

# Companhia de Saneamento de Minas Gerais - COPASA MG

## **Financial statements**

**June 30, 2019**

*(A translation of the original report  
in Portuguese containing financial  
statements prepared in accordance  
with accounting practices adopted  
in Brazil and IFRS)*

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## Report on the quarterly information review - ITR

### The Board of Directors and Shareholders

### Companhia de Saneamento de Minas Gerais - COPASA MG

Belo Horizonte - Minas Gerais

#### Introduction

We have reviewed the interim, individual and consolidated financial statements of the company Companhia de Saneamento de Minas Gerais - COPASA MG ("Company"), contained in the Quarterly Information Form – ITR for the quarter ended June 30, 2019, consisting of the statements of financial position as of June 30, 2019 and the related statements of income and comprehensive income for the three- and six-month periods then ended, the statement of changes in equity and of cash flows for the six-month periods then ended, in addition to the notes to the financial statements.

Company Management is responsible for the preparation of the interim financial statements in accordance with CPC 21 (R1) and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board - IASB and for the presentation of this information in due accordance with the standards issued by the Brazilian Securities Commission that apply to the preparation of Quarterly Information - ITR. Our responsibility is to express an conclusion on the interim financial statements based on our review.

#### Review scope

We conducted our review in accordance with Brazilian and international standards for reviewing interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists of making inquiries, primarily to the management responsible for financial and accounting matters, and applying analytical and other review procedures. The scope of a review is significantly less than an audit to be conducted in accordance with auditing standards, and, consequently, it does not enable us to obtain assurance that we were aware of all the material matters that would have been identified in an audit. We are not therefore expressing an audit opinion.

#### Conclusion about the interim information

Based on our review we are not aware of any facts that lead us to believe the individual and consolidated interim financial information included in the aforesaid quarterly information has not been prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 issued by IASB applicable to the preparation of Quarterly Information - ITR, presented in a manner consistent with the requirements set forth by the Brazilian Securities Commission - CVM.

## Emphasis

As mentioned in note 3.2 the corresponding information was changed in relation to that previously disclosed for the financial year ended December 31, 2018 for the reasons mentioned in said note 3.2. Our conclusion is not qualified in respect of this matter.

## Other matters

### Statements of added value

The individual and consolidated interim financial information relating to statements of added value for the six-month period ended June 30, 2019, which are the responsibility of Company Management and are presented as supplementary information for the purpose of IAS 34, was subject to review procedures conducted in conjunction with the review of the Company's quarterly Information - ITR. To form our conclusion we evaluated whether these statements have been reconciled against the interim accounting information and accounting records, as applicable, and whether their form and content comply with the criteria set out in CPC Technical Pronouncement 09 - Statements of Added Value. Our review did not detect any facts that lead us to believe these statements of added value were not prepared, in all material respects, in accordance with the individual and consolidated interim financial statements information taken as a whole.

### Prior-year audit and interim financial information reviewed by a different auditor

The figures in the individual and consolidated statements of financial position as of December 31, 2018, originally prepared before the reclassification adjustments made in note 3.2, were previously audited by other independent auditors, who issued an unmodified audit report dated February 28, 2019. Neither we nor other independent auditors audited the adjustments set out in note 3.2. We were not engaged to audit, review or apply any procedures to these figures or adjustments and are not therefore expressing any opinion or providing any assurance on them.

The figures in the individual and consolidated statements of income and comprehensive income for the three and six-month periods and the statement of changes in equity and cash flows for the six-month period ended June 30, 2018 were previously reviewed by other independent auditors, who issued an unmodified report dated July 25, 2018. The figures in the individual and consolidated Statements of Added Value (DVA) for the six-month period ended June 30, 2018 have been submitted to the same revision procedures by said independent auditors, and based on their review, the auditors issued a report mentioning that they were not aware of any facts that lead them to believe the DVA have not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Belo Horizonte, July 25, 2019

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

*(Original report issued is Portuguese signed by)*  
Anderson Luiz de Menezes  
Accountant CRC MG-070240/O-3

## Company Data / Capital Breakdown

Number of Shares (thousand)	Current Quarter 6/30/2019
<b>Issued Capital</b>	
Common	126,751
Preferred	0
Total	126,751
<b>Treasury stock</b>	
Common	357
Preferred	0
Total	357

**Company Details / Cash Payments**

Event	Approval	Proceeds	Start Payment	Type of Share	Class of Share	Proceeds per Share (BRL / Share)
Board of Directors' Meeting	6/14/2019	Interest on equity		Common		0.16586
Board of Directors' Meeting	3/21/2019	Interest on equity	5/20/2019	Common		0.41923

**Individual Financial Statements - Statement of Financial Position - Assets - (BRL thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2019</b>	<b>Previous Year 12/31/2018</b>
1	Total Assets	11,382,091	11,165,962
1.01	Current Assets	1,890,465	1,824,998
1.01.01	Cash and Cash Equivalents	464,508	297,518
1.01.03	Accounts Receivable	1,346,945	1,459,221
1.01.03.01	Receivables	1,197,099	1,150,754
1.01.03.02	Other Accounts Receivable	149,846	308,467
1.01.03.02.01	Recoverable taxes	29,928	29,928
1.01.03.02.02	Technical Cooperation Arrangement	110,574	109,142
1.01.03.02.03	Banks and Arrangements Application	9,344	8,048
1.01.03.02.04	Short-term investments redeemable after 90 days	0	161,349
1.01.04	Inventories	53,244	46,722
1.01.08	Other Current Assets	25,768	21,537
1.01.08.03	Other	25,768	21,537
1.01.08.03.01	Advances to Employees	14,641	14,623
1.01.08.03.02	Other	11,127	6,914
1.02	Noncurrent Assets	9,491,626	9,340,964
1.02.01	Long-Term Assets	2,522,700	2,372,586
1.02.01.04	Accounts Receivable	301,873	317,623
1.02.01.04.01	Receivables	0	12,994
1.02.01.04.02	Other Accounts Receivable	301,873	304,629
1.02.01.07	Deferred Taxes	175,943	159,892
1.02.01.07.01	Deferred Income and Social Contribution Taxes	175,943	159,892
1.02.01.10	Other Noncurrent Assets	2,044,884	1,895,071
1.02.01.10.03	Financial Assets - Concession Agreements	651,925	682,828
1.02.01.10.04	Financial assets measured at Fair Value through OCI	79,184	64,721
1.02.01.10.05	Lease rights of use	56,132	0
1.02.01.10.06	Contract assets	1,257,643	1,147,522
1.02.02	Investment	120,887	104,857
1.02.02.01	Equity Interests	120,887	104,857
1.02.02.01.02	Interests in Subsidiaries	120,627	104,597
1.02.02.01.04	Other Investments	260	260
1.02.03	Property, plant and equipment	1,629,390	1,675,029
1.02.03.01	Property, plant and equipment in operation	1,629,390	1,675,029
1.02.04	Intangible assets	5,218,649	5,188,492
1.02.04.01	Intangible assets	5,218,649	5,188,492
1.02.04.01.01	Concession Agreement	5,218,649	5,188,492

## Individual Financial Statements - Statement of Financial Position - Liabilities - (BRL thousand)

Account Code	Account Description	Current Quarter 6/30/2019	Previous Year 12/31/2018
2	Total Liabilities	11,382,091	11,165,962
2.01	Current Liabilities	1,163,810	1,328,583
2.01.02	Trade accounts payable	176,493	206,999
2.01.02.01	Domestic payables	176,493	206,999
2.01.03	Tax Obligations	80,499	71,699
2.01.03.01	Federal Tax Liabilities	78,947	69,763
2.01.03.01.02	Other Federal Obligations	78,947	69,763
2.01.03.03	Municipal Tax Liabilities	1,552	1,936
2.01.04	Loans and Borrowings	417,138	615,732
2.01.04.01	Loans and Borrowings	172,227	173,736
2.01.04.01.01	In local currency	122,564	123,167
2.01.04.01.02	Foreign currency	49,663	50,569
2.01.04.02	Debentures	244,911	441,996
2.01.04.02.01	Nonconvertible	244,911	441,996
2.01.05	Other liabilities	265,271	223,382
2.01.05.02	Other	265,271	223,382
2.01.05.02.01	Dividends and Interest on Equity Payable	98,175	93,397
2.01.05.02.04	Retirement Benefit Obligations	33,617	39,346
2.01.05.02.07	Public Private Partnership	67,619	64,384
2.01.05.02.08	Miscellaneous Obligations	36,311	26,255
2.01.05.02.09	Lease Rights of Use	29,549	0
2.01.06	Provisions	224,409	210,771
2.01.06.01	Tax, Welfare and Civil Contingencies	224,409	210,771
2.01.06.01.05	Financing of taxes	53,491	77,966
2.01.06.01.06	Provision for Vacations and 13 <sup>th</sup> month salary	150,732	115,357
2.01.06.01.07	Employee Profit Shares	20,186	17,448
2.02	Non-current Liabilities	3,750,224	3,610,746
2.02.01	Loans and Borrowings	3,048,053	2,926,336
2.02.01.01	Loans and Borrowings	1,159,346	1,224,441
2.02.01.01.01	In local currency	893,814	930,275
2.02.01.01.02	Foreign currency	265,532	294,166
2.02.01.02	Debentures	1,888,707	1,701,895
2.02.01.02.01	Nonconvertible	1,888,707	1,701,895
2.02.02	Other liabilities	530,198	541,406
2.02.02.02	Other	530,198	541,406
2.02.02.02.03	Retirement Benefit Obligations	96,268	105,483
2.02.02.02.05	Deposits for Works	80,327	81,943
2.02.02.02.06	Public Private Partnership	319,552	350,487
2.02.02.02.07	Other	6,859	3,493
2.02.02.02.08	Lease Rights of Use	27,192	0
2.02.04	Provisions	171,973	143,004
2.02.04.01	Tax, Welfare and Civil Contingencies	171,973	143,004
2.02.04.01.05	Financing of taxes	0	12,994
2.02.04.01.06	Provision for Legal Claims	171,973	130,010
2.03	Equity	6,468,057	6,226,633
2.03.01	Realized Capital	3,402,385	3,402,385



**Individual Financial Statements - Statement of Financial Position - Liabilities - (BRL thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2019</b>	<b>Previous Year 12/31/2018</b>
3.02.02	Capital Reserves	-8,576	-8,576
2.03.02.05	Treasury Stock	-8,576	-8,576
3.02.04	Revenue Reserves	2,834,829	2,834,829
2.03.04.01	Legal reserve	310,017	310,017
2.03.04.05	Profit Retention Reserve	2,477,542	2,477,542
2.03.04.07	Tax Incentive Reserve	47,270	47,270
2.03.05	Retained Earnings/Accumulated Losses	232,017	0
2.03.06	Equity Appraisal Adjustments	7,402	-2,005

**Individual Financial Statements / Income Statement - (BRL thousand)**

Account Code	Account Description	Current Quarter 4/1/2019 to 6/30/2019	Accrued from Current Financial Year 1/1/2019 to 6/30/2019	Same Quarter of the Prior Year 4/1/2018 to 6/30/2018	Accrued from Previous Year 1/1/2018 to 6/30/2018
3.01	Revenue from goods sold and services rendered	1,192,925	2,389,787	1,149,966	2,274,267
3.01.01	Water Services	693,209	1,404,593	656,973	1,323,401
3.01.02	Sewage Services	392,568	785,794	361,772	722,216
3.01.03	Construction Revenue	106,607	198,318	130,600	227,353
3.01.04	Solid Waste Revenue	541	1,082	621	1,297
3.02	Cost of goods and/or services sold	-714,691	-1,395,893	-698,027	-1,335,260
3.02.01	Cost of goods and/or services sold	-608,084	-1,197,575	-567,427	-1,107,907
3.02.02	Construction Cost	-106,607	-198,318	-130,600	-227,353
3.03	Gross Profit	478,234	993,894	451,939	939,007
3.04	Operating Income/Expenses	-280,941	-499,416	-248,799	-476,859
3.04.01	Sales Expenses	-96,439	-195,554	-109,108	-211,804
3.04.01.01	Sales Expenses	-49,380	-98,244	-46,230	-91,922
3.04.01.02	Estimated Provisions for Doubtful Accounts	-47,059	-97,310	-62,878	-119,882
3.04.02	General and Administrative Expenses	-119,550	-228,540	-130,683	-248,962
3.04.04	Other Operating Income	19,146	57,097	32,521	72,524
3.04.05	Other Operating Expenses	-82,388	-127,352	-38,949	-84,846
3.04.05.01	Other Operating Expenses	-74,869	-108,006	-31,972	-67,468
3.04.05.02	Employee Profit Sharing	-7,519	-19,346	-6,977	-17,378
3.04.06	Equity in Net Income of Subsidiaries	-1,710	-5,067	-2,580	-3,771
3.05	Earnings before financial income/loss and tax	197,293	494,478	203,140	462,148
3.06	Financial Income/Loss	-30,819	-72,288	-64,277	-115,224
3.06.01	Financial Revenue	29,667	51,791	31,665	52,333
3.06.02	Finance Costs	-60,486	-124,079	-95,942	-167,557
3.07	Earnings before tax on net income	166,474	422,190	138,863	346,924
3.08	Income and social contribution taxes on profit	-47,415	-116,396	-28,711	-72,539
3.08.01	Current	-66,497	-137,365	-42,810	-91,536
3.08.02	Deferred charges	19,082	20,969	14,099	18,997
3.09	Net Income from Continued Operations	119,059	305,794	110,152	274,385

## Individual Financial Statements / Income Statement - (BRL thousand)

Account Code	Account Description	Current Quarter 4/1/2019 to 6/30/2019	Accrued from Current Financial Year 1/1/2019 to 6/30/2019	Same Quarter of the Prior Year 4/1/2018 to 6/30/2018	Accrued from Previous Year 1/1/2018 to 6/30/2018
3.11	Net Income/Loss for the Period	119,059	305,794	110,152	274,385
3.99	Earnings per share - (BRL / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.94000	2.42000	0.87000	2.16000
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.94000	2.42000	0.87000	2.16000

## Individual Financial Statements - Comprehensive Income Statement - (BRL thousand)

Account Code	Account Description	Current Quarter 4/1/2019 to 6/30/2019	Accrued from Current Financial Year 1/1/2019 to 6/30/2019	Same Quarter of the Prior Year 4/1/2018 to 6/30/2018	Accrued from Previous Year 1/1/2018 to 6/30/2018
4.01	Net Income for the Period	119,059	305,794	110,152	274,385
4.02	Other Comprehensive Income	9,546	9,546	4,414	4,174
4.02.02	Actuarial Loss on Retirement Benefit	0	0	-363	-727
4.02.03	IR and CS on Actuarial Loss on Retirement Benefits	0	0	124	248
4.02.04	Fair Value of Available-For-Sale Financial Assets	9,546	9,546	4,653	4,653
4.03	Comprehensive Income for the Period	128,605	315,340	114,566	278,559

**Individual Statements - Statement of Cash Flows - Indirect Method (BRL thousand)**

Account Code	Account Description	Accrued in Current Period 1/1/2019 to 6/30/2019	Accrued from Previous Year 1/1/2018 to 6/30/2018
6.01	Net Cash from Operating Activities	684,902	476,170
6.01.01	Cash Provided by Operating Activities	805,649	762,919
6.01.01.01	Net Income for the Period	305,794	274,385
6.01.01.02	Provision for Doubtful Accounts	91,573	119,882
6.01.01.03	Recovery of Written Off Accounts	-35,418	-50,215
6.01.01.04	Charges and Net Monetary and Exchange Variance	19,917	54,676
6.01.01.05	Interest Revenue and Expenses	77,216	79,608
6.01.01.06	Deferred Income and Social Contribution Taxes	-20,969	-18,997
6.01.01.07	Equity in net income of subsidiary and associated companies	5,067	3,771
6.01.01.08	Gain / Loss on Intangible Assets and Property, Plant and	-2,765	-3,510
6.01.01.09	Depreciation and Amortization	293,504	283,060
6.01.01.10	Making of Provisions	45,605	-3,441
6.01.01.11	Provision on Retirement Benefits	26,432	23,700
6.01.01.13	Other	-307	0
6.01.02	Changes in Assets and Liabilities	-120,747	-286,749
6.01.02.01	Trade accounts receivable	-77,576	-95,646
6.01.02.02	Inventories	-6,522	1,399
6.01.02.03	Recoverable Taxes	0	-335
6.01.02.04	Banks and Arrangements Application	-1,296	6,641
6.01.02.05	Pledge on Financing Security	10,352	1,933
6.01.02.06	Redemption of Financial Assets / Restricted Short-term investments	161,656	-1,373
6.01.02.07	Advance on Rate Pass-through	-4,273	-30,000
6.01.02.08	Other Financial assets	-11,409	-9,385
6.01.02.09	Other	-7,910	-4,190
6.01.02.10	Trade accounts payable	-21,562	2,969
6.01.02.11	Taxes, Contributions and Social Obligations	127,436	79,054
6.01.02.12	Provision for Vacations and 13 <sup>th</sup> month salary	35,375	37,582
6.01.02.13	Employee Profit Shares	2,738	-7,141
6.01.02.14	Technical Cooperation Arrangement	-1,432	-9,620
6.01.02.15	Contingencies	-3,642	-1,060
6.01.02.16	Retirement Benefit Obligations	-27,903	-25,745
6.01.02.17	Electricity and Other	1,112	-5,404
6.01.02.18	Interest Paid	-120,793	-119,590
6.01.02.19	Payment of Actuarial Liability	-13,121	-12,749
6.01.02.20	IR/CSLL payment	-161,977	-94,089
6.02	Net Cash from Investment Activities	-356,761	-311,751
6.02.05	Purchases of Intangible Assets and PP&E	-308,761	-270,743
6.02.06	Payment of PPR on PP&E	-30,615	-25,926
6.02.07	Amount received on sale of property, plant and equipment.	3,676	5,202
6.02.08	Capital increase at Subsidiaries	-21,061	-20,284
6.03	Net Cash from Financing Activities	-161,151	-373,752
6.03.01	Inflow of loans and financing and debentures	281,810	333,667
6.03.02	Amortization of Loans, Financing and Debentures	-369,568	-304,896
6.03.04	Interest on Equity Paid	-65,289	-116,633

**Individual Statements - Statement of Cash Flows - Indirect Method (BRL thousand)**

Account Code	Account Description	Accrued in Current Period	Accrued from Previous Year
		1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018
6.03.11	Dividends Paid	0	-279,970
6.03.12	Borrowing Costs	-1,480	-5,920
6.03.13	Write-off of Lease Liability	-6,624	0
6.05	Increase (Decrease) in Cash and Cash Equivalents	166,990	-209,333
6.05.01	Opening Balance of Cash and Cash Equivalents	297,518	405,573
6.05.02	Closing Balance of Cash and Cash Equivalents	464,508	196,240

**Individual Financial Statements - Statements of Changes in Equity - 1/1/2019 to 6/30/2019 (BRL****thousand)**

Account Code	Account Description	Paid-in share capital	Capital Options Awarded and Treasury Stock	Reserves,	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	3,402,385		-8,576	2,834,829	0	-2,005	6,226,633
5.03	Adjusted Opening Balances	3,402,385		-8,576	2,834,829	0	-2,005	6,226,633
5.05	Total Comprehensive Income	0		0	0	305,794	9,546	315,340
5.05.01	Net Income for the Period	0		0	0	305,794	0	305,794
5.05.02	Other Comprehensive Income	0		0	0	0	9,546	9,546
5.05.02.11	Financial assets measured at Fair Value through OCI	0		0	0	0	9,546	9,546
5.06	Internal Changes in Shareholders' Equity	0		0	0	-73,777	-139	-73,916
5.06.07	Interest on Shareholders' Equity	0		0	0	-73,952	0	-73,952
5.06.09	Amortization of Monetary Restatement on Restated Assets 96/97	0		0	0	265	-265	0
5.06.02.10	Deferred IR and CS on Restated Assets 96/97	0		0	0	-90	90	0
5.06.02.12	Other	0		0	0	0	36	36
5.07	Closing Balances	3,402,385		-8,576	2,834,829	232,017	7,402	6,468,057

**Individual Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2018 to 6/30/2018 (BRL thousand)**

Account Code	Account Description	Paid-in share capital	Capital Options Awarded and Treasury Stock	Reserves,	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity
5.01	Opening Balances	3,402,385		-8,576	2,815,704	0	34,830	6,244,343
5.03	Adjusted Opening Balances	3,402,385		-8,576	2,815,704	0	34,830	6,244,343
5.05	Total Comprehensive Income	0		0	0	274,385	4,174	278,559
5.05.01	Net Income for the Period	0		0	0	274,385	0	274,385
5.05.02	Other Comprehensive Income	0		0	0	0	4,174	4,174
5.05.02.09	Actuarial Loss on Retirement Benefits	0		0	0	0	-479	-479
5.05.02.10	Fair Value of Available-For-Sale Financial Assets	0		0	0	0	4,653	4,653
5.06	Internal Changes in Shareholders' Equity	0		0	-280,000	-133,005	-253	-413,258
5.06.07	Interest on Shareholders' Equity	0		0	0	-128,110	0	-128,110
5.06.08	Extraordinary Dividends	0		0	-280,000	0	0	-280,000
5.06.09	Amortization of Monetary Restatement on Restated Assets 96/97	0		0	0	383	-383	0
5.06.10	Deferred IR and CS on Restated Assets 96/97	0		0	0	-130	130	0
5.06.11	Initial Application of IFRS 9	0		0	0	-5,148	0	-5,148
5.07	Closing Balances	3,402,385		-8,576	2,535,704	141,380	38,751	6,109,644



**Individual Financial Statements - Statements of Added Value - (BRL Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accrued in Current Period 1/1/2019 to 6/30/2019</b>	<b>Accrued from Previous Year 1/1/2018 to 6/30/2018</b>
7.01	Revenue	2,574,576	2,435,676
7.01.01	Sales of Goods, Products and Services	2,416,471	2,255,681
7.01.02	Other Income	51,360	72,524
7.01.02.01	Other Operating Income	15,942	22,309
7.01.02.02	Recovery of Written Off Accounts	35,418	50,215
7.02.03	Revenue relating to construction of company assets	198,318	227,353
7.02.04	Provision/(Reversal of provision) for doubtful accounts	-91,573	-119,882
7.02	Materials acquired from third parties	-875,283	-828,038
7.02.01	Cost of goods and services sold	-734,077	-711,129
7.02.02	Material, Energy, Outsourced Services and Other	-57,554	-71,975
7.02.03	Loss/Recovery of Assets	0	-44,934
7.02.04	Other	-83,652	0
7.03	Gross Added Value	1,699,293	1,607,638
7.04	Withholding	-293,504	-283,060
7.04.01	Depreciation, Amortization and Depletion	-293,504	-283,060
7.05	Net Added Value Produced	1,405,789	1,324,578
7.06	Transferred Added Value	48,992	50,541
7.06.01	Equity in Net Income of Subsidiaries	-5,067	-3,771
7.06.02	Financial Revenue	54,059	54,312
7.07	Total Added Value to be Distributed	1,454,781	1,375,119
7.08	Distribution of Added Value	1,454,781	1,375,119
7.08.01	Personnel	559,656	547,276
7.08.01.01	Direct Remuneration	352,189	351,690
7.08.01.02	Benefits	158,166	149,307
7.08.01.03	Severance Fund (F.G.T.S.)	29,955	28,901
7.08.01.04	Other	19,346	17,378
7.08.01.04.04	Employee Profit Shares	19,346	17,378
7.08.02	Taxes, Duties and Contributions	420,658	361,552
7.08.02.01	Federal	396,662	339,487
7.08.02.02	State	22,403	20,340
7.08.02.03	Municipal	1,593	1,725
7.08.03	Interest Expenses	168,673	191,906
7.08.03.01	Interest	151,066	166,981
7.08.03.02	Rents	17,607	24,925
7.08.04	Interest earnings	305,794	274,385
7.08.04.01	Interest on Shareholders' Equity	73,952	128,110
7.08.04.03	Retained Earnings/Loss for the Period	231,842	146,275

**Consolidated Financial Statements / Statement of Financial Position - Assets - (BRL thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2019</b>	<b>Previous Year 12/31/2018</b>
1	Total Assets	11,392,259	11,178,403
1.01	Current Assets	1,909,919	1,858,188
1.01.01	Cash and Cash Equivalents	469,068	313,371
1.01.03	Accounts Receivable	1,360,043	1,477,625
1.01.03.01	Receivables	1,208,180	1,156,507
1.01.03.02	Other Accounts Receivable	151,863	321,118
1.01.03.02.01	Recoverable taxes	30,258	30,691
1.01.03.02.02	Technical Cooperation Arrangement	112,229	121,009
1.01.03.02.03	Banks and Arrangements Application	9,376	8,069
1.01.03.02.04	Short-term investments redeemable after 90 days	0	161,349
1.01.04	Inventories	55,361	48,362
1.01.08	Other Current Assets	25,447	18,830
1.01.08.03	Other	25,447	18,830
1.01.08.03.01	Advances to Employees	14,902	14,775
1.01.08.03.02	Other	10,545	4,055
1.02	Noncurrent Assets	9,482,340	9,320,215
1.02.01	Long-Term Assets	2,590,041	2,423,326
1.02.01.04	Accounts Receivable	301,874	317,623
1.02.01.04.01	Receivables	0	12,994
1.02.01.04.02	Other Accounts Receivable	301,874	304,629
1.02.01.07	Deferred Taxes	175,943	159,892
1.02.01.07.01	Deferred Income and Social Contribution Taxes	175,943	159,892
1.02.01.10	Other Noncurrent Assets	2,112,224	1,945,811
1.02.01.10.03	Financial Assets - Concession Agreements	653,282	682,828
1.02.01.10.04	Financial assets stated at fair value through OCI	79,184	64,721
1.02.01.10.05	Lease rights of use	56,153	0
1.02.01.10.06	Contract assets	1,323,605	1,198,262
1.02.02	Investment	260	260
1.02.02.01	Equity Interests	260	260
1.02.02.01.04	Interests in Joint Ventures	260	260
1.02.03	Property, plant and equipment	1,629,930	1,675,543
1.02.03.01	Property, plant and equipment in operation	1,629,930	1,675,543
1.02.04	Intangible assets	5,262,109	5,221,086
1.02.04.01	Intangible assets	5,262,109	5,221,086
1.02.04.01.01	Concession Agreement	5,262,109	5,221,086

## Consolidated Statements / Statement of Financial Position - Liabilities - (BRL Thousand)

Account Code	Account Description	Current Quarter 6/30/2019	Previous Year 12/31/2018
2	Total Liabilities	11,392,259	11,178,403
2.01	Current Liabilities	1,173,571	1,340,959
2.01.02	Trade accounts payable	183,825	217,664
2.01.02.01	Domestic payables	183,825	217,664
2.01.03	Tax Obligations	80,961	72,237
2.01.03.01	Federal Tax Liabilities	79,409	70,301
2.01.03.01.02	Other Federal Obligations	79,409	70,301
2.01.03.03	Municipal Tax Liabilities	1,552	1,936
2.01.04	Loans and Borrowings	417,138	615,732
2.01.04.01	Loans and Borrowings	172,227	173,736
2.01.04.01.01	In local currency	122,564	123,167
2.01.04.01.02	Foreign currency	49,663	50,569
2.01.04.02	Debentures	244,911	441,996
2.01.04.02.01	Nonconvertible	244,911	441,996
2.01.05	Other liabilities	265,723	223,546
2.01.05.02	Other	265,723	223,546
2.01.05.02.01	Dividends and Interest on Shareholder's Equity Payable	98,175	93,397
2.01.05.02.04	Retirement Benefit Obligations	33,617	39,346
2.01.05.02.07	Public Private Partnership	67,619	64,384
2.01.05.02.08	Miscellaneous Obligations	36,742	26,419
2.01.05.02.09	Lease rights of use	29,570	0
2.01.06	Provisions	225,924	211,780
2.01.06.01	Tax, Welfare and Civil Contingencies	225,924	211,780
2.01.06.01.05	Financing of taxes	53,491	77,966
2.01.06.01.06	Provision for Vacations and 13 <sup>th</sup> month salary	152,247	116,366
2.01.06.01.07	Employee Profit Shares	20,186	17,448
2.02	Non-current Liabilities	3,750,631	3,610,811
2.02.01	Loans and Borrowings	3,048,053	2,926,336
2.02.01.01	Loans and Borrowings	1,159,346	1,224,441
2.02.01.01.01	In local currency	893,814	930,275
2.02.01.01.02	Foreign currency	265,532	294,166
2.02.01.02	Debentures	1,888,707	1,701,895
2.02.01.02.01	Nonconvertible	1,888,707	1,701,895
2.02.02	Other liabilities	530,198	541,406
2.02.02.02	Other	530,198	541,406
2.02.02.02.03	Retirement Benefit Obligations	96,268	105,483
2.02.02.02.05	Deposits for Works	80,327	81,943
2.02.02.02.06	Public Private Partnership	319,552	350,487
2.02.02.02.07	Other	6,859	3,493
2.02.02.02.08	Lease rights of use	27,192	0
2.02.04	Provisions	172,380	143,069
2.02.04.01	Tax, Welfare and Civil Contingencies	172,380	143,069
2.02.04.01.05	Financing of taxes	0	12,994
2.02.04.01.06	Provision for Legal Claims	172,380	130,075
2.03	Consolidated Shareholders' Equity	6,468,057	6,226,633
2.03.01	Realized Capital	3,402,385	3,402,385

**Consolidated Statements / Statement of Financial Position - Liabilities - (BRL Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 6/30/2019</b>	<b>Previous Year 12/31/2018</b>
2.03.02	Capital Reserves	-8,576	-8,576
2.03.02.05	Treasury Stock	-8,576	-8,576
2.03.04	Revenue Reserves	2,834,829	2,834,829
2.03.04.01	Legal reserve	310,017	310,017
2.03.04.05	Profit Retention Reserve	2,477,542	2,477,542
2.03.04.07	Tax Incentive Reserve	47,270	47,270
2.03.05	Retained Earnings/Accumulated Losses	232,017	0
2.03.06	Equity Appraisal Adjustments	7,402	-2,005

**Consolidated Statements / Income Statement - (BRL thousand)**

Account Code	Account Description	Current Quarter 4/1/2019 to 6/30/2019	Accrued Value of the Current Year 1/1/2019 to 6/30/2019	Same Quarter of the Prior Year 4/1/2018 to 6/30/2018	Accrued from Previous Year 1/1/2018 to 6/30/2018
3.01	Revenue from goods sold and services rendered	1,209,712	2,421,734	1,156,430	2,287,891
3.01.01	Water Services	699,388	1,416,677	662,019	1,334,050
3.01.02	Sewage Services	394,277	789,188	363,190	725,191
3.01.03	Construction Revenue	115,506	214,787	130,600	227,353
3.01.05	Solid Waste Revenue	541	1,082	621	1,297
3.02	Cost of goods and/or services sold	-732,699	-1,431,258	-705,682	-1,349,842
3.02.01	Cost of goods and/or services sold	-617,193	-1,216,471	-575,082	-1,122,489
3.02.02	Construction Cost	-115,506	-214,787	-130,600	-227,353
3.03	Gross Profit	477,013	990,476	450,748	938,049
3.04	Operating Income/Expenses	-279,955	-496,415	-247,961	-476,462
3.04.01	Sales Expenses	-97,013	-196,696	-109,998	-213,449
3.04.01.01	Sales Expenses	-49,428	-98,335	-46,285	-92,026
3.04.01.02	Estimated Allowances for Doubtful Accounts	-47,585	-98,361	-63,713	-121,423
3.04.02	General and Administrative Expenses	-121,115	-231,313	-131,518	-250,711
3.04.04	Other Operating Income	21,095	59,852	33,043	73,475
3.04.05	Other Operating Expenses	-82,922	-128,258	-39,488	-85,777
3.04.05.01	Other Operating Expenses	-75,403	-108,912	-32,511	-68,399
3.04.05.02	Employee Profit Sharing	-7,519	-19,346	-6,977	-17,378
3.05	Earnings before financial income/loss and tax	197,058	494,061	202,787	461,587
3.06	Financial Income/Loss	-30,584	-71,871	-63,924	-114,663
3.06.01	Financial Revenue	30,040	52,375	32,030	52,910
3.06.02	Finance Costs	-60,624	-124,246	-95,954	-167,573
3.07	Earnings before tax on net income	166,474	422,190	138,863	346,924
3.08	Income and social contribution taxes on profit	-47,415	-116,396	-28,711	-72,539
3.08.01	Current	-66,497	-137,365	-42,810	-91,536
3.08.02	Deferred charges	19,082	20,969	14,099	18,997
3.09	Net Income from Continued Operations	119,059	305,794	110,152	274,385
3.11	Consolidated Net Income/Loss for the Period	119,059	305,794	110,152	274,385

**Consolidated Statements / Income Statement - (BRL thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Current Quarter 4/1/2019 to 6/30/2019</b>	<b>Accrued Value of the Current Year 1/1/2019 to 6/30/2019</b>	<b>Same Quarter of the Prior Year 4/1/2018 to 6/30/2018</b>	<b>Accrued from Previous Year 1/1/2018 to 6/30/2018</b>
3.11.01	Attributed to Partners of the Parent co. Company	119,059	305,794	110,152	274,385
3.99	Earnings per share - (BRL / Share)				
3.99.01	Basic Earnings per Share				
3.99.01.01	Common	0.94000	2.42000	0.87000	2.16000
3.99.02	Diluted Earnings per Share				
3.99.02.01	Common	0.94000	2.42000	0.87000	2.16000

## Consolidated Statements - Comprehensive Income Statement - (BRL thousand)

Account Code	Account Description	Current Quarter 4/1/2019 to 6/30/2019	Accrued Value of the Current Year 1/1/2019 to 6/30/2019	Same Quarter of the Prior Year 4/1/2018 to 6/30/2018	Accrued from Previous Year 1/1/2018 to 6/30/2018
4.01	Consolidated Net Income for the Period	119,059	305,794	110,152	274,385
4.02	Other Comprehensive Income	9,546	9,546	4,414	4,174
4.02.02	Actuarial Loss on Retirement Benefits	0	0	-363	-727
4.02.03	IR and CS on Actuarial Loss on Retirement Benefits	0	0	124	248
4.02.04	Fair Value of Available-For-Sale Financial Assets	9,546	9,546	4,653	4,653
4.03	Consolidated Comprehensive Income for the Period	128,605	315,340	114,566	278,559
4.03.01	Attributed to Partners of the Parent co. Company	128,605	315,340	0	0
4.04.02	Attributed to Minority Partners	0	0	114,566	278,559

**Consolidated Statements - Statement of Cash Flows - Indirect Method (BRL thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accrued in Current Period 1/1/2019 to 6/30/2019</b>	<b>Accrued from Previous Year 1/1/2018 to 6/30/2018</b>
6.01	Net Cash from Operating Activities	674,888	467,219
6.01.01	Cash Provided by Operating Activities	801,704	759,883
6.01.01.01	Net Income for the Year	305,794	274,385
6.01.01.02	Provision for Doubtful Accounts	92,624	121,423
6.01.01.03	Recovery of Written Off Accounts	-36,619	-50,999
6.01.01.04	Charges and Net Monetary and Exchange Variance	19,917	54,676
6.01.01.05	Interest Revenue and Expenses	77,216	79,608
6.01.01.06	Deferred Income and Social Contribution Taxes	-20,969	-18,997
6.01.01.08	Gain / Loss on Intangible Assets and Property, Plant and	-2,765	-3,510
6.01.01.09	Depreciation and Amortization	294,626	283,060
6.01.01.10	Making of Provisions	45,755	-3,463
6.01.01.11	Provision on Retirement Benefits	26,432	23,700
6.01.01.13	Other	-307	0
6.01.02	Changes in Assets and Liabilities	-126,816	-292,664
6.01.02.01	Trade accounts receivable	-78,312	-96,903
6.01.02.02	Inventories	-6,999	993
6.01.02.03	Recoverable Taxes	433	-438
6.01.02.04	Banks and Arrangements Application	-1,307	6,689
6.01.02.05	Pledge on Financing Security	10,352	1,933
6.01.02.06	Redemption of Financial Assets / Restricted Short-term investments	161,656	-1,373
6.01.02.07	Advance on Rate Pass-through	-4,273	-30,000
6.01.02.08	Other Financial assets	-11,468	-9,385
6.01.02.09	Other	-10,296	-3,639
6.01.02.10	Trade accounts payable	-24,922	4,235
6.01.02.11	Taxes, Contributions and Social Obligations	127,003	78,923
6.01.02.12	Provision for Vacations and 13 <sup>th</sup> month salary	35,881	38,054
6.01.02.13	Employee Profit Shares	2,738	-7,141
6.01.02.14	Technical Cooperation Arrangement	-1,462	-15,833
6.01.02.15	Contingencies	-3,450	-1,172
6.01.02.16	Retirement Benefit Obligations	-27,903	-25,745
6.01.02.17	Electricity and Other	1,405	-5,434
6.01.02.18	Interest Paid	-120,794	-119,590
6.01.02.19	Payment of Actuarial Liability	-13,121	-12,749
6.01.02.20	IR/CSLL payment	-161,977	-94,089
6.02	Net Cash from Investment Activities	-358,023	-304,899
6.02.05	Purchases of Intangible Assets and PP&E	-331,084	-284,175
6.02.06	Payment of PPR on PP&E	-30,615	-25,926
6.02.07	Amount received on sale of property, plant and equipment.	3,676	5,202
6.03	Net Cash from Financing Activities	-161,168	-373,752
6.03.01	Inflow of loans and financing and debentures	281,810	333,667
6.03.02	Amortization of Loans, Financing and Debentures	-369,568	-304,896
6.03.04	Interest on Equity Paid	-65,289	-116,633
6.03.11	Dividends Paid	0	-279,970
6.03.12	Borrowing Costs	-1,480	-5,920



**Consolidated Financial Statements / Statement of Cash Flows – Indirect Method****(Thousands of BRL)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accrued from Current Year 1/1/2019 to 6/30/2019</b>	<b>Accrued from Previous Year 01/01/2018 to 06/30/2018</b>
6.03.13	Write-off of Lease Liability	-6,641	0
6.5	Increase (Decrease) in Cash and Cash Equivalents	155,697	-211,432
6.5.1	Opening Balance of Cash and Cash Equivalents	313,371	420,858
6.5.2	Closing Balance of Cash and Cash Equivalents	469,068	209,426

## Consolidated Financial Statements - Statements of Changes in Shareholders' Equity - 1/1/2019 to 6/30/2019 (BRL

Thousand)

Account Code	Account Description	Paid-in share capital	Capital Options Awarded and Treasury Stock	Reserves, Awarded and	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Shareholders' Equity	NCI	Equity Consolidated
5.01	Opening Balances	3,402,385		-8,576	2,834,829	0	-2,005	6,226,633	0	6,226,633
5.03	Adjusted Opening Balances	3,402,385		-8,576	2,834,829	0	-2,005	6,226,633	0	6,226,633
5.05	Total Comprehensive Income	0		0	0	305,794	9,546	315,340	0	315,340
5.05.01	Net Income for the Period	0		0	0	305,794	0	305,794	0	305,794
5.05.02	Other Comprehensive Income	0		0	0	0	9,546	9,546	0	9,546
5.05.02.11	Financial assets stated at fair value through OCI	0		0	0	0	9,546	9,546	0	9,546
5.06	Internal Changes in Shareholders' Equity	0		0	0	-73,777	-139	-73,916	0	-73,916
5.06.07	Interest on Shareholders' Equity	0		0	0	-73,952	0	-73,952	0	-73,952
5.06.09	Amortization of Monetary Restatement on Restated Assets 96/97	0		0	0	265	-265	0	0	0
5.06.10	Deferred IR and CS on Restated Assets 96/97	0		0	0	-90	90	0	0	0
5.06.12	Other	0		0	0	0	36	36	0	36
5.07	Closing Balances	3,402,385		-8,576	2,834,829	232,017	7,402	6,468,057	0	6,468,057

**Consolidated Financial Statements - Statements of Changes in Equity - 1/1/2018 to 6/30/2018 (BRL thousand)**

Account Code	Account Description	Paid-in share capital	Capital Reserves, Options Awarded and Treasury Stock	Profit Reserves	Retained Earnings or Accumulated Losses	Other Comprehensive Income	Equity	NCI	Consolidated Shareholders' Equity
5.01	Opening Balances	3,402,385	-8,576	2,815,704	0	34,830	6,244,343	0	6,244,343
5.03	Adjusted Opening Balances	3,402,385	-8,576	2,815,704	0	34,830	6,244,343	0	6,244,343
5.05	Total Comprehensive Income	0	0	0	274,385	4,174	278,559	0	278,559
5.05.01	Net Income for the Period	0	0	0	274,385	0	274,385	0	274,385
5.05.02	Other Comprehensive Income	0	0	0	0	4,174	4,174	0	4,174
5.05.02.09	Actuarial Loss on Retirement Benefits	0	0	0	0	-479	-479	0	-479
5.05.02.10	Fair Value of Available-For-Sale Financial Assets	0	0	0	0	4,653	4,653	0	4,653
5.06	Internal Changes in Shareholders' Equity	0	0	-280,000	-133,005	-253	-413,258	0	-413,258
5.06.07	Interest on Shareholders' Equity	0	0	0	-128,110	0	-128,110	0	-128,110
5.06.08	Extraordinary Dividends	0	0	-280,000	0	0	-280,000	0	-280,000
5.06.09	Amortization of Monetary Restatement on Restated Assets 96/97	0	0	0	383	-383	0	0	0
5.06.10	Deferred IR and CS on Restated Assets 96/97	0	0	0	-130	130	0	0	0
5.06.11	Initial Application of CPC 48	0	0	0	-5,148	0	-5,148	0	-5,148
5.07	Closing Balances	3,402,385	-8,576	2,535,704	141,380	38,751	6,109,644	0	6,109,644

**Consolidated Financial Statements - Statements of Added Value - (BRL Thousand)**

<b>Account Code</b>	<b>Account Description</b>	<b>Accrued in Current Period 1/1/2019 to 6/30/2019</b>	<b>Accrued from Previous Year 1/1/2018 to 6/30/2018</b>
7.01	Revenue	2,609,805	2,450,099
7.01.01	Sales of Goods, Products and Services	2,433,527	2,270,694
7.01.02	Other Income	54,115	73,475
7.01.02.01	Other Operating Income	17,496	22,476
7.01.02.02	Recovery of Written Off Accounts	36,619	50,999
7.01.03	Revenue relating to construction of company assets	214,787	227,353
7.01.04	Allowance/(Reversal of allowance) for doubtful accounts	-92,624	-121,423
7.02	Materials acquired from third parties	-904,752	-836,919
7.02.01	Cost of goods and services sold	-761,091	-718,263
7.02.02	Material, Energy, Outsourced Services and Other	-59,479	-73,102
7.02.03	Loss/Recovery of Assets	0	-45,554
7.02.04	Other	-84,182	0
7.03	Gross Added Value	1,705,053	1,613,180
7.04	Withholding	-294,626	-283,060
7.04.01	Depreciation, Amortization and Depletion	-294,626	-283,060
7.05	Net Added Value Produced	1,410,427	1,330,120
7.06	Transferred Added Value	54,673	54,917
7.06.02	Financial Revenue	54,673	54,917
7.07	Total Added Value to be Distributed	1,465,100	1,385,037
7.08	Distribution of Added Value	1,465,100	1,385,037
7.08.01	Personnel	567,330	554,469
7.08.01.01	Direct Remuneration	357,556	356,830
7.08.01.02	Benefits	160,092	150,996
7.08.01.03	Severance Fund (F.G.T.S.)	30,336	29,265
7.08.01.04	Other	19,346	17,378
7.08.01.04.01	Employee Profit Shares	19,346	17,378
7.08.02	Taxes, Duties and Contributions	423,205	364,215
7.08.02.01	Federal	398,795	341,788
7.08.02.02	State	22,816	20,701
7.08.02.03	Municipal	1,594	1,726
7.08.03	Interest Expenses	168,771	191,968
7.08.03.01	Interest	151,073	166,982
7.08.03.02	Rents	17,698	24,986
7.08.04	Interest earnings	305,794	274,385
7.08.04.01	Interest on Shareholders' Equity	73,952	128,110
7.08.04.03	Retained Earnings/Loss for the Period	231,842	146,275

## Performance Analysis

### Performance Analysis

The company now presents its Comments on its performance regarding operating and financial results for the second quarter of 2019 (2Q19), compared with the second quarter of 2018 (2Q18):

### 1. Operational Data

#### Concessions

In June 2019 the Company had 642 concessions for the provision of water supply services and 311 concessions for the provision of sewage collection services, as shown in the table below:

Concessions <sup>1</sup>	June/2019			June/2018		
	Total	Parent co.	COPANOR	Total	Parent co.	COPANOR
<b>Water</b>						
Concessions	642	593	49	636	587	49
In Operation	629	581	48	628	581	47
<b>Sewage</b>						
Concessions	311	255	56	303	248	55
In Operation	261	222	39	256	219	37

1) Only one concession/operation is considered per municipality, regardless of whether there is more than one contract, in cases of COPASA and COPANOR service in the same municipality, or if it is a contract that covers only districts and localities.

The table below shows the Company's 8 (eight) largest concessions, which together represented approximately 50% of the Company's revenue, as well as their respective expiry dates:

Municipal	Expiration
Belo Horizonte	2034
Contagem	2073
Betim	2042
Montes Claros	2048
Ipatinga	2022
Divinópolis	2041
Ribeirão das Neves	2034
Pouso Alegre	2046

In June 2019 78.6% of the Company's net water and sewage revenues came from concessions expiring after January 2034. It is also worth mentioning that, up to June 2020, the Company has no concessions to expire.

#### Operational Data

The main operational data and their growth in comparative periods are presented below. Considering COPASA MG and COPANOR jointly, the number of consumer units for water supply services and the number of sewage consumer units increased by 1.2% and 3.5% respectively in the last 12 months.

## Performance Analysis

<b>Breakdown - CONSOLIDATED (COPASA+COPANOR) (1)</b>	<b>2Q19</b>	<b>2Q18</b>	<b>Change (Amount)</b>	<b>Change (%)</b>
<b>Water</b>				
Connections (1,000 units)	4,365	4,311	54	1.3%
Units (1,000 units)	5,270	5,205	65	1.2%
Population Served (1,000 inhabitants)	11,589	11,550	39	0.3%
Distributed Volume (1,000 m <sup>3</sup> /quarter)	253,608	246,592	7,016	2.8%
Measured Volume (1,000 m <sup>3</sup> /quarter)	146,487	146,943	(456)	-0.3%
Network Extension (km)	55,335	53,489	1,846	3.5%
<b>Sewage</b>				
Connections (1,000 units)	2,893	2,788	105	3.8%
Units (1,000 units)	3,642	3,521	121	3.5%
Population Served (1,000 inhabitants)	8,180	7,964	216	2.7%
Measured Volume (1,000 m <sup>3</sup> /quarter)	100,160	98,528	1,632	1.7%
Treated Volume (1,000 m <sup>3</sup> /quarter)	75,872	67,458	8,414	12.5%
Network Extension (km)	27,659	26,882	777	2.9%

(1) The data is for COPASA and COPANOR jointly, except for the volume treated, which pertains to the Parent co. company.

## Number of Employees

See below the number of employees and ratio of the number of employees per thousand water and sewage connections, in the comparative periods:

<b>Breakdown</b>	<b>2Q19</b>	<b>2Q18</b>	<b>Change (Amount)</b>	<b>Change (%)</b>
<b>COPASA + COPANOR</b>				
Employees	12,017	11,786	231	2.0%
Employees/1,000 Connections of Water and Sewage	1.66	1.65	0.01	-

## 2 Financial Performance

Given the immateriality of the subsidiary COPANOR, the financial information provided by the Company in the Comments on Performance relates to the individual financial statements, except where stated otherwise.

### Net Revenue

Net revenues from water, sewage and solid waste in 2Q19 totaled BRL 1.1 billion, 6.6% higher than 2Q18, as shown in the table below:

<b>Net Revenues (in BRL thousands)</b>	<b>2Q19</b>	<b>2Q18</b>	<b>Change (BRL)</b>	<b>Change (%)</b>
Water	693,209	656,973	36,236	5.5%
Sewage	392,568	361,772	30,796	8.5%
Solid Waste	541	621	(80)	-12.9%
<b>Water, Sewage and Solid Waste</b>	<b>1,086,318</b>	<b>1,019,366</b>	<b>66,952</b>	<b>6.6%</b>

The Company below presents comments on the main factors that influenced net revenue from water and sewage services in the comparative periods:

- growth in the number of consumer units of water (1.2%) and sewage (3.5%);

## Performance Analysis

- average tariff adjustment of 4.31%, applied on a *pro rata* basis for consumption registered in August and at the full rate from September 2018;
- decrease of 1.7% in the volume due to water and sewage savings, was primarily due to the shorter consumption period in 2Q19 compared with 2Q18.

### Costs and Expenses

The cost of sales and services, administrative and selling expenses (not including construction costs) amounted to BRL 824.1 million in 2Q19 compared with BRL 807.2 in 2Q18, an increase of 2.1% as shown in the table below:

Breakdown (BRL thousand)	2Q19	2Q18	Change (BRL)	Change (%)
<b>Manageable Costs</b>	<b>565,272</b>	<b>565,976</b>	<b>(704)</b>	<b>-0.1%</b>
Personnel	336,429	324,232	12,197	3.8%
Outsourced Services	111,570	115,567	(3,997)	-3.5%
Rio Manso PPP	18,849	20,121	(1,272)	-6.3%
Material	13,889	12,469	1,420	11.4%
Provision for Doubtful Accounts (PDA)	47,059	62,878	(15,819)	-25.2%
Tariff Transfers to Municipalities	24,295	22,820	1,475	6.5%
Sundry Operating Costs	13,181	7,889	5,292	67.1%
<b>Non Manageable Costs</b>	<b>106,769</b>	<b>93,620</b>	<b>13,149</b>	<b>14.0%</b>
Electricity	106,341	93,722	12,619	13.5%
Telecoms	3,504	2,923	581	19.9%
Treatment Material	19,558	16,349	3,209	19.6%
Fuels and Lubricants	6,287	6,728	(441)	-6.6%
Tax Credits	(28,921)	(26,102)	(2,819)	10.8%
<b>Capital Costs</b>				
<b>Depreciation and Amortization</b>	<b>148,408</b>	<b>141,3</b>	<b>7,092</b>	<b>5.0%</b>
<b>Charge for Usage of Hydric Resources</b>	<b>3,624</b>	<b>6,306</b>	<b>(2,682)</b>	<b>-42.5%</b>
<b>Total</b>	<b>824,073</b>	<b>807,218</b>	<b>16,855</b>	<b>2.1%</b>

The following section presents the Company's comments on the items that make up the costs of sales and services rendered, selling and administrative expenses (excluding construction costs) that presented the most significant changes:

**Personnel:** personnel expenses increased by 3.8% in comparison to of 2018, primarily due to the headcount rising by 2.0% and the ramifications of the collective labor agreement.

**Outsourced Services:** diminished by 3.5% in 2Q19 compared with 2Q18, primarily due to lower expenses on vehicle rental following the adoption of CPC 06 (R2) and marketing and advertising expenses.

**PPP Rio Manso:** the decrease in expenses regarding the Public Private Partnership (PPP) of Sistema Rio Manso, in 2Q19 compared with 2Q18, was due to reducing is electricity expenditure by using the reservoir less after suspending the intake of water from the Rio Paraopeba river.

**Materials:** The observed increase is primarily due to higher spending on conservation materials and asset systems and maintenance, in addition to safety and protection equipment and uniforms.

## Performance Analysis

**Provision for Doubtful Accounts (PDA):** the decrease mainly reflects the impacts of the negotiation of debts with philanthropic organizations and municipalities in the second half of 2018, and the decrease in the number of receivables comprising the provision.

**Tariff Transfers to Municipalities:** the increase of 6.5% is mainly due to the increase in Belo Horizonte's revenues, which is the most representative basis for calculating the transfers made.

**Sundry Operating Costs:** the 67.1% increase this account in 2Q19 compared with 2Q18 was primarily due to the payment of nonrecurrent legal and judicial expenses in the amount of BRL 7.1 million, consisting of legal fees arbitrated in the expropriation proceeding involving Sistema Serra Azul, RMBH's second largest water reservoir.

**Non Manageable Costs:** rose by 14.0% in 2Q19 in comparison with 2Q18, primarily due to the increase in electricity expenses.

### Other Operating Income (Expenses)

Other operating revenue (expenses) came to a negative BRL 55.7 million in 2Q19 (BRL 0.55 million in 2Q18). The payment of non-deductible provisions, the details of which can be seen in Note 14 of this ITR, caused the change in this group. See below the table with the amounts for 2Q19 and 2Q18:

Breakdown (BRL thousand)	2Q19	2Q18	Change (BRL)	Change (%)
<b>Other Operating Income</b>	<b>19,146</b>	<b>32,521</b>	<b>(13,375)</b>	<b>-41.1%</b>
Technical Services Revenue	22	31	(9)	-29.0%
Reversal of Nondeductible Provision	2,217	3,848	(1,631)	-42.4%
Recovery of Written Off Accounts	13,368	24,570	(11,202)	-45.6%
Other Income	3,539	4,072	(533)	-13.1%
<b>Other Operating Expenses</b>	<b>(74,869)</b>	<b>(31,972)</b>	<b>(42,897)</b>	<b>n.m.</b>
Non-deductible Provision	(51,447)	(14,943)	(36,504)	n.m.
Extraordinary or One-off Losses	(4,930)	(2,098)	(2,832)	n.m.
Service Inspection Fee	(9,387)	(8,303)	(1,084)	13.1%
Other Expenses	(9,105)	(6,628)	(2,477)	37.4%
<b>Total</b>	<b>(55,723)</b>	<b>549</b>	<b>(56,272)</b>	<b>n.m.</b>

### Equity Income

Equity income in 2Q19 derives from the subsidiary COPANOR, and was a negative BRL 1.7 million, compared with a negative BRL 2.6 million in 2Q18, as shown below:

Synthetic Breakdown of Subsidiaries (BRL thousand)	2Q19	2Q18	Change (BRL)	Change (%)
<b>Net Revenue from Sales and/or Services</b>	<b>7,889</b>	<b>6,464</b>	<b>1,425</b>	<b>22.0%</b>
Construction Revenue	8,898	-	8,898	n.m.
Other Operating Income	1,949	522	1,427	n.m.
Operating Costs and Expenses	(11,248)	(9,381)	(1,867)	19.9%
Construction Costs	(8,898)	-	(8,898)	n.m.
Other Operating Expenses	(535)	(538)	3	-0.6%
Net Financial Revenue (Expenses)	235	353	(118)	-33.4%
<b>Net Income/Loss</b>	<b>(1,710)</b>	<b>(2,580)</b>	<b>870</b>	<b>-33.7%</b>



## Performance Analysis

### Financial Revenue/Expense

The net financial result was a negative of BRL 30.8 million in 2Q19, versus a loss of BRL 64.3 million in 2Q18, as shown below:

Breakdown (BRL thousand)	2Q19	2Q18	Change (BRL)	Change (%)
<b>Financial Revenue</b>	<b>29,667</b>	<b>31,665</b>	<b>(1,998)</b>	<b>-6.3%</b>
Monetary Variance	1,344	1,541	(197)	-12.8%
Exchange Variance	1,237	11,386	(10,149)	-89.1%
Interest	11,069	4,309	6,760	n.m.
Real Gains from Financial Investments	4,781	5,714	(933)	-16.3%
Capitalization of Financial Assets/Other	11,236	8,715	2,521	28.9%
			-	
<b>Finance Costs</b>	<b>(60,486)</b>	<b>(95,942)</b>	<b>35,456</b>	<b>-37.0%</b>
Monetary Variance	(15,993)	(11,181)	(4,812)	43.0%
Exchange Variance	119	(39,244)	39,363	n.m.
Interest on Financing	(44,403)	(45,312)	909	-2.0%
Various	(209)	(205)	(4)	2.0%
<b>Financial Revenue/Expense</b>	<b>(30,819)</b>	<b>(64,277)</b>	<b>33,458</b>	<b>-52.1%</b>

### EBITDA and Net Income

The EBITDA, a non-accounting measure adopted by COPASA MG, calculated in accordance with CVM Instruction 527/2012, consisting of net income plus taxes on income, financial result, depreciation and amortization and the same items of the subsidiary COPANOR.

EBITDA reached BRL 346.1 million in 2Q19 as compared to BRL 344.1 million in 2Q18; The EBITDA Margin, calculated by dividing the EBITDA by the sum of net revenues from water, sewage and solid waste, other operating revenues and revenues from the subsidiary COPANOR, reached 31.0% in 2Q19 (32.5% in 2Q18).

Regarding taxes on income, the increase in this account is mainly due to the lower value recorded as a tax incentive from the declared interest on capital, comparing 2Q19 with 2Q18, which amounted to BRL 7.1 million and BRL 17.5 million respectively. This fact reflects the remuneration to shareholders, which for the year 2019 will be 25% of net income, while in 2018 this percentage was 50%.

The recorded net income was BRL 119.1 million in 2Q19 as compared to BRL 110.2 million in 2Q18. See below the table of the amounts for the comparative periods:

Breakdown (BRL thousand)	2Q19	2Q18	Change (BRL)	Change (%)
<b>Net Income for the Period</b>	<b>119,059</b>	<b>110,152</b>	<b>8,907</b>	<b>8.1%</b>
(+) Income taxes	47,415	28,711	18,704	65.1%
(+) Financial Income/Expense	30,819	64,277	(33,458)	-52.1%
(+) Depreciation and amortization	148,408	141,316	7,092	5.0%
(+) Taxes on Income, Financial Result and Depreciation/Amortization of COPANOR	446	(353)	799	n.m.
<b>(=) EBITDA</b>	<b>346,147</b>	<b>344,103</b>	<b>2,044</b>	<b>0.6%</b>
<b>EBITDA Margin</b>	<b>31.0%</b>	<b>32.5%</b>		

## Notes to the Quarterly Information

### 1. Operations

Companhia de Saneamento de Minas Gerais ("COPASA MG", "COPASA", "Parent co.", or "Company") is a publicly-traded corporation with state and private capital, controlled by the State of Minas Gerais, with registered head office in the city of Belo Horizonte at Rua Mar de Espanha, 525, Bairro Santo Antônio. The Company is engaged in planning, designing, performing, expanding, remodeling, managing, and providing public utility water supply and sewage treatment services, and is authorized to operate in Brazil and abroad.

The Board of Directors authorized the issue of this individual and consolidated Interim Accounting Information as of June 30, 2019 on July 25, 2019.

COPASA owns 100% of the subsidiary COPASA Serviços de Saneamento Integrado do Norte e Nordeste de Minas Gerais S/A ("COPANOR") - established by State Law 16698 on April 17, 2007, engaged in: planning, designing, performing, expanding, remodeling, exploring, and providing water supply and sewage collection and treatment public utility services; the collection, recycling, treatment and final disposal of urban, domestic and industrial waste; the draining and management of rainwater in urban areas in cities of the North of Minas Gerais and the water basins of the Jequitinhonha, Mucuri, São Mateus, Buranhém and Jucuruçu rivers.

### 2. Basis of preparation and presentation of the individual and consolidated financial statements

The Parent co. company and consolidated interim accounting information is stated in thousands of BRL (BRL 1,000), except when specified otherwise.

#### 2.1 Basis of preparation

The individual and consolidated interim accounting information presented here as "Individual" or "Parent co. Company" or "Consolidated" respectively has been prepared and is being presented in accordance with CPC 21(R1) "interim statements" and IAS 34 - "Interim Financial Reporting", in accordance with CVM regulations.

The Company considered the guidelines issued in OCPC Technical Guidance 07 when preparing its financial statements. Management declares that all relevant information characteristic of interim accounting information, and only that information, is being presented and is that used by management to run the Company.

This interim accounting information should be read in conjunction with the Company's Financial Statements for the financial year ended December 31, 2018, prepared and presented in accordance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board - IASB and accounting practices adopted in Brazil, which include those established in Brazilian Corporate Law as well as the pronouncements, instructions and interpretations issued by the Accounting Pronouncements Committee - CPC and approved by the Brazilian Securities Commission - CVM.

As there were no material changes to the composition and nature of the balances presented in the Financial Statements as of December 31, 2018, the notes below are being presented in summary form for the period ended June 30, 2019:

- 3. Significant Accounting Policies;
- 4. Public Services Concession Agreements;
- 5. Cash and Cash Equivalents;
- 6. Trade Accounts Receivable;
- 13. Loans, Financing and Debentures;
- 16. Income and Social Contribution Taxes;
- 18. Retirement Benefit Obligations;

## Notes to the Quarterly Information

- 19. Equity and Dividends;
- 21. Financial Risk Management;
- 23. Related-Party Transactions.

### 3. Significant accounting policies

The significant accounting policies applied to this Interim Accounting Information is consistent with the policies described in Note 03 to the Company's Financial Statements for the financial year ended December 31, 2018, filed at the CVM, except for those described below:

#### 3.1 Leases

All contracts are assessed to determine whether contract is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

The amounts payable as lease payments classified as leases are impacted by the finance cost and amortization of the lease liability order to achieve a constant interest rate. The lessor's obligation is recorded as short- and long-term debt.

The Company's financial statements will be impacted as follows:

- a) recognition of right-of-use assets and lease liabilities in the statement of financial position, initially measured at present value of the future lease payments;
- b) recognition of amortization expenses for right-of-use assets and interest expense on the lease liability in profit or loss; and
- c) Separation of the total amount of cash paid in these operations into principal (presented within financing activities) and interest (presented in operating activities) in the statement of cash flows.

COPASA applied the requisites of CPC 06 (R2)/IFRS 16 from the financial year started January 01, 2019. For this purpose the Company used the modified retrospective approach as the transition method, with the amount related to the Right-of-use asset ("Lease Asset") equal to the Lease Liability, without the cumulative effect of initially applying this new pronouncement recorded as an adjustment to the opening balance of equity and without re-presenting the comparative periods.

The Company identified all lease agreements in force at December 31, 2018 and the new lease definitions were applied to all contracts in force at the transition date. This analysis identified impacts primarily related to the lease operations for vehicles and properties leased from third parties.

The Company applied the practical expedients of CPC 06 (R2)/ IFRS 16 related to short-term leases and leases for which the underlying asset is of low value (BRL 19), and disregarded contracts maturing in up to 12 months of initial adoption and will maintain the recognition of these lease expenses on a straight-line basis as permitted by the accounting standard.

## Notes to the Quarterly Information

To measure the impact of the contracts up to December 31, 2018 and to determine the value of the lease liability used for initial adoption, the balance of the remaining payments adjusted to present value by the average coupon rate consisting of the average borrowing or debt issuance rates on the local capital market.

Given the existence of significant components of judgment in the new accounting pronouncement, changes were made to the figures presented at December 31, 2018, although not in amounts considered material in the context of the financial statements.

### 3.2 Contract assets

Upon adopting CPC 47/IFRS 15, the Company opted to adopt the standard the initial application date as an adjustment to the opening balance, only considering existing contracts prior to the application date. The standard states that an entity should recognize revenue that represents the transfer (or promise) of goods or services to customers when it reflects the amount it expects to be able to secure for such goods or services. The entity therefore recognizes revenue only when (or if) the performance obligation is realized, i.e. when the control of the goods and services in a given transaction is effectively transferred to the client.

The standard also determines that when the Company completes the performance by transferring goods or services to a customer before the customer pays consideration or before payment is due, the entity shall present this right as a contract asset. The contract asset is defined as the right to consideration in exchange for goods or services that the entity has transferred to a customer when that right is conditioned on something other than the passage of time such as its future performance.

Concession agreements and water supply and sewage treatment contracts state that part of the investments made by the concession operator is compensated by the public service users and the other part is compensated by the concession authority at the end of the concession.

This model establishes the recognition of a financial asset, contract asset during the construction period and intangible asset. Following the enactment on January 01, 2018 of CPC 47/IFRS 15 and the revision of ICPC 01/IFRIC 12, especially paragraph 19 of IFRIC 12, the Company began classifying as contract assets in noncurrent assets the works formerly recorded as intangible assets in progress relating to concession agreements and the water supply and sewage treatment contracts during the construction period.

The Contract Asset is initially recorded at fair value and includes loan costs capitalized during the period in which the asset is under construction.

This reclassification of BRL 981,697 (consolidated BRL 1,019,527) at January 01, 2018 and BRL 1,147,522 (BRL 1,198,262 consolidated) at December 31, 2018 did not affect the covenants (financial indexes) for loans, financings and debentures, liquidity, equity position, statement of income, statement of cash flows, the distribution of dividends and interest on equity of the Company.

Parent co. Company	Balance originally disclosed	Reclassification (not audited)	Re-presented balance (unaudited)
<b>Balances as of January 1, 2018</b>			
Intangible assets	6,097,405	(981,697)	5,115,708
Contract assets	-	981,697	981,697
<b>Balances at December 31, 2018</b>			
Intangible assets	6,336,014	(1,147,522)	5,188,492
Contract assets	-	1,147,522	1,147,522

## Notes to the Quarterly Information

Consolidated	Balance originally disclosed	Reclassification (not audited)	Re-presented balance (unaudited)
<b>Balances as of January 1, 2018</b>			
Intangible assets	6,135,235	(1,019,527)	5,115,708
Contract assets	-	1,019,527	1,019,527
<b>Balances at December 31, 2018</b>			
Intangible assets	6,419,348	(1,198,262)	5,221,086
Contract assets	-	1,198,262	1,198,262

### 4. Public Services Concession Agreements

At June 30, 2019 COPASA and COPANOR had 642 concessions for providing water supply services and 311 for sewage treatment.

As of June 30, 2019, the Company had BRL 651,925 (BRL 682,828 at December 31, 2018) as accounts receivable from the concession authority (municipalities) regarding the expected payment at the end of the concessions for assets not depreciated during the concession period.

### 5. Cash and Cash Equivalents

#### (a) Cash and cash equivalents

	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Cash and banks	36,388	40,511	36,862	40,984
Current bank deposit certificates	428,120	257,007	432,206	272,387
<b>Total</b>	<b>464,508</b>	<b>297,518</b>	<b>469,068</b>	<b>313,371</b>

The Company's own funds arising from its business activity are invested in Bank Deposit Certificates - CDBs, which consist of fixed-income securities, whose yield is substantially based on the variance of the Interbank Deposit Certificate - CDI rate. Short-term investments yielded an average rate of 103% of the CDI rate in the period ended June 30, 2019 (106% of the CDI rate at December 31, 2018). CDI at June 30, 2019 was 6.4% (6.4% as at December 31, 2018).

### 6. Trade accounts receivable and other accounts receivable

The trade and other receivables are only denominated in Brazilian BRL (the Company's functional currency).

#### (a) Trade accounts receivable

An aging list of receivables follows:

## Notes to the Quarterly Information

Amounts	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Overdue by	<b>596,776</b>	<b>515,127</b>	<b>602,461</b>	<b>519,350</b>
Up to 30 days overdue	194,221	205,817	196,515	207,549
Past due 31 to 60	98,087	105,613	99,318	106,590
61 to 90 days overdue	67,513	59,734	68,113	60,277
91 to 180 days overdue	133,508	86,038	134,823	86,985
More than 180 days past due	103,447	57,925	103,692	57,949
Neither past due nor impaired	<b>329,504</b>	<b>369,815</b>	<b>332,755</b>	<b>371,930</b>
<b>Billed</b>	<b>926,280</b>	<b>884,942</b>	<b>935,216</b>	<b>891,280</b>
To be billed	310,821	311,551	312,975	311,551
Trade accounts receivable <sup>(1)</sup>	<b>1,237,101</b>	<b>1,196,493</b>	<b>1,248,191</b>	<b>1,202,831</b>
(-) Estimated loss allowance for trade receivables	(40,002)	(45,739)	(40,011)	(46,324)
	<b>1,197,099</b>	<b>1,150,754</b>	<b>1,208,180</b>	<b>1,156,507</b>
Long-term receivables <sup>(2)</sup>	-	12,994	-	12,994
<b>Net trade accounts receivable</b>	<b>1,197,099</b>	<b>1,163,748</b>	<b>1,208,180</b>	<b>1,169,501</b>

<sup>(1)</sup> Includes accounts receivable from the shareholder Minas Gerais state, as shown below.

<sup>(2)</sup> Refers to the compensation agreement made with the City of Belo Horizonte, as described in note 23 to the Company's financial statements for the financial year ended December 31, 2018.

Detail of accounts receivable from Minas Gerais state:

Amounts	Parent co. Company	
	6/30/2019	12/31/2018
Billed	189,231	77,987
To be billed	10,493	9,643
Payment of debts in installments	34,006	66,375
<b>Net trade accounts receivable</b>	<b>233,730</b>	<b>154,005</b>

As at June 30, 2019, the Company had balances receivable from the State of Minas Gerais of BRL 233,730, of which BRL 163,365 is overdue and BRL 70,165 is outstanding (BRL 53,658 and BRL 100,347 at December 31, 2018 respectively). Of this amount, (i) the balance as of June 30, 2019 and December 31, 2018, which remains unchanged, is secured by the withholding of future interest on equity as agreed in the Account Netting and Debt Negotiation Agreement between COPASA, COPANOR and Minas Gerais state to offset mutual debts and (ii) the receivable balance of BRL 167,355 (BRL 87,630 as of December 31, 2018), which after July 13, 2018 is subject to negotiations with Minas Gerais state. The interest on equity for the fourth quarter of 2018 and the first quarter of 2019, of the shareholder Minas Gerais state was withheld due to the non-payment of installments, as authorized in the respective Agreement, but has not yet been offset, as the Company is engaged in negotiations for a new Netting Agreement for the entire debt.

Changes in the Provision for Doubtful Accounts are as follows:

	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Opening balance	45,739	31,172	46,324	31,757
Initial application of IFRS 09/CPC 48	-	7,800	-	7,800
Allowance for doubtful accounts	91,573	252,768	92,625	255,902
Trade and other receivables written off in the period as noncollectible	(97,310)	(246,001)	(98,361)	(249,135)
Other	-	-	(577)	-
<b>Closing balance</b>	<b>40,002</b>	<b>45,739</b>	<b>40,011</b>	<b>46,324</b>

The Provision for Doubtful Accounts was recognized in the income statement for the period as selling expenses. The amounts charged to this provision are usually written-off when the amounts involved are not expected to be recovered.

## Notes to the Quarterly Information

The maximum exposure to credit risk on the reporting date is the carrying amount of each of the types of accounts receivable mentioned above.

### (b) Other accounts receivable

The other classes of trade and other receivables do not include impaired assets.

The maximum exposure to credit risk on the reporting date is the carrying amount of each of the types of accounts receivable mentioned above. The Company has pledged tariff revenue as financing collateral (note 21.1(c)):

	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Borrowing, financing, and debenture guarantee deposits (i)	179,716	188,442	179,716	188,442
Secured short-term investment (ii)	83,694	81,943	83,694	81,943
Financial assets stated at fair value through OCI (iii)	79,184	64,721	79,184	64,721
Financial assets - Concession agreements (iv)	651,925	682,828	653,282	682,828
Other (v)	64,231	55,781	63,911	53,074
<b>Total</b>	<b>1,058,750</b>	<b>1,073,715</b>	<b>1,059,787</b>	<b>1,071,008</b>
<b>Current assets</b>	<b>25,768</b>	<b>21,537</b>	<b>25,447</b>	<b>18,830</b>
<b>Non-current assets</b>	<b>1,032,982</b>	<b>1,052,178</b>	<b>1,034,340</b>	<b>1,052,178</b>

	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Other assets, current	25,768	21,537	25,447	18,830
<b>Current assets</b>	<b>25,768</b>	<b>21,537</b>	<b>25,447</b>	<b>18,830</b>
Other accounts receivable	301,873	304,629	301,874	304,629
Financial assets - concession agreements	651,925	682,828	653,282	682,828
Financial assets stated at fair value through other comprehensive income	79,184	64,721	79,184	64,721
<b>Noncurrent assets</b>	<b>1,032,982</b>	<b>1,052,178</b>	<b>1,034,340</b>	<b>1,052,178</b>

- (i) Consists of money deposited in investment funds owned by the creditors, that the Company makes under its financing, loan and debentures contracts. A statutory lien is also awarded on its revenue by transferring to creditors part of its revenue, as per the table in Note 21.1(c). Both guarantees occur within the term or grace period of the contracted debts.
- (ii) Refers to National Water Agency (ANA) funds, granted under the Water Basin Depollution Program - PRODES. The amount of each agreement is deposited in a specific current account linked to each agreement, called water basin depollution account, and the amounts are translated and invested in the "water basin depollution investment fixed-income long-term fund" solely and exclusively intended to the purpose of each agreement. COPASA will withdraw the payments for the wastewater treatment services in 12 quarterly, consecutive installments, starting when the wastewater treatment plant is fully operational and at the beginning of the wastewater treatment plant certification, and withdrawals are contingent to the attainment of the targets agreed when the agreement was executed. Because these targets were only partially attained, the Company also recognizes these funds in noncurrent liabilities, as other obligations.
- (iii) Refers to investments in the company BRK Ambiental — Jeceaba S.A. (formerly Foz de Jeceaba), measured at fair value through other comprehensive income.
- (iv) Refers to the receivables from the concession authority under public utility concession arrangements that are entered into with the municipalities and in accordance with ICPC 01.

## Notes to the Quarterly Information

These amounts were discounted to their present value on initial recognition using the Weighted Average Cost of Capital (WACC).

(v) Refers basically to tariff transfer advances to the City of Montes Claros.

## 7. Investments

The table below presents the variations in investments in the subsidiary:

	<b>12/31/2018</b>	<b>Equity income(ii)</b>	<b>Capital increase (i)</b>	<b>Other</b>	<b>06/30/2019</b>
Investment					
COPANOR	104,597	-5,067	21,061	36	<b>120,627</b>
Other	260	-	-	-	<b>260</b>
<b>Total</b>	<b>104,857</b>	<b>-5,067</b>	<b>21,061</b>	<b>36</b>	<b>120,887</b>

	<b>12/31/2017</b>	<b>Equity income(ii)</b>	<b>Capital increase (i)</b>	<b>06/30/2018</b>
Investment				
COPANOR	62,027	-3,771	20,284	<b>78,540</b>
Other	260	-	-	<b>260</b>
<b>Total</b>	<b>62,287</b>	<b>-3,771</b>	<b>20,284</b>	<b>78,800</b>

(i) In the first half of 2019 the Parent co. company paid in BRL 21,061 (BRL 20,284 in the 1<sup>st</sup> half of 2019) at COPANOR, and these funds will allow the investments in the construction, expansion and maintenance of water supply and sewage treatment systems.

(ii) The share of profit (loss) of subsidiaries in subsidiaries was a negative BRL 5,067 (negative BRL 3,771 at June 30, 2018).

## 8. Contract Assets

	<b>Parent co. Company</b>				
	<b>Systems</b>			<b>Inventory for works</b>	<b>Total</b>
	<b>Water</b>	<b>Sewage collection</b>	<b>Common use</b>		
Balances at December 31, 2018 re-presented	<b>264,757</b>	<b>657,451</b>	<b>137,678</b>	<b>87,636</b>	<b>1,147,522</b>
Additions	63,507	101,153	52,575	10,956	228,191
Write-offs	-	-	-	(23)	(23)
Capitalized interest	5,756	19,487	2,124	-	27,367
Transfers to intangible assets	(67,659)	(56,141)	(19,173)	-	(142,973)
Transfers to property, plant and equipment	-	-	(2,441)	-	(2,441)
<b>Balances as of June 30, 2019</b>	<b>266,361</b>	<b>721,950</b>	<b>170,763</b>	<b>98,569</b>	<b>1,257,643</b>



## Notes to the Quarterly Information

	Consolidated				
	Systems			Inventory for works	Total
	Water	Sewage collection	Common use		
<b>Balances at December 31, 2018 re-presented</b>	<b>288,749</b>	<b>680,607</b>	<b>141,270</b>	<b>87,636</b>	<b>1,198,262</b>
Additions	69,223	111,813	52,586	13,605	247,227
Write-offs	-	-	-	(23)	(23)
Capitalized interest	5,756	19,487	2,124	-	27,367
Transfers to intangible assets	(70,027)	(61,678)	(21,287)	-	(152,992)
Transfers to property, plant and equipment	-	-	-2,441	-	(2,441)
Other	1,891	-	-	4,314	6,205
<b>Balances as of June 30, 2019</b>	<b>295,592</b>	<b>750,229</b>	<b>172,252</b>	<b>105,532</b>	<b>1,323,605</b>

The additions of BRL 247,227 in the 1<sup>st</sup> half of 2019 primarily consist of works implementing sewage treatment systems in the cities of Sabará, Coronel Fabriciano, Teófilo Otoni, Três Corações, Ubá, Cataguase, Contagem, Araçuaí and Divinópolis, and works expanding the water supply system in Montes Claros, by capturing water from the Rio Pacuí river.

Parent co. company Re-presented - not audited					
	System			Works inventory	Total
	Water	Sewage	Shared Use		
<b>Balances as of December 31, 2017</b>	-	-	-	-	-
Transfer of intangible assets	206,851	581,382	127,266	66,198	<b>981,697</b>
Additions	148,889	277,844	57,324	21,438	<b>505,495</b>
Write-offs	(2)	-	-	-	(2)
Capitalized interest	26,239	23,148	1,990	-	<b>51,377</b>
Transfers to intangible assets	(117,220)	(224,923)	(24,230)	-	<b>(366,373)</b>
Transfers to property, plant and equipment	-	-	(24,672)	-	<b>(24,672)</b>
<b>Balances as of December 31, 2018</b>	<b>264,757</b>	<b>657,451</b>	<b>137,678</b>	<b>87,636</b>	<b>1,147,522</b>

Consolidated - Re-presented - not audited					
	System			Works inventory	Total
	Water	Sewage	Shared Use		
<b>Balances as of December 31, 2017</b>	-	-	-	-	-
Transfer of intangible assets	218,239	607,824	127,266	66,198	<b>1,019,527</b>
Additions	170,265	295,857	60,916	21,438	<b>548,476</b>
Write-offs	(2)	-	-	-	(2)
Capitalized interest	26,239	23,148	1,990	-	<b>51,377</b>
Transfers to intangible assets	(125,991)	(246,222)	(24,230)	-	<b>(396,443)</b>
Transfers to property, plant and equipment	-	-	(24,672)	-	<b>(24,672)</b>
Other	(1)	-	-	-	(1)
<b>Balances as of December 31, 2018</b>	<b>288,749</b>	<b>680,607</b>	<b>141,270</b>	<b>87,636</b>	<b>1,198,262</b>

## Notes to the Quarterly Information

## 9. Intangible assets

(a) The balances break down as follows:

	Parent co. Company					
	6/30/2019			12/31/2018 - Re-presented		
	Cost	Accumulated amortization	Net intangible assets	Cost	Accumulated amortization	Net intangible assets
<b>In operation</b>						
Water mains	3,731,403	(2,175,119)	1,556,284	3,650,862	(2,112,262)	1,538,600
Sewage collection	5,223,973	(2,036,088)	3,187,885	5,085,721	(1,920,116)	3,165,605
Shared systems	824,887	(719,232)	105,655	801,217	(694,502)	106,715
Rights of use	491,620	(223,590)	268,030	481,040	(212,344)	268,696
Other intangible assets	120,308	(19,513)	100,795	126,475	(17,599)	108,876
<b>Total intangible assets</b>	<b>10,392,191</b>	<b>(5,173,542)</b>	<b>5,218,649</b>	<b>10,145,315</b>	<b>(4,956,823)</b>	<b>5,188,492</b>

  

	Consolidated					
	6/30/2019			12/31/2018 - Re-presented		
	Cost	Accumulated amortization	Net intangible assets	Cost	Accumulated amortization	Net intangible assets
<b>In operation</b>						
Water mains	3,744,846	(2,175,498)	1,569,348	3,660,400	(2,112,375)	1,548,025
Sewage collection	5,250,377	(2,036,679)	3,213,698	5,105,230	(1,920,219)	3,185,011
Shared systems	829,797	(719,679)	110,118	804,997	(694,654)	110,343
Rights of use	491,770	(223,620)	268,150	481,190	(212,359)	268,831
Other intangible assets	120,308	(19,513)	100,795	126,475	(17,599)	108,876
<b>Total intangible assets</b>	<b>10,437,098</b>	<b>(5,174,989)</b>	<b>5,262,109</b>	<b>10,178,292</b>	<b>(4,957,206)</b>	<b>5,221,086</b>

(b) The change in intangible assets is shown below:

	Parent co. Company					
	Systems			Rights of use	Other	Total
	Water	Sewage collection	Common use (1)			
<b>Balances at December 31, 2018 re-presented</b>	<b>1,538,600</b>	<b>3,165,605</b>	<b>106,715</b>	<b>268,696</b>	<b>108,876</b>	<b>5,188,492</b>
Additions	9,916	25,496	16,486	9,464	2,288	63,65
Write-offs	(739)	(25)	-	-	(104)	(868)
Amortization	(65,415)	(116,980)	(25,106)	(11,245)	(2,391)	(221,137)
Transfers from financial assets (2)	2,287	44,562	(116)	215	(4,636)	42,312
Transfer between intangible assets and property, plant and equipment	238	9,636	238	350	(10,875)	(413)
Transfers from contract assets	69,27	58,540	7,34	529	7,294	142,973
Amortization adjustment due to renewal of concessions (3)	2,127	1,051	98	21	343	3,64
<b>Balances as of June 30, 2019</b>	<b>1,556,284</b>	<b>3,187,885</b>	<b>105,655</b>	<b>268,030</b>	<b>100,795</b>	<b>5,218,649</b>

(1) Considering that the shared systems have a specific useful life rates, these assets started to be tracked in a specific group called 'shared systems'.

(2) The transfers of the financial asset refer basically to the incorporation of works completed in the period and adjustment to the advance acquisition of sewage systems in São João Nepomuceno, whose concession ended in 2047.

(3) Refers to amortization adjustments arising from the changes or renewals of concessions.

The Parent co. Company's amortization in the 1<sup>st</sup> half of 2019 as allocated to profit or loss was BRL 221,137, with BRL 217,558 as the cost of services, BRL 229 as selling expenses and BRL 3,350 as administrative expenses (BRL 217,476 in the 1<sup>st</sup> half of 2018, with BRL 213,312, BRL 108 and BRL 4,056 respectively).

## Notes to the Quarterly Information

	Consolidated					
	Systems			Rights of use	Other	Total
	Water	Sewage collection	Common use (1)			
<b>Balances at December 31, 2018 re-presented</b>	<b>1,548,025</b>	<b>3,185,011</b>	<b>110,343</b>	<b>268,831</b>	<b>108,876</b>	<b>5,221,086</b>
Additions	11,544	26,203	17,358	9,464	2,288	66,857
Write-offs	(739)	(25)	-	-	(104)	(868)
Amortization	(65,670)	(117,411)	(25,454)	(11,260)	(2,391)	(222,186)
Transfers from financial assets (2)	2,495	43,922	(116)	215	(4,636)	41,880
Transfer between intangible assets and property, plant and equipment	238	9,636	238	350	(10,875)	(413)
Transfers from contract assets	71,951	65,567	7,651	529	7,294	152,992
Amortization adjustment due to renewal of concessions (3)	2,127	1,051	98	21	343	3,64
Other	(623)	(256)	-	-	-	(879)
<b>Balances as of June 30, 2019</b>	<b>1,569,348</b>	<b>3,213,698</b>	<b>110,118</b>	<b>268,150</b>	<b>100,795</b>	<b>5,262,109</b>

(1) Considering that the shared systems have a specific useful life rates, these assets started to be tracked in a specific group called 'shared systems'.

(2) The transfers of the financial asset refer basically to the incorporation of works completed in the period and adjustment to the advance acquisition of sewage systems in São João Nepomuceno, whose concession ended in 2047.

(3) Refers to amortization adjustments arising from the changes or renewals of concessions.

The Consolidated amortization in the 1<sup>st</sup> half of 2019 as allocated to profit or loss was BRL 222,186, with BRL 218,592 as the cost of services, BRL 229 as selling expenses and BRL 3,365 as administrative expenses (BRL 217,476 in the 1<sup>st</sup> half of 2018, with BRL 213,312, BRL 108 and BRL 4,056 respectively).

Parent co. company - Re-presented							
	Systems			Rights	Other	In formation	Total
	Water	Sewage collection	Common use (1)				
<b>Balances at December 31, 2017</b>	<b>1,512,784</b>	<b>3,121,869</b>	<b>119,542</b>	<b>269,505</b>	<b>92,008</b>	<b>981,697</b>	<b>6,097,405</b>
Transfers to contract assets	-	-	-	-	-	(981,697)	(981,697)
Additions	25,688	58,206	14,805	21,216	7,643	-	127,558
Write-offs	(2,072)	(46)	(125)	-	(26)	-	(2,269)
Amortization	(128,242)	(226,813)	(56,423)	(22,679)	(3,466)	-	(437,623)
Transfers from financial asset (2)	13,147	(32,800)	428	108	5,943	-	(13,174)
Transfer between intangible assets and property, plant and equipment	4,585	106	367	362	(2,198)	-	3,222
Transfers	103,614	226,848	27,990	11	7,910	-	366,373
Amortization adjustment due to renewal of concessions (3)	9,096	18,235	131	173	1,062	-	28,697
<b>Balances as of December 31, 2018</b>	<b>1,538,600</b>	<b>3,165,605</b>	<b>106,715</b>	<b>268,696</b>	<b>108,876</b>	<b>-</b>	<b>5,188,492</b>

(1) Considering that the shared systems have a specific useful life rates, these assets started to be tracked in a specific group called 'shared systems'.

(2) The transfers of the financial asset refer basically to the renewal of the concession for Ubá, Montes Claros and the addition of the construction works finished during the year.

(3) Refers to amortization adjustments arising from the changes or renewals of concessions.

## Notes to the Quarterly Information

### Consolidated - Re-presented

	Systems			Rights	Other	In formation	Total
	Water	Sewage collection	Common use <sup>(1)</sup>				
<b>Balances at December 31, 2017</b>	<b>1,512,784</b>	<b>3,121,869</b>	<b>119,542</b>	<b>269,505</b>	<b>92,008</b>	<b>1,019,527</b>	<b>6,135,235</b>
Transfer to contract assets	-	-	-	-	-	(1,019,527)	(1,019,527)
Additions	27,321	58,970	15,166	21,366	7,643	-	130,466
Write-offs	(2,072)	(46)	(125)	-	(26)	-	(2,269)
Amortization	(128,356)	(226,915)	(56,576)	(22,694)	(3,466)	-	(438,007)
Transfers from financial assets <sup>(2)</sup>	13,147	(32,800)	428	108	5,943	-	(13,174)
Transfer between intangible assets and property, plant and equipment	4,585	106	367	362	-2,198	-	3,222
Transfers to property, plant and equipment	111,519	245,593	31,409	11	7,911	-	396,443
Amortization adjustment due to renewal of concessions <sup>(3)</sup>	9,097	18,234	132	173	1,061	-	28,697
<b>Balances at December 31, 2018</b>	<b>1,548,025</b>	<b>3,185,011</b>	<b>110,343</b>	<b>268,831</b>	<b>108,876</b>	<b>-</b>	<b>5,221,086</b>

<sup>(1)</sup> Considering that the shared systems have a specific useful life rates, these assets started to be tracked in a specific group called 'shared systems'.

<sup>(2)</sup> The transfers of the financial asset refer basically to the renewal of the concession for Ubá, Montes Claros and the addition of the construction works finished during the year.

<sup>(3)</sup> Refers to amortization adjustments arising from the changes or renewals of concessions.

The average amortization rate, Parent co. Company and Consolidated, was 5.2% in the 1<sup>st</sup> half of 2019 (5.5% in the 1<sup>st</sup> half of 2019).

## 10. Property, plant and equipment

	Parent co. company						
	06/30/2019				12/31/2018		
	Average rate	Cost	Accumulated depreciation	Net property, plant and equipment	Cost	Accumulated depreciation	Net property, plant and equipment
In operation							
Plant and equipment	16.77%	544,562	(481,525)	63,037	534,814	(465,780)	69,034
Vehicles	20.0%	82,910	(74,572)	8,338	79,087	(78,163)	924
Other	9.72%	35,837	(3,940)	31,897	35,831	(3,883)	31,948
		663,309	(560,037)	103,272	649,732	(547,826)	101,906
Land and buildings	4.47%	3,292,883	(1,766,765)	1,526,118	3,291,751	(1,718,628)	1,573,123
Total in operation		3,956,192	(2,326,802)	1,629,390	3,941,483	(2,266,454)	1,675,029
Total property, plant and		3,956,192	(2,326,802)	1,629,390	3,941,483	(2,266,454)	1,675,029

	Consolidated						
	06/30/2019				12/31/2018		
	Average rate	Cost	Accumulated depreciation	Net property, plant and equipment	Cost	Accumulated depreciation	Net property, plant and equipment
In operation							
Plant and equipment	16.77%	545,180	(481,615)	63,565	535,352	(465,816)	69,536
Vehicles	20.0%	82,923	(74,575)	8,348	79,100	(78,165)	935
Other	9.72%	35,839	(3,940)	31,899	35,832	(3,883)	31,949
		663,942	(560,130)	103,812	650,284	(547,864)	102,420
Land and buildings	4.47%	3,292,883	(1,766,765)	1,526,118	3,291,751	(1,718,628)	1,573,123
Total in operation		3,956,825	(2,326,895)	1,629,930	3,942,035	(2,266,492)	1,675,543
Total property, plant and		3,956,825	(2,326,895)	1,629,930	3,942,035	(2,266,492)	1,675,543

## Notes to the Quarterly Information

The change in property, plant and equipment is shown below:

	Parent co. Company				
	Plant and equipment	Vehicles	Other	Land and buildings	Total
<b>Balances as of December 31, 2018</b>	<b>69,034</b>	<b>924</b>	<b>31,948</b>	<b>1,573,123</b>	<b>1,675,029</b>
Additions	8,728	8,192	-	-	16,920
Write-offs	(2)	(18)	-	-	(20)
Depreciation	(16,710)	(785)	(1)	(47,639)	(65,135)
Transfers from contract assets	2,072	24	6	339	2,441
Transfer of intangible assets	(29)	-	-	442	413
Other	(56)	1	(56)	(147)	(258)
<b>Balances as of June 30, 2019</b>	<b>63,037</b>	<b>8,338</b>	<b>31,897</b>	<b>1,526,118</b>	<b>1,629,390</b>

	Consolidated				
	Plant and equipment	Vehicles	Other	Land and buildings	Total
<b>Balances as of December 31, 2018</b>	<b>69,536</b>	<b>935</b>	<b>31,949</b>	<b>1,573,123</b>	<b>1,675,543</b>
Additions	8,809	8,192	-	-	17,001
Write-offs	(2)	(18)	-	-	(20)
Depreciation	(16,765)	(786)	(1)	(47,639)	(65,191)
Transfers from contract assets	2,072	24	6	339	2,441
Transfer of intangible assets	(29)	-	-	442	413
Other	(56)	1	(55)	(147)	(257)
<b>Balances as of June 30, 2019</b>	<b>63,565</b>	<b>8,348</b>	<b>31,899</b>	<b>1,526,118</b>	<b>1,629,930</b>

The depreciation in the 1<sup>st</sup> half of 2019 as allocated to profit or loss was BRL 65,135, with BRL 58,895 as the cost of services, BRL 1,420 as selling expenses and BRL 4,820 as administrative expenses (BRL 65,584, with BRL 59,981, BRL 1,944, BRL 3,659 respectively in the 1<sup>st</sup> half of 2018).

The Consolidated depreciation in the 1<sup>st</sup> half of 2019 as allocated to profit or loss was BRL 65,191, with BRL 58,950 as the cost of services, BRL 1,421 as selling expenses and BRL 4,820 as expenses (BRL 65,584, with BRL 59,981, BRL 1,944 and BRL 3,659, respectively the 1<sup>st</sup> half of 2018).

	Parent co. Company				
	Plant and equipment	Vehicles	Other	Land and buildings	Total
<b>Balances as of December 31, 2017</b>	<b>80,438</b>	<b>3,595</b>	<b>31,175</b>	<b>1,654,333</b>	<b>1,769,541</b>
Additions	14,439	9	128	68	14,644
Write-offs	(109)	(451)	-	(28)	(588)
Depreciation	(32,084)	(2,813)	(415)	(95,053)	(130,365)
Transfer between intangible assets and property, plant and equipment	76	(8)	(116)	(3,160)	(3,208)
Transfers from contract assets	6,300	593	-	17,765	24,658
Other	(26)	(1)	1,176	(802)	347
<b>Balances as of December 31, 2018</b>	<b>69,034</b>	<b>924</b>	<b>31,948</b>	<b>1,573,123</b>	<b>1,675,029</b>

## Notes to the Quarterly Information

	Consolidated				
	Plant and equipment	Vehicles	Other	Land and buildings	Total
<b>Balances as of December 31, 2017</b>	<b>80,438</b>	<b>3,595</b>	<b>31,175</b>	<b>1,654,333</b>	<b>1,769,541</b>
Additions	14,977	22	128	68	15,195
Write-offs	(109)	(451)	-	(28)	(588)
Depreciation	(32,121)	(2,813)	(415)	(95,053)	(130,402)
Transfer between intangible assets and property, plant and equipment	76	(8)	(116)	(3,160)	(3,208)
Transfers from contract assets	6,300	593	-	17,765	24,658
Other	(25)	(3)	1,177	(802)	347
<b>Balances as of December 31, 2018</b>	<b>69,536</b>	<b>935</b>	<b>31,949</b>	<b>1,573,123</b>	<b>1,675,543</b>

### (a) Public-Private Partnership (PPP) - Manso River Sourcing System

COPASA and BRK Ambiental — Manso S.A. (formerly Odebrecht Ambiental - Manso S.A.), a special-purpose entity (SPE), formalized a Public-Private Partnership agreement in the form of an Administrative Concession, to expand the capacity of the Rio Manso Water Sourcing System, in the metropolitan region of Belo Horizonte, and the provision of services through this system.

During the construction works, the Company recognized the intangible asset according to the percentage-of-completion of construction and as a contra entry to a related liability, due to the PPP agreement. The inflation adjustment expenses were capitalized in intangible assets up to the beginning of operations on December 21, 2015.

After the Minas Gerais State Audit Court had issued its Final Opinion on June 30, 2017 and in accordance with ARSAE Normative Resolution 72/2015, we began transferring the assets of the shared water supply and sewage treatment systems from intangible assets to property, plant and equipment, as they were considered assets of the Company and no longer comprised intangible assets.

The consideration due to the special-purpose entity (SPE) started to be paid in January 2016. The amortized amount in the 1<sup>st</sup> half of 2019 was BRL 34,839 (BRL 37,078 in the 1<sup>st</sup> half of 2018) and the expenses incurred under the agreement were accounted for as follows: BRL 39,324 (BRL 38,720 in the 1<sup>st</sup> half of 2018) as systems maintenance expenses (OPEX) and BRL 4,224 (BRL 12,751 in the 1<sup>st</sup> half of 2018) as finance costs recognized in profit or loss according to the contractual the inflation adjustment period.

The contractual index used to adjust the recognized liability is being applied annually in April and proportionately allocated throughout the subsequent twelve months.

	6/30/2019	12/31/2018
<b>At January 01</b>	<b>414,870</b>	<b>466,628</b>
Restatement	7,140	15,998
Amortization	(34,839)	(67,756)
<b>June 30</b>	<b>387,171</b>	<b>414,870</b>
<b>Current liabilities</b>	<b>67,619</b>	<b>64,384</b>
<b>Noncurrent liabilities</b>	<b>319,552</b>	<b>350,487</b>

## Notes to the Quarterly Information

### 11. Leases

#### (a) Lease rights of use (Assets)

	Parent co. Company			Consolidated		
	Properties	Vehicles	Total	Properties	Vehicles	Total
<b>Initial adoption at January 1, 2019</b>	<b>7,236</b>	<b>31,186</b>	<b>38,422</b>	<b>7,236</b>	<b>31,186</b>	<b>38,422</b>
Additions	1,304	24,069	25,373	1,342	24,069	25,411
Remeasurements	(429)	(2)	(431)	(429)	(2)	(431)
Amortization	(1,479)	(5,753)	(7,232)	(1,496)	(5,753)	(7,249)
<b>Balances as of June 30, 2019</b>	<b>6,632</b>	<b>49,500</b>	<b>56,132</b>	<b>6,653</b>	<b>49,500</b>	<b>56,153</b>

#### (b) Lease rights of use (Liabilities)

	Parent co. Company			Consolidated		
	Properties	Vehicles	Total	Propertie	Vehicles	Total
<b>Initial adoption on January 01, 2019</b>	<b>7,236</b>	<b>31,186</b>	<b>38,422</b>	<b>7,236</b>	<b>31,186</b>	<b>38,422</b>
Additions	1,304	24,070	25,374	1,342	24,070	25,412
Remeasurements	(429)	(2)	(431)	(429)	(2)	(431)
Lease Payment	(1,588)	(6,392)	(7,980)	(1,606)	(6,392)	(7,998)
Interest	238	1,118	1,356	239	1,118	1,357
<b>Balances at June 30 2019</b>	<b>6,761</b>	<b>49,980</b>	<b>56,741</b>	<b>6,782</b>	<b>49,980</b>	<b>56,762</b>
<b>Current liabilities</b>	<b>2,905</b>	<b>26,644</b>	<b>29,549</b>	<b>2,926</b>	<b>26,644</b>	<b>29,570</b>
<b>Non-current liabilities</b>	<b>3,856</b>	<b>23,336</b>	<b>27,192</b>	<b>3,856</b>	<b>23,336</b>	<b>27,192</b>

The discount rate used to measure the total present value of future rent payments is 6.8% p.a. and the average term of lease agreements is 34 months.

#### (c) Lease expenses

Class of asset	Parent co. company			Consolidated		
	Low value Leases	Short-term Leases	Total	Low value Leases	Short-term Leases	Total
Plant and equipment	2,079	-	<b>2,079</b>	2,079	-	<b>2,079</b>
Reprographic and IT Equipment	248	-	<b>248</b>	252	-	<b>252</b>
Properties	-	677	<b>677</b>	-	695	<b>695</b>
Vehicles	-	14,672	<b>14,672</b>	-	14,672	<b>14,672</b>
<b>Total</b>	<b>2,327</b>	<b>15,349</b>	<b>17,676</b>	<b>2,331</b>	<b>15,367</b>	<b>17,698</b>

### 12. Other liabilities

	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Taxes, contributions and social obligations(i)	80,499	71,699	80,961	72,237
Financing of taxes (ii)	53,491	90,960	53,491	90,960
Deposit for construction works (iii)	80,327	81,943	80,327	81,943
Miscellaneous obligations	43,170	29,748	43,601	29,912
<b>Total</b>	<b>257,487</b>	<b>274,350</b>	<b>258,380</b>	<b>275,052</b>
<b>Non-current liabilities</b>	<b>87,186</b>	<b>98,430</b>	<b>87,186</b>	<b>98,430</b>
<b>Current liabilities</b>	<b>170,301</b>	<b>175,920</b>	<b>171,194</b>	<b>176,622</b>

## Notes to the Quarterly Information

	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Deposits for works	80,327	81,943	80,327	81,943
Other	6,859	3,493	6,859	3,493
Financing of taxes	-	12,994	-	12,994
<b>Non-current liabilities</b>	<b>87,186</b>	<b>98,430</b>	<b>87,186</b>	<b>98,430</b>
Tax liabilities	80,499	71,699	80,961	72,237
Miscellaneous obligations	36,311	26,255	36,742	26,419
Financing of taxes	53,491	77,966	53,491	77,966
<b>Current liabilities</b>	<b>170,301</b>	<b>175,920</b>	<b>171,194</b>	<b>176,622</b>

(i) The taxes, fees, contributions, and payroll taxes are broken down as follows:

	Parent co. company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
INSS	22,478	23,622	22,818	24,003
COFINS	23,273	20,838	23,358	20,871
PIS	5,018	4,497	5,036	4,504
Income Tax and Social	23,257	13,618	23,264	13,639
Government Severance	2,780	4,764	2,836	4,857
Other	3,693	4,360	3,649	4,363
<b>Current liabilities</b>	<b>80,499</b>	<b>71,699</b>	<b>80,961</b>	<b>72,237</b>

(ii) Refers to the payment in installments of Service Tax (ISSQN) debts to City of Belo Horizonte, as described in note 23 to the Company's financial statements for the financial year ended December 31, 2018.

(iii) Refers to National Water Agency (ANA) funds, granted under the Water Basin Depollution Program - PRODES.

## 13. Loans, financing and debentures

Borrowings, financing and debentures mature up to 2041 and have average coupons of 6.99% per year for the Parent co. and consolidated statements (6.98% per year in December 2018 for the Parent co. and consolidated statements).

### (a) Loans and borrowings

The Company's foreign-currency loans amount to BRL 315,195 at June 30, 2019, of which BRL 97,105 is denominated in US dollars and BRL 218,090 in Euros (BRL 344,735, with BRL 97,948 in US dollars and BRL 246,787 in Euros as at December 31, 2018).

Changes in loans and borrowings are as follows:

	Parent co. company / Consolidated		
	6/30/2019	12/31/2018	6/30/2018
<b>Opening balance</b>	<b>1,398,177</b>	<b>1,407,258</b>	<b>1,407,258</b>
Inflows of loans and financing	22,784	129,259	65,667
Charges provisioned for	42,826	86,855	44,362
Monetary and exchange variance	(4,486)	45,236	47,692
Amortization of charges	(42,993)	(86,885)	(44,346)
Amortization of principal	(84,735)	(183,546)	(83,190)
<b>Closing balance</b>	<b>1,331,573</b>	<b>1,398,177</b>	<b>1,437,443</b>
<b>Current Liabilities</b>	<b>172,227</b>	<b>173,736</b>	<b>172,812</b>
<b>Noncurrent Liabilities</b>	<b>1,159,346</b>	<b>1,224,441</b>	<b>1,264,631</b>



## Notes to the Quarterly Information

Parent co. company / Consolidated						
In local currency	Currency	Interest rate nominal p.a	Monetary	Year of maturity	gross amount	gross amount
					6/30/2019	12/31/2018
Caixa Econômica						
Federal	BRL	7.71%	TR	3/16/2039	658,998	649,397
BNDES - BNE	BRL	1.70%	TJLP	5/15/2025	299,092	337,476
Finame	BRL	3.15%		1/15/2025	58,288	66,569
					<b>1,016,378</b>	<b>1,053,442</b>
In foreign currency	Currency	Nominal inter. rate p.a	Monetary Restatement	Year of maturity	gross amount	gross amount
Bank of New York	USD	4.27%	USD	4/10/2024	97,105	97,948
KfW	EURO	2.07%	EURO	12/20/2023	218,090	246,787
					<b>315,195</b>	<b>344,735</b>
<b>Loans and financing</b>					<b>1,331,573</b>	<b>1,398,177</b>

### (b) Debentures

The offering of the 12<sup>th</sup> issue of Debentures for Public Distribution, under the Indenture executed on December 20, 2017, was completed on February 15, 2018 with the issue of the Closing Notice and the transaction was settled on February 8, 2018. This transaction corresponds to the issue of nonconvertible unsecured debentures, totaling BRL 268,000, divided into two series, with principal restated using the Broad Consumer Price Index (IPCA), of which BRL 187,385 in debentures, with issue par value of BRL 1, issued in the first series, with a six-year maturity, including a 3-year grace period at a rate of 5.0642% per year; and BRL 80,615 in debentures, with issue par value of BRL 1, issued in the second series, with an 8-year maturity, including a 4-year grace period at a rate of 5.2737% per year, under Brazilian Securities Commission (CVM) Directive CVM 400 and entitled to tax incentives, pursuant to Federal Law 12431/2011. The proceeds from this transaction are being fully, solely and exclusively used to expand/build the sewage systems of the municipalities of Sabará and Divinópolis, including the treatment of wastewater.

The offering of the 13<sup>th</sup> issue of Debentures for Public Distribution, under the Indenture executed on July 26, 2018, was completed on June 28, 2018 with its Financial Settlement. This transaction corresponds to the issue of simple, nonconvertible unsecured debentures, pursuant to Brazilian Corporation Law, in three series, according to a bookbuilding procedure, where the number of debentures allocated to each series was defined during the bookbuilding procedure conducted on July 20, 2018, under the following terms and conditions: (i) First Series: volume of 92,600 debentures, bearing interest equivalent to 106.9% of CDI (interbank deposit certificate rate), with a three-year maturity and a three-year grace period; (ii) Second Series: volume of 540,000 debentures, bearing interest equivalent to 110.0% of CDI, with a five-year maturity and a three-year grace period; (iii) Third Series: volume of 67,400 debentures, bearing interest of 6.5010% + IPCA p.a., with a seven-year maturity and a four-year grace period, totaling 700,000 (seven hundred thousand) debentures, with par value of BRL 1, totaling BRL 700,000. The proceeds of this issue are being used in the early redemption of the entire 9<sup>th</sup> and 10<sup>th</sup> issues of debentures and the partial implementation of the Company's investment program.

The offering of the 14<sup>th</sup> issue of Debentures for Public Distribution, under the Indenture amended on June 26, 2019, was completed on June 24, 2019 with its Financial Settlement. This transaction consists of the issuance of simple, nonconvertible unsecured debentures of the Company, pursuant to Law 6385 (December 7, 1976), as amended, CVM Directive 476 (January 19, 2009) and Brazilian Corporation Law. The issuance was made on June 15, 2019 in two series, in a system of communicating vessels, where the number of debentures allocated to each series was defined during the bookbuilding procedure conducted on June 24, 2019, under the following terms and conditions: (i) First Series: volume of 56,500 debentures, bearing interest equivalent to 106.15% of the CDI rate p.a. (interbank deposit certificate rate), with a five-year maturity and a two-year grace period; (ii) Second Series: volume of 142,500 debentures, bearing interest at the IPCA price index + 4.3% p.a., with a seven-year maturity and a three-year grace period amounting to 199,000 (one hundred ninety-nine thousand) debentures with a par value of BRL 1, totaling BRL 199,000.

## Notes to the Quarterly Information

Changes in debentures are as follows:

	Parent co. company / Consolidated		
	6/30/2019	12/31/2018	6/30/2018
<b>Opening balance</b>	<b>2,143,891</b>	<b>1,728,841</b>	<b>1,728,841</b>
Proceeds from debentures	259,026	1,077,853	268,000
Charges provisioned for	71,196	144,199	67,712
Monetary variance	17,313	27,979	11,592
Amortization of charges	(72,220)	(127,671)	(64,092)
Amortization of principal	(284,833)	(699,996)	(221,706)
Borrowing Costs	(1,480)	(8,363)	(5,920)
Amortization of funding cost	725	1,049	364
<b>Closing balance</b>	<b>2,133,618</b>	<b>2,143,891</b>	<b>1,784,791</b>
<b>Current liabilities</b>	<b>244,911</b>	<b>441,996</b>	<b>568,199</b>
<b>Non-current liabilities</b>	<b>1,888,707</b>	<b>1,701,895</b>	<b>1,216,592</b>

	Parent co. company / Consolidated					
	Currency	Nominal interest rate p.a.	Monetary Restatement	Year of maturity	gross amount	gross amount
					6/30/2019	12/31/2018
1 <sup>st</sup> to 6 <sup>th</sup>	BRL	2.30%	TJLP	12/16/2019	8,260	16,473
7 <sup>th</sup>	BRL	2.30%	TJLP	12/16/2019	1,376	2,746
8 <sup>th</sup>	BRL	2.30%	TJLP	12/16/2019	4,130	8,237
9 <sup>th</sup> to 11 <sup>th</sup>	BRL	2.30%	TJLP	12/16/2019	4,130	8,237
12 <sup>th</sup> to 14 <sup>th</sup>	BRL	2.30%	TJLP	12/16/2019	1,377	2,746
15 <sup>th</sup> to 17 <sup>th</sup>	BRL	2.30%	TJLP	12/16/2019	4,130	8,237
18 <sup>th</sup>	BRL	2.30%	TJLP	12/16/2019	1,377	2,746
<b>Total 3<sup>rd</sup> issuance</b>					<b>24,780</b>	<b>49,422</b>
4 <sup>th</sup> Subscription issue						
1	BRL	1.55%	TJLP	7/15/2022	79,334	91,944
2	BRL	9.05%	IPCA	8/15/2022	178,132	166,877
3	BRL	1.55%	TJLP	7/15/2022	105,038	121,733
<b>Total 4<sup>th</sup> issuance</b>					<b>362,504</b>	<b>380,554</b>
5 <sup>th</sup> Subscription Single issuance	BRL	9.00%	TR	9/1/2031	215,146	224,002
<b>Total 5<sup>th</sup> issuance</b>					<b>215,146</b>	<b>224,002</b>
6 <sup>th</sup> Subscription issue						
1	-	-	-	-	-	-
2	BRL	6.02%	IPCA	2/15/2019	-	51,935
<b>Total 6<sup>th</sup> issuance</b>					<b>-</b>	<b>51,935</b>
7 <sup>th</sup> Subscription issue						
1	BRL	108.5% of DI		4/15/2019	-	131,818
2	BRL	7.39%	IPCA	4/15/2021	65,756	99,007
<b>Total 7<sup>th</sup> issuance</b>					<b>65,756</b>	<b>230,825</b>

## Notes to the Quarterly Information

Parent co. company / Consolidated						
	Currency	Nominal interest rate p.a.	Monetary Restatement	Year of maturity	gross amount	gross amount
					6/30/2019	12/31/2018
8 <sup>th</sup> Subscription 1 <sup>st</sup> issuance	BRL	1.87%	TJLP	6/15/2028	63,694	67,040
2 <sup>nd</sup>	BRL	8.18%	IPCA	6/15/2028	30,328	31,374
<b>Total 8<sup>th</sup> issuance</b>					<b>94,022</b>	<b>98,414</b>
11 <sup>th</sup> Subscription 1 <sup>st</sup> issuance	BRL	2.62%	TJLP	1/15/2031	114,309	76,448
2 <sup>nd</sup>	BRL	8.85%	IPCA	1/15/2031	52,403	35,398
<b>Total 11<sup>th</sup> issuance</b>		-		-	<b>166,712</b>	<b>111,846</b>
12 <sup>th</sup> Subscription 1 <sup>st</sup> issuance	BRL	5.06%	IPCA	1/15/2024	202,581	197,964
2 <sup>nd</sup>	BRL	5.27%	IPCA	1/15/2026	87,230	85,244
<b>Total 12<sup>th</sup> issuance</b>					<b>289,811</b>	<b>283,208</b>
13 <sup>th</sup> Subscription 1 <sup>st</sup> issuance	BRL	106.9% of DI		7/15/2021	95,395	95,243
2 <sup>nd</sup>	BRL	110.0% of DI		7/15/2023	556,779	555,864
3 <sup>rd</sup>	BRL	6.50%	IPCA	7/15/2025	71,655	69,892
<b>Total 13<sup>th</sup> issuance</b>					<b>723,829</b>	<b>720,999</b>
1 <sup>st</sup>	BRL	106.15% of DI		6/15/2024	56,500	-
2 <sup>nd</sup>	BRL	4.30%	IPCA	6/15/2026	142,627	-
<b>Total 14<sup>th</sup> issuance</b>					<b>199,127</b>	<b>-</b>
<b>Total debentures</b>					<b>2,141,687</b>	<b>2,151,205</b>
Borrowing Costs					(8,069)	(7,314)
<b>Total</b>					<b>2,133,618</b>	<b>2,143,891</b>

### (c) Fair value

The carrying amounts and the fair values of borrowing, financing and debentures are disclosed in note 19.2.

### (d) Covenants

The Company has borrowings, financing and debentures that require the compliance with restrictive covenants based on certain financial ratios, with different result calculation periods, as specified in the related agreements. Some agreements prescribed that in case of noncompliance with these ratios, the Company must provide additional collaterals to the creditor or comply with contractual financial ratios within a given period. Finally, if a temporary compliance waiver for these ratios is not obtained, the creditor may trigger early debt maturity.

In order to minimize the risk of noncompliance with such covenants, on a quarterly basis the Company's Management checks such ratios, considering the ratio calculation formulas specified in each agreement and complies with the established deadlines to report such compliance to the financial institutions, and any possible cross-default events by seeking to present additional collaterals, whenever possible, or renegotiate existing contractual conditions, and closely monitoring the obligations.

In the 1<sup>st</sup> half of 2019 the Company was compliant with the requirements provided for by the borrowings, financing, and debenture agreements.

## Notes to the Quarterly Information

### (i) Quarterly calculation with 12-month cumulative data - covenants in agreements with the BNDES:

<u>Index</u>	<u>Limit</u>	<u>Range</u>
EBITDA / adjusted financial expenses	Equal to or greater than 3.8	Equal to or greater than 3.0
Adjusted net debt / EBITDA	Equal to or less than 3.0	Equal to or less than 3.8
Other onerous debt / EBITDA	Equal to or less than 1.0	Equal to or less than 1.3

### (ii) Semiannual calculation (June and December) with cumulative 12-month data - Covenants in FGTS syndicated agreements:

<u>Index</u>	<u>Limit</u>
Total liabilities / equity	Equal to or smaller than 1.0
EBITDA / debt service	Equal to or greater than 1.5
Water and sewage connections / number of employees (not reviewed)	Greater than 350

### (iii) Annual calculation using cumulative data for the year iii-

#### a) Covenants of the 5<sup>th</sup> debentures issuance (Caixa FI):

<u>Index</u>	<u>Limit</u>
Total liabilities / equity	Equal to or smaller than 1.0
EBITDA / debt service	Equal to or greater than 1.5
Net debt / equity	Equal to or lower than 1.0;
Net debt / EBITDA	Equal to or lower than 3.0;
EBITDA / adjusted net operating revenue	Equal to or greater than 36%

#### iii-b) Covenants in agreements with KfW:

<u>Index</u>	<u>Limit</u>
Total liabilities / equity	Equal to or smaller than 1.0
EBITDA / debt service	Equal to or greater than 1.5

#### iii-c) Covenants of the 6<sup>th</sup> and 7<sup>th</sup> issues of debentures (public):

<u>Index</u>	<u>Limit</u>
Net debt / EBITDA	Equal to or lower than 3.0;
EBITDA / debt service	Equal to or greater than 1.5

#### iii-d) Covenants of the 12<sup>th</sup> and 13<sup>th</sup> issues of debentures (public):

<u>Index</u>	<u>Limit</u>
Net debt / EBITDA	Equal to or lower than 4.0;
EBITDA / debt service	Equal to or greater than 1.2

The Company has monetary pledges, as cited in Note 06(b)(i), in addition to a statutory lien on receivables, as per Note 21.1(c). Both guarantees occur within the term or grace period of the contracted debts.

In addition to the financial guarantees submitted to creditors under its debts, the Company has been performing specific and particular non-financial obligations for each contract.

## Notes to the Quarterly Information

### 14. Provision for Legal Claims

#### (a) Provisioned for legal claims

The breakdown of the provision for legal claims is as follows:

	Parent co. Company					
	6/30/2019			12/31/2018		
	Contin-gencies	Judicial deposits	Net balance	Contin-gências	Judicial deposits	Net balance
Civil	66,086	(14,524)	51,562	39,644	(11,551)	28,093
Labor	66,947	(10,092)	56,855	59,098	(9,709)	49,389
Tax	12,418	(2,935)	9,483	1,558	(2,649)	(1,091)
Environmental	54,073	-	54,073	53,619	-	53,619
<b>Total</b>	<b>199,524</b>	<b>(27,551)</b>	<b>171,973</b>	<b>153,919</b>	<b>(23,909)</b>	<b>130,010</b>

  

	Consolidated					
	6/30/2019			12/31/2018		
	Contin-gencies	Judicial deposits	Net balance	Contin-gências	Judicial deposits	Net balance
Civil	66,495	(14,652)	51,843	40,003	(11,870)	28,133
Labor	67,108	(10,127)	56,981	59,159	(9,745)	49,414
Tax	12,418	(2,935)	9,483	1,558	(2,649)	(1,091)
Environmental	54,073	-	54,073	53,619	-	53,619
<b>Total</b>	<b>200,094</b>	<b>(27,714)</b>	<b>172,380</b>	<b>154,339</b>	<b>(24,264)</b>	<b>130,075</b>

The changes in the provision for legal claims are as follows:

	Parent co. Company	Consolidated
<b>Balance as at December 31, 2018, before the offset against judicial deposits</b>	<b>153,919</b>	<b>154,339</b>
Additions	48,046	48,213
Restatements	3,474	3,487
Reversals	(5,915)	(5,945)
<b>Total provisions</b>	<b>199,524</b>	<b>200,094</b>
Offset against escrow deposits	(27,551)	(27,714)
<b>Balance at June 30, 2019</b>	<b>171,973</b>	<b>172,380</b>

The additions and reversals reflect the addition of new cases and the reassessment of the likelihood of loss in lawsuits made in the Contingency Forum for the review and validation of the risks evidenced by the legal department in the proceedings against the Company, based on jurisprudence or prior court rulings. The adjustments refer to the adjustment of the provision for inflation.

Material judicial proceedings were initiated in the period, in particular the civil provision in item 1 and for the tax provision, cited below. The reversals were dispersed with individually significant values.

	Parent co. Company	Consolidated
<b>Balance as at December 31, 2017, before the offset against judicial deposits</b>	<b>150,882</b>	<b>151,242</b>
Additions	36,013	36,152
Restatements	7,568	7,587
Reversals	(40,544)	(40,642)
<b>Total provisions</b>	<b>153,919</b>	<b>154,339</b>
Offset against escrow deposits	(23,909)	(24,264)
<b>Balance as of December 31, 2018</b>	<b>130,010</b>	<b>130,075</b>

## Notes to the Quarterly Information

The Company is a party to several lawsuits arising in the normal course of business and the quantity and value of these lawsuits are very diluted. The main lawsuits are listed below:

### (i) Provisions for civil contingencies

The provisions for civil contingencies refer to lawsuits claiming compensation for property damages or pain and suffering, or claims for the reimbursement due to overpayment or double billing. COPASA estimates the provision based on the billed amounts subject to challenges and recent court decisions.

1. The Prosecutor's Department of Minas Gerais state filed a public civil action which ruled against the Company by revoking the increase in the sewage collection rate introduced by COPASA MG in September 2012, and ordering COPASA MG to return the unduly received amounts resulting from this increase to all consumers in the municipality of Pará de Minas, within 90 days as from the date the decision was made final and unappealable. The amount as of June 30, 2019 is BRL 21,364.

2. In 2005 the Public Prosecutions Department of Minas Gerais state filed a compensation lawsuit due to environmental damages caused to Lagoa Central, in the municipality of Lagoa Santa and COPASA was sentenced to paying said compensation. Currently, there is an appeal with the Superior Court of Justice on the matter. The provision as of June 30, 2019 is BRL 6,261 (BRL 6,104 as of December 31, 2018).

### (ii) Tax provisions

The municipality of Montes Claros filed a tax enforcement demanding tax liabilities recorded as overdue federal liability certificates 3496/2015; 3497/2015; 3498/2015 and 3499/2015, amounting to BRL 9,021. This entails the enforcement of the municipal tax liability Services Tax – ISSQN, for the period prior to the publication of Supplementary Law 116/2003, between January 2000 and December 2003, in which COPASA MG was not exempt from municipal taxes. The Minas Gerais Court of Appeal ruled that the tax is owed to the municipality of Montes Claros. The amount as of June 30, 2019 is BRL 10,772.

### (iii) Provision for labor contingencies

The lawsuits where the Company is directly liable are mostly related to pain and suffering and damages due to occupational illnesses or accidents, overtime, commuting time, risk and health exposure premiums, stand-by periods, salary differences deriving from alleged job equality, and challenges of terminations with cause. The Company recognizes all labor contingencies with likelihoods of unfavorable outcome considered probable.

1. There is a labor class action, No. 0102100-74.2008.5.03.0024, processed at the 24<sup>th</sup> Labor Court of Belo Horizonte, linked to a public civil lawsuit, whereby SINDAGUA and the Public Prosecution Office challenge the extinct dismissal policy and motivational program adopted by the Company, pleading for the reintegration of the employees dismissed under this policy and payment of salaries not yet due and already due. In this case, COPASA was successful in the lower court, but the decision was reversed by the appellate court, and is currently pending a decision by the Superior Labor Court. On February 24, 2018, the Superior Labor Court issued a decision against the interlocutory appeal filed by COPASA. The likelihood of loss in this case was assessed as probable and its amount was determined based on calculations made using legal guidelines and grounds stated by the lawyers responsible for the case. The related provision as at June 30, 2019 is BRL 30,900 (BRL 30,090 as at December 31, 2018).

2. The Company is currently a party to twenty-seven administrative proceedings initiated after an inspection by Regional Labor Office officials, which resulted in notices alleging that the Company failed to compute the effects of overtime worked on the employees' weekly time-off pay, and that this would represent an undue salary reduction. As a result, this agency issued infraction notices and a fine for each employee found in the same situation.

## Notes to the Quarterly Information

This fine, in turn, affected the Company's contributions to the FGTS. Case No. 0000200- - 79.2007.5.03.0025, which represents the highest amount, is pending a decision from the Superior Labor Court (TST) (AIRR 240-61.2007.5.03.0025 and AIRR 241-46.2007.5.03.0025 — 7<sup>th</sup> Panel; notices 013153994, 013201310, 013201298, 013201301, 013153986, and 013153978 — MTE SRTE/MG) — the amount provisioned as at June 30, 2019 is BRL 5,908 (BRL 5,767 as at December 31, 2018).

### (iv) Provisions for environmental contingencies

State Law 12503/97 establishes that the Company, as a public utility services concession operator, is required to protect and preserve the environment by investing 0.5% of its operating revenue earned in the municipalities where it operates, of which one third must be allocated to the recovery of the woods along bodies of water.

To mitigate the imminent risks and protect the Company against negative impacts on its earnings due to unfavorable court rulings regarding the suspension of all legal proceedings challenging the constitutionality of such Law, as at June 30, 2019 the Company maintains the provision of BRL 54,073 as of June 30, 2019 (BRL 53,605 as of December 31, 2018).

### (b) Contingencies not provisioned for

COPASA is a party to other lawsuits rated as possible defeats. No provision was recognized for such lawsuits to cover any losses since the Company believes that there are solid legal grounds to support the adopted defense procedures.

The proceedings at the administrative level and in different level courts, filed against the Company, are broken down as follows:

Type	Parent co. Company		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Civil (i)	381,525	404,230	390,554	415,103
Labor (ii)	45,601	40,854	46,385	41,140
Tax (iii)	38,222	38,140	38,222	4,662
<b>Total</b>	<b>465,348</b>	<b>483,224</b>	<b>475,161</b>	<b>460,905</b>

### (i) Civil

Refer to lawsuits filed by customers, State and Federal prosecutors, municipalities, associations, etc., that seek jurisdictional protection with respect to different issues, except for tax- and labor-related claims, which are at various court levels, judicial courts and small claims courts, and are summarized as follows:

#### Individual lawsuits

The Company and its subsidiary are parties to a significant number of individual lawsuits claiming compensation for damages for the disconnection of water services and damage caused by construction works. These lawsuits were filed in the normal course of business and involve pain and suffering and damages, such as for damages to properties and vehicles, and accidents caused during our activities, among others. Management does not believe that an unfavorable outcome in these lawsuits, either individually or collectively, would have a material adverse effect on results of operations, financial condition or business prospects of the Company and its subsidiary.

The most significant individual lawsuits filed in the reporting period are described below:

1. Provision fine collection lawsuit for alleged noncompliance of court order demanding the uninterrupted supply of potable water in the municipality of Ubá, part of the records of a civil class action. This provisional collection is still pending judgment and is being processed at the 1<sup>st</sup> Civil District Court of Ubá. The amount as of June 30, 2019 is BRL 92,267 (BRL 89,941 as of December 31, 2018).

## Notes to the Quarterly Information

2. Lawsuit filed by Augusta Silva Seabra and other parties, alleging that she is the lawful owner of a property located in the Nova Suíça District, Nova Lima, totaling an area of 76,735 m<sup>2</sup>. She alleges that in 1999 the defendant invaded said property, without any expropriation order, and fenced off an area of 28,334 m<sup>2</sup> to supply water to Belo Horizonte. Accordingly, she is requesting the repossession of the property and the return of the fenced area "in the same conditions as found". In addition, she is claiming compensation for the market value of the property, valued at BRL 6,288. Note that the claimant has not provided proof that she is the rightful owner of the property as claimed in the Statement of Claim. On the other hand, the vast attached documentation (transfer of the area to COPASA under a Concession arrangement with the City of Belo Horizonte, the plans, project descriptions, and sentence letter in favor of COPASA) by the defendant evidence the inconsistency of the claim. The amount as of June 30, 2019 is BRL 15,069 (BRL 14,690 as of December 31, 2018).
3. Claim filed by Sebastiana Ferreira Guimarães Scarabelli and other parties, where in summary the claimants alleged that they are the heirs of a property located in Padre Carvalho, where COPANOR's WWTP was built, alleging that they found this property after their father died, during the estate inventory. Currently this case is at the fact-finding stage. In principle, based on COPANOR's own investigation, the claimed property is not the same property where the WWTP is located and also the claimed property had already been sold to third parties (Empresa Florestal). The Company, however, awaits the expert's report. The amount as of June 30, 2019 is BRL 5,338 (BRL 5,204 as of December 31, 2018).
4. Lawsuit filed by the City of Ipatinga alleging that COPASA MG is not complying with the existing agreement that grants the City a water and sewage tariff discount. The lawsuit is recorded at the claimed amount and "possible" likelihood of a favorable outcome, pursuant to the Company's provision recognition rules. Currently, there is an attempt of settlement in progress (lawsuit still at its initial stage). The Company is awaiting the next procedural stages to reassess its recording and classification. The amount is BRL 6,268 (BRL 6,110 as of December 31, 2018).

### Class actions

The Company is party to public civil actions and class actions that challenge and seek to annul, suspend or declare void 18 of its concession arrangements, namely those entered into with the municipalities of Andradas, Araçuaí, Barbacena, Cataguases, Confins, Congonhas, Curvelo, Esmeraldas, Guaxupé, Guidoal, Igaratinga, Lagoa Santa, Miraf, Nanuque, Patos de Minas, Pirapetinga, Ribeirão das Neves, São Gotardo, Sabará, São Sebastião do Paraíso, Serra da Saudade, Ubá and Vazante. These actions were rated as possible or remote defeats, and no provisions were therefore recognized. It is worth noting also that a precedent from the Court of Justice of the State of Minas Gerais in a similar case and the opinions of renowned jurists are in favor of the Company's position that the concession arrangements are lawful instruments.

### (ii) Labor

The lawsuits where the Company is directly liable are mostly related to pain and suffering and damages due to occupational illnesses or accidents, overtime, commuting time, risk and health exposure premiums, stand-by periods, salary differences deriving from alleged job equality, and challenges of terminations with cause, and joint liability in cases for contractors, service providers and suppliers.

All labor claims are initially classified as possible losses and the risk rating defeat, contingency value and provision are periodically reviewed and changed as decisions are delivered at each procedural stage.



## Notes to the Quarterly Information

### (iii) Tax

The Company assessed the timing for the utilization of PIS and COFINS credits, pursuant to Law 11488/07, Law 11638/07, and Law 12973/14. Company Management, based on the opinion of its independent legal advisors on the interpretation of the timing for the utilization of these credits, believes that the currently adopted procedure is appropriate. The Company estimates that the risk involved in this matter is approximately R \$33,478, and the independent legal advisors assess the chance of defeat for the Company in courts as “possible”.

## 15. Profit Sharing

The calculation of the employees’ profit sharing is limited to 25% of the minimum mandatory dividends paid to shareholders, less the legal reserve. This profit sharing is distributed on a straight-line basis for all employees since 2008.

In the 1<sup>st</sup> half of 2019, the Company recognized BRL 19,346 relating to the employee profit sharing earned in the period (BRL 17,378 as at June 30, 2018). On June 30, 2019 the Company had unsettled balances of BRL 20,186 (BRL 17,448 as of December 31, 2018).

## 16. Income and social contribution taxes

### (a) Income and social contribution taxes in the year

The amounts recorded in the financial statements as income tax and social contribution expenses are reconciled with the standard rates established by law, as follows:

	Parent co. Company			
	Three-month periods ended		Six-month periods	
	June 30		ended June 30	
	2019	2018	2019	2018
Net income before tax and contributions	166,474	138,863	422,19	346,924
Statutory rate	34%	34%	34%	34%
<b>Expected Revenue (Expense) at nominal rate</b>	<b>(56,601)</b>	<b>(47,213)</b>	<b>(143,545)</b>	<b>(117,954)</b>
Income and social contribution taxes on:				
(Additions)/deductions				
Equity income	(582)	(877)	(1,723)	(1,282)
Donations and grants	104	-	104	-
Other (additions)/deductions	1,134	527	628	192
Other reconciliation items				
Interest on equity	7,127	17,470	25,143	43,557
Tax incentives	1,403	1,382	2,997	2,948
<b>Income tax and social contribution</b>	<b>(47,415)</b>	<b>(28,711)</b>	<b>(116,396)</b>	<b>(72,539)</b>
<b>Effective rate</b>	<b>28.48%</b>	<b>20.68%</b>	<b>27.57%</b>	<b>20.91%</b>
Current income tax	(48,523)	(31,112)	(100,210)	(66,526)
Deferred income tax	14,031	10,367	15,418	13,968
Current social contribution	(17,974)	(11,698)	(37,155)	(25,010)
Deferred social contributions	5,051	3,732	5,551	5,029
<b>Income and social contribution taxes</b>	<b>(47,415)</b>	<b>(28,711)</b>	<b>(116,396)</b>	<b>(72,539)</b>

## Notes to the Quarterly Information

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Net income before tax and contributions	166,474	138,863	422,190	346,924
Statutory rate	34%	34%	34%	34%
<b>Expected Revenue (Expense) at nominal rate</b>	<b>(56,601)</b>	<b>(47,213)</b>	<b>(143,545)</b>	<b>(117,954)</b>
Income and social contribution taxes on:				
(Additions)/deductions				
Donations and grants	104	-	104	-
Other (additions)/deductions	552	(350)	(1,095)	(1,090)
Other reconciliation items				
Interest on equity	7,127	17,470	25,143	43,557
Tax incentives	1,403	1,382	2,997	2,948
<b>Income tax and social contribution</b>	<b>(47,415)</b>	<b>(28,711)</b>	<b>(116,396)</b>	<b>(72,539)</b>
<b>Effective rate</b>	<b>28.48%</b>	<b>20.68%</b>	<b>27.57%</b>	<b>20.91%</b>
Current income tax	(48,523)	(31,112)	(100,210)	(66,526)
Deferred income tax	14,031	10,367	15,418	13,968
Current social contribution	(17,974)	(11,698)	(37,155)	(25,010)
Deferred social contributions	5,051	3,732	5,551	5,029
<b>Income and social contribution taxes</b>	<b>(47,415)</b>	<b>(28,711)</b>	<b>(116,396)</b>	<b>(72,539)</b>

### (b) Deferred income and social contribution tax

The amounts for offsetting are as follows:

	Parent co. company / Consolidated	
Equity balances	6/30/2019	12/31/2018
Noncurrent assets		
Size of temporary differences:		
Provision for doubtful accounts	40,002	45,739
Provision for legal claims	198,587	152,983
Provision for actuarial liabilities - comprehensive income	61,278	61,278
CPC adjustment - balance of assigned assets to be depreciated	146,356	150,366
Difference in amortization for the deduction of the financial asset	346,965	323,800
Provision for ISSQN - netting of PBH	13,591	23,784
Exchange variance on loans	31,000	42,974
Other sundry temporary provisions	91,188	53,384
<b>Total</b>	<b>928,967</b>	<b>854,308</b>
Deferred IRPJ	232,242	213,577
Deferred CSLL	83,607	76,888
	<b>315,849</b>	<b>290,465</b>

## Notes to the Quarterly Information

### In noncurrent liabilities

Size of temporary differences: Exchange variance on loans	15,042	14,945
Margin of deferred construction revenue	100,144	102,760
Capitalization of deducted financial asset	215,795	200,779
Borrowing cost of debentures issuance	8,069	7,314
Provision of CPC adjustments - comprehensive income	72,438	58,240
<b>Total</b>	<b>411,488</b>	<b>384,038</b>
Deferred IRPJ	102,872	96,010
Deferred CSLL	37,034	34,563
	<b>139,906</b>	<b>130,573</b>
<b>Deferred net IRPJ and CSLL</b>	<b>175,943</b>	<b>159,892</b>

As of June 30, 2019 there were no changes to the nature and conditions of the income and social contribution taxes in relation to that described in Note 15 to the Company's Financial Statements for the financial year ended December 31, 2018. Management therefore decided not to reproduce this information in this interim accounting information.

## 17. Technical cooperation agreements

The net balance of these agreements is as follows:

	Parent co. Company		
	Receivable (assets)	Advances (liabilities)	Net
<b>June 30, 2019</b>			
State	65,510	(48,795)	16,715
Other	321,668	(227,809)	93,859
<b>Total</b>	<b>387,178</b>	<b>(276,604)</b>	<b>110,574</b>
<b>December 31, 2018</b>			
State	65,183	(47,896)	17,287
Other	315,705	(223,850)	91,855
<b>Total</b>	<b>380,888</b>	<b>(271,746)</b>	<b>109,142</b>

  

	Consolidated		
	Receivable (assets)	Advances (liabilities)	Net
<b>June 30, 2019</b>			
State	626,764	(608,394)	18,370
Other	321,668	(227,809)	93,859
<b>Total</b>	<b>948,432</b>	<b>(836,203)</b>	<b>112,229</b>
<b>December 31, 2018</b>			
State	636,649	(607,495)	29,154
Other	315,705	(223,850)	91,855
<b>Total</b>	<b>952,354</b>	<b>(831,345)</b>	<b>121,009</b>

## Notes to the Quarterly Information

### 18. Retirement Benefit Obligations

The related amounts and information on retirement benefit obligations are as follows:

		<b>Parent co. company / Consolidated</b>	
		<b>6/30/2019</b>	<b>12/31/2018</b>
Noncurrent liabilities		96,268	105,483
Current liabilities		24,857	23,748
		<b>121,125</b>	<b>129,231</b>
Regular contributions		8,760	15,598
<b>Total obligations recorded in</b>	<b>statement of financial position</b>	<b>129,885</b>	<b>144,829</b>
<b>Current liabilities</b>		<b>33,617</b>	<b>39,346</b>
<b>Non-current liabilities</b>		<b>96,268</b>	<b>105,483</b>

Changes in net liabilities were as follows:

		<b>Parent co. company / Consolidated</b>
<b>Net liability at December 31, 2018</b>		<b>144,829</b>
Amounts recognized in the statement of income		5,014
Actuarial losses are directly recognized in other comprehensive income		-
IR and CSLL on actuarial losses directly recognized in other comprehensive income		-
Amortization of principal		(11,719)
Amortization of debt interest		(1,403)
Provision for employer contributions		21,067
Provision for participant contributions		31,091
Amortization of contributions (employer and participants)		(58,994)
<b>Net liability at June 30, 2019</b>		<b>129,885</b>
<b>Current liabilities</b>		<b>33,617</b>
<b>Non-current liabilities</b>		<b>96,268</b>

		<b>Parent co. company / Consolidated</b>
<b>Net liability at December 31, 2017</b>		<b>116,171</b>
Amounts recognized in the statement of income		4,071
Actuarial losses are directly recognized in other comprehensive income		479
IR and CSLL on actuarial losses directly recognized in other comprehensive income		248
Amortization of principal		(10,758)
Amortization of debt interest		(1,991)
Provision for employer contributions		19,519
Provision for participant contributions		28,023
Amortization of contributions (employer and participants)		(53,768)
<b>Net liability at June 30, 2018</b>		<b>101,994</b>
<b>Current liabilities</b>		<b>30,618</b>
<b>Non-current liabilities</b>		<b>71,376</b>

#### Amounts broken down by Benefit plan (1)

##### 1) RP1-BD Benefits plan

	<b>6/30/2019</b>	<b>12/31/2018</b>
Present value of financed obligations	(60,736)	(58,478)
Fair value of the plan's assets	57,588	49,937
Restriction of contracted deficit	(5,988)	(5,340)
<b>Plan's net liabilities</b>	<b>(9,136)</b>	<b>(13,881)</b>

## Notes to the Quarterly Information

### 2) Settled COPASA Plan -BD

	6/30/2019	12/31/2018
Present value of financed obligations	(1,160,655)	(1,128,794)
Fair value of the plan's assets	1,057,816	1,013,443
Minimum fundamental requisites (additional liability)	-	-
<b>Plan's net liabilities</b>	<b>(102,839)</b>	<b>(115,351)</b>

### 3) New COPASA Plan -CD

	6/30/2019	12/31/2018
Present value of financed obligations	(8,855)	(8)
Fair value of the plan's assets	42,718	38,224
Effect of asset ceiling	(33,863)	(30,139)
<b>Plan's net liabilities</b>	<b>-</b>	<b>-</b>

(1) Amounts projected for FY 2019 stated in the actuarial report prepared on December 31, 2018. The Company conducts an annual actuarial assessment of the 03 retirement benefit plans.

As of June 30, 2019, there were no changes to the nature and conditions of the retirement benefit plans in relation to that described in Note 16 to the Company's Financial Statements for the financial year ended December 31, 2018. Management therefore decided not to reproduce this information in this interim accounting information.

## 19. Equity and Dividends

### (a) Capital

The Company is listed in the New Corporate Governance Market of B3 — Brasil, Bolsa, Balcão, a stock exchange, and its capital consists exclusively of common shares. As of June 30, 2019 and December 31, 2018, the subscribed and paid-in authorized capital amounts to BRL 3,402,385, comprising 126,751,023 registered, common shares with no par value.

The Company is controlled by Minas Gerais state which holds approximately 50.04% of its stock. The Company's free float corresponds to around 49.68% of the shares and the remaining shares, corresponding to approximately 0.28%, are held in the treasury.

### (b) Revenue reserves

There were no changes to the reserves in relation to that described in Note 18 (b) to the Company's Financial Statements for the financial year ended December 31, 2018. Management therefore decided not to reproduce this information in this interim accounting information.

### (c) Asset and liability valuation adjustments

There were no material changes to the balances of asset and liability valuation adjustments in this quarter.

### (d) Shareholder compensation

#### Dividend Policy

On May 7, 2018, the Extraordinary General Meeting approved the revision of the Company's Dividends Policy by setting the rules for the distribution of proceeds based on the Company's observed leverage, as shown below:

## Notes to the Quarterly Information

### • Regular Dividends

By March 31 of each year, the Board of Directors sets the percentage of the Adjusted Profit for the Year to be distributed, subject to the 25% minimum under the bylaws, and capped at 50%.

Dividends are declared on a quarterly basis and paid within 60 days, as from the dividend declaration date, except for the amounts for the fourth quarter, which are defined by the Annual General Meeting (AGM).

### • Extraordinary Dividends

In conjunction with the release of the Financial Statements and Interim Accounting Information for the second quarter of each year, management will disclose the Regulatory Framework Calculation, including payment of Regular Dividends, in order to determine whether it falls within the margin considered efficient (efficient regulatory leveraged range).

This declaration will be made after studies are carried out showing that any payment of Extraordinary Dividends will not jeopardize the financial health, investment plan or current liquidity of the Company.

We emphasize that for the current regulatory cycle the Regulatory Framework Calculation means the multiple of the Company's Net Debt over EBITDA accumulated in the 12 months before the calculation period (Net Debt/EBITDA), which should achieve the ratio of 2.10x, with a margin of 0.10x either way.

## Declaration of dividends/interest in equity for the period

### • Regular Dividends

In accordance with this Policy, at a meeting held February 28, 2019 the Board of Directors approved the distribution of dividends for FY 2019 at 25% (twenty-five percent) of net income, adjusted pursuant to article 202 of Law 6404/76, in the form of interest on capital - JCP.

Based on this decision, the Board of Directors declared 2 (two) JCP payments, where the meeting held March 21, 2019 approved the amount of BRL 52,988 for the first quarter of 2019, and the meeting held June 14, 2019 approved BRL 20,963 for the second quarter, for payment on August 13, 2019.

The interest on equity for the fourth quarter of 2018 and the first quarter of 2019 for the shareholder Minas Gerais state was withheld due to the non-payment of installments, as authorized in the respective Netting Agreement described in Note 07 to the financial statements as of December 31, 2018, but has not yet been offset, as the Company is engaged in negotiations for a new Netting Agreement for the entire debt.

The change in the balance of "dividends and interest on equity payable" is shown below:

	<b>Parent co. company / Consolidated</b>	
	<b>6/30/2019</b>	<b>12/31/2018</b>
<b>Dividends and interest on equity payable at start of year</b>	<b>93,397</b>	<b>43,761</b>
Interest on equity proposed	73,952	274,883
IR withheld at source on interest on equity	(3,885)	(13,291)
Interest on equity paid in the period	(65,289)	(212,058)
Proposed dividends	-	280,000
Dividends paid	-	(279,970)
Other	-	72
<b>Dividends and interest on equity payable at end of year</b>	<b>98,175</b>	<b>93,397</b>

## Notes to the Quarterly Information

### (e) Earnings per share

- Basic

The Company calculates basic earnings per share by dividing the net income attributable to the company's shareholders by the weighted average number of common shares issued in the period, excluding the common shares purchased by the company and held as treasury stock (item "a" of this Note).

	Parent company / Consolidated			
	2019	2018	2019	2018
Profit attributable to the Company's shareholders	119,059	110,152	305,794	274,385
Weighted average number of common shares - thousands	126,394	126,751	126,394	126,751
<b>Basic earnings per share</b>	<b>0.94</b>	<b>0.87</b>	<b>2.42</b>	<b>2.16</b>

- Diluted

As at June 30, 2019 and 2018 the diluted earnings per share are equal to the basic earnings because there are no dilutive instruments.

## 20. Segment reporting

Company Management defined the operating segments used for strategic decision-making as water supply, sewage treatment and solid waste disposal services.

### (i) Net income

	Consolidated				
	Six-month period ended June 30, 2019				
	Water services	Sewage services	Solid Waste	Reconciliation with the Financial Statements	Balance as per Financial Statements
Gross operating revenue	1,563,419	868,993	1,115	214,787	2,648,314
Deductions from gross revenue	(146,742)	(79,805)	(33)	-	(226,580)
Net operating revenue	1,416,677	789,188	1,082	214,787	2,421,734
Selling and administrative expenses and costs	(1,056,138)	(588,342)	-	(214,787)	(1,859,267)
Operating profit before other net operating expenses	360,539	200,846	1,082	-	562,467
Other net operating income/(expenses)					(68,406)
Financial income, net					(71,871)
<b>Net operating income before tax</b>					<b>422,190</b>
Amortization	65,670	117,411	-	39,105	222,186

Depreciation of property, plant and equipment is allocated as follows in the 1<sup>st</sup> half of 2019: BRL 31,612 to water services, BRL 13,905 to sewage services and BRL 19,674 to Other property, plant and equipment items, amounting to BRL 65,191.

## Notes to the Quarterly Information

	Consolidated				
	Three-month period ended June 30, 2019				
	Water services	Sewage services	Solid Waste	Reconciliation with the Financial Statements	Balance as per Financial Statements
Gross operating revenue	771,682	433,588	557	115,506	1,321,333
Deductions from gross revenue	(72,294)	(39,311)	(16)	-	(111,621)
Net operating revenue	699,388	394,277	541	115,506	1,209,712
Selling and administrative expenses and costs	(534,288)	(301,033)	-	(115,506)	(950,827)
Operating profit before other net operating expenses	165,100	93,244	541	-	258,885
Other net operating income/(expenses)					(61,827)
Financial income, net					(30,584)
<b>Net operating income before tax</b>					<b>166,474</b>
Amortization	33,027	59,630	-	19,181	111,838

Depreciation of property, plant and equipment is allocated as follows in the 2<sup>nd</sup> quarter of 2019: BRL 15,938 to water services, BRL 6,953 to sewage services and BRL 9,943 to Other property, plant and equipment items, amounting to BRL 32,834.

	Consolidated				
	Six-month period ended June 30, 2018				
	Water services	Sewage services	Solid Waste	Reconciliation with the Financial Statements	Balance as per Financial Statements
Gross operating revenue	1,470,804	798,592	1,297	227,353	2,498,046
Deductions from gross revenue	(136,754)	(73,401)	-	-	(210,155)
Net operating revenue	1,334,050	725,191	1,297	227,353	2,287,891
Selling and administrative expenses and costs	(1,027,196)	(558,501)	(952)	(227,353)	(1,814,002)
Operating profit before other net operating expenses	306,854	166,690	345	-	473,889
Other net operating income/(expenses)					(12,302)
Financial income, net					(114,663)
<b>Net operating income before tax</b>					<b>346,924</b>
Amortization	63,234	111,716	-	-	174,950

Depreciation of property, plant and equipment is allocated as follows in the 1<sup>st</sup> half of 2018: BRL 31,344 to water services, BRL 13,899 to sewage services and BRL 20,341 to Other property, plant and equipment items, amounting to BRL 65,584.

	Consolidated				
	Three-month period ended June 30, 2019				
	Water services	Sewage services	Solid Waste	Reconciliation with the Financial Statements	Balance as per Financial Statements



**Notes to the Quarterly Information**

Gross operating revenue	730,137	399,758	621	130,600	1,261,116
Deductions from gross revenue	(68,118)	(36,568)	-	-	(104,686)
Net operating revenue	662,019	363,190	621	130,600	1,156,430
Selling and administrative expenses and costs	(527,048)	(289,137)	(413)	(130,600)	(947,198)
Operating profit before other net operating expenses	134,971	74,053	208	-	209,232
Other net operating income/(expenses)					(6,445)
Financial income, net					(63,924)
<b>Net operating income before tax</b>					<b>138,863</b>
Amortization	31,529	56,113	-	-	87,642

Depreciation of property, plant and equipment is allocated as follows in the 2<sup>nd</sup> quarter of 2018: BRL 15,674 to water services, BRL 6,951 to sewage services and BRL 9,945 to Other property, plant and equipment items, amounting to BRL 32,570.

The impacts on gross operating revenue and costs, arising from the reconciliation of the financial statements are as follows:

	<b>6/30/2019</b>	<b>6/30/2018</b>
Gross construction revenue referring to ICPC 1 (R1) <sup>(1)</sup>	214,787	227,353
Construction costs referring to ICPC 1 (R1) <sup>(1)</sup>	(214,787)	(227,353)
<b>Construction margin</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> The construction revenue is recognized in accordance with CPC 17 (R1) "Construction Contracts" (IAS 11), as per note 03, 3.19, (b).

**(i) Intangible assets**

The assets of the reportable segments are reconciled to total intangible assets as follows:

	<b>Consolidated</b>	
	<b>6/30/2019</b>	<b>12/31/2018</b>
	<b>Re-presented</b>	
Water services	1.569.348	1,548,025
Sewage services	3.213.698	3,185,011
Other intangible assets	479.063	488,050
Solid waste	-	-
<b>Total intangible assets</b>	<b>5.262.109</b>	<b>5,221,086</b>

**(ii) Property, plant and equipment**

The assets corresponding to the reporting segments are reconciled with total property, plant and equipment, allocated as follows: BRL 1,100,291 to water services, BRL 348,682 to sewage services and BRL 180,957 to Other property, plant and equipment items, amounting to BRL 1,629,930 at June 30, 2019.

There are no liabilities allocated to the reporting segments.

## Notes to the Quarterly Information

### 21. Financial Risk Management

In the period ended June 30, 2019 there were no changes to the financial risk management and policies in relation to those disclosed in Note 20 to the Company's Financial Statements for the financial year ended December 31, 2018. The information related to: (a) liabilities subject to exchange variance; (b) credit quality of financial assets; (c) cash flow from financial instruments, also suffered no changes in relation to that disclosed in said Note. The (d) financial leverage index, as measured by the ratio Net Debt / Ebitda, stayed flat 2.0x at June 30, 2019 (2.0x at June 30, 2018). Management therefore decided not to reproduce this information in this interim accounting information at June 30, 2019.

#### 21.1 Sensitivity analysis

##### (a) Interest rate sensitivity

The Company prepared a sensitivity analysis of the effects of a possible change in the interest rates of borrowings, financing, and debentures payable. With all other variables held constant, the Company's pretax profit is affected by the impact on loans subject to floating rates, as shown below:

Parent co. company / Consolidated				
	6/30/2019		12/31/2018	
Increase/decrease in basis points	+0.50%	-0.50%	+0.50%	-0.50%
Effects on net income before taxation (BRL /k)	(1,196)	1,196	(1,218)	1,218

The presumed change in basis points for the interest-rate sensitivity analysis is based on current market rates.

##### (b) Sensitivity to foreign-exchange rate

The sensitivity analysis prepared by the Company is made based on the estimate of changes in foreign exchange rates of the U.S. dollar (US\$) and the Euro (€) of +10% and +20%, respectively, regarding the outstanding balance of borrowings and financing, in the related currencies, on profit or loss and equity. With regard to the transaction with Bank of New York (BNY), since the Company has a collateral in U.S. dollars, the amount of this collateral is deducted from the outstanding balance for the calculation of the sensitivity to the foreign exchange rate. With all other variables held constant, the result of the sensitivity to the foreign exchange rate, before taxes, is as follows:

Parent co. company / Consolidated				
Sensitivity to foreign-exchange variations: 10%	6/30/2019		12/31/2018	
Foreign exchange difference in US\$/€	+10%	-10%	+10%	-10%
Effects on net income before taxation (BRL	(42,469)	42,469	(42,768)	42,768

Parent co. company / Consolidated				
Sensitivity to foreign-exchange variations: 20%	6/30/2019		12/31/2018	
Foreign exchange difference in US\$/€	+20%	-20%	+20%	-20%
Effects on net income before taxation (BRL	(84,937)	84,937	(85,537)	85,537

##### (c) Liquidity risk

The table below shows the collateralized receivables pledged by the Company in the borrowings, financing, and debenture agreements, and the Rio Manso PPP. We emphasize that these agreements also provide for a guarantee deposit (note 06 (b)).

Restricted revenue at June 30, 2019				
	Financial institution/agreement	Collateral (committed revenue)	Amount	Agreement end date
	CAIXA - 2007/2008 Financing	Restricted revenue amounting to 3 (three) times the monthly debt service of the 2007 and 2008 agreements.	BRL 5,797	September-31

**Notes to the Quarterly Information**

<b>Caixa Econômica Federal</b>	CAIXA - PAC 2009	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements	BRL 2,022	November-32
	5 <sup>th</sup> Debentures Issuance (BRL 288 Million)	Restricted revenue amounting to at 4.5% of the debentures' outstanding balance in the last business day of each year.	BRL 9,622	September-31
	CAIXA - 2011 Financing (NIs 33, 25 and 24)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements	BRL 4,175	June-35
	CAIXA - 2012 Financing (NI 24)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements	BRL 494	May-36
	CAIXA - 2013 Financing (NI 27)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements	BRL 2,589	October-37
	CAIXA - 2014 Financing (NI 02)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements	BRL 2,378	February-38
	CAIXA - 2015 Financing (NI 02)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements	BRL 1,377	March-39
	CAIXA - 2017 Financing (NI 29)	Restricted revenue amounting to 3 (three) times the monthly debt service of the agreements	BRL 166	August-41
<b>BNDES</b>	3 <sup>rd</sup> Debentures Issuance (BRL 450 million)	Restricted revenue of BRL 18 million, annually restated by the IPCA since Dec/2007.	BRL 33,610	December-19
	Financing (PAC 2007 - BRL 48 million)/ (PAC 2008 - BRL 578 millions)	Restricted revenue of BRL 26 million, annually restated by the IPCA since May/2008.	BRL 46,088	June-23
	BNDES Financing (BRL 181 million)	Restricted revenue of BRL 7.0 million, annually restated by the IPCA since Apr/2010.	BRL 11,768	May-25
	4 <sup>th</sup> Debentures Issuance (BRL 740 million)	Restricted revenue of BRL 32.0 million, annually restated by the IPCA since Jul/2010.	BRL 52,058	August-22
	8 <sup>th</sup> Debentures Issuance (BRL 140 million)	Restricted revenue of BRL 16.9 million, annually restated by the IPCA since Sep/2015.	BRL 19,695	August-28
	11 <sup>th</sup> Debentures Issuance (BRL 226 million)	Restricted revenue of BRL 5.5 million, annually restated by the IPCA since April/2017.	BRL 5,657	January-31
<b>KfW</b>	€100 million	Restricted revenue amounting to 1 (one) times the monthly debt service of the agreement.	BRL 26,488	June-23
<b>BRK Ambiental</b>	Rio Manso PPP	1/12 of the annual installment of the consideration payable for each effective year.	BRL 11,156	December-28
<b>Total Restricted Revenue</b>			<b>BRL</b>	

**21.2 Estimate of fair value****a) Fair value of loans, financing and debentures**

The carrying amounts compared with their respective estimated fair values are as follows:

	Parent co. company / Consolidated			
	Amounts			
	Gross	Fair	Gross	Fair
	6/30/2019	6/30/2019	12/31/2018	12/31/2018
Loans and borrowings	1,331,573	1,297,483	1,398,177	1,350,083
Ordinary debentures	2,133,618	2,103,359	2,143,891	2,117,999

**Notes to the Quarterly Information**

3,465,191	3,400,842	3,542,068	3,468,082
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The liability market values are calculated by projecting the debit balance, restated by the contractual rate, for the remaining payment term. The amount found is dated back to the current period, using the market rates below:

Parent co. company / Consolidated				
Lines	Rate contractual	Period months	Market rate	Comments
CEF/FGTS	7.64%	179	8.50%	CEF rate price in Jun/19
BNDES/Loans	7.54%	38	8.74%	BNDES loan rate in Jun/19
FINAME	3.95%	68	6.86%	FINAME rate price in Jun/19
BANK OF NEW YORK (BNY)	5.11%	58	4.81%	AFD rate price in Jun/19
Debentures	7.39%	66	8.18%	Quote of Debts. BNDES and Market rates in Jun/19
KfW	2.07%	54	1.66%	KfW rate price in Jun/19

**b) Financial instruments measured at fair value**

The table below presents the assets and liabilities of COPASA and its subsidiaries measured at fair value at June 30, 2019 and December 31, 2018:

Parent co. company / Consolidated		
Assets		
	3/31/2019	12/31/2018
Financial assets investment BRK Ambiental - Foz Jeceaba	79,184	64,721
<b>Total balance</b>	<b>79,184</b>	<b>64,721</b>

As a result of adopting CPC 48 - Financial instruments and based on its business model which requires the maintenance of this equity instrument to obtain contractual cash flows, on January 1, 2018 the Company changed the classification of the investment without significant influence over the company BRK Ambiental – Foz de Jeceaba S.A., from the category “available-for-sale” to the category “measured at fair value in OCI”.

**22. Financial Instrument by Category****(a) Parent co. Company**

	6/30/2019			12/31/2018		
	Financial assets at amortized cost	Fair value through other comprehensive income	Total	Financial assets at amortized cost	Fair value through other comprehensive income	Total
<b>Assets</b>						
Cash and cash equivalents	464,508	-	464,508	297,518	-	297,518
Short-term investments redeemable after 90 days	-	-	-	161,349	-	161,349
Trade accounts receivable	1,197,099	-	1,197,099	1,163,748	-	1,163,748
Banks and arrangements	9,344	-	9,344	8,048	-	8,048
Restricted short-term investments	83,694	-	83,694	81,943	-	81,943
Concession financial assets	651,925	-	651,925	682,828	-	682,828
Financial assets at fair value through other comprehensive income	-	79,184	79,184	-	64,721	64,721
Other accounts receivable <sup>(1)</sup>	243,947	-	243,947	244,223	-	244,223
<b>Total</b>	<b>2,650,517</b>	<b>79,184</b>	<b>2,729,701</b>	<b>2,639,657</b>	<b>64,721</b>	<b>2,704,378</b>

## Notes to the Quarterly Information

(b) Excluding prepayments.

	6/30/2019		12/31/2018	
	Financial liabilities at Amortized Cost	Total	Financial liabilities at Amortized Cost	Total
<b>Liabilities</b>				
Loans and borrowings and debentures	3,465,191	3,465,191	3,542,068	3,542,068
Trade payables	176,493	176,493	206,999	206,999
Leases	56,741	56,741	-	-
Public Private Partnership	387,171	387,171	414,871	414,871
IBM Contract	1,042	1,042	1,042	1,042
<b>Total</b>	<b>4,086,638</b>	<b>4,086,638</b>	<b>4,164,980</b>	<b>4,164,980</b>

### (b) Consolidated

	6/30/2019			12/31/2018		
	Financial assets at amortized cost	Fair value through other comprehensive income	Total	Financial assets at amortized cost	Fair value through other comprehensive income	Total
<b>Assets</b>						
Cash and cash equivalents	420,358	-	469,068	313,371	-	313,371
Short-term investments redeemable after 90 days	-	-	-	161,349	-	161,349
Trade accounts receivable	1,217,508	-	1,208,180	1,169,501	-	1,169,501
Banks and arrangements	8,566	-	9,376	8,069	-	8,069
Restricted short-term investments	83,119	-	83,694	81,943	-	81,943
Concession financial assets	683,417	-	653,282	682,828	-	682,828
Financial assets at fair value through other comprehensive income	-	79,184	79,184	-	64,721	64,721
Other accounts receivable(1)	240,273	-	243,627	241,516	-	241,516
<b>Total</b>	<b>2,653,241</b>	<b>79,184</b>	<b>2,746,411</b>	<b>2,658,577</b>	<b>64,721</b>	<b>2,723,298</b>

	6/30/2019		12/31/2018	
	Financial liabilities at Amortized Cost	Total	Financial liabilities at Amortized Cost	Total
<b>Liabilities</b>				
Loans and borrowings and debentures	3,465,191	3,465,191	3,542,068	3,542,068
Trade payables	183,825	183,825	217,664	217,664
Leases	56,762	56,762	-	-
Public Private Partnership	387,171	387,171	414,871	414,871
IBM Contract	1,042	1,042	1,042	1,042
<b>Total</b>	<b>4,093,991</b>	<b>4,093,991</b>	<b>4,175,645</b>	<b>4,175,645</b>

## Notes to the Quarterly Information

### 23. Related-Party Transactions

#### (a) Asset, liabilities and net income

In addition to the arrangements described in note 17, other transactions with related parties consist basically of transactions conducted with the State of Minas Gerais, which is the Company's controlling shareholder (note 19(a)), the subsidiary Copanor, Copass Saúde and Fundação Libertas de Seguridade Social. Balances and transactions are as follows:

**Notes to the Quarterly Information**

	Parent co. company			
	06/30/2019			
	Subsidiary COPANOR	Other		
		MG STATE	COPASS	LIBERTAS
<b>Current Assets</b>				
Trade accounts receivable				
Amounts invoiced	-	223,237	2	17
Outstanding billing	-	10,493	2	11
Arrangements	-	16,715	-	-
Other receivables				
Credits against subsidiary	582	-	-	-
<b>Total assets</b>	<b>582</b>	<b>250.445</b>	<b>4</b>	<b>28</b>
<b>Liabilities</b>				
<b>Current</b>				
Retirement benefit obligation	-	-	-	33,617
Healthcare plan	-	-	4,548	-
<b>Noncurrent</b>				
Retirement benefit obligations	-	-	-	96,268
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>4.548</b>	<b>129.885</b>
<b>Net income in the half ended 6/30/2019</b>				
Revenue from water and sewage service	-	79,491	6	118
Security program	-	-	-	(21,418)
Healthcare plan	-	-	(42,044)	-
<b>Net income in the quarter ended 6/30/2019</b>				
Revenue from water and sewage service	-	41,991	3	55
Security program	-	-	-	(10,849)
Healthcare plan	-	-	(20,888)	-

## Notes to the Quarterly Information

	Parent co. company			
	12/31/2018			
	Subsidiary COPANOR	Other		
		MG STATE	COPASS	LIBERTAS
<b>Current Assets</b>				
Receivables				
Amounts invoiced	-	144,962	1	22
Outstanding billing	-	9,643	1	13
Arrangements	-	17,287	-	-
Other receivables Credits against subsidiary	2,860	-	-	-
<b>Total assets</b>	<b>2,860</b>	<b>171,892</b>	<b>2</b>	<b>35</b>
<b>Current Liabilities</b>				
Retirement benefit obligations	-	-	-	39,346
Healthcare plan	-	-	9,712	-
<b>Noncurrent</b>				
Retirement benefit obligations	-	-	-	89,027
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>9,712</b>	<b>128,373</b>
<b>Net income in the half ended 6/30/2018</b>				
Revenue from water and sewage service	-	71,919	7	112
Security program	-	-	-	(19,621)
Healthcare plan	-	-	(37,415)	-
<b>Net income in the quarter ended 6/30/2018</b>				
Revenue from water and sewage service	-	37,361	3	59
Security program	-	-	-	(9,807)
Healthcare plan	-	-	(18,542)	-

Balances and transactions with related parties are conducted at prices and under terms and conditions agreed by the parties.

### (b) Compensation of key management personnel

	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Compensation	1,313	1,066	2,399	2,410
Welfare benefits <sup>(i)</sup>	89	59	134	125
<b>Total</b>	<b>1,402</b>	<b>1,125</b>	<b>2,533</b>	<b>2,535</b>

<sup>(i)</sup> Refer to meals, health care, and post-employment benefits

## 24. Commitments

The Company has contracts for the construction of new ventures in which obligations are recorded as/when the services are delivered. The main commitments made to contractors and suppliers at June 30, 2019 are as follows:



## Notes to the Quarterly Information

	Amount	Average term contracted in months
Contractual obligations — Investments in construction works and organic growth in several concessions which corresponds to the expected disbursement	153,975	22
Contractual obligations — Lease agreements outside the scope of IFRS 16, which corresponds to the expected disbursement	9,983	9
Technical Cooperation Agreement (1)	9,669	10

(1) Commitment undertaken via the Technical Cooperation Agreement entered into by the State of Minas Gerais, through the State Environment Department - SEMAD, the State Department of Public Works and Transportation - SETOP, the Minas Gerais Fire Department - CBMMG, the Minas Gerais Police Department - PMMG, the State Civil Defense Coordinator - CEDEC, the State Environment Foundation - FEAM and Companhia de Saneamento de Minas Gerais — COPASA, as described in Note 24 to the Company's Financial Statements for the financial year ended December 31, 2018.

## 25. Transactions not involving Cash or Cash Equivalents

	Parent co. company / Consolidated	
	6/30/2019	6/30/2018
Capitalized interest (Note 08)	27,367	22,369
<b>Total</b>	<b>27,367</b>	<b>22,369</b>

## 26. Revenue

The reconciliation between gross revenue and net revenue is as follows:

	Parent co. Company			
	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Gross revenue from water and sewage service	1,196,578	1,222,773	2,415,357	2,254,384
Solid waste	557	621	1,115	1,297
Construction revenue	106,607	130,600	198,318	227,353
<b>Total gross revenue</b>	<b>1,303,742</b>	<b>1,353,994</b>	<b>2,614,790</b>	<b>2,483,034</b>
Sales taxes	(110,817)	(104,028)	(225,003)	(208,767)
<b>Net revenue</b>	<b>1,192,925</b>	<b>1,249,966</b>	<b>2,389,787</b>	<b>2,274,267</b>

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Gross revenue from water and sewage service	1,205,270	1,129,896	2,432,413	2,269,397
Solid waste	557	621	1,115	1,297
Construction revenue	115,506	130,600	214,787	227,353
<b>Total gross revenue</b>	<b>1,321,333</b>	<b>1,261,117</b>	<b>2,648,315</b>	<b>2,498,047</b>
Sales taxes	(111,621)	(104,687)	(226,581)	(210,156)
<b>Net revenue</b>	<b>1,209,712</b>	<b>1,156,430</b>	<b>2,421,734</b>	<b>2,287,891</b>

The Company's other operating income as at June 30, 2019 and June 30, 2018 is set out below:

## Notes to the Quarterly Information

	Parent co. Company			
	Three-month periods ended		Six-month periods ended	
	June 30		June 30	
	2019	2018	2019	2018
Reversal of nondeductible provision	2,217	3,848	11,796	12,646
Recovery of written off accounts	13,368	24,570	35,418	50,215
Reimbursement of healthcare plan	346	109	833	552
Sale of property, plant and equipment	229	2,528	3,676	5,203
Other revenue	2,986	1,466	5,374	3,908
<b>Total other operating revenue</b>	<b>19,146</b>	<b>32,521</b>	<b>57,097</b>	<b>72,524</b>

  

	Consolidated			
	Three-month periods ended		Six-month periods ended	
	June 30		June 30	
	2019	2018	2019	2018
Reversal of nondeductible provision	3,708	3,928	13,304	12,726
Recovery of written off accounts	13,791	24,971	36,619	50,999
Reimbursement of healthcare plan	346	109	833	552
Sale of property, plant and equipment	229	2,528	3,676	5,203
Other revenue	3,021	1,507	5,420	3,995
<b>Total other operating revenue</b>	<b>21,095</b>	<b>33,043</b>	<b>59,852</b>	<b>73,475</b>

## 27. Expenses by Nature

	Parent co. Company			
	Three-month periods		Six-month periods	
	ended June 30,		ended June 30,	
	2019	2018	2019	2018
Payroll and related charges - Note 28	336,429	324,232	650,925	637,055
Materials	39,734	35,546	77,723	76,108
Outsourced services	240,264	232,333	488,293	434,857
Legal and judicial expenses	8,039	723,000	8,720	1,377
Rate pass-through	24,295	12,974	46,775	25,514
General	8,856	23,116	16,776	42,822
Allowance for doubtful accounts	47,059	62,878	97,310	119,882
Provision for obsolete material losses	(90)	202	108	202
(-) Tax credits	(28,921)	(26,102)	(58,465)	(52,204)
<b>Cost of services + selling and administrative expenses (less deprec./amort. and construction costs)</b>	<b>675,665</b>	<b>665,902</b>	<b>1,328,165</b>	<b>1,285,613</b>
Depreciation and amortization	148,408	141,316	293,504	283,060
<b>Cost of services + selling and administrative expenses (less construction costs)</b>	<b>824,073</b>	<b>807,218</b>	<b>1,621,669</b>	<b>1,568,673</b>
Construction costs (*)	106,607	130,600	198,318	227,353
<b>Cost of services + selling and administrative expenses</b>	<b>930,680</b>	<b>937,818</b>	<b>1,819,987</b>	<b>1,796,026</b>
Provisions for legal claims	51,447	14,944	62,294	33,509
Employee profit shares	7,519	6,977	19,346	17,378
ARSAE Rate	9,387	8,303	18,774	16,607
Other	14,035	8,725	26,938	17,352
<b>Net operating expenses</b>	<b>1,013,068</b>	<b>976,767</b>	<b>1,947,339</b>	<b>1,880,872</b>
Costs	714,691	698,027	1,395,893	1,335,260
<b>Expenses</b>	<b>298,377</b>	<b>278,740</b>	<b>551,446</b>	<b>545,612</b>
Sales expenses	96,439	109,108	195,554	211,804
General and administrative expenses	119,550	130,683	228,540	248,962
Other operating expenses	82,388	38,949	127,352	84,846

## Notes to the Quarterly Information

	Consolidated			
	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2019	2018	2019	2018
Salaries and charges payable	341,045	328,761	660,125	645,680
Materials	40,829	36,643	79,833	78,273
Outsourced services	245,027	235,256	498,271	440,466
Legal and judicial expenses	8,087	735	8,790	1,518
Rate pass-through	24,295	12,974	46,775	25,514
General	9,064	23,335	17,177	43,228
Allowance for doubtful accounts	47,586	63,713	98,362	121,423
Provision for obsolete material losses	(193)	248	108	254
(-) Tax credits	(29,508)	(26,382)	(59,587)	(52,766)
<b>Cost of services + selling and administrative expenses (less deprec./amort. and construction costs)</b>	<b>686,232</b>	<b>675,283</b>	<b>1,349,854</b>	<b>1,303,590</b>
Depreciation and amortization	149,089	141,316	294,626	283,060
<b>Cost of services + selling and administrative expenses (less construction costs)</b>	<b>835,321</b>	<b>816,599</b>	<b>1,644,480</b>	<b>1,586,650</b>
Construction costs (*)	115,506	130,600	214,787	227,353
<b>Cost of services + selling and administrative expenses</b>	<b>950,827</b>	<b>947,199</b>	<b>1,859,267</b>	<b>1,814,003</b>
Provisions for legal claims	51,725	15,277	62,616	33,901
Employee profit shares	7,519	6,977	19,346	17,378
ARSAE Rate	9,601	8,448	19,095	16,895
Other	14,077	8,786	27,201	17,603
<b>Net operating expenses</b>	<b>1,033,749</b>	<b>986,687</b>	<b>1,987,525</b>	<b>1,899,780</b>
<b>Costs</b>	<b>732,699</b>	<b>705,682</b>	<b>1,431,258</b>	<b>1,349,842</b>
<b>Expenses</b>	<b>301,050</b>	<b>281,005</b>	<b>556,267</b>	<b>549,938</b>
Sales expenses	97,013	109,998	196,696	213,449
General and administrative expenses	121,115	131,518	231,313	250,711
Other operating expenses	82,922	39,489	128,258	85,778

(\*) Breakdown of construction costs:

	Parent co. Company			
	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2019	2018	2019	2018
Salaries and charges	8,797	7,028	16,875	12,391
Materials	15,459	15,680	27,618	41,773
Equipment	4,694	10,040	10,223	16,176
Outsourced services	64,885	83,608	118,021	132,445
Financing costs	12,601	12,933	25,238	23,129
Other	171	1,311	343	1,439
<b>Total construction costs</b>	<b>106,607</b>	<b>130,600</b>	<b>198,318</b>	<b>227,353</b>

	Consolidated			
	Three-month periods ended June 30,		Six-month periods ended June 30,	
	2019	2018	2019	2018
Salaries and charges	8,797	7,028	16,875	12,391
Materials	15,467	15,680	28,516	41,773
Equipment	5,003	10,040	11,291	16,176

## Notes to the Quarterly Information

Outsourced services	73,467	83,608	132,524	132,445
Financing costs	12,601	12,933	25,238	23,129
Other	171	1,311	343	1,439
<b>Total construction costs</b>	<b>115,506</b>	<b>130,600</b>	<b>214,787</b>	<b>227,353</b>

## 28. Expenses on Benefits and Employees

	Parent co. Company			
	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Salaries	182,916	179,016	352,189	351,690
Social security costs	58,325	55,622	110,615	107,157
Government Severance Indemnity Fund for	15,712	14,948	29,955	28,901
Pension plan contribution	10,849	9,807	21,418	19,621
Workers' meal program	42,390	40,760	83,679	80,783
Healthcare plan	20,888	18,542	42,044	37,415
Other benefits	5,349	5,537	11,025	11,488
<b>Total (Not 27)</b>	<b>336,429</b>	<b>324,232</b>	<b>650,925</b>	<b>637,055</b>

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Salaries	185,585	181,623	357,556	356,830
Social security costs	59,084	56,340	112,141	108,589
Government Severance Indemnity Fund for	15,902	15,130	30,336	29,265
Pension plan contribution	10,849	9,807	21,418	19,621
Workers' meal program	43,099	41,621	85,098	82,157
Healthcare plan	21,043	18,656	42,362	37,644
Other benefits	5,483	5,584	11,214	11,574
<b>Total (Not 27)</b>	<b>341,045</b>	<b>328,761</b>	<b>660,125</b>	<b>645,680</b>

## 29. Financial Revenue and Expenses

Finance income (expenses) can be summarized as follows:

	Parent co. Company			
	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Interest earned	11,069	4,309	14,320	9,073
Earnings on investments	4,781	5,714	11,344	14,384
Monetary and exchange variance revenue	2,581	12,927	8,158	14,810
Income from financial and other assets	12,630	9,704	20,238	16,045
Taxes on finance income	(1,394)	(989)	(2,269)	(1,979)
<b>Total revenue</b>	<b>29,667</b>	<b>31,665</b>	<b>51,791</b>	<b>52,333</b>
Financing charges <sup>(1)</sup>	(44,403)	(45,312)	(92,627)	(93,999)
Monetary and exchange variance expense <sup>(2)</sup>	(15,874)	(50,425)	(31,072)	(72,982)
Other expenses	(209)	(205)	(380)	(576)
<b>Total expense</b>	<b>(60,486)</b>	<b>(95,942)</b>	<b>(124,079)</b>	<b>(167,557)</b>
<b>Finance income (costs)</b>	<b>(30,819)</b>	<b>(64,277)</b>	<b>(72,288)</b>	<b>(115,224)</b>

## Notes to the Quarterly Information

	Consolidated			
	Three-month periods ended June 30		Six-month periods ended June 30	
	2019	2018	2019	2018
Interest earned	11,187	4,388	14,461	9,202
Earnings on investments	4,982	6,015	11,687	14,857
Monetary and exchange variance revenue	2,584	12,930	8,209	14,814
Income from financial and other assets	12,699	9,704	20,316	16,045
Taxes on finance income	(1,412)	(1,008)	(2,298)	(2,008)
<b>Total revenue</b>	<b>30,040</b>	<b>32,029</b>	<b>52,375</b>	<b>52,910</b>
Financing charges (1)	(44,410)	(45,311)	(92,634)	(94,000)
Monetary and exchange variance expense (2)	(15,874)	(50,425)	(31,074)	(72,982)
Other expenses	(340)	(218)	(538)	(591)
<b>Total expense</b>	<b>(60,624)</b>	<b>(95,954)</b>	<b>(124,246)</b>	<b>(167,573)</b>
<b>Finance income (costs)</b>	<b>(30,584)</b>	<b>(63,925)</b>	<b>(71,871)</b>	<b>(114,663)</b>

(1) Includes interest on the Libertas financing amounting to BRL 1,353 at June 30, 2019 (BRL 1,945 at June 30, 2018).

(2) Includes monetary variance expenses on the Libertas financing amounting to BRL 1,111 at June 30, 2019 (BRL 871 at June 30, 2018).

## 30. Notes in the Annual Financial Statements not presented in this Interim Accounting Information

Pursuant to Official Circular CVM/SNC/SEP/Nº003/2011, the Company broke down the notes considered material in the context of “Basic Conceptual Pronouncement - Framework for the Preparation and Presentation of Financial Statements”. All information whose omission or misstatement could influence economic decisions by readers has been duly disclosed in this Interim Account Information, which should be read in conjunction with the Financial Statements as of December 31, 2018.

See below the exact location of the Notes whose information has not been reproduced in these Interim Accounting Information because of either redundancy or materiality:

Note 04 - Critical Accounting Estimates and Judgments;

Note 23 - Provision of Public Water and Sewage Services in Belo Horizonte;

Note 25 - Insurance Policy;

Note 31 – Impairment Testing of Long-Lived Assets;

Note 32 – Financial and Operating Data of Activities Related to Achieving Core Interests.

## 31. Rate adjustment:

On June 29, 2019 the sewage collection and water supply services regulatory agency of Minas Gerais state - ARSAE MG published ARSAE Resolution 127/19, authorizing the average increase of 8.38% to the rates for the provision of public sewage collection and water supply services from August 01, 2019.

## 32. Subsequent Events

### Board of Directors' Election

At a meeting held July 1, 2019 the Extraordinary General Meeting approved the removal of 5 (five) members of the Board of Directors and the election of the respective substitutes, as follows:

## Notes to the Quarterly Information

### Members of the Board of Directors Removed

Flávia Mourão Parreira do Amaral  
Marco Antonio Soares da Cunha Castello Branco  
Remulo Borges de Azevedo Lemos  
Rubens Coelho de Melo  
Sinara Inácio Meireles Chenna

### Members of the Board of Directors Elected

André Macêdo Facó  
Carlos Eduardo Tavares de Castro  
Hélio Marcos Coutinho Beltrão  
Joel Musman

### **Executive Board Election**

At a meeting held on this date the Board of Directors approved the removal of all members of the Company's Executive Board and elected its new members, as follows:

- Carlos Eduardo Tavares de Castro  
CEO, also serving as acting Corporate Management Officer.
- Carlos Augusto Botrel Berto  
Deputy CEO, also serving as acting CFO and Investor Relations Officer.
- Ricardo Augusto Simões Campos  
Technical and expansions officer, also serving as Operations Officer for the North.
- Guilherme Frasson Neto  
Operations Officer for the South, also serving as Metropolitan Operations Officer.

The management term of the elected officers will end at the first meeting of the Board of Directors to be held after the Annual General Meeting - AGM for FY 2021.

### **Accounts Receivable from Minas Gerais state**

In a letter dated July 22, 2019 Minas Gerais state authorize the offsetting of the balance of debt financing (overdue and outstanding) amounting to BRL 66,375, remaining from the netting agreement entered into on October 15, 2018, and the overdue water and/or sewage bills of BRL 11,740, against the balance of interest on equity withheld up to June 30, 2019. In this document the State asserts that a proposal is being prepared to settle the remaining debits, for subsequent presentation to the Company.

## Comment about Corporate Projections

### Comment about Corporate Projections

#### 1. Projections

In order to dynamically monitor the sanitation sector and Brazil's economic performance, the Company periodically reviews its plans and targets, including investment plans.

##### 1.1. Multi-year Business Plan

In December 2018 the Board of Directors approved the revision of the Multi-year Business Plan for the period 2019-2023. The Plan consolidates the analysis of the operating and financial performance in recent years and sets out the guidelines and targets with short- and mid-term actions prioritized for the next 05 (five) years.

The table below presents the level of investments established at the Parent co. Company and consists of the contracted ventures and additional internal demand for new ventures.

<b>2019-2023 Multi-year Business Plan (BRL Million)</b>		
<b>Year</b>	<b>Company</b>	<b>COPANOR</b>
2019	750	36
2020	800	40
2021	800	40
2022	800	40
2023	800	40

##### 1.2. Investments Made - 1H19

The investments made by the Parent co. company from January to June 2019 (1H19) amounted to BRL 303 million and the investment made by COPANOR amounted to BRL 20 million in the period, as per the table below:

<b>Investment (BRL million)</b>	<b>1H19</b>
Water	139
Sewage	142
Other	22
<b>Total COPASA</b>	<b>303</b>
COPANOR	20
<b>COPASA and COPANOR</b>	<b>323</b>

## Opinions and Representations / Representation of the Officers about the Financial Statements

### REPRESENTATION BY THE OFFICERS OF THE FINANCIAL STATEMENTS REVIEW AND INDEPENDENT AUDIT OPINION

Pursuant to articles 25 and 29 of CVM Directive 480 480/2009, the CEO and other Officers of Companhia de Saneamento de Minas Gerais - COPASA MG, a mixed capital company, having its registered office at the address Rua Mar de Espanha, 525, Belo Horizonte - MG, Corporate taxpayer number (CNPJ) 17.281.106/0001- 03, hereby represent that:

1. They have revised, discussed and accepted the opinions expressed in the report issued by KPMG Auditores Independentes about the Interim Accounting Information, Parent co. company and consolidated, for the period ended June 30, 2019, and
2. They have reviewed, discussed and accepted the Interim Accounting Information, Parent co. company and consolidated, for the period ended June 30, 2019.

Belo Horizonte, July 22, 2019.

Carlos Eduardo Tavares de Castro

CEO

Corporate Management Officer (acting)

Carlos Augusto Botrel Berto

Executive Vice President

Financial and Investor Relations Officer (acting) Ricardo

Augusto Simões Campos

Technical and Expansions Officer

Chief North Operations Officer

Guilherme Frasson Neto

Operations Officer for the South

Chief Metropolitan Operations Officer (acting)



## **Opinions and Representations / Representation of the Officers about the Independent Auditors' Report**

### **REPRESENTATION BY THE OFFICERS OF THE FINANCIAL STATEMENTS REVIEW AND INDEPENDENT AUDIT OPINION**

Pursuant to articles 25 and 29 of CVM Directive 480 480/2009, the CEO and other Officers of Companhia de Saneamento de Minas Gerais - COPASA MG, a mixed capital company, having its registered office at the address Rua Mar de Espanha, 525, Belo Horizonte - MG, Corporate taxpayer number (CNPJ) 17.281.106/0001- 03, hereby represent that:

1. They have revised, discussed and accepted the opinions expressed in the report issued by KPMG Auditores Independentes about the Interim Accounting Information, Parent co. company and consolidated, for the period ended June 30, 2019, and
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Belo Horizonte, July 22, 2019.

Carlos Eduardo Tavares de Castro

CEO

Corporate Management Officer (acting)

Carlos Augusto Botrel Berto

Executive Vice President

Financial and Investor Relations Officer (acting) Ricardo

Augusto Simões Campos

Technical and Expansions Officer

Chief North Operations Officer

Guilherme Frasson Neto

Operations Officer for the South

Chief Metropolitan Operations Officer (acting)