.85%	Other subsidiaries 8.32% 1	Total (consolidated) 35.17%
ETAU	Debentures	108% do CDI	12/1/2019	856	528	1,384	2,706	838	3,544
LIGHT	Promissory Note	CDI + 3.50%	1/22/2019	584	360	944	5,375	1,666	7,041
Cemig D	Promissory Note	151% of CDI rate	10/24/2019	4,316	2,662	6,978	-	-	-
				5,756	**3,550**	**9,306**	**8,081**	**2,504**	**10,585**

(1) Refers to the other companies consolidated by Cemig GT, which also have participation in the investment funds.

Remuneration of key management personnel

The total costs of key personnel, comprising the Executive Board, the Fiscal Council and the Board of Directors, in the half-year periods ended June 30, 2018 and 2017, are as follows:

	06/30/2018	06/30/2017
Remuneration	2,825	2,094
Profit sharing	490	37
Assistance benefits	318	177
Total	**3,633**	**2,308**

26. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

a) Classification of financial instruments and fair value

The principal financial instruments, classified according to the accounting practices adopted by the Company, are:

	Level	06/30/2018		Sunday, December 31, 2017	
		Book value	Fair value	Book value	Fair value
Assets					
Amortized cost					
Cash equivalents – investments	2	496,117	496,117	398,639	398,639
Securities	2	41,363	41,363	21,291	21,291
Customers and Traders; Concession holders (Transport of energy)	2	945,935	945,935	939,640	939,640
Restricted cash	2	19,102	19,102	18,344	18,344
Advances to suppliers	2	183,951	183,951	103,998	103,998
Receivable from related parties	2	368,392	368,392	351,709	351,709
Escrow deposits in litigation	2	317,701	317,701	309,994	309,994
Concession financial assets – Transmission infrastructure	3	552,019	552,019	547,800	547,800
Concession grant fee – Generation concessions	3	2,371,831	2,371,831	2,337,135	2,337,135
		5,296,411	**5,296,411**	**5,028,550**	**5,028,550**
Fair value through profit or loss					
Securities					
Bank certificates of deposit	2	491	491	1,214	1,214
Financial Notes (LFs) – Banks	2	83,378	83,378	142,881	142,881
Treasury Financial Notes (LFTs)	1	63,536	63,536	364,561	364,561
Debentures	2	1,692	1,692	5,675	5,675
		149,097	**149,097**	**514,331**	**514,331**
Derivative financial instruments (swaps)	3	132,431	132,431	8,649	8,649
Indemnities receivable – Transmission	3	1,822,294	1,822,294	1,928,038	1,928,038
Indemnities receivable – Generation	3	1,935,220	1,935,220	1,900,757	1,900,757
		4,039,042	**4,039,042**	**4,351,775**	**4,351,775**
		9,335,453	**9,335,453**	**9,380,325**	**9,380,325**
Liabilities					
Amortized cost					
Loans, financings and debentures	2	(8,640,574)	(8,640,574)	(8,320,163)	(8,320,163)
Debt agreed with pension fund (Forluz)	2	(155,285)	(155,285)	(163,049)	(163,049)
Settlement of deficit of pension fund (Forluz)	2	(86,065)	(86,065)	(64,109)	(64,109)
Concessions payable	3	(18,477)	(18,477)	(21,227)	(21,227)
Suppliers	2	(368,249)	(368,249)	(472,043)	(472,043)
Advances from clients	2	(121,396)	(121,396)	(190,758)	(190,758)
		(9,390,046)	**(9,390,046)**	**(9,231,349)**	**(9,231,349)**
Fair value through profit or loss					
Derivative financial instruments Swap transactions	3	(1,214)	(1,214)	(41,111)	(41,111)
Derivative financial instruments (Put options)	3	(336,199)	(336,199)	(311,593)	(311,593)
		(337,413)	**(337,413)**	**(352,704)**	**(352,704)**
		(9,727,459)	**(9,727,459)**	**(9,584,053)**	**(9,584,053)**

(1) On June 30, 2018 and December 31, 2017, the book values of financial instruments were similar to the fair values.

In the initial recognition the Company measures its financial assets and liabilities at fair value and classifies them according to the accounting rules currently in effect. *Fair value* is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. The Fair Value Hierarchy aims to increase consistency and comparability: it divides the inputs used in measuring fair value into three broad levels, as follows:

- 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.

- 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, or of derivatives linked to them which are to be settled by delivery of unquoted securities, is determined based on generally accepted valuation techniques, based on discounted cash flow analysis and other valuation techniques, such as new replacement Value (*Valor novo de reposição*, or VNR).

Fair value calculation of financial positions

Indemnities receivable – Transmission: 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 the fair value of the assets to be indemnified, and 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.

Indemnities receivable – Generation:

- Plants operated under the 'quotas' regime – Measured at New Replacement Value (Valor Novo de Reposição, or VNR), as per criteria established in regulations by the concession Grantor, based on the fair value of the assets to be indemnified due to termination of the concession, updated by the Selic rate as from publication of Ministerial Order 291 of August 3, 2017. More details in Note 4.

- The *Miranda* and *São Simão* plants – measured at New Replacement Value (VNR), as per estimates by the Company, to be updated after homologation of the amounts by Aneel.

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

The Company's derivative financial instruments are put options, and swap transactions for protection of debts.

Swap transactions: The fair value of the swap transactions was calculated on the basis that the market value of the security was its maturity value brought to present value by the discount factor obtained from the market yield curve, in Reais.

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 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: The Company has calculated the fair value of its Loans, financings and debentures using 148.10% 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 + 1.60% to 2.60%.

b) Derivatives Financial instruments

Put option – SAAG

Option contracts were signed between Cemig GT 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 84^{th} (eighty-fourth) month from June 2014. The exercise price of the Put Options will correspond to the amount invested by each private pension plan in the Investment Structure, updated *pro rata temporis* by the Expanded National Customer 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 were direct equity interests in 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 share of MESA on June 30, 2018 is ascertained on the basis of free cash flow to equity holders (FCFE), expressed by equivalence of the indirect interests held by the FIPs. Volatility, in turn, is measured as an average of historic volatility (based on the hypothesis that the series of the difference of continuously capitalized returns follows a normal distribution) of comparable companies in the electricity generation sector that are traded on the Bovespa.

Based on the studies made, a liability of R$ 336,199 (R$ 311,593 on December 31, 2017) is recorded in the Company's Interim Financial Information, for the difference between the exercise price and the estimated fair value of the assets.

The changes in the value of the options are as follows:

	Consolidated	Holding company
Balance at December 31, 2016	**196,173**	**196,173**
Adjustment to fair value	41,602	41,602
Balance on june 30, 2017	**237,775**	**237,775**
Balance at December 31, 2017	**311,593**	**311,593**
Adjustment to fair value	24,606	24,606
Balance on June 30, 2018	**336,199**	**336,199**

The Company has made an analysis of the sensitivity 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 5.44% p.a. to 9.44% 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$ 306,536 and R$ 391,101, respectively.

Swap transactions

Considering that part of the loans and financings of the Company's subsidiaries 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 the 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 balance sheet, 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 these transactions on june 30, 2018 was a positive adjustment of R$ 180,429, recorded 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 table below shows the derivative instruments contracted by the Company on june 30, 2018 and December 31, 2017.

Company's right (1)	Company's obligation	Maturity period	Trading market	Value of principal contracted (2)	Unrealized gain (loss)		Unrealized gain (loss)	
					Amount according to contract 06/30/2018	Fair value 06/30/2018	Amount according to contract 12/31/2017	Fair value 12/31/2017
US$: FX variation + Rate (9.25% p.a.)	In R$: 150.49% of CDI rate	From 07/2018 to 12/2024	Over the counter	US$ 1,000,000	584,388	131,217	50,792	(32,462)

1) The full transaction is: Combination of (a) Call Spread on the principal, with a low limit of R$ 3.25 and a high limit of R$ 5.00, and (b) Swap of 100% of the interest, exchanging coupon of 9.25% p.a. (on the US$ amount) for local rate equivalent to 150.49% of the CDI.
2) In thousands of US$.

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

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

Interest rate risk

On June 30, 2018 the Company and its subsidiaries was exposed to the risk of increase in Brazilian domestic interest rates. This exposure occurs as a result of net liabilities indexed to variation in interest rates, as follows:

Exposure to Brazilian domestic interest rate changes	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Assets				
Cash equivalents – Cash investments (Note 5)	496,117	398,639	470,846	364,092
Securities (Note 6)	190,460	535,622	117,834	408,925
Accounts receivable – Renova (Note 25)	367,436	350,200	367,436	350,200
Advances to suppliers	183,951	103,998	164,100	71,975
Receivable for residual value – Generation – SELIC (Note 11)	1,935,220	1,084,346	1,935,220	1,084,346
Restricted cash	19,102	18,344	19,077	18,326
	3,192,286	**2,491,149**	**3,074,513**	**2,297,864**
Liabilities				
Loans, financings and debentures – CDI rate (Note 17)	(3,664,772)	(3,745,699)	(3,666,729)	(3,748,634)
Loans, financings and debentures – TJLP (Note 17)	(786)	(2,359)	(786)	(2,359)
Advances from clients – CDI (Note 7)	(121,396)	(147,066)	(121,396)	(147,066)
	(3,786,954)	**(3,895,124)**	**(3,788,911)**	**(3,898,059)**
Net liabilities exposed	**(594,668)**	**(1,403,975)**	**(714,398)**	**(1,600,195)**

Sensitivity analysis

In relation to the most significant interest rate risk, the Company and its subsidiaries estimate that, in a probable scenario, on June 30, 2019 the SELIC and TJLP rates will be 6.50%. The Company and its subsidiaries have made a sensitivity analysis of the effects on its net income arising from increases in rates of 25% and 50% in relation to the 'probable' scenario. Variation in the CDI rate accompanies the variation in the SELIC rate.

Estimation of scenarios for the path of interest rates considers the projections made by the Company and its subsidiaries, based on its financial consultants.

Risk: Increase in Brazilian interest rates – Consolidated	06/30/2018	06/30/2019		
	Book value	'Probable' scenario: SELIC 6.5% TJLP 6.56%	'Possible' scenario: Selic 8.13% TJLP 8.2%	'Remote' scenario: Selic 9.75% TJLP 9.84%
Assets				
Cash equivalents – Cash investments (note 5)	496,117	528,365	536,451	544,488
Securities (Note 6)	190,460	202,840	205,944	209,030
Receivable from related parties – Renova (Note 25)	367,436	391,319	397,309	403,261
Advances to suppliers	183,951	195,908	198,906	201,886
Receivable for residual value – Generation – SELIC (Note 11)	1,935,220	2,061,009	2,092,553	2,123,904
Restricted cash	19,102	20,344	20,655	20,964
	3,192,286	**3,399,785**	**3,451,818**	**3,503,533**
Liabilities				
Loans, financings and debentures – CDI rate (Note 17)	(3,664,772)	(3,902,982)	(3,962,718)	(4,022,087)
Loans, financings and debentures – TJLP (Note 17)	(786)	(838)	(850)	(863)
Advances from clients – CDI (note 7)	(121,396)	(129,287)	(131,265)	(133,232)
	(3,786,954)	**(4,033,107)**	**(4,094,833)**	**(4,156,182)**
Net liabilities exposed	**(594,668)**	**(633,322)**	**(643,015)**	**(652,649)**
Net effect of variation in interest rates		**(38,654)**	**(48,347)**	**(57,981)**

Risk of increase in inflation

The Company and its subsidiaries are not exposed to the risk of increase in inflation, due to their having more assets than liabilities indexed to the variation of inflation indicators, as follows:

Exposure to increase in inflation	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Assets				
Generation – Concession Grant Fee – IPCA (Note 11)	2,371,831	2,337,135	-	-
Receivable for residual value – Transmission – IPCA index (Note 11)	1,822,294	1,928,038	1,822,294	1,928,038
	4,194,125	**4,265,173**	**1,822,294**	**1,928,038**
Liabilities				
Loans, financings and debentures – IPCA (Note 17)	(1,182,177)	(1,343,545)	(1,182,177)	(1,343,545)
Debt agreed with pension fund (Forluz) – IPCA (Note 19)	(155,285)	(163,049)	(155,285)	(163,049)
Forluz deficit of pension plan (Note 19)	(86,065)	(64,109)	(86,065)	(64,109)
	(1,423,527)	**(1,570,703)**	**(1,423,527)**	**(1,570,703)**
Net assets	**2,770,598**	**2,694,470**	**398,767**	**357,335**

Sensitivity analysis

In relation to the most significant risk of increase in inflation, the Company and its subsidiaries estimate that, in a probable scenario, on June 30, 2019 the IPCA inflation index will be 3.40%. The Company and its subsidiaries have made a sensitivity analysis of the effects on its net income arising from increases in rates of 25.00% and 50.00% in relation to the 'probable' scenario.

Risk: increase in inflation Consolidated	06/30/2018	06/30/2019		
	Book value	'Probable' scenario: IPCA 3.4%	'Possible' scenario: IPCA 4.25%	'Remote' scenario: IPCA 5.1%
Assets				
Generation – Concession Grant Fee – IPCA (Note 11)	2,371,831	2,452,473	2,472,634	2,492,794
Receivable for residual value – Transmission – IPCA (Note 11)	1,822,294	1,884,252	1,899,741	1,915,231
	4,194,125	**4,336,725**	**4,372,375**	**4,408,025**
Liabilities				
Loans, financings and debentures – IPCA (Note 17)	(1,182,177)	(1,222,371)	(1,232,420)	(1,242,468)
Debt agreed with pension fund (Forluz) – IPCA (Note 19)	(155,285)	(160,565)	(161,885)	(163,205)
Forluz deficit of pension plan (Note 19)	(86,065)	(88,991)	(89,723)	(90,454)
	(1,423,527)	**(1,471,927)**	**(1,484,028)**	**(1,496,127)**
Net assets	**2,770,598**	**2,864,798**	**2,888,347**	**2,911,898**
Net effect of variation in inflation		**94,200**	**117,749**	**141,300**

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 Holding company			
	06/30/2018		12/31/2017	
	Foreign currency	R$	Foreign currency	R$
US dollar				
Loans and financings (Note 17)	1,007,557	3,884,939	1,007,785	3,333,149
Euros				
Loans and financings (Note 17)	1,096	4,936	1,105	4,383
Net liabilities exposed	**1,008,653**	**3,889,875**	**1,008,890**	**3,337,532**

Sensitivity analysis

Based on information from its financial consultants, the Company estimates that in a probable scenario the variation of the exchange rates of foreign currencies in relation to the Real on june 30, 2019 will be an depreciation of the dollar exchange rate by 7.51%, to R$ 3.57/US$, and depreciation of the Euro exchange rate by 6.67%, to R$ 4.20/€.

The Company has made a sensitivity analysis of the effects on the Company's net income arising from depreciation of the Real exchange rate by 25%, and by 50%, in relation to this 'probable' scenario.

Risk: Exposure to exchange rates R$ '000	06/30/2018	06/30/2019		
	Book value	Scenario US$1=R$ 3.57 EUR1=R$ 4.20	Scenario US$1=R$ 4.46 EUR1= R$ 5.25	Scenario US$1=R$ 5.36 EUR1= R$ 6.30
US dollar				
Loans and financings (Note 17)	3,884,939	3,593,065	4,488,816	5,394,630
Euro				
Loans and financings (Note 17)	4,936	4,607	5,759	6,910
Net liabilities exposed	**3,889,875**	**3,597,672**	**4,494,575**	**5,401,540**
Net effect of exchange rate variation		**(292,203)**	**604,700**	**1,511,665**

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.

Company 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 over 180 days.

Short-term investments must comply with certain rigid investing principles established in the Company's Cash Investment Policy, which was approved by the Financial Risks Management Committee. These include applying its resources in private-securities investment funds, without market risk, and investment of the remainder directly in bank CDBs 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 the Company's 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.

The flow of payments of the Company’s obligations to suppliers, for debts agreed with the pension fund, loans, financings and debentures, at floating and fixed rates, including future interest up to contractual maturity dates, is shown in this table:

	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	548,600	35,513	2,068,482	5,061,387	4,878,315	12,592,297
Concessions payable	203	401	1,766	8,087	14,255	24,712
Debt agreed with pension plan (Forluz)	2,583	5,176	23,677	140,480	39,630	211,546
Solution plan for deficit of the pension plan (FORLUZ)	792	1,589	7,260	43,039	118,225	170,905
	552,178	42,679	2,101,185	5,252,993	5,050,425	12,999,460
Fixed rate						
Suppliers	364,326	3,923	-	-	-	368,249
	916,504	**46,602**	**2,101,185**	**5,252,993**	**5,050,425**	**13,367,709**

Credit risk

The Company’s risk of losses due to difficulty in receipt of amounts invoiced to clients 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 allowance for doubtful debtors constituted on June 30, 2018, considered to be adequate in relation to the credits receivable and in arrears, was R$ 21,775.

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.

Cemig GT manages the counterparty risk of financial institutions based on an internal policy approved by its Financial Risks Management Committee.

This Policy assesses and scales the credit risks of the institutions, the 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, always indexed to the CDI rate. The Company does not carry out 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 (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. Equity greater than R$ 400 million;
3. Basel ratio one percentage point above the minimum required by the Brazilian Central Bank.

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

Group	Equity	Concentration	Limit per bank (% of equity) (1)
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%
B	R$ 400 million to R$ 1.0 billion	Maximum 20%	Between 5% and 7%

(1) The percentage assigned to each bank depends on individual assessment of indicators, e.g. liquidity, and quality of the credit portfolio.

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

1. No bank may have more than 30% of the Group's portfolio.
2. No bank may have more than 50% of the portfolio of any individual company.

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 plants' reservoirs, possibly causing losses due to increased costs of purchasing electricity, due to replacement by thermoelectric generation, or reduction of revenues due to reduction in consumption caused by implementation of wide-ranging programs for saving of electricity.

Risk of early maturity of debt

The Company has loans, financings and debentures contracts with covenants relating to financial indices of Cemig GT and its controlling shareholder, and cross-default clauses.

The covenants requiring compliance six-monthly were complied with on June 30, 2018. More details in Note 17.

d) Capital management

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

	Consolidated		Holding company	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Total liabilities	11,707,094	11,916,796	11,618,627	11,784,433
Cash and cash equivalents (Note 5)	(496,931)	(403,339)	(471,597)	(366,169)
Net liabilities	**11,210,163**	**11,513,457**	**11,147,030**	**11,418,264**
Total equity	**4,860,720**	**4,793,832**	**4,860,720**	**4,793,832**
Net liabilities / equity	**2.31**	**2.40**	**2.29**	**2.38**

27. OPERATING SEGMENTS

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

The Company operates in the generation and transmission segments while its subsidiaries operate only in the generation segment.

The tables below show operational costs and expenses for the six-month periods ended June 30, 2018 and 2017:

DESCRIPTION	June 30, 2018		
	Generation	Transmission	Total
ASSETS	**13,886,141**	**2,681,673**	**16,567,814**
INVESTMENTS IN AFFILIATES AND JOINTLY-CONTROLLED ENTITIES	**4,709,952**	**-**	**4,709,952**
ADDITIONS TO THE SEGMENT	**168,822**	**-**	**168,822**
ADDITIONS TO FINANCIAL ASSETS	**-**	**4,732**	**4,732**
NET REVENUE	**2,948,986**	**326,689**	**3,275,675**
COST OF ENERGY SERVICE			
Energy purchased for resale	(1,692,509)	-	(1,692,509)
Charges for use of the national grid	(125,521)	-	(125,521)
	(1,818,030)	-	(1,818,030)
OPERATING COSTS AND EXPENSES			
Personnel	(112,355)	(52,575)	(164,930)
Employees' and managers' profit sharing	(2,934)	(1,577)	(4,511)
Post-retirement obligations (recovery of expense)	(23,053)	(13,317)	(36,370)
Materials	(3,162)	(1,727)	(4,889)
Outsourced services	(42,867)	(18,880)	(61,747)
Depreciation and amortization	(73,088)	-	(73,088)
Provisions	(35,614)	(3,962)	(39,576)
Construction costs	-	(4,732)	(4,732)
Other operating expenses, net	(22,892)	(7,800)	(30,692)
	(315,965)	**(104,570)**	**(420,535)**
TOTAL COSTS AND EXPENSES	**(2,133,995)**	**(104,570)**	**(2,238,565)**
Share of net income (loss), net, of associates and joint ventures	(140,412)	-	(140,412)
Operating Income before finance income (expenses)	**674,579**	**222,119**	**896,698**
Finance income	238,674	14,640	253,314
Finance expenses	(1,006,243)	(2,343)	(1,008,586)
Income before income tax and Social Contribution tax	(92,990)	234,416	141,426
Income and Social Contribution taxes	(12,542)	(61,996)	(74,538)
NET INCOME FOR THE PERIOD	**(105,532)**	**172,420**	**66,888**

DESCRIPTION	Jun. 30, 2017		
	Generation	Transmission	Total
ASSETS	**14,073,221**	**2,739,099**	**16,812,320**
INVESTMENTS IN AFFILIATES AND JOINTLY-CONTROLLED ENTITIES	**5,337,367**	**-**	**5,337,367**
ADDITIONS TO THE SEGMENT	**196,213**	**-**	**196,213**
ADDITIONS TO FINANCIAL ASSETS	**-**	**156,280**	**156,280**
NET REVENUE	**3,220,025**	**449,145**	**3,669,170**
COST OF ENERGY SERVICE			
Energy purchased for resale	(1,714,863)	-	(1,714,863)
Charges for use of the national grid	(166,222)	166	(166,056)
	(1,881,085)	**166**	**(1,880,919)**
OPERATING COSTS AND EXPENSES			
Personnel	(153,095)	(58,470)	(211,565)
Employees' and managers' profit sharing	(3,803)	(1,821)	(5,624)
Post-retirement liabilities	(28,068)	(12,684)	(40,752)
Materials	(4,459)	(1,323)	(5,782)
Outsourced services	(49,927)	(13,863)	(63,790)
Depreciation and amortization	(86,333)	-	(86,333)
Provisions	(56,982)	(4,426)	(61,408)
Construction costs	-	(7,025)	(7,025)
Other operating costs and expenses, net	(23,940)	(3,773)	(27,713)
	(406,607)	**(103,385)**	**(509,992)**
TOTAL COSTS AND EXPENSES	**(2,287,692)**	**(103,219)**	**(2,390,911)**
Share of net income (loss), net, of associates and joint ventures	14,467	-	14,467
Income before finance revenue (expenses)	**946,800**	**345,926**	**1,292,726**
Finance income	81,154	3,605	84,759
Finance expenses	(616,899)	(1,223)	(618,122)
Income before income tax and Social Contribution tax	**411,055**	**348,308**	**759,363**
Income and Social Contribution tax	(121,820)	(106,991)	(228,811)
NET INCOME FOR THE PERIOD	**289,235**	**241,317**	**530,552**

28. SUBSEQUENT EVENTS

Advance payment for future energy supply

On July 10 and August 8 of 2018 the amounts of R$ 26,300 and R$ 25,800, respectively, were advanced by Cemig GT to the jointly controlled subsidiary Renova, for energy supply invoices becoming due in the period from June to November 2019. These advances are adjusted to present value at a rate of 155% of the CDI Rate (Interbank Rate for Certificates of Deposit or *Certificados de Depósito Inter-bancário – CDIs*).

Additional Eurobond issue

On July 18, 2018, the Company completed the financial settlement of an additional tranche to its initial Eurobond issuance completed on December 5, 2017, in the amount of US$ 500 million, corresponding to R$ 1.9 billion. The issue has six-monthly coupon of 9.25% p.a., with maturity of the principal in December, 2024.

Concomitantly with the settlement a hedge transaction was contracted, for the whole period of the issue, comprising:

- a call spread on the principal, in which Cemig GT is protected over the interval between R$ 3.85/US$ and R$ 5.00/US$; and
- a swap for 100% of the interest, exchanging the 9.25% annual coupon for a rate equivalent to 125.52% of the CDI rate.

Payment of debentures

On July 16, 2018 Cemig GT amortized the first and second series of its 6th debenture issue, in the amount of R$ 533 million.

On July 27, 2018, with the additional tranche of the Eurobond issue, Cemig GT made early settlement of R$ 385 million, or 25%, of the balance of the nominal unit value of its 7th issue of non-convertible debentures, of which the cost was 140% of the CDI rate with original maturity on December 23, 2021.

Suspension of supply of energy by Renova

On August 3, 2018 the Company signed the seventh amendment to the contract for purchase of wind power with the jointly controlled subsidiary Renova, suspending the supply of incentive-bearing wind energy for the period from July through December 2018, and defining the calculation of possible financial compensations to the Company, which will be recognized in the statement of income of the second half of 2018, in accordance with the proper accounting period, with settlement contractually specified for January 10, 2019. Taking into account this suspension of supply, the advances of payment made to Renova for the period from July through December 2018, in the total amount of R$ 55,880, were the subject of a Debt Recognition Agreement ('TARD') signed on August 3, 2018, which specifies repayment of the amount in question in a single payment, updated at 155% of the CDI rate, on January 10, 2019.

CONSOLIDATED RESULTS

(Thousands of Brazilian Reais - R$ except where otherwise indicated)

NET INCOME (LOSS) FOR THE PERIOD

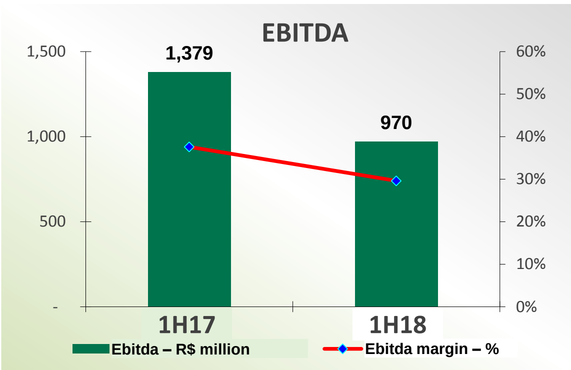
On the first half of 2018 (‘**1H18’**) Cemig GT reports net income of R$ 66,888, which compares with net income of R$ 530,552 in first half 2017 (‘**1H17’**). The main variations in revenue, costs and expenses are noted below.

A significant effect on the net income for 1H18 was a non-operational net expense of R$ 367,371, from the effect of exchange rate variation on the debt raised (in the Eurobond issue) in December 2017 – partially offset by gains under the swap transaction made by the Company to replace: (a) for the purposes of payment of the interest on the Eurobonds, variation in the US dollar plus 9.25% p.a. by 150.49% of the Brazilian domestic CDI rate, and (b) for the principal, a hedge against variation in the US dollar exchange rate between a floor of R$ 3.25 and a ceiling of R$ 5.00 – in this case the value the Company will pay at maturity will be the floor value. This effect results from the instability of the macroeconomic scenario in the first half of 2018, with increased expectations for future variations in the CDI and Foreign exchange variations – the main variables for calculation of fair value of financial instruments.

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

Cemig GT’s Ebitda was 29.68% lower in 1H18 than 1h17:

Ebitda	06/30/2018	06/30/2017	Change, %
Net income for the period	66,888	530,552	(87.39)
+ Current and deferred income tax and Social Contribution tax	74,538	228,811	(67.42)
+ Finance income (expenses)	755,272	533,363	41.61
+ Amortization and depreciation	73,088	86,333	(15.34)
= Ebitda	**969,786**	**1,379,059**	**(29.68)**



Ebitda is a non-accounting measure prepared by the Company, reconciled with the Interim financial information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net income adjusted by the effects of net Financial revenue (expenses), Depreciation and 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 income, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

The main factor in Ebitda being lower in 1H18 than 1H17 was: operating revenues were 10.72% lower period-on-period, while the reduction in operating expenses was lower, at 6.37%. Ebitda Margin in 1H18 was 29.61%, compared to 37.59% in 1H17.

Revenue from supply of energy

	06/30/2018			06/30/2017		
	MWh	R$ mn	Average price billed – R$/MWh	*MWh*	R$ mn	Average price billed – R$/MWh
Industrial	6,997,103	1,554,617	222.18	7,062,196	1,640,636	232.31
Commercial	1,536,251	347,911	226.47	1,058,806	268,714	253.79
Rural	315	78	247.62	3,660	537	146.72
Subtotal	**8,533,669**	**1,902,606**	**222.95**	**8,124,662**	**1,909,887**	**235.07**
Retail supply unbilled, net	-	(4,612)	-	-	23,571	-
	8,533,669	**1,897,994**	-	**8,124,662**	**1,933,458**	-
Wholesale supply to other concession holders	5,590,372	1,420,996	254.19	5,777,612	1,475,050	255.30
Wholesale supply unbilled, net	-	(73,818)	-	-	(74,549)	-
	14,124,041	**3,245,172**	-	**13,902,274**	**3,333,959**	-

Total revenue from supply of energy in 1H18 was R$ 3,245,172, compared to R$ 3,333,959 in 1H17 – i.e. 2.66% lower period-on-period. This mainly reflected the fact that the average price billed to final customers was 5.16% lower period-on-period.

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 (*Receita Anual Permitida,* or RAP) for the assets of the existing system, updated annually based on the variation in the IPCA index. Whenever there is a strengthening, improvement or adaptation to an existing asset made under a specific authorization from Aneel, an addition is made to the RAP.

This revenue was R$ 294,712 in 1H18, compared to R$ 241,400 in 1H17 – or 22.08% higher period-on-period. The higher figure arises basically from the inflation adjustment of the annual RAP, which was applied in July 2017, plus the new revenues related to the investments authorized to be included. It includes an additional adjustment for expectation of cash flow from financial assets, arising from change in the fair value of the Regulatory Remuneration Assets Base (BRR).

The percentages and the indices applied in this adjustment vary according to the concessions. In 2017 the adjustment was 3.59% (the IPCA index) for the concession of Cemig GT, and 1.57% (the IGP-M Index) for the concession of Cemig Itajubá.

Revenue from transactions in the Wholesale Electricity Trading Chamber (CCEE)

Revenue from energy transactions at CCEE in 1H18 was R$ 154,151, or 62.59% lower than in 1H17 (R$ 412,075). The lower revenue from this source reflects the lower quantity of energy available for settlement in the wholesale market in 2018, in spite of the average Spot Price (PLD) being 8.46% higher (R$ 249.88/MWh in 1H18, vs. R$ 230.39/MWh in 1H17).

Transmission indemnity revenue

The revenue from the transmission Indemnities in 1H18 was R$ 146,519, which was 45.70% less than in 1H17 (R$ 269,855). We highlight the amount of R$ 149,255 recorded for 1H17, relating to a backdated difference relating to certain transmission concession assets for which the values were not included in the calculation basis for revenues in the previous tariff reviews.

The Company reports the updating of the amount of indemnity receivable based on the average regulatory cost of capital, as specified in the sector regulations.

Generation indemnity revenue

In 1H18 the Company recognized revenue of R$ 34,463 for the adjustment to the balance not yet amortized relating to the basic plans of the concessions for the *São Simão* and *Miranda* hydroelectric plants, to be indemnified as per Ministerial Order 291/17. For more details see Note 11.

Taxes and charges reported as deductions from revenue

Taxes and charges on revenue in 1H18 totaled R$ 788,709, compared to R$ 762,977 in 1H17 – a period-on-period increase of 3.37%.

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, tariff subsidies, the subsidy for balanced tariff reduction, the low-income customer subsidy, the coal consumption subsidy, and the Fuels Consumption Account.

The charges for the CDE in 1H18 were R$ 73,861, compared to R$ 31,572 in 1H17.

Operating costs and expenses (excluding Finance income/expenses)

Operating costs and expenses (excluding Net finance income/expenses) in 1H18 totaled R$ 2,238,565, or 6.37% less than in 1H17 (R$ 2,390,911).

For more information on the components of Operational costs and expenses see Note 23.

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

Energy purchased for resale

The expense on energy purchased for resale in 1H18 was R$ 1,692,509, which was 1.30% less than the figure of R$ 1,714,863 for this account in 1H17. This reflects an average volume of energy purchased 4.24% lower in 1H18, at 9,372,826 MWh, vs. 9,788,040 MWh in 1H17, with an offsetting effect from the average price per MWh 3.07% higher (at R$ 180.58 in 1H18, vs. R$ 175.20 in 1H17).

Personnel expenses

The expense on personnel in 1H18 was R$ 164,930, or 22.04% lower than in 1H17 (R$ 211,565). The lower figure, in spite of the wage increase of 1.83% as from November 2017, under the Collective Wage Agreement, mainly reflects:

- The average number of employees 13.91% lower in 1H18 at 1,325, compared to 1,539 in 1H17.

- Lower expense on voluntary severance programs: R$ 6,731 in 1H18, compared to R$ 37,616 in 1H17.

Construction cost

Construction cost was 32.64% lower period-on-period in 1H18, at R$ 4,732 – compared to R$ 7,025 in 1H17. This line records the Company’s investment in assets of the concession in the period, and is fully offset by the line Construction Revenue, in the same amount.

Post-retirement obligation

The impact of the Company’s post-retirement obligation on operating profit was an expense of R$ 36,370 in 1H18 – or 10.75% lower than the expense of R$ 40,752 in 1H17.

This variation mainly reflects the reduction in the total amount of the life insurance obligation, in 4Q17, due to alterations in the capital insured, with effect on the expense recognized as from january, 2018.

Operating provisions

Operating provisions in 1H18 represented an expense of R$ 39,576, or 35.55% less than in 1H17 (R$ 61,408). The difference mainly reflects reduction of the provision made for losses on the SAAG put options, which was R$ 24,606 in 1H18 – compared to R$ 41,602 in 1H17.

Share of net income (loss) in associates and joint ventures

The result of equity method valuation of interests in investees was an expense of R$ 140,412 in 1H18, compared to an expense of R$ 14,467 recorded in 1H17. This basically reflects losses in 2018 on the interests in Renova and Santo Antônio Energia.

The breakdown of the results from the investees recognized under this line is given in detail in Note 12.

Finance income (expenses)

In 1H18 the Company posted net Finance expenses of R$ 755,272. This was 41.61% less than the net Finance expenses of R$ 533,363 in 1H17. The most significant variations in components between the two periods were:

- Lower cash investment income: R$ 19,218 in 1H18, compared to R$ 40,341 in 1H17 – 52.36% lower period-on-period. This basically reflects the lower CDI rate in the year (3.17% in 1H18, vs. 5.61% in 1H17) – the main indexor for yield on cash investments, and also the lower volume of cash invested in 1H18.

- Expense arising from exchange rate variation on funding indexed to the US dollar (Eurobonds), raised in December 2017 – the expense totals R$ 547,800, and is partially offset by gains arising from the swap transactions relating to that Eurobond issue, of R$ 180,429 – so that the net expense in 1H18 is R$ 367,371. The swap transaction replaced the issue's interest rate of 9.25% p.a. in US dollars with 150.49% of the Brazilian domestic CDI rate; and a hedge was contracted for the principal for US dollar exchange rates between a floor of R$ 3.25 and a ceiling of R$ 5.00 – in this case, at maturity, the Company will pay the floor value. The net negative effect of the transaction in the half-year, the consequence of the foreign exchange variation expense not being offset by the hedge instruments contracted, arises basically from the higher variation in the expected future curve for the CDI than in the expected future variation in the R$/US$ exchange rate – which occurred in the months of May and June 2018, due to the instability of the macroeconomic scenario. Expectations for future variations in the CDI rate and the US dollar exchange rate are the main variables used in the calculation of fair value of the hedge transactions referred to.

- Lower borrowing costs on loans and financings: R$ 405,737 in 1H18, or 22.87% less than in 1H17 (R$ 526,027), reflecting the lower variation in the CDI 1H18, and the lower total of debt indexed to the CDI rate.

For a breakdown of Finance income and expenses please see Note 24 of these Interim financial information.

Income and Social Contribution taxes

In 1H18, the expense on income tax and the Social Contribution tax was R$ 74,538, on Income before income tax and social contribution tax of R$ 141,426 – an effective rate of 52.70%**.** In 1H17, the expense on income tax and the Social Contribution tax was R$ 228,811, or 30.13% of Income before income tax and social contribution tax of R$ 759,336. These effective rates are reconciled with the nominal rates in Note 9c.

Net income (loss) for the second quarter 2018

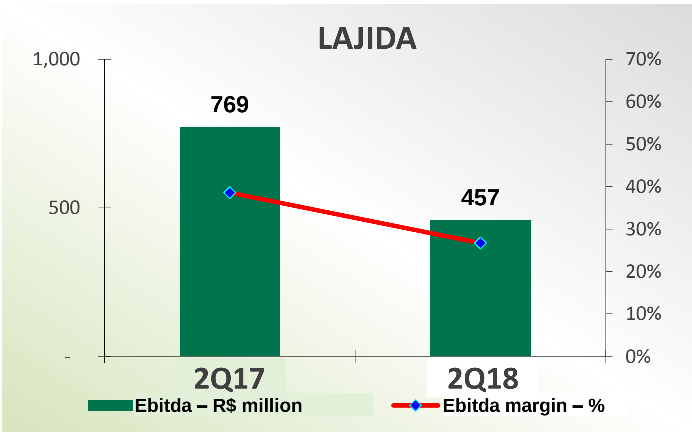
On the second quarter of 2018 (2Q18) Company reports a loss of R$ 180,390, which compares to net income of R$ 345,562 in the second quarter of 2017 (2Q17). The main variations in revenue, costs and expenses are noted below, after the Interim Financial Information.

The profit of the second quarter was significantly affected by net non-operating expenses of R$ 449,088, arising from FX variation on the debt raised in December 2017 (Eurobond issue). This was partially offset by the effects of gains under the swap transaction made by the Company: (i) to replace payment of the interest on the Eurobonds, 9.25% p.a. in US dollars, by 150.49% of the Brazilian domestic CDI rate; and (ii) for the principal, a hedge contracted for variation in the US dollar exchange rate between a floor of R$ 3.25 and a ceiling of R$ 5.00 – in this case the Company, at maturity, will pay the floor value. This effect results from the instability of the macroeconomic scenario in the second quarter of 2018, with increased expectations for future variations in the CDI and FX rates – the main variables for calculation of fair value of financial instruments.

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

Cemig GT's Ebitda was 40.55% lower in 2Q18 than 2Q17:

Ebitda	04/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	Change, %
Net income (loss) for the period	(180,390)	345,562	–
+ Current and deferred income tax and Social Contribution tax	(48,967)	140,582	–
+ Finance income (expenses)	650,213	238,049	173.14
+ Amortization and depreciation	36,539	45,159	(19.09)
= Ebitda	**457,395**	**769,352**	**(40.55)**



Ebitda is a non-accounting measure prepared by the Company, reconciled with the consolidated Interim financial information in accordance with CVM Circular SNC/SEP 1/2007 and CVM Instruction 527 of October 4, 2012. It comprises Net profit adjusted by the effects of net Finance income (expenses), Depreciation and amortization, and Income tax and 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 income, nor as an indicator of operational performance or cash flow, nor to measure liquidity nor the capacity for payment of debt.

Ebitda for 2Q18 was 14.12% lower than in 2Q17, mainly reflecting operating revenues 9.71% lower period-on-period.Ebitda margin in 2Q18 was 26.70%, compared to 38.57% in 2Q17.

Revenue from supply of energy

	04/01/2018 to 06/30/2018			04/01/2017 to 06/30/2017		
	MWh	R$ mn	Average price invoiced – R$/MWh	*MWh*	R$ mn	Average price invoiced – R$/MWh
Industrial	3,733,998	790,961	211.83	3,628,119	850,468	234.41
Commercial	851,996	180,103	211.39	563,620	145,050	257.35
Rural	315	78	247.62	3,660	537	146.72
Subtotal	**4,586,309**	**971,142**	**211.75**	**4,195,399**	**996,055**	**237.42**
Retail supply unbilled, net	-	40,874	-	-	7,334	-
	4,586,309	**1,012,016**	-	**4,195,399**	**1,003,389**	-
Wholesale supply to other concession holders	2,969,502	741,733	249.78	2,866,338	759,223	264.88
Wholesale supply unbilled, net	-	(39,052)	-	-	957	-
	7,555,811	**1,714,697**	-	**7,061,737**	**1,763,569**	-

Total revenue from supply of energy in 2Q18 was R$ 1,714,697, 2.77% lower than in 2Q17 (R$ 1,763,569) – mainly reflecting average price invoiced to final customers 10.81% higher, in turn mainly due lower average sale prices (per MWh): 10.81% lower period-on-period for supply sold to final customers, and 5.70% lower for supply sold to other concession holders.

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 (*Receita Anual Permitida*, or RAP) for the assets of the existing system, updated annually based on the variation in the IPCA index. Whenever there is a strengthening, improvement or adaptation to an existing asset made under a specific authorization from Aneel, an addition is made to the RAP.

This revenue was R$ 151,166 in 2Q18, compared to R$ 114,340 in 2Q17 – or 32.21% higher period-on-period. This variation arises basically from the inflation adjustment of the annual RAP, which was applied in July 2017, plus the new revenues related to the investments authorized to be included. It includes an additional adjustment for expectation of cash flow from financial assets, arising from change in the fair value of the Regulatory Remuneration Base of Assets (BRR).

The percentages and the indices applied in this adjustment vary according to the concessions. In 2017 the adjustment was 3.59% (the IPCA index) for the concession of Cemig GT, and 1.57% (the IGP-M Index) for the concession of Cemig Itajubá.

Revenue from transactions on the Wholesale Electricity Trading Chamber (CCEE)

Revenue from transactions in energy supply on the CCEE in 2Q18 was R$ 32,417, or 83.12% lower than in 2Q17 (R$ 192,062). The difference is due to the lower volume of energy available for settlement in the wholesale market in 2018.

Transmission indemnity revenue

In 2Q18 this revenue was R$ 96,678, compared to R$ 204,025 in 2Q17. We highlight the amount of R$ 149,255 recorded for 2Q17, relating to the backdated difference of transmission concession assets the values of which were not included in the calculation basis for revenues in the previous tariff reviews.

The Company reports the updating of the amount of indemnity receivable based on the average regulatory cost of capital, as specified in the sector regulations.

Generation indemnity revenue

In 2Q18 the Company recognized revenue of R$ 17,218 for the adjustment, as specified by Ministerial Order 291/17, to the balance not yet amortized of the value of the basic plans of the concessions for the *São Simão* and *Miranda* Hydroelectric Plants. For more details see Note 11.

Taxes and charges reported as deductions from revenue

Taxes and charges on revenue in 2Q18 totaled R$ 392,195 – or 8.54% higher than in 2Q17 (R$ 361,348).

<u>The Energy Development Account – CDE</u>

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, 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 2Q18 were R$ 35,190, compared to R$ 3,823 in 2Q17.

Operating costs and expenses (excluding Finance income/expenses)

Operating costs and expenses (excluding Net Finance income/expenses) in 2Q18 totaled R$ 1,183,153, or 9.71% less than in 2Q17 (R$ 1,310,385).

For more information on the components of Operational costs and expenses see Note 23.

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

<u>Energy purchased for resale</u>

The expense on energy purchased for resale in 2Q18 was R$ 897,095, which was 8.51% less than the figure of R$ 980,581 for this account in 2Q17. This reflects a volume of energy purchased 11.88% lower periodo-on-period in 2Q18 – at 4,726,875 MWh, vs. 5,364,064 MWh in 2Q17; partially offset by the effect of average price per MWh in 2Q18 being 3.82% higher (at R$ 189.79 in 2Q18, vs. R$ 182.81 in 2Q17);

Personnel expenses

The expense on personnel in 2Q18 was R$ 85,391, or 28.97% lower than in 2Q17 (R$ 120,220). This lower amount, in spite of the salary increase of 1.83% in the collective agreement in effect from November 2017, mainly reflects two factors:

- The average number of employees ion 2Q18 was 11.80% lower, at 1,315, than in 2Q17 (1,491).

- Lower expense on the voluntary severance program: R$ 6,731 in 2Q18, compared to 37,616 in 2Q17.

Construction cost

Construction cost was 10.62% lower period-on-period in 2Q18, at R$ 3,669 – compared to R$ 4,105 in 2Q17. This cost is offset in full by the accounting item Construction revenue, thus having no effect on net profit.

Post-retirement obligations

The impact of the Company's post-retirement obligations on operating profit was an expense of R$ 18,507 in 2Q18 – or 10.54% less than the effect of R$ 20,687 in 2Q17.

This variation mainly reflects the reduction in the total amount of the life insurance obligation in 4Q17, due to alterations in the capital insured, with effect on the expense recognized as from january, 2018.

Operating provisions

Operating provisions represented an expense of R$ 30,577 in 2Q18, compared to R$ 5,841 in 2Q17. This mainly reflects the higher provision made in 2Q18 for the SAAG put options, of R$ 20,149, which compares with a reversal of provision of R$ 5,334 in 2Q17.

Share of net income (loss) in associates and joint ventures

An equity loss of R$ 109,182 was recorded in 2Q18 from equity in unconsolidated investees. This compares with a gain of R$ 39,691 in 2Q17. The losses in 2Q18 mainly come from the interests in Renova and Santo Antônio Energia.

Note 12 gives the breakdown of equity method gains/losses, by investee.

Finance income (expenses)

The company posted net Finance expenses of R$ 650,213 in 2Q18, 173.14% more than the net Finance expenses reported for 2Q17, of R$ 238,049. The most significant variations in components between the two years were:

- Lower cash investment income: R$ 8,821 in 2Q18, compared to R$ 17,634 in 2Q17 – 49.98% lower period-on-period. This basically reflects the lower CDI rate in the year (1.56% in 2Q18, vs. 2.55% in 2Q17) – the main indexor for yield on cash investments; and also the lower volume of cash invested in 2018.

- Expense arising from exchange rate variation on funding indexed to the US dollar (Eurobonds), raised in December 2017 – the expense totals R$ 532,000 and is partially offset by a gains of R$ 82,912 arising from the swap transactions relating to that Eurobond issue – thus resulting in a net expense in 2Q18 of R$ 449,088. The swap transaction replaced the issue's interest rate of 9.25% p.a. in US dollars with 150.49% of the Brazilian domestic CDI rate; and a hedge was contracted for the principal for US dollar exchange rates between a floor of R$ 3.25 and a ceiling of R$ 5.00 – in this case, at maturity, the Company will pay the floor value. The net negative effect of the transaction in the quarter, which was the consequence of the foreign exchange variation expense not being offset by the hedge instruments contracted, arises from the higher variation in the expected future curve for the CDI than in the expected future variation in the R$/US$ exchange rate – which occurred in the months of May and June 2018, due to the instability of the macroeconomic scenario. Expectations for future variations in the CDI rate and the US dollar exchange rate are the main variables used in the calculation of fair value of the hedge transactions referred to.

- Lower borrowing costs on loans and financings: R$ 216,474 in 2Q18, or 8.88% less than in 2Q17 (R$ 237,561), due to (i) a lower aggregate CDI over the quarter than in 2Q17; and (ii) lower volume of debt indexed to the CDI;

For a breakdown of Finance income and expenses please see Note 24 of these Interim financial information.

Income and Social Contribution taxes

In 2Q18, the expense on income tax and the Social Contribution tax was R$ 48,967, on Income before income tax and social contribution tax of R$ 229,357 – an effective rate of 21.35%. In 2Q17, the expense on income tax and the Social Contribution tax was R$ 140,582, or 28.92% of the Income before income tax and social contribution tax of R$ 486,144. These effective rates are reconciled with the nominal rates in Note 9c.

(The original is signed by the following signatories:)

Bernardo Afonso Salomão de Alvarenga
Chief Executive Officer

Luiz Humberto Fernandes
Deputy CEO

Maurício Fernandes Leonardo Júnior
Chief Finance and Investor Relations Officer

José de Araújo Lins Neto
Chief Corporate Management Officer

Dimas Costa
Chief Trading Officer

Daniel Faria Costa
Chief Officer for Management of Holdings

Thiago de Azevedo Camargo
Chief Institutional Relations and Communication Officer

Neila Maria Barreto Leal
Chief Counsel

Ronaldo Gomes de Abreu
Director without portfolio

Franklin Moreira Gonçalves
Chief Generation and Transmission Officer

Maura Galuppo Botelho Martins
Chief Officer for Human Relations

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 Report on the Review of Interim 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

Report on the review of interim 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. ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended June 30, 2018, which comprise the statement of financial position as at June 30, 2018 and the statements of profit or loss and comprehensive income for the three and six-month periods then ended and the statements of changes in equity and cash flows for the six-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 in accordance 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 standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on review of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim 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 International Standards on Auditing 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 is not prepared, in all material respects, in accordance with CPC 21(R1) and IAS 34, applicable to the preparation of Quarterly Financial Information - ITR, consistently with the rules issued by the Brazilian Securities and Exchange Commission.

Emphasis of matter

Risks related to compliance with laws and regulations

As mentioned in Note 12 to the interim financial information, the Company holds direct and indirect investments in Madeira Energia S.A. and Renova Energia S.A. and indirect investment in Norte Energia S.A. (jointly referred to as "non-controlled investees"), which are accounted for under the equity method. Currently, investigations and other legal measures are being conducted by public authorities in connection with Company and these non-controlled investees regarding certain expenditures and their allocations, which involve and also include some of their other shareholders and certain executives of these other shareholders. At this point, it is not possible to forecast future developments arising from these investigation procedures by the public authorities, nor their possible effects on the Company's interim financial information. Our conclusion is not modfied in respect of this matter.

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

As disclosed in Note 12 to the interim financial information, the non-controlled investee Renova Energia S.A. has incurred recurring losses and, as at June 30, 2018, has negative net working capital. These events or conditions indicate the existence of relevant uncertainty that may raise significant doubt about its ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Excess of income reserves over capital

As at June 30, 2018, the balance of income reserves exceeds capital. Based on article 199 of the Brazilian Corporation Law (Law No. 6404/76), in this situation, Shareholders' Meeting should propose the application of the exceeding amount as capital increase or payment of dividends. As disclosed in Note 21, on July 18, 2018, the Company’s Board proposed to the Shareholders' Meeting a capital increase amounting to R$ 2,600,000 thousands for elimination of excess income reserves in relation to capital in compliance with the article of referred Corporation Law. 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 six-month period ended June 30, 2018, prepared under the responsibility of Company management, the presentation of which in the interim financial information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, whereby no SVA presentation is required. 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 are not consistently prepared, in all material respects, in relation to the overall accompanying interim financial information.

August 14, 2018

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

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