

Gás Natural Açú Infraestrutura S.A.
(Privately held)

Financial Statements

May 02 (date of incorporation) to
December 31, 2017

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Independent Auditor's Report on the Individual and Consolidated Financial Statements

(A free translation of the original report in Portuguese prepared in accordance with the accounting practices adopted in Brazil and the International Financial Reporting Standards - IFRS)

To the Board of Directors and Management of

Gás Natural Açú Infraestrutura S.A.

Rio de Janeiro - RJ

Opinion

We have audited the individual and consolidated financial statements of Gás Natural Açú Infraestutura S.A. ("the Company"), respectively referred to as Parent and Consolidated, which comprise the balance sheet as at December 31, 2017, the statements of operations and other comprehensive income (loss), changes in shareholders' equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Gás Natural Açú Infraestutura S.A. as at December 31, 2017, and of its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with Accounting Practices Adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by *the International Accounting Standards Board (IASB)*.

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Individual and Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiary in accordance with the relevant ethical requirements included in the Accountant Professional Code of Ethics ("Código de Ética Profissional do Contador") and in the professional standards issued by the Brazilian Federal Accounting Council ("Conselho Federal de Contabilidade") and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Significant uncertainty related to going concern

We draw attention for Note 1 to the financial statements, which describes that the Company's subsidiary is in the pre-operational phase and that the construction in progress to implement the business plan will depend of the financial support of the shareholders and / or third party resources until its subsidiary generates sufficient cash for the maintenance of its activities. Therefore, the recovery of the amounts recorded in the non-current assets of the Company and its subsidiary will depend on the success in the implementation of such business plan. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's and its subsidiary's ability to continue as a going concern. The financial statements do not include any adjustments due to the uncertainties involved. These individual and consolidated financial statements were prepared under the assumption of normal going concern of operations. The Company's management plans with respect to the subsidiary's operating activities are described in Note 1. Our opinion is not modified in respect of this matter.

Other matters - Audit of amounts corresponding to the previous year

The amounts corresponding to the year ended December 31, 2016, presented for comparison purposes, were not audited by us or by other independent auditors and, consequently, we are not expressing an opinion on the amounts corresponding to the previous year.

Responsibilities of Management for the Individual and Consolidated Financial Statements

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

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiary or to cease operations, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting

from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiary internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiary ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiary to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with management among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Rio de Janeiro, September 17, 2018

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
(Original report in Portuguese signed by)
Luis Claudio França de Araújo
Accountant CRC RJ - 091559/O-4

Gás Natural Açú Infraestrutura S.A.

Balance sheet as of December 31, 2017
(In thousands of reais)

	Note	<u>Parent Company</u>	<u>Consolidated</u>
		<u>2017</u>	<u>2017</u>
Assets			
Current			
Cash and Cash Equivalents	6	1,151	1,411
Prepaid expense	7	-	2,084
		<u>1,151</u>	<u>3,495</u>
Non-current			
Investments	8	12,320	-
Property, plant and equipment	9	-	12,060
Intangible assets	10	-	30,000
		<u>12,320</u>	<u>42,060</u>
Total Assets		<u>13,471</u>	<u>45,555</u>
		<u>2017</u>	<u>2017</u>
Liabilities			
Current			
Trade accounts payable	11	-	11,461
Accounts payable to related parties	12	-	623
		<u>-</u>	<u>12,084</u>
Non-current			
Trade accounts payable	11	-	20,000
		<u>-</u>	<u>20,000</u>
Shareholders' equity			
	13		
Share capital		322	322
Capital reserve		13,200	13,200
Accumulated losses		(51)	(51)
Total shareholders' equity		<u>13,471</u>	<u>13,471</u>
Total liabilities and Shareholders' equity		<u>13,471</u>	<u>45,555</u>

See the accompanying notes to the financial statements.

Gás Natural Açu Infraestrutura S.A.

Statements of operations

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of reais)

	Notes	Parent Company/ Consolidated <hr style="width: 100%; border: 0.5px solid black;"/> 2017 <hr style="width: 100%; border: 0.5px solid black;"/>
Financial Income/Loss	14	
Finance expenses		<hr style="width: 100%; border: 0.5px solid black;"/> (51) <hr style="width: 100%; border: 0.5px solid black;"/>
Loss for the period		<hr style="width: 100%; border: 0.5px solid black;"/> (51) <hr style="width: 100%; border: 0.5px solid black;"/>

Statements of comprehensive income (loss)

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of reais)

	Parent Company/ Consolidated <hr style="width: 100%; border: 0.5px solid black;"/> 2017 <hr style="width: 100%; border: 0.5px solid black;"/>
Loss for the period	<hr style="width: 100%; border: 0.5px solid black;"/> (51) <hr style="width: 100%; border: 0.5px solid black;"/>
Total comprehensive income (loss) for the period	<hr style="width: 100%; border: 0.5px solid black;"/> (51) <hr style="width: 100%; border: 0.5px solid black;"/>

See the accompanying notes to the financial statements.

Gás Natural Açu Infraestrutura S.A.

Statements of changes in equity
 Period May 02 (date of incorporation) to December 31, 2017
(In thousands of reais)

	Share capital	Capital Reserve Siemens Premium - effect	Accumulated loss	Total Equity net
Loss for the period	-	-	(51)	(51)
Incorporation of the Company	1	-	-	1
Capital increase - Transfer of share from GNA	321	-	-	321
Siemens subscription bonus	-	13,200	-	13,200
Balance as of December 31, 2017	322	13,200	(51)	13,471

See the accompanying notes to the financial statements.

Gás Natural Açu Infraestrutura S.A.

Statements of cash flows

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of reais)

	Parent Company	Consolidated
	2017	2017
Cash flows from operating activities		
Loss before tax	(51)	(51)
Adjusted net loss	(51)	(51)
Cash flows produced by investment activities		
Acquisition of PPE	-	(12,060)
Increase in noncontrolling interest	(12,320)	-
Net cash used in investments	(12,320)	(12,060)
Cash flows from financing activities		
Capital increase, net	322	322
Siemens subscription bonus	13,200	13,200
Net cash produced by financing activities	13,522	13,522
Increase (decrease) in cash and cash equivalents	1,151	1,411
At beginning of period	-	-
At end of period	1,151	1,411

See the accompanying notes to the financial statements.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

1. Operations

Gás Natural Açu Infraestrutura S.A. ("GNA Infra" or "Company") was incorporated on May 2, 2017 and on August 21, 2017 the company was changed from a limited company to a privately held corporation. The name was accordingly changed of Terminal de Regaseificação do Açu Ltda. to Gás Natural Açu Infraestrutura Ltda. Its direct parent company is Gás Natural Açu S.A. ("Gás Natural") and its indirect parent company is Prumo Logística S.A ("Prumo"). GNA Infra has an equity interest in UTE GNA I Geração de Energia S.A. ("GNA I").

The Company and its subsidiary's core activity is the purchase and sale of liquefied natural gas ("LNG"), processing, beneficiation and treatment of natural gas resulting from offshore production and the regasification of LNG, the generation, transmission and sale of energy and electricity capacity and intermediation in the purchase and sale of energy and electric capacity.

In the registered share transfer book of GNA I, on December 15, 2017 the shareholder Gás Natural transferred 320,990 shares and the shareholder Prumo transferred 10 shares to GNA Infra.

On June 16, 2017, Gás Natural signed an agreement with Termelétrica Novo Tempo S.A. ("UTE Novo Tempo"), the company prevailing at New Energy Auction A-5 in 2014 (Auction 06/2014 - ANEEL), for the transfer of the authorization issued by the Ordinance of the Ministry of Mines and Energy 210 on May 14, 2015, for the construction and operation of a 1,238 MW thermal power plant ("Authorization") to GNA I. The agreement entails the transfer of the 37 energy trading agreements in the regulated environment (CCEARs) entered into with energy distribution companies.

On December 19, 2017 ANEEL authorizing resolution 6,769 transferred the exploration rights of Usina Termelétrica (UTE) Novo Tempo to UTE GNA I. The concession term was then 23 years, with operations commencing in 2021.

The project of UTE GNA I Geração de Energia S.A. ("UTE GNA I") entails the construction of a combined-cycle gas-fired thermoelectric power station with an output of approximately 1,300 MW which will handle the contractual obligations of UTE Novo Tempo under its energy trading contracts, an LNG regasification terminal ("Regasification Terminal"), with the capacity to import natural gas for the UTE GNA I project and future power plants and other potential projects in the industrial complex of Porto do Açu, in addition to comprising the development of the "Açu Gas Hub", strategically located in the north-east of Rio de Janeiro state, which offers efficient logistical solutions for the sale and consumption of natural gas and related products.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

1. Reporting entity--Continued

On August 13, 2017 the direct parent company Gás Natural signed an investment agreement with Siemens, with Prumo as guarantor and GNA Infra as the intervening party to make this project feasible.

Subject to the performance of certain precedent conditions, the investment agreement states that Siemens shall subscribe new shares issued by GNA Infra in the amount of USD 21,000 thousand, accounting for 33% of its share capital ("Initial Contribution"). After the Initial Contribution, the share capital of GNA Infra will consist of 67% of the shares held by Gás Natural and 33% of the shares held by Siemens. Siemens will have certain governance rights, such as the right to appoint a member to the Board of Directors of GNA Infra.

The agreement establishes other precedent conditions, such as relevant regulatory approvals, the performance of a shareholders' agreement between Gás Natural and Siemens, the approval of the Business Plans for developing GNA I and the Regasification Terminal, the implementation of an EPC agreement (Engineering, Procurement and Construction), the performance of the LTSA (long-term services agreement) consisting of maintenance services and supplying spare parts to ensure the performance and availability of thermal power plant, the performance of an O&M contract (operation and maintenance).

On December 22, 2017 Gás Natural and BP Global Investments Limited (BP) entered into an investment agreement establishing:

- (i) The terms and conditions for BP to acquire 30% of Gás Natural's capital via the subscription of new shares in the amount of USD 7,500 thousand, which will occur in the course of FY 2018.
- (ii) The rules governing the investment by Prumo and BP, in GNA I, via GNA Infra, and the capital commitment necessary for this investment, proportional to its equity interests in Gás Natural, subject to the USD 79,200 thousand limit on BP's capital investment in the project's construction capex;
- (iii) The rules of the company and potential investment by BP in future projects to be created by Gás Natural or its subsidiaries.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

2. Authorization

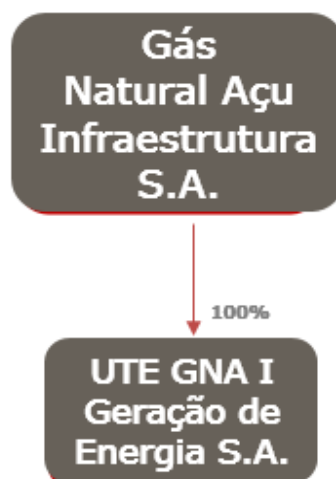
As of December 31, 2018, GNA I has an active authorization from Aneel, as mentioned in note 1 - Operations.

Companies	Description	Document	Date of issuance	Term
GNA I	The National Electricity Regulatory Agency - ANEEL transfers the energy exploration authorization from Termelétrica Novo Tempo to UTE GNA I.	Authorizing resolution 6769	12/19/2017	12/19/2040

3. Group companies

Direct subsidiary	Ownership interest	
	Country	2017
UTE GNA I Geração de Energia S.A. UTE (GNA I)	Brazil	100.00%

GNA Infra has the following structure as at December 31, 2017:



Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

4. Basis of preparation and presentation of the financial statements

a) Statement of compliance

The individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil (BR GAAP) and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Company Management affirms that all material information related to the financial statements and that alone is being disclosed, which corresponds to that used by it in its management.

Authorization for the conclusion of the preparation of these individual and consolidated financial statements was given by the Board of Director on September 17, 2018. These financial statements consider subsequent events to be events that could have an impact up to the reporting date.

The accounting policies described in detail below have been applied consistently to the financial statements of the Company's subsidiaries.

b) Basis of preparation

The individual and consolidated financial statements have been prepared based on the historic cost basis.

c) Functional and presentation currency

The individual and consolidated financial statements are being presented in thousands of Brazilian reais, which is the Company's functional currency.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

4. Presentation and preparation of the financial statements--Continued

d) Use of judgments and estimates

Judgments, estimates and assumptions are used to measure and recognize certain assets and liabilities in the Company's financial statements. These estimates took into account experience from past and current events, assumptions about future events and other objective and subjective factors.

5. Significant accounting policies

The accounting policies set out below have been applied consistently to all the periods reported in these financial statements.

a) Consolidation

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences.

The equity income method is used to recognize the financial information of subsidiaries in the parent company's individual financial statements.

The consolidated financial statements include the subsidiaries described in Note 3 - Group Companies.

Description of main consolidation procedures of subsidiaries

- Elimination of inter-company asset and liability account balances
- Elimination of investment account balances and corresponding capital interest, reserves and retained earnings/accumulated deficit of the subsidiary companies;
- Minority interests, which represent the earnings for the year and equity not held by the Company, are presented separately from the consolidated income statement in the equity in the consolidated balance sheet, separately from the equity attributable to the controlling shareholders.

Gás Natural Açú Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

5. Significant accounting practices --Continued

b) Foreign-currency transactions

Transactions in foreign currencies are translated to the respective functional currencies, Real, of entities controlled by GNA Infra at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated and recorded in foreign currency are translated to local currency (Real) at the exchange rate in force at the reporting dates. Exchange gains and losses resulting from the settlement of these transactions and the translation at the exchange rates at the end of the year are recognized in profit or loss.

Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on re-translation are generally recognized in profit or loss.

c) Cash and cash equivalents

Cash and cash equivalents are held by the Company to meet short-term cash obligations and not for investment or other purposes. The Company considers cash equivalents to be a short-term investment readily convertible into a known amount of cash.

d) Adjustment of assets and liabilities to present value

Long-term monetary assets and liabilities are monetarily restated and therefore adjusted to their present value. The adjustment to present value of short-term monetary assets and liabilities is calculated and only recorded if considered to have a material effect on the financial statements as a whole. For the purpose of determining materiality, the adjustment to present value is calculated based on the contractual cash flows and explicit interest rates, or the respective assets and liabilities in implicit cases.

Based on analyses conducted and Management's best estimates, GNA Infra and its subsidiary concluded that the adjustment to present value of current monetary assets and liabilities is immaterial in relation to the financial statements taken as a whole, meaning no adjustments were made.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

5. Significant accounting practices --Continued

e) Capital expenditure

Investments in subsidiaries are accounted for under the equity method in the investment financial statements.

f) Property, plant and equipment

Items of property, plant and equipment are measured at historic cost of acquisition or construction less accumulated depreciation after operations started. Impairment losses are also deducted.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of the Company's self-constructed assets includes: The cost of materials and direct labor. Any other costs to bring the asset to its location and condition necessary so it can be operated as intended by Management.

If parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

The Company classifies as works in progress all the civil works taking place during construction and installation through operational start-up, whereupon they are reclassified to the corresponding accounts in operating assets.

g) Intangible assets

Intangible assets consist of software acquired by the Company, with definite useful lives and measured at cost, minus accumulated amortization and accumulated impairment.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

5. Significant accounting practices --Continued

h) Other current and noncurrent assets and liabilities

An asset is recognized in the statement of financial position when it is probable that its future economic benefits will flow to the Company and its cost or value can be measured reliably.

A liability is recognized in the statement of financial position when the Company has a present or constructive obligation as a result of a past event, and it is probable that an outflow of economic resources will be required in settlement. Provisions are recorded using best possible estimates of the risk involved.

Long-term and short-term monetary assets and liabilities are adjusted to their present value when their effect on the financial statements is deemed material. The adjustment to present value is calculated based on the contractual cash flows and the explicit or, in certain cases, implicit interest rate on the relevant assets and liabilities.

i) Finance costs

Finance expenses comprise bank expenses and the IOF tax on financial transactions.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

5. Significant accounting practices --Continued

j) New accounting pronouncements

IFRS 9 Financial Instruments (CPC 48 Financial Instruments)

CPC 48 was issued in December 2016, the equivalent of the standard IFRS 9. This is replacing CPC 38- Financial Instruments: Recognition and Measurement (IAS 39) and the main modifications are: (i) impairment requirements for financial assets introducing the hybrid expected and incurred loss model instead of the current incurred loss model; (ii) new requirements for classifying and measuring financial assets; and (iii) an easing of hedge accounting requirements. CPC 48 is generally retrospectively applicable from January 01, 2018. The Management of the Company and its subsidiary have conducted a preliminary analysis of their financial assets and liabilities and did not identify any significant impacts from adopting the new standard as from January 01, 2018.

IFRS 15 Revenue from Contracts with Customers (CPC 49 Revenue from Contracts with Customers)

The IASB issued pronouncement IFRS 15 in May 2014, which replaced IAS 18 - Revenue and related interpretations. This pronouncement establishes a five-step model in which revenue is recognized as the contractual performance obligations are satisfied. The core principle of this new pronouncement is that an entity will recognize revenue upon transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This pronouncement is effective from January 1, 2018. Company and its subsidiary's Management concluded that this pronouncement will not yet impact the financial statements.

Gás Natural Açú Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

5. Significant accounting practices --Continued

j) New accounting pronouncements--continued

IFRS 16 - Leases (no equivalent CPC has been issued yet):

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard - i.e. lessors continue to classify leases as finance or operating leases. IFRS 16 replaces existing leases guidance including CPC 06 (IAS 17) Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) additional matters regarding commercial leases. The standard is applicable from January 01, 2019. Company and its subsidiary's Management concluded that this pronouncement will not yet impact the financial statements.

Gás Natural Açú Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

6. Cash and cash equivalents

	Parent Company	Consolidated
	2017	2017
Cash and bank deposits	2	262
Short-term investments		
Securities held under repurchase agreements	1,149	1,149
	1,149	1,149
	1,151	1,411

Short-term investments partly refer to shares in Investment Funds, whose portfolio is comprised of assets with immediate liquidity and low market risk.

These investments are maintained in and managed by investment funds of the bank Santander in private securities (Debentures and Bank Deposit Certificates - "CDB") issued by prime companies and financial institutions, all linked to floating rates and with a yield of the DI CETIP rate ("CDI").

7. Prepaid expense

As of December 31, 2017, the prepaid expense is R\$2,084, of which R\$1,461 refers to Tokio Marine insurance and R\$623 to Lakeshore.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements
Period May 02 (date of incorporation) to December 31, 2017
(In thousands of Reais, except when indicated otherwise)

8. Investment

a) Equity interest

2017								
<u>Direct investee</u>	<u>% interest</u>	<u>Number of shares/ (thousand)</u>	<u>Assets</u>	<u>Liabilities</u>	<u>Equity</u>	<u>Capital</u>	<u>Capital reserve</u>	<u>Accumulat ed loss</u>
GNA I	100.00%	1	44,404	32,084	12,320	1	12,320	(1)

b) Changes

<u>Direct investee</u>	<u>Capital Reserve</u>	<u>2017</u>
GNA I	12,320	12,320
	12,320	12,320

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

9. Property, plant and equipment

The property, plant and equipment by company as of December 31, 2017 breaks down as follows:

	Consolidated
	2017
GNA I	12,060
	12,060

a) Balance breakdown

	Consolidated	
	Cost	Net 2017
Advances for property, plant and equipment formation	8,138	8,138
Works in progress and equipment under construction	3,922	3,922
	12,060	12,060

Works in progress: The balance of works in progress as of December 31, 2017 consists of initial costs for works on the thermal power plant.

Advance for property, plant and equipment formation: The balance of advances as of December 31, 2017 consists of advances for equipment deliveries.

10. Intangible assets

		Consolidated
	Useful life	12/31/2017
Energy sale receivable (*)	23 years	30,000
		30,000

(*) By way of authorizing resolution 6769, on December 19, 2017 ANEEL transferred the energy trading right, as mentioned in note 01 - Operations.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

11. Trade payable

	Consolidated 2017
Bolognesi Energia (*)	30.000
Seguro Tokio Marine	1.461
	31.461
Current	11.461
Non-current	20.000

(*) In the contract the payable amounts are divided into fixed installments. R\$ 30,000 has already been provisioned for, which will be restated annually by the IPCA price index until the effective payment. The variable installments will be recognized at the start of the operation and will be paid annually, on the first business day of the month of April, based on the audited financial statements for the previous year with installments equal to 3% calculated on the free cash flow from the shareholder, defined as:

- o = EBITDA
- o (+/-) working capital variation;
- o (-) IR/CSSL paid;
- o (-) finance expenses
- o (+) financial revenue from reserve accounts *;
- o (-) investment in maintenance;
- o (-) amortization of financing;
- o (+) disbursement of financing
- o (+/-) change in reserve accounts *

If the reserve accounts are funded with operating cash generation, the formula above will not include the variation in the reserve account and corresponding finance income.

The nonpayment of any of the amounts established in this contract shall trigger monetary restatement according to the variance of the CDI rate until the effective payment date, in addition to arrears interest at 1% (one percent) a month, in addition to an arrears fine of 2% (two percent) of the debit balance.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements

Period May 02 (date of incorporation) to December 31, 2017

(In thousands of Reais, except when indicated otherwise)

12. Accounts payable to related parties

As of December 31, 2017, the accounts payable to related parties is R\$623, relating to Lakeshore's advice.

13. Shareholders' Equity

a) Share capital

As of December 31, 2017 the Company's capital is comprised of R\$322, consisting of 322 common share.

b) Capital reserve

Following the signing the investment agreement, on August 13, 2017 Siemens subscribed the bonus of R\$13,200.

c) Dividends

The Company's shares have an equal participation in dividend payments, interest on shareholders' equity and other shareholder benefits. The corporate by-laws determine the distribution of a minimum compulsory dividend of 25% of the net income for the year, adjusted in accordance with article 202 of Law 6404/76. The Company reported a loss in FY 2017 and did not pay out dividends.

Gás Natural Açu Infraestrutura S.A.

Notes to the financial statements
 Balance at 31 December 2017
 (In thousands of reais, unless stated otherwise)

14. Financial Income/Loss

As of December 31, 2017 the financial expense amounts to R\$51, consisted of IOF on receipt of Siemens' subscription bonus.

15. Commitments

On December 31, 2017 the Company and its subsidiary had commitments for future purchases in the amount of R\$ 2,331,327, which should be fulfilled in the course of the works.

	Consolidated
	2017
GNA I	2,330,111
Gás Infra	1,216
	2,331,327

16. Subsequent events

- Transfer of the UTE Novo Tempo contract

By way of the 1st assignment of CCEAR Contract 25259, between UTE Novo Tempo, GNA I and RGE Sul, on June 18, 2018 UTE Novo Tempo transferred to GNA I the concession, permission or authorization to trade electricity via an intermediary in ordinance 210, issued May 14, 2015.

- Capital contributions

- GNA Infra

At its EGM held February 7, 2018, Siemens subscribed 493 shares for R\$ 68,313.

At its EGM held May 4, 2018, Gás Natural subscribed 1,224 shares for R\$ 169,605.

Gás Natural Açú Infraestrutura S.A.

Notes to the financial statements
Balance at 31 December 2017
(In thousands of reais, unless stated otherwise)

16. Subsequent events--Continued

- Capital contributions--Continued

- GNA I

At its EGM held March 16, 2018, GNA Infra subscribed 82,920 new shares for R\$ 82,920.

At its EGM held May 4, 2018, GNA Infra subscribed 169,050 new shares for R\$ 169,050, and Siemens subscribed 124,105 new shares for R\$ 124,105

- BP Agreement

On May 4, 2018 Prumo and BP signed a Shareholders' Agreement by which BP ratified the commitment to invest up to USD 79,200 thousand for GNA I, a subsidiary of Gás Natural, to build a 1,238 MW thermal power plant. Under the Shareholders' Agreement, BP is entitled to appoint up to two members to the Gás Natural Board of Directors and one member to GNA I's Board of Directors, indirectly by way of GNA Infra, in addition to Gás Natural's Compliance Officer.

- Siemens Agreement

On May 4, 2018 the following agreements were made (i) Shareholders' Agreement of GNA Infra between Gás Natural and Siemens Energy Inc., which established Siemens Energy Inc.'s right to appoint two members to the Board of Directors of GNA Infra; and (ii) the Shareholders' Agreement of GNA I between GNA Infra and Dresser-Rand Participações Ltda., a wholly-owned subsidiary of Siemens ("Siemens"). In addition to confirming Siemens' investment commitment to have the 1,238 MW thermal power plant built by GNA I, amongst other things the Shareholders' Agreement establishes Siemens' right to appoint up to two members to the Board of Directors of GNA I, in addition to its CFO.

Members of the Executive Board

Bernardo de Araújo Chaves Perseke
CEO

Eugenio Leite de Figueiredo
Chief Financial Officer

Leonardo Fortuna Bernardo Ribeiro
Manager of the Controller's Department
CRC-RJ-091229/O-9