

T4F Entretenimento S.A.

2Q18 Earnings Release

T4F Entretenimento S.A.

B3: SHOW3

Quotation

Closing on June 30, 2018: R\$7.90
2Q18 Average Volume: 195.1 thousand
(0.55% of the free float)
Price on August 8, 2018: R\$8.35
Market Cap: R\$563.6 million

Earnings presentation through webcast

Date: August 9, 2018

English

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

www.t4f.com.br/ri

Portuguese

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

www.t4f.com.br/ri

Investor Relations

ri@t4f.com.br

+ 55 (11) 3576-1200



T4f
TIME FOR FUN

Sao Paulo, August 8, 2018 – 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 2018 (2Q18). The financial and operational information herein were prepared according to International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil.

2Q18 Highlights

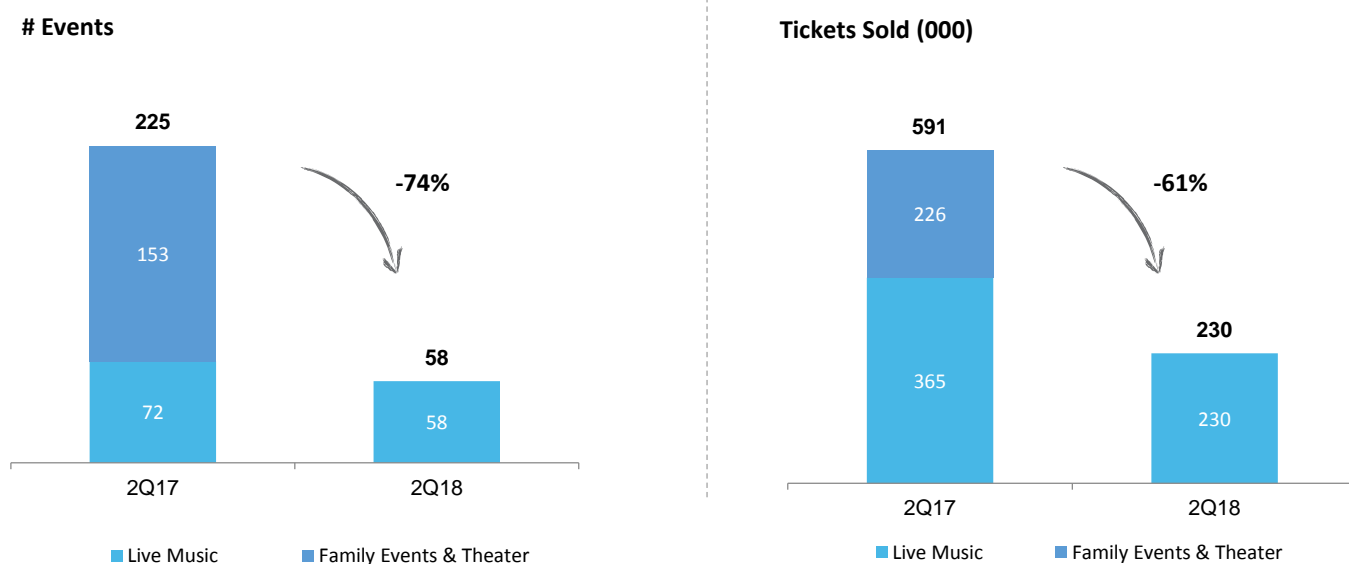
- 58 events promoted (-74% vs. 2Q17);
- Net revenue of R\$71.7 million (-58% vs. 2Q17);
- Gross profit of R\$11.1 million (-68% vs. 2Q17);
- Expenses of R\$11.2 million (-39% vs. 2Q17);
- EBITDA of R\$1.2 million (-94% vs. 2Q17);
- Net income of R\$3.7 million (-48% vs. 2Q17); and
- T4F announces association with Möeller & Botelho, the largest independent company of theatrical productions in Brazil.

| Financial Indicators (R\$ million) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|-------------------------------------|---------|---------|-----------|---------|--------|-----------|
| Net Revenue | 308.4 | 266.0 | -14% | 170.9 | 71.7 | -58% |
| Events Promotion | 187.6 | 172.4 | -8% | 105.3 | 41.7 | -60% |
| Live Music | 157.9 | 166.3 | 5% | 82.2 | 39.6 | -52% |
| Family Events and Theater | 26.4 | 1.9 | -93% | 21.0 | - | -100% |
| Sports Events | 3.2 | 4.2 | 29% | 2.1 | 2.1 | 1% |
| Ticketing, F&B and Venues Operation | 86.0 | 43.3 | -50% | 53.2 | 17.8 | -67% |
| Sponsorship | 34.9 | 50.3 | 44% | 12.4 | 12.2 | -2% |
| Events Promotion | 26.1 | 44.6 | 71% | 9.2 | 9.2 | 0% |
| Ticketing, F&B and Venues Operation | 8.7 | 5.8 | -34% | 3.2 | 3.0 | -6% |
| Cost | (244.7) | (219.9) | -10% | (135.9) | (60.6) | -55% |
| Gross Profit | 63.7 | 46.1 | -28% | 35.0 | 11.1 | -68% |
| <i>Gross Margin (%)</i> | 20.7% | 17.3% | -3.3 p.p. | 20.5% | 15.5% | -5.0 p.p. |
| SG&A | (37.5) | (31.6) | -16% | (18.3) | (11.2) | -39% |
| EBITDA | 31.0 | 17.3 | -44% | 18.9 | 1.2 | -94% |
| <i>EBITDA Margin (%)</i> | 10.1% | 6.5% | -3.5 p.p. | 11.0% | 1.7% | -9.3 p.p. |
| Financial Result | (0.4) | 5.4 | n.a. | (1.9) | 6.6 | n.a. |
| Net Income | 13.0 | 8.6 | -34% | 7.2 | 3.7 | -48% |
| <i>Net Margin (%)</i> | 4.2% | 3.2% | -1.0 p.p. | 4.2% | 5.2% | 1.0 p.p. |

| Operational Indicators | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|----------------------------------|------|------|--------|------|------|--------|
| Live Music | | | | | | |
| Events Promoted | 128 | 113 | -12% | 72 | 58 | -19% |
| Tickets Sold (000) | 705 | 752 | 7% | 365 | 230 | -37% |
| Average Ticket Price (R\$) | 231 | 224 | -3% | 241 | 174 | -28% |
| Family Events and Theater | | | | | | |
| Events Promoted | 230 | 45 | -80% | 153 | - | -100% |
| Tickets Sold (000) | 273 | 18 | -93% | 226 | - | -100% |
| Average Ticket Price (R\$) | 121 | 109 | -10% | 119 | - | -100% |
| Total | | | | | | |
| Events Promoted | 358 | 158 | -56% | 225 | 58 | -74% |
| Tickets Sold (000) | 978 | 770 | -21% | 591 | 230 | -61% |
| Average Ticket Price (R\$) | 201 | 221 | 10% | 195 | 174 | -11% |

We report below comments on the financial statements related to the quarter ended on June 30, 2018 (2Q18). We recommend reading this material together with the Quarterly Financial Statements ("ITR").

Comments on the Consolidated Financial Performance



Operating Indicators

In 2Q18, we promoted only live music events with 58 shows and 230 thousand tickets sold, which represented a decrease of 19% and 37%, respectively. In addition to the lower activity level of indoor shows in our venues in June, due to the World Cup, the 6 outdoor shows of Ozzy Osbourne's tour were concentrated in arenas, of which only 1 took place in a stadium. In 2Q17, we promoted 2 concerts in stadiums of the Justin Bieber's tour and 4 shows of the Elton John & James Taylor's tour, 1 in stadium and 3 in arenas.

As explained in previous reports, due to the logistics of tour sets of the original Broadway musical *The Phantom of the Opera*, which started in August, we did not promote family and theater events in 2Q18, while in 2Q17 we held the musical *Les Misérables* and the Magical Ice Festival.

Net Revenue

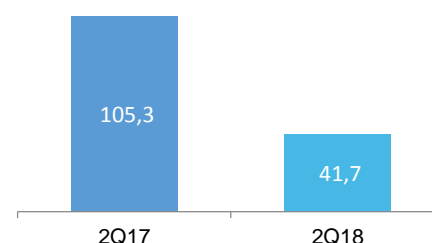
| Net Revenue (R\$ million) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|-------------------------------------|--------------|--------------|-------------|--------------|-------------|-------------|
| Events Promotion | 187.6 | 172.4 | -8% | 105.3 | 41.7 | -60% |
| Live Music | 157.9 | 166.3 | 5% | 82.2 | 39.6 | -52% |
| Family Events and Theater | 26.4 | 1.9 | -93% | 21.0 | - | -100% |
| Sports Events | 3.2 | 4.2 | 29% | 2.1 | 2.1 | 1% |
| Ticketing, F&B and Venues Operation | 86.0 | 43.3 | -50% | 53.2 | 17.8 | -67% |
| Sponsorship | 34.9 | 50.3 | 44% | 12.4 | 12.2 | -2% |
| Events Promotion | 26.1 | 44.6 | 71% | 9.2 | 9.2 | 0% |
| Ticketing, F&B and Venues Operation | 8.7 | 5.8 | -34% | 3.2 | 3.0 | -6% |
| TOTAL | 308.4 | 266.0 | -14% | 170.9 | 71.7 | -58% |

Net revenue in 2Q18 totaled R\$71.7 million, down 58% from 2Q17.

Net revenue in event promotion decreased 60% compared to 2Q17, amounting to R\$41.7 million. This result in 2Q18 is a consequence of the absence of family and theater content, in addition to the promotion of a lower number of indoor shows and of more concerts in arenas than in stadiums in the outdoor segment. Therefore, we registered a reduction in the number of tickets sold and in the average ticket price, from R\$195 to R\$174.

Event Promotion

R\$ mn

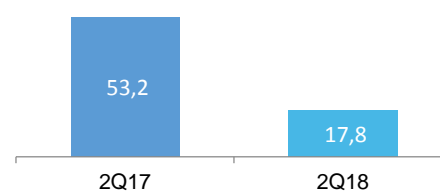


Net revenue of ticketing, F&B and venues operations decreased 67% from 2Q17, due mainly to the fact that we did not open sales for outdoor concerts in 2H18 and due to the lower activity in event promotion. In 2Q17, we highlight the start of sales for the concerts of Paul McCartney's tour.

Ticketing, F&B and Venues

Operation

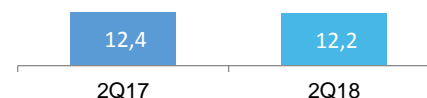
R\$ mn



Net revenue of sponsorship totaled R\$12.2 million in 2Q18, in line with 2Q17, despite the reduction in the activity of event promotion and ticketing operation, reflecting a slight improvement in this segment year-on-year.

Sponsorship

R\$ mn



Gross Profit

| Gross Profit (R\$ million) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|-------------------------------------|--------------|--------------|------------------|--------------|--------------|------------------|
| Events Promotion | 6.4 | (14.2) | n.a. | 6.4 | (6.0) | n.a. |
| Ticketing, F&B and Venues Operation | 22.5 | 10.0 | -55% | 16.2 | 4.9 | -70% |
| Sponsorship | 34.9 | 50.3 | 44% | 12.4 | 12.2 | -2% |
| Gross Profit | 63.7 | 46.1 | -28% | 35.0 | 11.1 | -68% |
| <i>Gross Margin (%)</i> | <i>20.7%</i> | <i>17.3%</i> | <i>-3.3 p.p.</i> | <i>20.5%</i> | <i>15.5%</i> | <i>-5.0 p.p.</i> |

Gross profit reached R\$11.1 million in 2Q18 versus R\$35.0 million in 2Q17, reflecting the decrease in activity this quarter in event promotion and ticketing operation, partially offset by the performance of sponsorship in line year-on-year.

Operating Expenses (Revenue)

| SG&A (R\$ million) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|-------------------------------------|--------|--------|-----------|--------|--------|----------|
| Sales | (0.6) | (0.9) | 52% | (0.2) | (0.5) | 135% |
| General and Administrative | (32.2) | (28.6) | -11% | (16.7) | (11.3) | -32% |
| Management Compensation | (5.0) | (6.4) | 27% | (1.5) | (4.0) | 162% |
| SG&A | (37.9) | (35.9) | -5% | (18.5) | (15.9) | -14% |
| Other Operating Revenues (Expenses) | 0.4 | 4.3 | n.a. | 0.2 | 4.7 | n.a. |
| Total | (37.5) | (31.6) | -16% | (18.3) | (11.2) | -39% |
| <i>% Total/Net Revenue</i> | 12.2% | 11.9% | -0.3 p.p. | 10.7% | 15.6% | 4.9 p.p. |

SG&A expenses decreased 14% compared to 2Q17. Total expenses reduced 39% year-on-year due to the reversion of provision for non-recurring contingencies.

EBITDA

| EBITDA Reconciliation (R\$ million) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|--|-------|-------|-----------|-------|-------|-----------|
| Net Result | 13.0 | 8.6 | -34% | 7.2 | 3.7 | -48% |
| (+) Income Tax and Social Contribution | 12.8 | 11.3 | -12% | 7.6 | 2.8 | -63% |
| (+) Net Financial Result | 0.4 | (5.4) | n.a. | 1.9 | (6.6) | n.a. |
| (+) Depreciation | 4.9 | 2.8 | -42% | 2.2 | 1.3 | -41% |
| =EBITDA | 31.0 | 17.3 | -44% | 18.9 | 1.2 | -94% |
| <i>EBITDA Margin (%)</i> | 10.1% | 6.5% | -3.5 p.p. | 11.0% | 1.7% | -9.3 p.p. |

As a consequence, EBITDA in 2Q18 amounted to R\$1.2 million versus R\$18.9 million in 2Q17.

Financial Result

| Financial Result (R\$ million) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|--|-------|-------|--------|-------|-------|--------|
| Financial Income | 6.7 | 6.1 | -9% | 3.0 | 2.6 | -13% |
| Interest Income | 1.3 | 0.2 | -87% | 0.8 | (0.3) | n.a. |
| Income over Financial Investments | 5.3 | 5.9 | 10% | 2.1 | 2.9 | 33% |
| Others | 0.1 | 0.1 | -22% | 0.1 | 0.0 | -32% |
| Financial Expenses | (8.0) | (3.9) | -52% | (3.8) | (1.5) | -61% |
| Interest Cost | (2.2) | (0.4) | -80% | (1.3) | 0.4 | n.a. |
| Interests with Borrowings - Debentures | (2.6) | (0.9) | -65% | (1.0) | (0.4) | -66% |
| Losses with Swap Operations | (0.7) | - | -100% | - | - | n.a. |
| Tax on Financial Transactions | (1.5) | (1.1) | -26% | (1.0) | (0.3) | -68% |
| Taxes and Others | (1.0) | (1.4) | 37% | (0.5) | (1.2) | 119% |
| Exchange Variance | 0.9 | 3.1 | 259% | (1.0) | 5.5 | n.a. |
| Net Financial Result | (0.4) | 5.4 | n.a. | (1.9) | 6.6 | n.a. |

In 2Q18, net financial result was positive in R\$6.6 million versus negative R\$1.9 million in 2Q17, as a result of a financial income R\$1.1 million higher than financial expenses (due to the low indebtedness), in addition to a positive exchange variation of R\$5.5 million in the hedge operations of Brazil and Argentina.

Net Result

| Net Income (R\$ million) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|---|-------------|-------------|------------------|-------------|-------------|-----------------|
| Result Before Taxes | 25.8 | 19.9 | -23% | 14.8 | 6.6 | -56% |
| (-) Income Tax and Social Contribution (Current) | (5.6) | (8.1) | 46% | (3.0) | 0.4 | n.a. |
| (-) Income Tax and Social Contribution (Deferred) | (7.3) | (3.2) | -56% | (4.6) | (3.2) | -30% |
| Net Income | 13.0 | 8.6 | -34% | 7.2 | 3.7 | -48% |
| <i>Net Margin (%)</i> | <i>4.2%</i> | <i>3.2%</i> | <i>-1.0 p.p.</i> | <i>4.2%</i> | <i>5.2%</i> | <i>1.0 p.p.</i> |

As a consequence, the quarter ended on June 30, 2018, posted net income of R\$3.7 million.

Working Capital

| Working Capital (R\$ million) | 2Q17 | 1Q18 | 2Q18 | Chg. % (2Q18/1Q18) | Chg. % (2Q18/2Q17) |
|---|---------------|---------------|---------------|-----------------------|-----------------------|
| Assets | 230.5 | 184.1 | 154.3 | -16% | -33% |
| Accounts Receivable | 149.8 | 133.5 | 50.8 | -62% | -66% |
| Inventories | 1.7 | 0.9 | 0.9 | -5% | -48% |
| Advances to Suppliers and Anticipated Costs | 79.0 | 49.6 | 102.6 | 107% | 30% |
| Liabilities | 259.5 | 237.3 | 194.1 | -18% | -25% |
| Accounts Payable (Suppliers) | 137.8 | 115.3 | 68.9 | -40% | -50% |
| Advances from Clients | 121.7 | 122.0 | 125.3 | 3% | 3% |
| Net Working Capital | (29.0) | (53.2) | (39.9) | -25% | 37% |

In 2Q18, we posted negative working capital of R\$39.9 million versus R\$53.2 million in 1Q18 and R\$29.0 million in 2Q17. 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) | 1H17 | 1H18 | Chg. % | 2Q17 | 2Q18 | Chg. % |
|---|--------------|---------------|--------------|--------------|---------------|--------------|
| Operating Cash Flow | 52.0 | (6.4) | n.a. | 52.5 | (58.1) | n.a. |
| Investment Cash Flow | 6.2 | (1.5) | n.a. | (4.1) | (1.1) | -74% |
| Financing Cash Flow | (13.3) | (26.0) | 95% | (2.5) | (18.8) | 645% |
| Exchange Variance | 1.6 | 6.9 | 339% | 1.4 | 6.1 | 350% |
| Increase (Reduction) in Cash and Equivalents | 46.4 | (26.9) | -158% | 47.2 | (71.8) | -252% |
| Balance in Cash and Financial Investments | 169.5 | 171.7 | 1% | 169.5 | 171.7 | 1% |
| Borrowings and Financing - Short Term | 17.9 | 17.1 | -4% | 17.9 | 17.1 | -4% |
| Borrowings and Financing - Long Term | 16.7 | - | -100% | 16.7 | - | -100% |
| Total Indebtedness | 34.6 | 17.1 | -51% | 34.6 | 17.1 | -51% |
| Net Cash (Debt) | 135.0 | 154.6 | 15% | 135.0 | 154.6 | 15% |

We ended the quarter with R\$171.7 million in cash, in line with 2Q17, even with the dividend payment of R\$21.1 million and reduction of 51% in the Company's indebtedness.

- Operating cash: we consumed R\$58.1 million, since we paid artists' fees and productions costs of the concerts promoted during 1Q18 and we did not start ticket sales for future large shows in 2Q18.
- Investments: we spent R\$567 thousand in maintenance capex and we invested R\$503 thousand in financial investments.
- Financing: we spent R\$21.1 million in dividend payment and R\$1.1 million with the acquisition of own shares, partially offset by R\$3.4 million received from related parties.

We ended the quarter with: (i) total indebtedness of R\$17.1 million, down 51% from 2Q17 and in line with 1Q18, and (ii) net cash of R\$154.6 million (-32% vs. 1Q18 and +15% vs. 2Q17).

Event Pipeline

- **Live Music**

Outdoor

In 3Q18, we will promote the Villa Mix Festival in Sao Paulo with Jorge & Mateus, Gustavo Lima, Matheus & Kauan, Alok, among other local artists, and we will begin the ticket sales for our sixth edition of Lollapalooza Brazil, which will be in April 2019.

In October, we will promote 10 shows of Roger Waters' tour in stadiums: 8 concerts in 7 Brazilian Capitals and 2 concerts in Buenos Aires.

In November, we will present the Solid Rock festival with Judas Priest, Alice in Chains and Black Stars Riders at Allianz Parque stadium in Sao Paulo and in arenas in Buenos Aires and Santiago.

In December, we will hold the Summer Break festival with Noel Gallagher as headliner in arenas in Sao Paulo and Santiago.

Indoor

In indoor music, we have already booked around 50 concerts for 3Q18, including important local and international artists like Laura Pausini, Roberto Carlos, Soy Luna, Kasabian, Capital Inicial, J Balvin and Ricardo Arjona.

- **Family Events & Theater**

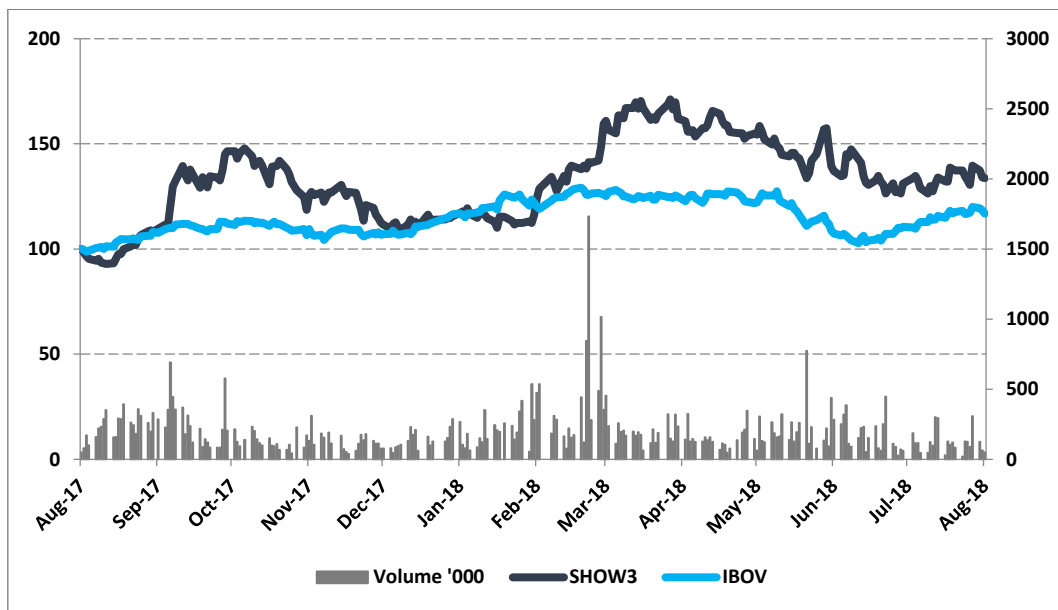
On August 1st, we held the première of the original Broadway musical The Phantom of the Opera, which was our attendance record among all of our musicals when it was performed in 2005/2006. Considering the number of tickets sold to the première, this new version of The Phantom of the Opera also continues at the top.

■ Sports Events

In 3Q18, we will promote 4 of the 12 series of *Stock Car*, including the traditional “Corrida do Milhão” and 3 of the 8 races of *Campeonato Brasileiro de Marcas* and *Stock Car Light*.

SHOW3 Performance

SHOW3 closing price on August 8, 2018 was R\$8.35, up 17.3% YTD and 33.6% in the last twelve months.



Income Statement

(R\$ 000)

| | 2Q17 | 2Q18 |
|--|----------------|---------------|
| NET OPERATING REVENUE | 170,908 | 71,698 |
| COST OF SERVICES PROVIDED AND PRODUCTS SOLD | (135,937) | (60,612) |
| GROSS PROFIT | 34,971 | 11,086 |
| OPERATING INCOME (EXPENSES) | | |
| Sales | (221) | (520) |
| General and administrative | (16,730) | (11,311) |
| Management compensation | (1,538) | (4,026) |
| Other operating income (expenses), net | 156 | 4,683 |
| OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME | 16,638 | (88) |
| FINANCIAL RESULT | | |
| Financial expenses | (3,833) | (1,477) |
| Financial income | 2,959 | 2,581 |
| Net exchange rate and monetary variation | (992) | 5,539 |
| OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION | 14,772 | 6,555 |
| INCOME TAX AND SOCIAL CONTRIBUTION | | |
| Current | (3,035) | 406 |
| Deferred | (4,581) | (3,222) |
| NET RESULT | 7,156 | 3,739 |

| | 1H17 | 1H18 |
|--|----------------|----------------|
| NET OPERATING REVENUE | 308,425 | 266,045 |
| COST OF SERVICES PROVIDED AND PRODUCTS SOLD | (244,726) | (219,932) |
| GROSS PROFIT | 63,699 | 46,113 |
| OPERATING INCOME (EXPENSES) | | |
| Sales | (618) | (938) |
| General and administrative | (32,226) | (28,579) |
| Management compensation | (5,028) | (6,363) |
| Other operating income (expenses), net | 350 | 4,275 |
| OPERATING PROFIT (LOSS) BEFORE FINANCIAL (EXPENSES) INCOME | 26,177 | 14,508 |
| FINANCIAL RESULT | | |
| Financial expenses | (7,952) | (3,852) |
| Financial income | 6,717 | 6,134 |
| Net exchange rate and monetary variation | 870 | 3,124 |
| OPERATING PROFIT (LOSS) BEFORE INCOME TAX AND SOCIAL CONTRIBUTION | 25,812 | 19,914 |
| INCOME TAX AND SOCIAL CONTRIBUTION | | |
| Current | (5,550) | (8,115) |
| Deferred | (7,299) | (3,205) |
| NET RESULT | 12,963 | 8,594 |

Balance Sheet

(R\$ 000)

| ASSETS | 2Q17 | 1Q18 | 2Q18 |
|---|----------------|----------------|----------------|
| CURRENT | | | |
| Cash and Cash Equivalent | 169,542 | 242,991 | 171,148 |
| Financial Investments | 6,581 | - | 503 |
| Restricted Cash | 3,346 | 2,669 | 2,003 |
| Accounts Receivables | 149,807 | 133,544 | 50,826 |
| Inventories | 1,717 | 931 | 886 |
| Recoverable Taxes | 23,933 | 24,502 | 26,276 |
| Advances to Suppliers | 38,160 | 14,437 | 13,678 |
| Anticipated Costs | 40,841 | 35,195 | 88,876 |
| Other Receivables | 13,279 | 23,499 | 23,825 |
| Total Current Assets | 447,206 | 477,768 | 378,021 |
| NON-CURRENT | | | |
| Deferred Income Tax and Social Contribution | 65,827 | 59,705 | 56,697 |
| Judicial Deposits | 25,033 | 24,478 | 26,046 |
| Related Parties | 1,719 | 5,043 | 897 |
| Total Long Term Assets | 92,579 | 89,226 | 83,640 |
| Fixed Assets (Property, Plant and Equipment) | 29,121 | 15,176 | 14,086 |
| Intangible: | | | |
| Goodwill on investments acquisition | 113,509 | 112,861 | 112,397 |
| Other intangibles | 4,710 | 3,781 | 3,508 |
| Total Non-Current Assets | 239,919 | 221,044 | 213,631 |
| TOTAL ASSETS | 687,125 | 698,812 | 591,652 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | 2Q17 | 1Q18 | 2Q18 |
| CURRENT | | | |
| Suppliers | 137,797 | 115,328 | 68,858 |
| Borrowings, financing and debentures | 17,874 | 16,740 | 17,074 |
| Payroll, Provisions and Social Contributions | 6,911 | 6,889 | 6,017 |
| Taxes Payable | 12,584 | 27,945 | 5,903 |
| Advances from Clients | 121,720 | 121,993 | 125,270 |
| Sponsorships - Culture Incentive Law (Rouanet Act) | 1,739 | 2,004 | - |
| Dividends Payable | - | 21,068 | - |
| Other Payables | 32,680 | 30,549 | 10,787 |
| Total Current Liabilities | 331,305 | 342,516 | 233,909 |
| NON-CURRENT | | | |
| Borrowings, financing and debentures | 16,696 | - | - |
| Provision for Tax, Civil and Labor Contingencies | 24,136 | 26,609 | 24,882 |
| Deferred Income Tax and Social Contribution | 385 | 198 | 181 |
| Taxes Payable | 6,026 | 5,550 | 5,376 |
| Other Payables | 6,565 | 3,282 | 1,141 |
| Total Non-Current Liabilities | 53,808 | 35,639 | 31,580 |
| SHAREHOLDERS' EQUITY | | | |
| Capital Stock | 243,022 | 243,022 | 243,022 |
| Costs with Shares Issuance | (9,665) | (9,665) | (9,665) |
| Capital Reserve | 4,079 | 5,305 | 5,560 |
| Revaluation Reserve | 956 | 912 | 905 |
| Earnings Retention Reserve | 51,016 | 64,012 | 67,630 |
| Treasury Stocks | (37) | (1,007) | (2,131) |
| Comprehensive Results | 11,408 | 13,906 | 16,467 |
| Controlling Shareholders' Stake | 300,779 | 316,485 | 321,788 |
| Non-controlling Interests in Equity of Subsidiaries | 1,233 | 4,172 | 4,375 |
| Total Consolidated Shareholders' Equity | 302,012 | 320,657 | 326,163 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | 687,125 | 698,812 | 591,652 |

Cash Flow

(R\$ 000)

| | 2Q17 | 1Q18 | 2Q18 |
|---|----------------|----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net profit for the period | 7,156 | 4,855 | 3,739 |
| Adjustments to reconcile profit for the period to net cash provided by (used in) generated by operating activities: | | | |
| Depreciation and amortization | 2,234 | 1,502 | 1,312 |
| Result on the merger of the subsidiary company Aurolights | - | - | - |
| Residual value of property, plant and equipment written-off | 94 | (308) | 183 |
| Deferred income tax and social contribution | 5,475 | (17) | 3,222 |
| Financial charges and exchange differences on balances with subsidiaries, financing, borrowings and taxes payable | 1,704 | (731) | (3,124) |
| Share-based payments | 155 | 452 | 255 |
| Recognition (reversal) of tax, civil and labor contingencies | 92 | 2,939 | (780) |
| Constitution (reversal) of allowance for doubtful accounts | 571 | (18) | (627) |
| (Increase) Decrease in operating assets and liabilities: | | | |
| Trade accounts receivables | (59,573) | 40,466 | 82,690 |
| Inventories | 22 | 52 | (69) |
| Recoverable taxes | 3,544 | (739) | (4,348) |
| Advances to suppliers | (26,633) | (3,077) | 700 |
| Other receivables | 2,314 | (4,702) | (5,831) |
| Escrow deposits | 83 | 212 | (1,592) |
| Prepaid expenses | 24,595 | 2,184 | (53,681) |
| Trade payables | 57,431 | 47,242 | (43,238) |
| Taxes payable | (3,155) | 12,925 | (21,311) |
| Accrued payroll and related taxes | (436) | 1,612 | (734) |
| Advances from customers | 9,083 | (73,966) | 7,600 |
| Payments of tax, civil and labor lawsuits | - | (435) | (779) |
| Other payables | 27,730 | 21,281 | (21,666) |
| Cash generated by (used in) operating activities | 52,486 | 51,729 | (58,079) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Financial Investments | (3,166) | - | (503) |
| Goodwill on acquisition of investments | - | - | - |
| Acquisition of property, plant and equipment and intangible assets | (949) | (412) | (567) |
| Net cash generated y (used in) investing activities | (4,115) | (412) | (1,070) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Capital Increase | - | - | - |
| Aquisition of own shares | (37) | (744) | (1,124) |
| Related parties | 3,826 | 3,085 | 3,430 |
| Payment of dividends | (6,315) | - | (21,068) |
| Payment of debentures - principal | - | (8,333) | - |
| Payment of debentures - interests | - | (1,140) | (62) |
| Net cash generated by (used in) financing activities | (2,526) | (7,132) | (18,824) |
| Exchange Variance on Cash and Cash Equivalents | 1,361 | 791 | 6,130 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 47,206 | 44,976 | (71,843) |
| CASH AND CASH EQUIVALENTS | | | |
| Cash and cash equivalents at beginning of period | 122,336 | 198,015 | 242,991 |
| Cash and cash equivalents at end of period | 169,542 | 242,991 | 171,148 |
| INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 47,206 | 44,976 | (71,843) |