

Gás Natural Açú S.A.

(Privately held)

Interim financial information as of
September 30, 2018

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Gás Natural Açú S.A

Balance sheet

September 30, 2018 and December 31, 2017

(In thousands of Reais)

	Note	Parent Company		Consolidated	
		9/30/2018	12/31/2017	9/30/2018	12/31/2017
Asset					
Current					
Cash and cash equivalents	2	2,459	22	36,545	1,435
Escrow account	3	-	-	200	-
Accounts receivables to related party	4	1,280	-	-	-
Other advances	5	472	21	479	21
Recoverable taxes	6	58	4	442	4
Income taxes and contributions recoverable	6	-	-	355	-
Prepaid expense	7	4	-	28,015	2,084
Other receivables		1	-	4	-
Total current assets		4,274	47	66,040	3,544
Non-current					
Prepaid expense	7	14	-	14,092	-
Investments	8	414,858	13,472	-	-
Property, plant and equipment	9	9,575	-	658,996	12,060
Intangible assets	10	15	-	30,015	30,000
Total non-current assets		424,462	13,472	703,103	42,060
Total assets		428,736	13,519	769,143	45,604
Liabilities					
Current					
Suppliers	11	628	4,622	42,904	6,083
Salaries and charges payable		3,709	2,292	5,983	2,292
Accounts payable to related party	4	2,008	1,875	3,543	2,498
Taxes payable	12	171	190	2,809	190
Income and social contribution taxes payable	12	-	-	354	-
Trade accounts payable	13	-	-	-	10,000
Total current liabilities		6,516	8,979	55,593	21,063
Non-current					
Trade accounts payable	13	-	-	20,000	20,000
Total non-current liabilities		-	-	20,000	20,000
Shareholders' equity					
Share capital		141,833	16,021	141,833	16,021
Advance for future capital increase		144,349	-	144,349	-
Capital reserve		194,512	28,856	194,512	28,856
Retained earnings (Accumulated losses)		(58,474)	(40,337)	(58,474)	(40,337)
Total shareholders' equity attributed to controlling shareholders		422,220	4,540	422,220	4,540
Minority interest		-	-	271,330	1
Total shareholders' equity		422,220	4,540	693,550	4,541
Total liabilities and shareholders' equity		428,736	13,519	769,143	45,604

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Statement of operations

Nine-month periods ended September 30, 2018 and 2017

(In thousands of Reais)

		Parent Company		Consolidated	
		9/30/2018	9/30/2017	9/30/2018	9/30/2017
Operating expenses					
Administrative expenses	14	(12,583)	(12,858)	(20,429)	(12,858)
Impairment and other losses		-	-	(3)	-
Net income before financial revenue (expenses)		(12,583)	(12,858)	(20,432)	(12,858)
Financial Revenue/Expense					
Finance income	15	161	2	2,121	2
Finance expenses	15	(55)	(8)	(511)	(9)
Share of loss of equity-accounted investees	8	(5,660)	(1)	-	-
Profit before tax		(18,137)	(12,865)	(18,822)	(12,865)
Current income and social contribution taxes		-	-	(452)	-
Loss for the period		(18,137)	(12,865)	(19,274)	(12,865)
Attributable to:					
Owners of the parent		(18,137)	(12,865)	(18,137)	(12,865)
Non-controlling interest		-	-	(1,137)	-
Loss for the period		(18,137)	(12,865)	(19,274)	(12,865)

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Statements of changes in shareholders' equity Nine-month periods ended September 30, 2018 and 2017 (In thousands of Reais)

	Capital reserve					Accumulated loss	Shareholders' Equity - parent company	Non-controlling shareholder's equity	Total shareholders' equity
	Share capital	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)
Loss for the period	-	-	-	-	-	(12,865)	(12,865)	-	(12,865)
Capital increase	15,397	-	(825)	-	-	-	14,572	-	14,572
Balance as of September 30, 2017	16,021	-	8,280	-	-	(27,110)	(2,809)	-	(2,809)
Loss for the period	-	-	-	-	-	(13,227)	(13,227)	-	(13,227)
Advance for future capital increase	-	-	7,376	-	-	-	7,376	-	7,376
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 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
Gain / (loss) on the percentage change in investee	-	-	-	-	24,935	-	24,935	-	24,935
Minority interest	-	-	-	-	-	-	-	272,466	272,466
Balance as of September 30, 2018	141,833	156,377	144,349	13,200	24,935	(58,474)	422,220	271,330	693,550

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Statements of cash flows

Nine-month periods ended September 30, 2018 and 2017

(In thousands of Reais, unless stated otherwise)

	Parent Company		Consolidated	
	9/30/2018	9/30/2017	9/30/2018	9/30/2017
Cash flows from operating activities				
Loss before tax	(18,137)	(12,865)	(18,822)	(12,865)
Adjustments for:				
Depreciation and amortization	45	-	53	-
Share of profit (loss) of equity-accounted investees	5,660	1	-	-
Adjusted net loss	(12,432)	(12,864)	(18,769)	(12,865)
(Increase) decrease in assets and increase (decrease) in liabilities:				
Recoverable taxes	(54)	(4)	(1,245)	(4)
Prepaid expense	(18)	-	(40,023)	-
Other advances	(451)	(24)	(458)	(24)
Other receivables	(1)	-	(4)	-
Escrow account	-	-	(200)	-
Suppliers / trade accounts payable	(3,994)	(3,641)	26,821	(3,641)
Accounts receivables to related parties	(1,280)	-	-	-
Accounts payable to related parties	133	14	1,045	14
Taxes payables	(19)	(51)	2,973	(51)
Salaries and charges payable	1,417	1,897	3,691	1,897
Net cash used in operating activities	(4,267)	(1,809)	(7,400)	(1,809)
Cash flows from investing activities				
Acquisition of PPE	(9,620)	-	(646,989)	-
Acquisition of intangible	(15)	-	(15)	-
Capital increase in subsidiary	(407,046)	(2)	-	(1)
Net cash provided by investing activities	(416,681)	(2)	(647,004)	(1)
Cash flows from financing activities				
Capital increase Siemens - GNA UTE I	-	-	272,466	-
Capital increase	125,812	14,572	125,812	14,572
Capital reserve	181,312	-	181,312	-
Advance for future capital increase	128,693	-	128,693	-
Net cash provided by financing activities	435,817	14,572	708,283	14,572
Increase (decrease) in cash and cash equivalents	2,437	(103)	35,110	(103)
At the beginning of the year	22	136	1,435	139
At end of year	2,459	33	36,545	36
Increase (decrease) in cash and cash equivalents	2,437	(103)	35,110	(103)

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1. Group Companies

Direct subsidiaries	Country	Ownership interest	
		9/30/2018	12/31/2017
GNA Infra	Brazil	88.27%	100.00%
GNA II	Brazil	49.50%	49.50%
GNA III	Brazil	99.00%	99.00%
Indirect subsidiaries			
GNA I	Brazil	67.00%	100.00%

2. Cash and cash equivalents

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Cash and bank deposits	40	22	1,639	286
Short-term investments				
Securities held under repurchase agreements	2,419	-	2,419	1,149
CDB	-	-	32,490	-
	2,419	-	34,909	1,149
	2,459	22	36,548	1,435
Provision for expected loss	-	-	(3)	-
Total	2,459	22	36,545	1,435

3. Escrow account

As of September 30, 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.

4. Related Parties

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Accounts receivables to related party				
GNA UTE 1 (a)	1,280	-	-	-
Total	1,280	-	-	-

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	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Accounts payable to related party				
Porto do Açú (b)	399	345	399	345
Prumo (b)	1,609	1,523	1,609	1,523
NFX (c)	-	7	-	7
Lakeshore (d)	-	-	-	623
Prumo (e)	-	-	1,535	-
Total	2,008	1,875	3,543	2,498

(a) R\$ 400 values referring to the Bolognesi marketing contract; R\$ 880 costs on loan counseling paid by GNA HoldCo.

(b) In 2018, the amount of R\$ 2,008 refers to the reimbursement of costs over shared costs, according to a contract signed between the parties. The composition of the amount per year is 2018 R\$ 140 and 2017 R\$ 1,868.

(c) Denotes the thirteenth month salary of a transferred employee.

(d) Advice for future loans.

(e) Transfer of value to GNA UTE II.

The compensation of key management staff has been presented below:

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Executive Officers				
Management fees	4,799	1,334	6,242	1,334
Bonuses	330	158	435	158
Benefits and charges	1,451	451	1,887	451
Total	6,580	1,943	8,564	1,943

5. Other advances

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Advance to supplier	371	-	371	-
Advance corporate card / purchases	66	18	67	18
Holiday advance	29	-	31	-
Advance payment for travel	6	3	10	3
Total	472	21	479	21

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6. Taxes recoverable

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Income tax withheld at source ("IRRF")	58	4	442	4
Income tax and social contribution ("IRPJ/CSLL")	-	-	355	-
Total	58	4	797	4

7. Prepaid expenses

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Insurance premium (a)	18	-	36,548	1,461
Transaction cost (b)	-	-	5,559	623
Total	18	-	42,107	2,084
Current	4	-	15,399	2,084
Non-current	14	-	14,092	-
Total	18	-	29,491	2,084

a) Insurance premiums: engineering risks, civil liability, transportation and bail.

b) Transaction cost to obtain borrowing

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8. Investments

a) Equity interest

9/30/2018									
Direct investee	% interest	Number of shares / (thousand)	Assets	Liabilities	Equity	Capital	AFAC	Capital reserve	Accumulated loss
GNA Infra	88.27%	322	452,982	2,168	450,814	250,073	87,435	119,702	(6,396)
GNA II	49.50%	2	15,022	1,535	13,487	2	13,607	-	(121)
GNA III	99.00%	1	1	-	1	1	-	-	-

12/31/2017									
Direct investee	% interest	Number of shares / (thousand)	Assets	Liabilities	Equity	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 III	99.00%	1	1	-	1	1	-	-	-

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b) Changes

Direct investee	12/31/2017	Share capital increase	AFAC	Capital reserve	Net income in the period	Transfer of shares	Gain / (loss) on the percentage change in investee	9/30/2018
GNA Infra	13,471	181,438	87,435	106,502	(5,600)	-	24,935	408,181
GNA II	1	-	6,735	-	(60)	-	-	6,676
GNA III	-	1	-	-	-	-	-	1
Total	13,472	181,439	94,170	106,502	(5,660)	-	24,935	414,858

Direct investee	12/31/2016	Share capital increase	AFAC	Capital reserve	Net income in the period	Transfer of shares	Gain / (loss) on the percentage change in investee	12/31/2017
GNA Infra (*)	-	1	-	13,200	(51)	321	-	13,471
GNA I (*)	1	320	-	-	-	(321)	-	-
GNA II	1	-	-	-	-	-	-	1
GNA III	-	-	-	-	-	-	-	-
Total	2	321	-	13,200	(51)	-	-	13,472

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9. Property, plant and equipment

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Gás Natural	9,575	-	9,575	-
Gás Natural Infra	-	-	418	-
Ute Gna 1	-	-	646,600	12,060
Ute Gna 2	-	-	2,403	-
	9,575	-	658,996	12,060

a) Balance breakdown

	Annual rate of weighted depreciation %	Parent Company			
		Cost	Accumulated depreciation	Net 9/30/2018	Net 12/31/2017
Improvements	4	1,985	-	1,985	-
Utilities	10	15	-	15	-
IT Equipment's	20	1,057	(27)	1,030	-
		3,057	(27)	3,030	-
Works in progress and equipment under construction		6,545	-	6,545	-
		6,545	-	6,545	-
		9,602	(27)	9,575	-

	Annual rate of weighted depreciation %	Consolidated			
		Cost	Accumulated depreciation	Net 9/30/2018	Net 12/31/2017
Improvements	4	1,985	-	1,985	-
Utilities	10	15	-	15	-
IT equipment's	20	1,265	(32)	1,233	-
		3,265	(32)	3,233	-
Advances for property, plant and equipment formation		266,477	-	266,477	8,138
Works in progress and equipment under construction		389,285	-	389,285	3,922
		655,762	-	655,762	12,060
		659,027	(32)	658,995	12,060

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b) Change in the cost

	Parent company					9/30/2018
	12/31/2017	Change				
	Cost	Additions	Accumulated depreciation	Write-off	Transfers (*)	
Cost						
Improvements	-	1,985	-	-	-	1,985
Utilities	-	15	-	-	-	15
IT equipment's	-	1,057	(27)	-	-	1,030
	-	3,057	(27)	-	-	3,030
Works in progress and equipment under construction	-	6,545	-	-	-	6,545
	28	6,545	-	-	-	9,575
	28	9,602	(27)	-	-	9,575

	Consolidated					09/30/2018
	12/31/2017	Change				
	Cost	Additions	Accumulated depreciation	Write-off	Transfers (*)	
Cost						
Improvements		1,985	-	-	-	1,985
Utilities		15	-	-	-	15
IT equipment's		1,265	(32)	-	-	1,233
		3,265	(32)	-	-	3,233
Advances for property, plant and equipment formation	8,138	258,367	-	-	-	266,477
Works in progress and equipment under construction	3,922	385,335	-	-	-	389,285
	12,060	643,702	-	-	-	655,762
	12,060	646,967	(32)	-	-	658,996

• **Advance for formation assets:** The balance of advances on September 30, 2018 consists of advances made to suppliers for equipment delivery.

• **Advances for property, plant and equipment formation:** The Works in progress as of September 30, 2018 consists of expenses incurred on Works on the thermal power plant.

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10. Intangible assets

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
Energy sale receivable (*)	-	-	31,234	30,652
AVP – Adjustment to present value	-	-	(1,234)	(652)
Software	15	-	15	-
	15	-	30,015	30,000

11. Suppliers

	Parent Company		Consolidated	
	09/30/2018	12/31/2017	09/30/2018	12/31/2017
CONSORCIO TERMICA DO AÇU (*)	-	-	40,373	-
HARDNER AND GULLISON ASSOCIADOS	-	-	195	-
KFW INPEX	-	273	165	273
TECHMAHINDRA	160	160	160	160
S3B ENGENHARIA SPA	-	138	135	138
COMPANHIA BRASILEIRA DE S	91	-	91	-
KPMG	91	-	91	-
VALOIS	45	-	45	-
GSW	-	-	44	-
PLANO Z PROD CINEMATOGRÁF	32	-	32	-
ABS	25	-	25	-
BAGGIO E COSTA FILHO SOC DE ADVOG	24	63	24	63
DELL COMPUTADORES	-	-	18	-
TOP SERVICE SERVICOS E SI	13	-	13	-
BRADESCO SEGUROS	11	-	11	-
M. DE OLIVEIRA P. DO NASC	7	-	7	-
CAMARA DE COMERCIALIZAÇÃO	-	-	6	-
NOVAÇÃO DISTRIBUIDORA DE	-	-	6	-
POSTO DE COMBUSTIVEL GLOR	-	-	4	-
SIDECARD COMERCIO E SERVI	-	-	3	-
SET INFORMÁTICA LTDA - EP	-	-	2	-
INSS sobre folha	-	144	-	144
ABDO	-	90	-	90
Consultoria Planejamento e Estudos Ltda.	-	67	-	67
PSR Soluções	-	62	-	62
Allatur	-	53	-	53
Mattos Filho Adv.	-	37	-	37
CFPS Engenharia e Projetos S/A	-	13	-	13
Wood Group Kenny do Brasil Serviços	-	58	-	58
Habtec Engenharia Sanitária	-	39	-	39
Control Ambiental Sustent. E Meio Amb	-	22	-	22
Instituto Nacional da Seg. Social	-	-	-	-
Bradesco Cartões S.A	-	140	-	140
Tetra Tech Consultoria Ltda	-	334	-	334
Promon Engenharia Ltda	-	550	80	550
Granherne	-	1,118	-	1,118
BMA Ambiental Ltda	-	486	-	486
IFC	-	525	-	525
Others	129	250	1,372	250
	628	4,622	42,902	4,622

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12. Taxes and contributions payable

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Services tax ("ISS")	-	6	1,114	6
INSS third parties	1	-	1,253	-
Tax on the circulation of goods and services ("ICMS")	-	-	62	-
Income tax withheld at source ("IRRF")	145	159	294	159
PIS/COFINS	1	-	23	-
PIS/COFINS/CSLL - Withheld	24	25	63	25
	171	190	2,809	190
Income tax and social contribution ("IRPJ/CSLL")	-	-	354	-
Total	171	190	3,163	190

13. Trade accounts payable

	Parent Company		Consolidated	
	9/30/2018	12/31/2017	9/30/2018	12/31/2017
Bolognesi Energia (*)	21,234	30,652	21,234	30,652
AVP - adjustment to present value	(1,234)	(652)	(1,234)	(652)
Total	20,000	30,000	20,000	30,000
Current	-	10,000	-	10,000
Non-current	20,000	20,000	20,000	20,000
Total	20,000	30,000	20,000	30,000

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

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

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- (+/-) 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.

14. General and administrative expenses

	Parent Company		Consolidated	
	Nine months period ended in 9/30/2018	Nine months period ended in 9/30/2017	Nine months period ended in 9/30/2018	Nine months period ended in 9/30/2017
Advocative hours	-	-	(824)	-
Salaries and charges	(9,698)	(2,248)	(15,567)	(2,248)
Outsourced services	-	(10,519)	-	(10,519)
Consulting	(1,742)	-	(2,361)	(0)
Audit	(91)	-	(293)	-
Maintenance / IT support	(77)	-	(142)	(9)
Taxes and fees	(11)	-	(134)	(1)
Other	(965)	(90)	(1,107)	(80)
Total	(12,583)	(12,858)	(20,429)	(12,858)

15. Finance income

	Parent Company		Consolidated	
	Nine months period ended in 9/30/2018	Nine months period ended in 9/30/2017	Nine months period ended in 9/30/2018	Nine months period ended in 9/30/2017
Finance costs				
Bank expenses	(4)	(3)	(9)	(4)
Commissions and brokerages	(6)	-	(22)	-
IOF	(2)	-	(282)	-
Exchange variance	(22)	-	(24)	-
Fine and interest	(21)	(5)	(174)	(5)
	(55)	(8)	(511)	(9)
Finance income				
Interest on investments	161	2	2,121	2
	161	2	2,121	2
Net finance income	106	(6)	1,610	(7)

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16. 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 September 30, 2018, and December 31, 2017, the main risks covered are:

	Consolidated	
	9/30/2018	12/31/2017
Material damages	3,581,974	2,762,453
Civil Liability and Environmental Damages	82,578	-
Lost Earnings	3,597,154	1,449,121
Transportation of Imported Equipment	1,508,072	-

17. Commitments

On September 30, 2018 the Company had commitments for future purchases in the amount of R\$ 2,503,234 (R\$ 2,429,795 as of December 31, 2017), which should be fulfilled in the course of the works.

	Consolidated	
	9/30/2018	12/31/2017
GNA HoldCo	69,900	98,468
Gás Infra	252	1,216
GNA I	2,433,082	2,330,111
Total	2,503,234	2,429,795