

Management's explanatory notes to the Interim Financial Statements of June 30, 2019
(Amounts expressed in thousands of reais, unless otherwise stated)

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1. General information

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 [Corporate Taxpayer's Registry]: 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 and sanitation

In order to comply with Law 13.303 of June 30, 2016, the Company has implemented several actions, such as: adjustment to the Bylaws, with controls to indicate the governance structure; creation of the Statutory Audit Committee; creation of the Statutory Eligibility Committee; creation and publication of the Code of Conduct and Integrity; training of administrators, managers, and supervisory and administration advisors; preparation of spokespersons policies, communication and dissemination of information, prevention of acts of corruption, distribution of dividends and prevention of conflicts of interest.

State Decree No. 9 was recently published. 406/19 establishes the public compliance program, defined as a set of procedures and structures designed to ensure the compliance of management acts with moral and legal standards, as well as ensuring the achievement of public policy results and citizen satisfaction, promoting the axes of ethics, transparency, accountability and risk management. Revoking State Decree No. 7.905 of June 11, 2013. Saneago has been making efforts, in line with the recommendations of the State's Comptroller General - GCE-GO in the implementation of said Decree. Recently, the Management Board established the Sectorial Compliance Committee, which has a consultative and permanent nature for issues related to the Public Compliance Program, with the objective of ensuring the implementation of the axes.

In June 2019, SANEAGO has 226 contracts in operation that are distributed as follows: 154 contracts in force, 97 of which are concession contracts and 57 in the form of program contracts with municipalities, for the provision of water supply services, sewage collection and treatment, representing an average percentage of 87.40% of net sales. There are also 72 matured contracts that represent 12.60% of turnover, and these are in the negotiation phase and in operation. The average concession period for current and matured contracts is 23 and 30 years, respectively, counted from the date of the assumption of services, with the possibility of extension through negotiation with each municipality. The contracts have the following maturity schedule: 72 contracts overdue, 78 contracts due in the next 15 years, 21 contracts due in 15 to 20 years and 55 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	03/04/2023	36.22%	Concession	25

Anápolis	In Force	01/31/2023	7.25%	Concession	25
Aparecida de Goiânia	In Force	11/1/2041	4.16%	Program	30
Rio Verde	In Force	11/1/2041	2.40%	Program	30
Valparaíso de Goiás	In Force	11/16/2048	2.38%	Program	30
Formosa	In Force	03/14/2025	1.93%	Concession	25
Luziânia	In Force	12/1/2045	1.93%	Program	30
Itumbiara	In Force	6/15/2022	1.66%	Concession	20
Planaltina	In Force	4/1/2030	1.31%	Concession	25
Trindade	In Force	11/1/2041	1.37%	Program	30
Jataí	In Force	11/1/2041	1.28%	Program	30
Novo Gama	In Force	11/16/2048	1.16%	Program	30
Goianésia	In Force	6/15/2020	1.08%	Concession	25
Águas Lindas de Goiás	In Force	12/28/2048	1.12%	Program	30
Cidade Ocidental	In Force	11/1/2041	1.03%	Program	30
Inhumas	Matured	09/01/2018	1.02%	Concession	20
Quirinópolis	Matured	06/24/2016	0.93%	Concession	20
To mature in 01 - 15 years			9.92%		
To mature in 16 - 30 years			11.24%		
Matured			10.61%		
			<u>100.00%</u>		

The Company's operations are concentrated in the Municipality of Goiânia, which represents 36.08% of gross revenue on June 30, 2019 and 31.36% of intangible assets (37.44% of gross revenue and 31.88% of intangible assets in December 31, 2018).

According to Regulatory Resolution No. 0152/2019 of the Regulatory Council of the Agency for Regulation, Control and Inspection of Public Services of Goiás - AGR, a linear adjustment of 5.79% was granted for water / sewage tariffs as of July 1, 2019. The readjustment was analyzed by the Goiânia Regulation Agency - ARG and approved through Municipal Decree No. 1555/2019..

The reissue of these financial statements was authorized by the Management Board on January 30, 2020, and is being made due to the matters described in note No. 3.

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

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.

2.1. 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.

2.2. Main accounting judgments and estimates

The preparation of the Financial Statements requires Management to use estimates and assumptions that affect certain balances presented for contingent assets and liabilities on the date of the financial statements, as well as the recognized amounts of income and expenses during the period. Actual results may differ from these estimates. Estimates and judgments, which have a significant risk of resulting in a material adjustment in the year, are continually evaluated based on historical experience and other factors, including expectations of future events such as projected results for offsetting tax losses, which are believed reasonable under the circumstances and are included in the following notes:

- a) Credits Receivable from Users (note 2.5)
- b) Stock (note 2.6);
- c) Deferred taxes (note 2.13);
- d) Provisions for legal claims (note 2.15).

2.3. Financial instruments

The changes brought about by CPC 48 / IFRS 9 (Financial Instruments), do not affect the Company, as it did not have financial assets rated in the fair value categories through other comprehensive income and at fair value through profit and loss statement. The Company's financial instruments included in the amortized cost category comprise cash and cash equivalents, restricted cash, balances receivable from customers, balance of accounts receivable by sub-delegation, balances with related parties, other accounts receivable, balances payable with contractors and suppliers, loans and financing, services payable, and commitments of program contracts, which are non-derivative financial assets and liabilities with fixed or determinable payments, not quoted in an active market.

2.4. 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.

2.5. 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 Saneago.

The allowance for doubtful accounts is made up of an amount considered sufficient to cover possible losses in the realization of accounts receivable from customers, according to the Company's accounting policy, for all private and public users with balances overdue for more than 90 days and for agencies state publics with maturities over 60 days, as well as for other credits overdue and to be due by the same users.

As for the provision of amounts to be billed, the percentage on the amounts already provided for the private and public sector in relation to their calculation basis is found, and this is applied to the amount to be billed.

2.6. 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.

2.7. Other Current Assets

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

2.8. Non-Current Assets

Rights with a maturity of more than 12 months after the date of issue of the balance sheet, recorded at the cost of acquisition or realization, including, when applicable, the earned income.

2.9. Fixed asset

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%		

2.10. Intangible Asset

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 useful life, after reviewing 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.

a) Concession Contracts

The infrastructure used by Saneago 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 get it back at the end of the concession;
- (III) Saneago'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 primary responsibility to pay for their services.

The fair value of construction and other infrastructure works represent 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.

2.11. 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.

2.12. 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.

2.13. Legal Entities Income Tax and Social Contribution on Net Profit

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.

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%.

Deferred taxes are calculated on temporary differences (allowances for doubtful accounts, contingencies, stock 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.

2.14. 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.

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.

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.

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.

Leasing contracts are rated under the financial modality when there are transfers of ownership of the risks and benefits inherent to it. These are valued based on the present value of the minimum mandatory payments or the fair value of the asset on the start date of the leasing. 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.

2.15. Provisions for judicial claims

Constituted through a reliable estimate of the amount of the obligation, as permitted by CVM Resolution No. 594/09, they are related to labor, civil, commercial and tax lawsuits, at administrative and judicial levels.

They are recognized by the Company, since it has a legal or non-formalized present obligation, as a consequence of a past event, and it may be probable that funds will be withdrawn to settle the obligation.

2.16. Government Grants / Donations

Government grants are recognized as an obligation in noncurrent liabilities at the time of entry of funds. As the works are executed, they are recognized in the intangible asset as Works in progress that are not onerous.

After the fulfillment of the requirements demanded in each case and with the works receipt reports validated by the municipality, the intangible assets and liabilities are written off, considering that these assets do not belong to the Company but to the municipalities (granting authority) .

2.17. Other Current and Non-Current Liabilities

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

2.18. 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.

2.19. Result Calculation

I) Revenue from sales and services provision

It is recognized based on measured water supply and sewage collection services when it complies with performance obligations, as defined in CPC 47, IFRS 15 (Revenue from Contract with Customer). The revenues incurred, whose service was provided, but not yet billed until the end of each period, are estimated and recognized in accounts receivable from customers and the corresponding consideration in the income statement as revenues to be billed.

II) Financial expenses and revenues

Substantially represented by interest, monetary and exchange variations arising from loans, financing, debentures and installments, calculated and recorded on an accrual basis.

2.20. Construction Revenue

According to CPC 47 IFRS 15, Revenue from Contracts with Customers, construction revenue must be recognized based on the transfer of the object sold, but the changes brought about did not impact the Company, due to their characteristics, since the remuneration is given through charging the user for the provision of services, specified in item 17 of ICPC 01 (R1) Concession Contracts. Therefore, under the provisions of CPC 47 / IFRS 15, the infrastructure under construction is a right to receive future consideration, which is recorded during construction as contract assets. Upon entry into operation, these assets are transferred to intangible assets.

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.

2.21. Impairment of Assets

The Company reviews non-financial assets annually to identify evidence of estimated impairment of property, plant and equipment and non-recoverable intangibles, 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).

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 sewerage services are considered as the only segment, due to the existence of cross-subsidy in the provision of water supply, collection, removal and sewage 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. Restatement of comparative balances on June 30, 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.

Saneamento de Goiás S.A.

06/30/2019 Balance Sheet (Restated)

	Published 06/30/2019	Re-rating	Adjustment	Restated 06/30/2019
Asset				
Current				
Cash and cash equivalents	54,114	-	-	54,114
Credits Receivable from Users	328,918	-	-	328,918
Stocks	67,813	-	-	67,813
Taxes Recoverable	4,638	-	-	4,638
Advanced Expenses and Advanced Payments	30,277	-	-	30,277
Sub-delegation	3,043	-	-	3,043
Securities	7,997	-	-	7,997
Other Accounts Receivable	3,830	-	-	3,830
	500,630	-	-	500,630
Non-Current				
Credits Receivable from Users	9,087	-	-	9,087
Judicial Deposits	54,401	(45,134)	-	9,267
Deferred Taxes - Assets	272,520	(23,572)	(2,428)	246,520
Securities	14,521	-	-	14,521
Advanced expenses	19,279	-	-	19,279
Sub-delegation	579,785	-	-	579,785
Other Accounts Receivable	10,029	(10,029)	-	0
	959,622	(78,735)	(2,428)	878,459
Investments	9	-	-	9
Fixed asset	328,215	-	-	328,215
Right of Use Assets	54,246	-	-	54,246
Contract's Asset	623,228	-	-	623,228
Intangible Asset	2,512,038	108,455	-	2,620,493
	3,593,347	32,844	-	3,626,191
Total Asset	5,053,599	(45,891)	(2,428)	5,005,280

	Published 06/30/2019	Re-rating	Adjustment	Restated 06/30/2019
Liability				
Current				
Loans and Financing	132,423	-	-	132,423
Debentures	61,250	-	-	61,250
Leasing	13,248	-	-	13,248
Suppliers	112,783	-	-	112,783
Labor obligations	180,064	-	-	180,064
Tax Obligations	25,996	-	-	25,996
Installments	18,537	-	-	18,537
Consortiums	4,091	-	-	4,091
Sub-delegation	541	-	-	541
Dividends payable	-	18,803	-	18,803
Contractual Advance	1,994	-	-	1,994
Other Accounts Payable	33,339	-	-	33,339
	584,266	18,803	-	603,069
Non-Current				
Loans and Financing	389,547	-	-	389,547
Debentures	310,762	-	-	310,762
Leasing	41,805	-	-	41,805
Labor obligations	3,167	-	-	3,167
Tax Obligations	8,511	-	-	8,511
Installments	18,647	-	-	18,647
Provision for judicial claims	159,328	(31,125)	-	128,203
Consortiums	71,615	-	-	71,615
Sub-delegation	579,785	-	-	579,785
Deferred Tax Liabilities	17,167	(17,167)	-	-
PAC Grants	147,618	-	-	147,618
Contractual Advance	3,822	-	-	3,822
	1,751,774	(48,292)	-	1,703,482
Net Equity				
Share Capital	2,515,546	-	-	2,515,546
Capital Reserve	140,413	(140,413)	-	-
Legal Reserve	4,196	6,070	-	10,266
Equity Valuation Adjustment	33,324	-	-	33,324
Investment Reserves	24,080	117,941	(2,428)	139,593
	2,717,559	(16,402)	(2,428)	2,698,729
Total Liability	5,053,599	(45,891)	(2,428)	5,005,280

Presentation of the Income Statement for June 2019 and 2018.

	Published 06/30/2019	Re-rating	Adjustmen	Restated 06/30/2019	Published 06/30/2018	Re-rating	Adjustmen	Restated 06/30/2018
Net Revenue								
Revenues from Water and Sewage Services	1,032,727	11,463	-	1,044,190	986,740	10,083	-	996,823
Construction Revenues	77,303	-	-	77,303	54,450	-	-	54,450
Revenues from Technical Services	1,076	-	-	1,076	1,267	-	-	1,267
Sub-delegation Grant	4,550	-	-	4,550	4,550	-	-	4,550
	1,115,656	11,463	-	1,127,119	1,047,007	10,083	-	1,057,090
Costs								
Services Costs	(562,106)	-	-	(562,106)	(519,660)	-	-	(519,660)
Construction Costs	(77,303)	-	-	(77,303)	(54,450)	-	-	(54,450)
	(639,409)	-	-	(639,409)	(574,110)	-	-	(574,110)
Gross Profit	476,247	11,463	-	487,710	472,897	10,083	-	482,980
Administrative Expenses	(186,719)	-	-	(186,719)	(154,707)	-	-	(154,707)
Commercial Expenses	(105,374)	-	-	(105,374)	(130,062)	-	-	(130,062)
Tax Expenses	(7,269)	-	-	(7,269)	(7,089)	-	-	(7,089)
Provisions / Reversals - Credit Losses / Recovery	(80,991)	-	-	(80,991)	(25,804)	-	(3,210)	(29,014)
Other Operating Revenues / Expenses	1,077	-	-	1,077	6,189	-	(2,811)	3,378
	(379,276)	-	-	(379,276)	(311,473)	-	(6,021)	(317,494)
Income before Financial Result	96,971	11,463	-	108,434	161,424	10,083	(6,021)	155,403
Net Financial Result	(17,546)	(11,463)	-	(29,009)	(53,665)	(10,083)	-	(63,748)
Income Before Taxes on Profit	79,425	-	-	79,425	107,759	-	(6,021)	101,738
Current Income Tax and Social Contribution	(35,200)	-	-	(35,200)	(28,790)	-	-	(28,790)
Deferred Income Tax and Social Contribution	11,284	-	(2,428)	8,856	5,461	-	-	5,461
Net Income from Continuing Operations	55,509	-	(2,428)	53,081	84,430	-	(6,021)	78,409
Profit (Loss) per Share	0.0100641			0.0096239	0.0153076			0.0142160

Reconciliation of Net Equity and Income Statement on June 30, 2019:

Effects on Equity			
Financial Year	Line Item	Description	Amount
2015	Deferred Taxes	Recognition of deferred IR/CSLL (b)	518
2016	Deferred Taxes	Recognition of deferred IR/CSLL (b)	(317)
2017	Deferred Taxes	Recognition of deferred IR/CSLL (b)	1,023
2018	Deferred Taxes	Recognition of deferred IR/CSLL (b)	(3,393)
1 st Quarter /			
2019	Deferred Taxes	Recognition of deferred IR/CSLL (b)	71
2 nd Quarter /			
2019	Deferred Taxes	Recognition of deferred IR/CSLL (b)	(330)
Total			(2,428)

Reconciliation of the Income Statement on December 31, 2018:

DRE Effects - 6/30/2018			
Financial Year	Line Item	Description	Amount
2018	Stocks	Constitution of Stock Losses (a)	(3,210)
2018	Stocks	Physical Inventory Adjustment (b)	(2,811)
Total			(6,021)

(a) Adjustments were made after the company carried out work to improve and enhance its stock controls with the implementation of a new management system (SAP), changes in the organizational structure, retrospective movement of the physical inventory of stock, reprocessing of average costs and physical inventory of 100% of the items, carried out in June 2019, already restated annually and now, restated in its reflections in the 2nd quarter / 2019.

(b) Due to the preparation of the stock obsolescence policy based on the results obtained from the inventory carried out in June 2019, several postings for Losses were made affecting the results from 2015 to 2018, already restated. Deferred taxes on losses have been recognized.

4. Evaluation of New Pronouncements and Regulations

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 leaseings 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 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	58,074

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. Financial risk management and financial instruments

5.1 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. Regarding risk management, in April 2019, a permanent committee for financial risk management and investment of resources was created. With a financial risk management policy whose objective is the establishment of guidelines, duties and procedures to be adopted by the Company in the execution of activities that imply financial risks and management of investment of funds. It is worth mentioning that this policy addresses exposures to foreign exchange, interest rate and liquidity risk.

(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 2nd 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.

Indicators	Exposure on 6/30/2019	Scenario I	Scenario II	Scenario III
IPCA (FIDC IV)	378,060	3.80%	4.75%	5.70%
CDI ³ (Banks + 4 th Issue of Debenture)	405,415	6.40%	8.00%	9.60%
Dollar (IDB)	84,582	BRL 3.80	BRL 4.75	BRL 5.70
TJLP ² (BNDES)	1,350	6.26%	7.83%	9.39%
TR ¹ (Caixa Econômica Federal)	132,203	0.00%	0.00%	0.00%
Subtotal	1,001,610			
Transaction Cost	(32,595)			
Subordinated Shares	(81,843)			
	887,172			
Not subject to risks				
FCO - Cezarina and Silvânia	6,810			
	893,982			

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. However, through the risk management policy and with the objective of reducing the unpredictability of exchange rate variations and optimizing cash management and the degree of predictability, the

Company must contract a hedge instrument of protection, with the following instruments being eligible the following exchange protection instruments: swap contracts and currency forward contracts (NDF).

(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

Saneago'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 June 2019 for the following periods showed a stability in the expected value of the Debt due to the expected appreciation of the foreign currency. Externally, the risks associated with a slowdown in the global economy remain and that uncertainties about economic policies continue to influence global growth. The internal factors are related to the capacity of the Brazilian economy to absorb setbacks in the international scenario and to the prospect of structural reforms and the resumption of the economic recovery process. The payment of the installment due in April 2019, the exchange rate was BRL 3.83 to US\$ 1.00. The dollar rate in the payment of the installment that matured in October 2019 was BRL 4.72. The exchange rate projection for 2019 is BRL 4.00 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 June 2019.

5.2 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	06/30/2019	12/31/2018
Total Loans	893,982	965,708
(-) Cash and cash equivalents	(54,114)	(43,997)
(=) Net Debt	839,868	921,711
(+) Total Shareholders' Equity	2,698,729	2,645,642
(=) Total Capital	3,538,597	3,567,353
Financial Leverage Ratio	23.73%	25.84%

6. Cash and cash equivalents

	06/30/2019	12/31/2018
Fixed Fund	8	348
Banks - Current Account / Collection	6,344	12,912
Banks - Construction-linked accounts	2,596	5,684
Banks - Collection to be released (a)	12,430	12,053
Financial Investments (b)	32,736	13,000
	54,114	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:

06/30/2019					12/31/2018				
Bank	Account	Investment	Amount	Remuneration	Bank	Account	Investment	Amount	Remuneration
Itaú	140956	Fundo PP	818	87.99% CDI	ITAÚ	140956	Fundo PP	342	55.36% CDI
Itaú	2989-4	PP Cert.	385	49.43% CDI	ITAÚ	2989-4	PP Cert.	1,054	55.36% CDI

Itaú	2989-4	Deadline			ITAÚ	2989-4	Deadline		
		PP Soberano	24,416	87.99% CDI			PP Soberano	14	97.77% CDI
Itaú	02.999-3	Fundo FIC	-	98.52% CDI	BB	02.999-3	Fundo FIC	6,546	98.52% CDI
Itaú	14.094-9	Fundo PP	129	49.43% CDI	BB	14.094-9	Fundo PP	130	55.36% CDI
B.Brasil	6013-5	CDB	1,329	92.00% CDI	B.Brasil	6013-5	CDB	1,587	92% CDI
B.Brasil	6.544-7	CDB	598	92.00% CDI	Bradesco	6.544-7	CDB	775	92% CDI
BBM	701742	CDB	3,111	100% CDI	Credit Suisse	701742	CDB	899	100% CDI
BBM	701.866-0	CDB Pós	1,941	100% CDI	BBM	701.866-0	CDB Pós	1,644	100% CDI
Safra	23190-0	CDB	9	115.57% CDI	CEF	23190-0	CDB	9	101% CDI
			32,736					13,000	

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. Credits receivable from users

	06/30/2019			12/31/2018		
	Private	Public	Total	Private	Public	Total
Billed to be due	90,990	9,799	100,789	88,303	9,082	97,385
Maturing for more than 30 days	19,479	6,997	26,476	20,131	6,717	26,848
Overdue up to 30 days	83,871	9,110	92,981	78,554	7,706	86,260
Overdue from 31 to 60 days	25,360	5,508	30,868	25,259	5,995	31,254
Overdue from 61 to 90 days	10,012	4,809	14,821	10,504	5,839	16,343
Overdue from 91 to 120 days	8,613	4,929	13,542	8,579	5,418	13,997
Overdue from 121 to 180 days	15,491	8,650	24,141	14,052	9,601	23,653
Overdue from 181 to 360 days	5,730	27,739	33,469	5,279	22,669	27,948
Overdue from 361 days to 5 years	16,922	63,068	79,990	13,450	43,705	57,155
Overdue over 5 years	709	4,591	5,300	4,871	608	5,479
Collection to be noted	1,225	-	1,225	952	-	952
Estimate to be billed	75,288	-	75,288	88,507	-	88,507
(-) AVP Accounts Receivable	(1,530)	(1,411)	(2,941)	(918)	(332)	(1,250)
(-) PCLD	(70,468)	(96,563)	(167,031)	(92,981)	(64,328)	(157,309)
Subtotal	281,692	47,226	328,918	264,542	52,680	317,222
Credits receivable (Non-current)	14,415	22,380	36,795	16,137	24,892	41,029
(-) AVP Accounts Receivable	(2,618)	(4,455)	(7,073)	(3,703)	(6,354)	(10,057)
(-) PCLD	(6,198)	(14,437)	(20,635)	(6,218)	(14,904)	(21,122)
Subtotal	5,599	3,488	9,087	6,216	3,634	9,850

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. Non-recoverable credits written off for the result in June 2019 were BRL 28,569, (BRL 20,487 June 30, 2018), according to explanatory note 31.

The credits with the Government of Goiás are added for tax purposes, according to art. 6 of Law 9.430/96, were BRL 1,680 on June 2019.

(BRL 3,026 in 2018).

8. Stocks

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 stocks in June / 19;
- Rollback of physical inventory of stocks;
- Review of the policy adopted for obsolescence of stocks;
- Reprocessing of average stock costs.

	06/30/2019	12/31/2018
Treatment plants materials	18,054	10,619
Materials for gaskets and pipe protection	109	88
Electrical materials and equipment	1,882	363
Pipes, connections for networks and pipelines	39,171	47,690
Materials for building connections	1,965	3,667
Water meters	10,333	6,996
Water Valves	10,730	10,337
Pump motor set	2,096	176
Miscellaneous materials	6,860	9,496
(-) Provision for Stock Loss (a)	(23,387)	(22,655)
	67,813	66,777

a) The provision for losses in stock is set up based on the Company's policy, with provision for items that have not been invested in the last 12 months, considering their probable obsolescence.

9. Taxes Recoverable

	06/30/2019	12/31/2018
IRPJ (a)	2,436	2,436
IRRF	1,685	1,058
CSLL (a)	517	517
	4,638	4,011

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

10. Advanced Expenses and Advanced Payments

Current	06/30/2019	12/31/2018
Insurance Premiums	69	184
Investment Fund Credit Rights - FIDC IV (a)	12,702	13,255
Postgraduation advances	54	73
Advances for travel expenses	86	40
Municipal Fund of Environmental Sanitation (b)	676	677
13th salary advances	11,736	-
Vacation advances	4,954	3,786
	30,277	18,015
Non-Current		
Municipal Fund of Environmental Sanitation (b)	19,279	19,616
	19,279	19,616

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

b) Refers to amounts derived from the agreement between the Águas Lindas consortium and the Municipality of Águas Lindas, in which Saneago is a consortium member, and will transfer the amount to the Municipal Environmental Sanitation Fund in the amount of BRL 20,293 as compensation for the early termination of the onerous concession contract through the signing, in December 2019, of the Program Contract for a period of 30 years, as of that date, for the exploitation of public basic sanitation services.

The amounts paid by Saneago will be considered as a contribution to the Lindas Consortium. Regarding the amortization of the balances, it is being carried out based on the term of the program contract (30 years).

11. 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 Liabilities	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Grant	3,043	8,930	541	608
Total	3,043	8,930	541	608

	Non-current assets		Non-Current Liabilities	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Sewerage system investments	579,785	497,158	579,785	497,158
Total	579,785	497,158	579,785	497,158

12. Other Accounts Receivable

Current	06/30/2019	12/31/2018
Security deposits	11	10
Consortium	375	375
Federal Revenue of Brazil	3,703	3,728
Miscellaneous advances	116	143
(-) Provision for Losses	(375)	(375)
(-) AVP Credits Receivable	<u>3,830</u>	<u>3,881</u>
Non-Current		
Goiás Parcerias (a)	-	40
	<u>-</u>	<u>40</u>

a) On 05/09/2019, Saneago made a payment in the amount of BRL 9,989 to shareholders, as dividend distribution for the accounting result for 2018, determined in the authorized financial statements on 03/28/2019. During 2019, the Company restated the aforementioned statements, as detailed in note

no. 3, leaving a profitable scenario with dividends to be distributed to a loss-making result without support for such distribution.

Thus, the amounts transferred were recognized in Saneago's Assets as an advance to be offset in future payments of Mandatory Dividends.

13. Judicial Deposits

Non-Current	06/30/201	12/31/201
Judicial Deposits	9,267	10,095
	<u>9,267</u>	<u>10,095</u>

14. Deferred Taxes

Deferred Taxes - Assets	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total Recognized Amount	Calculation Basis	IRPJ (25%)	CSLL (9%)	Total Recognized Amount
PCLD - Credits Receivable	187,666	46,917	16,890	63,806	178,431	44,608	16,059	60,667
Provision for Stock Loss	9,103	2,275	819	3,094	16,245	4,061	1,462	5,523
Provision for Investment Loss	574	144	52	195	574	144	52	195
Provision for Contingencies	125,308	31,327	11,278	42,605	101,480	25,370	9,133	34,503
Provision for Losses on other	375	94	34	128	375	94	34	128
Provision for Contracts without	32,765	8,191	2,949	11,140	32,765	8,191	2,949	11,140
Provision for Works Losses	132,097	33,024	11,889	44,913	151,474	37,869	13,633	51,501
PDV 2019	35,079	8,770	3,157	11,927	-	-	-	-
Tax Loss (a)		49,533	36,346	85,879	419,378	53,430	37,744	91,174
Total	522,967	180,274	83,413	263,687	900,722	173,766	81,065	254,831

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

Deferred Tax Liabilities

Equity Valuation Adjustment	12,623	4,544	17,167	12,627	4,546	17,173
Total			<u>17,167</u>			<u>17,173</u>
Total			<u>246,520</u>			<u>237,658</u>

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	06/30/2019
Balance held in deferred tax assets on 12/31/2018	254,831
(+) Constitution of deferred tax assets	8,856
Balance held in deferred tax assets on 06/30/2019	263,687
Provision in income statement for the year - 06/30/2019	
Profit before tax	79,425
Combined rate 34%	(27,005)
(+/-) IRPJ / CSLL on permanent / temporary additions and exclusions and tax loss	(35,861)
Reversal in income statement for the year	8,856

15. Investments

Saneago has equity participation in other companies, which for the most part have shown an accounting loss. Thus, the amounts are provisioned for losses.

Description	06/30/2019	12/31/2018
CAAB	10	10
Comurg	515	515
Metrobus	46	46
Others	12	12
	583	583
Provision for estimated losses	(574)	(574)
Total	9	9

a) CAAB - State Law No. 15.249 of July 15, 2005 authorizes the creation of a subsidiary company of SANEAGO, under the name COMPANHIA AMBIENTAL ÁGUAS BRASILEIRAS, a forum in the Municipality of Luziânia, State of Goiás, whose objective is the systems and exploitation of drinking water supply services, collection and treatment of sanitary sewage, solid waste and performance in other related activities, in the municipalities of Goiás located in the Integrated Development Region of the Federal District and Surroundings. On February 15, 2006, in the 3rd Notary Office of the District of Goiânia, the Companhia Ambiental Águas Brasileiras annotation was registered in the Book No. 0849, pages 138/146, protocol 007235, there have been no operational activities at CAAB since its constitution to the present date.

The Company has investment quotas in some companies, in which it has no significant influence in the amount of BRL 583, which are recorded by using the cost method.

16. Securities

Financial institution	Account	Investment Type	Profitability	06/30/2019	12/31/2018	Variation
Current						
Caixa Econômica Federal (a)	several	CDB/Fundo FIC	98% /80% of CDI	7,997	7,764	7,997
				7,997	7,764	7,314
Non-Current						
Caixa Econômica Federal (a)	several	CDB/Fundo FIC	98% /80% of CDI	14,521	10,535	3,986
Credit Suisse (b)	55977231	CDB	97.50% CDI	-	3,656	(3,656)
				14,521	14,191	330
Total				22,518	21,955	7,644

a) 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.

(a) 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 2019.

17. Fixed Asset

17.1) Fixed asset

Technical Fixed Assets	06/30/2019	12/31/2018
General Use Goods	163,943	158,106
General Use Goods in Progress (a)	139,520	113,018
Goods - Assigned Cost	65,267	65,261
General Use Goods - Leasing	7,255	7,255
Funds to be realized - Corumbá Consortium	65,548	69,367
General Depreciation Accumulated	(94,224)	(87,605)
Accumulated Depreciation - Assigned Cost	(14,793)	(14,779)
Accumulated Depreciation - Leasing	(4,301)	(3,576)
Subtotal	328,215	307,047
Right of Use Assets - Vehicles	58,074	-
Accumulated Depreciation - Right of Use	(3,828)	-
Subtotal	54,246	-
Total	382,461	307,047

a) Composition of general use goods in progress:	06/30/2019	12/31/2018
General Use Goods (In Progress)	84,394	67,201
General Use Goods, PAC (In Progress)	55,126	45,817
	139,520	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 6/30/2019
General Use Goods	158,106	5,894	(47)	-	(10)	163,943
General Use Goods in Progress	113,018	26,502	-	-	-	139,520
Goods - Assigned Cost	65,261	(7)	(3)	-	16	65,267
General Use Goods - Leasing	7,255	-	-	-	-	7,255
Funds to be realized - Construction Corumbá	69,367	-	-	-	(3,819)	65,548
Accumulated Depreciation	(87,605)	-	29	(6,649)	1	(94,224)
Accumulated Depreciation - Assigned Cost	(14,779)	-	3	(17)	-	(14,793)
Accumulated Depreciation - Leasing	(3,576)	-	-	(725)	-	(4,301)
Total	307,047	32,389	(18)	(7,391)	(3,812)	328,215

17.2) Right of Use Asset

Fixed Asset - Right of Use	Balance on 12/31/2018	Addition	Write-off	Depreciation / Amortization	Movement Period	Transfer Of Construction Works	Transfer To Fixed Asset	Balance on 6/30/2019
Right of Use Assets - Vehicles	-	-	-	-	58,074	-	-	58,074
Accumulated Depreciation - Right of Use	-	-	-	(3,828)	-	-	-	(3,828)
Total	-	-	-	(3,828)	58,074	-	-	54,246

Contracts - Vehicles	Future payments	Discount rate impact	Right of use assets	Depreciation	Total Right of Use Asset
1557/2017	7,361	(941)	6,420	(470)	5,950
97/2018	13,217	(1,839)	11,378	(758)	10,620
104/2018	1,237	(172)	1,065	(71)	994
119/2018	10,601	(1,475)	9,126	(608)	8,518
273/2018	11,625	(1,651)	9,974	(637)	9,337
309/2018	23,440	(3,329)	20,111	(1,284)	18,827
	67,481	(9,407)	58,074	(3,828)	54,246

17.3) 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 agreement 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	Completed Works - Adjustments	Result Adjustme nts	(Provision) / Reversal for Losses	In-kind returns	Balance on 6/30/2019
Formosa	0.218.016-87	-	5,111	-	-	-	-	5,111
St. Antônio do Descoberto	0.218.331-07	388	-	-	-	-	-	388
Cristalina	0.226.017-65	308	-	-	-	-	-	308
Goiânia - Meia Ponte	0.226.025-62	2,769	-	-	-	-	-	2,769
Valparaíso	0.218.021-51	114	-	-	-	-	-	114
Luziânia	0.218.328-52	1,465	-	-	-	-	-	1,465
Planaltina	0.218.330-94	63	-	-	-	-	-	63
Valparaíso	0.218.343-40	44	-	-	-	-	-	44
Novo Gama	0.226.015-46	129	-	-	-	-	-	129
Novo Gama	0.226.018-79	971	-	-	-	-	-	971
Goiânia - Vila Adélia	0.226.024-57	7,294	-	-	-	-	-	7,294
Luziânia	0.226.026-76	42,156	6,139	-	-	-	(98)	48,197
Luziânia	0.231.460-45	57	-	-	-	-	-	57
Trindade	0.237.772-43	1,189	-	-	-	-	-	1,189
Goiânia	0.350.788-10	39,723	34	-	-	-	-	39,757
St. Antônio do Descoberto	0.350.796-17	2,668	-	-	-	-	(16)	2,652
Pirenópolis	0.350.884-88	1,422	-	-	-	-	-	1,422
Aparecida de Goiânia	0.351.738-28	3,094	-	-	-	-	-	3,094
Goiânia Jd Petrópolis SES	0.408.678-27	2,624	-	-	-	-	-	2,624
Anápolis SES	0.408.691-99	19,550	-	-	-	-	-	19,550
Total PAC		126,028	11,284	-	-	-	(114)	137,198
Other Programs								
Pipeline João Leite	1524/01	729	-	-	-	-	-	729
Pipeline João Leite	0187/06	1,472	-	-	-	-	-	1,472
Novo Gama	172263-97/04	-	-	-	-	-	-	-
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		383	-	-	-	-	-	383
FUNASA/SECIMA	TC 650/20		-	-	-	-	-	
Goiânia- Forest Recovery	0153005/16	1,011	-	-	-	-	-	1,011
Total - Other Programs		10,420	-	-	-	-	-	10,420

Total General

136,448

11,284

-

-

-

(114)

147,618

18. Contract's Asset

The Contract Asset (works in progress) is 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 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 in the construction phase, considering the weighted average rate of loans in effect on the capitalization date.

Contract's Assets	Balance on 12/31/2018	Addition	Write-off	Depreciation Amortization	Movement Period	Transfer Of Construction Works	Transfer To Fixed Asset	Balance on 6/30/2019
Water System	194,447	13,430	-	-	-	-	(48)	207,829
Sewerage System	354,258	28,512	-	-	-	-	-	382,770
Civil works stock	19,623	-	-	-	13,006	-	-	32,629
Contract's Total Assets	568,328	41,942	-	-	13,006	-	(48)	623,228

19. Intangible Asset

	06/30/2019	12/31/2018
Water System	2,518,664	2,510,917
Sewerage System	2,761,783	2,761,711
General Use Goods	1,632	546
Accumulated Amortization	(2,594,957)	(2,487,905)
Software (Licenses)	20,654	19,474
Amortization Software (Licenses)	(2,367)	(330)
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	32,844	30,556
Non-Onerous - Water	41,717	41,672
Non-Onerous - Sewage	33,894	25,080
	2,620,493	2,688,973

Intangible Asset in Use	Balance on 12/31/2018	Addition	Write-off	Depreciation Amortization	Movement Period	Transfer Of Construction Works	Balance on 6/30/2019
Water System	2,510,917	8,252	(25)	-	(528)	48	2,518,664
Sewerage System	2,761,711	427	(20)	-	(335)	-	2,761,783
General Use Goods	546	229	-	-	857	-	1,632
Accumulated Amortization	(2,488,235)	-	28	(106,748)	(2)	-	(2,594,957)
Software (Licenses)	19,804	850	-	-	-	-	20,654
Amortization Software (Licenses)	(330)	-	-	(2,037)	-	-	(2,367)
Funds to be Realized - Águas	57,220	-	-	-	-	-	57,220
Provision for Losses	(269,968)	-	-	-	19,377	-	(250,591)
Land regularization	30,556	2,288	-	-	-	-	32,844

TOTAL	2,622,221	12,046	(17)	(108,785)	19,369	48	2,544,882
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Intangible in progress Non-Reversible	Balance on 12/31/2018	Addition	Write-off	Depreciation Amortization	Movement Period	Transfer Of Construction	Balance on 06/30/2019
Non-Reversible - Water	41,672	45	-	-	-	-	41,717
Non-Reversible - Sewage	25,080	8,814	-	-	-	-	33,894
TOTAL	66,752	8,859	-	-	-	-	75,611
TOTAL INTANGIBLE	2,688,973	20,905	(17)	(108,785)	19,369	48	2,620,493

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, Saneago filed an indemnification action, Lawsuit No. 0033803.68.1995.8.09.0051. On June 4, 2019, an appeal filed by the Municipality of Caldas Novas, known and provided to annul the sentence and return to the discovery phase with the amortized amount to be calculated during the provision of public water supply and sewerage services by Saneago. On 09/06/19, the motion for clarification was dismissed. On 09/26/2019, the Special Appeal and Extraordinary Appeal were filed by Saneago.

Catalão - The municipality was able to get back the system by judicial measure, and Saneago obtained unfavorable results, so there is no possibility of getting back 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 office summoned the expert to start work on March 25, 2019, and he did not establish a start date for the work.

20.I Loans and Financing

Bank	Type	Contract	Start	Maturity	Annual contractual fee	Transaction Costs	Transaction cost to be appropriated	Funding	Guarantee	06/30/2019	12/31/2018	
BRASIL	Loan	330701235	12/27/2017	01/06/2026	2.9% + CDI	940	417	30,000	a)	27,030	30,184	
FIBRA	Loan	0106716/16	6/29/2016	6/28/2019	9.38% + CDI	303	-	15,000	b)		3,004	
IBM	Loan	Leasing	7/28/2016	7/27/2021	3.48% + CDI		-	-	c)	1,391	1,763	
FIDC IV	Loan	FIDC	12/15/2015	12/15/2022	3% + CDI	47,828	25,200	600,000	d)	378,059	432,025	
Subordinated Quotas	Loan	Subordinated Shares					-	-		(81,844)	(79,036)	
Transaction Costs	Loan	Transaction Costs					-	-		(27,615)	(31,794)	
CEF	Financing	Several		2024	5.73% + TR		-	-	d)	8,371	11,321	
CEF	Financing	410.461-57	12/31/2013	05/14/2037	8.5% + TR		-	132,760	e)	5,100	5,179	
CEF	Financing	0.410.526-20	12/31/2013	4/14/2037	8.5% + TR		-	36,410	e)	27,721	27,738	
CEF	Financing	0.410.517-19	2/14/2014	5/14/2037	8.5% + TR		-	18,265	e)	5,752	5,848	
CEF	Financing	0.410.538-64	3/27/2015	5/14/2037	8.5% + TR		-	51,544	e)	42,928	42,233	
CEF	Financing	0.410.512-69	12/27/2015	01/14/2038	8.5% + TR		-	32,729	e)	24	24	
CEF	Financing	26.340.190.232-	6/29/2006	4/30/2028	12% + TR		-	3,185	f)	1,935	1,808	
CEF	Financing	26.340.190.233-	6/29/2006	6/30/2030	12% + TR		-	39,214	f)	22,908	22,905	
CEF	Financing	2.635.248.557-	6/30/2008	11/12/2030	8.5% + TR		-	6,600	f)	4,305	4,341	
CEF	Financing	2.634.248.555-	10/9/2009	6/14/2031	9% + TR		-	10,000	f)	7,001	6,929	
CEF	Financing	2.634.248.548-	12/30/2009	6/14/2031	9% + TR		-	11,882	f)	6,160	6,383	
Inter-American	Financing	1414/OC	12/11/2002	10/11/2027	5.82% + VC		-	\$47,000	f)	84,581	90,564	
BNDES	Financing	11208021	12/14/2011	12/15/2021	2.51% + TJLP		-	31,154	g)	1,353	1,615	
BRASIL	Financing	40/01033-3	9/10/2012	4/1/2022	2.94%		-	2,360	h)	5,543	5,890	
BRASIL	Financing	40/00984-x	12/20/2012	1/1/2028	2.94%		-	6,846	h)	1,267	1,446	
						49,071	25,617	1,027,949		521,970	590,370	
										Current	132,423	137,059
										Non-Current	389,547	453,311
											521,970	590,370

20.II Debentures

Debentures	Start	Maturity	annual contractual fee	Transaction Costs	Costs to be appropriated	Amount Collected	Guarantees	06/30/2019	12/31/2018
Debentures, 4 th Issue	12/28/2017	12/15/2021	2.95% per year + CDI	1,448	644	130,000	b)	126,217	130,471
Debentures, 5 th Issue	11/15/2018	11/16/2023	2.5% per year + CDI	4,296	3,884	250,000	i)	250,776	250,862
Debentures Transaction Costs								(4,981)	(5,995)
				5,744	4,528	380,000		372,012	375,338

Current	61,250	28,979
Non-Current	310,762	346,359

Description	6/30/2019	12/31/2018
Loans and Financing	521,970	590,370
Debentures	372,012	375,338
	893,982	965,708

- 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.

Non-current statement by maturity range	06/30/2019	12/31/2018
2020	253,558	230,873
2021	228,632	254,322
2022	146,588	203,207
2023 onwards	370,844	385,465
Subordinated Quotas FIDC IV	(81,844)	(79,036)
Transaction Costs	(23,796)	(29,123)
	<u>893,982</u>	<u>965,708</u>

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 April 11, 2019 was 2.13% per semester (4.31% 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.

Quantidade de debêntures emitidas	valor Unitário	Valor captado
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 enforceability.

The financial index established for the 4th Issue of debentures is the ratio between net debt and 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 requirement of 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 of 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.

Quantidade de debêntures emitidas	valor Unitário	Valor captado
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 5th Issue of debentures is the ratio between net debt and Adjusted EBITDA less than or equal to 3.0 and at the end of 2018, the Company did not breach the financial indexes related to debt coverage, as enforceability of the private instrument of deed of the 5th issue of debentures.

BNDES

The respective loan and financing agreements with the 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 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. The indexes are annually monitored, however there was a breach of the financial covenants related to the audited statements for December 2018. Even though there was no compliance with the economic-financial indicators, the covenants agreed and which were suspended are outside current market practices for the sanitation industry. An example of the EBITDA margin above 30%, an index that the Company never achieved, despite having presented an increase in revenues and a reduction in operating expenses in 2018. In April 2019, Saneago requested the waiver of said default from the financing entity.

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 assessment event was created, establishing conditions that should not be breached and which may imply in early 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 1st half of 2019.

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 in the deed overdue 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

20.III) Movements made in Loans and Financing

01/01/2019 to 06/30/2019			01/01/2018 to 06/30/2018		
Funding	Payments	Appropriate	Funding	Payments	Appropriate

Caixa Econômica Federal - CEF	2,414	(11,934)	7,013	983	8,727	5,945
Inter-American Development Bank	-	(6,407)	425	-	5,816	15,189
National Bank for Economic and Social	-	(331)	68	-	351	89
Banco do Brasil S/A	-	(5,067)	1,387	-	3,205	2,097
Banco Industrial e Comercial S/A - BIC	-	-	-	-	5,887	97
Banco Panamericano	-	-	-	-	4,297	95
Banco Intermedium	-	-	-	-	1,529	(126)
Investment Fund Dir. Cred. Saneago	-	(79,340)	25,376	-	84,992	-
Subordinated Quotas FIDC IV	-	-	0	-	200	32,223
Banco IBM -Leasing	-	(522)	(2,657)	-	1,508	349
Banco BBM S/A	-	-	-	-	11,826	783
Banco Fibra	-	(3,134)	131	-	3,598	592
Debentures	-	(20,751)	16,410	-	40,420	11,889
Transaction Cost	-	(68)	5,262	-	-	3,398
Income from Financial Investments	-	-	(564)	-	-	(579)
Itaú - Águas Lindas Consortium	-	-	1,115	13	24	-
Capitalized Interests	-	-	-	-	-	449
Total	2,414	(127,554)	53,966	996	172,380	72,490

20.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 appropriations	Amortizations	06/30/2019
Vehicles	58,074	1,114	3,020	55,053

Rating	Initial Adoption	Amortizations	Re-rating	06/30/2019
Current	16,180	3,020	89	13,248
Non-Current	41,894	-	(89)	41,805
	58,074	3,020	-	55,053

Current and Non-Current Composition:

06/30/19

No. of Rated Leasing Contract - IFRS 16	06/30/2019	
	Current	Non-Current
Contract 1557/2017	1,649	4,391
Contract 97/2018	2,586	8,187
Contract 104/2018	246	766
Contract 119/2018	2,063	6,566
Contract 273/2018	2,227	7,259
Contract 309/2018	4,477	14,636
	13,248	41,805

21. Labor obligations

Current	6/30/2019	12/31/2018
Salaries Payable	27,217	
Alimony and Terminations	279	332
PREVSAN	1,123	3,651
CAESAN	-	2,530
Payday Loans		1,253
SESI, SENAI	1,582	1,215
Vacations Payable	52,579	46,073
13th Salary Payable	19,968	-
Union Contribution	170	170
FGTS on vacation and 13 th salary	4,970	3,680
INSS collectable from wages	17,290	17,901
Provision for INSS from Vacations and 13 th salary	20,896	13,273
Voluntary Job Termination Program (a)	33,976	
Profit Sharing	-	
	<u>180,064</u>	<u>100,896</u>
Non-Current		
Voluntary Job Termination Program (a)	<u>3,167</u>	<u>-</u>

a) Refers to the amounts provisioned for payment of labor terminations under the Encouraged Job Termination Program 2019 and benefits offered by the food voucher and medical assistance program.

22. Tax Obligations

	06/30/2019		12/31/2018	
	Current	Non-Current	Current	Non-Current
ISS	1,357	-	451	-
PIS	2,591	-	2,077	-
Installment payment with the Federal Revenue Service (a)	667	8,511	3,002	8,270
IRPJ	4,597	-	-	-
COFINS	12,012	-	9,636	-
Social Contribution	1,653	-	-	-
Withholding of Federal Contributions	518	-	5	-
IRRF Provision of Services (b)	534	-	169	-
INSS Provision of Services	2,067	-	1,464	-
IRRF Payroll (b)t	-	-	10,368	-
	<u>25,996</u>	<u>8,511</u>	<u>27,172</u>	<u>8,270</u>

a) Federal Revenue of Brazil

On December 31, 2017, it was disclosed within the group in installments and, in 2018, it was transferred to tax obligations.

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 Liabilities	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 Liabilities	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 Liabilities	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 /	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.

Entrada 20% - Valor pago	86	17	45	149
Saldo Remanescente(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

	6/30/2018	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:

Installment	Principal	Fine	Interests	Charges / Remuneration s	Total
	6,928	3,769	3,589	3,591	17,877
Number of installments	Principal	Fine	Interests	Charges / Remuneration s	Total
4	346	277	499	224	1,346
145	38	18	11	19	86

23. Installments

						6/30/2019		12/31/2018	
		Start	End	Installment	Corrections	Current	Non-Current	Current	Non-Current
I	CELG - Águas Lindas	11/22/2003	10/22/2018	180	according to the electricity tariff	-	-	9	-
II	AGR - Agency for Regulation of Goiás	12/10/2015	12/10/2030	180	Monthly update 0.5% per month +	670	16,099	631	16,444
III	CODEGO - Companhia de Desenvol. Econ. de Goiás	6/11/2016	5/11/2019	36	Passbook savings account	-	-	2,813	-
IV	Goiânia City Hall	06/23/2018	09/21/2021	20	-	1,814	2,548	1,884	3,312
V	OI S/A	9/14/2017	1/14/2018	5	-	302	-	906	-
VI	Public Prosecutor's Office of the State of Goiás -	12/13/2018	9/15/2018	6	-	350	-	600	-
VII	FMSAI- Águas Lindas (b)	12/28/2018	10/11/2019	4	-	15,220	-	20,293	-
	STIUEG (a)	02/14/2019	05/26/2019	8	-	145	-	-	-
	Júlio Cesar Batista	4/30/2018	1/30/2019	8	-	-	-	12	-
	Irmãos Mendonça	10/30/2018	04/30/2019	7	-	-	-	967	-
	Others					36	-	-	-
						18,537	18,647	28,115	19,756

- a) Payment of 2 installments per month. Although it is expired, it was extended to other employees who were not in the initial
- b) Installments in accordance with the migration from the concession contract to the program contract (explanatory note 10, letter b).

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 equity participation 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 Consolidado	
Principal	10.808
Multa Formal	2.797
Multa	42
Juros	133
TOTAL	<u>13.780</u>

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:

Lawsuit	Amount (BRL)	Lawsuit	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
Total			14,449

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	2/15/2019	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>	

24. Other Accounts Payable

Current	06/30/2019	12/31/2018
Escrows	1,043	1,378
Other accounts (a)	<u>32,296</u>	<u>30,718</u>
	<u>33,339</u>	<u>32,096</u>

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

25. Provisions for judicial claims

	06/30/2019	12/31/2018
Civil Claims	46,404	27,258
Labor Claims	80,789	73,294
AGR - Agency for Regulation of Goiás	<u>1,010</u>	<u>929</u>
	<u>128,203</u>	<u>101,481</u>

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 6/30/2019
Civil Claims (a)	27,258	19,146	-	46,404
Labor Claims	73,294	23,076	(15,581)	80,789
AGR - Agency for Regulation of Goiás	929	81	-	1,010
TOTAL	101,481	42,303	(15,581)	128,203

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 of CVM 594/09 and CPC 25, the most relevant of which are shown below:

a) Civil and Labor Lawsuits:

Lawsuit	Nature	Description	Plaintiff	Estimate	Charges	Total
0010242-85.2016.5.18.0016	Labor	Collective Action - payment Rest Between	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	STIUEG	13,880	7,467	21,347
0011237-62.2015.5.18.0007	Labor	Request for moral damages indemnification to	STIUEG	3,000	1,614	4,614
0012143-81.2017.5.18.0201	Labor	Work accident of Saneago employee	Marcelo P. Rodrigues	1,500	807	2,307
0011483-77.2014.5.18.0012	Labor	Overtime Payment: On Call Shift Operations	STIUEG	1,500	807	2,307
5377963.81.2018.8.09.0158	Tax	Tax Execution	Municipality S. Antônio	9,551	2,101	11,652
10.120.007.382/2007-74	Tax	IRPJ Infraction Notice	Federal Revenue	7,816	1,720	9,536
20.063.500.009.968-5	Tax	COFINS Infraction Notice	Federal Government of	6,768	1,489	8,257
10.120.005.930/2003-06	Tax	Tax Execution	Federal Revenue	5,598	1,232	6,830
20.063.500.009.961-0	Tax	Tax Execution	Federal Government of	1,493	328	1,821
Total				81,106	33,705	114,811

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.

	6/30/2019		12/31/2018	
	Estimated Amount	Quantity	Estimated Amount	Quantity
Civil (a)	306,427	1,996	300,363	2,175
Tax (b)	279,382	27	227,269	21
Labor	2,248	23	2,448	25
	588,057	2,046	530,080	2,221

a) We highlight some with higher values promoted by the Public Prosecutor's Office in some cities in defense of the consumer or adjustment of conduct, as well as individual civil actions, execution, obligation to make comminatory and 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 -
281694.13.2009	Municipality of Goiânia	125,604
10120.734564/2018	Federal Revenue Service of Brazil	7,139
10120.734566/2018	Federal Revenue Service of Brazil	5,419
10.120.005.927/2003-84	Federal Revenue Service of Brazil	62,128
10.120.005.929/2003-73	Federal Revenue Service of Brazil	20,183
0241999.86.2008.8.09.0051	Municipality of Goiânia	7,160
0381104.73.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,010
381101.21.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,010
0381090.89.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,010
0381098.66.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,010
0381082.15.2011.8.09.0051	Public Prosecutor's Office of the State of Goiás	9,010
144.562-97.2016	Sérgio Martins de Souza Queiroz	67,556
139.085-68.2009	Public Prosecutor's Office of Minaçu	16,523
215.530-65.2004	Public Prosecutor's Office of the State of Goiás	10,770
378681-38-2014	Public Prosecutor's Office of the State of Goiás	6,130
250.140-93.2009	Public Prosecutor's Office of the State of Goiás	4,921
200803501387	Public Prosecutor's Office of the State of Goiás	65,965
200704213731	Public Prosecutor's Office of Minaçu	68,294
200803501557	Public Prosecutor's Office of Minaçu	22,122
5299729.85	Public Prosecutor's Office of Rio Verde	11,824
Other Actions		41,270
		588,057

26. Jointly Controlled Businesses - Consortiums

Current Liabilities	05/31/2019	12/31/2018
	9	
Águas Lindas Consortium (a)	1,402	1,402
Corumbá Consortium (b)	2,689	302
	4,091	1,704

Non-Current Liabilities	5/31/2019	12/31/2018
	8	
Águas Lindas Consortium (a)	8,757	14,380
Corumbá Consortium (b)	62,858	69,065

71,615

83,445

a) Águas Lindas Consortium

The companies Saneago and CAESB formed the Águas Lindas Consortium on April 7, 2003, registered with CNPJ [Corporate Taxpayer's Registry]: 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 the same as that of the concession contract.

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 Investor Relations Financial and Regulatory Board of the Saneago consortium, with the Consortium Management being shared by the consortium members through a joint deliberative board. 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 equity participation of the consortium members is equal in 50%, however, it is disproportional due to the speed of the works under the responsibility of each consortium member. On May 31, 2019, the consortium member CAESB holds 55.37% and Saneago 44.63%, the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Águas Lindas Consortium					
	05/31/201	12/31/201		05/31/201	12/31/201
Asset			Liability		
Current			Current		
Cash and cash equivalents	1,441	1,675	Funds to be realized - Suppliers	4,246	3,842
Credits Receivable from Users	7,057	6,259	Labor obligations	501	474.00
Taxes to be offset	12	7	Installments	15,220	20,311
Advanced expenses and advanced	677	677	City Hall Concession	269	438
	9,187	8,618		20,236	25,065
Non-Current			Non-Current		
Accounts Receivable from Users	950	901	Provision for judicial claims	548	548
Judicial Deposits	225	225		548	548
Advanced expenses	19,335	19,617			
	20,510	20,743			
Fixed asset	161	176	Net Equity		
Intangible Asset	162,160	161,264	Equity Fund	166,136	165,188
			Profit Reserve	2,060	-
			Profits	3,038	-
	162,321	161,440		171,234	165,188
Total Asset	192,018	190,801	Total Liability	192,018	190,801

b) Corumbá Consortium

The companies Saneago and CAESB formed the Corumbá Consortium on September 17, 2009, registered with CNPJ [Corporate Taxpayer's Registry]: 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.

On May 31, 2019, the consortium member CAESB holds 66.86% and Saneago 33.14%, the difference being recognized in Saneago's non-current liabilities.

Balance Sheet - Corumbá Consortium					
	05/31/201	12/31/201		05/31/201	12/31/2018
Asset			Liability		
Current			Current		
			Funds to be realized -	9,328	4,431
Total Current Assets	-	-	Labor obligations	43	64
			Total Current Liabilities	9,371	4,495
Non-Current			Non-Current		
			Total Non-Current Liabilities	-	-
Works in progress - PAC	27,554	45,981	Net Equity		
Works in progress	354,694	309,256	Fundo de Participação -	123,580	106,306
			Fundo de Participação -	249,297	244,436
Total Non-Current Assets	382,248	355,237		372,877	350,742
Total Asset	382,248	355,237	Total Liability	382,248	355,237

27. Employee benefits

27.1 - 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. Ceiling Effect of the Asset 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, the following actuarial assumptions, in force in the previous year, were used to calculate the weighted average term of the future benefit payment flows of the Liabilities benefit plan:

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
General Mortality Table	BR-EMSsb-2015, segregated by gender

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.

27.2 - 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 CVM Resolution 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 in June 2019 was BRL 15,268 (BRL 22,393 on December 31, 2018), and actuarial obligations are not required.

28. Contractual Advance

Hiring of a private banking institution, authorized by the Central Bank of Brazil, to provide services to process credits for payments of wages, vacations, travel advances, pensions and the like of Saneago employees, under the conditions established in the Public Notice and its annexes. The contractor paid

Saneago for the service bid the amount of BRL 9,970 in a single installment. The contract is effective for sixty (60) months, non-extendable, counted from the date of its signature on 06/01/1

29. Net Equity

a) Share Capital	06/30/2019		12/31/2018	
	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	<u>2,515,546,368</u>	<u>2,515,546</u>	<u>2,515,546,368</u>	<u>2,515,546</u>

Table of Common Shares 06/30/2019

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
Total	<u>100.00</u>	<u>2,037,905</u>	<u>462,095</u>	<u>2,500,000</u>

Table of Preferred Shares 6/30/2019

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
Total	<u>100.00</u>	<u>477,641</u>	<u>147,359</u>	<u>625,000</u>

Profit (Loss) per Share	6/30/2019	12/31/2018
Paid-in Capital	2,515,546	2,515,546
Profit in the financial year	53,081	110,042
	<u>0.02110</u>	<u>0.04374</u>

The Bylaws, art. 66 provide for the payment of dividends of 25% of the net profit, 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) Pay-In of Capital

In June 2019 and December 31, 2018, there were no payments.

c) Investment Reserve

The balance of this reserve was constituted through donations and grants for investments until December 2007, since as of 2008, as defined in Law No. 11.638/07, it is no longer allowed to register directly in the Capital Reserve account, and it must be carried over the result for its subsequent transfer to the Profit Reserve - Tax Incentive Reserve.

According to CVM Regulatory Instruction 469 of May 2, 2008, Art. 3, sole paragraph, the balances existing in this Reserve in the beginning of 2008, may be maintained for an indefinite period for their use in the form of art. 200 of Law 6.404/76.

d) 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.

e) 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	06/30/2019	12/31/201
Equity Valuation Adjustment	50,491	50,509
Deferred taxes on assigned cost	(17,167)	(17,174)
	<u>33,324</u>	<u>33,335</u>

30. Net Operating Revenue

Gross Revenues	6/30/2019	06/30/2018
Water Supply and Sewerage Service	1,145,607	1,081,379
Technical Services	1,076	1,267
Sub-delegation Grant	4,550	4,550
Construction Revenue	77,303	54,450
Total	<u>1,228,536</u>	<u>1,141,646</u>
Incident Taxes and Returns		
PIS	(17,853)	(14,075)
COFINS	(82,669)	(65,190)
ISS	(11)	(4,534)
Returns and Rebates	(884)	(757)
	<u>(101,417)</u>	<u>(84,556)</u>
Net Operating Revenue	<u>1,127,119</u>	<u>1,057,090</u>

31. Costs and Expenses

	6/30/2019			6/30/2018		
	Cost	Administrative	Commercial	Cost	Administrative	Commercial
Personnel	269,311	143,742	50,666	215,183	123,410	67,968
Material	29,400	2,062	322	45,169	3,232	248
Electricity	108,719	1,385	62	102,126	-	-
Third Party Services	41,561	23,757	24,884	41,964	22,753	34,899
Concession Remuneration	-	-	26,123	-	-	25,153
General	4,017	5,011	3,173	7,126	1,852	1,667
Amortization	109,098	-	-	108,037	-	-
Depreciation	-	6,192	144	-	2,642	53
Depreciation of Assigned Cost	-	17	-	-	219	1
Leasing Depreciation	-	4,553	-	55	599	73
Total	562,106	186,719	105,374	519,660	154,707	130,062
Construction Cost	77,303			54,450		
Total	639,409			574,110		

32. Provisions / Reversals

	06/30/201	06/30/201
Recovery / Prescribed (Losses) Credits	(28,569)	(20,487)
Reversal / (Provision) for Contingency (a)	(26,722)	(6,095)
Reversal / (Losses) Expected of Allowance for Doubtful Accounts	(9,235)	(19,063)
Reversal / (Provision) Losses in Works	19,377	9,756
Provision for Voluntary Job Termination Program - PDV	(35,079)	-
Reversal (Provision) of Estimated Losses in Stocks	(763)	6,875
	(80,991)	(29,014)

a) During the Second Half of 2019 there was a significant increase in the number of lawsuits, which promoted a notable variation in the expense of provision for contingencies, among which we highlight: Labor lawsuit filed by STIUEG against Saneago, which underwent a recalculation passing its estimated value from BRL 2,460 to BRL 21,347 due to new facts added to the case file; Tax lawsuit filed by the Municipality of Santo Antônio do Descoberto with an estimated value of BRL 11,652, diagnosed during the period of 2019 as probable loss.

33. Net Financial Result

	06/30/2019	06/30/2018
Financial Revenues		
Interest, Fines and Income	21,124	16,527
Monetary Correction	9,314	9,017
Exchange Variation	5,002	8,382
Adjustment to Current Value - AVP	1,292	

	36,732	33,926
Financial Expenses		
Interests / Fines / Charges and Other Expenses	(61,033)	(62,079)
Adjustment to Current Value - AVP	-	(1,643)
Monetary Correction	(251)	(11,461)
Exchange Variation	(4,457)	(22,491)
	<u>(65,741)</u>	<u>(97,674)</u>
Net Financial Result	<u><u>(29,009)</u></u>	<u><u>(63,748)</u></u>

34. Commitments assumed

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 6/30/2019 SANEAGO	Value Invested BRK Ambiental until 06/30/2019	Total
Adelândia	09/13/2013			01/16/2018	525	73	-	73
Águas Lindas de Goiás	5/18/2031			12/28/2018	309,022	149	-	149
Anicuns	12/23/2016	1286/2011	18958/2011	4/10/2018	42,785	806	-	806
Aparecida de Goiânia	11/01/2011	2198/2012	22820/2012	11/01/2011	988,848	134,439	390,038	524,477
Aporé	5/22/2011			4/6/2018	7,682	128	-	128
Aragoiânia	10/20/2006	139/2016	23886/2015	12/26/2018	27,926	1,106	-	1,106
Araguapaz	02/27/2011	2199/2012	18641/2012	03/16/2018	5,210	469	-	469
Avelinópolis	12/30/2015	144/2012	9489/2013	01/22/2016	1,724	156	-	156
Barro Alto	05/07/2006	1075/2015	11511/2009	12/26/2012	32,703	1,653	-	1,653
Brazabrantes	09/16/2007	60/2016	13656/2014	2/6/2014	8,056	934	-	934
Cachoeira Alta	11/08/2006	1196/2015	3843/2012	07/27/2015	26,167	869	-	869
Caldazinha	10/11/2012	2125/2012	22411/2012	08/02/2018	1,071	136	-	136
Campestre de Goiás	12/23/2014	1291/2011	19637/2009	1/12/2016	645	285	-	285
Campinaçu	07/16/2011	151/2014	21978/2011	08/12/2015	13,146	9,622	-	9,622
Cavalcante	11/04/2006			12/28/2018	1,612	1,775	-	1,775
Cezarina	05/21/2013	1229/2017	13849/2013	12/17/2012	23,352	14,849	-	14,849
Cidade Ocidental	08/01/2007	1677/2017		11/01/2011	243,394	16,286	-	16,286
Cristalina	06/12/2012	1613/2014	15950/2011	02/07/2014	58,952	17,363	-	17,363
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	17423/201	10/05/201	675	143	-	143

Flores de Goiás	10/10/2011	1527/2009	17748/2009	08/14/2014	4,221	167	-	167
Goiandira	01/23/2016			10/03/2018	1,457	91	-	91
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	2,338	-	2,338
Indiara	05/17/2011	2028/2015	19112/2011	04/30/2014	32,180	1,538	-	1,538
Israelândia	11/24/2009	380/2016	12928/2015	11/24/2009	3,300	92	-	92
Itajá	06/13/2000	145/2014	17124/2013	12/19/2012	2,328	254	-	254
Itapaci	12/23/2016			12/28/2018	56,172	34	-	34
Itapuranga	07/16/2017			12/28/2018	8,063	3,441	-	3,441
Jataí	11/09/2006	1342/2010	14747/2009	11/01/2011	114,116	32,030	55,861	87,891
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	24,968	-	24,968
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	9,101	-	9,101
Morrinhos	07/17/2008	1360/2008	14241/2008	11/30/2010	46,917	15,887	-	15,887
Morro Agudo de Goiás	08/23/2013	2288/2017	876/2017	02/23/2016	1,198	330	-	330
Mozarlândia	09/02/2018	1287/2011	18956/2011	12/28/2016	1,894	561	-	561
Nazário	01/11/2016	1144/2013	6355/2013	05/04/2018	2,280	147	-	147
Novo Gama	11/22/2019			11/16/2018	253,055	454		454
Palmelo	03/27/2010	2267/2015	7760/2013	10/29/2012	1,039	142	-	142
Perolândia	09/20/2015			12/21/2018	499	155	-	155
Petrolina de Goiás	10/03/1999	2038/2015	7905/2015	10/20/2011	6,797	5,299	-	5,299
Pires do Rio	11/03/2008	1182/2016	15765/2013	11/03/2008	10,529	22,977	-	22,977
Posse	04/18/2016	1288/2011	18950/2011	06/12/2017	19,945	8,089	-	8,089
Rio Verde	11/01/2011			11/01/2011	249,889	52,619	81,581	134,200
Santa Cruz de Goiás	10/04/2009			06/28/2013	1,497	278	-	278
Santo Antônio da Barra	01/23/2009			12/29/2015	3,977	395	-	395
Santo Antônio de Goiás	03/12/2013			12/02/2015	15,868	452	-	452
Santo Antônio do Descoberto	07/15/2013			06/10/2016	55,686	21,712	-	21,712
São Domingos	11/27/2010			12/28/2018	1,334	240	-	240
São Luiz de Montes Belos	08/19/2012			12/19/2012	41,928	3,336	-	3,336
Trindade	01/02/2007			11/01/2011	169,222	20,121	52,305	72,426
Uirapuru	42297			12/28/2018	699	39	-	39
Uruaçu	43234			12/28/2018	44,341	117	-	117

Valparaíso de Goiás	43728	11/16/2018	389,652	507	-	507
			3,779,413	430,406	579,785	1,010,191

35. Insurances

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.

36. Related party operations and businesses

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) Equity Participation 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	Updated Value	06/30/2019		Updated Value	12/31/2018	
		Installment	Total		Installment	Total
Federal Public Bodies	788	-	788	478	-	478
State Public Bodies	169,887	1,455	171,342	137,067	1,371	138,438
Municipal Public Bodies	35,976	19,248	55,224	33,767	20,829	54,596

Other Bodies	12,886	2,494	15,380	11,073	2,681	13,754
Philanthropic Organizations	544	330	874	718	175	893
	220,081	23,527	243,608	183,103	25,056	208,159

II) Operations with Municipalities

a) The actions provided for in the contract with the Municipality of Goiânia, have been normally carried out by the Company. The contract also provides for a monthly payment of 5% on the tax collection in the municipality.

Concession Contract	Signature	Validity	Payment of 5% on collection until 06/30/2019	In Portfolio on 06/30/2019	Payment of 5% on collection until 12/31/2018	In Portfolio on 12/31/2018
Goiânia	12/22/1991	03/04/2023	17,863	16,480	34,944	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. In June 2019, the balance of accounts receivable, overdue and to be due, referring to debts of the municipalities to which the Company provides services is R \$ 55,224, and 122 account reconciliations were performed, with an adjustment of BRL 243 (December 31, 2018 BRL 54,595, and 43 account reconciliations were performed, with a settlement of BRL 1,218).

37. 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 3,172 in June 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 established for the position of Chief Executive Officer.

38. Supplementary information to cash flows

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

ASSET	06/30/2019	LIABILITY	06/30/2019
Credits Receivable from Users	10,933	Labor Obligations	82,335
PCLD-Losses / Reversals / AVP	50,495	Provision for Voluntary Job Termination	(35,079)
	<u>61,428</u>		<u>47,256</u>
Stocks	(1,036)		
Estimated losses in stock	(763)		
	<u>(1,799)</u>		
Judicial Deposits	(3,531)		
Land Regularization Provision	2,070		
	<u>(1,461)</u>		
Reductions on Fixed and Intangible Asset	<u>6/30/2019</u>		
Write offs of Fixed Asset	35		
Transfers to other groups	(9,186)		
	<u>(9,151)</u>		

39. Operação Decantação

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 amount.

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
Supplementary provision restated on January 1, 2018

	L	4,550,663
(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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