

Gás Natural Açú S.A.

**Interim financial information
as of September 30th, 2019**

Contents

Balance sheet	3
Statement of operations	5
Statement of comprehensive loss	6
Statements of changes in shareholders' equity	7
Statements of cash flows	8
Notes to the individual and consolidated interim financial information	9

Gás Natural Açú S.A.

Balance sheet

September 30th, 2019 and December 31st, 2018

(In thousand of Reais)

	Note	Parent Company		Consolidated	
		9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Asset					
Current					
Cash and cash equivalents	3	4,980	5,161	619,246	60,447
Escrow account	4	-	-	-	200
Accounts receivables	5	11,320	19,899	-	-
Other advances		43	146	329	207
Recoverable taxes	6	78	75	2,314	961
Income taxes and contributions recoverable	6	1,740	-	1,861	490
Prepaid expense	7	69	4	22,797	46,328
Derivatives	23	-	-	5,697	-
Other receivables		11	1	169	4
Total current assets		18,241	25,286	652,413	108,637
Non-current					
Prepaid expense	7	-	13	12,985	20,978
Judicial deposits	8	-	-	1,127	-
Deferred taxes	9	-	-	17,573	7,019
Derivatives	23	-	-	5,297	-
Escrow account	4	-	-	11,397	-
Recoverable taxes	6	42	-	691	-
Investments	10	1,154,189	541,614	-	-
Property, plant and equipment	11	3,107	3,234	3,248,627	803,422
Intangible assets	12	15	15	30,964	30,828
Right-of-use assets	13	26	-	96,118	-
Total non-current assets		1,157,379	544,876	3,424,779	862,247
Total assets		1,175,620	570,162	4,077,192	970,884

See the accompanying notes to the interim financial information.

Gás Natural Açú S.A.

Balance sheet

September 30th, 2019 and December 31st, 2018

(In thousand of Reais)

	Note	Parent Company		Consolidated	
		9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Liabilities					
Current					
Suppliers	14	105	380	99,514	9,284
Salaries and charges payable	15	1,525	2,543	11,476	7,676
Accounts payable	5	6,962	4,034	404,058	6,175
Income and social contribution taxes payable	16	84	172	10,050	2,670
Derivatives	23	-	-	1,039	-
Income and social contribution taxes payable	16	1,386	-	1,386	-
Trade accounts payable	17	-	-	6,249	9,579
Borrowings	18	-	-	22,186	-
Leases liabilities	13	16	-	849	-
Total current liabilities		10,078	7,129	556,807	35,384
Non-current					
Leases liabilities	13	11	-	105,547	-
Borrowings	18	-	-	1,568,780	-
Provision for contingencies	19	-	-	1,397	-
Derivatives	23	-	-	2,999	-
Trade accounts payable	17	-	-	16,250	21,385
Total non-current liabilities		11	-	1,694,973	21,385
Shareholders' equity					
Share capital	20	614,058	141,833	614,058	141,833
Advance for future capital increase		-	300,624	-	300,624
Capital reserve		614,058	169,577	614,058	169,577
Other comprehensive income		5,581	11,719	5,581	11,719
Adjustment of equity valuation		17,629	-	17,629	-
Retained earnings (Accumulated losses)		(85,795)	(60,720)	(85,795)	(60,720)
Total shareholders' equity attributed to controlling shareholders		1,165,531	563,033	1,165,531	563,033
Minority interest		-	-	659,881	351,082
Total shareholders' equity		1,165,531	563,033	1,825,412	914,115
Total liabilities and shareholders' equity		1,175,620	570,162	4,077,192	970,884

See the accompanying notes to the interim financial information.

Gás Natural Açú S.A.

Statement of operations

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

Note	Parent Company		Consolidated		Parent Company		Consolidated		
	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)	
Operating expenses									
Administrative expenses	21	3,894	(12,583)	(50,968)	(20,429)	(209)	(111)	(14,240)	(5,287)
Impairment and other losses		-	-	(57)	(3)	-	-	(59)	20
Other revenues		7	-	7	-	-	-	-	-
Other expenses		(6)	-	(6)	-	-	-	-	-
Net income before financial revenue (expenses)		3,895	(12,583)	(51,024)	(20,432)	(209)	(111)	(14,299)	(5,267)
Financial Revenue/Expense									
Finance income	22	321	161	20,734	2,121	93	25	10,921	1,081
Finance expenses	22	332	(55)	(20,715)	(511)	464	(46)	(14,939)	(163)
Share of loss of equity-accounted investees	10	(28,237)	(5,660)	-	-	(10,398)	(3,744)	-	-
Loss before tax		(23,689)	(18,137)	(51,005)	(18,822)	(10,050)	(3,876)	(18,317)	(4,349)
Current income and social contribution taxes	9	(1,386)	-	(1,386)	(452)	(254)	-	(202)	(278)
Deferred income and social contribution taxes	9	-	-	10,554	-	-	-	2,661	-
Loss for the period		(25,075)	(18,137)	(41,837)	(19,274)	(10,304)	(3,876)	(15,858)	(4,627)
Attributable to:									
Owners of the parent		(25,075)	(18,137)	(25,075)	(18,137)	(10,304)	(3,876)	(10,304)	(3,876)
Non-controlling interest		-	-	(16,762)	(1,137)	-	-	(5,554)	(751)
Loss for the period		(25,075)	(18,137)	(41,837)	(19,274)	(10,304)	(3,876)	(15,858)	(4,627)

See the accompanying notes to the interim financial information.

Gás Natural Açú S.A.

Statement of comprehensive loss

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

	Parent Company		Consolidated		Parent Company		Consolidated	
	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)
Loss for the period	(25,075)	(18,137)	(41,837)	(19,274)	(10,304)	(3,876)	(15,858)	(4,627)
Gain / (loss) on the percentage change in investee	(6,138)	24,935	(6,138)	24,935	(3,351)	(16,388)	(3,351)	(16,388)
Realized gains / (losses) on hedge	4,429	-	4,429	-	(4,431)	-	(4,431)	-
Income tax and social contribution on other comprehensive income	-	-	-	-	3,012	-	3,012	-
Cost of hedging reserve	-	-	-	-	3	-	3	-
Other comprehensive income for the period, net tax	4,429	-	4,429	-	(1,415)	-	(1,415)	-
Total comprehensive loss for the period	(26,784)	6,798	(43,546)	5,661	(15,070)	(20,264)	(20,624)	(21,015)

See the accompanying notes to the interim financial information.

Gás Natural Açú S.A.

Statements of changes in shareholders' equity

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

	Share capital		Capital reserve		Other comprehensive income		Gain / (loss) on the percentage change in investee	Accumulated loss	Shareholders' Equity - parent company	Non-controlling shareholder's equity	Total shareholders' equity
	Subscribed	Uncalled	Premium on shares	Advance for future capital increase	Subscription Bonus - reflex	Adjustment of equity valuation					
Balance as of January 1st, 2018	16,021	-	-	15,656	13,200	-	-	(40,337)	4,540	1	4,541
Loss for the period	-	-	-	-	-	-	-	(18,137)	(18,137)	(1,137)	(19,274)
Capital increase	125,812	-	-	-	-	-	-	-	125,812	-	125,812
Advance for future capital increase	-	-	-	128,693	-	-	-	-	128,693	-	128,693
Premium on new shares	-	-	156,377	-	-	-	-	-	156,377	-	156,377
Contribution of participation in GNA Infra	-	-	-	-	-	-	24,935	-	24,935	43,378	68,313
Contribution of participation in UTE GNA I	-	-	-	-	-	-	-	-	-	222,215	222,215
Contribution of participation in UTE GNA II	-	-	-	-	-	-	-	-	-	6,873	6,873
Balance as of September 30th, 2018 (not reviewed)	141,833	-	156,377	144,349	13,200	-	24,935	(58,474)	422,220	271,330	693,550
Loss for the period	-	-	-	-	-	-	-	(2,246)	(2,246)	(5,416)	(7,662)
Capital increase	14,544	-	-	-	-	-	-	-	14,544	-	14,544
Uncalled capital	-	(14,544)	-	-	-	-	-	-	(14,544)	-	(14,544)
Advance for future capital increase	-	-	-	156,275	-	-	-	-	156,275	-	156,275
Contribution of participation in GNA Infra	-	-	-	-	-	-	(13,216)	-	(13,216)	13,216	-
Contribution of participation in UTE GNA I	-	-	-	-	-	-	-	-	-	71,917	71,917
Contribution of participation in UTE GNA II	-	-	-	-	-	-	-	-	-	35	35
Balance as of December 31st, 2018	156,377	(14,544)	156,377	300,624	13,200	-	11,719	(60,720)	563,033	351,082	914,115
Loss for the period	-	-	-	-	-	-	-	(25,075)	(25,075)	(16,762)	(41,837)
Capital increase	459,702	-	-	(300,624)	-	-	-	-	159,078	-	159,078
Uncalled capital	-	12,523	-	-	-	-	-	-	12,523	-	12,523
Premium on new shares	-	-	457,681	-	-	-	-	-	457,681	-	457,681
Contribution of participation in GNA Infra	-	-	-	-	-	-	(6,138)	-	(6,138)	6,370	232
Contribution of participation in UTE GNA I	-	-	-	-	-	-	-	-	-	319,191	319,191
Derivatives	-	-	-	-	-	4,429	-	-	4,429	-	4,429
Balance as of September 30th, 2019 (not reviewed)	616,079	(2,021)	614,058	-	13,200	4,429	5,581	(85,795)	1,165,531	659,881	1,825,412

See the accompanying notes to the interim financial information.

Gás Natural Açú S.A.

Statements of cash flows

Nine-month periods ended September 30th, 2019 and 2018

(In thousand of Reais)

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)
Cash flows from operating activities				
Loss before tax	(23,689)	(18,137)	(51,005)	(18,822)
Adjustments for:				
Depreciation and amortization	249	-	3,466	-
Write-off property, plant and equipment	6	-	6	-
Exchange loss	-	-	(838)	-
Provisions	-	-	1,397	-
Share of profit (loss) of equity-accounted investees	28,237	5,660	-	-
Adjusted net loss	4,803	(12,477)	(46,974)	(18,822)
(Increase) decrease in assets and increase (decrease) in liabilities:				
Recoverable taxes	(1,784)	(54)	(3,415)	(793)
Prepaid expense	(52)	(18)	31,524	(40,023)
Other advances	103	(451)	(122)	(458)
Other receivables	(1,468)	(1)	(1,623)	(4)
Escrow account	-	-	(10,073)	(200)
Judicial deposits	-	-	(1,127)	-
Accounts receivables	10,037	(1,280)	-	-
Suppliers	(275)	(3,994)	90,230	36,821
Accounts payable	2,928	133	1,873	1,045
Taxes payables	(88)	(19)	7,380	2,521
Trade accounts payable	-	-	(8,751)	(10,000)
Salaries and charges payable	(1,018)	1,417	3,800	3,691
Net cash used in operating activities	13,186	(16,744)	62,722	(26,222)
Cash flows from investing activities				
Acquisition of PPE	(128)	(9,575)	(2,025,925)	(646,936)
Acquisition of intangible	-	(15)	(136)	(15)
Right-of-use assets	-	-	7,178	-
Capital increase in subsidiary	(321,256)	(407,046)	-	-
Capital reserve increase in subsidiary	(321,265)	-	-	-
Derivatives - Hedge	-	-	(8,663)	-
Net cash provided by investing activities	(642,649)	(416,636)	(2,027,546)	(646,951)
Cash flows from financing activities				
Controller shareholder - share capital	171,601	125,812	171,601	125,812
Non-controller shareholder - share capital	-	24,935	325,561	297,401
Advance for future capital increase	-	128,693	-	128,693
Capital reserve	457,681	156,377	457,681	156,377
Borrowings	-	-	2,028,863	-
Transaction costs - Loan	-	-	(460,083)	-
Net cash provided by financing activities	629,282	435,817	2,523,623	708,283
Increase (decrease) in cash and cash equivalents	(181)	2,437	558,799	35,110
At the beginning of the period	5,161	22	60,447	1,435
At end of the period	4,980	2,459	619,246	36,545
Increase (decrease) in cash and cash equivalents	(181)	2,437	558,799	35,110

See the accompanying notes to the interim financial information.

Notes to the interim financial information

(In thousands of Reais, unless stated otherwise)

1 Operations

Gás Açú SA ("GNA HoldCo" or "Company"), formerly known as SDX Investimentos Ltda., was incorporated on October 15th, 2014. On October 19th, 2017 the Company was transformed from a limited company to a privately held corporation. It has a direct controlling shareholder of Prumo Logística S.A. ("Prumo") and indirect controlling company BP Global Investments ("BP"). GNA HoldCo has a corporate investment in Natural Gas Açú Infraestrutura S.A ("GNA Infra"), UTE GNA II Geração de Energia Ltda ("UTE GNA II") and Gás Natural Açú Comercializadora ("GNA Comercializadora").

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.

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 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.

The Company is also working on the development of new projects in order to participate in future energy auctions, in order to enable the implementation of other projects.

2 List of subsidiaries

Direct subsidiary	Country	Ownership interest	
		9/30/2019	12/31/2018
Gás Natural Açú Infraestrutura ("GNA Infra")	Brazil	95.03%	90.66%
UTE GNA II Geração de Energia Ltda ("GNA II")	Brazil	49.50%	49.50%
Gás Natural Açú Comercializadora de Energia Ltda ("GNA Comercializadora") (a)	Brazil	-	99.00%
Indirect subsidiary			
UTE GNA I Geração de Energia S.A ("GNA I")	Brazil	67.00%	67.00%

- a) In September 2019, GNA Comercializadora had the transfer of its shares that were in the name of GNA HoldCo to Prumo and BP.

3 Cash and cash equivalents

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Cash and bank deposits	13	52	126	158
Short-term investments				
Short-term investments	1	-	357	-
CDB's (a)	4,966	5,110	618,826	60,295
	4,967	5,110	619,183	60,295
	4,980	5,162	619,309	60,453
Provision for expected loss (b)	-	(1)	(63)	(6)
Total	4,980	5,161	619,246	60,447

- (a) The balance of cash and cash equivalents at September 30th, 2019 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 5th, 2018, 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 September 30th, 2019 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 thousands of Reais

Level of Risk	Rating	Gross Balance	Loss rate (1)	Provision for loss
Level 1	AAA	619,309	0.01%	(63)

Loss Rate considers the Global Corporate Average Default Rate for 1 year released by S & P on April 5th, 2018.

4 Escrow account

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Deposits ANTAQ (a)	-	-	-	200
Deposits NTN-B (b)	-	-	11,397	-
Total	-	-	11,397	200
Current	-	-	-	200
Non-current	-	-	11,397	-
Total	-	-	11,397	200

- (a) On July 25th, 2019, GNA I received the bank deposit in the amount of 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.
- (b) In May 2019, GNA I granted in escrow to BNDES, Federal Public Securities (NTN-B 2035) in the amount of R\$10,291, which will remain available until the end of the obligations in the Financing Agreement. At September 30th, 2019 GNA I recognized the amount of R\$1,106 as gains due to market value of its securities reported in note 22.

5 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 September 30th, 2019 and December 31st, 2018, 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:

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Assets:				
Accounts receivables				
GNA Infra (a)	630	1,639	-	-
UTE GNA 1 (a)	5,642	17,171	-	-
UTE GNA 2 (a)	5,048	1,089	-	-
Total assets	11,320	19,899	-	-
Liabilities:				
Accounts payables				
GNA Infra (a)	164	188	-	-
UTE GNA 1 (a)	3,249	-	-	-
Prumo Logística S.A (b)	2,452	2,665	4,630	4,585
Porto do Açú Operações S.A (b)	1.097	1,181	1,961	1,590
Siemens Aktiengesellschaft (c)	-	-	397,053	-
BP Global (d)	-	-	414	-
Total liabilities	6,962	4,034	404,058	6,175

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)
Operating expenses:				
Shared costs				
GNA HoldCo (a)	-	-	(9,971)	-
GNA Infra (a)	692	-	2,515	-
UTE GNA 1 (a)	10,033	-	(739)	-
UTE GNA 2 (a)	2,501	-	11,736	-
Prumo Logística S.A (b)	(912)	-	670	-
Porto do Açú Operações S.A (b)	(249)	-	(990)	-
Total	12,065	-	3,221	-

- (a) GNA's cost sharing agreement
- (b) Shared personnel and administrative costs;
- (c) Purchase of Thermal Power Plant (TPP) equipment's;
- (d) Provision of services on LNG terminal management.

The compensation of key management staff has been presented below:

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)
Executive Officers				
Management fees	(781)	(4,799)	(3,268)	(6,242)
Bonuses	(557)	(330)	(4,396)	(435)
Benefits and charges	(236)	(1,451)	(988)	(1,887)
Transfer of costs between companies (a)	1.093	-	4	-
Total	(481)	(6,580)	(8,648)	(8,564)

- (a) Values related to management expenses initially incurred at GNA Infra, UTE GNA I and UTE GNA 2 and which were transferred to the Company.

6 Recoverable taxes

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	31/12/2018
Income tax withheld at source (“IRRF”)	64	57	1,888	692
PIS and COFINS on imports	-	-	367	-
PIS and COFINS on fixed assets	10	-	11	-
ICMS recoverable	-	-	44	-
Tax on service (“ISS”)	4	18	4	269
	78	75	2,314	961
Income tax and social contribution (“IRPJ/CSLL”)	1,782	-	2,552	490
Total	1,860	75	4,866	1,451
Current	1,818	75	4,175	1,451
Non-Current	42	-	691	-
Total	1,860	75	4,866	1,451

7 Prepaid expense

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	31/12/2018
Insurance premium (a)	69	17	32,922	33,433
Transaction cost (b)	-	-	2,860	33,873
Total	69	17	35,782	67,306
Current	69	4	22,797	46,328
Non-Current	-	13	12,985	20,978
Total	69	17	35,782	67,306

- (a) Insurance premiums: engineering risks, civil liability, transportation, FSRU and letters of credit.
- (b) The breakdown of financial expenses and charges includes, in addition to interest expenses, all incremental expenses (and income) originated from the borrowing operation, such as fees and commissions, expenses with financial intermediaries, financial advisors, with project preparation, auditors, lawyers, specialized offices, printing, travels etc.

Until the funds related to the transaction costs incurred are not raised, those costs must be appropriated and kept in the specific account of the asset as prepayment, being reclassified to liabilities, as a reduction of the borrowed amount, once the funding process is concluded (this event took place in September 2019).

8 Judicial deposits

As of September 30th, 2019, the UTE I has the balance of escrow deposits is R\$1,127, related to the granting of the emission of ownership of the transmission line area in the region of São João da Barra.

9 Deferred tax

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Deferred tax assets	-	-	17,573	7,019
Deferred tax liabilities	-	-	-	-
Total	-	-	17,573	7,019

	Consolidated	
	Deferred tax assets	Deferred tax liabilities
Balance as January 01st, 2018	-	-
Change in the period	-	-
Change in other comprehensive income	-	-
Balance as September 30th, 2018	-	-
Balance as January 01st, 2019	7,019	-
Change in the period	10,554	-
Change in other comprehensive income	-	-
Balance as September 30th, 2019	17,573	-

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)	9/30/2019 (not reviewed)	9/30/2018 (not reviewed)
Profit before tax	(23,689)	(18,137)	(51,005)	(18,822)
Income tax and social contribution rate	34%	34%	34%	34%
Deferred income and social contribution taxes (base x aliquot)	8,054	6,167	17,342	6,399
Additions:				
Civil contingencies	-	-	(475)	-
Provision for PLR and Bonus	(381)	-	(1,818)	-
Provision for estimated loss	-	-	(20)	-
IFRS 16 Amortization	(81)	-	(1,044)	-
Share of profit (loss) of equity-accounted investees	(9,601)	(1,924)	-	-
Tax credits on unrecognized tax loss	623	(4,243)	(4,817)	(6,497)
Advance payment income tax and social contribution	-	-	-	(354)
Total deferred income and social contribution	(1,386)	-	9,168	(452)
Current	(1,386)	-	(1,386)	(452)
Deferred	-	-	10,554	-
Total	(1,386)	-	9,168	(452)
Effective rate	(6) %	-%	18%	(2) %

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.

10 Equity-accounted investees

a. Equity interest

9/30/2019 (not reviewed)										
Direct investee	% interest	Number of shares / (thousand)	Assets	Liabilities	Equity	Capital	AFAC	Capital reserve	Adjustment of equity valuation	Accumulated loss
GNA Infra	95.03%	9,420	1,220,422	5,926	1,214,496	624,120	-	624,120	4,661	(38,405)
GNA II	49.50%	1	17,404	17,214	190	2	13,677	-	-	(13,489)
GNA Comercializadora	-	-	-	-	-	-	-	-	-	-

12/31/2018										
Direct investee	% interest	Number of shares / (thousand)	Assets	Liabilities	Equity	Capital	AFAC	Capital reserve	Adjustment of equity valuation	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)

b. Change on investees

Direct investee	12/31/2018	Share capital	Capital reserve	Net income	Adjustment of equity valuation	Gain and loss % change	9/30/2019 (not reviewed)
GNA Infra	535,457	321,266	321,265	(22,184)	4,429	(6,138)	1,154,095
GNA II	6,147	-	-	(6,053)	-	-	94
GNA Comercializadora	10	(10)	-	-	-	-	-
Total	541,614	321,256	321,265	(28,237)	4,429	(6,138)	1,154,189

Direct investee	12/31/2017	Share capital	AFAC	Capital reserve	Net income	Gain and loss % change	12/31/2018
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

11 Property, plant and equipment

	Parent Company					Total
	Project development expenses	Leasehold improvements	IT equipment	Furniture and utensils	Machines and equipment	
Balance as of January 01st, 2018	-	-	-	-	-	-
Additions	92	2,110	1,087	26	4	3,319
Depreciation	-	-	(81)	(4)	-	(85)
Balance as of December 31th, 2018	92	2,110	1,006	22	4	3,234
Cost	92	1,746	1,087	390	4	3,319
Accumulated depreciation	-	-	(81)	(4)	-	(85)
Balance as of December 31st, 2018	92	1,746	1,006	386	4	3,234
Additions (***) and (***)	80	12	105	9	-	206
Depreciation	-	(54)	(246)	(33)	-	(333)
Balance as of September 30th, 2019 (not reviewed)	172	1,704	865	362	4	3,107
Cost	172	1,758	1,111	395	4	3,440
Accumulated depreciation	-	(54)	(246)	(33)	-	(333)
Balance as of September 30th, 2019 (not reviewed)	172	1,704	865	362	4	3,107
Annual depreciation rate %	0%	20%	20%	10%	10%	

	Consolidated							
	Advances for property, plant and equipment formation (*)	Works in progress and equipment under construction (**)	Project development expenses	Leasehold improvements	IT equipment	Furniture and utensils	Machines and equipment	Total
Balance as of January 01st, 2018	8,138	3,922	-	-	-	-	-	12,060
Additions	327,177	460,181	488	1,746	1,365	502	4	791,463
Transfers	(56,822)	56,822	-	-	-	-	-	-
Depreciation	-	-	-	-	(96)	(5)	-	(101)
Balance as of December 31st, 2018	278,493	520,925	488	1,746	1,269	497	4	803,422
Cost	278,493	520,925	488	1,746	1,365	502	4	803,523
Accumulated depreciation	-	-	-	-	(96)	(5)	-	(101)
Balance as of December 31st, 2019	278,493	520,925	488	1,746	1,269	497	4	803,422
Additions (***) and (***)	1,183,496	1,261,252	160	12	726	31	-	2,445,677
Write-off PPE	-	-	(3)	-	-	-	-	(3)
Transfers	(1,093,155)	1,093,155	-	-	-	-	-	-
Depreciation	-	-	-	(54)	(371)	(44)	-	(469)
Balance as of September 30th, 2019 (not reviewed)	368,834	2,875,332	645	1,704	1,624	484	4	3,248,627
Cost	368,834	2,875,332	645	1,758	1,995	528	4	3,249,096
Accumulated depreciation	-	-	-	(54)	(371)	(44)	-	(469)
Balance as of September 30th, 2019 (not reviewed)	368,834	2,875,332	645	1,704	1,624	484	4	3,248,627
Annual depreciation rate %	0%	0%	0%	20%	20%	10%	10%	

(*) Advance for formation of fixed assets: The balance of advances on September 30th, 2019 consists of advances made to suppliers for equipment delivery.

(**) The works in progress and equipment under construction: The balance of construction in progress at September 30th, 2019 is composed of costs of the thermoelectric project.

(***) Of the additions occurred in the period, the total amount of R\$397,053 had no cash flow effect, being a liability, as shown in note 5.

(****) GNA I capitalized on September 30th, 2019 interest and borrowing costs in the amount of R\$25,675.

12 Intangible assets

	Useful life	Parent Company		Consolidated	
		9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Energy sale receivable (*)	23 years	-	-	30,000	30,000
Software licenses	5 years	15	15	964	828
Total		15	15	30,964	30,828

(*) On December 19th, 2017, through Authorization Resolution No. 6,769, ANEEL transfers the right to trade energy, as mentioned in Note 01 - Operating Context.

13 Right-of-use assets / Leases liabilities

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 and low value items.

The movement in the first nine months of 2019 of the right of use and the lease liability is shown in the table below:

	Parent Company									
	1/1/2019	Incremental rates	PIS/COFINS Recoverable	Additions	Write-off	Amortization	Payments	Interest appropriation	Monetary correction	9/30/2019
Assets										
IT equipment	499	(2)	(3)	-	(457)	(11)	-	-	-	26
Coffee machine	20	-	-	-	(20)	-	-	-	-	-
Office rental	3,453	864	(361)	-	(3,546)	(410)	-	-	-	-
Total assets	3,972	862	(364)	-	(4,023)	(421)	-	-	-	26
Liabilities										
IT equipment	(42)	(168)	18	-	162	-	13	-	-	(17)
(-) Financial cost - IT Equipment	-	-	-	2	-	-	-	(1)	-	1
Coffee machine	(2)	-	-	-	2	-	-	-	-	-
Office rental	(288)	(1,034)	106	-	1,047	-	169	-	-	-
(-) Financial cost - Office rental	-	-	-	152	(389)	-	-	166	71	-
Leases liabilities - current	(331)	(1,202)	124	154	822	-	182	165	71	(16)
IT equipment	(457)	142	29	-	273	-	-	-	-	(13)
(-) Financial cost - IT Equipment	-	-	-	2	-	-	-	-	-	2
Coffee machine	(18)	-	-	-	18	-	-	-	-	-
Office rental	(3,165)	(384)	343	-	3,206	-	-	-	-	-
(-) Financial cost - Office rental	-	-	-	723	(723)	-	-	-	-	-
Leases liabilities – non-current	(3,641)	(242)	372	725	2,774	-	-	-	-	(11)
Total liabilities	(3,972)	(1,444)	496	879	3,596	-	182	165	71	(27)
Operating expenses										
Amortization - IT equipment	-	-	-	-	-	11	-	-	-	11
Amortization – Office rental	-	-	-	-	-	410	-	-	-	410
Interest expenses – IT equipment	-	-	-	-	-	-	-	1	-	1
Interest expenses – Office rental	-	-	-	-	-	-	-	(166)	-	(166)
Monetary correction – Office rental	-	-	-	-	-	-	-	-	(71)	(71)
Total operating expenses	-	-	-	-	-	421	-	(165)	(71)	185

	Consolidated									
	1/1/2019	Incremental rates	PIS/COFINS Recoverable	Additions	Write-off	Amortization	Payments	Interest appropriation	Monetary correction	9/30/2019
Assets										
IT equipment	499	(2)	(3)	-	(457)	(11)	-	-	-	26
Coffee machine	20	-	-	-	(20)	-	-	-	-	-
Land	340,895	(29,567)	(9,756)	-	(200,749)	(7,979)	-	-	-	92,843
Office rental	3,453	864	(361)	3,475	(3,546)	(637)	-	-	-	3,248
Total assets	344,867	(28,705)	(10,120)	3,475	(204,772)	(8,627)	-	-	-	96,118
Liabilities										
IT equipment	(42)	(168)	18	-	162	-	13	-	-	(17)
(-) Financial cost - IT equipment	-	-	-	2	-	-	-	(1)	-	1
Coffee machine	(2)	-	-	-	2	-	-	-	-	-
Land	(28,408)	-	-	-	28,408	-	-	-	-	-
Office rental	(288)	(1,034)	106	(520)	1,047	-	(94)	-	-	(783)
(-) Financial cost -Office rental	-	-	-	206	(389)	-	-	84	49	(50)
Leases liabilities - current	(28,740)	(1,202)	124	(312)	29,230	-	(81)	83	49	(849)
IT equipment	(457)	142	29	-	273	-	-	-	-	(13)
(-) Financial cost - IT equipment	-	-	-	2	-	-	-	-	-	2
Coffee machine	(18)	-	-	-	18	-	-	-	-	-
Land	(312,487)	(202,179)	30,151	-	188,702	-	-	-	-	(295,813)
(-) Financial cost - Land	-	-	-	200,098	-	-	-	(7,338)	-	192,760
Office rental	(3,166)	(384)	343	(3,133)	3,206	-	-	-	-	(3,134)
(-) Financial cost - Office rental	-	-	-	1,374	(723)	-	-	-	-	651
Leases liabilities – non-current	(316,128)	(202,421)	30,523	198,341	191,476	-	-	(7,338)	-	(105,547)
Total liabilities	(344,868)	(203,623)	30,647	198,029	220,706	-	(81)	(7,255)	49	(106,396)
Operating expenses										
Amortization - IT equipment	-	-	-	-	-	11	-	-	-	11
Amortization - Office rental	-	-	-	-	-	637	-	-	-	637
Amortization – Land	-	-	-	-	(5,108)	7,979	-	-	-	2,871
Interest expenses - IT equipment	-	-	-	-	-	-	-	1	-	1
Interest expenses - Office rental	-	-	-	-	-	-	-	(84)	-	(84)
Interest expenses – Land	-	-	-	-	-	-	-	7,338	-	7,338
Monetary correction - Office rental	-	-	-	-	-	-	-	-	(49)	(49)
Total operating expenses	-	-	-	-	(5,108)	8,627	-	7,255	(49)	10,725

After analyzing the adherence to IFRS 16, the Company identified leases contracts Flamengo Rooms, IT Equipment, Coffee machine, Land UTE as adhering to this standard.

14 Suppliers

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
National suppliers	105	375	35,522	7,977
Foreign suppliers	-	5	63,992	1,307
Total	105	380	99,514	9,284

15 Salaries and charges payable

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Bonuses Payable	1,074	1,978	6,876	5,328
Holiday payable	69	29	974	568
Holiday charges payable	31	14	741	329
13th vacation	42	-	897	-
Taxes on 13th vacation	14	-	330	-
National Institute of Social Security "INSS" payable	284	510	1,520	1,311
Guarantee fund for time of service "FGTS" payable	6	8	114	124
Insurance	4	4	23	15
Union contribution	1	-	1	1
Total	1,525	2,543	11,476	7,676

16 Taxes payable

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
Services tax ("ISS")	1	-	921	194
INSS third parties	2	2	8	10
Tax on the circulation of goods and services ("ICMS")	-	2	1,506	117
Income tax withheld at source ("IRRF")	75	136	396	1,002
PIS/COFINS	1	1	131	19
PIS/COFINS/ CSLL - withheld	5	31	57	1,328
IPI	-	-	2,661	-
Import taxes	-	-	4,370	-
Total	84	172	10,050	2,670
Income tax and social contribution ("IRPJ/CSLL")	1,386	-	1,386	-
Total	1,470	172	11,436	2,670

17 Trade accounts payable

	Parent Company		Consolidated	
	9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)	12/31/2018
TCCA - thermoelectric (a)	-	-	-	9,579
TCCA - terminal (b)	-	-	832	-
Bolognesi Energia (c)	-	-	21,667	21,385
Total	-	-	22,499	30,964
Current	-	-	6,249	9,579
Non-Current	-	-	16,250	21,385
Total	-	-	22,499	30,964

- (a) Commitment term environmental compensation – thermo power plant
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, paid in 12 equal installments in the amount of R\$2,395.

On September 30th, 2019, the Company has already paid 12 installments totaling the amount of R\$28,736.
- (b) Commitment term environmental compensation – terminal
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\$2,495, to be paid in 12 equal installments in the amount of R\$207.

On September 30th, 2019, the Company has already paid 8 installments, leaving 4 outstanding, totaling the amount of R\$832. This last installment will be paid on January 2020
- (c) 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.

18 Borrowings

	Consolidated	
	9/30/2019 (not reviewed)	12/31/2018
BNDES	1,240,271	-
IFC	810,778	-
(-) Transaction cost	(460,083)	-
Total	1,590,966	-
Current	22,186	-
Non-current	1,568,780	-
Total	1,590,966	-

Borrowings

On December 20th, 2018 and March 15th, 2019, UTE I signed financing agreements with BNDES and IFC, respectively, the amounts of which will be made available during 2019 and 2020.

The loans have a project finance structure, mainly guaranteed through the chattel mortgage of assets (equipment), shares, accounts and conditional assignment of the company's contractual rights, as well as by the flow of receivables from its energy trading agreements (Agreement Energy Trading in the Regulated Environment, "CCEAR").

In August 2019, disbursements in the amount of R\$1,224,804 from BNDES and R\$804,059 from IFC were released, as requested by the Company.

Financial and non-financial covenants

Financing agreements contain clauses with financial and non-financial covenants common to this type of transaction, such as the obligation to present creditors with financial statements, compliance with tax, social security, labor and applicable environmental laws, restrictions on additional indebtedness and disposals of assets outside the normal course of business.

The agreements entered between UTE I and creditors also establish, 12 months after commencement of operations, the obligation to maintain the Debt Service Coverage Ratio above 1.10 times on the applicable measurement dates.

		Consolidated				12/31/2018
		9/30/2019 (not reviewed)				
	Due date	Main value	Interest and monetary adjustment	Transaction cost	Total	Total
Entities						
BNDES	Jan/33	1,224,804	15,467	-	1,240,271	-
IFC	Jan/34	804,059	6,719	-	810,778	-
(-) Transaction cost		-	-	(460,083)	(460,083)	-
		2,028,863	22,186	(460,083)	1,590,966	-

19 Provision for contingencies

As of September 30th, 2019, UTE I has the balance of civil contingencies is R\$1,397, related to the provision for probable loss in the institution of administrative easement in the Transmission Line area in the region of São João da Barra.

20 Shareholders' equity

Shareholders	Parent Company			
	9/30/2019 (not reviewed)		12/31/2018	
	Number of common shares (thousand)	% Participation	Number of common shares (thousand)	% Participation
Prumo	253,315	70.00%	72,246	72.19%
BP	108,564	30.00%	27,829	27.81%
Total	361,879	100.00%	100,075	100.00%

a. Share Capital

At September 30th, 2019, the Company's capital stock is R\$614,058, represented by 361,879 registered common shares with no par value (R\$156,377, represented by 100,075 registered common shares as of December 31st, 2018). The contributions of capital increase made in the period are shown below:

	Shareholder's		Share capital
	Prumo	BP	
Opening balance			
1/1/2019	112,889	43,488	156,377
Payment date			
1/8/2019	44,335	19,001	63,336
2/15/2019	101,714	43,724	145,438
3/11/2019	25,120	10,766	35,886
4/1/2019	40,705	17,445	58,150
5/8/2019	-	10,711	10,711
5/16/2019	102,103	42,057	144,160
Total	426,866	187,192	614,058

b. Capital reserve

On September 30th, 2019, the Company's capital reserve is R\$614,058, where Prumo owns R\$424,483 and BP R\$189,575 (On December 31st, 2018, GNA HoldCo had R\$112,889 and to BP R\$43,488). The contributions of capital reserve increase made in the period are shown below:

	Shareholder's		Capital reserve
	Prumo	BP	
Opening balance			
1/1/2019	112,889	43,488	156,377
Payment date			
1/8/2019	44,335	19,001	63,336
2/15/2019	101,714	43,724	145,438
3/11/2019	25,120	10,766	35,886
4/1/2019	40,705	17,445	58,150
5/8/2019	-	10,711	10,711
5/16/2019	99,720	44,440	144,160
Total	424,483	189,575	614,058

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 the nine months ended September 30th, 2019 and did not pay out dividends.

21 General and administrative expenses

	Parent Company		Consolidated		Parent Company		Consolidated	
	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)
Personal	(1,894)	(9,698)	(33,678)	(15,567)	(698)	378	(10,808)	(2,953)
Legal expenses	(79)	-	(4,545)	(824)	(80)	1	(1,918)	(823)
Consulting and Audit	(101)	(1,833)	(1,382)	(2,654)	(51)	(1,631)	(379)	(2,451)
Taxes and fees	191	(11)	(220)	(134)	67	23	(218)	22
IT and telecom	(574)	(77)	(1,811)	(142)	(165)	(38)	(690)	(101)
Communication and institutional matters	(362)	-	(1,282)	-	(99)	42	(499)	42
Environmental and land expenses	152	-	(952)	-	-	-	(478)	-
Travelling	1,247	-	(1,928)	-	375	6	(484)	12
Administrative services	7,235	-	3,617	-	1,749	42	1,037	44
Operational services	16	-	(2)	-	(15)	-	-	-
Insurances	(225)	-	(455)	-	(85)	-	(167)	-
Depreciation and amortization	(706)	-	(4,240)	-	(10)	-	3,539	-
Overhead and maintenance	(39)	(964)	(2,089)	(1,108)	(408)	(964)	(2,044)	(1,108)
Other third services	(979)	-	(1,928)	-	(788)	2,030	(1,132)	2,029
Other expenses	12	-	(73)	-	(1)	-	1	-
Total	3,894	(12,583)	(50,968)	(20,429)	(209)	(111)	(14,240)	(5,287)

22 Financial Results

As of September 30th, 2019, the balance of finance income, as follows:

	Parent Company		Consolidated		Parent Company		Consolidated	
	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Nine months period ended in 9/30/2019 (not reviewed)	Nine months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)	Three months period ended in 9/30/2019 (not reviewed)	Three months period ended in 9/30/2018 (not reviewed)
Finance costs								
Bank expenses	(3)	(4)	(17)	(9)	(1)	(1)	(1)	(5)
Commissions and brokerages	(5)	(6)	(35)	(22)	-	(3)	(12)	(19)
Loss of Hedge operation (SWAP)	-	-	(1,505)	-	-	-	-	-
IOF	(31)	(2)	(1,919)	(282)	(8)	(2)	(1,835)	(17)
Withholding taxes on remittance abroad	-	-	-	-	-	-	-	-
Fine and interest	(4)	(21)	(242)	(174)	-	(14)	(209)	(94)
Actualization IFRS 16	235	-	(7,207)	-	329	-	(7,113)	-
Exchange losses - IPCA	-	-	(570)	-	-	-	(71)	-
Interest on mutual	-	-	(3,427)	-	-	-	(3,427)	-
Exchange variation	140	(22)	(5,793)	(24)	144	(26)	(1,289)	(28)
	332	(55)	(20,715)	(511)	464	(46)	(13,957)	(163)
Finance income								
Interest on investments	318	161	8,375	2,121	90	25	5,010	1,081
Gain of Hedge operation (SWAP)	-	-	6,445	-	-	-	-	-
Exchange gains - IPCA	-	-	303	-	-	-	4	-
Monetary Variation - Government Securities	-	-	1,106	-	-	-	422	-
Interest on mutual	-	-	4,448	-	-	-	4,448	-
Other incomes	3	-	57	-	3	-	55	-
Exchange variation	-	-	-	-	-	-	-	-
	321	161	20,734	2,121	93	25	9,939	1,081
Net finance income	653	106	19	1,610	557	(21)	(4,018)	918

23 Financial risk management

a. General considerations and internal policies

The management of the GNA Group financial risks follows that proposed in the Financial Risks Policy and in the Credit Risk Policy approved by the Board of Directors, in addition to the other financial regulations.

Among the guidelines foreseen in these Policies and regulations, we highlight the following: exchange protection of all debt in foreign currency.

In addition, the use of derivatives has as its sole purpose the protection and mitigation of risks, in a way that prohibits the contracting of exotic derivatives or for speculative purposes. Risk monitoring is done through a management of controls that aims at the continuous monitoring of contracted operations and compliance with the approved risk limits.

The GNA Group is exposed to several financial risks, among which the market, credit and liquidity risks stand out.

b. Market risk management

Cambial risk

The GNA Group, in order to ensure that significant fluctuations in the currency prices to which its liabilities with exchange exposure are subject do not affect its results and cash flow, had, as of September 30th, 2019, foreign exchange hedge operations, representing 100% of the debt with exposure exchange rate.

Interest rate risk

This risk arises from the GNA Group possibility of incurring losses due to fluctuations in interest rates or other debt indexes, such as price indexes, that affect financial expenses related to income from financial investments.

Accordingly, the GNA Group continuously monitors market interest rates in order to assess the possible need to hedge against the risk of volatility of these rates.

c. Liquidity risk management

Liquidity risk is characterized by the possibility of the GNA Group not honoring its commitments in the respective maturities. The financial management adopted by the Company constantly seeks to mitigate liquidity risk, with the main point being the hedge of foreign currency debts.

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.

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

As of September 30th, 2019, the GNA Group had a total of short-term investments of R\$619,183.

d. Credit risk management

Credit risk refers to the possibility of the GNA Group incurring losses due to non-compliance with obligations and commitments by the counterparties.

Credit risk with financial institutions

For operations involving cash and cash equivalents and derivatives, the GNA Group follows the provisions of its Credit Risk Policy which aims to mitigate risk by diversifying with 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 agencies to the main financial institutions with which the GNA Group has open transactions.

e. Additional information on derivative instruments

The GNA Group has derivative instruments with the objective of economic and financial protection against foreign exchange risk. The main instrument used is Non-deliverable Forwards (NDF).

All derivative transactions of hedge programs are detailed in the table below, which includes, by derivative contract, information on instrument type, reference value (nominal), maturity, fair value including credit risk and amounts paid / received or provisioned in the period.

In order to determine the economic relationship between the hedged item and the hedging instrument, the GNA Group adopts a prospective effectiveness test methodology through the critical terms of the object and of the derivatives contracted with the purpose of concluding whether there is an expectation that changes in cash flows of the hedged item and the hedging instrument can be offset against each other.

Non-deliverable Forward hedge program - NDF

In order to reduce cash flow volatility, the GNA Group may enter non-deliverable forwards (NDF) operations to mitigate currency exposure arising from disbursements denominated in or indexed to the US Dollar and Euro.

Consolidated						
	Reference value		Maturity (Year)	Fair value		Accumulated effect Amount receivable/received or payable/paid
	9/30/2019 (not reviewed)	12/31/2018		9/30/2019 (not reviewed)	12/31/2018	9/30/2019 (not reviewed)
NDF						
Term USD	9,356	-	2019	765	-	17,326
Term USD	78,928	-	2020	5,699	-	-
Term USD	87,250	-	2021	4,266	-	-
Term EUR	9,855	-	2019	(4)	-	19,753
Term EUR	82,713	-	2020	(1,980)	-	-
Term EUR	41,109	-	2021	(1,790)	-	-
Net				6,956	-	37,079

This program is classified according to the accounting criteria of hedge accounting and measured at fair value.

Accounting treatment of derivative instruments

Derivative financial instruments are recognized as assets or liabilities in the balance sheet and measured at fair value. When the transaction is eligible and designated as hedge accounting, changes in fair value of derivatives are recorded as follows:

- (i) Cash flow hedge: changes in the fair value of derivative financial instruments designated as effective cash flow hedge have their effective component recorded in shareholders' equity (other comprehensive income) and the ineffective component also recorded in shareholders' equity, but in a differentiated account (Hedge Cost). The amounts recorded in shareholders' equity are only transferred to the Fixed Assets in an appropriate account (Hedge settled) when the protected item is effectively carried out.

At the beginning of the hedge accounting operation, the GNA Group documents the relationship between the hedging instruments and the hedged items, as well as the strategy for hedge operations. The GNA Group also documents, at the beginning and on an ongoing basis, its assessment that the derivatives used in hedging transactions are highly effective.

23.1 Fair value estimate

Fair value is the price that would be received on 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 non-performance risk. The risk of non-compliance includes, among others, the GNA Group own credit risk.

For the measurement and determination of the fair value of the derivative instruments, called Non-Deliverable Forward (NDF), contracted by the UTE GNA I, we use the market rates obtained on the B3 website, being (i) DI x Pre; (ii) Real x USD (iii) Real x Euro. For this pricing, we consider the closing date of the accounting period under review.

Financial assets and liabilities recorded at fair value must be classified and disclosed according to the following levels:

Level 1 - Prices quoted without adjustments in active markets for instruments identical to those of the Company;

Level 2 - Quoted prices with or without adjustments for similar assets or liabilities with information directly or indirectly in active markets, except quoted prices included in the previous level;

The table below sets forth the book values and fair values of the GNA Group financial instruments and other assets and liabilities, as well as its measurement level, as of September 30th, 2019 and December 31st, 2018:

	Nível	Consolidated			
		9/30/2019 (not reviewed)		12/31/2018	
		Accounting	Fair value	Accounting	Fair value
Financial assets (current / non-currents)					
Measured at amortized cost					
Cash and cash equivalents		619,246	619,246	60,447	60,447
		619,246	619,246	60,447	60,447
Measured at fair value through comprehensive income					
<i>Non-deliverable forwards (NDF) - Hedge Instruments</i>	2	10,994	10,994	-	-
		10,994	10,994	-	-
Financial liabilities (current / non-current)					
Measured at amortized cost					
Suppliers		503,572	503,572	15,459	15,459
		99,514	99,514	9,284	9,284
Accounts payable		404,058	404,058	6,175	6,175
Measured at fair value through comprehensive income					
Non-deliverable forwards (NDF) - Hedge Instruments	2	(4,038)	(4,038)	-	-
		(4,038)	(4,038)	-	-

There were no transfers between Level 1 and Level 2 during the period ended September 30th, 2019.

24 Insurance coverage

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

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

At September 30th, 2019 and December 31st, 2018, the insurance coverage is as follows:

	Consolidated	
	9/30/2019 (not reviewed)	12/31/2018
Material damage (engineering risks)	3,725,561	3,466,479
Civil liability and environmental damages	82,578	82,578
Expected losses	4,988,897	4,641,960
Transportation of imported equipment	1,568,525	1,459,447

25 Commitments

On September 30th, 2019 the Company had commitments for future purchases in the amount of R\$77,265 (R\$223,099 as of December 31st, 2018), which should be fulfilled during the thermoelectric works. The GNA Group presented assumed future purchase commitments in the amount of R\$490,121 (R\$ 2,490,524 at December 31st, 2018).