

Gás Natural Açú
S.A.

**Financial Statements as of
December 31, 2018 and 2017**

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Independent Auditor's Report on Individual and Consolidated Financial Statements

To the Shareholders and Board of directors of

Gás Natural Açu S.A.

Rio de Janeiro - RJ

Opinion

We have audited the individual and consolidated financial statements of Gás Natural Açu S.A. ("the Company"), respectively referred to as Individual and Consolidated, which comprise the balance sheet as of December 31, 2018, and the statements of operations and other comprehensive loss, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying individual and consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with Accounting Practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the relevant ethical requirements included in 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.

Emphasis of matter – Pre-operational stage of indirect subsidiary

We draw attention to the note 1 in the Financial Statements, which describes that the indirect subsidiary of the Company is in pre-operational stage and consequently has not generated cash flow from its activities and of the Company. Therefore, the capital and operating expenses incurred by the Company and its subsidiaries depend on the financial support of its shareholders. The financial statements should be read in this context. Our opinion is not modified due to this matter.

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 the International Financial Reporting Standards (IFRS) issued by 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.

Auditor's 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 auditor's 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 and its subsidiary's 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 and subsidiary's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's 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 individual and consolidated 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 individual and 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 Management regarding, 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, March 22, 2019

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Original in Portuguese signed by
Luis Claudio França de Araújo
Contador CRC RJ-091559/O-4

Gás Natural Açú S.A.

Balance sheet as of December 31, 2018 and 2017

(In thousand of reais)

	Note	Company		Consolidated	
		2018	2017	2018	2017
Asset					
Current					
Cash and cash equivalents	10	5,161	22	60,447	1,435
Escrow account	11	-	-	200	-
Accounts receivables	20	19,899	-	-	-
Other advances		146	21	207	21
Recoverable taxes	12	75	4	961	4
Income taxes and contributions recoverable	12	-	-	490	-
Prepaid Expense	13	4	-	46,328	2,084
Other receivables		1	-	4	-
Total current assets		25,286	47	108,637	3,544
Non-current					
Prepaid expense	13	13	-	20,978	-
Deffered taxes	14	-	-	7,019	-
Equity-accounted investees	15	541,614	13,472	-	-
Property, plant and equipment	16	3,234	-	803,422	12,060
Intangible assets	17	15	-	30,828	30,000
Total non-current assets		544,876	13,472	862,247	42,060
Total assets		570,162	13,519	970,884	45,604

The notes are an integral part of these financial statements.

Gás Natural Açú S.A.

Balance sheet as of December 31, 2018 and 2017

(In thousand of reais)

	Note	Company		Consolidated	
		2018	2017	2018	2017
Liabilities					
Current					
Suppliers	18	380	4,622	9,284	6,083
Salaries and charges payable	19	2,543	2,292	7,676	2,292
Accounts payable	20	4,034	1,875	6,175	2,498
Taxes payable	21	172	190	2,670	190
Trade accounts payable	22	-	-	9,579	10,000
Total current liabilities		7,129	8,979	35,384	21,063
Non-current					
Trade accounts payable	22	-	-	21,385	20,000
Total non-current liabilities		-	-	21,385	20,000
Shareholders' equity					
	23				
Share capital		141,833	16,021	141,833	16,021
Advance for future capital increase		300,624	-	300,624	-
Capital reserve		169,577	28,856	169,577	28,856
Other comprehensive income		11,719	-	11,719	-
Accumulated losses		(60,720)	(40,337)	(60,720)	(40,337)
Total shareholders' equity attributed to controlling shareholders		563,033	4,540	563,033	4,540
Non-controlling interest		-	-	351,082	1
Total shareholders' equity		563,033	4,540	914,115	4,541
Total liabilities and shareholders' equity		570,162	13,519	970,884	45,604

The notes are an integral part of these financial statements.

Gás Natural Açú S.A.

Statements of operations

Financial years ended December 31, 2018 and 2017

(In thousands of reais)

	Note	Company		Consolidated	
		2018	2017	2018	2017
Operating expenses					
Administrative expenses	24	(6,315)	(26,026)	(35,301)	(26,026)
Impairment and other losses	10b	(1)	-	(6)	-
Net income before financial revenue (expenses)		(6,316)	(26,026)	(35,307)	(26,026)
Financial Revenue/Expense	25				
Finance income		233	2	3,442	2
Finance expenses		(69)	(17)	(2,090)	(68)
Share of loss of equity-accounted investees	15	(14,231)	(51)	-	-
Loss before taxes		(20,383)	(26,092)	(33,955)	(26,092)
Deffered income and social contribution taxes	14	-	-	7,019	-
Loss for the year		(20,383)	(26,092)	(26,936)	(26,092)
Attributable to:					
Owners of the Company		(20,383)	(26,092)	(20,383)	(26,092)
Non-controlling interests		-	-	(6,553)	-
Loss for the year		(20,383)	(26,092)	(26,936)	(26,092)

The notes are an integral part of these financial statements.

Gás Natural Açú S.A.

Statements of comprehensive loss

Years ended December 31, 2018 and 2017

(In thousands of reais)

	Company		Consolidated	
	2018	2017	2018	2017
Loss for the year	(20,383)	(26,092)	(26,936)	(26,092)
Gain on the percentage change in investee	11,719	-	11,719	-
Total comprehensive loss for the year	(8,664)	(26,092)	(15,217)	(26,092)

The notes are an integral part of these financial statements.

Gás Natural Açú S.A.

Statements of changes in shareholders' equity

Years ended December 31, 2018 and 2017

(In thousands of reais)

	Share capital		Capital reserves		Other comprehensive income	Accumulated loss	Shareholders' Equity - company	Non controlling shareholder's equity	Total shareholders' equity	
	Subscribed	Uncalled	Premium on shares	Advance for future capital increase	Subscription Bonus - reflex					Gain / (loss) on the percentage change in investee
Balance as of January 01, 2017	624	-	-	9,105	-	-	(14,245)	(4,516)	-	(4,516)
Capital increase	15,397	-	-	(9,105)	-	-	6,292	-	6,292	
Loss for the year	-	-	-	-	-	(26,092)	(26,092)	-	(26,092)	
Advance for future capital increase	-	-	-	15,656	-	-	15,656	-	15,656	
Subscription bonus - Siemens	-	-	-	-	13,200	-	13,200	-	13,200	
Minority interest	-	-	-	-	-	-	-	1	1	
Balance as of December 31, 2017	16,021	-	-	15,656	13,200	-	(40,337)	4,540	1	4,541
Loss for the year	-	-	-	-	-	(20,383)	(20,383)	(6,553)	(26,936)	
Capital increase	140,356	-	-	-	-	-	140,356	-	140,356	
Uncalled capital	-	(14,544)	-	-	-	-	(14,544)	-	(14,544)	
Advance for future capital increase	-	-	-	284,968	-	-	284,968	-	284,968	
Premium on new shares	-	-	156,377	-	-	-	156,377	-	156,377	
Capital increase in GNA Infra	-	-	-	-	-	11,719	11,719	56,594	68,313	
Capital increase in UTE GNA I	-	-	-	-	-	-	-	294,132	294,132	
Capital increase in UTE GNA II	-	-	-	-	-	-	-	6,908	6,908	
Balance as of December 31, 2018	156,377	(14,544)	156,377	300,624	13,200	(60,720)	563,033	351,082	914,115	

The notes are an integral part of these financial statements.

Gás Natural Açú S.A.

Statements of cash flows

Years ended December 31, 2018 and 2017

(In thousands of reais)

	Company		Consolidated	
	2018	2017	2018	2017
Cash flows from operating activities				
Loss before tax	(20,383)	(26,092)	(33,955)	(26,092)
Adjustments for:				
Depreciation and amortization	85	-	101	-
Exchange loss	-	-	1,385	1
Share of profit (loss) of equity-accounted investees	14,231	51	-	-
Adjusted net loss	(6,067)	(26,041)	(32,469)	(26,091)
(Increase) decrease in assets and increase (decrease) in liabilities:				
Recoverable taxes	(71)	(4)	(1,447)	(4)
Prepaid expense	(17)	-	(65,222)	-
Other advances	(125)	(21)	(186)	(21)
Other receivables	(1)	-	(4)	-
Escrow account	-	-	(200)	-
Accounts receivables	(19,899)	-	-	-
Suppliers	(4,242)	854	3,201	854
Accounts payable	2,159	1,149	3,677	1,149
Taxes payables	(18)	43	2,480	43
Trade accounts payable	-	-	(421)	-
Salaries and charges payable	251	2,278	5,384	2,278
Net cash used in operating activities	(28,030)	(21,742)	(85,207)	(21,792)
Cash flows from investing activities				
Acquisition of PPE	(3,319)	-	(791,463)	(12,060)
Acquisition of intangible	(15)	-	(828)	-
Capital increase in subsidiary	(530,654)	-	-	-
Transfer of interest	-	(320)	-	-
Net cash provided by investing activities	(533,988)	(320)	(792,291)	(12,060)
Cash flows from financing activities				
Capital increase	125,812	6,292	341,241	6,292
Capital reserve	156,377	-	303,429	-
Advance for future capital increase	284,968	15,656	291,840	15,656
Siemens subscription bonus	-	-	-	13,200
Net cash provided by financing activities	567,157	21,948	936,510	35,148
Increase (decrease) in cash and cash equivalents	5,139	(114)	59,012	1,296
At the beginning of the year	22	136	1,435	139
At end of year	5,161	22	60,447	1,435
Increase (decrease) in cash and cash equivalents	5,139	(114)	59,012	1,296

The notes are an integral part of these financial statements.

Notes to the financial statements

(In thousands of Reais, unless stated otherwise)

1 Operations

Gás Natural Açú S.A. (“Gás Natural” or “Company”), formerly known as SDX Investimentos Ltda, was incorporated on October 15, 2014. On October 19, 2017 the Company was transformed from a limited company to a privately held corporation. It is controlled by Prumo Logística S.A. (“Prumo”) which holds its entire share capital as of December 31, 2017.

The Company and its subsidiaries’ (“GNA Group”) 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.

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

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 UTE GNA I Geração de Energia S.A. (“GNA I”). The agreement also entails the transfer of the 37 energy trading agreements in the regulated environment (CCEARs) entered into with energy distribution companies.

The GNA I project 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 Açú, in addition to comprising the development of the “Açú 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.

On August 13, 2017 Gás Natural signed an investment agreement with Siemens, with Prumo as guarantor and Gás Natural Açú Infraestrutura S.A. (“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).

A corporate reorganization took place on December 15, 2017, by which 320,990 registered shares in GNA I held by the shareholder Gás Natural and 10 shares held by the shareholder Prumo were transferred to GNA Infra, resulting in the latter becoming the company of GNA I.

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, a subsidiary of 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; and
- (iv) The terms and conditions for the acquisition by BP of 50% of the capital of Gás Natural Açú Comercializadora de Energia Ltda. ("GNA III"), a Prumo subsidiary, founded to develop opportunities related to the purchase and sale of energy, natural gas and liquids derived from natural gas at Porto do Açú.

In December 2017 the subsidiary UTE GNA II Geração de Energia Ltda. ("GNA II") prevailed at auction A-6, successfully bidding for a 1,672.6 MW thermal electricity project which will require investment of R\$ 3.4 billion, which is forecast to come into operation on January 01, 2023.

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 GNA HoldCo, to build a 1,298 MW thermal power plant. Under the Shareholders' Agreement, BP is entitled to appoint up to two members to the GNA HoldCo Board of Directors and one member to GNA I's Board of Directors, indirectly by way of GNA Infra, in addition to GNA HoldCo's Compliance Officer.

Siemens Agreement

On May 4, 2018 the following agreements were made (i) Shareholders' Agreement of GNA Infra between GNA HoldCo 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 1 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 1,298 MW thermal power plant built by GNA 1, amongst other things the Shareholders' Agreement establishes Siemens' right to appoint up to two members to the Board of Directors of GNA 1, in addition to its CFO.

Licenses

Gás Natural Group has preliminary environmental licenses for up to 6.4 GW in thermal power plants on a combined cycle. The processes for signing the energy sale agreements of two UTEs are at an advanced stage, for a total installed capacity of 2.9 GW.

The licenses or permits in force at December 31, 2018 are:

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
GNA HoldCo	Preliminary Construction approving the design and location of the project implementing a port terminal for the import and regasification of LNG, LPG and related products, with a gas processing capacity of 42 million m3/day, to be built at the South Terminal of Porto do Açú.	LP nº IN042348	11/27/2017	11/26/2022
GNA HoldCo	Preliminary license approving the design and location for the implementation of thermoelectric power stations on a combined cycle consisting of 2 (two) generating blocks (UTE-1 and UTE-2), with a maximum installed capacity of approximately 3,100 MW and their external structures (gas pipeline, underwater effluent outlets, transmission line and water pipeline..	LP nº IN032607 AVB002932 AVB003518	12/02/2015	11/30/2020
	License for the implementation of the New Tempo GNA II, with natural gas, with an installed capacity of 1,298,963MW, in a combined cycle, and 1.6km transmission line, with suppression in an area of 1,1407 hectares and to capture, transport, rescue and monitoring of wildlife..	LI nº IN044379	03/09/2018	03/09/2023
GNA I	Licensing for earthmoving; construction site; and implementation of the LNG regasification port terminal at the North Jetty of terminal 2 of the Açú Port, and support structures (pipeline, effluent pipeline and submarine emissary) to carry out the activities of reception, storage, regasification and dispatch of natural gas.	LI nº IN047687	12/18/2018	12/18/2020
GNA I	License for the installation of UTE GNA I Geração de Energia SA, with natural gas, with installed capacity of 1,298,968MW, in combined cycle, and transmission line of 1.6KM, contemplating the alterations of layout, auxiliary infrastructure (utilities, treatment water storage, administrative buildings, container workshop, storage room and laboratory) and the temporary infrastructure for implantation (construction sites), suppression of restinga vegetation in an area of 1.4907 hectares and capture, transport, rescue and monitor fauna wild.	LI nº IN04056	08/14/2018	03/09/2023
GNA I	Preliminary and installation license approving the design, location and implantation of a temporary construction site and area approximately 65.000 m², contemplating the suppression of 277 native tree individuals isolated in an area of 5.89ha of pasture and of 0.06ha of live fences of Exotic species Euphorbia tirucalli (gaiolinha) and group of exotic species Syzygium cumini (jamelão).	LPI nº IN047115	11/12/2018	11/12/2023

a. Going Concern

The financial statements have been prepared on a going concern basis, which assumes that the Company will obtain enough financial resources to generate future cash flow.

The Company recognized a loss of R\$ 20,383 and R\$ 26,936 (company and consolidated) for the year ended December 31, 2018 (R\$ 26,092 as of December 31, 2017, company and consolidated) and, as of that date, current assets exceed liabilities current at R\$ 18,157 and R\$ 73,253 (company and consolidated). Management does not recognize the uncertainty about the future capacity of operating cash flow generation considering:

- Increase in paid-in capital of R\$ 140,356 (R\$ 14,544 to be paid in), see explanatory note 23.a; and
- Future operating cash flow, based on the business plan reviewed by periodically specialized consulting.
- On December 20, 2018, the subsidiary of Gás Natural Açú Infraestrutura SA, UTE GNA I signed a financing agreement with BNDES and KFW IPEX-Bank in the amount of R\$ 1.76 billion, which will be used to implement the UTE GNA I, the construction of the LNG terminal, as well as a substation and a transmission line. The loan release expectation is for the second quarter of 2019.

2 List of subsidiaries

	Country	Ownership interest	
		2018	2017
Direct subsidiary			
Gás Natural Açú Infraestrutura (“GNA Infra”)	Brazil	90.66%	100.00%
UTE GNA II Geração de Energia Ltda (“GNA II”)	Brazil	49.50%	49.50%
Gás Natural Açú Comercializadora de energia Ltda (“GNA Comercializadora”)	Brazil	99.00%	99.00%
Indirect subsidiary			
UTE GNA I Geração de Energia S.A (“GNA I”)	Brazil	67.00%	100.00%

3 Basis of preparation and presentation of the financial statements

a. Statement of compliance

The Company’s financial statements have been prepared in accordance with the international financial reporting standards (“IFRS”) issued by the International Accounting Standards Board (IASB) and accounting practices adopted in Brazil (“BR GAAP”).

Authorization for the conclusion of the preparation of this financial statements information was given by Management on March 22, 2019.

After its issuance, only the shareholders have the power to change the financial statements.

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.

4 Basis of preparation

The financial statements has been prepared based on the historical cost basis, except for certain financial instruments which have been measured at fair value through profit and loss.

5 Functional and presentation currency

These financial statements are reported in Reais, which is the Company's functional currency. All balances were rounded to the nearest thousand, unless otherwise noted.

6 Use of judgment 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.

Significant items subject to estimates include the evaluation of the useful lives of property, plant and equipment, the analysis of the recovery of fixed assets, intangible assets, the evaluation of the recoverable amount of deferred income tax and social contribution, financial instruments, among others. The future settlement of transactions involving these estimates may result in values that are different from those recorded in the Financial Statements due to the inaccuracies inherent in the determination process. The Company reviews its estimates and assumptions at least annually.

In preparing these financial statements for the year ended December 31, 2018, the accounting policies adopted are consistent with those used when preparing the Financial Statements as of December 31, 2017, except for the new accounting policies related to the adoption of IFRS 9 - Financial Instruments.

7 Changes in Key accounting policies

The Company initially applied CPC 47 / IFRS 15 and CPC 48 / IFRS 9 on January 1, 2018.

A number of other new standards also came into effect as of January 1, 2018, but did not materially affect the Company's financial statements

Due to the transition methods chosen by the Company in the application of these standards, comparative information on these financial statements have not been restated for reflect the requirements of the new standards, except for the separate presentation of impairment of assets.

The initial application effect of these standards is mainly attributed to the following:

- recognized impairment losses on assets.

a. CPC 47 / IFRS 15 Revenue from contract with customers

CPC 47 / IFRS 15 establishes a comprehensive framework for determining whether and when a revenue is recognized and how much revenue is measured. It replaced CPC 30 / IAS 18 - Revenue, CPC 17 / IAS 11 - Construction Contracts and related interpretations. In accordance with CPC 47 / IFRS 15, revenue is recognized when the customer obtains control of the goods or services.

Determining the timing of the transfer of control - at a specific point in time or over time - requires judgment.

CPC 47 / IFRS 15 had no significant impact on the Company's accounting policies, since the Company is in a pre-operational stage and there is no recognition of revenue.

b. CPC 48/IFRS 9 Financial instruments

CPC 48 / IFRS 9 establishes requirements to recognize and measure financial assets, financial liabilities and some contracts for the purchase or sale of non-financial items. This standard replaces CPC 38 / IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of CPC 48 / IFRS 9, the Company adopted the changes resulting from CPC 26 / IAS 1 Presentation of Financial Statements, which require that the impairment of financial assets be presented separately on the income statement.

Previously, the Company's approach was to include the impairment of other expenses. Impairment losses on financial assets are presented under the caption "Impairment of assets", separately in the statement of income.

8 Significant accounting practices

The accounting policies adopted by the Company are:

8.1 Financial instruments

(i) *Initial recognition and measurement*

Customer receivables and debt securities issued are initially recognized on the date they were originated. All other financial assets and liabilities are recognized initially when the Company becomes part of the contractual provisions of the instrument.

A financial asset (unless it is an accounts receivable from customers without a significant financing component) or financial liability is initially measured at fair value, plus, for an item not measured at the FVTPL, the transaction costs that are directly attributable to acquisition or issue. An accounts receivable from customers without a significant component of financing is initially measured at the price of the transaction.

(ii) **Classification and Subsequent Measurement**

Financial instruments – Policy applicable as of January 1, 2018.

On initial recognition, a financial asset is classified as measured: at amortized cost; for FVOCI (Fair Value through other comprehensive income) - debt instrument; for FVOCI - equity instrument; or the FVTPL (fair value through profit or loss).

Financial assets are not reclassified subsequent to initial recognition, unless the Company changes the business model for the management of financial assets, in which case all affected financial assets are reclassified on the first day of the reporting period subsequent to the change in business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured in the FVTPL:

- is maintained within a business model whose purpose is to maintain financial assets to receive contractual cash flows; and
- their contractual terms generate, on specific dates, cash flows related only to payment of principal and interest on the principal amount outstanding.

A debt instrument is measured at the FVOCI if it meets both of the following conditions and is not designated as measured at the FVTPL:

- is maintained within a business model whose objective is achieved both by receiving contractual cash flows and by the sale of financial assets; and
- their contractual terms generate, on specific dates, cash flows that are only payments of principal and interest on the principal amount outstanding.

In the initial recognition of an investment in an equity instrument that is not held for trading, the Company may irrevocably choose to present subsequent changes in the fair value of the investment in ORA. This choice is made by investment.

All financial assets not classified as measured at amortized cost or to FVOCI, as described above, are classified as FVTPL.

On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or to the FVOCI and to the FVTPL if this eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The Company performs an evaluation of the business model objective in which a financial asset is held in the portfolio because this better reflects the way in which the business is managed and the information is provided to Management. Information considered includes:

- the policies and objectives set out for the portfolio and the practical operation of these policies.

They include the question of whether Management's strategy focuses on obtaining contractual interest income, maintaining a certain interest rate profile, matching the duration of financial assets with the duration of related liabilities or expected outflows of cash, or the realization of cash flows through the sale of assets;

- how the performance of the portfolio is evaluated and reported to the Company's Management;
- the risks that affect the performance of the business model (and the financial asset held in that business model) and the way those risks are managed;
- how the business managers are remunerated - for example, whether the compensation is based on the fair value of the assets managed or the contractual cash flows obtained; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and their expectations about future sales.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales, in a manner consistent with the ongoing recognition of the Company's assets.

Financial assets - evaluation if contractual cash flows are only the principal and interest payments: Policy applicable as of January 1, 2018

For purposes of this assessment, the "principal" is defined as the fair value of the financial asset at the initial recognition. 'Interest' is defined as a consideration for the time value of money and for the credit risk associated with the amount of principal outstanding for a given period of time and for the other risks and costs underlying the loan (eg liquidity risk and costs administrative costs), as well as a profit margin.

The Company considers the contractual terms of the instrument to assess whether contractual cash flows are only the principal and interest payments. This includes assessing whether the financial asset contains a contractual term that may change the term or value of the contractual cash flows so that it does not meet this condition. In making this evaluation, the Company considers:

- contingent events that modify the value or timing of cash flows;
- terms that can adjust the contractual rate, including variable rates;
- prepayment and extension of the term; and
- terms that limit the Company's access to cash flows of specific assets (for example, based on the performance of an asset).

Financial assets - Business model evaluation: policy applicable as of January 1, 2018

The prepayment is consistent with the principal and interest payment criterion if the prepayment amount represents, in most cases, unpaid principal and interest amounts on the principal amount outstanding - which may include additional compensation for termination agreement. In addition, in respect of a financial asset acquired for a value less than or greater than the nominal value of the contract, the permit or prepayment requirement for a value representing the nominal value of the contract plus the contractual interest (which may also include compensation (but not paid) are treated as consistent with this criterion if the fair value of the prepayment is insignificant at initial recognition

Financial assets - Subsequent measurement and gains and losses: Policy applicable as of January 1, 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

- (iii) ***Financial liabilities - classification, subsequent measurement and gains and losses***
 Financial liabilities were classified as measured at amortized cost or to FVTPL. A financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading, is a derivative or is designated as such at initial recognition. Financial liabilities measured at FVTPL are measured at fair value and net income, including interest, is recognized in income. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense, exchange gains and losses are recognized in income. Any gain or loss on derecognition is also recognized in income.

(iv) ***Derecognition***

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows of the asset expire, or when the Company transfers the contractual rights of receipt to the contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred or in which the Company neither transfers nor maintains substantially all the risks and benefits of ownership of the financial asset and also does not retain control over the financial asset.

The Company carries out transactions in which it transfers assets recognized in the balance sheet, but retains all or substantially all the risks and benefits of the assets transferred. In such cases, financial assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expires. The Company also derecognizes a financial liability when the terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

In the derecognition of a financial liability, the difference between the extinct book value and the consideration paid (including transferred assets that do not pass through the cash or assumed liabilities) is recognized in profit or loss.

(v) Compensation

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to settle them on a net basis or to realize the asset and settle the liability simultaneously.

8.2 Asset Recovery Value Analysis

The Company's Management annually reviews the net book value of its assets with the purpose of evaluating events or changes in economic, operational or technological circumstances that may indicate deterioration or loss of its recoverable value. If such evidence is identified and the net book value exceeds the recoverable amount, a provision for devaluation is recorded, adjusting the net book value to the recoverable value.

In the years ended December 31, 2018 and 2017, there was no need to recognize impairment losses.

8.3 Adjustment to present value of assets and liabilities

Long-term monetary assets and liabilities are monetarily restated and adjusted for their present value. The adjustment to present value of short-term monetary assets and liabilities is calculated, and only recorded, if it is considered relevant in relation to the financial statements taken as a whole. For purposes of recording and determining relevance, the adjustment to present value is calculated taking into account the contractual cash flows and the explicit interest rate, and in certain cases implicit, of the respective assets and liabilities. Based on the analyzes performed and the best estimate of the administration.

8.4 Impairment of non-financial assets

Management annually reviews the events or changes in the economic, operational or technological circumstances of each asset or cash-generating unit that may indicate impairment or loss of its recoverable value. If such evidence is identified and the net book value exceeds the recoverable amount, a provision for devaluation is recorded, adjusting the net book value to the recoverable value.

Impairment losses are recognized in income and are reversed only in the condition that the carrying amount of the asset or CGU does not exceed the book value that would have been calculated if no impairment loss had been recognized for the asset or CGU in previous years. The reversal of the impairment loss is recognized immediately in profit or loss.

A CGU is defined as the smallest identifiable group of assets that generate cash inflows, regardless of the cash inflows of other assets or group of assets. The recoverable amount of a CGU is defined as the higher of the value in use and the fair value less costs to sell.

When estimating the value in use of the asset, estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the weighted average cost of capital for the segment in which CGU operates. Fair value is determined, whenever possible, based on a firm sales contract in a commutative transaction between knowledgeable and interested

parties, adjusted by expenses attributable to the sale of the asset, or, when there is no basis in the market price, of an active market, or the price of the most recent transaction with similar assets.

Objective evidence that non-financial assets had a loss of value includes:

- Observable indicators of significant reduction of the value of the asset;
- Technological, market, economic or legal changes in which the entity operates the asset;
- Increase of interest rates practiced in the market of return on investments affecting the discount rate used by the Company;
- The book value of the entity's equity is greater than the value of its shares in the market;
- Available evidence of obsolescence or physical damage to an asset;
- Discontinuance or restructuring of the operation to which an asset belongs;
- Observable data indicating that the economic performance of an asset is or will be worse than expected.

In the years ended December 31, 2018 and 2017, there was no indication of deterioration and as a result, the Company did not analyze its assets.

8.5 Property, plant and equipment

Property, plant and equipment is measured at historical cost, less accumulated depreciation, calculated by the depreciation rate according to ANEEL 674 normative resolution. Historical cost includes expenses directly attributable to the acquisition of items and financing costs related to the acquisition of qualifying assets.

8.6 Income and social contribution taxes

Income and social contribution taxes for the current and deferred fiscal year are calculated based on the rates of 15%, plus an additional 10% on taxable income in excess of R\$ 240 for income tax and 9% on taxable income for social contribution on net income, and consider the offsetting of tax losses and negative basis of social contribution, limited to 30% of the net income for the year.

Income tax and social contribution expenses comprise current and deferred income and social contribution taxes. Current and deferred taxes are recognized in income unless they are related to the business combination or items directly recognized in equity or other comprehensive income.

Current income tax and social contribution expenses

Current tax expense is the tax payable or receivable estimated on the taxable profit or loss for the year and any adjustment to taxes payable in respect of prior years. The amount of current taxes payable or receivable is recognized in the balance sheet as a tax asset or liability for the best estimate of the expected value of the taxes to be paid or received that reflects the uncertainties related to its determination, if any. It is measured based on the tax rates enacted at the balance sheet date.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred income tax and social contribution expenses

Deferred tax assets and liabilities are recognized with respect to temporary differences between the carrying amounts of assets and liabilities for the purpose of financial statements and those used for tax purposes.

A deferred tax asset is recognized in respect of tax losses and unused deductible temporary differences to the extent that it is probable that future taxable income will be available against which it will be used. The probability of recovery of these balances is reviewed at the end of each year. When future taxable income is no longer likely to be available and allow the full or partial recovery of these taxes, the asset balance is reduced to the amount that is expected to be recovered.

8.7 Provisions

Provisions are recognized based on a past event when there is a legal or constructive obligation that can be estimated reliably and if it is probable that an economic resource is required to settle this obligation. When applicable, provisions are cleared by discounting the expected future cash outflows at a rate that considers the current market valuations and the specific risks for liabilities.

8.8 Financial income and expenses

Interest income and expense are recognized in the income statement using the effective interest method.

8.9 Measurement of fair value

Fair value is the price that would be received in the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date in the main market or, in its absence, the most advantageous market to which the company has access on that date. The fair value of a liability reflects its default risk. The risk of non-compliance includes, among others, the Company's own credit risk.

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

When available, the Company measures the fair value of an instrument using the price quoted in an active market for that instrument. A market is considered to be active if the transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Company uses valuation techniques that maximize the use of relevant observable data and minimize the use of unobservable data. The valuation technique chosen incorporates all the factors that market participants would take into account when pricing a transaction.

If an asset or a liability measured at fair value has a purchase price and a sale price, the Company measures assets based on purchase prices and liabilities based on selling prices.

The best evidence of the fair value of a financial instrument on initial recognition is usually the transaction price - that is, the fair value of the consideration given or received. If the Company determines that the fair value at initial recognition differs from the transaction price and the fair value is not evidenced by a price quoted in an active market for an identical asset or liability or based on an evaluation technique for which any unobservable data are judged to be insignificant in relation to measurement, then the financial instrument is initially measured at fair value adjusted to defer the difference between the fair value at the initial recognition and the transaction price. Subsequently, this difference is recognized in profit or loss on an adequate basis over the life of the instrument or until the valuation is fully supported by observable market data or the transaction is closed, whichever occurs first.

8.10 Foreign currency

a. *Transactions in foreign currency*

Transactions in foreign currency are converted into the respective functional currencies of the Company by the exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are converted to the functional currency at the exchange rate on that date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are reconverted to the functional currency at the exchange rate on the date the fair value was determined. Non-monetary items that are measured based on historical cost in foreign currency are translated at the exchange rate on the date of the transaction. Foreign currency differences resulting from the conversion are generally recognized in income.

9 New standards and interpretations not yet effective

A number of new standards will be effective for years beginning on or after January 1, 2019. The Company did not adopt these changes in the preparation of these financial statements and does not plan to adopt these standards in advance.

Among the standards that are not yet in force, it is expected that CPC 06 (R2) / IFRS 16 will have a material impact on the Company's financial statements in the initial application period.

a. **CPC 06 (R2) / IFRS 16 - Leases**

The Company shall adopt CPC 06 (R2) / IFRS 16 - Leases as of January 1, 2019. The Company has assessed the potential impact that the initial application of CPC 06 (R2) / IFRS 16 will have on the financial statements. The actual impacts of adopting the standard as of January 1, 2019 may change because the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single model for the accounting of leases in the balance sheet for lessees. A lessee recognizes a right of use asset that represents his right to use the leased asset and a lease liability that represents his obligation to make lease payments. Exemptions are available for short-term leases, low-value items and leases whose assets are not identified under contract or after the contract is started. The lessor's accounting remains similar to the current standard, that is, lessors continue to classify leases as financial or operating.

IFRS 16 (CPC 06) replaces existing lease standards, including CPC 06 (IAS 17) Leasing Operations and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) Complementary Aspects of Leasing Operations.

Based on the information currently available, the Group estimates that it will recognize additional lease obligations from R\$ 275,000 to R\$ 305,000 on January 1, 2019

b. Other standards not yet effective

The following amended standards and interpretations should not have a significant impact on financial statements of the Company.

- IFRIC 23 / ICPC 22 Uncertainty about Tax Treatment on Profit.
- Prepayment Characteristics with Negative Remuneration (Changes in IFRS 9).
- Investment in Affiliate, Subsidiary and jointly controlled enterprise (Changes in CPC 18 (R2) / IAS 28).
- Changes in Plan, Reductions or Settlement of the Plan (Amendments in CPC 33 / IAS 19).
- Cycle of annual improvements in IFRS 2015-2017 - various standards.
- Changes in the references to the conceptual framework in IFRS.
- IFRS 17 Insurance Contract.

10 Cash and cash equivalents

	Company		Consolidated	
	2018	2017	2018	2017
Cash and bank deposits	52	22	158	286
Short-term investments				
Securities held under repurchase agreements	-	-	-	1,149
CDB (a)	5,110	-	60,295	-
	5,110	-	60,295	1,149
	5,162	22	60,453	1,435
Provision for expected loss (b)	(1)	-	(6)	-
Total	5,161	22	60,447	1,435

- (a) The balance of cash and cash equivalents at December 31, 2018 consists of a current account and a CDB application at Santander, which are readily convertible into a known amount of cash and are subject to an insignificant risk of change in value.
- (b) The estimated financial losses were calculated based on the loss rates of a Corporate Default study published by S&P on April 13, 2017, referring to 15 years of data collected by S & P on the default risk of companies at each level rating.

Cash and cash equivalents are held with banking and financial counterparties, which are grouped into 5 levels, separated by AAA and BB according to their rating on Fitch Ratings, Moody's and Standard & Poor's. As shown in the table below, the counterparties in which the Company has outstanding balances as of December 31, 2018 are classified in AAA, based on the average of their ratings in the rating companies listed above.

The estimated loss position in cash and cash equivalents was calculated based on the expected loss rate of 12 months and reflects the maturity dates of the risk exposures.

In Thousand Reais

Level of Risk	Rating	Gross Balance	Loss rate(1)	Provision for loss
Level 1	AAA	60	0,01%	6

Loss Rate considers the Global Corporate Average Default Rate for 1 year released by S & P on 04/13/17.

11 Escrow account

As of December 31, 2018, the balance of bank deposits is R\$ 200, consisting of the guarantee pledge for competitive tenders 3/2018 of the public notice, containing the construction and exploration of port facilities in the region of São João da Barra by Antaq.

12 Recoverable taxes

	Company		Consolidated	
	2018	2017	2018	2017
Income tax withheld at source (“IRRF”)	57	4	692	4
Income tax and social contribution (“IRPJ/CSLL”)	-	-	490	-
Tax on service (“ISS”)	18	-	269	-
Total	75	4	1,451	4

13 Prepaid expense

	Company		Consolidated	
	2018	2017	2018	2017
Insurance premium (a)	17	-	33,433	1,461
Transaction cost (b)	-	-	33,873	623
Total	17	-	67,306	2,084
Current	4	-	46,328	2,084
Non-current	13	-	20,978	-
Total	17	-	67,306	2,084

- (a) Insurance premiums: engineering risks, civil liability, transportation and bail.
- (b) Transaction cost to obtain financing from the thermal and LNG regasification terminal, both projects mentioned in Note 1. The amounts are presented in current and non-current assets until the effective funding of the financing resources occurs, where they will be from that moment, reclassified to the liability, as reducing accounts of the outstanding balance of the loans.

14 Deffered tax

	Company		Consolidated	
	2018	2017	2018	2017
Profit before tax	(20,383)	(26,092)	(33,955)	(26,092)
Income tax and social contribution rate	34%	34%	34%	34%
Deferred income and social contribution taxes (base x aliquot)	6,930	8,871	11,545	8,871
Provision for PLR	1,484	-	2,261	-
Provision for estimated loss	(3)	-	478	-
Pre-operating expenses	-	-	6,706	-
Share of profit (loss) of equity-accounted investees	(4,839)	-	(4,839)	-
Tax credits on unrecognized tax loss	3,358	-	2,413	-
Total deferred income and social contribution	-	-	7,019	-
Effective rate	0%	0%	21%	0%
Current	-	-	-	-
Deferrd	-	-	7,019	-

Unrecognized deferred tax assets arising from tax losses and negative basis of social contribution, however, the Company can only offset up to 30% of taxable income for the year.

Technical feasibility studies indicate the full recovery capacity in the subsequent years of the recognized deferred tax amounts and correspond to Management's best estimates of the future evolution of the Company and the market in which it will start operations in 2021.

15 Equity-accounted investees

a. Equity interest

		2018							
Direct investee	% interest	Number of shares / (thousand)	Assets	Liabilities	Equity	Share capital	AFAC	Capital reserve	Accumulated loss
GNA Infra	90.66%	4,783	594,136	3,488	590,648	302,854	-	302,855	(15,061)
GNA II	49.50%	72	15,407	2,989	12,418	72	13,607	-	(1,261)
GNA Comercializadora	99.00%	11	10	-	10	11	-	-	(1)
		2017							
Direct investee	% interest	Number of shares / (thousand)	Assets	Liabilities	Equity	Share capital	AFAC	Capital reserve	Accumulated loss
GNA Infra	100.00%	322	13,471	-	13,471	322	-	13,200	(51)
GNA II	49.50%	2	2	-	2	2	-	-	-
GNA Comercializadora	99.00%	1	1	-	1	1	-	-	-

b. Movements on Investees

Direct investee	2017	Share capital	AFAC	Capital reserve	Net income	Transfer of shares	Gain and loss % change	2018
GNA Infra	13,471	234,219	-	289,655	(13,607)	-	11,719	535,457
GNA II	1	35	6,735	-	(624)	-	-	6,147
GNA Comercializadora	-	10	-	-	-	-	-	10
Total	13,472	234,264	6,735	289,655	(14,231)	-	11,719	541,614

Direct investee	2016 (Not reviewed)	Share capital	Capital reserve	Net income	Transfer of shares	2017
GNA Infra (*)	-	1	13,200	(51)	321	13,471
GNA I	1	320	-	-	(321)	-
GNA II	1	-	-	-	-	1
GNA Comercializadora	-	-	-	-	-	-
Total	2	321	13,200	(51)	-	13,472

16 Property, plant and equipment

a. Balance breakdown

	Annual depreciation rate %	Company			
		Cost	Accumulated depreciation	Net 2018	Net 2017
Project development expenses	-	92	-	92	-
Leasehold improvements	20%	1,746	-	1,746	-
IT equipments	20%	1,087	(81)	1,006	-
Furniture and utensils	10%	390	(4)	386	-
Machines and equipments	10%	3	-	4	-
Total		3,319	(85)	3,234	-

	Annual depreciation rate %	Consolidated			
		Cost	Accumulated depreciation	Net 2018	Net 2017
Advances for property, plant and equipment formation (*)	-	278,493	-	278,493	8,138
Works in progress and equipment under construction (**)	-	520,925	-	520,925	3,922
Project development expenses	-	488	-	488	-
Leasehold improvements	20%	1,746	-	1,746	-
IT equipments	20%	1,365	(96)	1,269	-
Furniture and utensils	10%	502	(5)	497	-
Machines and equipments	10%	4	-	4	-
Total		803,523	(101)	803,422	12,060

	Annual depreciation rate %	Consolidated			
		Cost	Accumulated depreciation	Net 2017	Net 2016 (Not reviewed)
Advances for property, plant and equipment formation	-	8,138	-	8,138	-
Works in progress and equipment under construction	-	3,922	-	3,922	-
Total		12,060	-	12,060	-

b. Change in the cost

	Company					2018
	2017	Change				
	Cost	Additions	Accumulated depreciation	Writte-off PPE		
Cost						Cost
Project development expenses	-	92	-	-	-	92
Leasehold improvements	-	2,110	-	-	(364)	1,746
IT equipments	-	1,087	(81)	-	-	1,006
Furniture and utensils	-	26	(4)	-	364	386
Machines and equipments	-	4	-	-	-	4
Total	-	3,319	(85)	-	-	3,234

	Consolidated					2018
	2017	Change				
	Cost	Additions	Accumulated depreciation	Writte-off PPE		
Custo						Cost
Advances for property, plant and equipment formation (*)	8,138	327,177	-	-	(56,822)	278,493
Works in progress and equipment under construction (**)	3,922	460,181	-	-	56,822	520,925
Project development expenses	-	488	-	-	-	488
Leasehold improvements	-	1,746	-	-	-	1,746
IT equipments	-	1,365	(96)	-	-	1,268
Furniture and utensils	-	502	(5)	-	-	497
Machines and equipments	-	4	-	-	-	4
	12,060	791,463	(101)	-	-	803,422

	Consolidated					2017
	2016	Change				
	Cost	Additions	Accumulated depreciation	Writte-off PPE		
Custo						Cost
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

(*) Advance for formation of fixed assets: The balance of advances on December 31, 2018 consists of advances made to suppliers for equipment delivery.

(**) The works in progress as of December 31, 2018 consists of expenses incurred on works on the thermal power plant.

17 Intangible assets

	Usefull life	Company		Consolidated	
		2018	2017	2018	2017
Software licenses	5 years	15	-	828	-
Energy sale receivable (*)	23 years	-	-	30,000	30,000
Total		15	-	30,828	30,000

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

18 Suppliers

	Company		Consolidated	
	2018	2017	2018	2017
National suppliers	375	2,706	7,977	4,167
Foreign suppliers	5	1,916	1,307	1,916
Total	380	4,622	9,284	6,083

19 Salaries and charges payable

	Company		Consolidated	
	2018	2017	2018	2017
Bonuses payable	1,978	1,838	5,328	1,838
Holiday payable	29	118	568	118
Holiday charges payable	14	83	329	83
National Institute of Social Security "INSS" payable	510	253	1,311	253
Guarantee fund for time of service "FGTS" payable	8	-	124	-
Insurance	4	-	15	-
Union contribution	-	-	1	-
Total	2,543	2,292	7,676	2,292

20 Related parties

The Company adopts practices of Corporate Governance and/or recommendations required by law. Furthermore, the Company's Corporate Governance Policy establishes that the members of the Board of Directors must monitor and administrate any potential conflicts of interest among the executive officers, the members of the Board and the partners, in such a way as to avoid the inappropriate use of Company assets and, especially, abusive conduct in transactions between related parties.

In compliance with Corporation Law, all members of the Company's Board of Directors are prohibited from voting in any assembly or meeting of the Board, or from acting in any operation or business transaction in which there are interests in conflict with those of the Company.

The main balances of related-party assets and liabilities as of December 31, 2018 and December 31, 2017, as well as the related-party transactions that affected income for the period, are the result of transactions between the Company and its subsidiaries, members of Management and other related parties, as follows:

	Company		Consolidated	
	2018	2017	2018	2017
Assets:				
Expenses to be recovered				
GNA Infra	1,639	-	-	-
UTE GNA 1	17,171	623	-	-
UTE GNA 2	1,089	-	-	-
Property, plant and equipment				
Prumo	-	-	1,535	-
Total assets	19,899	623	1,535	-
Liabilities:				
Accounts payables				
GNA Infra	188	-	-	-
UTE GNA 1	1,280	-	-	-
Prumo Logística S.A	2,665	1,523	4,585	1,523
Porto do Açú Operações S.A	1,181	345	1,590	345
NFX	-	7	-	7
Lakeshore	-	623	-	623
Total	5,314	2,498	6,175	2,498
Operating expenses:				
Shared costs				
GNA Infra	1,451	-	3,120	-
UTE GNA 1	15,891	-	6,826	-
UTE GNA 2	1,089	-	1,089	-
Prumo Logística S.A	(1,056)	-	(3,050)	-
Porto do Açú Operações S.A	(782)	-	(1,501)	-
Total	16,593	-	6,484	-

The compensation of key management staff has been presented below:

	Company		Consolidated	
	2018	2017	2018	2017
Executive Officers				
Management fees	5,975	1,334	8,384	1,334
Bonuses	439	158	594	158
Benefits and charges	1,806	451	2,534	451
Total	8,220	1,943	11,512	1,943

21 Taxes payable

	Company		Consolidated	
	2018	2017	2018	2017
Services tax ("ISS")	-	6	194	6
INSS third parties	2	-	10	-
Tax on the circulation of goods and services ("ICMS")	2	-	117	-
Income tax withheld at source ("IRRF")	136	159	1.002	159
PIS/COFINS	1	-	19	-
PIS/COFINS/CSLL - Withheld	31	25	1.328	25
	172	190	2.670	190
Income tax and social contribution ("IRPJ/CSLL")	-	-	-	-
Total	172	190	2.670	190

22 Trade accounts payable

	Company		Consolidated	
	2018	2017	2018	2017
TCCA - commitment term environmental compensation (a)	-	-	9,579	-
Bolognesi Energia (b)	-	-	21,385	30,000
Total	-	-	30,964	30,000
Current	-	-	9,579	10,000
Non-current	-	-	21,385	20,000
Total	-	-	30,964	30,000

- (a) Commitment term environmental compensation
The purpose of this term is to establish the environmental compensation provided for in article 36 of Federal Law 9,985/00, which established a value of R\$ 28,736, to be paid monthly, in 12 equal installments in the amount of R\$ 2,395.

On December 31, 2018, the Company has already paid 7 installments, leaving 4 outstanding, totaling the amount of R\$ 9,579.

- (b) 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:

- = EBITDA
- (+/-) working capital variation;
- (-) IR/CSSL paid;
- (-) finance expenses
- (+) financial revenue from reserve accounts *;

- (-) investment in maintenance;
- (-) amortization of financing;
- (+) disbursement of financing
- (+/-) 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.

23 Shareholders' equity

Shareholder's	2018		2017	
	Number of common shares (thousand)	% participation	Number of common shares (thousand)	% participation
Prumo	72,246	72.19%	16,021	100.00%
BP	27,829	27.81%	-	-
Total	100,075	100.00%	16,021	100.00%

a. Share capital

As of December 31, 2018, the Company's capital stock is R\$ 156,377, represented by 100,075 registered common shares with no par value (R\$ 16,021 as of December 31, 2017).

b. Advance for future capital increase

On December 31, 2018, the shareholders of Prumo Logística SA and BP have contributed to Gás Natural Açú SA, through a private instrument for further capital increase ("AFAC"), the amount of R\$ 227,563 and R\$ 73,061 respectively. Such instrument is irrevocable and irreversible, and convertible into a number of shares, respecting their nominal value

c. Capital reserve

On December 31, 2018, the Capital Reserve was constituted, where the controlling company Prumo contributed the amount of R\$ 156,377 and BP contributed the amount of R\$ 11,719. In 2017, the Siemens subscription premium was R\$ 13,200

d. 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 the financial year ended December 31, 2017 and did not pay out dividends.

24 General and administrative expenses

	Company		Consolidated	
	2018	2017	2018	2017
Advocative hours	(136)	-	(3,286)	-
Salaries and charges	(13,825)	(8,298)	(26,953)	(8,298)
Consulting	(3,380)	(15,146)	(4,337)	(15,146)
Audit	(124)	-	(449)	-
IT support	(93)	-	(192)	-
Taxes and fess	(132)	(661)	(656)	(661)
Depreciation and amortization	(85)	-	(101)	-
Cost sharing (a)	16,593	-	6,484	-
Other	(5,133)	(1,921)	(5,810)	(1,921)
Total	(6,315)	(26,026)	(35,301)	(26,026)

- (a) These are amounts related to general and administrative expenses at the Company and have been recovered for UTE GNA I, GNA Infra and UTE GNA II. Composition below:

	Company		Consolidated	
	2018	2017	2018	2017
Salaries and charges	7,293	-	250	-
Consulting	9,280	-	6,311	-
Other	20	-	(77)	-
Total	16,593	-	6,484	-

25 Financial Revenue/Expense

As of December 31, 2018, the balance of finance income, as follows:

	Company		Consolidated	
	2018	2017	2018	2017
Finance costs				
Bank expenses	(6)	(4)	(12)	(5)
Commissions and brokerages	(104)	-	(129)	-
IOF	(7)	-	(317)	(50)
Exchange losses - IPCA	-	-	(1,385)	-
Exchange variation	78	(6)	73	(6)
Fine and interest	(30)	(7)	(319)	(7)
	(69)	(17)	(2,090)	(68)
Finance income				
Interest on investments	233	2	3,442	2
	233	2	3,442	2
Net finance income	164	(15)	1,352	(66)

26 Financial instruments

This note presents information on the Company's exposure to each of the following risks, the Company's objectives, risk and capital management exercised by the Company.

26.1 Risk management

The Company presents exposure to the following risks arising from the use of financial instruments:

- (a) Market Risk
- (b) Liquidity Risk
- (c) Credit Risk

The Company's risk management aims to identify and analyze the risks to which it is exposed, to define appropriate risk limits and controls, and to monitor risks and adherence to limits. The Company, through the management of its activities, aims to develop a disciplined and constructive control environment in which all employees understand their role and obligation.

Management monitors compliance with the development of its risk control activities and reviews the adequacy of the risk management structure in relation to the risks faced by the Company.

a. Market Risk

The Company's use of financial instruments is intended to protect its assets and liabilities, minimizing exposure to market risks, mainly in relation to interest rate swings, price indices and currencies. The Company has not entered into derivative contracts to hedge against these risks, but these are monitored periodically by Management. The Company also does not practice speculative investments or any other risky assets. As of December 31, 2018 and 2017, there was no significant exposure to the Company.

Interest rate risk refers to the impacts on variable interest rates on financial income from financial investments.

b. Liquidity Risk

It is the risk that the Company will encounter difficulties in complying with the obligations associated with its financial liabilities that are settled with cash payments or with another financial asset. The Company's approach to liquidity management is to ensure as much as possible that it always has sufficient liquidity to meet its obligations under the normal and stress conditions without causing unacceptable losses or risks of damaging the Company's reputation.

The permanent monitoring of the cash flow allows the identification of eventual fundraising needs, with the necessary advance for structuring and choosing the best sources.

Financial liabilities	Up to 6 months	From 6 to 12 months	From 1 to 2 years	From 2 to 5 years	More than 5 years	Interest to be spent	2018
Suppliers	9,284	-	-	-	-	-	9,284
Accounts payable	6,175	-	-	-	-	-	6,175
Trade accounts payable	9,579	-	5,275	16,110	-	(849)	30,115
Total	25,038	-	5,275	16,110	-	(849)	45,574

With cash surpluses, financial investments are made for surplus funds, with the purpose of preserving the liquidity of the Company.

As of December 31, 2018, the Company had a total short-term investment of R\$ 60,295.

c. Credit Risk

For operations involving cash and cash equivalents, the Company mitigates risks through diversification with financial institutions and the use of financial institutions with good credit quality.

It also carries out the monitoring of the exposure with each counterparty, its credit quality and its long-term ratings published by the rating agency to the main financial institutions with which the Company has open operations.

27 Insurance coverage

The Company has a policy of taking out insurance coverage for assets subject to risks in amounts considered sufficient by Management to cover possible damages, considering the nature of its activity.

The policies are in force and the premiums have been paid. The company considers its insurance coverage is consistent with other companies of similar sizes operating in the sector.

As of December 31, 2018 and 2017, the main risks covered are:

	Consolidated	
	2018	2017
Material damages	3,471,479	2,762,453
Civil Liability and Environmental Damages	187,578	-
Lost Earnings	4,641,960	1,449,121
Transportation of Imported Equipment	1,459,447	-

28 Commitments

On December 31, 2018, the Company entered into commitments of future purchases in the amount of R\$ 223,099 and R\$ 2,490,524 in the consolidated (R\$ 98,468 in the company and R\$ 2,431,011 in the consolidated on December 31, 2017), which should be fulfilled in the course of the works

29 Subsequent events

a) Capital increase and capital reserve

Through the AGE of February 15, 2019, the amount of R\$ 300,624 of the advance for future capital increase ("AFAC") was converted into capital and capital reserve, in the amounts of R\$ 144,825 and R\$ 155,799 , respectively. In the same act, Prumo Logística subscribed and paid 26,068 new shares with unit price per share of R\$ 3.530269, which totaled R\$ 44,334 converted into share capital and R\$ 47,694 converted into capital reserve. And BP subscribed and paid up 11,172 new shares with unit price per share of R\$ 3.530269, which totaled R\$ 19,000 converted into share capital and R\$ 20,440 converted into capital reserve.

Through the AGE February 25, 2019, BP subscribed 4,462 new shares with a unit price per share of R\$ 1.994106, which totaled R\$ 8,899 for capital to be paid up.

On March 11, 2019, the shareholders Plumo Logística SA and BP contributed to Gás Natural Açú SA, through a Private Instrument of advance for future capital increase ("AFAC"), the amount of R\$ 50,240 and R\$ 21,531 respectively. Such instrument is irrevocable and irreversible, and convertible into a number of shares, respecting their nominal value.