

Explanatory notes to the Interim Financial Statements of March 31, 2019 and December 31, 2018
(Amounts expressed in thousands of reais, unless otherwise stated)

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1. Operational Context

Saneamento de Goiás S.A. - Saneago (“Company”) is a publicly traded mixed-capital company, with no outstanding shares and / or trading on the market, established under the terms of State Law No. 6.680 dated September 13, 1967, headquartered at Av. Fued José Sebba no. 1.245, Setor Jardim Goiás, Goiânia-GO, CNPJ 01.616.929/0001-02.

- Saneago acts as a provider of basic sanitation services in the State of Goiás, through concession and associated management in the constitutional form provided for, performing studies, designing projects, performing works, operating and practicing the exploitation of basic sanitation services, considered as the set of services, infrastructure and operational facilities for drinking water supply, sanitary sewer, urban cleaning and solid waste management, as well as drainage and urban stormwater management.

According to the Company's Bylaws, urban cleaning and solid waste management services, as well as urban drainage services, will depend on the technical implementation in the Company, and will only be provided through specific service contracts for this purpose. Currently, the Company has no urban cleaning and solid waste management contracts.

In order to comply with Law 13.303 dated June 30, 2016, which provides for the legal status of the public company, mixed capital company and its subsidiaries, within the scope of the Federal Government, States, Federal District and Municipalities, the Company has already implemented the following actions: (i) adequacy of the Bylaws to comply with the law; (ii) implementation of a process to indicate the governance structure; (iii) creation of the Statutory Audit Committee; (iv) creation of the Statutory Eligibility Committee; (v) creation and publication of the Code of Conduct and Integrity; (vi) creation of a training program for administrators, managers and supervisory and management officers; (vii) preparation of spokespersons, communication and information dissemination policies, (viii) creation of a program to prevent acts of corruption, dividend distribution and the prevention of conflicts of interest. All of these activities have been implemented since 2016 and have been subject to improvement since then.

Until March 31, 2019, Saneago has 226 contracts in operation that are distributed as follows: 155 contracts in force, of which 98 are concession contracts and 57 are program contracts, representing an average percentage of 86.71% of turnover; 71 expired contracts representing 13.29% of net sales, which are in operation and under negotiation. The average maturity of the current contracts is 23 years for the concession contracts and 30 years for the program contracts, counted from the date of the assumption of services, with the possibility of extension through negotiation with each municipality. The current contracts have the following maturity schedule: 78 contracts due in the next 15 years, 21 contracts due in 15 to 20 years and 56 contracts due over 20 years. Management expects that all concession contracts will result in new contracts or extensions, eliminating the risk of discontinuity in the provision of services.

Below are the main contracts and their respective maturities:

Municipalities	Status	Due date	Turnover %	Type of Contract	Term (years)
Goiânia	In force	3/4/2023	37.52%	Concession	25
Anápolis	In force	01/31/2023	6.90%	Concession	20
Aparecida de Goiânia	In force	11/01/2041	4.05%	Program	30
Valparaíso de Goiás	In force	11/16/2048	2.47%	Program	30
Rio Verde	In force	11/01/2041	2.41%	Program	30
Luziânia	In force	12/01/2045	1.98%	Program	30
Itumbiara	In force	06/15/2022	1.93%	Concession	20

Formosa	In force	03/14/2025	1.92%	Concession	25
Planaltina	In force	04/01/2030	1.34%	Concession	25
Trindade	In force	11/01/2041	1.31%	Program	30
Jataí	In force	11/01/2041	1.29%	Program	30
Novo Gama	In force	11/22/2019	1.17%	Concession	20
Goianésia	In force	06/15/2020	1.12%	Concession	25
Cidade Ocidental	In force	11/01/2041	1.10%	Program	30
Águas Lindas de Goiás	In force	05/18/2031	1.02%	Concession	31
Quirinópolis	Matured	06/24/2016	1.01%	Concession	20
Sana Helena de Goiás	In force	05/17/2021	0.99%	Concession	20
To mature in 01 - 15 years			7.65%		
To mature in 16 - 30 years			10.54%		
Matured			12.28%		
			<u>100.00%</u>		

The Company's operations are concentrated in the Municipality of Goiânia, which represents 37.52% of gross revenue on 03/31/2019 and 31.60% of intangible assets (37.44% of gross revenue and 31.88% of intangible assets in December 31, 2018).

According to Regulatory Resolution No. 0125/18 of the Regulatory Board of the Agency for Regulation, Control and Inspection of Public Services of Goiás - AGR, a linear readjustment of 3.37% was granted for water / sewage tariffs on July 1, 2018.

The authorization for the reissue of these financial statements was made by the Management Board on October 18, 2019, and is being made due to the matters described in note No. 5.

2. Basis for the preparation of the financial statements and summary of the main accounting practices

2.1 Compliance Statement

The financial statements were prepared in accordance with the Accounting Practices Adopted in Brazil, in accordance with Laws 6.404/76, 11.638/07 and 11.941/09, covering the Brazilian corporate law, the pronouncements, guidelines and interpretations issued by the Committee of Accounting Pronouncements and approved by the Brazilian Securities and Exchange Commission - CVM through its resolutions and standards issued by the Federal Accounting Council, in line with the International Accounting Standards, IFRS (International Financial Reporting Standards) issued by the IASB (International Accounting Standards Board).

The Company's management declares and confirms that all material information of its own and contained in the financial statements are being disclosed and that they correspond to the information used by its management.

The Financial Statements were prepared considering the historical cost as a basis of value and adjusted to reflect the assigned cost of Land, Buildings, Furniture and Utensils, Machinery and Equipment, Vehicles and Computer Equipment on the date of transition to IFRS, and these assets are not reversible to the granting power.

2.2. Functional Currency

The functional currency practiced by Saneago is the Real (BRL). All presentation amounts of the financial statements are expressed in thousands of reais.

2.3. Main accounting judgments and estimates

The preparation of the financial statements requires Management to use certain estimates and assumptions, requiring Management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually assessed based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Because of this, by definition, such estimates may differ from actual results.

The estimates and assumptions that have a significant risk of causing an important adjustment in the book values of assets and liabilities within the next accounting year are disclosed below:

a) Estimated losses on allowance for doubtful accounts

The estimated losses on allowance for doubtful accounts is constituted by an amount considered sufficient to cover possible losses in the realization of accounts receivable from customers for all private and public users with balances overdue for more than 90 days and for state public agencies with maturity above 60 days, as well as for other credits overdue and to be overdue from the same users. In the case of the amounts to be billed, the estimated loss is calculated based on the history of the loss amounts of the private and public sector together in relation to its calculation basis, this estimate being applied to the amount to be invoiced.

The methodology for determining such losses requires significant estimates, considering a variety of factors including the assessment of the receipt history, current economic trends, estimated write-offs and the maturity of the accounts receivable portfolio. Although the Company believes that the assumptions used are reasonable, the actual results may differ.

b) Intangible assets resulting from concession and program contracts

The Company records the assets arising from concession and program contracts as intangible assets. The company estimates the fair value of construction and other infrastructure works to recognize the cost of intangible assets, being recognized when the infrastructure is built and it is likely that such asset will generate future economic benefits. The vast majority of contracts provide the Company with the right to receive, at the end of the contract, a payment equivalent to the residual balance of the intangible concession assets, which are amortized over the useful life of the respective tangible assets, also considering the history of renewals of the referred contracts and, at the end of the contract, the possible remaining value of the intangible asset will be equal to the residual of the relative fixed asset.

Concession intangible assets under concession and program contracts, in cases where there is no right to receive the residual balance of the asset at the end of the contract, are amortized using the straight-line method according to the useful life of the asset or contract period, whichever occurs first.

Additional information on accounting for intangible assets arising from concession and program contracts is described in note 18.

The recognition of the fair value of intangible assets in concession and program contracts is subject to assumptions and estimates, and the use of different estimates may affect the accounting records. This fact, along with future changes in the useful lives of these intangible assets, may have significant impacts on the results of operations.

c) Social security obligations and pension plans

The Company sponsors a defined benefit plan, as described in note 26.

The liability recognized in the balance sheet in relation to the defined benefit plan is the present value of the defined benefit obligation at the date in the balance sheet, minus the fair value of the plan assets. The obligation for this benefit is calculated annually by independent actuaries, using the unit credit method designed. The present value of the defined benefit obligation is determined by discounting estimates of future cash outflows, using interest rates consistent with market yields, which are denominated in the currency in which the benefits are paid (Reais) and which have terms maturities close to those of the respective pension plan obligation.

d) Deferred income tax and social contribution

The Company recognizes and settles deferred income taxes based on the results of its operations determined in accordance with Brazilian corporate law, considering the precepts of tax legislation. In accordance with CPC 32 (IAS 12), the Company recognizes deferred tax assets and liabilities based on differences between the accounting balances and the tax bases of assets and liabilities.

Deferred tax assets are regularly reviewed for impairment and the Company recognizes a provision for impairment if it is probable that these assets will not be realized based on: (i) historical taxable income; (ii) projections of future taxable profits; and (iii) the estimated time for reversing existing temporary differences. These calculations require the use of estimates and assumptions, which may result in a provision for impairment of all or a significant part of the deferred tax asset.

For more information on deferred taxes, see note 14.

e) Provisions for judicial claims

The Company is a party to several legal proceedings, which include, among others, claims related to labor, civil, tax, environmental lawsuits, including disputes from customers and suppliers, at administrative and judicial levels. The Company sets up a provision for legal proceedings when it has a present obligation (legal or not formalized) as a result of a past event, which is likely to require the withdrawal of funds in order to settle the obligation and the respective amount can be reasonably estimated. Judgments regarding future events may differ significantly from current estimates and exceed the amounts provisioned. Provisions are reviewed and adjusted to take into account changes in the circumstances surrounding them.

For more information on the provisions for judicial claims, see note 25.

2.4 Financial assets and liabilities

a) Financial asset - rating:

The Company should rate its financial assets under the following categories: measured at fair value through profit or loss, loans and receivables, held to maturity and available for sale. The rating depends on the purpose for which the financial assets were acquired, and their rating is determined upon initial recognition.

On March 31, 2019 the Company had no financial instruments intended for immediate trading, held to maturity and / or available for sale.

b) Financial liability - rating:

The Company should rate its financial liabilities under the following categories: measured at fair value through profit or loss and other liabilities, and their rating depends on the purpose for which the financial liabilities were assumed.

On December 31, 2018 and March 31, 2019 the Company had no financial liabilities rated in the fair value category through income statement.

Financial liabilities in the “other liabilities” category are subsequently measured using the effective interest method to calculate the amortized cost and allocate its interest expense over the respective period. The effective interest rate is the rate that exactly discounts estimated future cash flows (including fees, transaction costs and other issue costs) over the estimated life of the financial liability or, where appropriate, for a shorter period, for the initial recognition of its net book value. Financial liabilities rated as “other liabilities” comprise:

- Balances payable to suppliers (note 2.13);
- Loans and financing (note 2.17).

2.5 Operating Revenue

a) Revenue from sanitation services

Revenue from the provision of water supply and sewage collection services is recognized when water is consumed. Revenue, including revenue not yet billed, is recognized at the fair value of the consideration received or receivable for the provision of the service and is shown net of taxes and fees levied on it, including rebates and discounts. The revenue incurred, whose service was provided, but not yet billed until the end of each period, is estimated and recognized in accounts receivable from customers and the corresponding consideration in the income statement as revenue to be billed.

Accordingly, the Company recognizes its revenue when: (i) the goods or services are delivered; (ii) the value can be measured reliably; (iii) at the moment of compliance with the performance obligations (iv) it is probable that the amounts will be received.

b) Construction revenue

The Company recognizes construction revenue in accordance with ICPC 01 (R1) / IFRIC 12 Concession contracts and CPC 17 (R1) / IAS 11 Construction contracts, using the percentage of completion method, provided that all applicable conditions are completed.

The Company records revenues and costs related to construction services or improvement of the infrastructure used to provide water supply and sewage collection services. The construction margin adopted is established to be equal to zero, considering that: (i) the Company's core activity is water supply and sewage collection and treatment; (ii) all construction revenue is related to the construction of infrastructure to achieve its core activity; and (iii) the Company outsources the construction of the infrastructure to unrelated parties. Monthly, the totality of additions made to the intangible asset in progress is transferred to the profit and loss statement, as construction cost.

2.6 Cash and cash equivalents

Cash and cash equivalents are composed of cash, bank accounts for transactions, collection, deposits for works and financial investments of immediate liquidity, with original maturities less than 3 months from the investment date and which present an insignificant risk of change in fair value. These balances are retained for the purpose of meeting short-term commitments and not for investment or other purposes.

2.7 Credits Receivable from Users

They are recognized at their nominal value as the services are provided and measured. Measurements that exceed the monthly limit are estimated and recorded in amounts to be billed, at present value, without any kind of additions. In cash generation due to overdue payments, interest and corrections are rated as financial revenues. It is estimated that the balances of accounts receivable from customers are close to their fair market values, given the short term of the operations carried out.

Unpaid credits that are divided into current and non-current installments are adjusted and discounted to present value against financial expenses - AVP, whose discount rate went from 0.5% per month to 1% as of November 8, 2016, as Normative Resolution No. 0080/2016-CR, from the Agency for

Regulation, Control and Inspection of Public Services of Goiás - AGR and Resolution No. 162/2016 from the Board of Directors of Saenago.

2.8 Stocks

The material stocks are aimed at consumption, maintenance of water supply systems, sanitary sewage and works, are valued at the average acquisition cost, do not exceed the realizable value and are rated in current assets, deducted from provisions for losses. The provision for losses in stocks is set up based on the Company's internal policy, being provisioned due to the lack of movement, that is, items that are not used in the last 12 months will be automatically rated as obsolete.

2.9.1 Other Current Assets

They are recorded at the cost of acquisition or realization, including, when applicable, the earned income.

2.10 Fixed Assets

Fixed assets are stated at acquisition and / or construction cost, and their values were revised in 2009 to reflect the assigned cost of land, buildings, furniture and utensils, machinery and equipment, vehicles and computer equipment in the net amount of BRL 47,810. The surplus value recorded in fixed assets was BRL 72,440, with a corresponding consideration in the shareholders' equity account called Equity Valuation Adjustments. Deferred taxes on the total amount of BRL 24,630 were recognized in non-current liabilities. These assets are not reversible to the granting authority and as they are depreciated or written off against the financial result, the respective amounts of the attributed cost are transferred from the Equity Valuation Adjustments account to the Accumulated Profits or Losses account.

Saneago hires a specialized company to review the useful life of its assets and, after issuing the report, depreciation is calculated using the straight-line method.

The annual depreciation rates are presented as follows:

Nature of Goods	Depreciation Rate	Nature of Goods	Depreciation Rate
Land	0%	Decanters and Drying Ponds	4%
Easements	0%	Equipment	10%
Wells	5%	Furniture and utensils	10%
Dams	4%	Vehicles	20%
Civil Constructions	4%	Computers	20%
Transmission lines	4%	Software	20%
Pipings	4%	Machines, Tractors and The Like	25%
Reservoir and Storage Tanks	4%	Works of art	0%
Water Meters and Macrometers	10%	Other Fixed Assets	0%
Building Connections	5%		

2.1 Intangible Assets

Intangible assets are stated at acquisition cost (historical cost includes expenses directly attributable to the acquisition of the items, as well as interest on financing incurred in the acquisition until the date of entry into operation) and / or construction. Amortization is calculated using the straight-line method based on the useful life and considering the final term of the concession, whichever is the shorter, and the report of a specialized company. Straight-line amortization results in a constant debt over the asset's useful life if its residual value does not change. The amortization of intangible assets starts when it is available for use, in its location and in the necessary condition.

This group of accounts consists of the assets used in the water and sewage systems linked to municipal concessions in line with the interpretation of ICPC 01 - Concession Contracts.

Financial charges related to loans and financing for works in progress are allocated to the cost of the works.

The Company evaluates the intangible asset when there are indications of non-recovery of its book value. Assets linked to the concession and those with a defined useful life are tested for impairment annually, regardless of whether there are indications of impairment.

When applying the impairment test of assets, the book value of an asset or cash-generating unit is compared with its recoverable value. The recoverable amount is the higher of an asset's net sale value and its value in use. Considering the particularities of the Company's assets, and the expectation of using the assets until the end of their useful lives, the recoverable amount used to evaluate the test is the value in use, except when specifically indicated.

a) Concession Contracts

The infrastructure used by the Company related to the concession contracts is considered controlled by the municipality when: (i) the municipality controls or regulates which services the operator must provide to whom it must provide them and at what price; (ii) the municipality controls the infrastructure, that is, it maintains the right to resume it at the end of the concession; and (iii) the Company's rights over the infrastructure operated in accordance with contracts, are recorded as intangible - assets related to the concession, since it has the right to charge for the use of these assets and the users (consumers) have the main responsibility to pay for their services.

The fair value of construction and other infrastructure works represents the cost of the intangible asset, provided that these works are expected to generate future economic benefits.

The vast majority of service concession contracts signed with municipalities are regulated by service concession agreements in which the concessionaire is entitled to receive cash or another financial asset from the granting authority for construction services performed and not amortized until the end of the concession, which have been carried out by the Company in order to guarantee the continuity and timeliness of the services granted.

Law 11.445/07 indicates that public basic sanitation services will have economic sustainability ensured, whenever possible, through remuneration for charging services, preferably in the form of tariffs and other public prices. Thus, investments made and not recovered through the provision of services, in the original term of the contract, are kept as intangible assets, amortized over the useful life of the asset, considering the solid history of renewals of the concessions, and, therefore, the continuity of provision of services.

Historically, it operates through the renewal of concessions and there is an option to extend the term at the end of the concession by the municipalities, so there is no record of a financial asset.

b) Software Use Licenses

Licenses for the use of software and business management systems acquired are capitalized and amortized over their useful lives and the expenses associated with their maintenance are recognized as expenses when incurred. In Management's assessment, there is no indication that the book values will not be recovered through future operations.

2.12 Evaluation at the recoverable value of non-financial assets ("Impairment")

Fixed assets, intangible assets and other non-current assets with definite useful lives are reviewed annually in order to identify evidence of estimated ("impairment"), or whenever events or changes in circumstances indicate that the book value of an asset or group of assets may not be recoverable. These assets include, among others, intangible assets resulting from concession contracts related to water and sewerage systems.

Assumptions that require the use of significant estimates were used, including projections of operating revenues and future cash flows, future growth rates and duration of the Concession Contract, among other factors. In addition, projections are calculated over a long period of time, which subjects these assumptions and estimates to an even greater degree of uncertainty. Although the Company believes that the estimates used are reasonable, the use of different assumptions may materially affect the

recoverable amount. The discount rate used was 9.11% (WACC rate). As demonstrated, the assets will be able to produce sufficient results for their recovery since the insufficiency of one Municipality is supplied by the sufficiency of another (called cross-subsidy).

Additionally, the Company adopts as an impairment criterion those works that have been paralyzed for more than one year and with no expectation of cash generation, with direct and indirect costs being fully provisioned. If the works are resumed, the losses incurred are recorded and are recognized in the income for the year. The amount of the provision for impairment related to paralyzed works is BRL 132,097 on March 31, 2019 (BRL 151,474 on December 31, 2018).

2.13 Suppliers

They are obligations to pay for goods or services that were acquired in the ordinary course of business, being rated as current liabilities, except when the maturity is more than 12 months after the balance sheet date, when they are presented as non-current liabilities. They are recognized at the corresponding invoice amount.

It is estimated that the balances of accounts payable to suppliers are close to their fair market values, given the short term of the operations carried out.

2.14 Salaries and social charges

The Salaries, including vacations, 13th salary payable and complementary payments negotiated in collective bargaining agreements, plus corresponding social charges, are appropriated on an accrual basis.

2.15 Corporate Income Tax and Social Contribution on Net Profit

Income tax and social contribution expenses represent the sum of current and deferred taxes.

a) Current taxes

Current income tax and social contribution, when due, are recorded on an accrual basis, in current liabilities as a consideration to income for the year, and are based on taxable profit for the year. They are calculated based on taxable profit, with the Income Tax having effective rates of 15% plus an additional 10% applicable to the profit exceeding the established limit, and the Social Contribution with a rate of 9%.

Taxable profit differs from the profit presented in the income statement because it excludes taxable / deductible revenues / expenses in other years, in addition to permanently excluding non-taxable / deductible items. The provision for income tax and social contribution is calculated based on the rates in force at the end of each year. The Company periodically evaluates the positions assumed in the income tax statements in relation to situations in which the applicable tax regulation gives rise to interpretations, and recognizes provisions when appropriate based on the estimated amounts of payment to the tax authorities.

b) Deferred taxes

Deferred taxes are calculated on temporary differences (allowances for doubtful accounts, contingencies, inventory obsolescence, tax losses and other provisioned losses using the same rates as current taxes. They are recognized only in proportion to the probability that future taxable profit will be available and against which temporary differences can be used. However, they are not recognized if they are generated in the initial registration of assets and liabilities in transactions that do not affect tax bases, except in business combination transactions. Deferred taxes are determined considering the rates (and laws) in force on the date of preparation of the financial statements and which are expected to be applicable when the respective income tax and social contribution are realized.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current

tax assets against current tax liabilities and when deferred taxes relate to income taxes levied by the same tax authority.

2.16 Taxes and fees on revenue

Revenues from sanitation services are subject to PIS - Social Integration Program and Cofins - Contribution for Social Security Financing, under the accrual basis, calculated at the rates of 1.65% and 7.60%, respectively.

2.17 Loans and Financing

Records the initial amount of funds raised from third parties, classifiable in current and non-current liabilities. Financial charges incurred in raising funds from third parties are allocated to a reduction account in liabilities due to the fluency of the term, at amortized cost using the effective interest method, thus demonstrating net funding.

For qualifying assets (assets that require a substantial period of time to be ready for use or for sale) the costs are capitalized in accordance with the provisions of item 8 CPC 20(R1) - Borrowing Costs. Other borrowing costs are recognized as an expense in the period in which they are incurred. This method considers the internal rate of return (IRR) of the operation for the appropriation of financial charges during the term of the operation.

The use of the amortized cost makes the financial charges reflect the effective cost of the financial instrument and not only the contractual interest rate of the instrument, that is, it includes interests and the transaction costs of the funding, as well as premiums received, goodwill, non-goodwill, discounts, monetary restatement and others. Thus, the internal rate of return considers all cash flows, from the net amount received for the completion of the transaction to all payments made or to be made until the settlement of the transaction. Therefore, the balances payable on the balance sheet dates are substantially close to market values, even those rated as non-current.

Exchange variations related to long-term financing, payable in foreign currency, are calculated between the book balance of the loan at the previous exchange rate and the balance of the same loan converted at the exchange rate in effect on the balance sheet date, and are recognized as financial revenues or expenses.

2.18 Leasing

Leasing contracts are rated under the financial modality when there are transfers of ownership of the risks and benefits inherent to it. The other leasings are rated under operating modality, which are recognized as an expense in the income statement on a straight-line basis over the term of the leasing contract.

Financial leasing contracts are valued based on the present value of the minimum mandatory payments or fair value of the asset on the start date of the leasing contract. The amounts arising from the considerations are recognized and allocated between financial expenses and amortization of the liability as specified in the contract. The corresponding obligation to the lessor is recorded as current and non-current debt.

2.19 Provisions, legal obligations, judicial deposits and contingent assets

Provisions related to judicial claims are recognized when: (i) there is a present obligation (legal or not formalized) as a result of a past event; (ii) it is probable that an outflow of funds that incorporate economic benefits will be necessary to settle the obligation; and (iii) the value can be estimated reliably. If there are similar obligations, the probability that an outflow of funds will be required for settlement is determined by considering the nature of the obligations as a whole.

The obligations are measured at the present value of the disbursements that are expected to be required to settle the obligation, using a pre-tax rate, which reflects current market assessments of the time value of the money and the specific risks of the obligation. The increase in the obligation due to the passage of time is recognized as a financial expense.

The Company does not recognize contingent liabilities in the financial statements because it does not expect outflows of funds to be required or when the amount of the obligation cannot be reliably measured.

Contingent assets are not recognized in the financial statements.

2.20 Other Current and Non-Current Liabilities

Recorded at known or estimated amounts, plus, when applicable, the corresponding financial charges.

2.21 Defined Benefits Granted to Employees

Actuarial commitments to the defined benefit pension plan, retirement plan and those related to the health care plan are provisioned according to the procedures established by technical pronouncement CPC 33 (R1), based on an actuarial calculation prepared by a specialized company. The projected unit credit method, net of the fair value of the plan's assets, is used, and the costs related to the increase in the present value of the obligation, resulting from the service provided by the employee, are recognized over the employees' service period.

2.22 Presentation of Information by Segment

Given the peculiarity of the Company, which operates in a sector considered by law as an essential public service (sanitation services), investment decisions made by management are mainly guided by social and environmental responsibility. Thus, public water and sewage services are considered as single segment. The main factor that makes management control the set of water and sewage activities is the existence of cross-subsidy in the provision of water supply, sewage collection, removal and treatment services. The measurement of performance and verification of information by a single segment are consistent with the policies adopted in the preparation of the financial statements, since Management uses these information to analyze the Company's performance.

2.23. Statement of Added Value - DVA

This statement is intended to show the wealth generated by the Company and its distribution during a certain period, being required by the accounting practices adopted in Brazil and presented as supplementary information to the financial statements for IFRS purposes. The DVA was prepared based on information obtained from the accounting records that serve as the basis for preparing the annual information and following the provisions contained in CPC 09 - Statement of Added Value. In its first part, it presents the wealth generated through gross sales revenue (including taxes, other revenues and the effects of the allowance for doubtful accounts), by inputs acquired from third parties (cost of sales and purchases of materials, energy and services from third parties, as well as taxes included at the time of acquisition, the effects of losses and the recovery of assets, and depreciation and amortization) and the added value received from third parties (equity income, financial revenues and other revenues). The second part of the DVA presents the distribution of wealth among personnel, taxes, fees and contributions, remuneration of capital from third parties and remuneration of equity.

3. Financial risk management and financial instruments

3.1 Financial risk factors

The Company's activities expose it to several financial risks: Market Risk, Credit Risk and Liquidity Risk.

The funds raised from third parties are corrected and adjusted according to the conditions agreed in each CCB - Bank Credit Cell, Debentures and financing contracts. The risk management program is carried out at the time of prospecting for funding, always seeking the best conditions, since Saneago does not use financial or derivative instruments to protect certain risk exposures.

(a) Market risk

Cash flow interest rate risk

It is the risk that the fair value of the future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure refers mainly to long-term obligations subject to variable interest rates.

In the sensitivity analysis for interest rate risk, we used the debt balance of the debt, which has one of the following indexed economic indicators: IPCA, CDI, Dollar Quotation, TJLP and TR. Thus, based on market expectations for the closing of these indexes in the 1st quarter of 2019, three scenarios were simulated. Scenario I considers the expected evolution of the indicators, whereas Scenario II and III were performed with an appreciation of 25% and 50%, respectively.

Description	Exposure on 03/31/19	Scenario I	Scenario II	Scenario III
IPCA (FIDC IV)	405,267	4.57%	5.71%	6.86%
CDI (Banks + 4 th Issue of Debenture)	413,455	6.40%	8.00%	9.60%
Dollar (IDB)	91,846	BRL 3.89	BRL 4.86	BRL 5.84
TJLP ² (BNDES)	1,484	7.03%	8.79%	10.55%
TR ¹ (Caixa Econômica Federal)	133,978	0.00%	0.00%	0.00%
Subtotal	1,046,030			
Transaction Cost	(35,398)			
Subordinated Shares	(80,117)			
	930,515			
Not subject to risks				
FCO - Cezarina and Silvânia	7,084			
	937,599			

Source of indexes: FOCUS-BACEN Report of 03/29/2019

Exchange rate risk

The Company is exposed as a result of the Real currency against the United States Dollar. This arises from loans and financing operations recorded in current and non-current with operations abroad. In the event of devaluation / appreciation of the Real, it will incur financial income / expense. The Company does not have hedge or swap operations.

(b) Credit risk

Virtually the entire population of the state is a customer of Saneago. Considering our type of business, we did not carry out any credit analysis, adopting the practice of cutting supply in the event of default. The level of losses in the realization of accounts receivable is considered normal for the sanitation sector, according to data from the National Sanitation Information System - SNIS.

The practice of cutting the supply is not applied to the Public Power, however, the Administration has been concentrating efforts to reduce the levels of default, through negotiations with the city halls in debt and the feasibility of meeting accounts with those who have credits with Saneago.

(c) Liquidity risk

The Company's liquidity depends mainly on cash generated by operating activities, loans from financial institutions from federal, state government and private institutions. There is managerial control of cash flow inflows and outflows, with schedules planned to meet its obligations.

The excess cash held by the Company is invested in checking accounts with interest, deposits in installments, short-term deposits and securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient margin as determined by the aforementioned forecasts.

Concession Risk

Sanago's results depend on the maintenance of concessions in the municipalities where it operates. Generally, Concession Contracts and Program Contracts have a term of 30 years. In some situations, the municipality has the right to terminate the contracts before their expiration or not to authorize their renewal for non-compliance of legal or contractual obligations through indemnification of the investment balances not yet amortized.

Estimation of fair value

The Company does not have financial instruments, assets held for sale, business combinations, investment property and biological assets, measured at fair value. Loans are recognized at amortized cost and receivables are close to fair values, taking maturities close to the balance sheet date into account.

(d) External debt sensitivity - IDB

In relation to contract 1414 / OC signed between Saneago and the Inter-American Development Bank - IDB, there are no clauses in the contract that stipulate the execution of a latching.

The Sensitivity Analysis projected in March 2019 for the following periods showed an increase in the expected value of the Debt due to the expected appreciation of the foreign currency. Externally, the scenario has been one of greater volatility, due to the risks generated by possible further deterioration in emerging economies, in addition to the intensification of protectionist measures in international trade. The domestic factors are related to a possible frustration of expectations about the continuity of the necessary reforms and adjustments in the Brazilian economy. The dollar rate in the payment of the installment that matured in October 2018 was BRL 3.72 to US\$ 1.00. The payment of the installment related to April 2019, the exchange rate was BRL 3.83 to US\$ 1.00. The exchange rate projection for 2019 is BRL 3.80 to US\$ 1.00.

The dollar values for these scenarios were based on publications made by the Central Bank of Brazil, Market Report - FOCUS (Market Expectations) and COPOM notes from March 2019.

3.2 Capital management

The Company's goals when managing its capital are to safeguard its ability to continue, in order to offer return to shareholders and benefits to other stakeholders, in addition to maintaining an ideal capital structure to reduce this cost. The Company monitors capital based on financial leverage ratios. This index corresponds to the net debt divided by the total capital. The net debt, in turn, corresponds to the total loans and financing minus the amount of cash and cash equivalents. Total capital is calculated by adding the shareholders' equity, as shown in the balance sheet, with the net debt.

Net Financial Position

	03/31/2019	12/31/2018
Total Loans	937,599	965,708
(-) Cash and cash equivalents	73,081	-43,997
(=) Net Debt	864,518	921,711
(+) Total Shareholders' Equity	2,687,805	2,645,642
(=) Total Capital	4,416,841	4,489,064
Financial Leverage Ratio	19.57%	20.53%

4. New accounting standards, changes and interpretations

4.1 New accounting standards, changes and interpretations that came into effect for periods beginning on or after January 1, 2019

CPC 6 - Leasing Operations:

CPC 06 (R2) / IFRS 16 - Leasing Operations, replaced CPC 06 (R1) / IAS 17 - Leasing Operations.

The standard established the principles for the recognition, measurement, presentation and disclosure of leasing operations, requiring the lessee to record leases in accordance with a single lessee accounting model, similar to recording of financial leasings in accordance with CPC 06 (R1), that is, recognizing a Right of Use Asset ("Lease Asset") equal to a Lease Liability, unless the leases are short-term (lease term of 12 months or less) and of low value.

Transition to CPC 06 (R2) - Leasing Operations

The new standard replaces CPC 06 (R1) / IAS 17 - "Leasing Operations" and corresponding interpretations, bringing significant changes to lessees, since it requires that they start to recognize the liability for future payments and the right of use of the leased assets for virtually all leasing contracts, including operational ones, and certain short-term or small amounts contracts may be outside the scope of this new standard.

Saneago applied the requirements of CPC 06 (R2) / IFRS 16 as of the financial year started on January 1, 2019. To this end, the Company selected the modified retrospective approach as the transition method, the amount referring to the Right of Use Asset being equal to the Lease Liability, without the cumulative effect of the initial application of this new pronouncement recorded as an adjustment to the opening balance of equity without the restatement of comparative periods.

The weighted average incremental loan rate applied to liabilities on January 1, 2019 was 8.10%.

The total lease liability recognized in the balance sheet on January 1, 2019 and the Company's operating lease commitment on December 31, 2018 can be reconciled as follows:

Contracts - Vehicles	Future payments	Discount rate impact	Right of use assets	Lease liabilities
1557/2017	7,361	(941)	6,420	6,420
97/2018	13,217	(1,839)	11,378	11,378
104/2018	1,237	(172)	1,065	1,065
119/2018	10,601	(1,475)	9,126	9,126
273/2018	11,625	(1,651)	9,974	9,974

309/2018	23,440	(3,329)	20,111	20,111
Total	67,481	(9,407)	58,074	58,075

4.2 New standards, amendments and interpretations in effect for years beginning on or after January 1, 2019:

Issue of IFRIC 23 interpretation - Uncertainties in the treatment of income taxes. Establishes aspects of recognition and measurement of the IAS 12 standard when there are uncertainties about the treatment of income tax related to assets or liabilities and current or deferred taxes, based on taxable profits, tax losses, tax bases, unused tax losses, unused tax credits used and tax rates. This interpretation is effective for financial years beginning on or after 01/01/2019. The Company evaluated the adoption of the standard and there are no material effects on the interim accounting information;

Amendment to IAS 19 - Amendments to the plan in the event of a reduction or settlement. Clarifies aspects of measurement and recognition in the result of the effects of reductions and settlements in employee benefit plans. This change in the standard is effective for years beginning on or after 01/01/2019. The Company does not expect impacts on possible future events of reductions and settlements in employee benefit plans;

Amendment to IFRS 3 - Business definition. Clarifies aspects for the definition of business, in order to clarify when a transaction should have accounting treatment of business combination or acquisition of assets. This amendment in the standard is effective for years beginning on or after 01/01/2020. The Company does not expect significant impacts on possible future events of business combinations or acquisition of assets;

Amendment to IAS 1 and IAS 8 - Definition of materiality. Clarifies aspects of materiality to fit the accounting standard where this concept is applicable. These amendments to standards are effective for years beginning on or after 01/01/2020. The Company does not expect significant impacts on its Financial Statements.

5. Restatement of comparative balances on March 31, 2019

The Company's Management also made additional adjustments due to the existence of deficiencies in some controls and operational and financial processes related to the stock account, for which Management had the opportunity to obtain better information to promote the necessary corrections.

Re-rating of Financial Statements

In addition, the Company re-rated as determined by CPC 47 / IFRS 15 - Revenue from contract with customer, the assets linked to the concession under construction, registered under the scope of ICPC 01 (R1) / IFRIC 12 - Concession Contracts, should be rated as Asset Contract during the construction period and transferred to Intangible Asset only after completion of the works. Such adjustments were made in accordance with the requirements of CPC 23 (IAS 8) - Accounting Policies, Changes in Estimates and Correction of Errors.

March 31, 2019 Balance Sheet (Restated)

	Published 03/31/2019	Re-rating	Adjustment	Restated 03/31/2019
Current Assets				
Cash and cash equivalents	73,081	-	-	73,081
Securities	7,879	-	-	7,879
Credits Receivable from Users	299,647	-	-	299,647
Stocks (a) and (b)	64,915	-	13,559	78,474
Taxes Recoverable	4,319	-	-	4,319
Advanced expenses	22,818	-	-	22,818
Sub-delegation	12,086	-	-	12,086
Other Accounts Receivable	3,843	-	-	3,843
	488,588	-	13,559	502,147
Non-Current				
Long-term asset realizable				
Securities	14,403	-	-	14,403
Credits Receivable from Users	9,180	-	-	9,180
Advanced expenses	19,447	-	-	19,447
Sub-delegation	531,950	-	-	531,950
Other Accounts Receivable	40	-	-	40
Deferred Taxes - Assets (c) (g)	295,296	(23,573)	(38,191)	233,532
Judicial Deposits	52,241	(42,169)	-	10,072
	922,557	(65,742)	(38,191)	818,624
Investments	9	-	-	9
Fixed asset	380,123	(64,493)	-	315,630
Right of Use Assets (j)	-	58,075	-	58,075
Contract's Asset (e)	-	586,857	-	586,857
Intangible Asset (d)	3,216,719	(554,866)	-	2,661,853
	3,596,851	25,573	-	3,622,424
Total Asset	5,007,996	(40,169)	(24,632)	4,943,195

	Published 03/31/2019	Re-rating	Adjustment	Restated 03/31/2019
Current Liabilities				
Loans and Financing	135,270	941	-	136,211
Debentures	41,849	-	-	41,849
Leasing	17,191	-	-	17,191
Suppliers	145,563	-	-	145,563
Labor obligations	131,109	-	-	131,109
Tax Obligations	29,230	-	-	29,230
Installments	24,190	-	-	24,190
Other Accounts Payable	10,245	-	-	10,245
Consortiums	1,704	-	-	1,704
Dividends (h)	10,029	18,803	-	28,831
Sub-delegation	608	-	-	608
Contractual Advance	1,994	-	-	1,994
	548,982	19,744	-	568,725
Non-Current				
Loans and Financing	426,580	(941)	-	425,639
Debentures	333,900	-	-	333,900
Leasing (j)	47,302	(6,418)	-	40,884
Tax Obligations	8,412	-	-	8,412
Installments	19,291	-	-	19,291
Provision for judicial claims (f)	129,874	(29,013)	-	100,861
Consortiums	82,576	-	-	82,576
Sub-delegation	531,950	-	-	531,950
Deferred Tax Liabilities (g)	17,169	(17,169)	-	-
PAC Grants	138,830	-	-	138,830
Contractual Advance	4,321	-	-	4,321
	1,740,205	(53,541)	-	1,686,665
Net Equity				
Share Capital	2,515,546	-	-	2,515,546
Capital Reserves (i)	140,413	(140,413)	-	-
Legal Reserve	6,308	3,958	-	10,266
Equity Valuation Adjustment	33,328	-	-	33,328
Investment Reserve	23,214	130,083	(24,632)	128,665
	2,718,809	(6,372)	(24,632)	2,687,805
Total Liability	5,007,996	(40,169)	(24,632)	4,943,195

Reconciliation of shareholders' equity on Sunday, March 31, 2019:

Effects on Equity			
Financial Year	Line Item	Description	Amount
2015	Stocks	Physical Inventory Adjustment (a)	9,484
2016	Stocks	Physical Inventory Adjustment (a)	(3,441)
2017	Stocks	Physical Inventory Adjustment (a)	(1,289)
2018	Stocks	Physical Inventory Adjustment (a)	3,686
2019	Stocks	Physical Inventory Adjustment (a)	11,289
2015	Stocks	Provision / Reversal of Losses in Stocks (b)	1,523
2016	Stocks	Provision / Reversal of Losses in Stocks (b)	(932)
2017	Stocks	Provision / Reversal of Losses in Stocks (b)	3,010
2018	Stocks	Provision / Reversal of Losses in Stocks (b)	(9,980)
2019	Stocks	Provision / Reversal of Losses in Stocks (b)	209
			13,559
2015	Deferred Taxes	Derecognition of deferred IR/CSLL (c)	(4,003)
2016	Deferred Taxes	Derecognition of deferred IR/CSLL (c)	(12,149)
2017	Deferred Taxes	Derecognition of deferred IR/CSLL (c)	(5,876)
2019	Deferred Taxes	Derecognition of deferred IR/CSLL (c)	(18,261)
2019	Deferred Taxes	Recognition of deferred IR/CSLL (b)	2,098
			(38,191)
Total Effect			(24,632)

Income Statements on March 31, 2019 and March 31, 2018 (Restated)

	Published 03/31/2019	Adjustment	Restated 03/31/2019	Published 03/31/2018	Adjustment	Restated 03/31/2018
Net Revenue						
Revenues from Water and Sewerage Services (k)	508,625	5,590	514,215	489,786	5,078	494,864
Construction Revenues	32,415	-	32,415	16,682	-	16,682
Revenues from Technical Services	527	-	527	659	-	659
Sub-delegation Grant	2,275	-	2,275	2,275	-	2,275
	543,842	5,590	549,432	509,402	5,078	514,480
Costs						
Services Costs	(288,898)	-	(288,898)	(263,715)	-	(263,715)
Construction Costs	(32,415)	-	(32,415)	(16,682)	-	(16,682)
	(321,313)	-	(321,313)	(280,397)	-	(280,397)
Gross Profit	222,529	5,590	228,119	229,005	5,078	234,083
Administrative Expenses	(89,543)	-	(89,543)	(73,546)	-	(73,546)
Commercial Expenses	(52,736)	-	(52,736)	(61,198)	-	(61,198)
Tax Expenses	(4,363)	-	(4,363)	(4,656)	-	(4,656)
Provisions / Reversals	(11,143)	209	(10,934)	(18,037)	(9,478)	(27,515)
Other Operating Expenses	(10,526)	11,289	763	371	2,034	2,405
Other Operating Revenues	826	-	826	600	-	600
	(167,485)	11,498	(155,987)	(156,466)	(7,444)	(163,910)
Income before Financial Result	55,044	17,088	72,132	72,539	(2,366)	70,173
Net Financial Result (k)	(8,937)	(5,590)	(14,527)	(17,596)	(5,078)	(22,674)
Income Before Taxes on Profit	46,107	11,498	57,605	54,943	(7,444)	47,499
Current IRPJ and CSLL	(11,315)	-	(11,315)	(15,446)	-	(15,446)
Deferred IRPJ and CSLL	(6,228)	2,098	(4,130)	2,503	-	2,503
Net Income from Continuing Operations	28,564	13,596	42,160	42,000	(7,444)	34,556

Profit (Loss) per Share 0.01135 0.01676 0.01670 0.01374

Reconciliation of the Income Statement on March 31, 2019 and March 2019:

DRE Effects - 03/31/2019			
Financial Year	Line Item	Description	Amount
2019	Stocks	Constitution of Stock Losses (a)	209
2019	Stocks	Physical Inventory Adjustment (b)	11,289
2019	Stocks	Derecognition of deferred IR/CSLL (b)	2,098
Total			13,596

DRE Effects - 3/31/2018			
Financial Year	Line Item	Description	Amount
2018	Stocks	Constitution of Stock Losses (a)	(9,478)
2018	Stocks	Physical Inventory Adjustment (b)	2,034
Total			(7,444)

(a) The adjustments were made after the company performed work to improve and enhance its stock controls with the implementation of a new management system (SAP), changes in the organizational structure, Rollback of the physical inventory, reprocessing of average costs and physical inventory of 100% of the items, held in June 2019.

(b) The Company drew up the stock obsolescence policy based on the results obtained from the inventory carried out in June 2019, considering as obsolete items, those that had no use in the last 12 months.

(c) Deferred tax adjustment of Write-off on the provision for losses in works related to operação decantação, where the audit was concluded and a provision was realized on the basis of BRL 64,785, provisioned on December 31, 2017, however the nature of this provision does not allow deductibility (Note No. 37).

(d) On December 31, 2017, R \$ 64,785 was provisioned to cover possible findings in the audit work and, on March 31, 2019, after the conclusion of the forensic analysis work, the results presented by the independent forensic audit company totaled BRL 118,494, requiring a supplement of BRL 53,709.

(e) In compliance with CPC 47, with the adoption of this new accounting standard, Sanego started to record in the balance sheet the line item Contract Assets. This amount was previously recognized as part of the Intangible Assets and was therefore re-rated, with no impact on the income statement. Due to the transition methods adopted by the Company in applying this standard, the comparative information in the financial statements has not been restated and there was impact of the adoption on January 1, 2018.

(f) Management carried out revisions in the estimates and prognostics for tax judicial claims, where some actions were identified that due to the incentive program to settle federal debts, the Company decided to give up the judicial claim and chose for the incentive installment of them, but still were provisioned in the company's liabilities as a probable outflow of funds. The mistake was corrected and its effects rectified in the respective periods of its competence.

(g) For Deferred Tax Assets on temporary differences and tax losses, where the company recognizes through the expectation of future tax profits, in addition to the deferred tax on the equity valuation

adjustment (Note 27 e), which for the presentation of the balance of the Deferred tax assets, the net balance was presented (Note 14).

(h) Complement for the distribution of dividends and Legal Reserve, on December 31, 2018, which after the above postings, there was an increase in the cumulative profit for the year.

(i) Effects of Realization of Investment Reserves in 2016, authorized in 2019.

(j) Correction of the balance initially recognized, in the requirements of CPC 06 (R2) / IFRS 16, according to the procedure described in note nr. 4.1.

(k) Adjustment referring to the re-rating of revenues resulting from financial penalties applied to customers, as provided for in Article 95 of Resolution AGR No. 289/2003. Such sanctions are applied for infractions committed by customers such as violation of a water meter and / or cut, irregular discharge of sewage, among others and it is understood that they result from the Company's operational activity, being thus reallocated from the financial result to the operating result.

Additionally, the Company's management made several re-ratings and adjustments resulting from the adjustments above and others in the statements of cash flow and DVA for the corresponding years.

6. Cash and cash equivalents

	03/31/2019	12/31/2018
Fixed Fund	75	348
Banks - Current Account / Collection	6,053	12,912
Banks - Construction-linked accounts	1,991	5,684
Banks - Collection to be released (a)	12,416	12,053
Financial Investments (b)	52,546	13,000
	73,081	43,997

Consist of cash held by banks and investments in the financial market, financial investments with immediate liquidity and which present an insignificant risk of change in value.

(a) Refers to the bank float with release between 1 to 3 business days after entering the bank account;

(b) Financial investments are composed as follows:

03/31/2019				12/31/2018			
Bank	Account	Amount	Remuneration	Bank	Account	Amount	Remuneration
Itaú	140956	-	55.36% CDI	ITAÚ	140956	342	55.36% CDI
Itaú	2989-4	39,044	55.36% CDI	ITAÚ	2989-4	1,068	55.36% CDI
Itaú	02999-3	896	51.89% CDI	BB	02999-3	6,546	98.52% CDI
Itaú	02999-3	6,711	98.52% CDI	BB	14094-9	130	55.36% CDI
Itaú	14094-9	185	55.36% CDI	Safra	105334-5	-	92% CDI
BB	14095-6	944	55.36% CDI	BB	6013-5	1,587	92% CDI
BB	6013-5	1,490	92.00% CDI	Bradesco	105500-3	-	96.5% CDI
Brasil	6544-7	444	92.00% CDI	Bradesco	6544-7	775	92% CDI
BBM	701742	993	100% CDI	Credit Suisse	701742	899	100% CDI
BBM	701866-0	1,818	100% CDI	CEF	7004392	-	100% CDI

Bradesco	11450	12	8.54% CDI	CEF	701866-0	1,644	100% CDI
Safra	23190-0	9	101% CDI - Curve	CEF	23190-0	9	101% CDI - Curve
		<u>52,546</u>					<u>13,000</u>

The market values of financial investments are close to the values recorded in the financial statements because they are linked to the variation of the CDI, or because they are investments in specific income funds with post-fixed profitability verified monthly through the income statements presented by the financial institutions. The Company does not have financial instruments valued at fair values.

7. Securities

Financial institution	Account	Investment Type	Profitability	03/31/2019	12/31/2018
Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% /80% of CDI	7,879	7,764
				<u>7,879</u>	<u>7,764</u>
Non-Current					
Caixa Econômica Federal	several	CDB/Fundo FIC	98% /80% of CDI	14,403	10,535
Credit Suisse	55977231	CDB	97.50% CDI	-	3,656
				<u>14,403</u>	<u>14,191</u>
Total				<u>22,282</u>	<u>21,955</u>

The investment in CEF refers to a contractual requirement of BNDES - National Bank for Economic and Social Development, as a guarantee of loans / financing, therefore it is not available for use within the next 12 months. Reserves that refer to contracts with BNDES whose maturity is within the next 12 months, are rated in current assets.

The investment in Credit Suisse is a guarantee for the amortization of the minimum monthly installments of the 2nd issue of Debentures, these were settled in December 2018 and the financial investment was redeemed in the 1st quarter of 2019.

8. Credits receivable from users

	03/31/2019			12/31/2018		
	Private	Public	Total	Private	Public	Total
Billed to be due	85,921	8,793	94,714	88,303	9,082	97,385
Maturing for more than 30 days	19,771	6,678	26,449	20,131	6,717	26,848
Overdue up to 30 days	81,647	8,011	89,658	78,554	7,706	86,260
Overdue from 31 to 60 days	26,795	9,614	36,409	25,259	5,995	31,254
Overdue from 61 to 90 days	9,586	244	9,830	10,504	5,839	16,343
Overdue from 91 to 120 days	8,518	5,240	13,758	8,579	5,418	13,997
Overdue from 121 to 180 days	15,672	11,106	26,778	14,052	9,601	23,653
Overdue from 181 to 360 days	5,347	25,700	31,047	5,279	22,669	27,948
Overdue from 361 days to 5 years	15,012	52,803	67,815	13,450	43,705	57,155
Overdue over 5 years	711	2,573	3,284	4,871	608	5,479
Collection to be noted	1,394	-	1,394	952	-	952
Estimate to be billed	75,383	-	75,383	88,507	-	88,507
(-) AVP Credits Receivable	(906)	(330)	(1,236)	(918)	(332)	(1,250)
(-) PCLD	(74,058)	(101,578)	(175,636)	(92,981)	(64,328)	(157,309)
Subtotal	<u>270,793</u>	<u>28,854</u>	<u>299,647</u>	<u>264,542</u>	<u>52,680</u>	<u>317,222</u>
Credits receivable (Non-current)	15,011	23,561	38,572	16,137	24,892	41,029
(-) AVP Credits Receivable	(3,436)	(5,906)	(9,342)	(3,703)	(6,354)	(10,057)
(-) PCLD	(6,430)	(13,620)	(20,050)	(6,218)	(14,904)	(21,122)

Subtotal	<u>5,145</u>	<u>4,035</u>	<u>9,180</u>	<u>6,216</u>	<u>3,634</u>	<u>9,850</u>
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The above amounts, in their recognition, are equivalent to their respective fair values and do not consider fines, interest or any form of monetary restatement due to late payments. The non-recoverable credits written off to the result on March 31, 2019 were BRL 13,885, (BRL 10,677 on March 31, 2018), according to note 30.

The credits with the Government of Goiás are added for tax purposes, according to art. 6 of Law 9.430/96, were BRL 769 until March 31, 2019. (BRL 3,026 in 2018).

The change in the allowance for doubtful accounts was as follows:

Balance on 12/31/2018	(178,431)
Constitution of a net allowance for doubtful accounts (note 30)	(17,255)
Balance on 3/31/2019	<u>(195,686)</u>

9. Stocks

	03/31/2019	12/31/2018
Treatment plants materials	10,839	10,619
Materials for gaskets and pipe protection	86	88
Electrical materials and equipment	982	363
Pipes, connections for networks and pipelines	56,396	47,659
Materials for building connections	4,024	3,667
Water meters	9,274	6,996
Water Valves	11,343	10,337
Motor-pump set	1,841	176
Miscellaneous material	6,103	9,496
(-) Provision for Stock Loss	(22,414)	(22,624)
	<u>78,474</u>	<u>66,777</u>

a) The provision for losses in stocks is set up based on the Company's policy, with provision for items that have not been moved in the last 12 months, except for items that make up the technical reserve.

In the 2nd quarter of 2019, the Company completed the improvement, enhancement and adequacy of its stock control process, which consisted of the main actions:

- Implementation of the Management System - SAP;
- Change in the Organizational Structure of the Logistics Department;
- Conducting a Physical Inventory of 100% of inventories in June / 19;
- Retrospective movement of physical inventory balances of stocks;
- Review of the policy adopted for obsolescence of stocks;
- Reprocessing of average stock costs.

The actions generated the effects shown in explanatory note 5.

10. Taxes Recoverable

	03/31/2019	12/31/2018
IRPJ (a)	2,436	2,436
IRRF	1,366	1,058
CSLL (a)	517	517

4,319 4,011

(a) Refers to the negative balance of IRPJ and CSLL (overpayments by estimate).

11. Advanced Expenses and Advanced Payments

	03/31/2019	12/31/2018
Insurance Premiums	115	184
Investment Fund Credit Rights - FIDC IV (a)	13,470	13,255
Postgraduation advances	62	73
Advances for travel expenses	52	40
Municipal Environmental Sanitation and Infrastructure Fund	20,124	20,293
13th salary advances	7,547	-
Vacation advances	895	3,786
	<u>42,265</u>	<u>37,631</u>
Current	22,818	18,015
Non-Current	19,447	19,616

a) Refers to the amortization amounts and charges paid in advance by Saneago in accordance with FIDC IV Regulation.

12. Sub-delegation

In order to comply with the Program Contracts entered into between Saneago and the municipalities of Aparecida de Goiânia, Jataí, Rio Verde and Trindade, the Company chose to sub-delegate the provision of sanitary sewage services through a bidding procedure, with the company named Foz Goiás Saneamento S.A, (later called Odebrecht Ambiental) whose contract No. 1327/2013 was signed on July 19, 2013.

The definitive operation of the services began in November 2013 and is expected to remain in effect until November 1, 2041.

On April 25, 2017, the disposal of all of Odebrecht Ambiental's shares to Brookfield Partners LP was completed, constituting the new holding company called BRK Ambiental Participações S.A, with the contract 1327/2013 operated by BRK Ambiental Goiás S.A. This operation was carried out with the prior consent of Saneago, and the documentation regarding legal regularity is currently under analysis by the Company.

The contract integrates the regionalized provision performed by Saneago and has the following characteristics:

- Regulatory entity, the Agency for Regulation, Control and Inspection of Public Services of Goiás - AGR and consenting stakeholders in the municipalities of Aparecida de Goiânia, Jataí, Rio Verde and Trindade;
- Payment of a grant to Saneago of BRL 273,000 in 30 (thirty) annual installments, duly updated by the IPCA (Price Index to the Final Consumer);
- Service and expansion of the collection, removal and treatment of sanitary sewage systems in 6 (six) years, and the universalization must reach at least 90% (ninety percent) of the population served with public water supply;
- Integrated Commercial Action, under the management of Saneago, of public water and sanitary sewage services, in the sub-delegation area, with the sub-delegate being responsible for

registering users, performing water meter reading, issuing and simultaneously delivering single bills / invoices for collection, water cutting and reconnection, micro metering among other ancillary activities related to the provision of water supply and sanitary sewage services.

The amounts referring to the grant are recorded in Current Assets in proportion to the duration of the contract and duly updated by the IPCA, with a corresponding consideration to the Income Statement for the Year. Investments made by the sub-delegate and not amortized are recorded in Non-Current Assets, representing a right of receipt by Saneago, and in consideration for Non-Current Liabilities, which represents an obligation of Saneago before the sub-delegate.

Sub-delegation	Current Assets		Current Liability	
	03/31/2019	12/31/2018	03/31/2019	12/31/2018
Grant	12,086	8,930	608	608

Sewerage system investments	Non-current assets		Non-Current Liabilities	
	3/31/2019	12/31/2018	3/31/2019	12/31/2018
Sewerage system investments	531,950	497,158	531,950	497,158
Total	544,036	506,088	532,558	497,766

13. Other Accounts Receivable

	03/31/2019	12/31/2018
Current		
Security deposits	11	10
Consortium	375	375
Federal Revenue of Brazil	3,728	3,728
Miscellaneous advances	104	143
(-) Provision for Losses	(375)	(375)
	3,843	3,881
Non-Current		
Goiás Parcerias	40	40
	40	40

14. Deferred Taxes

Deferred Taxes - Assets	03/31/2019				12/31/2018			
	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total
PCLD - Credits Receivable	195,686	48,922	17,612	66,534	178,431	44,608	16,059	60,667
Provision for Stock Loss	36,570	9,143	3,291	12,434	16,245	4,061	1,462	5,523
Provision for Investment Loss	574	144	52	196	574	143	52	195
Provision for Contingencies	138,530	34,633	12,468	47,101	101,481	25,369	9,133	34,502
Provision for Losses on other credits	375	94	34	128	375	94	34	128
Provision for Contracts without Concession	32,765	8,191	2,949	11,140	32,765	8,191	2,949	11,140
Provision for Works Losses	132,096	33,024	11,889	44,913	151,474	37,869	13,633	51,502
Tax Loss (a)		36,579	31,677	68,256	419,378	53,430	37,744	91,174
Total	536,596	170,730	79,972	250,702	900,723	173,765	81,066	254,831

Deferred Tax Liabilities								
Equity Valuation Adjustment	50,496	12,625	4,545	<u>17,170</u>	50,508	12,627	4,546	<u>17,173</u>
Total Net Deferred Tax				<u>233,532</u>				<u>237,658</u>

a) calculation basis is limited to 30% of the future revenue forecast and the tax loss outcome.

Based on studies and future growth prospects, the Company keeps its tax assets limited to the lowest value between the amount of future profits and the temporary differences/tax losses that can be offset (December 31, 2018 it was limited to the projection of future profits).

Deferred Tax Movement

Balance held in deferred tax assets on 12/31/2018	237,658
(+) Constitution of deferred tax assets	(4,130)
(+) Constitution of deferred tax liabilities and applications	4
Balance held in deferred tax assets on 03/31/2019	<u>233,532</u>
Reversal in income statement for the year 03/31/2019	
Profit before tax	57,605
Combined rate 34%	19,586
(+/-) IRPJ / CSLL on additions and exclusions and tax loss	<u>(23,716)</u>
Reversal in income statement for the year	(4,130)

15. Judicial Deposits

	03/31/2019	12/31/2018
Judicial Deposits - Labor	317	362
Judicial deposits - Civil / tax	9,755	9,733
	<u>10,072</u>	<u>10,095</u>

16. Fixed asset

16.1 Technical Fixed Assets

	03/31/2019	12/31/2018
General Use Goods	159,725	158,106
General Use Goods in Progress (a)	123,578	113,018
Goods - Assigned Cost	65,277	65,261
General Use Goods - Leasing	7,255	7,255
Funds to be realized - Corumbá Consortium	69,367	69,367
General Accumulated Depreciation	(90,845)	(87,605)
Accumulated Depreciation - Assigned Cost	(14,789)	(14,779)
Accumulated Accumulated - Leasing	(3,938)	(3,576)
	<u>315,630</u>	<u>307,047</u>

a) Composition of general use goods in progress:

	03/31/2019	12/31/2018
General Use Goods (In Progress)	74,287	67,201

General Use Goods PAC (In Progress)	49,291	45,817
	123,578	113,018

The movement of fixed assets can be demonstrated as follows:

Technical Fixed Assets	Balance on 12/31/2018	Addition	Write- off	Depreciation / Amortization	Movement Period	Balance on 3/31/2019
General Use Goods	158,106	1,657	(29)	-	(9)	159,725
General Use Goods in Progress	113,018	10,560	-	-	-	123,578
Goods - Assigned Cost	65,261	-	-	-	16	65,277
General Use Goods - Leasing	7,255	-	-	-	-	7,255
Funds to be realized - Construction						
Corumbá	69,367	-	-	-	-	69,367
Contracts without Concession (a)	32,765	-	-	-	-	32,765
Contracts without Concession (a)	(32,765)	-	-	-	-	(32,765)
General Accumulated Depreciation	(87,605)	-	16	(3,256)	-	(90,845)
Accumulated Depreciation -						
Assigned Cost	(14,779)	-	-	(10)	-	(14,789)
Accumulated Depreciation - Leasing	(3,576)	-	-	(362)	-	(3,938)
	307,047	12,217	(13)	(3,628)	7	315,630

a) Contracts without Concession

The Company is legally discussing the water and sanitary sewage service concession agreements for the municipalities below:

Caldas Novas - In view of the resumption of systems by the municipality, on June 27, 1995, Saenago filed an action for indemnification, Lawsuit No. 0033803.68.1995.8.09.0051. The Public Prosecutor's Office informed that it has no interest in the lawsuit and the case file was submitted to the Appeals Court Judge.

Catalão - The municipality was able to resume the system by judicial measure, and Saneago obtained unfavorable results, so there is no possibility of resuming the system. Action was filed through Lawsuit No. 37532-36.2016.8.09.0029 aimed at recovering the Company's losses, in the approximate amount of BRL 142,000. The notary's office summoned the expert to start work on 03/25/2019. The expert has not yet set a start date for the work.

16.2 Right of Use Assets - Leasing

Saneago applied the requirements of CPC 06 (R2) / IFRS 16 as of the financial year started on January 1, 2019, according to note 4.1 - New accounting standards, amendments and interpretations.

	03/31/2019	12/31/2018
Right of Use Assets - Vehicles	58,075	-
	58,075	-

17. Contract's Asset

Contract Assets (works in progress) are the right to consideration in exchange for goods or services transferred to the customer. As determined by CPC 47 - Revenue from contract with customer, assets

linked to the concession under construction, registered under the scope of ICPC 01 (R1) - Concession Contracts, must be rated as Contract Assets during the construction period and transferred to o Intangible Assets, only after the completion of the works.

The Contract Asset is initially recognized at fair value and includes capitalized loan costs during the period in which the asset is under construction, considering the weighted average rate of loans in effect on the capitalization date.

Contracts Assets	Balance on 12/31/2018	Addition	Movement Period	Transfer To Fixed Asset	Balance on 12/31/2018
Water System	194,447	5,749	-	(47)	200,149
Sewerage System	354,258	12,530	-	-	366,788
Construction Work Stock	19,622	-	298	-	19,920
Total	568,328	18,278	298	(48)	586,857

18. Intangible Asset

	03/31/2019	12/31/2018
Water System	2,512,250	2,510,917
Sewerage System	2,761,540	2,761,712
General Use Goods	1,373	546
Software (Licenses)	19,320	19,474
Accumulated Amortization	(2,541,578)	(2,488,235)
Funds to be Realized - Águas Lindas	57,220	57,220
Provision for Losses (Impairment)	(132,097)	(151,474)
Operação Decantação (Note 37)	(118,494)	(118,494)
Land regularization	31,991	30,556
Non-Onerous - Water	41,672	41,672
Non-Onerous - Sewage	28,656	25,080
Total	2,661,853	2,688,973

The movement of intangible assets can be demonstrated as follows:

Intangible Asset in Use	Balance on 12/31/2018	Addition	Write-off	Depreciation / Amortization	Movement Period	Balance on 3/31/2019
Water System	2,510,917	1,897	(20)	-	(544)	2,512,250
Sewerage System	2,761,712	72	-	-	(243)	2,761,540
General Use Goods	546	-	-	-	827	1,373
Accumulated Amortization	(2,488,235)	-	16	(53,359)	-	(2,541,578)
Software (Licenses)	19,804	850	-	-	-	20,654
Amortization Software (Licenses)	(330)	-	-	(1,004)	-	(1,334)
Software (In Progress)	-	-	-	-	-	-
Funds to be Realized - Águas Lindas	57,220	-	-	-	-	57,220
Provision for Losses	(269,968)	-	-	-	19,377	(250,591)
Land regularization	30,556	1,435	-	-	-	31,991
Total	2,622,222	4,254	(4)	(54,363)	19,417	2,591,525

Intangible in progress - Non-

onerous

Non-Onerous - Water	41,672	-	-	-	-	41,672
Non-Onerous - Sewage	25,080	3,576	-	-	-	28,656
Total	66,752	3,576	-	-	-	70,328
Total Intangible	2,688,973	7,830	(4)	(54,363)	19,417	2,661,853

18.1) Government Grants / PAC - Growth Acceleration Program

The balances of fixed assets include assets constituted with own funds and /or acquired with transfers of funds from the OGU - General Budget of the Federal Government and PAC - Growth Acceleration Program.

On December 19, 2007, transfer contracts were signed between the Federal Government, through the Ministry of Cities, represented by Caixa Econômica Federal and the Government of the State of Goiás, aiming at the execution of actions related to the urban water and sewage services program in several municipalities, with Saneago as Executing Intervening Party, which signed a covenant with several municipalities. The object of each covenant is to establish a joint action between Saneago and the Municipality, aiming at the execution of works to complement the sanitary sewage system and / or water supply system, as well as transfer the amount of the consideration, which is the responsibility of the State of Goiás to the Company.

Returns are dealt with in the transfer contracts in item 8.5.1, in Clause eight - Financial execution, according to the PAC Instructions Manual, in the following cases:

- When the object agreed in the contract is not executed;
- When the respective partial or final rendering of accounts is not presented within the regulatory period;
- When the funds are used for a purpose other than that established in the contract;
- When the amounts resulting from financial investments are used in disagreement with the contractual term, the execution / expansion of the object and as a consideration.

In the above cases, the effective return of funds will obey the following rules:

- Total non-execution of the object, in which the funds remained in the specific account, without having been released in favor of the Commissioner: return of the funds plus the income of the financial investment;
- Partial execution of the object, in which the executed part has functionality: return of funds already credited to the account and not invested in the object of the work plan, plus the income of the financial investment;
- Partial execution of the object, in which the executed part has no functionality: return of the total funds released plus the income of the financial investment, applying to the funds spent, the same percentage as if they had remained applied throughout the period in passbook savings account and;
- Investment of funds in disagreement with the Work Plan: establishment of Special Accounting and return of released funds, duly updated, as required for the settlement of debts to the National Treasury.

The transfers by municipalities are detailed below:

City	Contract	Balance on 12/31/2018	Entry - PAC	In-kind returns	Balance on 3/31/2019
Formosa	0218016-87	-	1,570	-	1,570
St. Antônio do Descoberto	0218331-07	388	-	-	388
Cristalina	0226017-65	308	-	-	308

Goiânia - Meia Ponte	0226025-62	2,769	-	-	2,769
Valparaíso	0218021-51	114	-	-	114
Luziânia	0218328-52	1,465	-	-	1,465
Planaltina	0218330-94	63	-	-	63
Valparaíso	0218343-40	44	-	-	44
Novo Gama	0226015-46	129	-	-	129
Novo Gama	0226018-79	971	-	-	971
Goiânia - Vila Adélia	0226024-57	7,294	-	-	7,294
Luziânia	0226026-76	42,156	892	(98)	42,950
Luziânia	0231460-45	57	-	-	57
Trindade	0237772-43	1,189	-	-	1,189
Goiânia	0350788-10	39,723	34	-	39,757
St. Antônio do Descoberto	0350796-17	2,668	-	(16)	2,652
Pirenópolis	0350884-88	1,422	-	-	1,422
Aparecida de Goiânia	0351738-28	3,094	-	-	3,094
Goiânia Jd Petrópolis SES	0408678-27	2,624	-	-	2,624
Anápolis SES	0408691-99	19,550	-	-	19,550
Total PAC		126,028	2,496	(114)	128,410
Other Programs					
Pipeline João Leite	1524/01	729	-	-	729
Pipeline João Leite	0187/06	1,472	-	-	1,472
	172263-	-	-	-	-
	97/04	-	-	-	-
Novo Gama					
Amaralina - FUNASA	25	248	-	-	248
Nerópolis - ANA-PRODES	68/15	4,601	-	-	4,601
Pires do Rio - ANA PRODES	68/15	1,976	-	-	1,976
Campos Verdes FUNASA/SECIMA	TC 650/20	383	-	-	383
Goiânia- Reforestation	0153005/16	1,011	-	-	1,011
Total - Other Programs		10,420	-	-	10,420
Total General		136,448	2,496	(114)	138,830

19.I Loan and Financing

Bank	Type	Contract	Start	Maturity	Annual contractual fee	Transaction Costs	Transaction costs to be appropriated	Funding	Guarantee	03/31/2019	12/31/2019	
BRASIL	Loan	330701235	12/27/2017	01/06/2026	2.9% + CDI	940	631	30,000	a)	28,937	30,184	
FIBRA	Loan	0106716/16	06/29/2016	06/28/2019	9.38% + CDI	303	38	15,000	b)	1,502	3,004	
IBM	Loan	Leasing	07/28/2016	07/27/2021	3.48% + CDI	-	-	-	c)	1,549	1,763	
FIDC IV	Loan		12/15/2015	12/15/2022	3% + CDI	47,828	-	600,000	d)	405,267	432,025	
Subordinated Quotas FIDC IV	Loan									(80,117)	(79,036)	
Transaction Costs	Loan									(29,679)	(31,794)	
CEF	Financing	several		2024	5.73% + TR	-	-	-	d)	9,857	11,321	
CEF	Financing	410461-57	12/31/2013	05/14/2037	8.5% + TR	119,484	13,276	132,760	e)	5,141	5,179	
CEF	Financing	0410526-20	12/31/2013	04/14/2037	8.5% + TR	33,585	2,825	36,410	e)	27,870	27,738	
CEF	Financing	0410517-19	02/14/2014	05/14/2037	8.5% + TR	17,352	913	18,265	e)	5,801	5,848	
CEF	Financing	0410538-64	03/27/2015	05/14/2037	8.5% + TR	47,535	4,009	51,544	e)	42,995	42,233	
CEF	Financing	0410512-69	12/27/2015	01/14/2038	8.5% + TR	31,093	1,636	32,729	e)	24	24	
CEF	Financing	26340190232-94	06/29/2006	04/30/2028	12% + TR	2,707	478	3,185	f)	1,825	1,808	
CEF	Financing	26340190233-07	06/29/2006	06/30/2030	12% + TR	35,293	3,921	39,214	f)	22,793	22,905	
CEF	Financing	2635248557-66	06/30/2008	11/12/2030	8.5% + TR	6,000	600	6,600	f)	4,381	4,344	
CEF	Financing	2634248555-47	10/09/2009	06/14/2031	9% + TR	9,500	500	10,000	f)	6,978	6,925	
CEF	Financing	2634248548-42	12/30/2009	06/14/2031	9% + TR	10,000	1,882	11,882	f)	6,311	6,383	
Inter-American Development Bank (IDB)	Financing	1414/OC	12/11/2002	10/11/2027	5.82% + VC	47,600	-	\$47,000	f)	91,847	90,564	
BNDES	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP	31,154	-	31,154	g)	1,483	1,615	
BRASIL	Financing	40/01033-3	09/10/2012	04/01/2022	2.94%	2,360	-	2,360	h)	5,802	5,890	
BRASIL	Financing	40/00984-x	12/20/2012	01/01/2028	2.94%	6,846	-	6,846	h)	1,283	1,444	
						400,509	30,040	429,949		561,850	590,370	
										Current	136,211	137,059
										Non-Current	425,639	453,311

19.II Loan and Financing

Debentures	Start	Maturity	annual contractual fee	Guarantees	Transaction Costs	Costs to be appropriated	Amount Collected	03/31/2019	12/31/2018
Debentures, 4 th Issue	12/28/2017	12/15/2021	2.95% + CDI	b)	1,448	1,790	130,000	130,519	130,471
Debentures, 5 th Issue	11/15/2018	11/16/2023	100%CDI	i)	4,296	4,296	250,000	250,949	250,862
Transaction Costs								(5,718)	(5,995)
					1,448	1,790	380,000	375,749	375,338
							Current	41,849	28,979
							Non-Current	333,900	346,359

Description	Balance
Loans and Financing	561,850
Debentures	375,749
	937,599

- a) Earmarking revenue of 20% of the outstanding balance at the end of each month;
- b) Earmarking revenue of 150% of the value of each maturing installment;
- c) Disposal of the good to the Financial Agent
- d) Earmarking revenues of 2.2%;
- e) Earmarking reserve account equivalent to 3 times the service, monthly debt of CT.
- f) No guarantee;
- g) Earmarking revenue of BRL 2 million, adjusted;
- h) Earmarking revenue of 10% of the outstanding balance at the end of each month;
- i) Assignment of Credit Rights Funds.

Inter-American Development Bank (IDB)

Interest is paid semi-annually, in April and October of each year, at a rate determined by the IDB itself each semester. The interest rate on the payment made on October 11, 2018 was 2.13% per semester (4.30% per year). Amortizations are in semiannual installments, beginning on October 11, 2008 and ending on October 11, 2027.

Debentures, 4th Issue)

In December 2017, a private instrument was created for the deed of the 4th (fourth) issue of simple debentures, not convertible into shares, in a single series, of unsecured type with additional real guarantee, for public distribution with restricted distribution efforts, pursuant to CVM Instruction 476 dated January 16, 2009.

This Deed of Issue and the Fiduciary Assignment Contract were entered into in accordance with the 351st Meeting of the Management Board of Saneago, held on November 24, 2017, and 352nd meeting of the same board of December 15, 2017.

Number of debentures issued	Unit value	Amount Collected
130,000	1,000	130,000,000

According to the Private Instrument of Deed, clause 4.1.4, this operation contains restrictions where the Fiduciary Agent may declare overdue all the obligations set out in the deed and demand immediate payment, if they are not fulfilled (covenants). Such financial ratios related to debt coverage have their annual requirement.

The Financial index established for the IV Issue of debentures is Adjusted EBITDA less than or equal to 3.0 and for the end of 2018, the Company did not breach the financial indexes related to debt coverage, as required by the private instrument of deed of the 4th issue of debentures.

Debentures, 5th Issue

In December 2018, a private instrument of deed for the 5th (fifth) issue of simple debentures, not convertible into shares, in a single series, of unsecured type with additional real guarantee, was made for public distribution with restricted distribution efforts, pursuant to Article 59 of Law 6.404, of December 15, 1976 and CVM Instruction 476 of January 16, 2009.

This Deed of Issue and the Fiduciary Assignment Contract were entered into in accordance with the 370th Meeting of the Management Board of Saneago, held on November 08, 2018.

Number of debentures issued	Unit value	Amount Collected
250,000	1,000	250,000,000

According to the Private Instrument of Deed, clause 4.15.1, this operation contains restrictions where the Fiduciary Agent may declare overdue all the obligations set out in the deed and demand immediate payment, if they are not fulfilled (covenants). Such financial ratios related to debt coverage have their annual requirement.

The Financial index established for the V Issue of debentures is Adjusted EBITDA less than or equal to 3.0 and for the end of 2018, the Company did not breach the financial indexes related to debt coverage, as required by the private instrument of deed of the 5th issue of debentures.

There was no breach of the financial ratios related to debt coverage for the financial year 2018.

BNDES

The respective loan and financing agreements with BNDES contain restrictive clauses, with annual monitoring, which protect the creditor's interest by establishing conditions that must not be breached (covenants) that have not been fully met, related to debt coverage and ability to pay the short-term obligations. On September 9, 2015, management obtained from the Financial Institution the suspension of the enforceability of compliance with economic and financial ratios until December 31, 2017. As for 2018, the demand for the indexes returned, however, there was only partial compliance with the indexes.

FIDC IV

At a general meeting held on June 5, 2017, as provided for in Article 50, paragraph (e) of the Fund's Regulation, the Saneago monitoring index evaluation event was created, establishing conditions that should not be breached and which may imply in advanced maturity of the debt if not fully met, related to the debt coverage, to be in effect as of the end of the 2nd half of 2017.

There was no breach of the financial ratios related to debt coverage for the financial year 2018.

Banco do Brasil

On December 20, 2017, a Bank Credit Note - CCB No. 330.701.235 was signed between Saneago and Banco do Brasil. According to the Bank Credit Note, Clause Ten contains restrictions where the Bank may declare all obligations overdue in the deed and demand immediate payment if they are not met. It is worth mentioning that the financial indicators are monitored annually. On the position of December 31, 2018, the Company did not breach the financial ratios related to debt coverage

19.III Movements made in Loans and Financing

	Fundings	Payments made	Appropriated charges	Fundings	Payments made	Appropriated charges
	01/01/2019 to 03/31/2019	01/01/2019 to 03/31/2019	01/01/2019 to 03/31/2019	1/1/2018 to 12/31/2018	1/1/2018 to 12/31/2018	1/1/2018 to 12/31/2018
Caixa Econômica Federal - CEF	2,346	4,922	1,845	537	4,916	2,752
Inter-American Development Bank (IDB)	-	-	1,281	-	0	831
National Bank for Economic and Social Development	-	166	35	-	176	34
Banco do Brasil S/A	-	2,223	724	-	2,188	1,364
Banco Industrial e Comercial S/A - BIC	-	-	-	-	5,887	97
Banco Panamericano	-	-	-	-	4,297	95
Banco Intermedium	-	-	-	-	1,529	(127)
BMG	-	-	-	-	-	324
Fundo de Invest. Direitos Cred. SANEAGO INFR. IV	-	39,382	12,623	-	43,030	783
Subordinated Quotas FIDC IV	-	-	(1,081)	-	200	-
Banco IBM -Leasing	-	520	307	-	770	15,931
Banco Semear	-	-	-	-	-	3,059
Banco BBM S/A	-	-	-	-	11,826	168
Banco Fibra	-	1,595	93	-	1,828	-
Debentures	-	8,011	8,145	-	20,308	6,245
Transaction Cost	-	68	2,460	-	0	1,150
Income from Financial Investments	-	-	(298)	-	-	(319)
Itaú - Águas Lindas Consortium	-	-	-	14	21	-
Capitalized Interests	-	-	(1,540)	-	-	(914)
	<u>2,346</u>	<u>56,887</u>	<u>24,594</u>	<u>551</u>	<u>96,976</u>	<u>31,473</u>

19.IV Leasing - Vehicles

Saneago applied the requirements of CPC 06 (R2) / IFRS 16 as of the financial year started on January 1, 2019. To this end, the Company selected the modified retrospective approach as the transition method, the amount referring to the Right of Use Asset being equal to the Lease Liability, without the

cumulative effect of the initial application of this new pronouncement recorded as an adjustment to the opening balance of equity without the restatement of comparative periods.

Description	Initial Adoption	Interest appropriation	Amortizations	03/31/2019
Vehicles	58,075	-	-	58,075
			Current	17,191
			Non-Current	40,884

20. Labor obligations

	03/31/2019	12/31/2018
Salaries Payable	26,285	-
Alimony and Terminations	490	332
PREVSAN (a)	-	3,651
CAESAN (a)	-	2,530
Payday Loans	-	1,253
SESI/SENAI	1,358	1,215
Vacation Provisions	46,514	46,073
13th Salary Payable	9,812	-
Union Contribution	170	170
FGTS on vacation and 13 th salary	4,179	3,680
INSS gathering wages	17,368	17,901
Provision for INSS from Vacations and 13 th salary	16,222	13,273
Voluntary Job Termination Program (a)	4,170	6,277
Profit Sharing	4,541	4,541
	131,109	100,896

a) Refers to the amounts of food vouchers and medical assistance guaranteed by the Program.

21. Tax Obligations

	03/31/2019	12/31/2018
ISS	531	451
PIS	2,644	2,077
Installment payment with the Federal Revenue Service (a)	9,267	11,272
IRPJ	8,318	-
COFINS	12,372	9,636
Social Contribution	3	-
Withholding of Federal Contributions	2,997	5
IRRF Provision of Services (b)	-	169
INSS Provision of Services	1,510	1,464
IRRF Payroll (b)	-	10,368
	37,642	35,442
	Current	29,230
	Non-Current	8,412
		27,172
		8,270

a) Federal Revenue of Brazil

Provisional Measure No. 766/2017 instituted the Tax Regularization Program - PRT with the Federal Revenue Service of Brazil and the Attorney General of the National Treasury, regulated by Normative Instruction RFB No. 1687/2017 and Ordinance PGFN No. 152/2017.

The Company had social security and non-social security installments resulting from debts from previous financial years and after analyzing the preceding legal provisions, it joined the Program on March 6, 2017 in view of the possibility of using it as an accumulated tax loss payment.

The option was to pay 24% of the debt in 24 monthly installments and amortize the remaining balance through accumulated tax loss as detailed below:

INSS	Current Liability	Non-Current Liabilities	Interest reduction	Installment Balance
Installment balance on 02/28/17	17,187	40,102	-	57,289
Remaining balance (a)	(10,312)	(33,228)	1,376	(42,164)
Re-installment balance on 03/06/2017	6,875	6,874	1,376	15,125

PIS/COFINS	Current Liability	Non-Current Liabilities	Interests	Installment Balance
Installment balance on 02/28/17	8,299	26,217	-	34,516
Remaining balance (a)	(4,301)	(21,019)	(1,957)	(27,277)
Reversal of charges	-	(1,200)	-	(3,157)
Re-installment balance on 03/06/2017	3,998	3,998	(1,957)	7,996

IRRF	Current Liability	Non-Current Liabilities	Installment Balance
Installment balance on 02/28/17	191	605	796
Remaining balance (a)	(102)	(466)	(568)
Reversal of charges	-	(49)	(49)
Re-installment balance on 03/06/2017	89	90	179

Saneago offset PIS / COFINS debts with IPI credits from the Pumaty plant for August, September / 2002. The Federal Revenue considered that the August / 2002 offsets were not declared and those of September / 2002 were not approved, thus generating the infraction notices No. 10120.005928/2003-29 PIS and 10120.005930/2003-06 COFINS on 09/22/2003 and their payment in two installments of BRL 86 each and the remainder of BRL 1,303 for offset against tax loss.

PIS/COFINS	Principal	Fine	Interests	Charges / Remunerations	Total
Installment Balance Nov / 2017	930	186	1,744	572	3,431
Inflow 5% - Value Paid	(46)	(9)	(87)	(29)	(172)
Discount	-	(88)	(1,325)	(543)	(1,957)
Remaining balance (a)	883	88	331	-	1,303

Agreement Regarding COFINS debit improperly offset and declared in Perd/Comp, calculation period 01/31/2013, with the payment of 20% in 3 installments and the remainder, according to the receipt of adhesion to the Special Tax Regularization Program, offset against loss tax and negative calculation base of CSLL.

COFINS	Principal	Fine	Interests	Total
Installment Balance Nov / 2017	431	86	226	743
Inflow 20% - Paid Value	86	17	45	149
Remaining balance (a)	345	69	181	594

In June 2018, a new installment was made with the Federal Revenue Service, referring to the offset of 100% of the tax loss, with the permitted limit of 30%.

IRPJ/CSLL	Principal	Fine	Interests	Total
Installment Balance June / 2018	-	2,470	2,666	5,136
Inflow 24% - Paid Value	-	593	640	1,233
Remaining balance (a)	-	1,877	2,026	3,903

Remaining balance transferred to tax obligations in non-current liabilities, and subsequently written off against deferred taxes for offsetting tax losses.

Offset realized with tax loss

	06/30/2018	12/30/2017
INSS 02/28/17	-	42,164
PIS/COFINS 02/28/17	-	27,277
IRRF 02/28/17	-	568
PIS/COFINS 11/30/2017	-	1,303
COFINS 11/30/2017	-	594
IRPJ/CSLL 06/18	3,653	-
	3,653	71,906

INSS - Social Security Debts

The Company adhered to the program specified in Law 13.496/2017, which regulated the Special Tax Recovery Program - PERT with the Federal Revenue of Brazil and the Attorney General of the National Treasury. After the withdrawal in the lawsuit No. 200935000107769 resulting from the non-registration in the Worker Food Program - PAT, which involved a social security contribution on the amounts paid as food vouchers in the competences from 01/2004 to 12/2005, the installment is detailed as follows:

	Principal	Fine	Interests	Charges / Remunerations	Total
Installment	6,928	3,769	3,589	3,591	17,877

Number of installments	Principal	Fine	Interests	Charges / Remunerations	Total
4	346	277	499	224	1,346
145	38	18	11	19	86

b) These are appropriated in labor obligations and transferred to the supplier for payment.

22. Installment

Description	Start	Final	Number of Installments	Update	03/31/2019	12/31/2018
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I	CELG - Águas Lindas	11/22/2003	10/22/2018	180	a)	-		9
II	AGR - Agency for Regulation of Goiás	12/10/2015	12/10/2030	180	b)	16,924		17,075
III	CODEGO - Companhia de Desenvol. Econ. de Goiás	06/11/2016	05/11/2019	36	c)	1,424		2,813
IV	Goiânia City Hall	06/23/2018	09/21/2021	20	-	4,785		5,196
V	OI S/A	09/14/2017	01/14/2018	5	-	604		906
	Public Prosecutor's Office of the State of Goiás -					350		600
VI	Sewage Treatment Plant, Pq. Ateneu	12/13/2018	09/15/2018	6	-	-		-
VII	FMSAI- Águas Lindas	12/28/2018	10/11/2019	4	-	15,220		20,293
	STIUEG (a)	02/14/2019	05/26/2019	8	-	3,932		-
	Júlio Cesar Batista	04/30/2018	01/30/2019	8	-	-		12
	Irmãos Mendonça	10/30/2018	04/30/2019	7	-	242		967
						43,481		47,871
					Current	24,190		28,115
					Non-Current	19,291		19,756

- a) According to the electricity tariff.
- b) Monthly update 0.5% per month + interest 0.5% per month;
- c) Passbook savings account

I) CELG

a) CELG D - Águas Lindas

On July 22, 2003, the Instrument of Commitment 630/2003 was entered into by and between the Company and Companhia Energética de Goiás - CELG, now called CELG Distribuição S.A. - CELG D, related to outstanding debts of the Águas Lindas artesian wells, owned and operated until then by the suppliers: Nilson de Jesus Ferreira da Mota, Edson Ferreira Vaz - Aguacel e Nilson Lima - Mundial.

The debts of the companies Aguacel and Mundial were paid immediately. The debt related to Nilson was in the amount of BRL 3,111, of which BRL 1,556 (50%), was recorded as an obligation of Saneago, according to its interest in the Águas Lindas Consortium. Settled in January 2019

II) Agency for Regulation, Control and Inspection of Public Services of Goiás - AGR

On December 10, 2015, the Company signed an Instrument of Adhesion and Credit Installment No. 255/15, based on Law No. 18.109 dated July 25, 2013, amended by Law 18.957 dated July 16, 2015.

The amount includes remaining balances of the Instruments of Adhesion 024/2011 and 0102/2013 referring to the Regulation, Control and Inspection Fee - TRCF from previous years and Notices of Infraction related to non-compliance with regulatory requirements.

Total Consolidated	
Principal	10,808
Formal Fine	2,797
Fine	42
Interests	133
	13,780

III) CODEGO - Economic Development Company of Goiás

On June 7, 2016, Saneago signed an agreement No. 1163/16 with CODEGO, in the amount of BRL 1,445 related to water supply, as detailed below:

Process	Amount (BRL)	Process	Amount (BRL)
28306/14	639	17264/15	877
134/15	759	18716/15	855

4177/15	752	20860/15	1,006
4180/15	603	335/16	914
6027/15	714	2192/16	955
7447/15	687	4225/16	914
9952/15	650	6559/16	994
12238/15	768	8767/16	945
14406/15	854	Adjustment	562
	<u>6,426</u>		<u>8,023</u>
		Total General	<u>14,449</u>

IV) Goiânia City Hall

On April 24, 2017, an Instrument of Agreement was signed between Saneago and the Municipality of Goiânia, in the amount of BRL 16,089, of which BRL 12,484 related to the consideration for the concession of services and BRL 3,605 related to the cut measurements of asphalt from the period 2011 to 2016.

VI) OI S/A.

In September 2017, Saneago signed a debt negotiation agreement with OI S.A to settle outstanding debts from May to August 2017 in the order of BRL 1,361 for payment in 5 installments.

On December 22, 2017, Saneago signed another instrument of debt acknowledgment with OI Móvel S.A to settle outstanding debts in the amount of BRL 2,019 for payment in 12 installments.

VI) Public Prosecutor's Office of the State of Goiás

On December 13, 2018, Saneago and the Public Prosecutor's Office of Goiás signed the Third Addendum of Commitment, Responsibility and Conduct Adjustment with the obligation to complete the works of the sewage treatment plant at Parque Ateneu in Goiânia by the end of April 2020.

As an environmental compensation due to non-compliance with the TAC signed on July 24, 2008 and its addenda, Saneago undertakes to pay:

Installments	Maturity	Amount	Beneficiary
1	01/15/2019	100	Project for the acquisition of goods and equip. for cooperatives
2	02/15/2019	100	Project for the acquisition of goods and equip. for cooperatives
3	03/15/2019	50	Selective collection of social mobilization project
4	04/15/2019	100	Mobilization project in the catchment spring
5	05/15/2019	100	Mobilization project in the catchment spring
6	06/15/2019	150	Social mobilization project in basic sanitation education
		<u>600</u>	

VII) FMSAI

On December 28, 2018, Saneago signed an Instrument of Agreement with the municipality of Águas Lindas in which it undertakes to transfer the amount of BRL 20,293 to the Municipal Infrastructure Environmental Sanitation Fund - FMSAI of Águas Lindas, as a compensation for the advanced maturity of Concession Contract 170/2000 and upon execution of the Program Contract.

23. Other Accounts Payable

03/31/2019

12/31/2018

Escrows	1,044	1,378
Other accounts (a)	9,201	30,718
	<u>10,245</u>	<u>32,096</u>

(a) Expenses provisioned in the period, where expenses were billed after the base date.

24. Jointly Controlled Businesses - Consortiums

Current Liability	03/31/2019	12/31/2018
Águas Lindas Consortium (a)	1,402	1,402
Corumbá Consortium (b)	302	302
	<u>1,704</u>	<u>1,704</u>
Non-Current Liabilities		
Águas Lindas Consortium (a)	13,511	14,380
Corumbá Consortium (b)	69,065	69,065
	<u>82,576</u>	<u>83,445</u>

a) Águas Lindas Consortium

The companies Saneago and CAESB formed the Águas Lindas Consortium on April 7, 2003, registered with CNPJ 05.966.179/0001-50, headquartered at Quadra 45, Conjunto B, Lot 36 to 38, Rooms 01 to 04, Sector 01, municipality of Águas Lindas de Goiás, Zip Code 72.910-000. The duration of the Consortium is 31 (thirty-one) years, renewable for the same period and is linked to the concession contract between the municipality and the consortium companies.

The consortium's specific goal is to outline guidelines for carrying out studies, analyses and measures for economic exploitation and implementation of sanitation infrastructure, in all its phases and processes, including the implementation of water supply and sewerage systems in the municipality of Águas Lindas de Goiás - GO.

The Consortium's financial control (bank accounts and accounts receivable) is carried out by the Corporate Management Department of the Saneago consortium, with the Consortium Management being shared by the consortium members through a joint deliberative council. Expenses and investments are made by the consortium members and presented in monthly accounts, where one consortium approves the accounts presented by the other.

This consortium is rated as a joint operation. According to CPC 19 items 14 and 15, the integral parts that have joint control of the business have rights over the assets and obligations for the liabilities. According to the statute, the interest of the consortium members is equal in 50%, however it is disproportionate. As of March 31, 2019, the consortium CAESB holds 58.70% and Saneago 41.30%, the difference being recognized in Saneago's non-current liabilities.

	08/31/2019	12/31/2018		08/31/2019	12/31/2018
Asset			Liability		
Current			Current		
Cash and Cash Equivalents	2,821	1,675	Funds to be realized - Suppliers	5,615	3,842
Credits Receivable from Users	5,982	6,259	Labor obligations	400	474

Taxes to be offset	9	7	Installments	15,220	20,311
Prepaid expenses	677	677	City hall concessions (Other accounts payable)	385	438
	9,489	8,618		21,620	25,065
Non-Current			Non-Current		
Long-term Realizable			Provision for judicial claims	548	548
Accounts Receivable from					
Users	996	901		548	548
Judicial Deposit	225	225	Consortium Current Accounts		
Prepaid expenses	19,447	19,617	Fundo de Participação - SANEAGO	73,791	68,229
	20,668	20,743	Fundo de Participação - CAESB	94,833	96,959
Fixed asset	167	176	Profit Reserves	2,060	0
Intangible Asset	162,528	161,264		170,684	165,188
	162,695	161,440			
Total Asset	192,852	190,801	Total Liability	192,852	190,801

b) Corumbá Consortium

The companies Saneago and CAESB formed the Corumbá Consortium on September 17, 2009, registered with CNPJ 18.801.675/0001-03, headquartered at Rua Recife, Quadra 184 Lote Área Especial, Parque Marajó, municipality of Valparaíso de Goiás. Its constitution is based on articles 278 and 279 of Law 6.404 dated December 15, 1976.

The consortium has as its exclusive object the implementation, operation and joint maintenance of the enterprise called Sistema Produtor de Água Corumbá and aims at meeting the demands of public water supply services in the municipalities of Luziânia, Valparaíso de Goiás, Novo Gama and Cidade Ocidental in the State of Goiás, and the satellite cities Gama and Santa Maria in the Federal District of Goiás.

Its management will be exercised by a steering committee that will have ten members with equal representation and by an Executive Management that will constitute an administrative and operational management unit directed by two managers. The duration is 30 (thirty) years, renewable for equal and successive periods.

As of March 31, 2019, the consortium CAESB holds 68.29% and Saneago 31.71%, the difference being recognized in Saneago's non-current liabilities.

25. Provisions for judicial claims

	03/31/2019	12/31/2018
Civil Claims	39,793	27,258
Labor Claims	60,057	73,294
AGR - Agency for Regulation of Goiás	1,011	929
	100,861	101,481

The increase in labor lawsuits is due to a new estimate by the company's legal department, in review of lawsuits filed by the Union of workers in the Urban industries of the State of Goiás, claiming payment of hours of Integration of the Travel Accommodation Fees to the salary, Collective Action - DSR improperly granted to those who work on a rotating schedule and Collective Action for rest between shifts schedule.

Below is the movement of provisions:

Balance on 12/31/2018	Recognized Provisions	Reversals	Balance on 03/31/2019
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Civil Claims (a)	27,258	12,535	-	39,793
Labor Claims	73,294	2,344	(15,581)	60,057
AGR - Agency for Regulation of Goiás	929	82	-	1,011
	<u>101,481</u>	<u>14,960</u>	<u>(15,581)</u>	<u>100,861</u>

Civil and Labor Lawsuits

The Company is an integral part of several lawsuits with civil and labor claims rated as probable losses by the legal advisors, duly provisioned in accordance with Resolution CVM 594/09 and CPC 25.

a) Civil, labor and tax:

Lawsuit	Nature	Description	Plaintiff	Estimate	Charges	Total
0010242-85.2016.5.18.0016	Labor	Collective Action - payment of rest between shifts schedule	STIUEG	20,000	10,760	30,760
0011614-08.2016.5.18.0004	Labor	Collective Action - DSR improperly granted	STIUEG	10,000	5,380	15,380
0012089-83.2015.5.18.0008	Labor	Integration of travel accommodation fees to salary	STIUEG	3,000	1,614	4,614
0012143-81.2017.5.18.0201	Labor	Accident at work - Saneago Employee	Marcelo Pereira Rodrigues	1,500	330	1,830
0001590-79.2011.5.18.0008	Labor	Reintegration - Dismissal without Just Cause	Pedro Márcio M. de Siqueira	1,500	330	1,830
10120007382/2007-74	Tax	IRPJ Infraction Notice	Federal Revenue Service of Brazil	7,698	1,694	9,392
5377963.81.2018.8.09.01.58	Tax	Tax Execution	Santo Antonio Descoberto Municipality	9,406	2,069	11,475
28230.14.2010.4.01.3500	Tax	Tax Execution	National Ministry of Finance	14,486	3,187	17,673
				<u>67,590</u>	<u>25,364</u>	<u>91,124</u>

b) Refers to the estimate of future disbursements for land expropriation payments that are in progress, which will be recorded in the Company's intangible assets.

Possible causes

They are not provisioned, but are constantly assessed for the possibility of losses by the Company's legal advisors.

	03/31/2019		12/31/2018	
	Estimated Amount	Amount	Estimated Amount	Quantity
Civil (a)	311,574	2,236	300,363	2,175
Tax (b)	275,150	27	227,269	21
Labor	2,333	22	2,448	25
	<u>589,057</u>	<u>2,285</u>	<u>530,080</u>	<u>2,221</u>

a) We highlight some with higher values promoted by the Public Prosecutor's Office in defense of the consumer or adjustment of conduct, as well as individual public actions, execution, obligation to make mandatory, declaratory injunctions and indemnification for lack of water.

b) Resulting from inspection by the Federal Government, State and Municipality, where fines were alleged for failure to pay taxes. In its defense, Saneago filed an annulment action aiming at the

annulment of the tax debt and also embargoes of the tax execution aiming at the their dismissal.

Lawsuit	Plaintiff	Amount - BRL
281694.13.2009	Municipality of Goiânia	123,701
10120.734564/2018	Federal Revenue Service of Brazil	7,031
10120.734566/2018	Federal Revenue Service of Brazil	5,337
10120005927/2003-84	Federal Revenue Service of Brazil	61,187
10120005929/2003-73	Federal Revenue Service of Brazil	19,877
0241999.86.2008.8.09.0051	Municipality of Goiânia	7,051
0381104.73.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	8,873
381101.21.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	8,873
0381090.89.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	8,873
0381098.66.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	8,873
0381082.15.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	8,873
144562-97.2016	Sérgio Martins de Souza Queiroz	67,556
139085-68.2009	Public Prosecutor's Office of Minaçu	16,523
215530-65.2004	Public Prosecutor's Office of the State of Goiás	10,770
250140-93.2009	Public Prosecutor's Office of the State of Goiás	4,921
200803501387	Public Prosecutor's Office of the State of Goiás	68,294
200704213731	Public Prosecutor's Office of Minaçu	65,966
200803501557	Public Prosecutor's Office of Minaçu	22,122
5299729.85	Public Prosecutor's Office of Rio Verde	11,824
		536,525

26. Employee Benefits

26.1 - Social security program

The social security supplementation plan managed by PREVSAN is of Defined Benefit, funded by contributions from active, linked, assisted participants and by the sponsor Saneago. According to the plans' regulations, the Sponsor's monthly contribution is equal to the contributions made by the active participants, maintaining the parity of one to one.

The benefits offered to employees are as follows: Disability Retirement Supplement, Supplement of Retirement by Length of Service or Contribution, Supplemental Retirement by Age, Supplemental Special Retirement, Supplemental Pension, Supplemental Annual Allowance, Proportional Deferred Benefit.

These benefits take into consideration the Real Benefit Salary, equivalent to the average of the Contribution Salaries to the Plan, and the amount of the benefit paid by the Official Social Security. To prepare the studies, actuarial valuations were carried out on the base date of December 31, 2018.

Calculation of Net Liabilities (Assets)	12/31/2018	12/31/2017
1. Deficit / (surplus) determined		
1. Actuarial obligations determined in the actuarial valuation	887,808	830,278
2. Fair value of plan assets	(950,450)	(836,992)
3. Deficit / (surplus) determined	(62,642)	(6,714)
2. Effect of the asset ceiling and Additional Liabilities		
1. Effect of the asset ceiling	62,642	6,714

2. Additional Liabilities	-	-
3. Effect of the asset ceiling and Additional Liabilities	62,642	6,714
3. Net liabilities / (assets) resulting from CPC 33 (R1)		
1. Liabilities / (Assets) net (A.1.3 + A.2.3)□	-	-
Liabilities (Assets) already recognized	-	-
Liabilities / (assets) to be recognized in the financial year	-	-

As can be seen in the table above, the funds existing in the social security program are sufficient to guarantee the payment of the social security program's commitments, presenting a surplus in 2018 of BRL 62,642 and on December 31, 2017 of BRL 6,714.

Assumptions used to calculate liabilities and projections

The assumptions and actuarial methods adopted were those required by the standards of Resolution of CPC 33 (R1). As required by the rules of the standard, the Projected Unit Credit method was adopted to calculate all actuarial obligations. In 2018 for the calculation of weighted average of terms of the future benefit payment flows of the Liabilities benefit plan, the following actuarial assumptions and premises, in force in the previous year, were used.

Actuarial assumptions and premises	12/31/2017
Eligibility	First Eligibility
Financial Regime	Capitalization
Financing Method	Projected Unit Credit
Family Composition	
Assets	Average Family
Retirees	Actual family
Real Salary Growth	3.30%
Turnover Rate	1.00%
Annual Real Interest Rate	5.35%
Disability Entry Table	TASA 1927
Disability Mortality Table	MI-85 segregated by gender BR-EMSsb-2015, segregated by gender
General Mortality Table	

Methodology for calculating liabilities and projections

The methodology introduced by Frederick Macaulay (1938) was considered, as shown below:

$$D = \frac{\sum_{i=1}^n VP_{it_i}}{\sum_{i=1}^n VP_i}$$

Where:

- D corresponds to Duration;
 t_i represents the term arising from the i -th cash flow;
 VP_i corresponds to the present value of the i -th cash flow.

The Liability Duration Concept corresponds to the weighted average of the terms of the future benefit payment flows in the benefit plan, net of the contributions calculated according to the costing plan.

According to the actuarial assumptions and methodology mentioned above and used, it was found that the weighted average of the term of the future benefit payment flows of the Saneago Liabilities benefit plan obtained 13.13 points and an annual interest rate of 4.92% referenced by Federal Public Securities (NTN-B) released by ANBIMA, on December 31, 2018.

26.2 - Health Care Plan - Plan Description

The Saneago Employee Assistance Fund - CAESAN is a private, non-profit association, designed to provide its taxpayer, dependent and aggregate beneficiaries with medical and hospital health assistance, under the unique sponsored Self-Management modality, by offering collective plans under the regime of contracting by adhesion, in the form and conditions provided for in the specific Benefits Regulation.

In this way, the Health Assistance Program is maintained by normal and special contributions, based on 40% (forty percent) levied on the amount of expenses of employees during the activity, with regard to Saneago's sponsorship, as stated in the Article 68 of the Regulation. Former employees and retirees who choose the program, however, bear the cost and that which would be due by the sponsor, as provided in article 69 of the Regulation.

The CAESAN Health Assistance Program has the characteristics of a Defined Contribution Plan. For purposes of complying with Resolution CVM 695/12, the recording of commitments for this type of Plan is determined through the amount of Saneago's contributions to the Plan, which during the period ended on December 31, 2018 BRL 22,393 was BRL 18,394 (BRL 18,394 on December 31, 2017), and actuarial obligations calculations are not required.

27. Net Equity

a) Share Capital	12/31/2018		12/31/2017	
	Number of Shares	Amount	Number of Shares	Amount
Authorized Capital	3,125,000,000	3,125,000	3,125,000,000	3,125,000
Capital to be subscribed	(609,453,632)	(609,454)	(609,453,632)	(609,454)
Share Capital	2,515,546,368	2,515,546	2,515,546,368	2,515,546

Table of Common Shares 03/31/19

Shareholder	%	Paid in shares	To be paid in	Total
State of Goiás	65.56	1,336,136	302,864	1,639,000
State Social Security Fund	23.95	488,017	110,733	598,750
Others	10.49	213,752	48,498	262,250
	100.00	2,037,905	462,095	2,500,000

Table of Preferred Shares 03/31/19

Shareholder	%	Paid in shares	To be paid in	Total
State of Goiás	74.32	354,992	109,508	464,500
State Social Security Fund	25.67	122,637	37,801	160,438
Others	0.01	12	50	62

100.00	477,641	147,359	625,000
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Description	03/31/2019	12/31/2018
Paid-in Capital	2,515,546	2,515,546
Profit in the financial year	42,160	110,042
	0.01676	0.04374

The Bylaws, art. 66 provide for the payment of dividends of 25% of the net profit calculated, distributed first to the holders of preferred shares, after compensation for losses. The unit value of common and preferred shares is BRL 1.00.

The State of Goiás is the largest customer in the Company's Public category. As a controlling shareholder, it has assisted the Company in obtaining funds for investment in basic sanitation.

b) Full Payment of Capital

Until March 31, 2019 and December 31, 2018, there were no pay-ins.

c) Legal Reserve

It consists of the allocation of 5% of net income for the year up to the limit of 20% of share capital. The Company may cease to constitute the legal reserve in the year in which the balance of this reserve plus the amount of the capital reserves exceeds 30% of the share capital. The purpose of the legal reserve is to ensure the integrity of the share capital and can only be used to offset losses or increase capital. In addition, such a reserve cannot be used to pay dividends.

d) Equity Valuation Adjustment

This account was created by Law 11.638/07, amended by Law 11.941/09 and aims at recording, while not calculated in the income statement, the considerations of increases or decreases in amounts assigned to assets and liabilities, as a result of their valuation at fair value as well as the realization of the depreciation of these assets.

Equity Valuation Adjustment	03/31/2019	12/31/2018
Equity Valuation Adjustment	50,498	50,508
Deferred taxes on assigned cost (Note 14)	(17,170)	(17,173)
	33,328	33,335

e) Investment Reserve

The remaining balance of profit for the year, after deducting any accumulated losses, the legal reserve and the mandatory minimum dividend, is used to set up an investment reserve, in accordance with Article 65, item II of the Company's Bylaws.

28. Net Operating Revenue

Gross Revenues	03/31/2019	03/31/2018
Water Supply and Sewerage Service	577,524	536,585
Technical Services	527	659
Sub-delegation Grant	2,275	2,275
Estimated Revenue	(13,125)	(2,543)

Construction Revenue	32,415	16,682
	<u>599,616</u>	<u>553,658</u>
Incident Taxes and Returns		
PIS	(8,837)	(6,899)
COFINS	(40,914)	(31,941)
ISS	(6)	-
Returns and Rebates	(427)	(338)
	<u>(50,184)</u>	<u>(39,178)</u>
Net Operating Revenue	<u>549,432</u>	<u>514,480</u>

29. Costs and Expenses

	03/31/2019			3/31/2018		
	Cost	Administrative	Commercial	Cost	Administrative	Commercial
Personnel	(138,368)	(69,487)	(25,210)	(107,668)	(54,998)	
Material	(14,515)	(1,029)	(192)	(23,436)	(1,777)	(131)
Electricity	(53,058)	(928)	(49)	(50,559)	-	-
Third Party Services	(26,263)	(12,467)	(12,467)	(23,863)	(14,422)	(14,935)
Concession Remuneration	-	-	(13,208)	-	-	(12,408)
General	(2,153)	(2,253)	(1,538)	(4,397)	(654)	(431)
Amortization	(53,359)	(1,004)	-	(53,765)	-	-
Depreciation	(1,182)	(2,038)	(36)	(27)	(1,279)	(15)
Depreciation of Assigned Cost	-	(10)	-	-	(112)	(1)
Leasing Depreciation	-	(327)	(36)	-	(304)	(32)
	<u>(288,898)</u>	<u>(89,543)</u>	<u>(52,736)</u>	<u>(263,715)</u>	<u>(73,546)</u>	<u>(61,198)</u>
Construction Cost	(32,415)			(16,682)		
	<u>(321,313)</u>			<u>(280,397)</u>		

30. Net provisions / reversals

	03/31/2019	3/31/2018
Prescribed Credits Losses	(13,885)	(10,677)
Provision / reversal of contingencies	620	(3,556)
Provision / Reversal of Allowance for Doubtful Accounts	(11,083)	(6,940)
Provision / Reversal of Losses in Construction Works	19,377	-
Provision / Reversal of Losses in Stocks	(5,963)	(6,342)
	<u>(10,934)</u>	<u>(27,515)</u>

31. Net Financial Result

	03/31/2019	03/31/2018
Financial Revenues		
Interest, Fines and Income	10,172	9,623
Monetary Correction	4,345	1,538
Exchange Variation	-	5,004
	<u>14,517</u>	<u>16,165</u>
Financial Expenses		
Interests / Fines / Charges and Other Expenses		
Adjustment to Current Value - AVP	(28,867)	(28,387)
Monetary Correction	727	(583)
Exchange Variation	(359)	(4,457)
	<u>(545)</u>	<u>(5,412)</u>

Financial Result

32. Commitments assumed

(29,044)

(38,839)

(14,527)

(22,674)

In compliance with Law 11.445/2007, the Company has been changing the Concession Contracts to Program Contracts. Currently 57 contracts were renewed with municipalities in the state of Goiás, in which the investments to be realized within the term of the contract are defined. Below is a breakdown of the amount to be invested and the amount realized

Municipalities	Expiration of the concession contract	Current Contract Number	Current Process Number	Program Contract Signature	Program Contract Amount	Amount Invested until 03/31/2019 SANEAGO	Value Invested BRK Ambiental until 03/31/19	Total
Adelândia	09/13/2013			01/16/2018	525	70	-	70
Águas Lindas de Goiás				12/28/2018	309,022	3	-	3
Anicuns	12/23/2016	1286/2011	18958/2011	4/10/2018	42,785	491	-	491
Aparecida de Goiânia	11/1/2011	2198/2012	22820/2012	11/01/2011	988,848	132,707	338,757	471,464
Aporé	05/22/2011			04/6/2018	7,682	122	-	122
Aragoiânia	10/20/2006	139/2016	23886/2015	12/26/2012	27,926	1,039	-	1,039
Araguapaz	02/27/2011	2199/2012	18641/2012	03/16/2018	5,210	442	-	442
Avelinópolis	12/30/2015	144/2012	9489/2013	01/22/2016	1,724	155	-	155
Barro Alto	05/07/2006	1075/2015	11511/2009	12/26/2012	32,703	1,631	-	1,631
Brazabrantes	09/16/2007	60/2016	13656/2014	02/06/2014	8,056	933	-	933
Cachoeira Alta	11/8/2006	1196/2015	3843/2012	7/27/2015	26,167	865	-	865
Caldazinha	10/11/2012	2125/2012	22411/2012	08/02/2018	1,071	133	-	133
Campestre de Goiás	12/23/2014	1291/2011	19637/2009	01/12/2016	645	278	-	278
Campinaçu	07/16/2011	151/2014	21978/2011	8/12/2015	13,146	9,620	-	9,620
Cavalcante				12/28/2018	1,612	-	-	-
Cezarina	05/21/2013	1229/2017	13849/2013	12/17/2012	23,352	14,824	-	14,824
Cidade Ocidental	08/01/2007	1677/2017		11/01/2011	243,394	16,114	-	16,114
Cristalina	06/12/2012	1613/2014	15950/2011	02/07/2014	58,952	17,148	-	17,148
Davinópolis	08/28/2018	1065/2010	18556/2009	05/04/2018	506	2	-	2
Diorama	06/27/2011	1831/2016	6643/2016	07/24/2017	1,091	23	-	23
Divinópolis	03/01/2010	894/2014	17423/2011	10/5/2017	675	143	-	143
Flores de Goiás	10/10/2011	1527/2009	17748/2009	8/14/2014	4,221	207	-	207
Goiandira				10/3/2018	1,457	10	-	10
Guarani de Goiás	09/15/2010	2160/2012	17424/2011	09/15/2010	962	559	-	559
Guarinos(a)	06/01/2025	1289/2011	18949/2011	02/16/2018	1,383	3	-	3
Hidrolândia	06/21/2003	2735/2016	14504/2016	08/03/2016	9,737	2,323	-	2,323
Indiara	05/17/2011	2028/2015	19112/2011	04/30/2014	32,180	1,003	-	1,003
Israelândia	11/24/2009	380/2016	12928/2015	11/24/2009	3,300	87	-	87
Itajá	06/13/2000	145/2014	17124/2013	12/19/2012	2,328	248	-	248
Itapaci				12/28/2018	56,172	12.00	-	12
Itapuranga				12/28/2018	8,063	442	-	442
Jataí	11/09/2006	1342/2010	14747/2009	11/01/2011	114,116	31,895	64,236	96,131
Jussara	01/19/2019	296/2016	21265/2015	12/26/2016	5,759	319	-	319
Luziânia	01/14/2015	2751/2016	24257/2015	12/01/2015	366,853	24,162	-	24,162
Mambai	12/01/2010	1801/2012	15951/2011	03/11/2016	1,689	348	-	348
Minaçu	07/08/2012	1255/2011	18210/2009	02/06/2014	57,856	9,005	-	9,005
Morrinhos	07/17/2008	1360/2008	14241/2008	11/30/2010	46,917	15,847	-	15,847
Morro Agudo de Goiás	08/23/2013	2288/2017	876/2017	02/23/2016	1,198	318	-	318
Mozarlândia	09/02/2018	1287/2011	18956/2011	12/28/2016	1,894	547	-	547
Nazário	01/11/2016	1144/2013	6355/2013	05/04/2018	2,280	145	-	145
Novo Gama				11/16/2018	253,055	69	-	69
Palmelo	03/27/2010	2267/2015	7760/2013	10/29/2012	1,039	132	-	132
Perolândia				12/21/2018	499	-	-	-
Petrolina de Goiás	10/03/1999	2038/2015	7905/2015	10/20/2011	6,797	4,375	-	4,375
Pires do Rio	11/03/2008	1182/2016	15765/2013	11/03/2008	10,529	22,956	-	22,956
Posse	04/18/2016	1288/2011	18950/2011	06/12/2017	19,945	7,525	-	7,525
Rio Verde	11/01/2011			11/01/2011	249,889	52,532	93,417	145,949
Santa Cruz de Goiás	10/04/2009			06/28/2013	1,497	277	-	277
Santo Antônio da Barra	01/23/2009			12/29/2015	3,977	393	-	393
Santo Antônio de Goiás	03/12/2013			12/2/2015	15,868	450	-	450
Santo A. Descoberto	07/15/2013			06/10/2016	55,686	21,584	-	21,584
São Domingos				12/28/2018	1,284	-	-	-
São Luiz de Montes Belos	08/19/2012			12/19/2012	41,928	-	-	-
Trindade	01/02/2007			11/01/2011	169,222	2,675	35,540	38,215
Uirapuru				12/28/2018	699	20,048	-	20,048

Uruaçu	12/28/2018	44,341	41	-	41
Valparaíso de Goiás	11/16/2018	389,652	248	-	248
			<u>417,528</u>	<u>531,950</u>	<u>949,478</u>

33. Insurance (Unaudited)

On July 5, 2018, the Civil Liability Insurance for Managers and Directors (D&O Insurance) was contracted for a period of 12 (twelve) months, whereby the insurer will pay, on behalf of the insured, any and all losses for which they will be legally obliged to pay due to a claim as a result of harmful acts caused by them, practiced or attempted during the retroactivity period or the period of validity of the insurance policy, provided that the referred loss does not exceed the maximum limit of guarantee that is fifty million reais.

The contract can receive addendum in up to 60 (sixty) months, pursuant to the caput of article 132 of the Saneago Contracting Procedures Regulation. The total premium paid will be BRL 276,000.

The Company does not have insurance that covers all the risks inherent to its business. The occurrence of any damage not covered may adversely affect its financial performance.

The Company does not have insurances to cover for its operating assets.

34. Operations and Businesses with Related Party

I) Operations with the State of Goiás

a) Dependency Relationship

Saneago maintains its status as a non-dependent state company, that is, it does not receive any financial funds from the controlling entity, Government of the State of Goiás, for the payment of expenses with personnel or costing in general or from capital, except those arising from an increase in shareholding.

b) Interest in Financing

The State of Goiás participates as guarantor in a loan contract signed between the Company and the Inter-American Development Bank - IDB, in addition to offering guarantees in financing contracts entered into with Caixa Econômica Federal and BNDES.

c) Services Provision

The Company provides water and sewerage services to the Federal Government, States and Municipalities, as well as entities and bodies of the direct and indirect public administration under the responsibility of the State of Goiás. The balance of overdue and to be due debts of these bodies are as follows:

Debt Ratio	03/31/2019			12/31/2018		
	Updated Value	Installment	Total	Updated Value	Installment	Total
Federal Public Bodies	675	-	675	478	-	478
State Public Bodies	153,929	1,347	155,276	137,067	1,371	138,438
Municipal Public Bodies	33,471	19,862	53,333	33,767	20,829	54,596
Other Bodies	12,087	2,580	14,667	11,073	2,681	13,754
Philanthropic Organizations	803	166	969	718	175	893
	<u>200,965</u>	<u>23,955</u>	<u>224,920</u>	<u>183,103</u>	<u>25,056</u>	<u>208,159</u>

II) Operations with Municipalities

a) The concession contract with the municipality of Goiânia was signed on December 22, 1991 and is effective until March 4, 2023. The actions provided for in the aforementioned contract have been carried out normally by the Company. The contract also provides for a monthly payment of 5% on the tax collection in the municipality. Up to March 31, 2019, BRL 13,103 had been paid, in portfolio BRL 10,497 (on December 31, 2018, BRL 34,944 was paid, in portfolio BRL 32,115).

b) Among the contracts in force, 27 contracts are remunerated with values that vary between 2% and 5% of the tax collection of the municipality.

c) The Company has been conducting accounts to settle debts, by offsetting the services provided by City Halls to the Company, such as opening and backfilling ditches, covering holes, asphalt paving, recovering public places and even assigning areas for the construction of Company offices. On March 31, 2019, the balance of accounts receivable, overdue and to be due, referring to debts of the municipalities to which the Company provides services is BRL 53,333, and 12 account reconciliations were performed, with an adjustment of BRL 189 (December 31, 2018 BRL 20,588, and 43 account reconciliations were performed, with an adjustment of BRL 1,218).

35. Administrators' Remuneration

The expenses related to the remuneration of the members of the Supervisory Board, Management Board, Statutory Audit Committee and Board of Directors were BRL 1,628 on December 31, 2019. (BRL 5,922 on December 31, 2018).

a) Supervisory Board

The Supervisory Board is composed of a minimum of 3 (three) and a maximum of 5 (five) effective members and an equal number of substitutes. The General Meeting that elects the Supervisory Board will fix the monthly remuneration of its effective members, when in office, observing the minimum limit, for each one, equal to 14% (fourteen percent) of the average of the remuneration assigned to the Directors, not counting benefits and profit sharing.

In the Company's Bylaws there are no clauses for the payment of bonuses or annual bonuses to members of the Supervisory Boards.

b) Management Board

The Management Board is the normative and deliberative body and is composed of a minimum of 7 (seven) and a maximum of 11 (eleven) members, who will receive monthly remuneration of 18% (eighteen percent) of the average remuneration paid to the Directors of the Company.

In the Company's Bylaws there are no clauses for the payment of bonuses or annual bonuses to the members of the Management Board and to the directors, however the directors who are employees of the Company receive the same benefits as the other employees.

c) Statutory Audit Committee

The Statutory Audit Committee is a statutory advisory body directly linked to the Management Board, with operational autonomy to conduct or determine the performance of consultations, assessments and investigations within the scope of its activities.

It consists of at least 3 (three) members and at most 5 (five) members (art. 49 of the Bylaw), the election of substitutes is prohibited, observing the minimum requirements set forth in Law 13.303/2016 and elected by the Management Board. The Management Board will establish the monthly remuneration of its effective members, observing the minimum limit, for each one, of 18% (eighteen percent) of the average of the remuneration assigned to the Directors, not counting benefits, and

profit sharing.

d) Collegiate Board of Directors

The Board of Directors is a collegiate executive body with powers to exercise the management of the Company, and has the following composition: Presidency Board, Commercial Board, Corporate Management Board, Financial Board, Investor Relations and Regulation Board, Production Board, Expansion and Legal Office Board.

The General Meeting will set the board of directors' remuneration that will not be lower than the highest remuneration paid to the Company's employee. The Directors will receive remuneration equivalent to the highest base salary of the Company, and 95% of the highest bonus that is fixed for the position of Chief Executive Officer.

36. Supplementary information to cash flows

In relation to variations in the Balance Sheet, we reduced those with no effect on cash, as shown:

Asset	03/31/2019
Credits Receivable from Users	76,227
PCLD-Losses / Reversals / AVP	(94,958)
	(18,731)
Judicial Deposits	(1,371)
Land Regularization Provision	(40)
	(1,411)
Reductions on Fixed and Intangible Asset	03/31/2019
Write offs of Fixed Asset	18
Transfers to other groups	(298)
	(280)

37. Decanting operation

On August 24, 2016, an operation called *Decantação* (Decanting) was released, aiming at ascertaining, within Saneago, the existence or not of irregularities in certain biddings promoted by the Company, under the argument that possible alignments and surcharges were occurring in these events, with possible overbilling in the execution of the respective contracts.

The facts, as stated in the denunciation, would be causing deviations from federal public funds, originating from the PAC - Growth Acceleration Program - and from financing obtained from financial institutions, these funds were intended for the execution of works, in addition to other acts allegedly practiced to the detriment of Public Administration.

It is important to note that the Operation was triggered and founded on the need to investigate possible irregularities in the application of public funds, committed by some managers, employees and suppliers, and Saneago is not included in the legal claim of the denunciation.

The investigation was divided into two phases, broken down as follows:

(I) verification of acts performed in the scope of the bidding for the work from which the acquisition of a set of motor pumps to be applied in the Raw Water Lifting Station of the Production System Corumbá IV;

(II) verification of possible occurrence of fraud in the aforementioned bidding process and alleged overpricing in the Company's reference budget, and those responsible for alleged fraudulent acts would be taking advantage of their attributions for personal gain and they would still be occupying the respective positions.

By decision of the Federal Court, the entire Board of Directors was removed. The Management Board of Saneago acted promptly and, on the same day, August 24, 2016, at its 331st Meeting, decided that the Chairwoman of the Management Board, Ms. Marlene Alves de Carvalho e Vieira, would assume the Presidency of the Company on an interim basis. This decision made it possible to maintain the regular and adequate provision of services to the population, as well as the commitments and charges assumed.

On August 29, 2016, at its 332nd Meeting, the Management Board met for the election of the Chief Executive Officer, and Mr. José Carlos Siqueira, filled the position and he remained in office until February 16, 2017. Mr. José Carlos was replaced with Jalles Fontoura de Siqueira, who remained in office until 12/31/2018. In other words, there was a rapid adoption of measures aimed at the definitive restoration of the Company's Board of Directors, providing shareholders, the market and the population with legal and administrative security. Subsequently, the other members of the Collegiate Board of Directors were elected, which was composed in part by career employees of Saneago.

The members of the Permanent Bidding Commission (CPL) who were denounced in the operation were removed from the positions of trust they held through Board Resolution No. 123/2016, dated September 6, 2016. Those who were career employees were removed from the company for 120 days as determined by the courts. These employees subsequently returned from removal, however, they do not have any decision-making powers in any department within the Company, and none of them make up the CPL anymore. Those who did not belong to the career were returned to their original bodies. In the same Resolution, new members were appointed to the bidding committee.

On September 8, 2016, the Company's Management Board, through Process No. 18.683/2016, authorized the hiring of a company to internally investigate the irregularities pointed out in the Operation

On December 26, 2016, the announcement of the Electronic Auction No. 41/2016 was published, in which the company MACIEL AUDITORES S/S was declared the winner. The contract was signed on January 30, 2017 and the term established for the execution of the services was 60 (sixty) days. On March 22, 2017, the audit hired requested an additional 30 (thirty) days for the completion of the services, which was granted by Saneago before technical and legal support.

The report of the company hired to carry out the work aimed at investigating any irregularities identified in Operação Decantação was completed on April 26, 2017, in which the conclusion was reached in favor of the lawfulness of the bidding procedures object of the works, with no stain capable of overruling the respective competitions.

On the other hand, the report found the *non-compliance* regarding the execution of works, which led to the adoption of several measures aimed at meeting non-compliance verification. These measures provided an evolution in the management and execution of works, including with regard to the control of materials, equipment and receipt of works, especially with the acquisition of the Enterprise Resource Planning - ERP system.

As of 11/10/2017, after amendment to the Bylaws, the Statutory Eligibility Committee was created,

which started to analyze all the nominees to assume the positions of Administrators, Supervisory Board Members and Members of the Statutory Audit Committee , in compliance with Law 13.303/2016, further strengthening legal certainty in relation to company administrators.

Another relevant point is the adoption by the company of the electronic system of Banco do Brasil to carry out the trading sessions (e-bidding).

Due to the negotiations carried out between the Ministry of Cities, the Federal Public Ministry (MPF), the Federal Comptroller General (CGU), Caixa Econômica Federal (CEF), the construction consortium (Contractor) and Saneago, the contract was renegotiated in relation to values of the pumps, with the consequent signature of the Addendum, which enabled the effective resumption of the works of the implementation of the Corumbá IV Water Production System, currently in the final phase of the work.

As for the works on the Sanitary Sewage System in Goiânia, a technical note / justification was presented to CEF on the item “transportation”, which was being questioned by the financial institution. After analysis and with authorization from CEF and the Ministry of Cities, the works were resumed, including those related to the secondary treatment of the Hélio Seixo de Brito Sewage Treatment Plant.

The Company, aiming at its credibility with Shareholders, the Market and the population, understood the need to hire a Forensic Expert service in order to, along with the conclusions of Maciel Auditores S/S, offer an environment endowed with the necessary legal security and also provide comfort to the issuance of an audit opinion on the financial statements of December 31, 2017. Thus, it promoted the hiring of "Ernst & Young - EY", through Processes No. 20.734/2017 and 2.474/2018, which resulted in the contracts signed on December 15, 2017 and February 16, 2018, to promote the provision of "Specialized Technical Services for the Execution of Forensic Investigation". In this context, the Statutory Audit Committee was created, which, in view of its duties, monitored and adjusted the investigation plans along with "Ernst & Young".

In the performance of the expert examination, the following procedures were executed:

- Data collection and information processing with specific forensic methodology and tool;
- Survey of individuals and companies investigated by Operação Decantação;
- Detailed research in public sources for the companies and individuals mentioned above and in the reports of CGU - Comptroller General of the Federal Government, TCU - Federal Audit Court, MPF - Public Prosecutor's Office, among others;
- Background Check of the signatories who sign the letter of representation;
- Preparation of a list of custodians and keywords based on the allegations for document review and conflicts of interest;
- Financial and engineering analysis of a sample of contracts signed in the period from 2007 to 2017 linked by similarity to the object of the investigation - execution of works.

The Final Forensic Audit Report was also presented to the Statutory Audit Committee (CAE) in August 2018, which was assessed by the Committee, in conjunction with Independent Advocacy, and the analysis was completed in January 2019. Even before that conclusion, the CAE started to adopt the necessary measures to confirm the findings indicated in the forensic audit, as well as to determine liability and possible application of penalties.

The report in question points to the existence of some audit findings on the following matters:

i) quantifiable findings, resulting from financial, accounting and management data on engineering matters, with the 2007-2017 financial years as a reference period, through finance analyses, contracts, price comparison, unit price evaluation and other transactions;

ii) data and personal and business history research procedures, aiming at identifying relationships and possible conflicts of interest (background check).

As for the quantifiable findings, these were all cataloged by the CAE and forwarded to the company's Internal Audit, where some have already been concluded and the rest are under investigation to confirm (or not) their origin, with the need for conclusive reports.

Regarding the Background Check, the Statutory Audit Committee is monitoring the investigations necessary to confirm (or not) the hypotheses mentioned in the referred Report, which concern alleged conflicts of interest and / or misconduct, as well as any other situations rated as irregular or violating ethics or other important values to the Company, with some reports already issued and approved by the Management Board and with the prospect of issuing conclusive reports.

Concomitantly, the Company's management identified the possible accounting effects, through the application of a reasonable methodology that enabled the measurement of amounts to be provisioned. As a result of the evaluation and consistency process of the EY Report and its findings and in accordance with the surveys of the additional payments allegedly undue by the company to its contractors, the impacts of the damages caused in Saneago's financial statements can be measured or evaluated considering the following premises:

- Saneago does not tolerate corruption or any illegal business practices on the part of its suppliers, contractors or service providers, nor the involvement of its employees, officers or any person who, internally or externally to the Company, exercises management or has power over its management, considering such practices as damaging to its assets and / or image;
- the Company is conducting internal audits aimed at qualifying and quantifying all the damages pointed out directly or indirectly in the EY Report, also adopting all administrative measures and representations aimed at repairing such damages;
- it is impracticable to quantify the amount of supposedly additional payments for all contracts entered into by the Company, in the period considered, being only possible to calculate consistent estimates from the sample available in the EY Report;
- The Company has not yet recovered any amount related to the allegedly undue additional amounts related to contracts subject to these provisions and cannot reliably estimate any recoverable value at this time, and such amounts will be recognized when actually recovered as a result of receivables or when their realization is virtually certain.

In the Final Forensic Audit Report, some possible irregularities were pointed out. The Report analyzed 48 (forty-eight) contracts considered to be priority, totaling a payment base in the amount of **BRL 1,166,017,569.00** (one billion one hundred and sixty-six million, seventeen thousand, five hundred and sixty-nine reais). The sample was made considering payments made to certain companies in the period from 2007 to 2017.

Regarding this sample, the forensic audit pointed out discrepancies that would total **BRL 74,426,982.00** (seventy-four million, four hundred and twenty-six thousand, nine hundred and eighty-two reais), which corresponds to a percentage of **6.383%** (six integers and three hundred and eighty-three thousandths percent) of the sample payments.

In effect, the Company updated the data referring to the supposedly additional payments made in the period considered, extrapolating it to the other payments to companies raised in the Audit Report, which totaled the amount of **BRL 1,785,111,980.00** (one billion, seven hundred and eighty-five million, one hundred and eleven thousand, nine hundred and eighty reais), on which the same percentage was applied, resulting in an amount of **BRL 113,943,821.00** (one hundred and thirteen million nine hundred forty-three thousand eight hundred twenty-two one reais), as estimated

discrepancies that should be written off (provisions).

The Management Board had approved provisioning, still on 12/31/2017, based on findings in the preliminary reports of the forensic audit, in the amount of **BRL 64,785,432.00** (sixty-four million seven hundred eighty-five thousand four hundred and thirty-two reais).

After the conclusion of the reports and analysis of the multidisciplinary team, including technicians from the Company and CAE, a reasonable one was found to complement the existing provision, as shown in the table below:

Description		In Real Currency
Sample (Period 2007/2017):		
Amount paid in Priority Contracts (EY Report)		A 1,166,017,570
Amount of discrepancies pointed out in the EY Report in Priority Contracts		B 74,426,982
Ratio % of Discrepancies Vs. Priority Payments	(B*100/A)	C 6.383 %
Extrapolation of samples in the universe of works contracts (Period 2007/2017)		
Total amount paid in all contracts related to the "Operação Decantação"		D 1,709,805,620
Total amount paid in contracts of companies listed on Background Check		E 75,306,360
	Subtotal (D+E)	F 1,785,111,980
Estimated provision on contracts related to the "Operação Decantação"	(F*C/100)	G 113,943,821
Amount provisioned on December 31, 2017		H 64,785,432
	Subtotal (G-D)	I 49,158,389
Tax effects on contracts posted as regards the result		L 4,550,663
Supplementary provision restated on January 1, 2018	(I+L)	K 53,709,052

The judicial process that investigates the facts within the scope of the Federal Police operation called "Decantação" is still in the process of receiving the denunciation filed by the MPF.

Additionally, considering the facts that occurred on March 28 and April 4, 2019, in which the Federal Police triggered the developments of the 1st operation, the Company issued communications to the market in which it states the following:

- In relation to the operation initiated by the Federal Police, related to events that occurred in the period from 2012 to 2016, Saneago points out that the current management of the Company has prioritized the implementation of the best governance and compliance practices, to ensure fairness and transparency in all processes of the Company;
- Among the actions taken is the creation of the Governance Superintendence, the unit responsible for the implementation of a series of strategic policies, such as the Policy of Responsibilities, a document that regulates the decision-making by the Collegiate Board of Directors, the Conflict of Interest Prevention Policy, in compliance with the Company's Code of Conduct and Integrity, the Policy on Transactions with Related Parties and the Policy for the Prevention of Corruption Acts;
- Saneago also informs that it remains providing all the collaboration necessary for the investigations and is protected from the actions taken, since the Company is not part of the case file. Saneago is entirely at the disposal of the authorities to provide any clarifications that may arise and will keep the market informed in due course.

It is also important to highlight that there is mention, in Operação Decantação 3, that some companies mentioned in the 1st Operation phase would still be executing contracts with Saneago. However, the Company trusts the governance measures adopted after 2016, among which stand out the following:

1. The Compliance and Risk Management departments are working on the preparation of risk matrices in all contracts of the companies mentioned in Decantação 1, 2 and 3, in order to clarify the risks to which Saneago would be exposed in these contracts, as well as how to envision actions to mitigate these risks;
2. The Compliance Management is restructuring the flow of indication of management positions in the company, in accordance with the Resolution of the Collegiate Board of Directors;
3. A study was carried out on the adequacy of the Contract and Supplier Management process to the company's Code of Conduct and Integrity, to the Policies to Prevent Acts of Corruption, to the Conflict of Interest Prevention and to Saneago's Hiring Procedures Regulation, which resulted in the creation of two statements that are required from suppliers.

The Compliance and Risk Management Departments carried out work which consists of the preparation of risk matrices in the hiring of companies mentioned in Operations of Decantação 1,2,3 for the diagnosis of intrinsic risk, according to the manager's perception, as well as the awareness of this on the risk events in the execution of these contracts, resulting in medium and high risk for Saneago, in which mitigation measures are being established to reduce the risk.

It is also important to inform that the Judge conducting the case file of the criminal proceeding resulting from the operation called "Decantação - Fase 1" (Case No. 0020618-15.2016.4.01.3500), pending in the 11th Federal Court of the Judicial Section of Goiás, rendered decision rejecting the denunciation filed by the Public Prosecutor's Office, to the extent that the Judge understood, that the initial criminal case did not meet the requirements contained in the Criminal Procedure Code to be received by the Judiciary. It is important to note that the merit of the denunciation was not considered, since the reason for the rejection, whose decision will still be analyzed in appeal, was based on non-compliance with formal requirements provided for by law.

Finally, it should be noted that Saneago was one of the first companies in the country to comply with the provisions of Law No. 13.303, dated June 29, 2016, including with regard to the preparation of its own hiring regulations. Under these terms, all companies would have a period of 2 (two) years to comply with the precepts of said law. Since the end of 2016, then, several internal measures have been adopted in order to adapt the company to these precepts, and in early 2018 the measures determined in the Statute of the State-Owned Companies were already fully and effectively implemented in Saneago, that is, almost 6 months before the final deadline.

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