

Construtora Tenda S.A.

Notes to the individual and consolidated
Interim financial information
for the period ended June 30, 2018

(Convenience Translation into English from the original previously Issued in Portuguese)

Construtora Tenda S.A.

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION JUNE 30, 2018

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Construtora Tenda S.A.
CNPJ/MF Nº 71.476.527/0001-35
NIRE 35.300.348.206

Notice to the Market

2Q18 OPERATING AND FINANCIAL RESULTS

Tenda ended 2Q18 with net income of R\$52 million and annualized ROE of 13.6%. Cash generation reached R\$65 million, allowing for a stable cash position of R\$657 million, even with the R\$73 million investment in the share buyback program during the quarter.

Net pre-sales of R\$906 million in 1H18, a 24.7% increase, and Net SoS of 48.5% in the quarter.

FOR IMMEDIATE RELEASE - São Paulo, August 13, 2018 – Construtora Tenda S.A., one of Brazil’s leading homebuilders and real estate developers operating in the low-income housing segment within the “Minha Casa, Minha Vida” (“MCMV”) program, levels 1.5 and 2, today reported its operating and financial results for the second quarter of 2018.

HIGHLIGHTS

- Cash Generation totaled R\$65 million in 2Q18, 3.8% higher than 2Q17, and R\$120 million in 1H18, 48.1% higher than 1H17. Operating Cash Generation in 2Q18 came in at R\$67.4 million, up by 20.0% quarter over quarter.
- Net income increased R\$52 million in 2Q18, up 147.9% year-over-year. ROE in the last 12 months reached 13.6%, an increase of 6.1 p.p., evidencing consistent operational improvement.
- Launches totaled R\$539.1 million in 2Q18, up 21% from 2Q17, and R\$805.4 million in 1H18, 8% higher than in 1H17.
- Net pre-sales reached R\$481.3 million this quarter, up 14% year-over-year, and R\$905.5 million in 1H18, 25% above 1H17. The Speed of Sales (“Net SoS”) ended the quarter at 33%, an increase of 4.2 p.p. compared to 2Q17. In 1H18, SoS reached 49%, up 8.5 p.p. versus the same period of 2017.
- Landbank increased to R\$7.1 billion, with acquisitions of R\$798.0 million in 2Q18 and of R\$1.2 billion in 1H18, representing 40% landbank growth compared to the end of 2Q17.

CONFERENCE CALL WITH WEBCAST AND SIMULTANEOUS TRANSLATION

August 14, 2018 - Tuesday
10:00 a.m. (NY)
10:00 a.m. (BRT)

Dial-in:
+55 (11) 3127-4971
+1 (516) 300 1066
Code: Tenda
Webcast: [Click here](#)



MESSAGE FROM MANAGEMENT

We ended the second quarter of 2018 having met significant milestones as we pursue our objective of becoming the lower-income homebuilding company that delivers the highest returns to its shareholders.

We begin by highlighting the very positive operational and financial results from the quarter: Net income of R\$52 million, with 13.6% ROE over the last 12 months, reflecting the increasing scalability of the current business model.

This scale increase benefited from the "Feirão da Caixa", a housing sales event promoted by the Brazilian mortgage lender Caixa, in May. We saw record net sales of R\$481 million and presales volume (PSV) of 33% in the quarter, supported by the wider distribution of our launches inside the regions we operate, and by an increase in the share of level 1.5 projects in our portfolio. In the first half of 2018, we recorded net sales of R\$906 million, representing 52% of the mid-point of the 2018 sales guidance range disclosed last April.

Savings in construction costs, obtained via the continuous improvement process implemented at our sites, smoothed the impacts of recent cost increases in raw materials. These savings allowed us to reach 36.5% of adjusted gross margin in the first half of 2018, above the top of the guided range for the year. As such, considering the gains locked in, we also disclosed today our revised guidance for 2018 adjusted gross margin, which we expect now to be from 34% to 36%.

We had positive cash generation as a result of further progress in reducing lag time from close of sale to bank transfer. Cash generation was R\$65 million in 2Q18 and R\$120 million for 1H18. Cash generation was important to support the share buyback program, as we bought R\$73 million in shares as of June. Despite share buyback program disbursements, we were able to maintain a R\$657 million cash balance, similar to the previous quarter.

The execution of the share buyback program aligns with our long-term objective of reaching 0% net debt over shareholders' equity. Having repurchased 4,489,300 shares at an average price of R\$25.18 per share, the program ran out the available reserve funds, and we are pleased to disclose that the program is ending today.

Finally, the Extraordinary Shareholders Meeting held on August 9 approved the new management compensation plan. It is a stock-based plan, aligning the interests of shareholders and management, in addition to being a significant milestone in renewing management's long-term incentives. All these measures demonstrate our efforts toward our objective of becoming the lower-income homebuilding company that delivers the highest returns to its shareholders. Thank you very much.

The Management Team



OPERATIONAL AND FINANCIAL HIGHLIGHTS

Operational and Financial Highlights	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Operational Highlights								
Launches	539.1	266.3	102.4% ↑	446.4	20.8% ↑	805.4	748.5	7.6% ↑
Net pre-sales	481.3	424.2	13.5% ↑	387.0	24.4% ↑	905.5	725.9	24.7% ↑
Sales over Supply (SoS)	33.3%	29.1%	4.2 p.p. ↑	26.2%	7.1 p.p. ↑	48.5%	40.0%	8.5 p.p. ↑
Delivered projects (Units)	3,720	1,404	165.0% ↑	2,136	74.2% ↑	5,124	4,783	7.1% ↑
Banco de Terrenos (VGV em R\$ milhões)	7,130.9	6,872.0	3.8% ↑	5,105.6	39.7% ↑	7,130.9	5,105.6	39.7% ↑
Landbank - Acquisitions / Adjustments (in R\$ million)	798.0	443.4	80.0% ↑	1,035.3	(22.9%) ↓	1,241.3	1,392.4	(10.8%) ↓
Financial Highlights								
Net Revenue	399.1	366.1	9.0% ↑	314.6	26.8% ↑	765.1	639.3	19.7% ↑
Adjusted Gross Profit ¹	150.0	128.9	16.4% ↑	108.8	37.9% ↑	279.0	221.1	26.2% ↑
Adjusted Gross Margin ¹	37.6%	35.2%	2.4 p.p. ↑	34.6%	3.0 p.p. ↑	36.5%	34.6%	1.9 p.p. ↑
Adjusted EBITDA ²	58.0	58.3	(0.4%) ↓	30.7	89.0% ↑	116.3	62.4	86.2% ↑
Adjusted EBITDA Margin ²	14.5%	15.9%	(1.4 p.p.) ↓	9.8%	4.8 p.p. ↑	15.2%	9.8%	5.4 p.p. ↑
Net Financial Result	3.4	3.2	8.8% ↑	0.7	369.9% ↑	6.6	0.1	9,221.1% ↑
Net Income (Loss) ³	51.6	36.3	42.2% ↑	20.8	147.9% ↑	87.9	39.7	121.0% ↑
Backlog Revenues	480.5	422.8	13.6% ↑	299.7	60.3% ↑	480.5	299.7	60.3% ↑
Backlog Results ⁴	209.8	188.9	11.1% ↑	147.2	42.5% ↑	209.8	147.2	42.5% ↑
Backlog Margin ⁴	43.7%	44.7%	(1.0 p.p.) ↓	49.1%	(5.5 p.p.) ↓	43.7%	49.1%	(5.5 p.p.) ↓
Cash and cash equivalents ⁵	656.8	660.4	(0.5%) ↓	352.2	86.5% ↑	656.8	352.2	86.5% ↑
Net Debt	(273.0)	(282.6)	3.4% ↑	(173.6)	(57.3%) ↓	(273.0)	(173.6)	(57.3%) ↓
Adjusted Net Debt ⁶	(273.0)	(282.6)	3.4% ↑	(72.0)	(279.3%) ↓	(273.0)	(72.0)	(279.3%) ↓
Shareholders' Equity + minority shareholders	1,190.4	1,209.8	(1.6%) ↓	1,094.6	8.7% ↑	1,190.4	1,094.6	8.7% ↑
Net Debt / (SE + Minority)	(22.9%)	(23.4%)	0.4 p.p. ↑	(15.9%)	(7.1 p.p.) ↓	(22.9%)	(15.9%)	(7.1 p.p.) ↓
Adjusted Net Debt ⁶ / (SE + Minority)	(22.9%)	(23.4%)	0.4 p.p. ↑	(6.6%)	(16.4 p.p.) ↓	(22.9%)	(6.6%)	(16.4 p.p.) ↓
Cash Generation ¹¹	65.0	55.0	18.2% ↑	62.7	3.8% ↑	120.0	81.1	48.1% ↑
Operating Cash Generation ¹²	67.4	56.0	20.2% ↑	68.9	(2.2%) ↓	123.4	90.1	36.9% ↑
Net Income (Loss) (last 12 months)	154.8	124.0	24.8% ↑	83.0	86.5% ↑	154.8	83.0	86.5% ↑
NOPAT (last 12 months) ⁷	180.0	150.7	19.4% ↑	116.6	54.4% ↑	180.0	116.6	54.4% ↑
Adjusted Capital Employed ⁸	916.3	927.4	(1.2%) ↓	1,022.7	(10.4%) ↓	916.3	1,022.7	(10.4%) ↓
ROE (last 12 months) ⁹	13.6%	10.9%	2.7 p.p. ↑	7.6%	6.1 p.p. ↑	13.6%	7.6%	6.1 p.p. ↑

1) Adjusted by capitalized interests.

2) Adjusted by capitalized interests, expenses with stock option plans (non-cash) and minority shareholders.

3) Adjusted by minority shareholders

4) Backlog results comprise the projects restricted by condition precedent.

5) Cash and cash equivalents and securities.

6) Net debt adjusted by payment obligations from the capital reduction on December 14, 2016. This obligation is recorded in the Balance Sheet under Others Non-current Creditors.

7) NOPAT is composed of net income excluding financial result and capitalized interest effects.

8) Adjusted Capital Employed is composed of the sum of adjusted net debt, shareholders' equity, and minority shareholders.

9) ROE is calculated by net income of the last 12 months adjusted by minority shareholders divided by the average shareholders' equity. Average referring to the opening and closing position in the last 12 months.

10) ROCE is calculated by NOPAT of the last 12 months divided by average capital employed. Average referring to the opening and closing position in the last 12 months.

11) Cash Generation is the difference between the Available Cash change and Gross Debt change, adjusted by Share Buyback, Dividends, Capital Reduction and non-operational effects.

12) Operating Cash Generation is a result of the company's managerial calculation which neither reflects nor is compared with the figures reported in the financial statements.



GUIDANCE

As we aim to have symmetric information and provide predictability to the market, Tenda opted to disclose Company projections (guidance) based on scenarios identified with defined variables and assumptions. We reached the following projections for 2018:

- For Adjusted Gross Margin, which is the ratio of consolidated gross profit for the year less financial charges, as stated in Note 12 to the financial statements and consolidated net revenue for the year, we project a range between 34% and 36%;
- For the Company's Net Pre-sales, defined as the product of gross sales for the year in R\$ million less cancellations for the year in R\$ million, adjusting all amounts to Tenda's equity interest, we project a range of R\$1,650 million and R\$1,850 million.

Guidance (in R\$ million)	Inferior	Superior	1Q18	2Q18	3Q18	4Q18	6S18
Cash and cash equivalents	34.0%	36.0%	35.2%	37.6%	0.0%	0.0%	36.5%
Short term investments	1,650.0	1,850.0	424.2	481.3	0.0	0.0	905.5

LAUNCHES

We launched 15 projects in 2Q18 and 23 in 1H18, representing a 25% increase over 2Q17 and a 15% increase over 1H17, respectively. PSV reached R\$539.1 million in 2Q18, an increase of 21% over 2Q17 and 102% over 1Q18.

Launches ¹	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Number of Launches	15	8	87.5% ↑	12	25.0% ↑	23	20	15.0% ↑
PSV (in R\$ million)	539.1	266.3	102.4% ↑	446.4	20.8% ↑	805.4	748.5	7.6% ↑
Number of units	4,052	1,852	118.8% ↑	3,052	32.8% ↑	5,904	5,112	15.5% ↑
Average price per unit (in R\$ thousand)	133.0	143.8	(7.5%) ↓	146.3	(9.0%) ↓	136.4	146.4	(6.8%) ↓
Average size of launches (in units)	270	232	16.7% ↑	254	6.2% ↑	257	256	0.4% ↑

1) Tenda holds 100% equity interest in projects launched under the New Business Model.



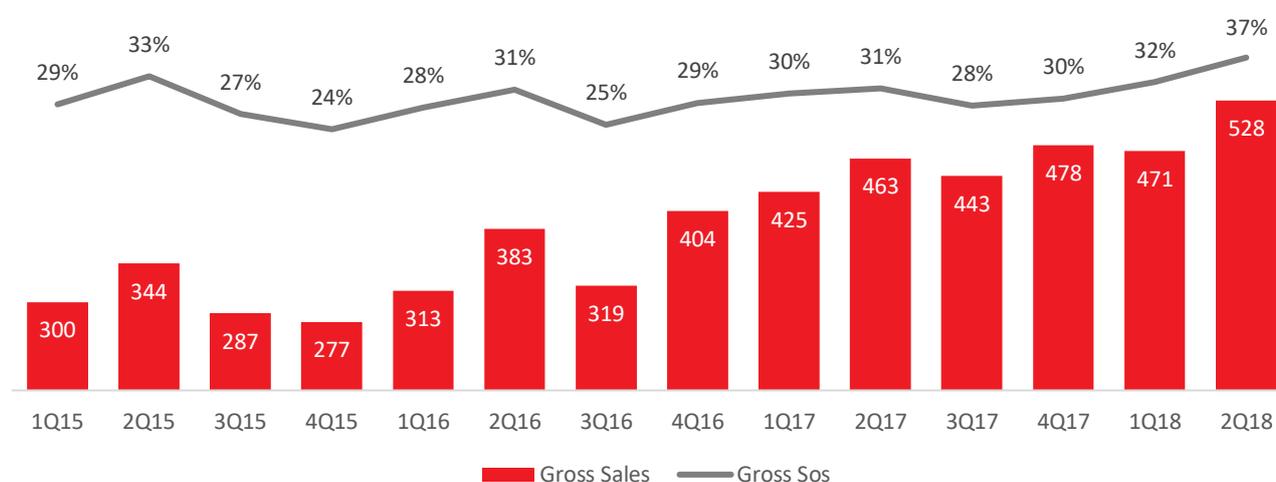
GROSS SALES

Gross sales totaled R\$528.1 million in 2Q18, up 14% year-over-year. First-half 2018 gross sales reached R\$999.4 million, 13% higher than in 1H17.

The speed of sales ("Gross SoS") reached 37% in 2Q18, 5.2 p.p. higher year-over-year and 4.2 p.p. higher quarter-over-quarter. Positive gross sales and SoS performance were possible thanks to the "Feirão da Caixa" sales event in May.

Gross Sales	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
PSV (in R\$ million)	528.1	471.2	12.1% ↑	462.8	14.1% ↑	999.353	887.4	12.6% ↑
Number of units	3,823	3,393	12.7% ↑	3,255	17.5% ↑	7,216	6,289	14.7% ↑
Average price per unit (in R\$ thousand)	138.1	138.9	(0.5%) ↓	142.2	(2.8%) ↓	138.5	141.1	(1.9%) ↓
Gross SoS	36.6%	32.4%	4.2 p.p. ↑	31.3%	5.2 p.p. ↑	53.5%	48.9%	4.6 p.p. ↑

Speed of Sales – Gross SoS (%) X Gross Sales



CANCELLATIONS AND NET PRE-SALES

In 2Q18, cancellations as a percentage of gross sales were stable at 9%, consistent with the levels presented in previous quarters.

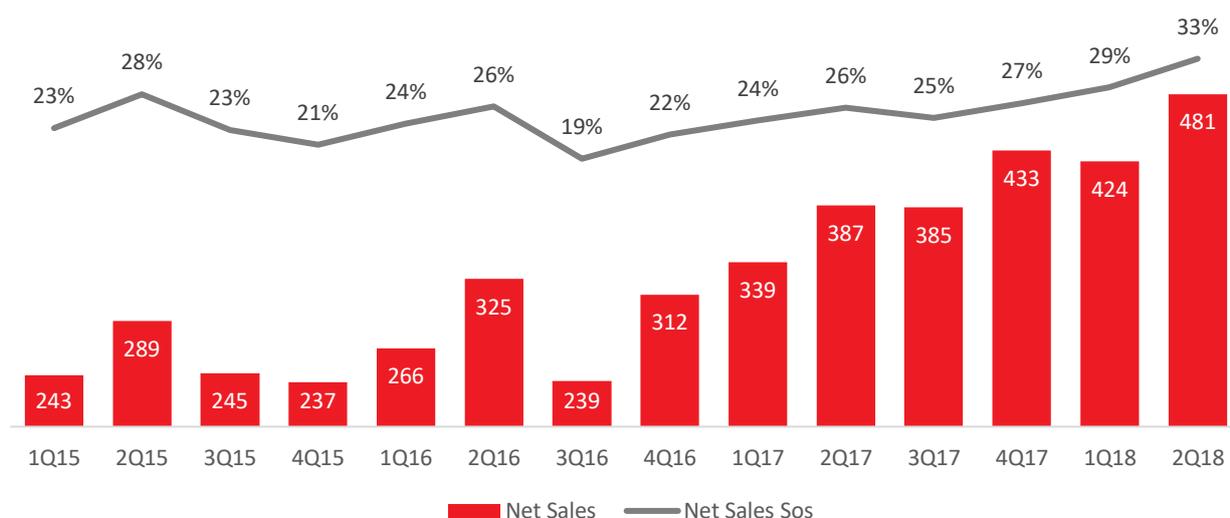
The speed of sales ("Net SoS") reached 33.3% in 2Q18, up 7.1 p.p. vs. 2Q17 and 4.2 p.p. vs. 1Q18.

(in R\$ million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Gross Sales	528.1	471.2	12.1% ↑	462.8	14.1% ↑	999.4	887.4	12.6% ↑
Cancellations	46.9	47.0	(0.3%) ↓	75.8	(38.2%) ↓	93.9	161.6	(41.9%) ↓
Net Pre-Sales	481.3	424.2	13.5% ↑	387.0	24.4% ↑	905.5	725.9	24.7% ↑
% Launch ¹	39.7%	8.2%	31.4 p.p. ↑	38.6%	1.1 p.p. ↑	25.0%	28.1%	(3.1 p.p.) ↓
% Inventory	60.3%	91.8%	(31.4 p.p.) ↓	61.4%	(1.1 p.p.) ↓	75.0%	71.9%	3.1 p.p. ↑
Cancellations / Gross Sales	8.9%	10.0%	(1.1 p.p.) ↓	16.4%	(7.5 p.p.) ↓	9.4%	18.2%	(8.8 p.p.) ↓
Net SoS	33.3%	29.1%	4.2 p.p. ↑	26.2%	7.1 p.p. ↑	48.5%	40.0%	8.5 p.p. ↑
(in units)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Gross Units Sold	3,823	3,393	12.7% ↑	3,255	17.5% ↑	7,216	6,289	14.7% ↑
Cancelled Units	341	341	0.0% ↑	554	(38.4%) ↓	682	1,175	(42.0%) ↓
Net Units Sold	3,482	3,052	14.1% ↑	2,701	28.9% ↑	6,534	5,114	27.8% ↑
Cancellations / Gross Sales	8.9%	10.1%	(1.1 p.p.) ↓	17.0%	(8.1 p.p.) ↓	9.5%	18.7%	(9.2 p.p.) ↓

1) Launches of current year.



Speed of Sales – Net SoS (%) X Net Sales



UNITS TRANSFERRED, DELIVERED, AND CONSTRUCTION SITES

Transferred PSV totaled R\$448.9 million in 2Q18, up 27% year-over-year and 9% quarter-over-quarter, due both to the stability of operations with financial institutions as evidenced by the faster sales transfer processes, which allowed the Company to reduce the time between the sale and the signing of the home loan contract. We ended the quarter with 39 construction sites, and we delivered 3,700 units in this period, an increase of 165% quarter-over-quarter and of 74% year-over-year.

Transfers, Deliveries and Construction Sites	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
PSV Transferred (in R\$ million)	448.9	413.1	8.7% ↑	354.1	26.8% ↑	862.0	674.4	27.8% ↑
Transferred Units	3,574	3,255	9.8% ↑	2,807	27.3% ↑	6,829	5,384	26.8% ↑
Delivered Units	3,720	1,404	165.0% ↑	2,136	74.2% ↑	5,124	4,783	7.1% ↑
Construction Sites	39	41	(4.9%) ↓	34	14.7% ↑	39	34	14.7% ↑

INVENTORY AT MARKET VALUE

At the end of 2Q18, inventory market value stood at R\$963 million, down 11.7% year-over-year and down 6.6% quarter-over-quarter. Inventory turnover¹ was 6.7 months. The variation of the average unit price of the inventory is explained by the higher number projects classified as level 1.5, as well as by the adjustments made to legacy units to increase its sales turnover.

Inventory at Market Value	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
PSV (in R\$ million)	963.0	1,031.2	(6.6%) ↓	1,090.4	(11.7%) ↓	963.0	1,090.4	(11.7%) ↓
Number of Units	7,247	7,027	3.1% ↑	7,412.0	(2.2%) ↓	7,247	7,412.0	(2.2%) ↓
Average price per unit (in R\$ thousand)	132.9	146.7	(9.5%) ↓	147.1	(9.7%) ↓	132.9	147.1	(9.7%) ↓
Status of Construction	2Q18	Not Initiated	Up to 30% built	30% to 70% built	More than 70% built	Finished units		
PSV (in R\$ million)	1,031.2	146.6	387.0	254,3	125.2	118.0		



LANDBANK

We continue to expand the Company's landbank, with a 40% increase year-over-year to R\$7.1 billion in PSV. In 2Q18, 21 phases/projects were acquired, across all the regions where the Company operates, representing launch potential of R\$798.0 million. We reinforce that all projects in our landbank are feasible in level 2, and may, in some cases, be eligible for level 1.5 of the "Minha Casa, Minha Vida" affordable housing program.

Landbank ¹	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Number of Projects	214	208	2.9% ↑	163	31.3% ↑	214	163	31.3% ↑
PSV (in R\$ million)	7,130.9	6,872.0	3.8% ↑	5,105.6	39.7% ↑	7,130.9	5,105.6	39.7% ↑
Acquisitions / Adjustments (in R\$ million)	798.0	443.4	80.0% ↑	1,035	(22.9%) ↓	1,241.3	1,392.4	(10.8%) ↓
Number of Units	49,123	47,219	4.0% ↑	36,575	34.3% ↑	49,123	36,575	34.3% ↑
Average price per unit (in R\$ thousands)	145.2	145.5	(0.3%) ↓	139.6	4.0% ↑	145.2	139.6	4.0% ↑
% Swap Total	27.9%	28.8%	(0.9 p.p.) ↓	22.6%	5.3 p.p. ↑	27.9%	22.6%	5.3 p.p. ↑
% Swap Units	14.4%	17.8%	(3.4 p.p.) ↓	15.0%	(0.7 p.p.) ↓	14.4%	15.0%	(0.7 p.p.) ↓
% Swap Financial	13.5%	11.0%	2.5 p.p. ↑	7.6%	6.0 p.p. ↑	13.5%	7.6%	6.0 p.p. ↑

1) Tenda owns 100% equity interest in landbank.

CURRENT BUSINESS MODEL UPDATE

We have delivered 28,141 units and R\$3.9 billion in PSV under the current business model, and all projects launched before 2015 have been 100% completed, reinforcing the stability and the high turnover of the operation.

We partly canceled in Camaçari, Bahia, a project launched in 2016 to adjust to the size of the region's demand. The canceled portion included 240 out of the 400 units launched. It is important to mention that the canceled part of this project neither was sold nor was constructed. The risk-mitigation strategy adopted by the Company, which consists of sequentially building and selling phases of projects, allowed us to minimize the financial impact of this cancellation. Based on our experience in this market, next launches will be located in more densely populated regions, with plots of land that are already available in our landbank, and with smaller-sized projects than the ones offered previously. The plot of land from the canceled phase was put up for sale and is no longer included in our landbank.

New Business Model Update	2013	2014	2015	2016	2017	YTD 2018
Number of Projects	7	14	30	41	45	23
Units launched	2,460	4,315	7,711	9,819	11,768	5,904
Total PSV (R\$ 000)	313.9	613.3	1,088.9	1,342.5	1,695.2	805.4
Units Sold	2,444	4,242	7,599	9,037	9,712	1,626
% Sold	99.3%	98.3%	98.5%	92.0%	82.5%	27.5%
Avg SoS (Month)	8.6%	6.5%	8.3%	11.1%	11.8%	13.0%
Units transferred	2,443	4,239	7,588	8,961	9,186	1,117
% Units transferred	99.3%	98.2%	98.4%	91.3%	78.1%	18.9%
% Construction	100.0%	100.0%	100.0%	97.5%	72.8%	18.7%



LEGACY UPDATE

Over the past several years, the impact of legacy projects both on our results and on our capital employed¹ has decreased. The speed of the phase-out will slowly decline until liquidation, due to the low liquidity of inventory and accounts receivables.

Legacy Update	2011	2012	2013	2014	2015	2016	2017	2018
Operational								
Inventory at Market Value	1,171.5	826.7	478.7	365.1	226.2	154.9	132.1	79.0
Gross Sales	249.0	1,091.9	874.4	508.0	228.3	143.1	58.7	36.0
Cancellations	468	1,166	583	414	121	90	44	7
Net Sales	(218.8)	(74.3)	291.4	93.9	107.5	53.1	14.8	29.3
Cancellations / Gross Sales	187.9%	106.8%	66.7%	81.5%	52.9%	62.9%	74.7%	18.6%
Sales over Supply (SoS)	(23.0%)	(9.9%)	37.8%	20.5%	32.2%	25.5%	10.1%	27.1%
Gross SoS	702.9	1,182.6	900.3	459.9	214.6	145.2	108.7	28.3
Delivered Units	14	16,889	7,027	6,076	1,848	0	0	0
Construction Sites	138	63	26	5	1	1	1	1
Financial								
Adjusted Capital Employed ¹	2,516.9	2,089.7	1,152.4	755.1	547.2	324.5	211.4	164.5
Accounts Receivable ¹	1,465.9	1,233.5	623.3	317.8	232.0	117.0	47.6	48.1
AR Clients	1,465.9	1,233.5	623.3	306.4	223.7	97.7	19.9	28.3
AR Landbank Sold	ND ²	ND ²	ND ²	11.4	8.3	19.2	27.6	19.8
Inventory ²	1,051.0	856.2	529.1	437.2	315.2	207.5	163.9	116.4
Inventory	1,023.8	730.8	421.3	332.7	213.7	132.3	99.1	76.0
Landbank for Sale	27.2	125.4	107.8	104.5	101.5	75.2	64.8	40.5
Other Operating Revenues and Expenses	(60.3)	(47.8)	(24.8)	(62.2)	(52.6)	(36.7)	(98.5)	(35.7)
Litigation Expenses	(15.2)	(17.5)	(18.1)	(51.2)	(27.3)	(21.2)	(51.8)	(35.7)
Other	(45.2)	(30.3)	(6.7)	(11.0)	(25.3)	(15.5)	(46.7)	0.0
Net Revenue	439.3	1,069.1	722.5	273.8	168.3	(52.2)	7.2	25.0
Gross Profit	(281.9)	130.4	27.0	(3.1)	(29.2)	(87.0)	(70.5)	(14.3)
Gross Margin	(64.2%)	12.2%	3.7%	(1.1%)	(17.4%)	NA ²	(979.8%)	(57.2%)

1) Managerial vision

2) ND: Not disclosed; NA: Not applicable

NET OPERATING REVENUE

Net operating revenue grew 26.8% year-over-year, 9% quarter-over-quarter, and 19.7% in 1H18 vs. 1H17, driven by higher net presales volume ("Net PSV").

(in R\$ million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Gross Operating Revenues	422.8	376.8	12.2% ↑	330.5	27.9% ↑	799.6	677.7	18.0% ↑
Provision for doubtful accounts	(10.5)	(2.9)	256.9% ↑	(16.7)	(37.3%) ↓	(13.4)	(21.6)	(37.7%) ↓
Provision for cancellations	(2.3)	0.9	(373.0%) ↓	16.6	(114.0%) ↓	(1.5)	19.8	(107.5%) ↓
Taxes on sales of properties and services	(10.9)	(8.6)	27.3% ↑	(15.8)	(30.6%) ↓	(19.5)	(36.5)	(46.6%) ↓
Net Operating Revenue	399.1	366.1	9.0% ↑	314.6	26.8% ↑	765.1	639.3	19.7% ↑



GROSS PROFIT

Gross profit increased 39.0% vs. 2Q17, driven by the growth of the Company's operations across all regions. Adjusted gross margin was up 3.0 p.p. year-over-year and up 2.4 p.p. quarter-over-quarter. The change from the previous quarter was due to the non-recurring events in 1Q18.

(in R\$ Million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Net Revenue	399.1	366.1	9.0% ↑	314.6	26.8% ↑	765.1	639.3	19.7% ↑
Gross Profit	143.8	123.7	16.3% ↑	103.5	39.0% ↑	267.5	210.8	26.9% ↑
Gross Margin	36.0%	33.8%	2.3 p.p. ↑	32.9%	3.1 p.p. ↑	35.0%	33.0%	2.0 p.p. ↑
(-) Financial Costs	6.2	5.3	18.3% ↑	5.3	16.9% ↑	11.5	10.3	11.8% ↑
Adjusted Gross Profit¹	150.0	128.9	16.4% ↑	108.8	37.9% ↑	279.0	221.1	26.2% ↑
Adjusted Gross Margin	37.6%	35.2%	2.4 p.p. ↑	34.6%	3.0 p.p. ↑	36.5%	34.6%	1.9 p.p. ↑

1) Adjusted by capitalized interest rates.

SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES (SG&A)

Selling expenses went up 6.7% year-over-year, 12.6% quarter-over-quarter, and 7.1% in the half year comparison. 1H18 expenses over gross sales were 0.3 p.p. lower over 1H17.

General and administrative expenses ("G&A") represented 4.9% of launches in 2Q18, about the same level as 2Q17. This was 7.9 p.p. lower sequentially and 1.5 p.p. higher than in 1H17, due to the non-recurring effect of R\$9.5 million in 1Q18. The Company maintains its growth strategy focused on gaining operational scale.

(in R\$ Million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Selling Expenses	(35.7)	(31.7)	12.6% ↑	(33.5)	6.7% ↑	(67.4)	(62.9)	7.1% ↑
General & Admin Expenses	(26.5)	(34.0)	(22.1%) ↓	(21.8)	21.7% ↑	(60.5)	(44.7)	35.4% ↑
Total SG&A Expenses	(62.2)	(65.7)	(5.3%) ↓	(55.2)	12.6% ↑	(127.9)	(107.6)	18.8% ↑
Gross Sales	528.1	471.2	12.1% ↑	462.8	14.1% ↑	999.4	887.4	12.6% ↑
Launches	539.1	266.3	102.4% ↑	446.4	20.8% ↑	805.4	748.5	7.6% ↑
Selling Expenses / Gross Sales	6.8%	6.7%	0.0 p.p. ↑	7.2%	(0.5 p.p.) ↓	6.7%	7.1%	(0.3 p.p.) ↓
G&A Expenses / Launches	4.9%	12.8%	(7.9 p.p.) ↓	4.9%	0.0 p.p. ↑	7.5%	6.0%	1.5 p.p. ↑

OTHER OPERATING REVENUES/EXPENSES

In 2Q18, Other Operating Revenues and Expenses grew 40.6% sequentially as we reached a R\$5.7 million settlement. The case sought R\$100 million and was the Company's second-largest lawsuit. The settlement allowed for a significant reduction of risks classified as possible losses in our financial statements.



(in R\$ Million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Other Operating Revenues and Expenses	(20.8)	(14.8)	40.6% ↑	(21.7)	(3.8%) ↓	(35.7)	(50.4)	(29.2%) ↓
Litigation Expenses	(25.4)	(10.3)	147.4% ↑	(6.6)	286.1% ↑	(35.7)	(18.7)	90.7% ↑
Other	4.6	(4.6)	(200.0%) ↓	(15.1)	(130.2%) ↓	0.0	(31.7)	(100.0%) ↓
Equity Income	0.5	0.1	(439.3%) ↓	(0.5)	(197.6%) ↓	0.5	(0.4)	(243.2%) ↓

ADJUSTED EBITDA

The Company's operational growth drove the annual increase in adjusted EBITDA.

(in R\$ Million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Net Income	51.6	36.3	42.2% ↑	20.8	147.9% ↑	87.9	39.7	121.0% ↑
(+) Financial result	(3.4)	(3.2)	(8.8%) ↓	(0.7)	(369.9%) ↓	(6.6)	(0.1)	(9,221.1%) ↓
(+) Income taxes and social contribution	6.3	6.6	(4.3%) ↓	2.5	150.4% ↑	12.9	7.1	83.1% ↑
(+) Depreciation and amortization	6.4	3.4	89.8% ↑	3.5	83.7% ↑	9.8	6.8	44.9% ↑
(+) Capitalized interests	6.2	5.3	18.3% ↑	5.3	16.9% ↑	11.5	10.3	11.8% ↑
(+) Expenses with Stock Option Plan	(9.4)	9.8	(196.6%) ↓	(0.8)	(1,136.3%) ↓	0.3	(0.3)	220.0% ↑
(+) Minority Shareholders	0.4	0.1	185.9% ↑	0.1	617.6% ↑	0.5	(1.1)	147.0% ↑
Adjusted EBITDA¹	58.0	58.3	(0.4%) ↓	30.7	89.0% ↑	116.3	62.4	86.2% ↑
Net Revenue	399.1	366.1	9.0% ↑	314.6	26.8% ↑	765.1	639.3	19.7% ↑
Adjusted EBITDA Margin¹	14.5%	15.9%	(1.4 p.p.) ↓	9.8%	4.8 p.p. ↑	15.2%	9.8%	5.4 p.p. ↑

1) Adjusted by capitalized interest, expenses with stock option plan (non-cash) and minority shareholders.

FINANCIAL RESULTS

Financial Revenues in the first half of 2018 were up by 48.4% compared to 1H17, due to interest earned on the higher cash position. Financial expenses went up 1.1% in 1H18 vs. 1H17 due to higher gross debt.

(in R\$ Million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Financial Income	10.9	9.6	12.8% ↑	8.2	32.8% ↑	20.5	13.8	48.4% ↑
Financial Expenses	(7.4)	(6.5)	14.8% ↑	(7.5)	(0.3%) ↓	(13.9)	(13.8)	1.1% ↑
Financial Results	3.4	3.2	8.8% ↑	0.7	369.9% ↑	6.6	0.1	9,221.1% ↑

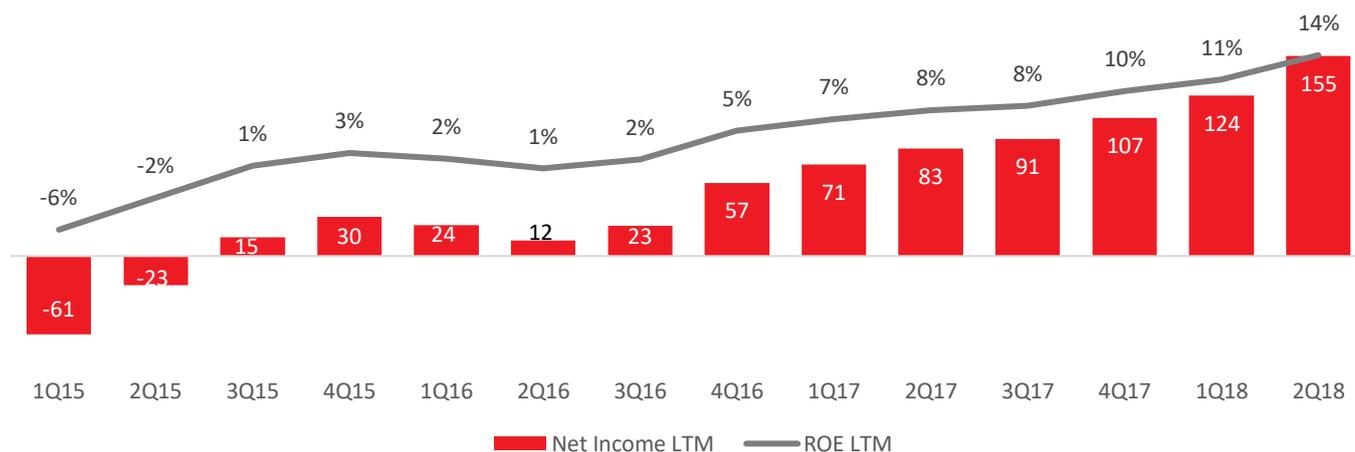
NET INCOME

Net income and net margin continued to expand, demonstrating the stability of the current business model. In 1H18, net income grew 121.0% and net margin increased by 5.3 p.p. over 1H17.



(in R\$ million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Net Income after Income Tax and Social Contribution	52.0	36.4	42.7% ↑	20.9	149.1% ↑	88.3	38.7	128.3% ↑
(-) Minority shareholders	(0.4)	(0.1)	(185.9%) ↓	(0.1)	(617.6%) ↓	(0.5)	1.1	(147.0%) ↓
Net Income	51.6	36.3	42.2% ↑	20.8	147.9% ↑	87.9	39.7	121.0% ↑
Net Margin	12.9%	9.9%	3.0 p.p. ↑	6.6%	6.3 p.p. ↑	11.5%	6.2%	5.3 p.p. ↑

ROE (12 months) X Net Income (12 months)



BACKLOG RESULTS

The 43.7% backlog margin was 1.0 p.p. lower than 1Q18 due to changes in product mix, most markedly the increase of level 1.5 projects share.

(in R\$ million)	June 18	March 18	QoQ (%)	June 17	YoY (%)
Backlog Revenues	480.5	422.8	13.6% ↑	299.7	60.3% ↑
Backlog Costs (units sold)	(270.6)	(233.9)	15.7% ↑	(152.5)	77.5% ↑
Backlog Results¹	209.8	188.9	11.1% ↑	147.2	42.5% ↑
Backlog Margin	43.7%	44.7%	(1.0 p.p.) ↓	49.1%	(5.5 p.p.) ↓

(1) Comprises the projects restricted by a precedent condition.

CASH AND CASH EQUIVALENTS AND FINANCIAL INVESTMENTS

(in R\$ million)	June 18	March 18	QoQ (%)	June 17	YoY (%)
Cash & Cash Equivalents	33.3	45.1	(26.2%) ↓	84.5	(60.6%) ↓
Short term investments	623.6	615.3	1.3% ↑	267.7	132.9% ↑
Total Cash Position	656.8	660.4	(0.5%) ↓	352.2	86.5% ↑



ACCOUNTS RECEIVABLE FROM DEVELOPMENTS AND SERVICES RENDERED

(in R\$ million)	June 18	March 18	QoQ (%)	June 17	YoY (%)
Up to 2018 ¹	219.6	314.8	(30.2%) ↓	472.6	(53.5%) ↓
2019	280.7	182.0	54.2% ↑	31.3	795.8% ↑
2020	36.2	26.6	35.9% ↑	43.1	(16.0%) ↓
2021	20.7	20.1	3.0% ↑	28.0	(25.9%) ↓
2022	12.7	11.8	7.3% ↑	0.0	0.0% ↑
2023 and beyond	5.9	4.3	36.5% ↑	0.0	0.0% ↑
Total Accounts Receivable	575.8	559.7	2.9% ↑	575.0	0.1% ↑
(-) Present value adjustment	(11.0)	(9.6)	(14.4%) ↓	(12.4)	11.1% ↑
(-) Provision for doubtful accounts	(112.5)	(102.0)	(10.3%) ↓	(101.2)	(11.2%) ↓
(-) Provision for cancellations	(23.2)	(20.8)	(11.2%) ↓	(26.0)	10.9% ↑
Accounts Receivable	429.2	427.3	0.4% ↑	435.5	(1.4%) ↓
Dias de Contas a Receber	106	111	(5.3%) ↑	133	(20.5%) ↑

Accounts Receivable Tenda ² (in R\$ million)	June 18	March 18	QoQ (%)	June 17	YoY (%)
Before delivery to buyer (Pro-Soluto)	37.5	29.4	27.7% ↑	18.9	98.4% ↑
After delivery to buyer (TCD)	158.1	161.0	(1.8%) ↓	118.1	33.9% ↑
Tenda Receivables	195.6	190.4	2.7% ↑	137.0	42.8% ↑
Total accounts receivable	429.2	427.3	0.4% ↑	435.5	(1.4%) ↓
Backlog Revenues	480.5	422.8	13.6% ↑	299.7	60.3% ↑
Tenda Receivables/(Total accounts receivable + Backlog Revenues)	21.5%	22.4%	(0.9 p.p.) ↓	18.6%	2.9 p.p. ↑

1) Overdue and falling due.

2) Receivables, net of provision, by installments directly with the Company, since bank financing does not absorb 100% of the property value.

INDEBTEDNESS

Tenda ended 2Q18 with total debt of R\$381 million, duration of 30 months and a weighted average cost of debt of 7.6%. Total debt was covered by a cash position of R\$657 million at the end of 2Q18.

Debt Maturity Schedule (in R\$ million)	Project Finance	Corporate Debt	Total
2018	2.6	1.4	4.0
2019	13.5	1.1	14.6
2020	41.2	0.0	41.2
2021	324.0	0.0	324.0
2022 onwards	0.0	0.0	0.0
Total Debt	381.3	2.5	383.8
Duration (in months)			30.0

Debt Breakdown (in R\$ million)	Maturity	Charges (APY)	Balance Due June 18	Balance Due March 18
Project Finance			381.3	371.3
SFH	until 10/2021	TR + 8.3% to 9.5%	108.6	104.5
Debenture	until 01/2021	CDI + 0.9%	272.7	266.8
Corporate Debt			2.5	6.5
Working Capital	until 06/2019	CDI + 2.3% to 4.25% INCC-DI Variation	2.5	6.5



Weighted Average Cost of Debt (in R\$ million)	Balance Due June 18	Balance Due / Total Debt	Average Cost (APY)
CDI	272.7	70.6%	CDI + 0.93%
TR	111.1	28.8%	TR + 8.3%
INCC	2.5	0.6%	INCC + 0%
Total	386.3	100%	7.6%

NET DEBT

Tenda has a negative 22.9% adjusted net debt/shareholder's equity ratio, making it one of the most unleveraged companies in the Brazilian real estate sector. Cash generation totaled R\$65 million this quarter, higher than the R\$55 million in 1Q18. In this quarter, under our active share buyback program, we bought R\$73 million of our shares. The cash generation in the period, however, allowed us to maintain a cash and financial investments balance similar to 1Q18.

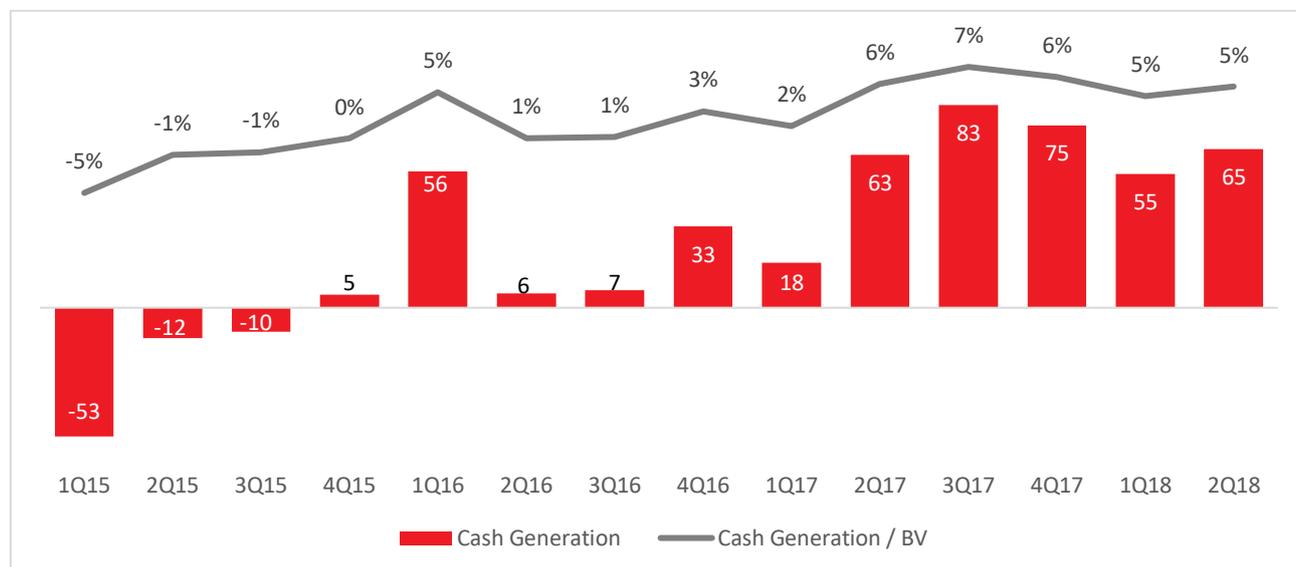
(in R\$ million)	June 18	March 18	QoQ (%)	June 17	YoY (%)
Gross Debt	383.8	377.8	1.6% ↑	178.6	115.0% ↑
(-) Cash and cash equivalents and financial investments	(656.8)	(660.4)	(0.5%) ↓	(352.2)	86.5% ↑
Net Debt	(273.0)	(282.6)	3.4% ↑	(173.6)	(57.3%) ↓
(+) Capital Reduction	0.0	0.0	0.0% ↑	101.6	(100.0%) ↓
Adjusted Net Debt¹	(273.0)	(282.6)	3.4% ↑	(72.0)	(279.3%) ↓
Shareholders' Equity + Minority Shareholders	1,190.4	1,209.8	(1.6%) ↓	1,094.6	8.7% ↑
Net Debt/ (Shareholders' Equity + Minority Shareholders)	(22.9%)	(23.4%)	0.4 p.p. ↑	(15.9%)	(7.1 p.p.) ↓
Adjusted Net Debt/ (Shareholders' Equity + Minority Shareholders)	(22.9%)	(23.4%)	0.4 p.p. ↑	(6.6%)	(16.4 p.p.) ↓
Adjusted EBITDA (Last 12 months)	233.7	196.1	19.2% ↑	148.0	57.9% ↑
Adjusted Net Debt/Adjusted EBITDA (last 12 months)	(116.8%)	(144.1%)	27.3 p.p. ↑	(48.6%)	(68.2 p.p.) ↓
Cash Generation ²	65.0	55.0	18.2% ↑	62.7	3.8% ↑
Operating Cash Generation ³	67.4	56.0	20.2% ↑	68.9	(2.2%) ↓

1) Net debt adjusted by payment obligations from the capital reduction on December 14, 2016. This amount was recorded in the balance sheet under other liabilities.

2) Cash Generation is the difference between the Available Cash change and Gross Debt change, adjusted by Share Buyback, Dividends, Capital Reduction and non-operational effects.

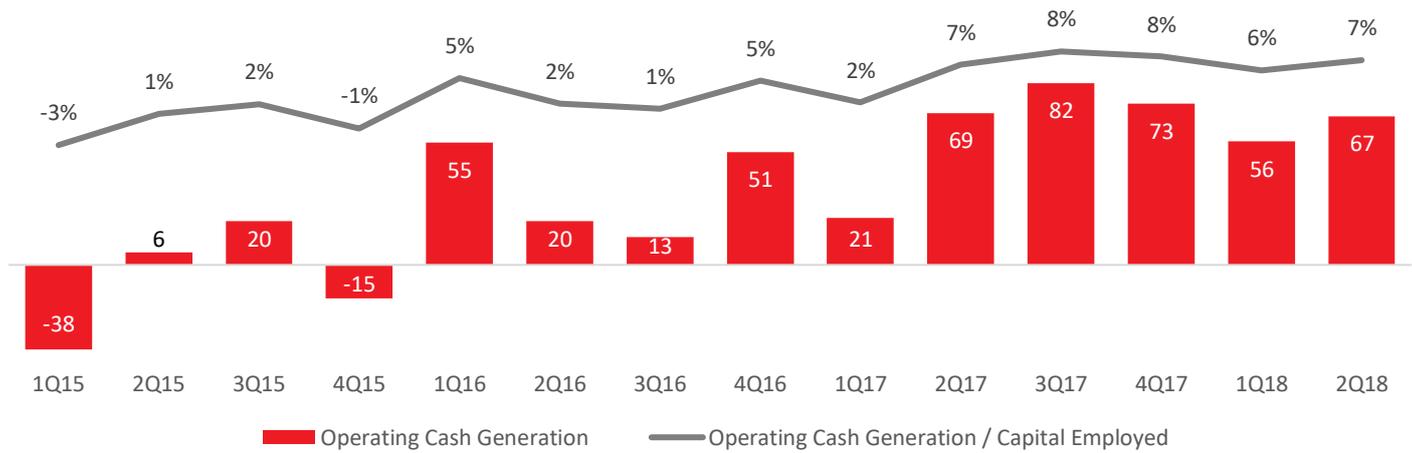
3) March/17 amounts comprise amounts due as of 2021 on.

Cash Generation X Shareholders' Equity





Operating Cash Generation X Capital Employed



INCOME STATEMENT

(in R\$ million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Net Revenue	399.1	366.1	9.0% ↑	314.6	26.8% ↑	765.1	639.3	19.7% ↑
Operating Costs	(255.2)	(242.4)	5.3% ↑	(211.1)	20.9% ↑	(497.6)	(428.5)	16.1% ↑
Gross Profit	143.8	123.7	16.3% ↑	103.5	39.0% ↑	267.5	210.8	26.9% ↑
Gross Margin	36.0%	33.8%	2.3 p.p. ↑	32.9%	3.1 p.p. ↑	35.0%	33.0%	2.0 p.p. ↑
Operating Expenses	(89.0)	(83.8)	6.2% ↑	(80.9)	10.1% ↑	(172.9)	(165.1)	4.7% ↑
Selling Expenses	(35.7)	(31.7)	12.6% ↑	(33.5)	6.7% ↑	(67.4)	(62.9)	7.1% ↑
General and Administrative Expenses	(26.5)	(34.0)	(22.1%) ↓	(21.8)	21.7% ↑	(60.5)	(44.7)	35.4% ↑
Other Operating Revenue/Expenses	(20.8)	(14.8)	40.6% ↑	(21.7)	(3.8%) ↓	(35.7)	(50.4)	(29.2%) ↓
Depreciation and Amortization	(6.4)	(3.4)	89.8% ↑	(3.5)	83.7% ↑	(9.8)	(6.8)	44.9% ↑
Equity Income	0.5	0.1	439.3% ↑	(0.5)	197.6% ↑	0.5	(0.4)	243.2% ↑
Operational Result	54.8	39.8	37.6% ↑	22.6	142.0% ↑	94.7	45.7	107.2% ↑
Financial Income	10.9	9.6	12.8% ↑	8.2	32.8% ↑	20.5	13.8	48.4% ↑
Financial Expenses	(7.4)	(6.5)	14.8% ↑	(7.5)	(0.3%) ↓	(13.9)	(13.8)	1.1% ↑
Net Income Before Taxes on Income	58.3	43.0	35.5% ↑	23.4	149.2% ↑	101.3	45.8	121.3% ↑
Deferred income tax and social contribution	(0.7)	(0.8)	13.3% ↑	7.9	(108.5%) ↓	(1.4)	5.9	(124.7%) ↓
Current Income Tax and Social Contribution	(5.6)	(5.8)	(3.2%) ↓	(10.4)	(45.7%) ↓	(11.5)	(12.9)	(11.1%) ↓
Net Income After Taxes on Income	52.0	36.4	42.7% ↑	20.9	149.1% ↑	88.3	38.7	128.3% ↑
(-) Minority Shareholders	(0.4)	(0.1)	(185.9%) ↓	(0.1)	(617.6%) ↓	(0.5)	1.1	(147.0%) ↓
Net Income	51.6	36.3	42.2% ↑	20.8	147.9% ↑	87.9	39.7	121.0% ↑



BALANCE SHEET

(in R\$ million)	June 18	March 18	QoQ (%)	June 17	YoY (%)
Current Assets	1,680.1	1,631.3	3.0% ↑	1,289.8	30.3% ↑
Cash and cash equivalents	33.3	45.1	(26.2%) ↓	84.5	(60.6%) ↓
Short term investments	623.6	615.3	1.3% ↑	267.7	132.9% ↑
Receivables from clients	306.5	297.3	3.1% ↑	256.9	19.3% ↑
Properties for sale	617.5	570.5	8.3% ↑	548.9	12.5% ↑
Other accounts receivable	50.0	52.1	(4.0%) ↓	53.2	(6.0%) ↓
Land for sale	49.2	51.0	(3.5%) ↓	78.7	(37.4%) ↓
Non-Current Assets	503.6	551.3	(8.7%) ↓	503.5	0.0% ↑
Receivables from clients	122.7	130.0	(5.7%) ↓	178.6	(31.3%) ↓
Properties for sale	321.8	362.5	(11.2%) ↓	265.8	21.0% ↑
Other	59.1	58.8	0.5% ↑	59.1	(0.0%) ↓
Intangible, Property and Equipment	61.4	61.5	(0.1%) ↓	55.4	10.9% ↑
Investments	66.0	65.5	0.7% ↑	71.5	(7.8%) ↓
Total Assets	2,311.1	2,309.6	0.1% ↑	1,920.3	20.3% ↑
Current Liabilities	429.8	414.6	3.7% ↑	363.6	18.2% ↑
Loans and financing	8.3	14.2	(41.8%) ↓	73.5	(88.7%) ↓
Debentures	0.0	0.0	0.0% ↑	0.0	0.0% ↑
Obligations for purchase of land and advances from customers	237.4	213.3	11.3% ↑	145.0	63.8% ↑
Material and service suppliers	29.7	28.7	3.6% ↑	28.9	2.9% ↑
Taxes and contributions	27.8	28.0	(1.0%) ↓	26.7	3.8% ↑
Other	126.6	130.4	(2.9%) ↓	89.6	41.4% ↑
Non-current liabilities	690.9	685.1	0.8% ↑	462.1	49.5% ↑
Loans and financing	102.8	96.8	6.2% ↑	105.1	(2.2%) ↓
Debentures	272.7	266.8	2.2% ↑	0.0	0.0% ↑
Obligations for purchase of land and advances from customers	225.8	230.0	(1.8%) ↓	148.7	51.8% ↑
Deferred taxes	7.4	6.7	10.2% ↑	5.7	28.4% ↑
Provision for contingencies	30.6	29.9	2.4% ↑	46.7	(34.5%) ↓
Other creditors	0.0	0.0	0.0% ↑	101.6	(100.0%) ↓
Other	51.6	55.0	(6.1%) ↓	54.2	(4.7%) ↓
Shareholders' Equity	1,190.4	1,209.8	(1.6%) ↓	1,094.6	8.7% ↑
Shareholders' Equity	1,184.8	1,204.7	(1.6%) ↓	1,088.6	8.8% ↑
Minority Shareholders	5.5	5.2	7.1% ↑	6.0	(8.4%) ↓
Total Liabilities and Shareholders' Equity	2,311.1	2,309.6	0.1% ↑	1,920.3	20.3% ↑



CASH FLOW

(in R\$ million)	2Q18	1Q18	QoQ (%)	2Q17	YoY (%)	1S18	1S17	YoY (%)
Cash Used in Operating Activities	73.8	56.6	30.6% ↑	108.1	(31.7%) ↓	130.4	141.5	(7.9%) ↓
Net Income (loss) before taxes	58.3	43.0	35.5% ↑	23.4	149.2% ↑	101.3	45.8	121.4% ↑
Depreciation and amortization	8.3	5.1	62.2% ↑	4.0	105.4% ↑	13.4	8.3	61.2% ↑
Impairment	(2.0)	(2.1)	4.4% ↑	2.9	(170.6%) ↓	(4.2)	0.3	(1,715.4%) ↓
Stock option plan expenses	0.9	9.8	(91.2%) ↓	(0.8)	212.8% ↑	10.6	(0.3)	3,968.0% ↑
Penalty fee over delayed projects	(0.1)	0.1	(177.0%) ↓	(0.2)	58.2% ↑	0.0	(0.5)	105.3% ↑
Unrealized interest and charges, net	2.8	(1.7)	265.8% ↑	5.7	(51.4%) ↓	1.1	9.9	(89.0%) ↓
Equity income	(0.5)	(0.1)	(439.3%) ↓	0.5	(197.6%) ↓	(0.5)	0.4	(243.2%) ↓
Disposal of fixed asset	0.0	0.0	(100.0%) ↓	0.0	(100.0%) ↓	0.0	0.5	(97.2%) ↓
Warranty provision	(5.4)	9.8	(155.0%) ↓	7.4	(172.4%) ↓	4.4	9.7	(54.8%) ↓
Provision for contingencies	1.4	(3.2)	143.9% ↑	0.9	55.7% ↑	(1.8)	1.7	(205.1%) ↓
Profit sharing provision	5.6	5.0	13.4% ↑	4.9	14.8% ↑	10.6	9.6	9.8% ↑
Provision (reversal) for doubtful accounts and cancellations	9.9	5.2	91.1% ↑	9.7	2.0% ↑	15.1	12.8	18.3% ↑
Provision for cancellations and cancellations payable	1.0	0.3	255.0% ↑	(2.4)	140.2% ↑	1.2	3.5	(64.7%) ↓
Clients	(16.1)	(31.3)	48.6% ↑	18.2	(188.7%) ↓	(47.4)	(19.6)	(141.6%) ↓
Properties for sale	(5.2)	18.6	(128.1%) ↓	(30.1)	82.6% ↑	13.4	(22.8)	158.6% ↑
Other receivables	1.9	1.7	13.6% ↑	12.0	(84.0%) ↓	3.6	5.7	(37.0%) ↓
Obligations for purchase of real properties	25.6	(6.0)	523.7% ↑	19.7	29.8% ↑	19.5	26.8	(27.1%) ↓
Taxes and contributions	11.3	0.5	2,248.8% ↑	18.9	(40.2%) ↓	11.8	19.7	(40.1%) ↓
Accounts payable	1.0	5.9	(82.7%) ↓	7.9	(87.1%) ↓	6.9	(2.8)	347.3% ↑
Salaries, payroll charges and bonus provision	(12.4)	1.2	(1,091.3%) ↓	0.2	(6,740.3%) ↓	(11.1)	1.9	(680.5%) ↓
Other accounts payable	2.5	(0.2)	1,578.7% ↑	22.2	(88.8%) ↓	2.3	3.8	(39.4%) ↓
Current account operations	0.6	1.3	(51.6%) ↓	3.2	(80.7%) ↓	1.9	34.8	(94.6%) ↓
Taxes paid	(18.6)	(4.9)	(281.3%) ↓	(6.0)	(211.7%) ↓	(23.5)	(11.9)	(96.8%) ↓
Present value adjustment	1.4	(1.2)	211.6% ↑	3.2	(56.9%) ↓	0.1	9.5	(98.5%) ↓
Other operating revenue/expenses	0.0	0.0	0.0% ↑	(11.3)	100.0% ↑	0.0	0.9	(100.0%) ↓
Deferred income tax and social contribution	1.7	(0.1)	2,244.9% ↑	(6.1)	127.3% ↑	1.6	(6.1)	126.0% ↑
Cash used in investment activities	(11.1)	(154.3)	92.8% ↑	(37.8)	70.7% ↑	(165.3)	(88.8)	(86.1%) ↓
Purchase of property and equipment	(8.2)	(3.2)	(159.5%) ↓	(8.9)	7.6% ↑	(11.4)	(16.2)	30.0% ↑
Redemption of securities, sureties and credits	(864.3)	203.6	(524.4%) ↓	481.5	(279.5%) ↓	(660.6)	846.5	(178.0%) ↓
Investments in marketable securities and restricted credits	861.4	(354.7)	342.8% ↑	(510.4)	268.7% ↑	506.7	(919.1)	155.1% ↑
Cash provided by financing activities	(74.6)	103.4	(172.1%) ↓	(31.3)	(138.2%) ↓	28.9	3.4	753.5% ↑
Stock Buyback	(73.2)	0.0	0.0% ↑	0.0	0.0% ↑	(73.2)	0.0	0.0% ↑
Capital Reserve Increase	1.0	0.1	1,401.5% ↑	0.0	0.0% ↑	1.1	0.0	0.0% ↑
Loans and financing increase	106.9	209.8	(49.0%) ↓	93.6	14.2% ↑	316.7	199.6	58.6% ↑
Amortization of loans and financing	(109.0)	(106.3)	(2.6%) ↓	(92.7)	(17.6%) ↓	(215.3)	(164.6)	(30.8%) ↓
Loan operations	(0.2)	(0.1)	(51.2%) ↓	(32.2)	99.4% ↑	(0.3)	(31.7)	99.0% ↑
Net increase (decrease) in cash and cash equivalents	(11.8)	5.7	(306.5%) ↓	39.0	(130.3%) ↓	(6.1)	56.1	(110.9%) ↓
At the beginning of the period	45.1	39.4	14.5% ↑	45.5	(0.9%) ↓	39.4	28.4	38.6% ↑
At the end of the period	33.3	45.1	(26.2%) ↓	84.5	(60.6%) ↓	33.3	84.5	(60.6%) ↓



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About Tenda

Construtora Tenda S.A. (B3: TEND) is Brazil's second largest homebuilder focused on the lower-income housing segment, listed on the Novo Mercado, B3's highest level of corporate governance. The Company concentrates its activities in six of the largest metropolitan regions of the country, exclusively operating in the levels 1.5 and 2 of the federal housing program "Minha Casa, Minha Vida" (MCMV). With a strategy of sustainable growth, excellent execution, and solid business model, Tenda has been able to deliver strong cash generation and growing profits, maintaining its vision of offering investors the highest returns in the lower-income segment.

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT JUNE 30, 2018

(In thousands of Brazilian reais - R\$)

ASSETS	Notes	Parent		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
CURRENT ASSETS					
Cash and cash equivalents	4.1	12,170	19,480	33,285	39,377
Securities	4.2	438,611	280,327	623,555	458,346
Receivables from developments and services provided	5	53,924	59,308	306,517	277,073
Properties for sale	6	98,158	109,262	617,532	517,172
Due from related parties	7.1	15,220	110,097	12,946	13,222
Land for sale	8	28,805	35,211	49,237	64,827
Escrow deposits	18.2	11,664	10,557	11,863	10,752
Other receivables		12,389	21,173	25,205	31,960
Total current assets		670,941	645,415	1,680,140	1,412,729
NONCURRENT ASSETS					
Receivables from developments and services provided	5	30,648	32,968	122,677	119,768
Properties for sale	6	49,457	56,453	321,780	417,033
Due from related parties	7.1	43,450	43,136	34,151	33,837
Escrow deposits	18.2	21,268	19,247	21,629	19,603
Deferred taxes	17	3,323	3,323	3,323	3,323
Investments in equity interests	9	1,031,889	909,627	65,954	65,417
Property and equipment	10	37,405	41,824	38,293	41,824
Intangible assets	11	23,137	21,644	23,137	21,644
Total noncurrent assets		1,240,577	1,128,222	630,944	722,449
TOTAL ASSETS		1,911,518	1,773,637	2,311,084	2,135,178

The accompanying notes are an integral part of this interim financial information

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT JUNE 30, 2018

(In thousands of Brazilian reais - R\$)

LIABILITIES AND EQUITY	Notes	Parent		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
CURRENT LIABILITIES					
Borrowings and financing	12	165	17,315	8,273	31,033
Payables for materials and services		8,491	5,699	29,687	22,749
Taxes and contributions	15	14,697	14,964	27,754	27,387
Payroll, related taxes and profit sharing	14	6,928	9,932	36,456	36,995
Payables for purchase of properties and advances from customers	16	6,977	5,980	237,426	204,661
Provisions and contract terminations payable		2,765	3,347	7,949	6,716
Due to related parties	7.1	279,531	265,145	32,396	30,793
Allowance for loss on investments	9	18,716	21,027	5,456	5,456
Other payables		6,348	5,435	13,720	8,413
Provision for contingencies	18.1	27,307	27,158	30,664	31,564
Total current liabilities		371,925	376,002	429,781	405,767
NONCURRENT LIABILITIES					
Borrowings and financing	12	18,084	20,683	102,793	85,130
Debentures	13	272,747	154,002	272,747	154,002
Payables for purchase of properties and advances from customers	16	9,968	11,007	225,816	240,139
Provision for contingencies	18.1	27,229	27,082	30,578	31,475
Income tax and social contribution	17	-	-	7,363	5,851
Due to related parties	7.1	15,860	15,860	19,875	19,884
Other payables		10,873	10,309	31,758	29,191
Total noncurrent liabilities		354,761	238,943	690,930	565,672
EQUITY					
Capital	19.1	1,093,972	1,094,171	1,093,972	1,094,171
Capital and stock option reserve	19.2	115,160	103,434	115,160	103,434
Accumulated earnings (losses)		48,942	(38,913)	48,942	(38,913)
Treasury shares	19.3	(73,242)	-	(73,242)	-
Equity attributable to the Company's owners		1,184,832	1,158,692	1,184,832	1,158,692
Noncontrolling interests		-	-	5,541	5,047
Total equity		1,184,832	1,158,692	1,190,373	1,163,739
TOTAL LIABILITIES AND EQUITY		1,911,518	1,773,637	2,311,084	2,135,178

The accompanying notes are an integral part of this interim financial information

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER AND THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
(In thousands of Brazilian reais - R\$)

	Notes	Parent				Consolidated			
		04/01/2018	01/01/2018	04/01/2017	01/01/2017	04/01/2018	01/01/2018	04/01/2017	01/01/2017
		to 06/30/2018	to 06/30/2018	to 06/30/2017	to 06/30/2017	to 06/30/2018	to 06/30/2018	to 06/30/2017	to 06/30/2017
NET OPERATING REVENUE	23	58,476	127,506	46,070	136,239	399,074	765,147	314,636	639,323
OPERATING COSTS	24	(44,919)	(86,786)	(34,983)	(82,870)	(255,246)	(497,647)	(211,129)	(428,501)
GROSS PROFIT		13,557	40,720	11,087	53,369	143,828	267,500	103,507	210,822
OPERATING INCOME (EXPENSES)									
Selling expenses	24	(5,629)	(11,307)	(5,924)	(10,983)	(35,717)	(67,425)	(33,485)	(62,945)
General and administrative expenses	24	(8,811)	(24,015)	(7,750)	(12,719)	(26,489)	(60,500)	(21,764)	(44,692)
Share of profit of investees	9	77,714	124,582	50,728	69,148	453	537	(464)	(375)
Other income (expenses) - net	24	(26,997)	(45,023)	(26,468)	(56,382)	(27,258)	(45,462)	(25,148)	(57,131)
OPERATING INCOME BEFORE FINANCE INCOME (COSTS)		49,834	84,957	21,673	42,433	54,817	94,650	22,646	45,679
FINANCE INCOME (COSTS)		1,188	2,898	(866)	(2,686)	3,449	6,618	734	71
Finance income	25	7,556	14,562	5,244	8,112	10,886	20,533	8,195	13,839
Finance costs	25	(6,368)	(11,664)	(6,110)	(10,798)	(7,437)	(13,915)	(7,461)	(13,768)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		51,022	87,855	20,807	39,747	58,266	101,268	23,380	45,750
INCOME TAX AND SOCIAL CONTRIBUTION		562	-	-	-	(6,316)	(12,919)	(2,522)	(7,055)
Current income tax and social contribution	17	562	-	-	-	(5,645)	(11,474)	(10,400)	(12,909)
Deferred income tax and social contribution	17	-	-	-	-	(671)	(1,445)	7,878	5,854
PROFIT FOR THE PERIOD		51,584	87,855	20,807	39,747	51,950	88,349	20,858	38,695
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:									
Owners of the Company		51,584	87,855	20,807	39,747	51,584	87,855	20,807	39,747
Noncontrolling interests		-	-	-	-	366	494	51	(1,052)
EARNINGS PER SHARE ATTRIBUTABLE TO COMPANY OWNERS									
Basic earnings per thousand shares – in reais	21	0.96363	1.64120	0.38531	0.73606	0.96363	1.64120	0.38531	0.73606
Diluted earnings per thousand shares – in reais	21	0.89394	1.52251	0.36026	0.68819	0.89394	1.52251	0.36026	0.68819

The accompanying notes are an integral part of this interim financial information

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER AND THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
(In thousands of Brazilian reais - R\$)

	Parent				Consolidated			
	<u>04/01/2018</u> <u>to</u> <u>06/30/2018</u>	<u>01/01/2018</u> <u>to</u> <u>06/30/2018</u>	<u>04/01/2017</u> <u>to</u> <u>06/30/2017</u>	<u>01/01/2017</u> <u>to</u> <u>06/30/2017</u>	<u>04/01/2018</u> <u>to</u> <u>06/30/2018</u>	<u>01/01/2018</u> <u>to</u> <u>06/30/2018</u>	<u>04/01/2017</u> <u>to</u> <u>06/30/2017</u>	<u>01/01/2017</u> <u>to</u> <u>06/30/2017</u>
PROFIT FOR THE PERIOD	51,584	87,855	20,807	39,747	51,950	88,349	20,858	38,695
Other comprehensive income	-	-	-	-	-	-	-	-
COMPREHENSIVE INCOME FOR THE PERIOD	<u>51,584</u>	<u>87,855</u>	<u>20,807</u>	<u>39,747</u>	<u>51,950</u>	<u>88,349</u>	<u>20,858</u>	<u>38,695</u>
COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO								
Owners of the Company	51,584	87,855	20,807	39,747	51,584	87,855	20,807	39,747
Noncontrolling interests	-	-	-	-	366	494	51	(1,052)
	<u>51,584</u>	<u>87,855</u>	<u>20,807</u>	<u>39,747</u>	<u>51,950</u>	<u>88,349</u>	<u>20,858</u>	<u>38,695</u>

The accompanying notes are an integral part of this interim financial information

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
(In thousands of Brazilian reais - R\$)

	Notes	Capital social	Attributable to owners of the Company			Total Parent	Noncontrolling interests	Total Equity
			Capital Reserve	Accumulated Earnings/losses	Treasury shares			
BALANCE AS AT DECEMBER 31, 2016		1,094,000	100,725	(145,599)	-	1,049,126	26,496	1,075,622
Recognized stock options granted	19.2	-	(275)	-	-	(275)	-	(275)
Acquisition of controlling interests		-	-	-	-	-	(19,397)	(19,397)
Profit (loss) for the period		-	-	39,747	-	39,747	(1,052)	38,695
BALANCE AS AT JUNE 30, 2017		<u>1,094,000</u>	<u>100,450</u>	<u>(105,852)</u>	<u>-</u>	<u>1,088,598</u>	<u>6,047</u>	<u>1,094,645</u>
BALANCE AS AT DECEMBER 31, 2017		1,094,171	103,434	(38,913)	-	1,158,692	5,047	1,163,739
Capital reserve		-	1,089	-	-	1,089	-	1,089
Share issuance costs	19.1	(199)	-	-	-	(199)	-	(199)
Recognized stock options granted	19.2	-	10,637	-	-	10,637	-	10,637
Share buyback	19.3	-	-	-	(73,242)	(73,242)	-	(73,242)
Profit for the period		-	-	87,855	-	87,855	494	88,349
BALANCES AS AT JUNE 30, 2018		<u>1,093,972</u>	<u>115,160</u>	<u>48,942</u>	<u>(73,242)</u>	<u>1,184,832</u>	<u>5,541</u>	<u>1,190,373</u>

The accompanying notes are an integral part of this interim financial information

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018

(In thousands of Brazilian reais - R\$)

	Notes	Parent		Consolidated	
		06/30/2018	03/31/2017	06/30/2018	03/31/2017
CASH FLOWS FROM OPERATING ACTIVITIES					
PROFIT FOR THE PERIOD BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		87,855	39,747	101,268	45,750
Adjustments for:					
Depreciation and amortization	10 and 11	13,362	8,297	13,381	8,301
Allowance for (reversal of) doubtful debts and contract terminations	5	290	(3,657)	15,116	12,776
Present value adjustment		(71)	2,138	144	9,498
Allowance for impairment of nonfinancial assets		(4,043)	169	(4,184)	259
Share of profit of investees	9	(124,582)	(69,148)	(537)	375
Provision for (reversal) contingencies and commitments	18	296	981	(1,797)	1,709
Unrealized interest and finance charges, net		3,910	5,409	1,094	9,913
Provision for warranties		28	1,583	4,386	9,698
Accrued profit sharing	26	5,127	5,665	10,566	9,625
Stock option costs	19.2	10,637	(275)	10,637	(275)
Disposal of property and equipment and intangible assets, net		15	533	15	533
Other provisions		(556)	2,641	1,259	3,001
Other operating income and expenses		-	4,471	-	881
Deferred taxes (PIS and COFINS)		(4,669)	576	1,595	(6,123)
Decrease (increase) in operating assets					
Receivables from developments and services provided		9,183	12,555	(47,418)	(19,627)
Properties and land for sale		27,902	19,069	13,371	(22,809)
Other receivables		5,656	4,846	3,619	5,741
Increase (decrease) in operating liabilities					
Payables for materials and services		2,792	2,253	6,938	(2,806)
Taxes and contributions		238	(2,076)	11,803	19,692
Payroll, related taxes and profit sharing		(8,131)	(425)	(11,105)	1,913
Payables for purchase of properties and advances from customers		(1,093)	(5,129)	19,544	26,802
Other payables		5,170	(22,271)	2,330	3,845
Related-party transactions		105,208	(9,260)	1,870	34,786
Income tax and social contribution paid		-	-	(23,505)	(11,944)
Net cash provided by operating activities:		<u>134,524</u>	<u>(1,308)</u>	<u>130,390</u>	<u>141,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of tangible and intangible assets	10 and 11	(10,451)	(16,216)	(11,358)	(16,224)
Investment in securities and secured Investments		(491,194)	(727,249)	(660,632)	(919,105)
Redemption of securities and secured Investments		342,428	725,629	506,650	846,499
Total net cash used in investing activities		<u>(159,217)</u>	<u>(17,836)</u>	<u>(165,340)</u>	<u>(88,830)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Share buyback		(73,242)	-	(73,242)	-
Increase of capital reserve		1,089	-	1,089	-
Borrowings, financing and debentures		153,717	54,105	316,671	199,639
Repayment of borrowings, financing and debentures		(62,704)	(25,175)	(211,286)	(157,122)
Payment of borrowings, financing and debentures - interest		(1,163)	(3,574)	(4,060)	(7,473)
Intragroup loans		(314)	(250)	(314)	(31,663)
Net cash provided by financing activities		<u>17,383</u>	<u>25,106</u>	<u>28,858</u>	<u>3,381</u>
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS		<u>(7,310)</u>	<u>5,962</u>	<u>(6,092)</u>	<u>56,065</u>
CASH AND CASH EQUIVALENTS					
At the beginning of the period		19,480	12,124	39,377	28,414
At the end of the period		12,170	18,086	33,285	84,479
INCREASE (REDUCTION) IN CASH AND CASH EQUIVALENTS		<u>(7,310)</u>	<u>5,962</u>	<u>(6,092)</u>	<u>56,065</u>

The accompanying notes are an integral part of this interim financial information

(Convenience translation into English of the original previously issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

STATEMENTS OF VALUE ADDED
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2018
(In thousands of Brazilian reais - R\$)

	Parent		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
REVENUE				
Real estate development and sale	133,108	127,986	799,597	677,674
Reversal (recognition) of allowance for doubtful debts and contract terminations	1,408	24,166	(14,921)	(1,801)
	<u>134,516</u>	<u>152,152</u>	<u>784,676</u>	<u>675,873</u>
INPUTS PURCHASED FROM THIRD PARTIES				
Operating costs - real estate development and sale	(80,247)	(80,634)	(482,602)	(416,174)
Supplies, power, outside services and other inputs	(51,079)	(55,421)	(71,181)	(67,871)
	<u>(131,326)</u>	<u>(136,055)</u>	<u>(553,783)</u>	<u>(484,045)</u>
GROSS VALUE ADDED	<u>3,190</u>	<u>16,097</u>	<u>230,893</u>	<u>191,828</u>
RETENTIONS				
Depreciation and amortization	(13,362)	(8,830)	(13,381)	(8,834)
WEALTH CREATED BY THE COMPANY	<u>(10,172)</u>	<u>7,267</u>	<u>217,512</u>	<u>182,994</u>
WEALTH RECEIVED IN TRANSFER				
Share of profit of investees	139,851	77,260	22,042	13,464
Share of profit of investees	124,582	69,148	537	(375)
Finance income	15,269	8,112	21,505	13,839
WEALTH FOR DISTRIBUTION	<u>129,679</u>	<u>84,527</u>	<u>239,554</u>	<u>196,458</u>
WEALTH DISTRIBUTED				
Employees and payroll taxes	18,123	15,620	79,485	76,566
Direct compensation	16,798	12,890	65,745	60,660
Benefits	816	1,913	8,076	8,720
Payroll taxes	509	817	5,664	7,186
TAXES, FEES AND CONTRIBUTIONS	9,050	18,189	46,331	57,165
Federal	8,631	16,800	45,754	55,694
Municipal	419	1,389	577	1,471
LENDERS AND LESSORS				
Interest and leases	14,651	10,971	25,389	24,032
SHAREHOLDERS				
Retained earnings	87,855	39,747	87,855	39,747
Offset losses attributable to noncontrolling interests	-	-	494	(1,052)

The accompanying notes are an integral part of this interim financial information

(Convenience Translation into English from the Original Previously Issued in Portuguese)

CONSTRUTORA TENDA S.A. AND SUBSIDIARIES

NOTES TO THE INDIVIDUAL AND CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED JUNE 30, 2018

(Amounts in thousands of Brazilian reais - R\$, unless otherwise stated)

1. GENERAL INFORMATION

Construtora Tenda S.A. (“Company” or “Tenda”) is a publicly-traded company with registered head office at Rua Álvares Penteado, 61, in the city of São Paulo, State of São Paulo, and registered with the São Paulo Stock Exchange (B3, former BMF&BOVESPA) under the ticker symbol “TEND3”.

Tenda and its subsidiaries engage in the performance of general construction works, real estate development, real estate purchase and sale, the provision of general construction management services, the intermediation of the sale of consortium shares, and holding of interests in other companies.

The real estate development projects carried out by the Company together with third parties are structured through specific purpose entities (“SPEs”). The subsidiaries significantly share the Company’s management, operating, and corporate costs. The SPEs are exclusively engaged in real estate operations and are linked to specific projects.

On April 24, 2017, the Company disclosed a notice to the market informing that its shares will start to be traded in the basic segment of B3 – Brasil, Bolsa, Balcão (former BM&FBOVESPA), as approved at the Company’s Extraordinary Shareholders’ Meeting held on February 20, 2017. On May 4, 2017, Tenda started to be traded on B3 - Brasil, Bolsa e Balcão.

On June 28, 2017, the Company disclosed a notice to the market that its shares started to be traded in the special listing segment of B3 (former BM&FBOVESPA) called *Novo Mercado*.

2. PRESENTATION OF INTERIM FINANCIAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The Company’s interim financial information comprises:

- a) The individual interim financial information prepared in accordance with accounting practices adopted in Brazil, as laid down in accounting pronouncement CPC 21 (R1) – Interim Financial Reporting, and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (“IASB”), which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the implementation of OCPC 04 on the application of ICPC 02 - Real Estate Industry Construction Contracts, issued by the Accounting Pronouncements Committee (“CPC”), approved by the Brazilian Securities and Exchange Commission (“CVM”) and the Federal Accounting Council (“CFC”), identified as “Parent”; and

- b) The consolidated interim financial information prepared in accordance with accounting practices adopted in Brazil, as laid down in accounting pronouncement CPC 21 (R1) - Interim Financial Reporting, and the consolidated interim financial information in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"), which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the implementation of OCPC 04 on the application of ICPC 02 - Real Estate Industry Construction Contracts, issued by the Accounting Pronouncements Committee ("CPC"), approved by the Brazilian Securities and Exchange Commission ("CVM") and the Federal Accounting Council ("CFC"), identified as "Consolidated".

2.2 Basis of preparation

The interim financial information has been prepared in the normal course of business, using the historical cost as the value base, and some liabilities and assets at present or realizable value.

All relevant information related to the interim financial information and only this information is being disclosed and corresponds to the information used by the Company's Management in its management.

In preparing the interim financial information, Management assesses the Company's ability to continue as a going concern.

Except for the information on the application of the new accounting practices described in note 3.1, the information on the basis for preparation and presentation of the interim financial information, the summary of the significant accounting policies, and the use of estimates and judgments did not change as compared to the information disclosed in note 2 to the Annual Financial Statements for the year ended December 31, 2017, published on March 9, 2018 in the newspapers O Estado de São Paulo and Diário Oficial do Estado de São Paulo (the São Paulo State Official Gazette), and made available on the following websites: www.cvm.gov.br, www.bmfbovespa.com.br and <http://ir.tenda.com>.

All the figures disclosed in this financial information are expressed in thousands of Brazilian reais, unless otherwise stated.

2.3 Approval of interim financial information

The Company's individual and consolidated interim financial information were approved by the Board of Directors and authorized for issuance on August 13, 2018.

2.4 Consolidated interim financial information

The Company's consolidated interim financial information includes the individual financial information of the Parent and its direct and indirect subsidiaries. The Company has the control over an entity when it is exposed or has rights to variable returns from its involvement with the entity and has ability to affect those returns through power over an entity. The existence and the effects of potential voting rights, currently exercisable or convertible, are taken into consideration when determining whether the Company controls or not another entity. Subsidiaries are fully consolidated from the date on which control is transferred until the date control ceases.

The accounting policies have been consistently applied by all subsidiaries included in the interim financial information. (note 9.)

2.5 Statements of value added

The purpose of this statement is to disclose the wealth created by the Company and its distribution during a certain reporting period, and is presented by the Company, as required by the Brazilian Corporate Law, as an integral part of its individual financial statements, and as supplemental information to the consolidated financial statements, since this statement is neither required nor mandatory under IFRSs. The statements of value added have been prepared using information obtained in the same accounting records used to prepare the financial statements and pursuant to the provisions of CPC 09 - Statement of Value Added.

3. ISSUED NEW AND REVISED STANDARDS AND INTERPRETATIONS

3.1 New and revised standards and interpretations already adopted:

In the current year, the Company adopted new interpretations to IFRSs and CPCs issued by the International Accounting Standards Board ("IASB") and the CPC. The adoption of these new and revised IFRSs did not have any significant impact on the amounts reported and/or disclosed for the current and prior years.

New and revised standards and interpretations	Effective beginning
Annual improvements to IFRSs: 2014-2016 Cycle	January 1, 2018
IFRS 9 (CPC 9) - Financial Instruments (a)	January 1, 2018

(a) IFRS 9 supersedes the guidelines prescribed by IAS 39 (CPC 38) - Financial Instruments: Recognition and Measurement. IFRS 9 includes new models for the classification and measurement of financial instruments and the measurement of expected credit losses for financial and contractual assets, as well as new requirements on hedge accounting. The new standard maintains the existing guidelines on the recognition and derecognition of financial instruments in IAS 39. The Company adopted the new criteria on expected credit losses for financial and contractual assets and their impact was immaterial.

3.2 New and revised standards and interpretations not yet adopted:

The following new and revised standards and interpretations will become effective as follow:

New and revised standards and interpretations	Effective beginning
IFRS 15 (CPC 47) - Revenue from Contracts with Customers (a)	January 1, 2018
IFRS 16 (CPC 06 R2) - Leases (b)	January 1, 2019

a) IFRS 15 - Revenue from Contracts with Customers

CPC 47 (IFRS 15) requires that an entity recognize the amount of revenue reflecting the consideration it expects to receive in exchange for the control over such goods or services. The new standard will supersede most of the detailed guidance on revenue recognition that currently exists under IFRSs when it is adopted. For the real estate development industry, the evaluation will focus on the recognition of revenue by maintaining the percentage of completion (POC) method, or adopting the delivery of keys method.

CVM, through CVM/SNC/SEP/ Circular Letter 1/2018, instructed entities to observe the provisions of OCPC 04 currently in effect, approved by CVM Resolution 653/2010, by applying the adjustments deemed necessary as IFRS 15 becomes effective for annual periods beginning on or after January 1, 2018, until an alignment is reached on whether or not to apply the revenue recognition over time. Accordingly, the Company is awaiting a consensus is reached on this matter to disclose in its financial statements the possible impact of the CPC 47.

b) IFRS 16 - Leases

IFRS 16 introduces a single model for the recognition of leases in the lessees' balance sheet. A lessee recognizes a right of use asset that represents its right to use the asset and lease liability that represents its obligation to make lease payments. Optional exemptions are available for short-term leases and low-value items. The lessor's accounting remains similar to the current standard, i.e., the lessors continue to classify the leases as finance or operating leases.

IFRS 16 supersedes the existing lease standards, including CPC 06 (IAS 17) - Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Supplemental Aspects of Leases.

The Company believes that the potential impact (Note 18.4(i)) on its financial statements will be the requirement to recognize new assets and new liabilities for its operating leases of its administrative offices. In addition, the nature of the expenses related to such leases will be changed, because IFRS 16 substitutes the straight-lined operating lease expenses for the depreciation expenses of the right of use and interest on lease liabilities.

4. CASH AND CASH EQUIVALENTS AND SECURITIES

4.1 Cash and cash equivalents

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Cash and banks	12,170	19,480	33,285	39,377
Cash and cash equivalents (note 22.b.i)	12,170	19,480	33,285	39,377

4.2 Securities

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Fixed-income funds	-	-	1,703	1,718
Exclusive fund (a)	420,471	248,290	484,903	330,447
Securities purchased under resale agreements	33	7,828	33	7,828
Bank certificate of deposit (b)	-	70	342	230
Restricted short-term investments (c)	18,107	24,139	136,574	118,123
Total securities (note 22.b.i)	438,611	280,327	623,555	458,346

(a) Exclusive Fund

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	31/12/2017
LTN	128,695	147,654	154,601	196,512
CDB	33,993	2,989	40,432	3,979
LFT	197,082	97,647	229,169	129,956
Private securities	34,487	-	34,487	-
Securities purchased under resale agreements	26,214	-	26,214	-
Total – exclusive funds	420,471	248,290	484,903	330,447

(b) As of June 30, 2018, the Bank Certificates of Deposit (CDBs) include interest earned through the statement of financial position's reporting date, ranging from 75% to 100% (from 78.64% to 100% as of December 31, 2017) of Interbank Deposit Certificates (CDI).

(c) Restricted short-term investments are represented by the onlending of real estate pool funding receivables about to be approved by Caixa Econômica Federal (Federal savings bank). This funding is approved as the contracts entered into with customers are formalized with the financial institution, which the Company expects to occur in up to 90 days.

5. RECEIVABLES FROM DEVELOPMENTS AND SERVICES PROVIDED

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Receivables from real estate development and sales	135,145	140,002	551,422	496,490
(-) Allowance for doubtful debts	(55,975)	(55,947)	(112,454)	(99,007)
(-) Allowance for contract terminations	(8,773)	(10,209)	(23,162)	(21,688)
(-) Present value adjustment	(2,925)	(2,996)	(11,023)	(10,879)
Receivables from land sales and services provided	17,100	21,426	24,411	31,925
	84,572	92,276	429,194	396,841
Current	53,924	59,308	306,517	277,073
Noncurrent	30,648	32,968	122,677	119,768

The aging list of trade receivables is as follows:

Due date	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Past due				
Up to 90 days	952	374	13,521	13,549
91-180 days	1,795	1,564	8,665	9,888
More than 180 days (a)	37,835	50,702	72,818	76,773
Subtotal – past due	40,582	52,640	95,004	100,210
Current				
2018	33,165	79,630	124,629	287,400
2019	64,332	14,911	280,672	79,792
2020	6,627	6,072	36,225	24,056
2021	3,205	3,720	20,738	21,408
2022	2,080	4,455	12,689	15,549
2023 and thereafter	2,254	-	5,876	-
Subtotal – current	111,663	108,788	480,829	428,205
(-) Present value adjustment	(2,925)	(2,996)	(11,023)	(10,879)
(-) Allowance for doubtful debts and contract terminations	(64,748)	(66,156)	(135,616)	(120,695)
	84,572	92,276	429,194	396,841

(a) Of the amount past due for more than 180 days, amounts being transferred to financial institutions total R\$12,489 in Parent and R\$31,959 in consolidated (R\$28,301 in the Parent and R\$55,255 in consolidated as at December 31, 2017).

The variations in the allowances for doubtful debts and contract terminations in the periods ended June 30, 2018 and 2017 are summarized below:

	Parent			Net balance
	Trade receivables Allowance for doubtful debts	Trade receivables Allowance for contract terminations	Properties for sale (note 6)	
Balance as at December 31, 2016	(60,775)	(43,090)	34,514	(69,351)
Additions	(7,500)	(5,229)	3,603	(9,126)
Reversals	2,929	33,966	(24,112)	12,783
Balance as at June 30, 2017	(65,346)	(14,353)	14,005	(65,694)
Balance as at December 31, 2017	(55,947)	(10,209)	9,547	(56,609)
Additions	(670)	(1,544)	355	(1,859)
Reversals	642	2,980	(2,053)	1,569
Balance as at June 30, 2018	(55,975)	(8,773)	7,849	(56,899)

	Consolidated			Net balance
	Trade receivables Allowance for doubtful debts	Trade receivables Allowance for contract terminations	Properties for sale (note 6)	
Balance as at December 31, 2016	(79,586)	(45,772)	36,357	(89,001)
Additions	(25,546)	(29,329)	22,133	(32,742)
Reversals	3,960	49,114	(33,108)	19,966
Balance as at June 30, 2017	(101,172)	(25,987)	25,382	(101,777)
Balance as at December 31, 2017	(99,007)	(21,688)	20,375	(100,320)
Additions	(17,693)	(9,253)	5,599	(21,347)
Reversals	4,246	7,779	(5,794)	6,231
Balance as at June 30, 2018	(112,454)	(23,162)	20,180	(115,436)

The total adjustment to present value recognized in revenue for real estate development for the period ended June 30, 2018 was R\$71 (R\$2,142 in June 2017), in Parent, and R\$144 (R\$9,498 in June 2017) in consolidated.

The discount rate applied by the Company and its subsidiaries was 4,15% for 2018 (3,93% in 2017, net of INCC).

6. PROPERTIES FOR SALE

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Land	76,183	76,483	697,813	654,009
Properties under construction	44,192	57,816	195,274	226,364
Cost of properties in the recognition of the allowance for contract terminations (note 5)	7,849	9,547	20,180	20,375
Completed units	24,139	31,744	57,682	70,846
(-) Present value adjustment in land purchases	(509)	(1,593)	(26,800)	(28,368)
(-) Impairment of properties for sale	(4,239)	(8,282)	(4,837)	(9,021)
	<u>147,615</u>	<u>165,715</u>	<u>939,312</u>	<u>934,205</u>
Current	98,158	109,262	617,532	517,172
Noncurrent	49,457	56,453	321,780	417,033

The Company has commitments to build bartered units, relating to the acquisition of land, recognized based on the fair value of bartered units at the acquisition date. As at June 30, 2018, the balance of obligations for land acquired under barter agreements totals R\$1,887 (R\$1,921 in December 2017) in Parent and R\$115,368 (R\$118,037 in December 2017) in consolidated (note 16).

As described in note 12, the balance of capitalized finance charges as at June 30, 2018 was R\$6,696 (R\$7,357 in December 2017) in Parent and R\$23,132 (R\$28,394 in December 2017) in consolidated.

7. RELATED PARTIES

7.1 Related-party balances

The asset and liability balances with related parties are as follows:

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Assets				
Subsidiaries				
Related parties' current account (a)	2,274	96,875	-	-
Loan receivable (c)	9,299	9,299	-	-
Total subsidiaries	11,573	106,174	-	-
Joint ventures				
Related parties' current account (a)	12,946	13,222	12,946	13,222
Loan receivable (c)	34,151	33,837	34,151	33,837
Total	47,097	47,059	47,097	47,059
Total assets	58,670	153,233	47,097	47,059
Current	15,220	110,097	12,946	13,222
Noncurrent	43,450	43,136	34,151	33,837
Liabilities				
Subsidiaries				
Related parties' current account (b)	243,120	230,328	-	-
Total subsidiaries	243,120	230,328	-	-
Joint ventures				
Related parties' current account (b)	36,411	34,817	36,411	34,817
Loan payable (c)	15,860	15,860	15,860	15,860
Total	52,271	50,677	52,271	50,677
Total liabilities	295,391	281,005	52,271	50,677
Current	279,531	265,145	32,396	30,793
Noncurrent	15,860	15,860	19,875	19,884

- a) The Company participates in real estate development projects with other partners, either directly or through related companies. These projects' management structure and cash management are centralized in the company leading the project, which also oversees the construction and budget progress. Thus, the project leader ensures that the necessary funds are used and allocated as planned. The sources and uses of the projects' funds are reflected in these balances, to the extent of the equity interest held by each investor, which is not subject to inflation adjustments or finance charges imposed by each investor, and do not have a fixed maturity date. The purpose of these transactions is to streamline the business relationships that demand a joint management of amounts mutually owed by the parties and, consequently, the control over the movements of amounts mutually handed over, which are netted when the current account is closed. The average period of time to develop and complete the projects in which the funds are invested ranges from 18 to 24 months;

- b) Amount relating to funds transferred between the group companies, which will be derecognized through a capital increase or decrease;
- c) The intragroup loans between the Company and its joint ventures—detailed below—result from the need to meet cash requirements for the development of their corresponding activities and are subject to the finance charges set forth in the underlying agreements. Related-party transactions are conducted at arm's length and appropriate in order to preserve the interests of both parties involved in each transaction.

The table below shows the breakdown, type, and terms and conditions of the balances of intragroup loans and borrowings. The maturities of intragroup loans are contingent on the duration of the related projects.

	Parent		Consolidated		Type	Interest rate
	06/30/2018	12/31/2017	06/30/2018	12/31/2017		
Subsidiaries						
Fit 09 SPE Empr, Imob, Ltda,	9,299	9,299	-	-	Construction	120% to 126.5% of CDI
Loans to subsidiaries	9,299	9,299	-	-		
Loans to joint ventures						
Atua Construtora e Incorporadora S.A, (a)	12,167	12,167	12,167	12,167	Construction	112% to 113.5% of CDI
Fit 19 SPE Empr, Imobiliários Ltda, (b)	17,581	17,389	17,581	17,389	Construction	100% of CDI
Acedio SPE Empr, Imobiliários Ltda, (b)	4,403	4,281	4,403	4,281	Construction	100% of CDI
Loans receivable - "Joint venture"	34,151	33,837	34,151	33,837		
	43,450	43,136	34,151	33,837		

- (a) Amount related to a Company loan to Atua Construtora e Incorporadora S.A., which is being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The amount is no longer adjusted based at the agreed finance charges in light of the arbitration.
- (b) Amounts receivable across SPEs that are adjusted through August 2014 (date of last request in arbitration) using the contractually agreed financial charges. These amounts are being disputed in arbitration, at the Center for Arbitration and Mediation of the Chamber of Commerce Brazil-Canada (CAM/CCBC). The loan to Fit 09 SPE Empr. Imob. Ltda. was eliminated for purposes of the consolidated interim financial information, and the balance changes shown arise from the new amounts to guarantee the companies' operations.

	Parent		Consolidated		Type	Interest rate
	06/30/2018	12/31/2017	06/30/2018	12/31/2017		
Loans to joint ventures						
Parque dos Pássaros	7,943	7,943	7,943	7,943	Construction	6% p.a.
Araçagy (Franere Gafisa 08)	7,917	7,917	7,917	7,917	Construction	6% p.a.
Borrowings payable(c)	15,860	15,860	15,860	15,860		

- (c) Balance will be settled using a capital decrease instrument.

7.2 Guarantees, collaterals and sureties

The financial transactions of the Tenda group are collateralized by guarantees or sureties in proportion to the Company's interests in the capital of such companies, totaling R\$263,630 as at June 30, 2017 (R\$375,306 as at December 31, 2017).

7.3 Transactions with related parties of the same group

The transactions between the Company and its subsidiaries amounted to R\$8,381 as at June 30, 2018 related to management and construction work management services (R\$27,752 in June 2017), which were recognized in line item 'Net operating revenue' in the Parent, and were fully eliminated from the consolidated interim financial information.

8. LAND FOR SALE

The Company, in line with its implemented strategic guidelines, opted for putting for sale the land not taken into consideration in the business plan approved for 2018. Similarly, it designed a specific plan for selling such land. The carrying amount of the land for sale, adjusted to market value, when applicable, after impairment tests, is as follows:

	Parent			Consolidated		
	Cost	Allowance for impairment	Net balance	Cost	Allowance for impairment	Net balance
Balance as at December 31, 2016	53,705	(10,218)	43,487	87,270	(12,043)	75,227
Additions	752	-	752	10,960	-	10,960
Reversals/write-offs	(10,082)	2,728	(7,354)	(10,245)	2,728	(7,517)
Balance as at June 30, 2017	44,375	(7,490)	36,885	87,985	(9,315)	78,670
Balance as at December 31, 2017	44,746	(9,535)	35,211	75,857	(11,030)	64,827
Additions	388	-	388	619	-	619
Reversals/write-offs	(6,794)	-	(6,794)	(16,209)	-	(16,209)
Balance as at June 30, 2018	38,340	(9,535)	28,805	60,267	(11,030)	49,237

9. INVESTMENTS IN EQUITY INTERESTS

(i) Equity interests:

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Subsidiaries				
Wholly-owned	943,866	822,372	-	-
Due to management of material operations	17,433	16,980	-	-
Capitalized interest	4,636	4,858	-	-
	965,935	844,210	-	-
Joint ventures	65,954	65,417	65,954	65,417
	1,031,889	909,627	65,954	65,417

Variations in investments

	Parent	Consolidated
Balance as at December 31, 2016	1,409,681	147,831
Share of profit of investees	69,148	(375)
Capital contribution	30,240	-
Capital decrease (d)	(393,045)	(7,927)
Acquisition (sales) of equity interests (a)	11,757	-
Acquisition of Control/ Loss of Control(a, b, c)	-	(67,103)
Allowance for investment losses	783	-
Other investments	(4,472)	(880)
Balance as at June 30, 2017	1,124,092	71,546
Balance as at December 31, 2017	909,627	65,417
Share of profit of investees	124,582	537
Return of advance for future capital increase	(9)	-
Allowance for (reversal of) investment losses	(2,331)	-
Balance as at June 30, 2018	1,031,889	65,954

a) In May 2017, in view of the spin-off of the Gafisa/Tenda trademarks, the Company no longer holds the control over the following SPES: FIT 13 SPE Empreendimentos Imobiliários Ltda and Cipesa Projeto 02 Empreendimento Imobiliario Spe Ltda;

b) In March 2017, the Company obtained the control over the companies Fit 03 SPE Empreendimentos Imobiliários Ltda., Fit 11 SPE Empreendimentos Imobiliários Ltda., Fit 31 SPE Empreendimentos Imobiliários Ltda., and Fit 34 SPE Empreendimentos Imobiliários Ltda., in relation to which it recorded in profit or loss a provision for net capital deficiency of equity accounted investees in the amount of R\$11,309 (Note 24); a portion of the involved amounts were settled by offsetting loans (Note 7.1) previously signed between the related parties, while the remaining portion was settled in cash;

c) In March 2017, ownership interests in the companies Maria Inês SPE Empreendimentos Imobiliários Ltda and Fit SPE 02 Empreendimentos Imobiliários Ltda were acquired by matching the current accounts of related parties: and

d) In Most of the decrease in the capital of investees was settled with related parties: Cita Itapoan; FIT 31 SPE Emp. Imob; AC Participações LTDA; FIT 32 SPE Emp. Imob; FIT 22 SPE Emp. Imob; FGM Incorporações S.A.; FIT 24 SPE Emp. Imob; FIT 07 SPE Emp. Imob.; FIT SPE 05 Emp. Imob.; FIT SPE 01 Emp. Imob.; Tenda SP Jardim São Luiz; SPE Tenda SP Vila Park; Salvador Dali Emp. Imob.; Guaianazes Life Emp. Imob.; SPE Tenda SP Osasco; and SPE Tenda SP Itaqueira.

Breakdown of investments as at June 30, 2018

EQUITY INTEREST AT 06/30/2018										
Subsidiaries	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit os investees	Investment Balance	
TENDA NEG. IMOB. S/A	1,071,377	342,608	311,221	306,760	796,004	123,872	100%	123,872	796,004	
JD. SÃO LUIZ SPE INCORP. LTDA	62,508	3,720	323	360	65,545	(240)	100%	(240)	65,545	
FIT 16 SPE EMP. IMOB. LTDA.	21,339	206	325	-	21,220	(377)	100%	(377)	21,220	
FIT 34 SPE EMP. IMOB. LTDA.	17,373	-	6	-	17,367	(28)	100%	(28)	17,367	
FIT 02 SPE EMP. IMOB. LTDA.	9,892	-	401	-	9,491	(1)	100%	(1)	9,491	
FIT 06 SPE EMP. IMOB. LTDA.	7,971	-	785	-	7,186	-	100%	-	7,186	
FIT 31 SPE EMP. IMOB. LTDA.	4,868	-	353	-	4,515	(152)	100%	(152)	4,515	
ASPLENIUM EMP. IMOB. LTDA.	1,918	2,420	204	230	3,904	(59)	100%	(59)	3,904	
FIT 32 SPE EMP. IMOB. LTDA.	2,650	531	97	-	3,084	3	100%	3	3,084	
FIT 25 SPE EMP. IMOB. LTDA.	3,038	50	875	-	2,213	(116)	100%	(116)	2,213	
FIT 10 SPE EMP. IMOB. LTDA.	1,998	166	587	-	1,577	(588)	100%	(588)	1,577	
COTIA 1 EMP. IMOB. LTDA.	1,825	45	167	-	1,703	(38)	100%	(38)	1,703	
FIT 11 SPE EMP. IMOB. LTDA.	2,180	-	392	5	1,783	129	100%	129	1,783	
AC PART. LTDA.	1,626	18	36	72	1,536	8	100%	8	1,536	
SPE TENDA SP VILA PARK EMP. IMOB. LTDA	966	15	796	-	185	(854)	100%	(854)	185	
FIT 40 SPE EMP. IMOB. LTDA.	906	161	42	24	1,001	(21)	100%	(21)	1,001	
SPE TENDA SP OSASCO LIFE EMP. IMOB. LTDA	960	6	7	-	959	(33)	100%	(33)	959	
FIT 01 SPE EMP. IMOB. LTDA.	921	67	210	-	778	(43)	100%	(43)	778	
TENDA 28 SPE EMP. IMOB. LTDA.	1,041	-	27	-	1,014	685	100%	685	1,014	
FIT 05 SPE EMP. IMOB. LTDA.	774	1	422	22	331	(213)	100%	(213)	331	
MARIA INÊS SPE EMP. IMOB. LTDA.	581	-	60	-	521	(93)	100%	(93)	521	
SPE TENDA SP VALÊNCIA EMP. IMOB. LTDA	380	13	1	-	392	(7)	100%	(7)	392	
SPE TENDA SP ITAQUERA LIFE EMP. IMOB. LTDA	317	13	29	-	301	(17)	100%	(17)	301	
SPE TENDA SP JD. SÃO LUIZ LIFE EMP. IMOB. LTDA	277	33	27	-	283	(40)	100%	(40)	283	
FIT 35 SPE EMP. IMOB. LTDA.	187	48	11	-	224	(49)	100%	(49)	224	
FIT 42 SPE EMP. IMOB. LTDA.	154	-	28	-	126	1	100%	1	126	
FIT 03 SPE EMP. IMOB. LTDA.	116	-	1	-	115	2	100%	2	115	
FIT 07 SPE EMP. IMOB. LTDA.	499	-	417	-	82	(79)	100%	(79)	82	
SPE TENDA SP SALVADOR DALI EMP. IMOB. LTDA	111	9	10	-	110	(10)	100%	(10)	110	
FIT 38 SPE EMP. IMOB. LTDA.	76	15	4	-	87	(9)	100%	(9)	87	
FGM INCORP. S/A	234	1	174	-	61	8	100%	8	61	
FIT 37 SPE EMP. IMOB. LTDA.	103	11	37	-	77	2	100%	2	77	
FIT PALLADIUM SPE EMP. IMOB. LTDA.	38	7	2	-	43	(20)	100%	(20)	43	
FIT 24 SPE EMP. IMOB. LTDA.	32	-	-	-	32	(14)	100%	(14)	32	
FIT 39 SPE EMP. IMOB. LTDA.	95	3	83	-	15	(4)	100%	(4)	15	
TENDA 25 SPE EMP. IMOB. LTDA.	15,291	-	-	-	15,291	2	70%	1	10,705	
CITTÀ VILLE SPE EMP. IMOB. LTDA.	17,547	4	2,416	1,678	13,457	920	50%	459	6,729	
Capitalized interest								(223)	4,636	
Total Subsidiaries	1,252,169	350,171	320,576	309,151	972,613	122,527		121,842	965,935	
Joint Venture	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit os investees	Investment Balance	
SPE FRANERE GAFISA 08 EMP. IMOB. LTDA.	18,144	29,120	2,042	3,134	42,088	(1,248)	50%	(625)	21,044	
GRAND PARK PQ. PÁSSAROS EMP. IMOB. LTDA.	6,361	27,567	1,849	1,494	30,585	1,964	50%	982	15,293	
FIT 13 SPE EMP. IMOB. LTDA.	17,274	4,363	655	-	20,982	97	50%	49	10,491	
CIPESA PROJ. 02 EMP. IMOB. SPE LTDA.	18,327	-	131	31	18,165	52	50%	26	9,083	
FIT JD. BOTÂNICO SPE EMP. IMOB. LTDA.	8,873	-	66	2	8,805	242	55%	132	4,841	
IMBUI I SPE EMP. IMOB. LTDA.	1,149	7,526	64	428	8,183	(63)	50%	(31)	4,092	
ACEDIO SPE EMP. IMOB. LTDA.	5,781	-	18	4,403	1,360	-	55%	-	748	
CITTA ITAPUÃ EMP. IMOB. S SPE LTDA.	2,809	9	454	1,766	598	22	50%	11	299	
CITTA IPITANGA SPE EMP. IMOB. S LTDA.	1,123	2	348	651	126	(15)	50%	(7)	63	
Consolidated	79,841	68,587	5,627	11,909	130,892	1,051		537	65,954	
Excedente ao valor contábil na compra								-	-	
Total Parent	1,332,010	418,758	326,203	321,060	1,103,505	123,578		122,379	1,031,889	

Breakdown of investments as at December 31, 2017

EQUITY INTERESTS AT 12/31/2017										
Subsidiaries	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance	
SPE TENDA SP ITAQUERA LIFE EMP. IMOB. LTDA	320	28	30	-	318	259	100%	259	318	
SPE TENDA SP OSASCO LIFE EMP. IMOB. LTDA	991	8	7	-	992	980	100%	980	992	
SPE TENDA SP SALVADOR DALI EMP. IMOB. LTDA	129	10	19	-	120	1,013	100%	1,013	120	
SPE TENDA SP VILA PARK EMP. IMOB. LTDA	1,191	42	194	-	1,039	341	100%	341	1,039	
SPE TENDA SP VALÊNCIA EMP. IMOB. LTDA	403	16	20	-	399	90	100%	90	399	
SPE TENDA SP JD. SÃO LUIZ LIFE EMP. IMOB. LTDA	316	38	31	-	323	176	100%	176	323	
COTIA 1 EMP. IMOB. LTDA.	1,869	64	192	-	1,741	(1,386)	100%	(1,386)	1,741	
FIT ROLAND GARROS EMP. IMOB. LTDA.	102	-	98	-	4	(270)	100%	(270)	4	
MARIA INÊS SPE EMP. IMOB. LTDA.	676	-	54	8	614	(65)	100%	(65)	614	
FIT 01 SPE EMP. IMOB. LTDA.	964	80	223	-	821	134	100%	134	821	
FIT 02 SPE EMP. IMOB. LTDA.	9,566	-	73	-	9,493	(60)	100%	(60)	9,493	
FIT 05 SPE EMP. IMOB. LTDA.	919	41	416	-	544	(666)	100%	(666)	544	
FIT 10 SPE EMP. IMOB. LTDA.	2,201	241	277	-	2,165	(1,009)	100%	(1,009)	2,165	
FIT 11 SPE EMP. IMOB. LTDA.	2,300	-	634	12	1,654	949	100%	949	1,654	
FIT PALLADIUM SPE EMP. IMOB. LTDA.	64	-	1	-	63	(192)	100%	(192)	63	
FIT 06 SPE EMP. IMOB. LTDA.	7,852	-	666	-	7,186	(1)	100%	(1)	7,186	
FIT 07 SPE EMP. IMOB. LTDA.	503	-	342	-	161	(218)	100%	(218)	161	
FIT 24 SPE EMP. IMOB. LTDA.	46	-	-	-	46	18	100%	18	46	
FGM INCORP. S/A	230	1	178	-	53	(345)	100%	(345)	53	
FIT 16 SPE EMP. IMOB. LTDA.	21,758	208	369	-	21,597	(1,654)	100%	(1,654)	21,597	
FIT 25 SPE EMP. IMOB. LTDA.	3,344	60	1,075	-	2,329	(1,774)	100%	(1,774)	2,329	
FIT 31 SPE EMP. IMOB. LTDA.	5,100	-	433	-	4,667	(247)	100%	(247)	4,667	
FIT 32 SPE EMP. IMOB. LTDA.	2,435	782	135	-	3,082	(9)	100%	(9)	3,082	
FIT 34 SPE EMP. IMOB. LTDA.	17,415	-	20	-	17,395	96	100%	96	17,395	
FIT 35 SPE EMP. IMOB. LTDA.	227	51	5	-	273	(74)	100%	(74)	273	
FIT 37 SPE EMP. IMOB. LTDA.	105	14	44	-	75	(77)	100%	(77)	75	
FIT 38 SPE EMP. IMOB. LTDA.	99	16	19	-	96	(91)	100%	(91)	96	
FIT 39 SPE EMP. IMOB. LTDA.	103	3	86	-	20	(47)	100%	(47)	20	
FIT 40 SPE EMP. IMOB. LTDA.	845	256	47	33	1,021	210	100%	210	1,021	
FIT 42 SPE EMP. IMOB. LTDA.	215	-	90	-	125	33	100%	33	125	
FIT 03 SPE EMP. IMOB. LTDA.	207	-	82	11	114	(176)	100%	(176)	114	
TENDA NEG. IMOB. S/A (Consolidated)	924,299	413,845	367,942	298,070	672,132	197,822	100%	197,822	672,132	
TENDA 28 SPE EMP. IMOB. LTDA.	346	-	18	-	328	328	100%	328	328	
AC PART. LTDA.	1,668	19	110	50	1,527	(1,326)	100%	(1,326)	1,527	
EVP PART. S.A.	102	-	5	-	97	-	100%	-	97	
ASPLENIUM EMP. IMOB. LTDA.	1,675	2,794	237	269	3,963	(1,158)	100%	(1,158)	3,963	
TENDA SPE 19 EMP. IMOB. LTDA	9	-	-	-	9	(90)	100%	(90)	9	
JD. SÃO LUIZ SPE INCORP. LTDA	62,140	4,438	366	427	65,785	(1,086)	100%	(1,086)	65,785	
TENDA 25 SPE EMP. IMOB. LTDA.	15,290	-	-	-	15,290	(90)	70%	(63)	10,703	
CITTÀ VILLE SPE EMP. IMOB. LTDA.	17,688	4	2,904	2,233	12,555	(4,102)	50%	(2,051)	6,278	
Capitalized interest								(4,922)	4,859	
Total Subsidiaries	1,105,712	423,059	377,442	301,113	850,216	186,236		183,392	844,211	
Joint ventures										
Subsidiaries	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Net Revenue	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance
ACEDIO SPE EMP. IMOB. LTDA.	5,648	-	7	4,281	1,360	1	(1)	55%	(1)	748
FIT JD. BOTÂNICO SPE EMP. IMOB. LTDA.	8,685	-	106	16	8,563	442	(14)	55%	(10)	4,710
IMBUI I SPE EMP. IMOB. LTDA.	1,263	7,526	116	428	8,245	47	(22)	50%	(11)	4,123
CITTA IPITANGA SPE EMP. IMOB. S LTDA.	1,136	2	337	660	141	33	4	50%	2	71
GRAND PARK PQ. PÁSSAROS EMP. IMOB. LTDA.	6,629	25,742	1,907	1,843	26,621	2,087	(1,602)	50%	(801)	14,311
CITTA ITAPUÁ EMP. IMOB. S SPE LTDA.	2,801	9	459	1,775	576	66	31	50%	16	288
SPE FRANERE GAFISA 08 EMP. IMOB. LTDA.	21,553	27,360	2,150	3,427	43,336	322	500	50%	250	21,668
CIPEASA PROJ. 02 EMP. IMOB. SPE LTDA.	18,369	-	168	87	18,114	866	(976)	50%	(488)	9,057
FIT 13 SPE EMP. IMOB. LTDA.	18,014	3,526	655	-	20,885	-	(7)	50%	(3)	10,443
Consolidated	84,098	64,165	5,905	12,517	129,841	3,864	(2,087)		(1,046)	65,417
Amount in excess of carrying amount at acquisition date										
									(12)	-
Total Parent	1,189,810	487,224	383,347	313,630	980,057	3,864	184,149		182,334	909,627

(ii) Equity interests – equity deficiency

Breakdown of the allowance for losses on Investments as at June 30, 2018

Allowance for investment losses jun 2018									
Subsidiaries	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance
FIT 22 SPE EMP. IMOB. LTDA.	5	-	22	-	(17)	(5)	100%	(5)	(17)
TENDA 35 SPE PART. S/A	1	-	38	-	(37)	-	100%	-	(37)
FIT 12 SPE EMP. IMOB. LTDA.	462	43	579	4	(78)	311	100%	311	(78)
TENDA 30 SPE EMP. IMOB. LTDA	1	-	107	-	(106)	-	100%	-	(106)
MÁRIO COVAS SPE EMP. IMOB. LTDA.	322	1	631	-	(308)	12	100%	12	(308)
SPE TENDA SP GUIANAZES LIFE EMP. IMOB. LTDA	5	5	495	-	(485)	(11)	100%	(11)	(485)
TDA NEG. IMOB. LTDA.	244	-	2,207	-	(1,963)	151	100%	151	(1,963)
FIT BILD 09 SPE EMP. IMOB. LTDA.	3,152	-	878	9,315	(7,041)	135	75%	101	(5,280)
TND NEG. IMOB. LTDA.	1,743	-	6,681	-	(4,938)	1,798	100%	1,798	(4,938)
TENDA 24 SPE PART. S.A.	-	-	1	-	(1)	-	100%	-	(1)
TENDA 47 SPE EMP. IMOB. LTDA.	-	-	2	-	(2)	(2)	100%	(2)	(2)
FIT ROLAND GARROS EMP. IMOB. LTDA.	100	-	112	-	(12)	(15)	100%	(15)	(12)
TENDA SPE 19 EMP. IMOB. LTDA	8	-	35	-	(27)	(35)	100%	(35)	(27)
TENDA 26 SPE PART. S.A.	-	-	1	-	(1)	-	100%	-	(1)
EVP PART. S.A.	-	-	5	-	(5)	(102)	100%	(102)	(5)
TENDA 46 SPE EMP. IMOB. LTDA.	24,053	-	1,896	22,157	-	-	100%	-	-
	30,096	49	13,690	31,476	(15,021)	2,237		2,203	(13,260)
Joint Venture									
FIT CAMPOLIM SPE EMP. IMOB. LTDA	7,689	-	29	17,581	(9,921)	(1)	55%	-	(5,456)
	7,689	-	29	17,581	(9,921)	(1)		-	(5,456)
Total allowance for investment losses	37,785	49	13,719	49,057	(24,942)	2,236		2,203	(18,716)

Breakdown of the allowance for losses on Investments as at December 31, 2017

ALLOWANCE FOR INVESTMENT LOSSES DEC 2017

	Current assets	Noncurrent assets	Current liabilities	Noncurrent liabilities	Equity and advance for future capital increase	Profit (loss) for the year	Equity interest %	Share of profit of investees	Investment balance
Subsidiaries									
MÁRIO COVAS SPE EMP.IMOB.LTDA.	266	1	587	-	(320)	(811)	100%	(811)	(320)
FIT BILD 09 SPE EMP.IMOB.LTDA.	3,147	-	947	9,376	(7,176)	109	75%	83	(5,379)
FIT 12 SPE EMP.IMOB.LTDA.	138	23	550	-	(389)	(551)	100%	(551)	(389)
FIT 22 SPE EMP.IMOB.LTDA.	5	-	18	-	(13)	(63)	100%	(63)	(13)
TENDA 24 SPE PART. S.A.	-	-	1	-	(1)	(1)	100%	(1)	(1)
TENDA 26 SPE PART. S.A.	-	-	1	-	(1)	(1)	100%	(1)	(1)
SPE TENDA SP GUAIANAZES LIFE EMP.IMOB.LTDA	43	5	523	-	(475)	(524)	100%	(524)	(475)
TENDA 30 SPE EMP.IMOB.LTDA	1	-	107	-	(106)	(22)	100%	(22)	(106)
TND NEG. IMOB. LTDA.	1,526	-	8,262	-	(6,736)	2,644	100%	2,644	(6,736)
TENDA 35 SPE PART. S/A	3	-	35	-	(37)	(5)	100%	(5)	(37)
TDA NEG. IMOB. LTDA.	172	-	2,286	-	(2,114)	355	100%	355	(2,114)
	5,301	29	13,317	9,376	(17,368)	1,130		1,104	(15,571)
Joint ventures									
FIT CAMPOLIM SPE EMP.IMOB.LTDA	7,469	-	-	17,385	(9,920)	(107)	55%	(60)	(5,456)
	7,469	-	-	17,385	(9,920)	(107)		(60)	(5,456)
Total allowance for investment losses	12,770	29	13,317	26,761	(27,288)	1,023		1,044	(21,027)

10. PROPERTY AND EQUIPMENT

Description	Depreciation rate - % p.a.	Parent		Consolidated	
		06/30/2018	12/31/2017	06/30/2018	12/31/2017
Cost					
Hardware	20%	21,773	21,483	21,773	21,483
Leasehold improvements and facilities	25%	9,184	8,906	9,184	8,906
Furniture and fixtures	10%	3,442	3,353	3,525	3,353
Machinery and equipment	10%	2,793	2,729	2,793	2,729
Molds	20%	37,144	32,936	37,968	32,936
		74,336	69,407	75,243	69,407
Accumulated depreciation		(36,931)	(27,583)	(36,950)	(27,583)
		37,405	41,824	38,293	41,824

The residual value, useful lives, and depreciation methods were reviewed at the closing of year 2017, and no change was made. Assets are subject to periodical impairment testing.

Variations in property and equipment

	Parent					
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Total
Cost						
Balance as at 12/31/2016	18,662	9,338	4,171	1,450	18,681	52,302
Additions	3,998	959	216	94	3,289	8,556
100% depreciated items	(1,249)	(2,121)	(482)	(14)	-	(3,866)
Cost as at 06/30/2017	21,411	8,176	3,905	1,530	21,970	56,992
Depreciation						
Balance as at 12/31/2016	(7,384)	(4,621)	(3,264)	(694)	(6,232)	(22,195)
Additions	(1,933)	(777)	(216)	(78)	(2,063)	(5,067)
100% depreciated items	1,249	2,121	482	14	-	3,866
Depreciation as at 06/30/2017	(8,068)	(3,277)	(2,998)	(758)	(8,295)	(23,396)
Balance as at 06/30/2017	13,343	4,899	907	772	13,675	33,596

	Parent					
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Total
Cost						
Balance as at 12/31/2017	21,483	8,906	3,353	2,729	32,936	69,407
Additions	290	388	89	64	4,208	5,039
Write-offs	-	(110)	-	-	-	(110)
Cost as at 06/30/2018	21,773	9,184	3,442	2,793	37,144	74,336
Depreciation						
Balance as at 12/31/2017	(9,007)	(3,809)	(2,492)	(895)	(11,380)	(27,583)
Additions	(1,992)	(3,639)	(120)	(139)	(3,553)	(9,443)
Write-offs	-	95	-	-	-	95
Depreciation as at 06/30/2018	(10,999)	(7,353)	(2,612)	(1,034)	(14,933)	(36,931)
Balance as at 06/30/2018	10,774	1,831	830	1,759	22,211	37,405

Cost	Consolidated					
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Total
Balance as at 12/31/2016	18,662	9,338	4,239	1,450	18,681	52,370
Additions	3,998	959	224	94	3,289	8,564
100% depreciated items	(1,249)	(2,121)	(482)	(14)	-	(3,866)
Cost as at 06/30/2017	21,411	8,176	3,981	1,530	21,970	57,068
Depreciation						
Balance as at 12/31/2016	(7,384)	(4,315)	(3,297)	(694)	(6,537)	(22,227)
Additions	(1,933)	(777)	(220)	(78)	(2,063)	(5,071)
100% depreciated items	1,249	2,121	482	14	-	3,866
Depreciation as at 06/30/2017	(8,068)	(2,971)	(3,035)	(758)	(8,600)	(23,432)
Balance as at 06/30/2017	13,343	5,205	946	772	13,370	33,636

Cost	Consolidated					
	Hardware	Leasehold improvements and facilities	Furniture and fixtures	Machinery and equipment	Molds	Total
Balance as at 12/31/2017	21,483	8,906	3,353	2,729	32,936	69,407
Additions	290	388	172	64	5,032	5,946
Write-offs	-	(110)	-	-	-	(110)
Cost as at 06/30/2018	21,773	9,184	3,525	2,793	37,968	75,243
Depreciation						
Balance as at 12/31/2017	(9,007)	(3,809)	(2,492)	(895)	(11,380)	(27,583)
Additions	(1,992)	(3,639)	(121)	(139)	(3,571)	(9,462)
Write-offs	-	95	-	-	-	95
Depreciation as at 06/30/2018	(10,999)	(7,353)	(2,613)	(1,034)	(14,951)	(36,950)
Balance as at 06/30/2018	10,774	1,831	912	1,759	23,017	38,293

11. INTANGIBLE ASSETS

	Parent/Consolidated					
	12/31/2016			06/30/2017		06/30/2017
	Balance	Additions	write-offs	Amortization	100% amortized items	Balance
Software – cost	29,165	7,551	-	-	(3,273)	33,443
Software – amortization	(11,865)	-	-	(3,230)	3,273	(11,822)
Other	565	109	(533)	-	-	141
	17,865	7,660	(533)	(3,230)	-	21,762

	Parent/Consolidated				
	12/31/2017		06/30/2018		06/30/2018
	Balance	Additions	Write-offs	Amortization	Balance
Software – cost	36,897	5,412	-	-	42,309
Software – amortization	(15,253)	-	-	(3,919)	(19,172)
	21,644	5,412	-	(3,919)	23,137

Refer mainly to the expenses on the acquisition and implementation of information systems and software licenses, amortized over a five-year period (20% per year).

Intangible assets with finite useful lives are amortized over their useful lives, and tested for impairment whenever there is indication of asset impairment. The amortization period and method for an intangible asset with finite useful life are reviewed at least at the end of each annual reporting period.

The proceeds from this issuance will be used exclusively in real estate projects specifically targeted at the lower-income population segment.

The Company has restrictive covenants that restrict some decision-making, such as debt issue and the power to require the debt acceleration or loan refinancing if such restrictive covenants are not complied with.

As at June 30, 2018 the ratio required by such covenant is as follows:

	06/30/2018	12/31/2017
Net leverage ratio, calculated as total net financial debt less SFH loans to equity, which cannot exceed 15% (note 22.c).	-31.46%	-27.09%

14. PAYROLL, RELATED TAXES AND PROFIT SHARING

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Payroll and related taxes	2,054	2,472	6,878	7,652
Accrued payroll and related taxes	2,039	2,480	20,129	13,941
Employee profit sharing (a)	2,835	4,980	9,449	15,402
	<u>6,928</u>	<u>9,932</u>	<u>36,456</u>	<u>36,995</u>

- a) The Company has a variable compensation program that grants its employees and management personnel and the employees and management personnel of its subsidiaries a share of the Company's profits. This program is linked to the fulfillment of specific goals, which are set, agreed-upon, and approved by the Board of Directors at the beginning of each year.

15. TAXES AND CONTRIBUTIONS

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Deferred PIS and COFINS (a)	3,421	3,926	9,986	9,324
Current PIS and COFINS	3,610	3,322	4,092	3,857
Other taxes payable	7,666	7,716	13,676	14,206
	<u>14,697</u>	<u>14,964</u>	<u>27,754</u>	<u>27,387</u>

- a) The Company recognizes long-term deferred PIS and COFINS (taxes on revenue) in the line item 'Other payables and other amounts' amounting to R\$1,944 in Parent and R\$4,153 in consolidated (R\$2,556 in Parent and R\$4,104 in consolidated as at December 31, 2017).

16. PAYABLES FOR PURCHASE OF PROPERTIES AND ADVANCES FROM CUSTOMERS

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Payables for properties purchased	15,046	14,848	347,470	325,784
Developments and services	12	218	404	979
Physical barter - land	1,887	1,921	115,368	118,037
	<u>16,945</u>	<u>16,987</u>	<u>463,242</u>	<u>444,800</u>
Current	6,977	5,980	237,426	204,661
Noncurrent	9,968	11,007	225,816	240,139

The current and noncurrent portions mature as follows:

Maturity	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
2018	3,517	5,980	130,500	204,661
2019	6,531	6,726	161,912	118,388
2020	5,335	4,281	76,975	47,458
2021	1,562	-	37,004	74,293
2022 and thereafter	-	-	56,851	-
	<u>16,945</u>	<u>16,987</u>	<u>463,242</u>	<u>444,800</u>

17. INCOME TAX AND SOCIAL CONTRIBUTION

(a) Current income tax and social contribution

The reconciliation at the effective tax rate for the periods ended June 30, 2018 and 2017 is as follows:

	Parent			
	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
Income before income tax and social contribution:	51,022	87,855	20,807	39,747
Income tax calculated at the statutory rate - 34%	34%	34%	34%	34%
	(17,348)	(29,871)	(7,074)	(13,514)
Other permanent differences	(411)	(1,724)	(1,983)	(1,614)
Unrecognized tax assets	(6,259)	(5,180)	(8,204)	(8,444)
Share of profit of investees	26,423	42,358	17,247	23,510
Other additions and deductions	(1,843)	(5,583)	14	62
Income tax and social contribution expenses (income)	562	-	-	-
Current tax expenses (income)	562	-	-	-
Deferred tax expenses (income)	-	-	-	-

	Consolidated			
	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
Income before income tax and social contribution:	58,266	101,268	23,380	45,750
Income tax calculated at the statutory rate - 34%	34%	34%	34%	34%
	(19,810)	(34,431)	(7,949)	(15,555)
Net effect of subsidiaries taxed under the deemed income/RET regime	17,622	40,340	7,976	16,140
Other permanent differences	(508)	(1,928)	(2,035)	(1,666)
Unrecognized tax assets	(7,431)	(12,770)	(371)	(5,909)
Share of profit of investees	154	183	(157)	(127)
Tax credits used in deferred tax base	1,087	157	-	-
Other additions and deductions	(2,570)	(4,470)	14	62
Income tax and social contribution expenses (income)	(6,316)	(12,919)	(2,522)	(7,055)
Current tax expenses (income)	(5,645)	(11,474)	(10,400)	(12,909)
Deferred tax expenses (income)	(671)	(1,445)	7,878	5,854

(b) Deferred income tax and social contribution

The origin of deferred income tax and social contribution as at June 30, 2018 and December 31, 2017 is as follows:

Description	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Assets				
Tax loss carryforwards	251,680	244,208	259,113	244,208
Allowance for doubtful debts	19,010	19,007	21,370	21,306
Allowance for realization of non-financial assets	4,465	6,058	4,557	5,846
Other provisions	4,877	6,617	7,516	10,985
Provisions for risks	16,604	18,442	17,713	19,848
Temporary differences – CPC	1,495	1,557	3,265	2,312
Temporary differences – deferred PIS and COFINS	1,824	2,077	2,065	2,423
Unrecognized tax rights	(282,864)	(279,622)	(296,126)	(285,294)
Subtotal	17,091	18,344	19,473	21,634
Liabilities				
Revenue taxation on a cash and an accrual basis	(13,768)	(15,021)	(16,150)	(18,311)
Deferred income tax and social contribution (Earmarked assets, or RET)	-	-	(7,363)	(5,851)
Subtotal	(13,768)	(15,021)	(23,513)	(24,162)
Recognized in line item deferred taxes (liabilities)	-	-	(7,363)	(5,851)
Recognized in line item deferred taxes (assets)	3,323	3,323	3,323	3,323

The Company holds unrecognized income tax loss and social contribution loss carryforwards that can be offset against 30% of annual taxable income and carried forward indefinitely in the following amounts:

Description	Parent					
	06/30/2018			12/31/2017		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Tax loss carryforwards	740,236	740,236	-	718,259	718,259	-
Tax assets (25%, 9%)	185,059	66,621	251,680	179,565	64,643	244,208
Recognized tax assets (PERT)	(2,443)	(880)	(3,323)	(2,443)	(880)	(3,323)
Unrecognized tax assets on tax loss carryforwards	182,615	65,741	248,356	177,122	63,763	240,885

Description	Consolidated					
	06/30/2018			12/31/2017		
	Income tax	Social contribution	Total	Income tax	Social contribution	Total
Tax loss carryforwards	762,098	762,098	-	718,259	718,259	-
Tax assets (25%, 9%)	190,525	68,588	259,113	179,565	64,643	244,208
Recognized tax assets	(2,443)	(880)	(3,323)	(2,443)	(880)	(3,323)
Unrecognized tax assets on tax loss carryforwards	188,081	67,709	255,790	177,122	63,763	240,885

18. PROVISION FOR CONTINGENCIES AND COMMITMENTS

18.1 Provision for contingencies

In the periods ended June 30, 2018 and 2017, the variations in the provision for contingencies are summarized as follows:

	Parent			
	Civil lawsuits	Labor lawsuits	Other	Total
Balance as at December 31, 2016	19,168	9,465	32	28,665
Additions (note 24)	6,195	3,894	2	10,091
Write-offs/transfers (note 24)	(5,855)	(3,249)	(6)	(9,110)
Balance as at June 30, 2017	19,508	10,110	28	29,646
Balance as at December 31, 2017	43,951	10,241	48	54,240
Additions (note 24)	17,311	2,366	-	19,677
Write-offs/transfers (note 24)	(15,688)	(3,648)	(45)	(19,381)
Balance as at June 30, 2018	45,574	8,959	3	54,536
Current	22,819	4,486	2	27,307
Noncurrent	22,755	4,473	1	27,229

	Consolidated			
	Civil lawsuits	Labor lawsuits	Other	Total
Balance as at December 31, 2016	30,341	14,303	306	44,950
Additions (note 24)	9,868	5,821	3	15,692
Write-offs/transfers (note 24)	(8,961)	(5,011)	(11)	(13,983)
Acquisition of control of investees	(20)	55	-	35
Balance as at June 30, 2017	31,228	15,168	298	46,694
Balance as at December 31, 2017	51,567	11,166	306	63,039
Additions (note 24)	18,762	2,680	-	21,442
Write-offs (note 24)	(18,913)	(4,281)	(45)	(23,239)
Balance as at June 30, 2018	51,416	9,565	261	61,242
Current	25,744	4,789	131	30,664
Noncurrent	25,672	4,776	130	30,578

18.2 Escrow Deposits

As at June 30, 2018, the Company and its subsidiaries have the following amounts deposited in courts:

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Civil lawsuits	23,175	20,117	23,569	20,489
Environmental lawsuits	88	87	89	88
Tax lawsuits	3,637	3,447	3,700	3,512
Labor lawsuits	6,032	6,153	6,134	6,266
	32,932	29,804	33,492	30,355
Current	11,664	10,557	11,863	10,752
Noncurrent	21,268	19,247	21,629	19,603

18.3 Lawsuits with a possible likelihood of an unfavorable outcome

As at June 30, 2018, the Company and its subsidiaries are aware of other civil, labor, tax and environmental lawsuits. Based on the history of probable lawsuits and the specific analysis of the main claims, the lawsuits with a likelihood of an unfavorable outcome classified as possible total R\$426,818 (R\$529,120 as at December 31, 2017), based on the historical average of the lawsuits adjusted for current estimates, for which the Company's Management believes it is not necessary to recognize a provision for potential losses. The change in the period is due to the revision of the involved amounts, as shown below.

	Consolidated	
	06/30/2018	12/31/2017
Civil lawsuits (a)	208,617	309,014
Tax lawsuits (b)	205,979	206,933
Labor lawsuits	10,391	11,317
Environmental lawsuits	1,831	1,856
	<u>426,818</u>	<u>529,120</u>

- (a) As at June 30, 2018, the Company and its subsidiaries are aware of civil lawsuits and risks based on the history of probable lawsuits and a specific analysis of main claims, the measurement of the lawsuits with a likelihood of an unfavorable decision estimated as possible total R\$208,617, mostly attributed to legacy projects. In August 2018 the Company has entered into an agreement relating to a proceeding which amount was estimated at R\$100 million and will be settled in August at the amount of R\$5.7 million, with subsequent final settlement of the proceeding.
- (b) The Company had received a tax assessment notice issued by the Brazilian Federal Revenue Service, in which it challenges the tax bases of income tax, social contribution, PIS and COFINS for FY 2010. The Company filed an objection to the tax assessment within the statutory deadline, which was partially upheld on March 30, 2017 by the lower administrative court, which reduced the tax assessment fine and rebate of the amounts paid as COFINS and PIS. Based on this decision, the Company filed an administrative appeal, which is pending the analysis by the Administrative Council of Tax Appeals ("CARF"). The likelihood of an unfavorable outcome in these disputes was estimated as possible by the legal counsel in charge and, accordingly, no provision was recognized in the interim financial information.

18.4 Commitments

In addition to the commitments referred to in notes 6, 12 and 13, the Company has the following commitments:

- (i) The Company is a party to agreements for the lease of 45 properties where its facilities are located, at a monthly average cost of R\$606, annually adjusted according to the IGP-M/FGV variation,

The lease terms range from one to five years and a fine may be imposed in case of contract termination corresponding to three-month rent or prorated to the remaining lease period, The future minimum lease payments estimate for commercial properties (cancellable leases) totals R\$6,356 (R\$4,143 as at December 31, 2017), as follows:

Payment estimate	Consolidated	
	06/30/2018	12/31/2017
2018	2,543	3,136
2019	2,699	858
2020	1,033	149
2021	81	-
	<u>6,356</u>	<u>4,143</u>

- (ii) The Company, as at June 30, 2018, has long-term obligations amounting to R\$9,326 (R\$9,672 as at December 31, 2017), related to pledges from service providers used in real estate development projects.

19. EQUITY

19.1 Capital

As at June 30, 2018, the Company's authorized and paid-in capital was R\$1,093,972, represented by 54,035,100 registered common shares, with no par value (R\$1,094,171 represented by 54,035,100 registered common shares, with no par value as at December 31, 2017).

Capital	1,094,171
(-) Share issuance costs	(199)
Capital	<u>1,093,972</u>

19.2 Stock option plan

The Company has a stock option plans for common shares, launched in 2014 that follow the rules set out in the Company's Stock Option Plan.

The granted options entitle their holders (management personnel and employees designated by the executive committee and approved by the Board of Directors) to purchase Company common shares, after vesting periods that range from three to ten years while employed by the Company (essential condition to exercise a stock option), and expire ten years after the grant date.

The fair value of the stock options is set on the grant date and recognized as expenses in profit or loss (as contra entry to equity), during the plan's vesting period, as the services are provided by the employees and management personnel.

The variations in the outstanding stock options in the period ended June 30, 2018 and in the year ended December 31, 2017, which include their related weighted average strike prices, are as follows:

	06/30/2018		12/31/2017	
	Number of stock options	Weighted average strike price for the period (reais)	Number of stock options	Weighted average strike price for the year (reais)
Outstanding stock options at the beginning of the period	5,479,451	6.74	5,489,848	6.53
Cancelled stock options	-	-	(162,079)	4.78
Granted stock options	-	-	190,102	12.84
Exercised stock options	(133,703)	4.78	(38,420)	4.78
Outstanding stock options at the beginning of the year	5,345,748	6.74	5,479,451	6.74

The fair value of the stock options granted in 2014 and 2017 totaled R\$20,515 (R\$8,971 in 2017), estimated based on the Black & Scholes pricing model, taking into consideration the following assumptions:

Grant date	Strike price	Weighted average	Expected volatility (%) (*)	Expected stock option life (years)	Risk-free interest rate (%) (**)
08/11/2014	6.63	6.52	31.02%	0.63 Years	11.66% to 11.81%
11/12/2014	6.63	6.53	31.30%	0.60 Years	12.77% to 12.84%
05/09/2016	6.86	6.83	26.70%	2.51 Years	12.67% to 12.77%
04/10/2017	8.13	8.13	24.65%	3.45 Years	9.69% to 10.07%
10/02/2017	14.73	14.73	24.84%	-	9.52% to 9.88%
10/02/2017	24.25	24.25	24.84%	-	9.71% to 10.11%

(*) The volatility was determined based on the history of the BM&FBOVESPA Real Estate Index (IMOBX).

(**) Risk-free market interest rate for the stock option period at the grant date.

The Company reviewed the number of stock options granted that will vest in 2018-2023, which generated expenses of R\$9,092 for the period.

Outstanding stock options			Vested stock options	
Number of stock options	Remaining contractual weighted average life (years)	Weighted average strike price for the year (R\$)	Number of stock options	Weighted average strike price for the year (R\$)
5,345,748	1.80	6.74	989,137	4.92

Total expenses recognized in the period ended June 30, 2018 was R\$10,637 (R\$275 as at June 30, 2017) and are disclosed in note 24.

19.3 Treasury shares

On April 5, 2018, the Company's Board of Directors has approved a Share Buyback Program for the Company's Common Shares, to be held in treasury and subsequent disposal and/or cancelation and/or to support the "Company's Stock Option Plan", limited to 5,398,206 of the Company's common shares. This program will be effective up to April 30, 2019, and so far 3,011,000 shares were acquired, which are held in treasury.

	Number of shares (thousands)	Medical cost- R\$ (*)	Total cost
Balance as at December 31, 2017	-	-	-
Share buyback	3,011	24.32	73,242
Balance as at June 30, 2018	3,011	24.32	73,242

As at June 29, 2018, the fair value of the Company's treasury shares was R\$ 71,632.

20. INSURANCE

Tenda has insurance against engineering risk, barter guarantee, construction completion guarantee, and civil liability, associated to involuntary bodily harm caused to third parties, and property damages caused to tangible assets, as well as fire, lightening, electrical damage, natural phenomenon, and explosion hazards. The insurance coverage purchased is considered sufficient by Management to cover probable losses on its assets and/or liabilities. The table below shows the liabilities covered by insurance and the related amounts as at June 30, 2018:

Insurance line (in effect)	Coverage - R\$ thousand
Engineering risks and construction completion guarantee	2,143,308
Civil liability - Directors and Officers (D&O) (*)	241,605

(*) The effective period of the D&O civil liability policy is from February 25, 2018, renewed until February 25, 2019 by the Company.

Insurance line (future periods)	Coverage - R\$ thousand
Engineering risks and construction completion guarantee (effective from 04/2018 to 01/2021)	86,983

21. EARNINGS PER SHARE

The table below shows the calculation of basic and diluted earnings per share.

	04/01/2018 to 06/30/2018	01/01/2018 to 06/30/2018	04/01/2017 to 06/30/2017	01/01/2017 to 06/30/2017
Basic numerator				
Undistributed earnings	51,584	87,855	20,807	39,747
Undistributed earnings, available to the holders of common shares	51,584	87,855	20,807	39,747
Basic denominator (in thousand of shares)				
Weighted average number of shares	53,531	53,531	54,000	54,000
Basic earnings per share in Brazilian reais	0.96363	1.64120	0.38531	0.73606
Diluted numerator				
Undistributed earnings	51,584	87,855	20,807	39,747
Undistributed earnings, available to the holders of common shares	51,584	87,855	20,807	39,747
Diluted denominator (in thousand of shares)				
Weighted average number of shares	53,531	53,531	54,000	54,000
Stock options	4,173	4,173	3,756	3,756
	57,704	57,704	57,756	57,756
Diluted earnings per share in Brazilian reais	0.89394	1.52251	0.36026	0.68819

22. FINANCIAL INSTRUMENTS

The Company and its subsidiaries enter into transactions with financial instruments. These financial instruments are managed through operating strategies and internal control that aim at liquidity, profitability and security. Financial instruments for hedging purposes are contracted based on a periodic analysis of the risk exposure Management intends to mitigate (foreign exchange, interest rate, etc.) which are submitted to the competent Management bodies for approval and subsequent roll out of the presented strategy. The control policy consists of a permanent monitoring of contracted terms and conditions compared to market terms and conditions. The Company and its subsidiaries do not make investments involving derivatives or any other risk assets for speculative purposes. Gains and losses on these transactions are consistent with the policies and strategies designed by the Company's Management. The Company's and its subsidiaries' operations are subject to the following risk factors described below:

(a) Risk considerations

(i) Credit risk

The Company and its subsidiaries restrict their exposure to credit risks related to cash and cash equivalents by making their investments in prime financial institutions and in interest-bearing short-term investments.

With respect to trade receivables, the Company restricts its exposure to credit risks by selling to a broad customer base and continuously analyzing credit. Additionally, there is no material history of losses since there is a collateral on the units sold, represented by real estate unit, which can be repossessed in the case of default during the construction period. As at June 30, 2018 and December 31, 2017, there was no material credit risk concentration related to customers.

(ii) Derivatives

As at June 30, 2018, the Company does not conduct transactions involving derivative financial instruments.

(iii) Interest rate risk

Arises from the possibility of the Company and its subsidiaries incurring gains or losses due to fluctuations in the interest rates on their financial assets and financial liabilities. To mitigate this risk, the Company and its subsidiaries try to diversify their borrowings into fixed and floating rates. The interest rates on borrowings and financing are described in notes 12 and 13. The interest rates on short-term investments are described in note 4. Receivables from real estate development are subject to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

(iv) Liquidity risk

The liquidity risk arises from the possibility that the Company and its subsidiaries may not have sufficient funds to meet their obligations due to a mismatch in the settlement terms of their rights and obligations.

To mitigate the liquidity risks and optimize the weighted average cost of capital, the Company and its subsidiaries permanently monitor the debt levels according to the market standards and the compliance with the ratios (covenants) provided for in loan, financing and debenture agreements, to ensure that the cash generation and early funding, when necessary, are sufficient to honor their commitments, and avoid any liquidity risk for the Company and its subsidiaries (notes 12 and 13).

Most of the Company's financing is carried out with Caixa Econômica Federal under real estate pool funding schemes ("*crédito associativo*"), the "Minha Casa Minha Vida" federal housing program, and transfers at the end of the construction.

The maturities of borrowing, financing, trade payables, and debenture financial instruments are as follows:

Year ended December 31, 2017	Parent				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	17,315	17,599	3,084	-	37,998
Debentures (note 13)	-	-	154,002	-	154,002
Trade payables	5,699	-	-	-	5,699
Payables for properties and advances from customers (note 16)	5,980	11,007	-	-	16,987
Intragroup borrowings payable (Note 7.1)	-	-	-	15,860	15,860
	28,994	28,606	157,086	15,860	230,546

Period ended June 30, 2018	Parent				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	165	11,968	6,116	-	18,249
Debentures (note 13)	-	272,747	-	-	272,747
Trade payables	8,491	-	-	-	8,491
Payables for properties and advances from customers (note 16)	6,977	9,746	222	-	16,945
Intragroup borrowings payable (note 7.1)	-	-	-	15,860	15,860
	15,633	294,461	6,338	15,860	332,292

Year ended December 31, 2017	Consolidated				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	31,033	69,095	16,035	-	116,163
Debentures (note 13)	-	-	154,002	-	154,002
Trade payables	22,749	-	-	-	22,749
Payables for properties and advances from customers (note 16)	204,661	165,846	74,293	-	444,800
Intragroup borrowings payable (note 7.1)	-	-	-	15,860	15,860
	258,443	234,941	244,330	15,860	753,574

Period ended June 30, 2018	Consolidated				Total
	Less than 1 year	1 to 3 years	4 to 5 years	More than 5 years	
Borrowings and financing (note 12)	8,273	75,038	27,755	-	111,066
Debentures (note 13)	-	272,747	-	-	272,747
Trade payables	29,687	-	-	-	29,687
Payables for properties and advances from customers (note 16)	237,426	148,879	58,541	18,396	463,242
Intragroup borrowings payable (note 7.1)	-	-	-	15,860	15,860
	275,386	496,664	86,296	34,256	892,602

(v) Fair value hierarchy

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments by valuation technique:

Level 1: prices traded (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices in active markets included within Level 1, that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices); and

Level 3: inputs for assets or liabilities that are not based on observable market variables (unobservable inputs).

The fair value hierarchy level for the financial instrument assets measured at fair value through profit or loss of the Company, disclosed as at June 30, 2018 and December 31, 2017, is as follows:

	Parent			Consolidated		
	Fair value hierarchy					
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
As at December 31, 2017						
Financial assets						
Securities (note 4.2)	-	280,327	-	129,957	328,389	-
As at June 30, 2018						
Financial assets						
Securities (note 4.2)	325,777	44,321	-	383,770	164,491	-

In the period ended June 30, 2018 and the year ended December 31, 2017, there were no fair value measurement transfers between the Level 1 and Level 2 fair value measurements or transfers between the Level 3 and Level 2 fair value measurements.

(b) Fair value of financial instruments

(i) Fair value measurement

The estimated fair values were determined using observable market inputs and appropriate valuation techniques. However, considerable judgment is required to interpret market inputs and estimate fair value. Thus, the estimates presented herein are not an indication of the amounts that the Company could realize in the current market. The use of different market assumptions and/or estimate methodologies could have a significant impact on the estimated fair values.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which estimating values is practicable:

- (i) The amounts of cash and cash equivalents, securities, trade receivables, and other receivables, trade payables, and other current liabilities approximate their fair values, recognized in the interim financial information.
- (ii) The fair value of bank loans and other financial debts is estimated through discounted future cash flows using available benchmark interest rates for similar and remaining debts or terms.

The main carrying amounts and fair values of financial assets and financial liabilities as at June 30, 2018 and December 31, 2017, classified in Level 2 of the fair value hierarchy, are as follows:

Categories		Parent			
		06/30/2018		12/31/2017	
		Carrying amount	Fair Value	Carrying amount	Fair Value
Financial assets					
Cash and cash equivalents (Note 4.1)	Amortized cost	12,170	12,170	19,480	19,480
Short-term investments and Restricted cash in guarantee to loans (Note 4.2)		438,611	438,611	280,327	280,327
Bank certificates of deposit	Amortized cost	33,993	33,993	-	-
Bank certificates of deposit	Fair Value*	-	-	3,059	3,059
LFT and LTN	Fair Value*	325,777	325,777	245,301	245,301
Private securities	Amortized cost	34,487	34,487	-	-
Securities purchased under resale agreements (Exclusive Funds)	Fair Value*	26,214	26,214	-	-
Securities purchased under resale agreements	Amortized cost	33	33	-	-
Securities purchased under resale agreements	Fair Value*	-	-	7,828	7,828
Restricted short-term investments	Fair Value*	18,107	18,107	24,139	24,139
Trade accounts receivable (Note 5)	Amortized cost	84,572	84,572	92,276	92,276
Loans receivable (Note 7.1)	Amortized cost	43,450	43,450	43,136	43,136

Categories	06/30/2018		12/31/2017		
	Carrying amount	Fair Value	Carrying amount	Fair Value	
Financial liabilities					
Loans and financing (Note 12)	Amortized cost	18,249	17,679	37,998	37,874
Debentures (Note 13)	Amortized cost	272,747	265,971	154,002	163,733
Suppliers	Amortized cost	8,491	8,491	5,699	5,699
Payables for purchase of properties and advances from customers (Note 16)	Amortized cost	15,058	15,058	15,066	15,066
Loans payable (Note 7.1)	Amortized cost	15,860	15,860	15,860	15,860

Categories	Consolidated				
	06/30/2018		12/31/2017		
	Carrying amount	Fair Value	Carrying amount	Fair Value	
Financial assets					
Cash and cash equivalents (Note 4.1)	Amortized cost	33,285	33,285	39,377	39,377
Short-term investments and Restricted cash in guarantee to loans (Note 4.2)		623,555	623,555	458,346	458,346
Bank certificates of deposit	Amortized cost	40,774	40,774	-	-
Bank certificates of deposit	Fair Value*	-	-	4,209	4,209
LFT and LTN	Fair Value*	383,770	383,770	326,468	326,468
Private securities	Amortized cost	34,487	34,487	-	-
Securities purchased under resale agreements (Exclusive Founds)	Fair Value*	26,214	26,214	-	-
Securities purchased under resale agreements	Amortized cost	33	33	-	-
Securities purchased under resale agreements	Fair Value*	-	-	7,828	7,828
Restricted short-term investments	Fair Value*	136,574	136,574	118,123	118,123
Investment funds	Fair Value*	1,703	1,703	1,718	1,718
Trade accounts receivable (Note 5)	Amortized cost	429,194	429,194	396,841	396,841
Loans receivable (Note 7.1)	Amortized cost	34,151	34,151	33,837	33,837

Financial liabilities					
Loans and financing (Note 12)	Amortized cost	111,066	107,844	116,163	115,114
Debentures (Note 13)	Amortized cost	272,747	265,971	154,002	163,733
Suppliers	Amortized cost	29,687	29,687	22,749	22,749
Payables for purchase of properties and advances from customers (Note 16)	Amortized cost	347,874	347,874	326,763	326,763
Loans payable (Note 7.1)	Amortized cost	15,860	15,860	15,860	15,860

* Classification at fair value through profit or loss after initial recognition.

(ii) Debt acceleration risk

As at June 30, 2018, the Company was a party to loan and financing agreements that contained restrictive covenants related to indebtedness and other ratios. These restrictive covenants have been complied with by the Company and do not limit its ability to continue as going concern.

(c) Capital management

The Company's capital management aims at maintaining the good credit rating from credit rating institutions and an optimum capital ratio sufficient to support the Company's business and maximize shareholder value.

The Company controls its capital structure and adjusts it to current economic conditions. To keep this structure adjusted, the Company can pay dividends, return on capital to shareholders, raise new borrowings and financing, issue debentures.

The Company includes in its net debt structure: borrowings and financing less cash and banks (cash and cash equivalents, securities, and restricted short-term investments):

	Parent		Consolidated	
	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Borrowings and financing (note 12)	18,249	37,998	111,066	116,163
Debentures (note 13)	272,747	154,002	272,747	154,002
(-) Cash and cash equivalents and securities (notes 4.1 and 4.2)	(450,781)	(299,807)	(656,840)	(497,723)
Net debt	(159,785)	(107,807)	(273,027)	(227,558)
Equity	1,184,832	1,158,692	1,190,373	1,163,739
Equity and net debt	1,025,047	1,050,885	917,346	936,181

(d) Sensitivity analysis

The sensitivity analysis of financial instruments for the year ended June 30, 2018, describes the risks that may cause material changes in the Company's profit or loss, in compliance with by CVM requirements, set out in Instruction 475/08, in order to show a 10%, 25% and 50% increase / decrease in the risk variable considered.

As at June 30, 2018, the Company has the following financial instruments:

- Short-term investments, borrowings and financing indexed to the CDI;
- Borrowings and financing indexed to the Benchmark Rate (TR);
- Trade and other receivable, borrowings and financing indexed to the National Civil Construction Index (INCC) and the General Market Price Index (IGP-M).

For the sensitivity analysis in the period ended June 30, 2018, the Company considered the interest rates of investments, borrowings and trade receivables, the Certificate of Interbank Deposit (CDI) rate at 6.39%, the Benchmark Rate at 0%, the National Civil Construction Index (INCC) at 3.60%, and the General Market Price Index (IGP-M) at 4.59%.

The scenarios considered were as follows:

Scenario I: Probable: 10% appreciation/depreciation of the risk variables used for pricing

Scenario II: Possible: 25% appreciation/depreciation of the risk variables used for pricing

Scenario III: Remote: 50% appreciation/depreciation of the risk variables used for pricing

As at June 30, 2018:

Transaction	Risk	Probable					
		I 50% increase	II 25% increase	III 10% increase	III 10% decrease	II 25% decrease	I 50% decrease
Securities	CDI increase/decrease	18,684	9,342	3,737	(3,737)	(9,342)	(18,684)
Debentures	CDI increase/decrease	(8,404)	(4,202)	(1,681)	1,681	4,202	8,404
Net effect of CDI variance		10,280	5,140	2,056	(2,056)	(5,140)	(10,280)
Receivables from developments	INCC increase/decrease	3,718	1,859	744	(744)	(1,859)	(3,718)
Bank Credit Note (CCB)	INCC increase/decrease	(43)	(21)	(9)	9	21	43
Net effect of INCC variance		3,675	1,838	735	(735)	(1,838)	(3,675)
Receivables from developments	IGP-M increase/decrease	7,693	3,846	1,539	(1,539)	(3,846)	(7,693)

23. NET REVENUE

	Parent			
	<u>04/01/2018 to</u> <u>06/30/2018</u>	<u>01/01/2018 to</u> <u>06/30/2018</u>	<u>04/01/2017 to</u> <u>06/30/2017</u>	<u>01/01/2017 to</u> <u>06/30/2017</u>
Gross revenue				
Property development and sale, barter, and provision for construction services	61,000	133,108	51,625	127,986
(Recognition) reversal of allowance for doubtful debts (note 5)	177	(28)	(6,511)	(4,571)
(Recognition) reversal of allowance for contract terminations (note 5)	949	1,436	9,286	28,737
Taxes on property sales and services	(3,650)	(7,010)	(8,330)	(15,913)
Net revenue	58,476	127,506	46,070	136,239

	Consolidated			
	<u>04/01/2018 to</u> <u>06/30/2018</u>	<u>01/01/2018 to</u> <u>06/30/2018</u>	<u>04/01/2017 to</u> <u>06/30/2017</u>	<u>01/01/2017 to</u> <u>06/30/2017</u>
Gross revenue				
Property development and sale, barter, and provision for construction services	422,843	799,597	330,510	677,673
(Recognition) reversal of allowance for doubtful debts (note 5)	(10,504)	(13,447)	(16,744)	(21,586)
(Recognition) reversal of allowance for contract terminations (note 5)	(2,326)	(1,474)	16,629	19,785
Taxes on property sales and services	(10,939)	(19,529)	(15,759)	(36,549)
Net revenue	399,074	765,147	314,636	639,323

24. COSTS AND EXPENSES BY NATURE

Broken down as follows:

	Parent			
	<u>04/01/2018 to</u> <u>06/30/2018</u>	<u>01/01/2018 to</u> <u>06/30/2018</u>	<u>04/01/2017 to</u> <u>06/30/2017</u>	<u>01/01/2017 to</u> <u>06/30/2017</u>
Real estate development and sale costs				
Construction costs	(34,952)	(65,661)	(16,823)	(33,927)
Land costs	(2,208)	(3,903)	(5,046)	(15,991)
Development costs	(3,439)	(8,685)	(3,710)	(7,739)
Capitalized finance charges (note 12)	(1,588)	(2,988)	(1,012)	(173)
Maintenance/warranties	(2,168)	(3,851)	(3,178)	(4,531)
Cost of properties on allowance for contract terminations recognition (note 6)	(564)	(1,698)	(5,214)	(20,509)
	<u>(44,919)</u>	<u>(86,786)</u>	<u>(34,983)</u>	<u>(82,870)</u>
Selling expenses:				
Product marketing expenses	(1,719)	(3,925)	(2,231)	(4,312)
Realtor and sales commissions	(3,836)	(6,805)	(3,333)	(6,147)
Cost of sales	(2,295)	(4,469)	(2,156)	(3,809)
Onlending costs	(891)	(1,213)	(499)	(901)
Registration costs	(180)	(303)	(146)	(270)
Realtor fees	(470)	(820)	(532)	(1,167)
Expenses on customer management (CRM)	(97)	(152)	(69)	(134)
Other selling expenses	23	(425)	(291)	(390)
	<u>(5,629)</u>	<u>(11,307)</u>	<u>(5,924)</u>	<u>(10,983)</u>
General and administrative expenses:				
Payroll and related taxes	(2,854)	(5,829)	(1,711)	(4,142)
Employee benefits	(250)	(513)	(153)	(381)
Travel and utilities	(84)	(129)	(28)	(102)
Expenses on services provided	(636)	(1,073)	(630)	(1,519)
Rentals and CAM fees	(388)	(555)	(196)	(447)
IT expenses	(40)	(65)	(171)	(564)
Stock option plan costs (note 19.2)	(862)	(10,637)	764	275
Expenses provision for profit sharing (note 26.2)	(3,642)	(5,127)	(5,665)	(5,665)
Other general and administrative expenses	(55)	(87)	40	(174)
	<u>(8,811)</u>	<u>(24,015)</u>	<u>(7,750)</u>	<u>(12,719)</u>
Other income (expenses), net:				
Depreciation and amortization	(6,423)	(9,808)	(3,497)	(6,767)
Expenses on payments of contingencies	(12,891)	(26,358)	(5,726)	(15,826)
Provision for contingencies (note 18)	(2,854)	(296)	(557)	(981)
Other income/(expenses) (a)	(4,829)	(8,561)	(16,688)	(32,808)
	<u>(26,997)</u>	<u>(45,023)</u>	<u>(26,468)</u>	<u>(56,382)</u>

- a) In March 2017 the Company acquired the control of FIT 03, FIT 11, FIT 34, and FIT 34, resulting in a loss of R\$11,309, settled through the offset against intragroup loans receivable.

	Consolidated			
	04/01/2018 to	01/01/2018 to	04/01/2017 to	01/01/2017 to
	06/30/2018	06/30/2018	06/30/2017	06/30/2017
Real estate development and sale costs				
Construction costs	(189,141)	(357,497)	(137,423)	(284,400)
Land costs	(45,747)	(82,018)	(38,055)	(81,069)
Development costs	(20,243)	(38,254)	(16,783)	(35,583)
Capitalized finance charges (note 12)	(6,217)	(11,474)	(5,316)	(10,262)
Maintenance/warranties	3,195	(8,209)	(3,934)	(6,212)
Cost of properties on allowance for contract terminations recognition (note 6)	2,907	(195)	(9,618)	(10,975)
	<u>(255,246)</u>	<u>(497,647)</u>	<u>(211,129)</u>	<u>(428,501)</u>
Selling expenses:				
Product marketing expenses	(11,088)	(23,407)	(12,599)	(24,715)
Realtor and sales commissions	(23,993)	(40,578)	(18,841)	(35,230)
Cost of sales	(14,509)	(26,652)	(12,205)	(21,833)
Onlending costs	(5,434)	(7,233)	(2,824)	(5,163)
Registration costs	(1,116)	(1,805)	(822)	(1,546)
Realtor fees	(2,934)	(4,888)	(2,990)	(6,688)
Expenses on customer management (CRM)	(601)	(907)	(386)	(767)
Other selling expenses	(35)	(2,533)	(1,659)	(2,233)
	<u>(35,717)</u>	<u>(67,425)</u>	<u>(33,485)</u>	<u>(62,945)</u>
General and administrative expenses:				
Payroll and related taxes	(13,210)	(27,749)	(11,143)	(21,296)
Employee benefits	(1,157)	(2,443)	(1,008)	(1,960)
Travel and utilities	(396)	(615)	(217)	(524)
Expenses on services provided	(2,974)	(5,109)	(4,098)	(7,813)
Rentals and CAM fees	(1,826)	(2,643)	(1,249)	(2,299)
IT expenses	(193)	(330)	(1,260)	(2,897)
Stock option plan costs (note 19.2)	(862)	(10,637)	764	275
Expenses provision for profit sharing (note 26.2)	(5,615)	(10,566)	(4,891)	(9,625)
Other general and administrative expenses	(256)	(408)	1,338	1,447
	<u>(26,489)</u>	<u>(60,500)</u>	<u>(21,764)</u>	<u>(44,692)</u>
Other income (expenses), net:				
Depreciation and amortization	(6,425)	(9,810)	(3,497)	(6,769)
Expenses on payments of contingencies	(12,891)	(26,361)	(5,670)	(16,983)
Provision for contingencies (note 18)	(1,410)	1,797	(905)	(1,709)
Other income/(expenses) (a)	(6,532)	(11,088)	(15,076)	(31,670)
	<u>(27,258)</u>	<u>(45,462)</u>	<u>(25,148)</u>	<u>(57,131)</u>

- a) In March 2017 the Company acquired the control of FIT 03, FIT 11, FIT 34, and FIT 34, resulting in a loss of R\$11,309, settled through the offset against intragroup loans receivable.

25. FINANCE INCOME (COSTS)

	Parent			
	04/01/2018 to	01/01/2018 to	04/01/2017 to	01/01/2017 to
	06/30/2018	06/30/2018	06/30/2017	06/30/2017
Finance income				
Income from short-term investments	6,878	11,786	2,077	3,883
Finance income from intragroup loan (note 7.1)	-	-	-	116
Other finance income	678	2,776	3,167	4,113
	<u>7,556</u>	<u>14,562</u>	<u>5,244</u>	<u>8,112</u>
Finance costs				
Interest on borrowings, net of capitalization (note 12)	(5,463)	(9,745)	(1,881)	(4,685)
Finance costs from intragroup borrowings (note 7.1)	-	-	(1,272)	(1,777)
Banking expenses	(279)	(530)	(227)	(387)
Other finance costs	(626)	(1,389)	(2,730)	(3,949)
	<u>(6,368)</u>	<u>(11,664)</u>	<u>(6,110)</u>	<u>(10,798)</u>
Finance income (costs)	<u>1,188</u>	<u>2,898</u>	<u>(866)</u>	<u>(2,686)</u>

	Consolidated			
	04/01/2018 to	01/01/2018 to	04/01/2017 to	01/01/2017 to
	06/30/2018	06/30/2018	06/30/2017	06/30/2017
Finance income				
Income from short-term investments	7,671	14,024	3,277	6,233
Finance income from intragroup loan (note 7.1)	-	-	-	132
Other finance income	3,215	6,509	4,918	7,474
	<u>10,886</u>	<u>20,533</u>	<u>8,195</u>	<u>13,839</u>
Finance costs				
Interest on borrowings, net of capitalization (note 12)	(5,487)	(9,883)	(2,164)	(4,220)
Finance costs from intragroup borrowings (note 7.1)	(920)	(920)	(1,272)	(1,777)
Banking expenses	(1,306)	(2,519)	(870)	(1,649)
Other finance costs	276	(593)	(3,155)	(6,122)
	<u>(7,437)</u>	<u>(13,915)</u>	<u>(7,461)</u>	<u>(13,768)</u>
Finance income (costs)	<u>3,449</u>	<u>6,618</u>	<u>734</u>	<u>71</u>

26. TRANSACTIONS WITH MANAGEMENT AND EMPLOYEES

26.1 Compensation of key management personnel

The amounts recognized in line item 'General and administrative expenses' for the periods ended June 30, 2018 and 2017 related to the compensation of key management personnel are as follows:

Compensation of key management personnel			
Period ended June 30, 2017	Board of Directors	Executive Committee	Total
Number of members	5	10	15
Fixed compensation for the period (in R\$)	600	3,539	4,139
Salary/management fees	500	2,626	3,126
Direct and indirect benefits	-	388	388
Other (social security)	100	525	625
Monthly compensation (in R\$)	100	590	690
Variable compensation for the period (in R\$)	-	4,547	4,547
Profit sharing (note 26.2)	-	4,547	4,547
Total compensation for the period (in R\$)	600	8,086	8,686

Compensation of key management personnel			
Period ended June 30, 2018	Board of Directors	Executive Committee	Total
Number of members	7	11	18
Fixed compensation for the period (in R\$)	1,122	3,902	5,024
Salary/management fees	935	2,901	3,836
Direct and indirect benefits	-	421	421
Other (social security)	187	580	767
Monthly compensation (in R\$)	187	650	837
Variable compensation for the period (in R\$)	-	12,774	12,774
Profit sharing (note 26.2)	-	2,859	2,859
Share-based compensation	-	9,915	9,915
Total compensation for the period (in R\$)	1,122	16,676	17,798

The overall compensation of the Company's key management personnel for 2018 was set at R\$35,313, as fixed and variable compensation, as approved at the Annual Shareholders' Meeting held on April 26, 2018.

26.2 Profit sharing

In the period ended June 30, 2018, the Company recognized a profit sharing expense amounting to R\$5,127 in the Parent (R\$5,665 in parent as at June 30, 2017) and R\$10,566 in consolidated (R\$9,625 in consolidated as at June 30, 2017).

	Parent		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Executive Committee	2,859	4,547	2,859	4,547
Other employees	2,268	1,118	7,707	4,945
Additional profit sharing	-	-	-	133
	<u>5,127</u>	<u>5,665</u>	<u>10,566</u>	<u>9,625</u>

27. SEGMENT REPORTING

The Company's Management analyses its internal managerial reports to make decisions relating to the consolidated interim financial information, on the same basis that these statements are disclosed, i.e., a single segment and geography.

Therefore, since Management does not use any information system other than the quarterly information as at June 30, 2018 and the financial statements as at December 31, 2017, no specific disclosure will be presented, as defined in CPC 22 (IFRS 8).

As for the information on its main customers, since its residential real estate activity is targeted at the a single economic segment, the Company does not have any individual customer that represents 10% or more of its total consolidated revenue.

28. REAL ESTATE PROJECTS UNDER CONSTRUCTION – INFORMATION AND COMMITMENTS

In compliance with paragraphs 20 and 21 of ICPC 02, the recognized revenue amounts and incurred costs are stated in the statement of profit and loss, and the advances received in the line item 'Payables for purchase of properties and advances from customer'. The Company shows below information on the projects under construction as at June 30, 2018:

1) Unrecognized revenue from projects under construction:

	<u>Consolidated</u> <u>06/30/2018</u>
Unrecognized revenue from properties sold (i)	480,462
Budgeted costs of units sold to be incurred (ii)	<u>(270,623)</u>
Unrecognized profit	209,839
(i) Unallocated revenue from properties sold	
Real estate projects under construction:	
Revenue from contracted sales	1,201,485
Unrecognized sales revenue	<u>(721,023)</u>
Unrecognized sales revenue (a)	<u>480,462</u>
(ii) Budgeted costs on units sold to be incurred	
Real estate projects under construction:	
Budgeted costs of units	(689,252)
Costs incurred on units	<u>418,629</u>
Budget costs to be incurred (b)	<u>(270,623)</u>
a) The unrecognized sales revenue of units sold is measured at the notional amount of the underlying contracts, plus the contractual adjustments and less contract terminations, not taking into consideration the effects of the taxes levied thereon and the present value adjustment, and does not include projects subject to restriction due to a suspension clause (legal period of 180 days during which the Company can cancel a development) and, therefore, not allocated to profit or loss.	
b) The budgeted costs of properties sold to be incurred do not include finance charges, which are allocated to properties for sale and profit or loss (cost of properties sold), proportionately to the real estate units sold, to the extent they are incurred, and the accrued warranties, which are allocated to real estate units sold according to the percentage-of-completion of the works.	

2) Budgeted costs of units in inventory to be incurred

	<u>Consolidated</u> <u>06/30/2018</u>
Budgeted costs of units	(333,754)
Costs incurred on units	<u>155,036</u>
Costs to be incurred	<u>(178,718)</u>

As at June 30, 2018, the percentage of assets consolidated in the interim financial information referring to projects included in the asset segregation structure was 80.84%.

29. NONCASH TRANSACTIONS AND RECONCILIATION OF FINANCING ACTIVITIES

a) Noncash transactions

The main investing and financing transactions that did not involve cash and cash equivalents (Parent and Consolidated), as contra entry to related parties, considered for purposes of preparing the statement of cash flows were as follows:

	Parent		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
Acquisition of control (Nota 9)	-	-	-	(67,103)
Acquisition of ownership interests (Nota 9)	-	11,757	-	-
Capital decrease (Nota 9)	-	(393,045)	-	(7,927)
Capital contribution (Nota 9)	-	30,240	-	-

b) Reconciliation of financing activities:

	Parent					
	Cash transactions			Noncash transactions		
	Opening balance 12/31/2016	New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Closing balance 06/30/2017
Borrowings (note 12)	44,906	30,097	(1,555)	(14,651)	2,097	60,894
Intragroup loans	(47,044)	4,298	(2,400)	-	2,400	(42,746)
Intragroup borrowings	50,599	-	1,777	(35,961)	(1,777)	14,638
Total	48,461	34,395	(2,178)	(50,612)	2,720	32,786

	Parent					
	Cash transactions			Noncash transactions		
	Opening balance 12/31/2017	New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Closing balance 06/30/2018
Borrowings (notes 12 and 13)	192,000	153,717	(1,163)	(62,704)	9,146	290,996
Intragroup loans (note 7.1)	(43,136)	(314)	-	-	-	(43,450)
Intragroup borrowings (note 7.1)	15,860	-	-	-	-	15,860
Total	164,724	153,403	(1,163)	(62,704)	9,146	263,406

	Consolidated					
	Cash transactions			Noncash transactions		
	Opening balance 12/31/2016	New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Closing balance 06/30/2017
Borrowings (note 12)	134,994	106,057	(3,479)	(68,378)	4,238	173,432
Intragroup loans	(37,745)	4,298	(2,907)	-	2,907	(33,447)
Intragroup borrowings	50,599	-	1,777	(35,961)	(1,777)	14,638
Total	147,848	110,355	(4,609)	(104,339)	5,368	154,623

	Consolidated					
	Cash transactions			Noncash transactions		
	Opening balance 12/31/2017	New	Interest payment (a)	Principal repayment	Interest and inflation adjustment	Closing balance 06/30/2018
Borrowings (notes 12 and 13)	270,165	316,671	(4,060)	(211,286)	12,323	383,813
Intragroup loans (note 7.1)	(33,837)	(314)	-	-	-	(34,151)
Intragroup borrowings (note 7.1)	15,860	-	-	-	-	15,860
Total	252,188	316,357	(4,060)	(211,286)	12,323	365,522

(a) Interest paid and received are stated as financing activities as the Company understands that such classification is in line with its business model.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders and Management of
Construtora Tenda S.A.
São Paulo - SP

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Construtora Tenda S.A. ("Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information (ITR) for the quarter ended June 30, 2018, which comprises the balance sheet as of June 30, 2018, and the related statements of income and of comprehensive income for the three- and six-month periods then ended, and statements of changes in equity and of cash flows for the six-month period then ended, including the explanatory notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting, which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding technical guidance OCPC 04 - Application of Technical Interpretation ICPC 02 to Real Estate Development Entities in Brazil, on the recognition of revenue over time, and the consolidated interim financial information in accordance with international standard IAS 34 - Interim Financial Reporting, issued by International Accounting Standards Board - IASB, which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding technical guidance OCPC 04, on the recognition of revenue over time, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and international standards on review of interim financial information (NBC TR 2410 and ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with standards on auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information prepared in accordance with technical pronouncement CPC 21 (R1), which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Interim Financial Information (ITR) referred to above is not prepared, in all material respects, in accordance with technical pronouncement CPC 21 (R1), which take into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the application of technical guidance OCPC 04, on the recognition of revenue over time, and presented in accordance with the standards issued by CVM, applicable to the preparation of Interim Financial Information (ITR).

Conclusion on the consolidated interim financial information prepared in accordance with international standard IAS 34, which takes into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information included in the Interim Financial Information (ITR) referred to above is not prepared, in all material respects, in accordance with international standard IAS 34, which take into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the application of technical guidance OCPC 04, on the recognition of revenue over time, and presented in accordance with the standards issued by CVM, applicable to the preparation of Interim Financial Information (ITR).

Emphasis of matter

We draw attention to note 2.1 to the interim financial information, which describes that this individual and consolidated interim financial information has been prepared in accordance with technical pronouncement CPC 21 (R1) and with international standard IAS 34 taking into consideration the guidance contained in CVM/SNC/SEP Circular Letter 01/2018 regarding the application of technical guidance OCPC 04 currently in effect, on the recognition of revenue over time, while the discussion of OCPC 04 has not yet been completed. Our conclusion is not qualified in respect of this matter.

Other matters

Statements of value added

The interim financial information referred to above includes the individual and consolidated statements of value added for the six-month period ended June 30, 2018, prepared under the responsibility of the Company's Management and presented as supplemental information for international standard IAS 34 purposes. These statements were subject to the review procedures performed together with the review of the interim financial information to reach a conclusion on whether they were reconciled with the interim financial information and the accounting records, as applicable, and if their form and content are consistent with the criteria set forth by CPC 09 - Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, in accordance with the criteria defined in CPC 09 and consistently with the accompanying individual and consolidated interim financial information taken as a whole.

Audit and review of the corresponding figures in the prior year and periods

The corresponding figures in the individual and consolidated balance sheets as at December 31, 2017 were previously audited by other independent auditors, who issued a report dated March 8, 2018, without modification, and the corresponding figures in the individual and consolidated statements of income and of comprehensive income for the three- and six-month periods ended June 30, 2017 and statements of changes in equity and of cash flows for the six-month period then ended were previously reviewed by other independent auditors, who issued a report dated August 10, 2017, without modification. The corresponding figures in the individual and consolidated statements of value added ("DVA") for the six-month period ended June 30, 2017 were subject to the same review procedures by those independent auditors and, based on their review, those auditors issued a report stating that nothing has come to their attention that causes them to believe that the DVA has not been prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

The accompanying interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, August 13, 2018

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Torres dos Santos
Engagement Partner