

T4f

TIME FOR FUN



T4F Entretenimento S.A.

2Q19 Earnings Release

T4F Entretenimento S.A.

B3: SHOW3

Closing on June 30, 2019: R\$5.27
2Q19 Average Volume: 87.5 thousand
(0.25% of the *free float*)
Market Cap on June 30, 2019: R\$355.7
million

Earnings Presentation through webcast

<http://ir.t4f.com.br/>

Date: August 8, 2019

English

10:00 a.m. (US ET) | 11:00 a.m. (BR)

Portuguese

09:00 a.m. (US ET) | 10:00 a.m. (BR)

Sao Paulo, August 7, 2019 – T4F Entretenimento S.A. (“T4F” or “Company”) (B3: SHOW3), leading live entertainment company in South America, announces the revised results for the second quarter of 2019 (2Q19). The financial and operational information herein were prepared according to International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil.

2Q19 Highlights

- 137 events promoted (+136% vs. 2Q18) with 388 thousand tickets sold (+69% vs. 2Q18);
- Net revenue of R\$132.4 million (+85% vs. 2Q18);
- Negative Adjusted EBITDA of R\$18.7 million, due mainly to the recognition of the costs of the outdoor events promoted in the quarter, without opening sales for future outdoor shows;
- Negative Net Result of R\$18.2 million;
- Cash position of R\$224.1 million and net cash of R\$70.3 million.

Financial Indicators (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Net Revenue	266.0	253.0	-5%	71.7	132.4	85%
Events Promotion	172.4	168.3	-2%	41.7	82.0	97%
Live Music	166.3	143.7	-14%	39.6	69.7	76%
Family Events and Theater	1.9	22.1	1062%	-	10.0	n.a.
Sports Events	4.2	2.5	-41%	2.1	2.3	9%
Ticketing, F&B and Venues Operation	43.3	36.9	-15%	17.8	21.5	21%
Sponsorship	50.3	47.8	-5%	12.2	28.9	137%
Events Promotion	44.6	41.7	-7%	9.2	25.7	180%
Ticketing, F&B and Venues Operation	5.8	6.2	7%	3.0	3.2	5%
Cost	(219.9)	(237.5)	8%	(60.6)	(136.4)	125%
Gross Profit	46.1	15.5	-66%	11.1	(4.0)	n.a.
Gross Margin (%)	17.3%	6.1%	-11.2 p.p.	15.5%	-3.0%	-18.5 p.p.
SG&A	(31.6)	(57.5)	82%	(11.2)	(18.6)	66%
EBITDA	17.3	(27.7)	n.a.	1.2	(19.6)	n.a.
EBITDA Margin (%)	6.5%	-10.9%	-17.5 p.p.	1.7%	-14.8%	-16.5 p.p.
Adjusted EBITDA (excl. non-recurring effects) ⁽¹⁾	17.3	(10.1)	n.a.	1.2	(18.7)	n.a.
Adjusted EBITDA Margin (excl. non-recurring effects) ⁽¹⁾	6.5%	-4.0%	-1051.9%	1.7%	-14.1%	-1585.5%
Financial Result	5.4	(26.3)	n.a.	6.6	(0.6)	n.a.
Net Result	8.6	(52.5)	n.a.	3.7	(18.2)	n.a.
Net Margin (%)	3.2%	-20.8%	-24.0 p.p.	5.2%	-13.8%	-19.0 p.p.
Net Financial Result (excl. non-recurring effects) ⁽¹⁾	8.6	(11.3)	n.a.	3.7	(18.2)	n.a.
Net Margin (excl. non-recurring effects) ⁽¹⁾	3.2%	-4.5%	-7.7 p.p.	5.2%	-13.8%	-19.0 p.p.

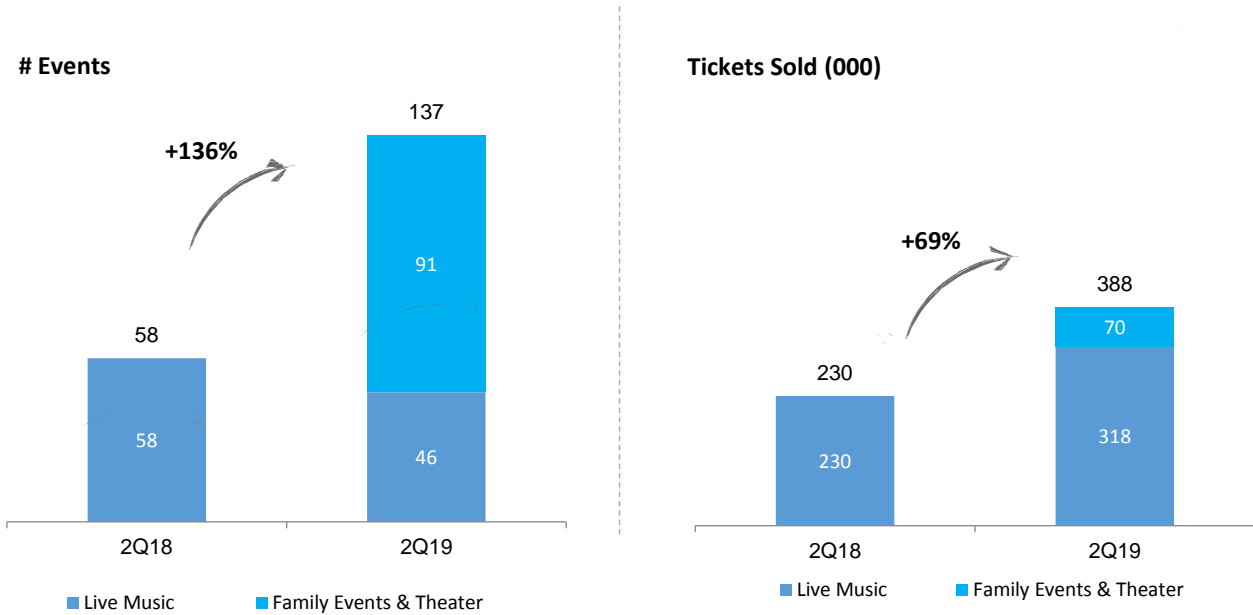
Operational Indicators	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Live Music						
Events Promoted	113	68	-40%	58	46	-21%
Tickets Sold (000)	752	550	-27%	230	318	38%
Average Ticket Price (R\$)	224	263	18%	174	225	30%
Family Events and Theater						
Events Promoted	45	213	373%	-	91	n.a.
Tickets Sold (000)	18	167	826%	-	70	n.a.
Average Ticket Price (R\$)	109	137	25%	-	140	n.a.
Total						
Events Promoted	158	281	78%	58	137	136%
Tickets Sold (000)	770	717	-7%	230	388	69%
Average Ticket Price (R\$)	221	234	6%	174	210	21%

⁽¹⁾ In 1H19, the non-recurring effects were: (i) provision of US\$8.8 million as probable loss referring to the decision of the appellate court on the lawsuit against the Company in Argentina, of which US\$3.5 million plus procedural expenses are registered in “Other Operating Expenses” and the amount of interest on arrears is registered in “Monetary Variation”, and (ii) Write-off related to the termination of the agreement with Bizarro in Chile in the amount of R\$6.5 million, recorded under “Other Results with Investments”. In 2Q19, there were a reversal of R\$0.9 million related to the end of the agreement with Bizarro and inflation adjustment equivalent to R\$0.9 million in the provision for lawsuit in Argentina. The net result excluding non-recurring effects does not include any impacts on income tax and social contribution.

We report below comments on the financial statements related to the quarter ended on June 30, 2019 (2Q19). We recommend reading this material together with the Quarterly Financial Statements (“ITR”).

Comments on the Consolidated Financial Performance

Operating Indicators



In 2Q19, we promoted 46 live music events with 318 thousand tickets sold. Compared to the same period last year, the number of tickets sold increased 38% while the number of events decreased 21% due to the lower activity in indoor music. The growth in the number of tickets sold is a result mainly of the performance in outdoor live music: while in 2Q18 we held 6 shows of Ozzy Osbourne’s tour (5 in arenas), in 2Q19 we promoted the Arctic Monkeys’ concert in Rio de Janeiro and 3 days of the Lollapalooza Brazil Festival, which was held in the first quarter in 2018.

In family and theater, we promoted 91 performances of the original Broadway musical The Phantom of the Opera with 70 thousand tickets sold. In 2Q18, we did not promote any family and theater content.

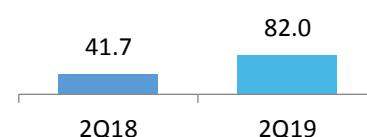
Net Revenue

Net Revenue (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Events Promotion	172.4	168.3	-2%	41.7	82.0	97%
Live Music	166.3	143.7	-14%	39.6	69.7	76%
Family Events and Theater	1.9	22.1	1062%	-	10.0	n.a.
Sports Events	4.2	2.5	-41%	2.1	2.3	9%
Ticketing, F&B and Venues Operation	43.3	36.9	-15%	17.8	21.5	21%
Sponsorship	50.3	47.8	-5%	12.2	28.9	137%
Events Promotion	44.6	41.7	-7%	9.2	25.7	180%
Ticketing, F&B and Venues Operation	5.8	6.2	7%	3.0	3.2	5%
TOTAL	266.0	253.0	-5%	71.7	132.4	85%

In 2Q19, net revenue totaled R\$132.4 million, up 85% from 2Q18.

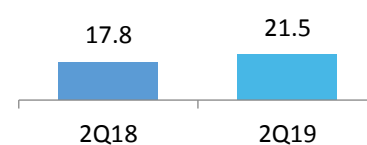
Net revenue in event promotion increased 97% from 2Q18 due to the promotion of the Lollapalooza Brazil Festival and of the musical The Phantom of the Opera. In 2018, the festival Lollapalooza was held in the first quarter and in 2Q18 we did not promote any family and theater events.

Events Promotion
R\$ mn



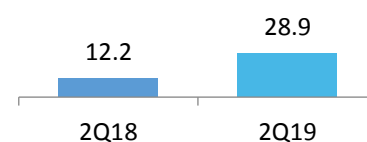
Net revenue of ticketing, F&B and venues operation reached R\$21.5 million in 2Q19, up 21% from 2Q18. This improved performance is a result mainly of the F&B operation at the Lollapalooza festival this quarter, but below the growth in the other lines, given that we did not open sales for future outdoor concerts this quarter.

Ticketing, F&B and Venues
R\$ mn



Net sponsorship revenue amounted to R\$28.9 million in 2Q19, up 137% from 2Q18, also due to the calendar effect of the Lollapalooza festival, as part of the sponsorship revenue is recognized in the month of the event.

Sponsorship
R\$ mn



Gross Result

Gross Result (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Events Promotion	(14.2)	(39.7)	179%	(6.0)	(38.3)	539%
Ticketing, F&B and Venues Operation	10.0	7.4	-27%	4.9	5.4	10%
Sponsorship	50.3	47.8	-5%	12.2	28.9	137%
Gross Result	46.1	15.5	-66%	11.1	(4.0)	n.a.
<i>Gross Margin (%)</i>	<i>17.3%</i>	<i>6.1%</i>	<i>-11.2 p.p.</i>	<i>15.5%</i>	<i>-3.0%</i>	<i>-18.5 p.p.</i>

Gross result was negative in R\$4.0 million in 2Q19, versus gross profit of R\$11.1 million in 2Q18. This quarter, due to the Lollapalooza Brazil, we registered box office revenue and all the costs related to the promotion of the festival, while sponsorship and ticketing (service charge) revenues have been recognized since the sales opening in 3Q18.

As a result, gross profit in sponsorship increased 137% and Ticketing, F&B and Venues Operations grew 10%, due mainly to the operation of Food & Beverage at the festival, while gross result in event promotion was negative by R\$38.3 million.

Operating Expenses (Revenue)

SG&A (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Sales	(0.9)	(0.7)	-30%	(0.5)	(0.3)	-49%
General and Administrative	(28.6)	(26.7)	-7%	(11.3)	(15.0)	33%
Management Compensation	(6.4)	(3.9)	-39%	(4.0)	(2.6)	-36%
SG&A	(35.9)	(31.2)	-13%	(15.9)	(17.9)	13%
<i>% Total/Net Revenue</i>	<i>13.5%</i>	<i>12.3%</i>	<i>-1.2 p.p.</i>	<i>22.1%</i>	<i>13.5%</i>	<i>-8.6 p.p.</i>
Other Results with Investments	-	(6.5)	n.a.	-	0.9	n.a.
Other Operating Revenues (Expenses)	4.3	(19.9)	n.a.	4.7	(1.6)	n.a.
Total	(31.6)	(57.5)	82%	(11.2)	(18.6)	66%
<i>% Total/Net Revenue</i>	<i>11.9%</i>	<i>22.7%</i>	<i>10.9 p.p.</i>	<i>15.6%</i>	<i>14.0%</i>	<i>-1.5 p.p.</i>

SG&A and management compensation registered growth of 13% due mainly to the end of the Company's stock option program with the payment of the outstanding balance in 2Q19.

Total expenses reached R\$18.6 million in the quarter versus R\$11.2 million in the same period last year. In 2Q18, there was a reversion of provision for non-recurring contingencies.

In 1H19, total expenses amounted to R\$57.5 million versus R\$31.6 million in 1H18. It should be noted that the expenses were affected by the following non-recurring events: (i) termination of the incorporation agreement of Bizarro's operations in Chile, reflected in "Other Results with Investments" in the amount of R\$6.5 million; and (ii) provision of probable loss regarding the lawsuit in Argentina, with impact of R\$17.6 million in "Other Operating Expenses". In accordance with the accounting standards in Argentina, the amount of this provision is adjusted by inflation in the period, which generated a negative impact of R\$0.9 million in 2Q19.

EBITDA

EBITDA Reconciliation (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Net Result	8.6	(52.5)	n.a.	3.7	(18.2)	n.a.
(+) Income Tax and Social Contribution	11.3	(15.8)	n.a.	2.8	(5.0)	n.a.
(+) Net Financial Result	(5.4)	26.3	n.a.	(6.6)	0.6	n.a.
(+) Other Results with Investments	-	6.5	n.a.	-	(0.9)	n.a.
(+) Depreciation	2.8	7.8	178%	1.3	3.9	198%
=EBITDA	17.3	(27.7)	n.a.	1.2	(19.6)	n.a.
<i>EBITDA Margin (%)</i>	<i>6.5%</i>	<i>-10.9%</i>	<i>-17.5 p.p.</i>	<i>1.7%</i>	<i>-14.8%</i>	<i>-16.5 p.p.</i>
Adjusted EBITDA (excl. non-recurring effects)⁽¹⁾	17.3	(10.1)	n.a.	1.2	(18.7)	n.a.
<i>Adjusted EBITDA Margin (%) (excl. non-recurring effects)⁽¹⁾</i>	<i>6.5%</i>	<i>-4.0%</i>	<i>-10.5 p.p.</i>	<i>1.7%</i>	<i>-14.1%</i>	<i>-15.9 p.p.</i>

As a consequence, EBITDA in 2Q19 was negative in R\$19.6 million. Excluding the non-recurring effect of the hyperinflation adjustment on the provision of the lawsuit in Argentina, adjusted EBITDA was negative in R\$18.7 million.

Financial Result

Financial Result (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Financial Income	6.1	8.2	34%	2.6	5.2	103%
Interest Income	0.2	1.8	983%	(0.3)	1.4	n.a.
Income over Financial Investments	5.9	4.4	-25%	2.9	2.2	-22%
Others	0.1	2.0	2394%	0.0	1.6	3865%
Financial Expenses	(3.9)	(16.2)	321%	(1.5)	(6.8)	360%
Interest Cost	(0.4)	(1.2)	184%	0.4	(0.2)	n.a.
Interests with Borrowings - Debentures	(0.9)	(4.7)	421%	(0.4)	(2.3)	558%
Tax on Financial Transactions	(1.1)	(1.1)	-2%	(0.3)	(0.6)	100%
Others	(1.4)	(9.2)	548%	(1.2)	(3.6)	209%
Financial Income - Financial Expenses	2.3	(8.0)	n.a.	1.1	(1.6)	n.a.
Exchange and Monetary Variations	3.1	(18.3)	n.a.	5.5	1.0	-83%
Exchange Variation	2.1	(0.7)	n.a.	3.1	(0.5)	n.a.
Monetary Variation	1.0	(17.6)	n.a.	2.4	1.5	-40%
Net Financial Result	5.4	(26.3)	n.a.	6.6	(0.6)	n.a.

In 2Q19, net financial result was negative in R\$0.6 million, versus positive result of R\$6.6 million in 2Q18, due mainly to:

- (i) Accounting adjustment of hyperinflation in Argentina with a negative effect of R\$2.0 million, whose accounting rules had not been adopted in 2Q18, of which R\$3.6 million were registered in other financial expenses and R\$1.6 million as a positive effect in other financial income;
- (ii) Interest related to the third issue of debentures in the amount of R\$2.3 million versus R\$0.4 million in 2Q18, and;
- (iii) Negative exchange variation of R\$0.5 million versus positive variation of R\$3.1 million in 2Q18 in the hedge operations of Brazil and Argentina.

It is noteworthy that in 1H19, the financial result was impacted by the non-recurring effect of the provision related to the arrears interest on the lawsuit in Argentina in the amount of R\$17.3 million registered under Monetary Variation.

Excluding the effects of hyperinflation (negative R\$2.0 million in 2Q19 and negative R\$5.6 million in 1H19) and of the provision of interest related to the lawsuit in Argentina (R\$17.1 million in 1Q19), financial result would have been positive in R\$1.4 million in 2Q19 and negative in approximately R\$3.5 million in 1H19.

Net Result

Net Result (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Result Before Taxes	19.9	(68.3)	n.a.	6.6	(23.2)	n.a.
(-) Income Tax and Social Contribution (Current)	(8.1)	(0.8)	-90%	0.4	(0.8)	n.a.
(-) Income Tax and Social Contribution (Deferred)	(3.2)	16.6	n.a.	(3.2)	5.8	n.a.
Net Result	8.6	(52.5)	n.a.	3.7	(18.2)	n.a.
<i>Net Margin (%)</i>	<i>3.2%</i>	<i>-20.8%</i>	<i>-24.0 p.p.</i>	<i>5.2%</i>	<i>-13.8%</i>	<i>-19.0 p.p.</i>
Net Result (excl. non-recurring effects) ⁽¹⁾	8.6	(11.3)	n.a.	3.7	(18.2)	n.a.
<i>Net Margin (%) (excl. nonrecurring effects)⁽¹⁾</i>	<i>3.2%</i>	<i>-4.5%</i>	<i>-7.7 p.p.</i>	<i>5.2%</i>	<i>-13.8%</i>	<i>-19.0 p.p.</i>

Due to the aforementioned reasons, the quarter ended on June 30, 2019, posted negative net result of R\$18.2 million. Excluding non-recurring effects, net result would be negative in R\$16.2 million versus net income of R\$3.7 million in 2Q18.

In 1H19, we registered net loss of R\$52.5 million. Excluding the non-recurring effects and the hyperinflation adjustment in the period, net result would be negative in R\$5.7 million versus net income of R\$8.6 million in 1H18.

Working Capital

Working Capital (R\$ million)	2Q18	1Q19	2Q19	Var. % (2Q19/1Q19)	Var. % (2Q19/2Q18)
Assets	154.3	144.6	72.2	-50%	-53%
Accounts Receivable	50.8	75.1	47.5	-37%	-7%
Inventories	0.9	1.3	1.6	20%	77%
Advances to Suppliers and Anticipated Costs	102.6	68.2	23.2	-66%	-77%
Liabilities	194.1	164.6	82.5	-50%	-57%
Accounts Payable (Suppliers)	68.9	59.5	47.5	-20%	-31%
Advances from Clients	125.3	105.1	35.0	-67%	-72%
Net Working Capital	(39.9)	(20.0)	(10.3)	-49%	-74%

We ended 2Q19 with negative working capital of R\$10.3 million, versus R\$20.0 million in 1Q19 and R\$39.9 million in 2Q18. The maintenance of negative working capital is due mainly to our business model, in which we register sale of tickets and sponsorship in advance (in advances from clients), while payments to suppliers are mostly concentrated on dates close to the related events.

Cash and Indebtedness

Cash and Indebtedness (R\$ million)	1H18	1H19	Chg. %	2Q18	2Q19	Chg. %
Operating Cash Flow	(6.4)	30.8	n.a.	(58.1)	(33.5)	-42%
Investment Cash Flow	(1.5)	(4.1)	179%	(1.1)	(0.8)	-28%
Financing Cash Flow	(26.0)	(16.8)	-35%	(18.8)	(8.5)	-55%
Exchange Variance	6.9	12.3	78%	6.1	5.9	-3%
Increase (Reduction) in Cash and Equivalents	(26.9)	22.1	n.a.	(71.8)	(36.8)	-49%
Balance in Cash and Financial Investments	171.7	224.1	31%	171.7	224.1	31%
Borrowings and Financing - Short Term	17.1	28.8	69%	17.1	28.8	69%
Borrowings and Financing - Long Term	-	125.0	n.a.	-	125.0	n.a.
Total Indebtedness	17.1	153.8	801%	17.1	153.8	801%
Net Cash (Debt)	154.6	70.3	-55%	154.6	70.3	-55%

We ended 2Q19 with R\$224.1 million in cash versus R\$171.7 million in 2Q18 and R\$260.1 million in 1Q19:

- Operating cash: we consumed R\$33.5 million due to the lack of sales opening for outdoor shows and mainly due to the promotion of the Lollapalooza Brazil festival, given that most of the costs related to the event are paid in the month it is held.
- Investments: we spent R\$385 thousand with investments in IT and R\$375 thousand in maintenance capex.
- Financing: we disbursed (i) R\$4.0 million on dividend payment, (ii) R\$4.2 million on interest related to the third issue of debentures and (iii) R\$2.9 million on the payment of lease liabilities related to long term rental contracts of our venues, partially offset by the receipt of R\$2.6 million from related parties.

It should be noted that, as of January 1st, 2019, the new standard CPC 06 / IFRS16 removes the distinction between operating and financial leases and requires the recognition of an asset (rights-of-use assets) and a related financial liability as rent payments for virtually all lease agreements. For this reason, borrowings and financing now reflect our lease agreements with a maturity of more than 12 months.

We thus concluded the quarter with total indebtedness of R\$153.8 million (-3% vs. 1Q19) and net cash of R\$70.3 million (-32% vs. 1Q19).

Events Pipeline

- **Live Music**

Outdoor

In November, we will promote the Popload Festival in Sao Paulo which includes artists like Patti Smith, The Raconteurs, Tove Lo, Beirut and Hot Chip, among others.

Indoor

In indoor music, we have already booked more than 50 shows for the second half, including important local and international artists like Dido, Racionais, Maria Bethânia, Lulu Santos, Caetano Veloso, among others.

- **Family Events and Theater**

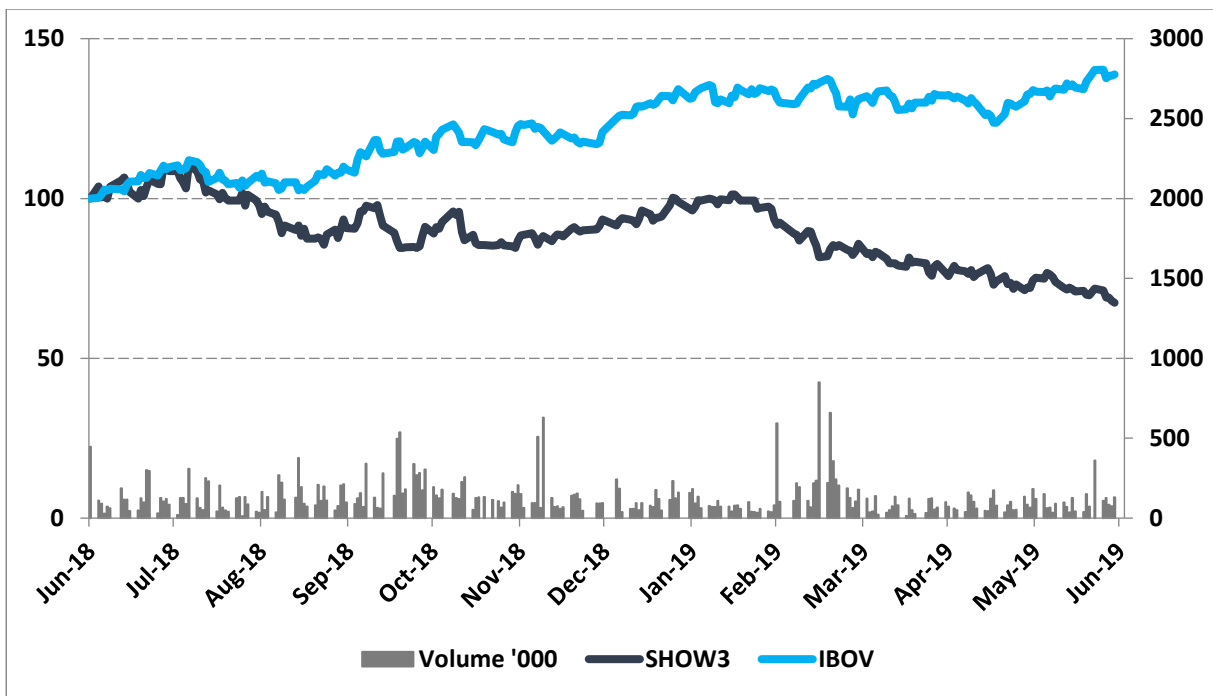
We will continue to promote the original Broadway musical The Phantom of the Opera until the end of 2019 at Teatro Renault

- **Sports Events**

In the second half, we will promote 8 series of the 12 races of Stock Car and 5 of the 8 series of Stock Light.

SHOW3 Performance

SHOW3 closing price on June 30, 2019 was R\$5.27, which represented a decrease of 27.9% YTD and of 32.6% in the last 12 months.



Income Statement

(R\$ 000)

	2Q18	2Q19
NET OPERATING REVENUE	194,347	132,415
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(159,320)	(136,439)
GROSS PROFIT	35,027	(4,024)
OPERATING INCOME (EXPENSES)		
Sales	(418)	(267)
General and administrative	(17,268)	(15,031)
Management compensation	(2,337)	(2,581)
Other results with investments		
Other operating income (expenses), net	(408)	(1,644)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME	14,596	(22,622)
FINANCIAL RESULT		
Financial expenses	(2,375)	(6,801)
Financial income	3,553	5,245
Net exchange rate and monetary variation	(2,415)	960
OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	13,359	(23,218)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(8,521)	(802)
Deferred	17	5,800
NET RESULT	4,855	(18,220)

	1H18	1H19
NET OPERATING REVENUE	266,045	253,019
COST OF SERVICES PROVIDED AND PRODUCTS SOLD	(219,932)	(237,505)
GROSS PROFIT	46,113	15,514
OPERATING INCOME (EXPENSES)		
Sales	(938)	(654)
General and administrative	(28,579)	(26,654)
Management compensation	(6,363)	(3,860)
Other Results with Investments	-	(6,500)
Other operating income (expenses), net	4,275	(19,864)
OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME	14,508	(42,018)
FINANCIAL RESULT		
Financial expenses	(3,852)	(16,202)
Financial income	6,134	8,227
Net exchange rate and monetary variation	3,124	(18,313)
OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION	19,914	(68,306)
INCOME TAX AND SOCIAL CONTRIBUTION		
Current	(8,115)	(813)
Deferred	(3,205)	16,614
NET RESULT	8,594	(52,505)

Balance Sheet

(R\$ 000)

ASSETS	2Q18	1Q19	2Q19
CURRENT			
Cash and Cash Equivalent	171,148	255,869	219,084
Financial Investments	503	5,000	5,000
Restricted Cash	2,003	2,676	26
Accounts Receivables	50,826	75,117	47,481
Inventories	886	1,301	1,566
Recoverable Taxes	26,276	16,712	19,144
Advances to Suppliers	13,678	11,092	8,404
Anticipated Costs	88,876	57,063	14,780
Other Receivables	23,825	4,918	5,297
Total Current Assets	378,021	429,748	320,782
NON-CURRENT			
Deferred Income Tax and Social Contribution	56,697	61,373	64,844
Judicial Deposits	26,046	10,810	10,607
Anticipated Costs	-	15,387	11,540
Related Parties	897	15,448	10,027
Total Long Term Assets	83,640	103,018	97,018
Fixed Assets (Property, Plant and Equipment)	14,086	49,968	46,491
Intangible:			
Goodwill on investments acquisition	112,397	127,676	127,688
Other intangibles	3,508	2,752	2,503
Total Non-Current Assets	213,631	283,414	273,700
TOTAL ASSETS	591,652	713,162	594,482
LIABILITIES AND SHAREHOLDERS' EQUITY	2Q18	1Q19	2Q19
CURRENT			
Suppliers	68,858	59,485	47,493
Borrowings, financing and debentures	17,074	12,891	28,821
Payroll, Provisions and Social Contributions	6,017	2,853	5,224
Taxes Payable	5,903	16,095	4,052
Advances from Clients	125,270	105,103	35,033
Sponsorships - Culture Incentive Law (Rouanet Act)	-	1,061	-
Dividends Payable	-	2,001	10
Provision for Tax, Civil and Labor Contingencies	-	-	-
Other Payables	10,787	7,732	12,411
Total Current Liabilities	233,909	207,221	133,044
NON-CURRENT			
Borrowings, financing and debentures	-	144,955	124,955
Provision for Tax, Civil and Labor Contingencies	24,882	43,420	42,943
Deferred Income Tax and Social Contribution	181	159	1,013
Taxes Payable	5,376	5,247	1,221
Other Payables	1,141	829	796
Total Non-Current Liabilities	31,580	194,610	170,928
SHAREHOLDERS' EQUITY			
Capital Stock	243,022	243,022	243,022
Costs with Shares Issuance	(9,665)	(9,665)	(9,665)
Capital Reserve	5,560	6,237	(2,043)
Revaluation Reserve	905	732	691
Earnings Retention Reserve	67,630	44,179	29,108
Treasury Stocks	(2,131)	(2,131)	(2,131)
Comprehensive Results	16,467	28,798	31,271
Controlling Shareholders' Stake	321,788	311,172	290,253
Non-controlling Interests in Equity of Subsidiaries	4,375	159	257
Total Consolidated Shareholders' Equity	326,163	311,331	290,510
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	591,652	713,162	594,482

Cash Flow

(R\$ 000)

	2Q18	1Q19	2Q19
CASH FLOWS FROM OPERATING ACTIVITIES			
Net profit for the period	3,739	(34,285)	(18,220)
Adjustments to reconcile profit for the period to net cash provided by (used in) generated by operating activities:			
Depreciation and amortization	1,312	3,905	3,914
Result on the merger of the subsidiary company Aurolights	-	35	-
Residual value of property, plant and equipment written-off	183	70	3
Deferred income tax and social contribution	3,222	(10,814)	(5,800)
Financial charges and exchange differences on balances with subsidiaries, financing, borrowings and taxes payable	(3,124)	463	2,253
Share-based payments	255	181	(1)
Recognition (reversal) of tax, civil and labor contingencies	(780)	34,274	(536)
Constitution (reversal) of allowance for doubtful accounts	(627)	(1,085)	(1)
(Increase) Decrease in operating assets and liabilities:			
Trade accounts receivables	82,690	55,692	28,199
Inventories	(69)	128	(262)
Recoverable taxes	(4,348)	(1,918)	(2,412)
Advances to suppliers	700	22,085	2,691
Other receivables	(1,508)	3,074	(353)
Escrow deposits	(1,592)	(348)	203
Prepaid expenses	(53,681)	(29,074)	46,130
Trade payables	(43,238)	15,475	(11,364)
Taxes payable	(21,311)	11,269	(13,016)
Accrued payroll and related taxes	(734)	(2,490)	(792)
Advances from customers	3,277	(13,202)	(70,070)
Payments of tax, civil and labor lawsuits	(779)	(215)	(2)
Other payables	(21,666)	2,898	6,224
Payments of income tax and social contribution	-	-	-
Lease payments - interest	-	706	661
Cash generated by (used in) operating activities	(58,079)	64,249	(33,476)
CASH FLOWS FROM INVESTING ACTIVITIES			
Financial Investments	(503)	-	-
Goodwill on acquisition of investments	-	(3,000)	(8)
Acquisition of property, plant and equipment and intangible assets	(567)	(370)	(760)
Acquisition of interests in subsidiary Aurolights	-	-	-
Acquisition of interests in subsidiary Vicar	-	-	-
Capital increase in subsidiaries	-	-	-
Net cash generated y (used in) investing activities	(1,070)	(3,370)	(768)
CASH FLOWS FROM FINANCING ACTIVITIES			
Aquisition of own shares	(1,124)	-	-
Related parties	3,430	(4,982)	2,574
Payment of dividends	(21,068)	-	(3,982)
Issuance of Debentures	-	-	-
Payment of debentures - principal	-	-	-
Payment of debentures - interests	(62)	-	(4,163)
Lease payments - principal	-	(3,357)	(2,909)
Net cash generated by (used in) financing activities	(18,824)	(8,339)	(8,480)
Exchange Variance on Cash and Cash Equivalents	6,130	6,378	5,939
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(71,843)	58,918	(36,785)
CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period	242,991	196,951	255,869
Cash and cash equivalents at end of period	171,148	255,869	219,084
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(71,843)	58,918	(36,785)