



## **Trisul S.A.**

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails)

### **Company and consolidated interim financial information**

Together with  
The independent auditor's review report  
Three and six-month periods ended  
June 30, 2018

**Trisul S.A.****Company and consolidated interim financial information**

Three and six-month periods ended June 30, 2018

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## **Independent auditors' report on the Company and consolidated interim financial information**

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails. See Note 32 to the financial information.)

To  
The Shareholders, Board Members and Management of  
**Trisul S.A.**  
São Paulo – SP

### **Introduction**

We have reviewed the Company and consolidated interim financial information, of **Trisul S.A. (“Company”)**, included in the Interim Financial Information Form (ITR) for the quarter ended June 30, 2018, which comprises the balance sheet as at June 30, 2018 and the related income statement and statement of comprehensive income for the three and six-month periods then ended and statement of changes in shareholders' equity and cash flows for the six-month period then ended, including the summary of the main accounting policies and other explanatory information.

The Company's Management is responsible for the preparation of the Company and consolidated interim financial information in accordance with CPC 21 (R1) - Interim Financial Reporting, which comprise the guidance included in Circular Letter/CVM/SNC/SEP01/2018 related to the application of the Guideline OCPC 04, on the recognition of revenues over time, on the recognition of revenues 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 an opinion on this interim financial information based on our review.

### **Scope of the 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 the 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 Company and consolidated interim financial information prepared according to CPC 21 (R1), which comprise the guidance included in Circular Letter CVM/SNC/SEP No. 01/2018**

Based on our review, nothing has come to our attention that causes us to believe that the Company and consolidated interim financial information included in the interim financial statements referred to above is not prepared, in all material respects, in accordance with CPC 21 (R1) - Interim Financial Reporting, which comprise the guidance included in Circular Letter/CVM/SNC/SEP 01/2018 related to the application of the Guideline OCPC 04, on the recognition of revenues 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 Quarterly Financial Information (QFI).

**Conclusion on the consolidated interim financial information prepared according to IAS 34 - Interim Financial Reporting, which comprise the guidance included in Circular Letter CVM/SNC/SEP No. 01/2018**

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim financial information included in the interim financial statements referred to above is not prepared, in all material respects, in accordance with IAS 34 - Interim Financial Reporting, which comprise the guidance included in Circular Letter/CVM/SNC/SEP 01/2018 related to the application of the Guideline OCPC 04, on the recognition of revenues 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 Quarterly Financial Information (QFI).

**Emphasis of a matter**

As described in Note 2, the interim financial information was prepared in accordance with CPC 21 (R1) (in the consolidated and individual financial information) and IAS 34 (in the consolidated financial information), taking into account the guidance included in Circular Letter CVM/SNC/SEP 01/2018 related to the application of Guideline OCPC 04 in force on the recognition of revenues over time, while the discussion process of OCPC 04 is not concluded. Our opinion is not qualified due to said subject matter.

## **Other matters**

### **Value-Added Statement (VAS)**

The quarterly financial information referred to above includes the Company and consolidated Value-Added Statement (VAS) for the six-month period ended June 30, 2018, prepared under the responsibility of the Company's Management and presented as a supplementary information for the purposes of IAS 34. Such financial statements have been subject to review procedures performed in connection with the review of the quarterly financial information in order to reach a conclusion whether they are reconciled with the interim financial information and accounting records, as applicable, and if their form and content are in compliance with CPC 09 – “Value-Added Statement”. Based on our review, we are not aware of any fact that would lead us to believe that they were not prepared, in all material respects, according to the criteria set forth in said Technical Pronouncement and in a consistent manner with respect to the Company and consolidated interim financial information taken as a whole.

São Paulo, August 14<sup>th</sup>, 2018.

**Baker Tilly 4Partners Auditores Independentes S.S.**



**Nelson Varandas dos Santos**

# Trisul S.A.

## Balance sheets as of June 30, 2018 and December 31, 2017

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version.)

(In thousands of Brazilian Reais)

		Company		Consolidated	
	Notes	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Assets					
Current					
Cash and cash equivalents	5	9,761	27,119	74,391	89,708
Accounts receivable	6	1,389	1,658	287,084	234,425
Properties for sale	8	470	747	381,655	336,072
Sundry receivables	7	535	1,464	7,995	8,642
Recoverable taxes and contributions	-	704	503	891	681
Total current assets		12,859	31,491	752,016	669,528
Noncurrent					
Accounts receivable	6	-	-	140,876	128,680
Properties for sale	8	-	-	48,480	54,167
Related-party transactions	9	75,602	82,015	19,430	22,913
Recoverable taxes and contributions	-	1,079	1,079	1,079	1,079
Sundry receivables	7	21,363	22,845	32,431	29,353
		98,044	105,939	242,296	236,192
Investments	10.2.1	648,989	563,085	25,542	24,362
Fixed assets	11	606	583	7,156	8,111
Intangible assets	12	1,331	1,250	1,379	1,297
		650,926	564,918	34,077	33,770
Total noncurrent assets		748,970	670,857	276,373	269,962
Total assets		761,829	702,348	1,028,389	939,490

The notes are an integral part of these interim financial information.

# Trisul S.A.

## Balance sheets as of June 30, 2018 and December 31, 2017

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version.)

(In thousands of Brazilian Reais)

		Company		Consolidated	
	Notes	06/30/2018	12/31/2017	06/30/2018	12/31/2017
Liabilities					
Current					
Trade accounts payable	-	762	574	25,663	24,243
Loans and financing	13	14,860	22,219	53,046	73,358
Labor and tax liabilities	14	1,101	2,748	4,956	6,304
Deferred taxes and contributions	15.2	-	-	12,071	10,063
Creditors from acquired properties	16	-	-	87,897	51,838
Customers' advances	19	-	-	31,855	38,346
Accounts payable	-	3,915	1,681	21,097	19,082
Dividends payable	21.3	7,630	8,311	7,630	8,311
Related-party transactions	9	160,241	95,266	2,421	1,922
Total current liabilities		188,509	130,799	246,636	233,467
Noncurrent					
Loans and financing	13	25,000	49,578	194,183	150,571
Provision for lawsuits and administrative proceedings	20.1	-	-	2,079	2,069
Deferred taxes and contributions	15.2	-	-	4,969	4,266
Accounts payable	-	-	-	1,252	1,250
Total noncurrent liabilities		25,000	49,578	202,483	158,156
Shareholders' equity					
Capital stock	21.1	461,080	461,080	461,080	461,080
Capital reserves	21.2	12,564	12,564	12,564	12,564
Income reserves	21.3	74,719	48,370	74,719	48,370
(-) Treasury shares	21.4	(43)	(43)	(43)	(43)
Shareholders' equity attributed to shareholders		548,320	521,971	548,320	521,971
Non-controlling interest		-	-	30,950	25,896
Total shareholders' equity		548,320	521,971	579,270	547,867
Total liabilities and shareholders' equity		761,829	702,348	1,028,389	939,490

The notes are an integral part of these interim financial information.

# Trisul S.A.

## Income statements for the quarters and six-month periods ended June 30, 2018 and 2017

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version.)

(In thousands of Brazilian Reais, unless otherwise stated)

	Notes	Company				Consolidated			
		04/01 to 06/30/2018	01/01 to 06/30/2018	04/01 to 06/30/2017	01/01 to 06/30/2017	04/01 to 06/30/2018	01/01 to 06/30/2018	04/01 to 06/30/2017	01/01 to 06/30/2017
<b>Net operating revenue</b>	22	569	599	279	303	122,888	243,876	98,748	195,302
Operating costs									
<b>Operating costs</b>	-	(321)	(325)	(143)	(143)	(86,544)	(169,969)	(72,280)	(147,147)
<b>Gross profit</b>	-	<u>248</u>	<u>274</u>	<u>136</u>	<u>160</u>	<u>36,344</u>	<u>73,907</u>	<u>26,468</u>	<u>48,155</u>
<b>Operating revenues/ (expenses):</b>									
Administrative expenses	23	(4,465)	(10,986)	(5,098)	(10,573)	(8,529)	(18,954)	(10,184)	(19,721)
Selling expenses	24	(1,930)	(3,047)	(487)	(1,348)	(11,787)	(22,267)	(9,875)	(17,008)
Tax expenses	-	(114)	(207)	(44)	(70)	(146)	(268)	(52)	(325)
Equity in earnings of controlled companies	10.2.1	25,011	47,085	10,377	21,192	1,715	2,621	954	2,086
Provision for lawsuits and administrative proceedings	20.1	-	-	-	-	(3)	(10)	(5)	1,894
Expenses on depreciation/amortization	-	(161)	(303)	(135)	(266)	(283)	(548)	(267)	(531)
Other operating revenues/(expenses)	-	-	-	-	-	4,303	4,303	(14)	(14)
		<u>18,341</u>	<u>32,542</u>	<u>4,613</u>	<u>8,935</u>	<u>(14,730)</u>	<u>(35,123)</u>	<u>(19,443)</u>	<u>(33,619)</u>
<b>Income before financial income and taxes</b>		<u>18,589</u>	<u>32,816</u>	<u>4,749</u>	<u>9,095</u>	<u>21,614</u>	<u>38,784</u>	<u>7,025</u>	<u>14,536</u>
<b>Financial income, net</b>									
Financial expenses	25	(1,353)	(2,986)	(1,900)	(4,060)	(2,930)	(5,927)	(3,375)	(8,029)
Financial revenues	25	<u>161</u>	<u>458</u>	<u>52</u>	<u>86</u>	<u>1,705</u>	<u>3,740</u>	<u>868</u>	<u>2,331</u>
		<u>(1,192)</u>	<u>(2,528)</u>	<u>(1,848)</u>	<u>(3,974)</u>	<u>(1,225)</u>	<u>(2,187)</u>	<u>(2,507)</u>	<u>(5,698)</u>
<b>Income before taxes</b>		<u>17,397</u>	<u>30,288</u>	<u>2,901</u>	<u>5,121</u>	<u>20,389</u>	<u>36,597</u>	<u>4,518</u>	<u>8,838</u>
<b>Income and social contribution taxes</b>									
Current	15.1	-	-	-	-	(2,218)	(4,145)	(2,348)	(4,299)
Deferred	15.1	-	-	-	-	(503)	(1,205)	385	318
<b>Net income before non-controlling interest</b>		<u>17,397</u>	<u>30,288</u>	<u>2,901</u>	<u>5,121</u>	<u>17,668</u>	<u>31,247</u>	<u>2,555</u>	<u>4,857</u>
Non-controlling interest	-	-	-	-	-	(271)	(959)	346	264
<b>Net income for the period</b>		<u>17,397</u>	<u>30,288</u>	<u>2,901</u>	<u>5,121</u>	<u>17,397</u>	<u>30,288</u>	<u>2,901</u>	<u>5,121</u>
Earnings per share									
<b>Basic earnings per share – R\$</b>	31	<u>0.11909</u>	<u>0.20733</u>	<u>0.03972</u>	<u>0.07011</u>				
<b>Diluted earnings per share – R\$</b>	31	<u>0.11909</u>	<u>0.20733</u>	<u>0.03972</u>	<u>0.07011</u>				

The notes are an integral part of these interim financial information.



## Trisul S.A.

### Statements of comprehensive income for the quarters and six-month periods ended June 30, 2018 and 2017

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version.)

(In thousands of Brazilian Reais)

	Company				Consolidated			
	04/01 to 06/30/2018	01/01 to 06/30/2018	04/01 to 06/30/2017	01/01 to 06/30/2017	04/01 to 06/30/2018	01/01 to 06/30/2018	04/01 to 06/30/2017	01/01 to 06/30/2017
Net income for the period	17,397	30,288	2,901	5,121	17,397	30,288	2,901	5,121
Other comprehensive income	-	-	-	-	-	-	-	-
<b>Comprehensive income for the period</b>	<b>17,397</b>	<b>30,288</b>	<b>2,901</b>	<b>5,121</b>	<b>17,397</b>	<b>30,288</b>	<b>2,901</b>	<b>5,121</b>

The notes are an integral part of these interim financial information.

## Trisul S.A.

### Statements of changes in shareholders' equity for the six-month periods ended June 30, 2018 and 2017

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.)

(In thousands of Brazilian Reais)

	Company							Consolidated		
	Notes	Capital stock	Capital reserves	Income reserves		Accumulated profits	Treasury shares	Shareholders' equity attributed to controlling shareholders	Non-controlling interest	Total shareholders' equity
				Statutory reserve	Retained earnings					
Balances as of January 1, 2017		461,080	12,564	4,467	26,106	-	(43)	504,174	19,817	523,991
Supplementary distribution of dividends	21.3	-	-	-	(8,884)	-	-	(8,884)	-	(8,884)
Net income for the period	-	-	-	-	-	5,121	-	5,121	(264)	4,857
Retained earnings	-	-	-	-	5,121	(5,121)	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	2,897	2,897
Balances as of June 30, 2017		461,080	12,564	4,467	22,343	-	(43)	500,411	22,450	522,861
Balances as of January 1, 2018		461,080	12,564	6,217	42,153	-	(43)	521,971	25,896	547,867
Supplementary distribution of dividends	21.3	-	-	-	(3,939)	-	-	(3,939)	-	(3,939)
Net income for the period	-	-	-	-	-	30,288	-	30,288	959	31,247
Retained earnings	-	-	-	-	30,288	(30,288)	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	4,095	4,095
Balances as of June 30, 2018		461,080	12,564	6,217	68,502	-	(43)	548,320	30,950	579,270

The notes are an integral part of these interim financial information.

# Trisul S.A.

## Statements of cash flows for the six-month periods ended June 30, 2018 and 2017

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version.)

(In thousands of Brazilian Reais)

	Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
<b>From operating activities</b>				
Operating income before income and social contribution taxes	30,288	5,121	36,597	8,838
<b>Adjustments to reconcile net income for the period to cash and cash equivalent from operating activities:</b>				
Allowance for doubtful accounts and cancellation of agreements	-	-	(1,076)	-
Provision for lawsuits and administrative proceedings	-	-	10	(1,894)
Discount to present value	-	-	(555)	(316)
Depreciation/amortization	303	266	765	531
Depreciation of sales stands	-	-	3,095	3,348
Interest on loans	3,009	3,844	5,909	6,853
Deferred taxes	-	-	1,506	(319)
Equity in earnings of controlled companies	(47,085)	(21,192)	(2,621)	(2,086)
<b>Increase/decrease in operating assets:</b>				
Accounts receivable	269	1	(63,224)	4,487
Properties for sale	277	176	35,302	56,258
Recoverable taxes and contributions	(201)	1,393	(210)	1,379
Related-party transactions	71,388	31,136	3,982	4,934
Sundry receivables	2,411	(20)	(2,431)	(2,024)
<b>Increase/ (decrease) in operating liabilities:</b>				
Trade accounts payable	188	238	1,420	6,673
Labor and tax liabilities	(1,647)	(479)	(1,212)	(573)
Creditors from acquired properties	-	-	(39,139)	(51,669)
Customers' advances	-	-	(6,491)	3,473
Accounts payable	2,234	(2,310)	2,017	(571)
<b>Cash provided by/ (used in) operations</b>	<b>61,434</b>	<b>18,174</b>	<b>(26,356)</b>	<b>37,322</b>
Income and social contribution taxes paid	-	-	(4,281)	(4,647)
<b>Net cash from operating activities</b>	<b>61,434</b>	<b>18,174</b>	<b>(30,637)</b>	<b>32,675</b>
<b>From investing activities</b>				
Dividends paid	(4,620)	-	(4,620)	-
Acquisition of fixed assets	(156)	(18)	(2,734)	(3,819)
(Increase)/ decrease in investments	(38,819)	(6,949)	1,441	(1,394)
Acquisition of intangible assets	(251)	(67)	(253)	(67)
Disposal of fixed assets	-	-	-	72
<b>Net cash from investing activities</b>	<b>(43,846)</b>	<b>(7,034)</b>	<b>(6,166)</b>	<b>(5,208)</b>
<b>From financing activities</b>				
Change in loans and financing, net	(34,946)	(10,415)	17,391	(26,472)
Non-controlling interest	-	-	4,095	2,897
<b>Net cash from financing activities</b>	<b>(34,946)</b>	<b>(10,415)</b>	<b>21,486</b>	<b>(23,575)</b>
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(17,358)</b>	<b>725</b>	<b>(15,317)</b>	<b>3,892</b>
<b>Balance of cash and cash equivalents</b>				
At the beginning of the period	27,119	116	89,708	23,757
At the end of the period	9,761	841	74,391	27,649
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>(17,358)</b>	<b>725</b>	<b>(15,317)</b>	<b>3,892</b>

The notes are an integral part of these interim financial information.

# Trisul S.A.

## Value-added statement for the six-month periods ended June 30, 2018 and 2017

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version.)

(In thousands of Brazilian Reais)

	Company		Consolidated	
	06/30/2018	06/30/2017	06/30/2018	06/30/2017
<b>Revenues</b>				
Merger and resale of properties and services	572	270	249,142	199,371
Other revenues	-	-	4,303	-
Allowance for doubtful accounts and cancellation of agreements	-	-	1,076	-
	572	270	254,521	199,371
<b>Inputs acquired from third parties</b>				
Costs	(326)	-	(169,969)	(147,147)
Material, electric power, outsourced services among others	(8,272)	(6,711)	(34,354)	(26,115)
	(8,598)	(6,711)	(204,323)	(173,262)
<b>Gross added value</b>	(8,026)	(6,441)	50,198	26,109
<b>Withholdings</b>				
Depreciation and amortization	(303)	(266)	(765)	(531)
	(303)	(266)	(765)	(531)
<b>Net added value provided</b>	(8,329)	(6,707)	49,433	25,578
<b>Added value received upon transfer</b>				
Equity in earnings of controlled companies	47,085	21,192	2,621	2,086
Financial revenues	458	86	3,740	2,331
	47,543	21,278	6,361	4,417
<b>Added value to be distributed</b>	39,214	14,571	55,794	29,995
<b>Distribution of added value</b>				
<b>Personnel</b>				
Direct compensation	2,394	2,266	2,714	2,827
Benefits	1,386	1,177	1,426	1,215
Severance pay fund (FGTS)	184	297	189	309
	3,964	3,740	4,329	4,351
<b>Taxes, fees and contributions</b>				
Federal	689	464	11,396	8,585
State	25	16	220	612
Municipal	232	93	698	940
	946	573	12,314	10,137
<b>Return on debt capital</b>				
Interest	2,986	4,060	5,927	8,029
Rents	1,030	1,077	1,977	2,621
	4,016	5,137	7,904	10,650
<b>Return on equity capital</b>				
Non-controlling interest	-	-	959	(264)
Dividends	-	-	-	-
Retained earnings	30,288	5,121	30,288	5,121
	30,288	5,121	31,247	4,857
	39,214	14,571	55,794	29,995

The notes are an integral part of these interim financial information.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

(Free translation from the original issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails)

**1. Operations**

Trisul S/A (“the Company”), located in the City of São Paulo, Brazil and listed on BM&FBovespa under ticker TRIS3, results from the merger of “Incosul Incorporação e Construção Ltda.” and “Tricury Construções e Participações Ltda.”, companies with over 35 years in the real estate market, and initiated its operations in April 2007.

The Company's main activities are real estate development and construction for sale, subdivision of plots of land, purchase and sale of properties and holding interest in other companies as partner, member or shareholder.

The development of real estate ventures, including with ownership interest of third parties, occurs by means of professional partnerships, Special Purpose Companies (SPEs), and Silent Partnerships (SCPs), so that the controlled companies may significantly share the structures and corporate, managerial and operating costs of the Company.

**2. Basis of preparation and presentation of financial statements****2.1. Statement of compliance**

The Company and consolidated quarterly financial information was prepared and presented in accordance with accounting practices adopted in Brazil and in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board - IASB, applicable to real estate development entities in Brazil, approved by the Accounting Pronouncements Committee (CPC), the Brazilian Securities Commission (CVM) and the Federal Accounting Council (CFC). In accordance with Guideline “OCPC 07 - Evidence in the Disclosure of General Purpose Financial Accounting Reports”, the significant information specific to financial information is being evidenced and corresponds to those used by the Board of Directors in its management.

The accounting practices adopted in Brazil comprise those included in Brazilian corporate law and in the Pronouncements, Guidance and Interpretations issued by the CPC and approved by the CVM and the CFC.

The Company and consolidated quarterly financial information was prepared in compliance with the accounting practices described in Note 3.

The presentation of the Company and Consolidated Value-Added Statement (VAS) is required by Brazilian corporate law and the accounting practices adopted in Brazil applicable to publicly-held companies, and was prepared in accordance with Resolution CVM No. 557, of November 12, 2008, which approved the Accounting Pronouncement CPC 09 - Value-Added Statement. IFRS does not require the presentation of said statement. As a consequence, under IFRS, the abovementioned statement is presented as supplementary information, without damage to all financial information.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

## **2. Basis of preparation and presentation of financial statements--Continued**

### **2.1. Statement of compliance--Continued**

The Company's Management states that all the significant information specific to the quarterly financial information, and only them, are being evidenced and which correspond to those used by it in its management.

### **2.2. Basis of presentation and consolidation**

The individual and consolidated financial information was prepared with basis on historical cost, except for certain financial instruments measured at their fair values, as described in the summary of the main accounting practices herein.

The Company quarterly financial information is prepared in accordance with CPC 21 (R1) - Interim financial reporting, which comprises the guidance included in Circular Letter/CVM/SNC/SEP 01/2018, related to the application of Guideline OCPC 04, issued by the Brazilian Accounting Standards Board (CPC) and approved by the Brazilian Securities Commission (CVM) and Federal Accounting Council (CFC), on the recognition of revenues over time, as well as they are presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (QFI).

The consolidated quarterly financial information was prepared in accordance with CPC 21 (R1) and IAS 34 - Interim Financial Reporting, which comprise the guidance included in Circular Letter/CVM/SNC/SEP 01/2018, related to the application of Guideline OCPC 04, issued by the Brazilian Accounting Standards Board (CPC) and approved by the Brazilian Securities Commission (CVM) and Federal Accounting Council (CFC), on the recognition of revenues over time, as well as in accordance with the standards issued by the Securities and Exchange Commission, applicable to the preparation of the Quarterly Financial Information - QFI.

The preparation of the quarterly financial information requires the use of certain critical accounting estimates and also that Management make judgement upon applying the accounting practices. The accounting estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including expectations of future events considered reasonable for the circumstances. Such estimates and assumptions may differ from actual results.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

## **2. Basis of preparation and presentation of financial statements--** Continued

### **2.3. Basis of presentation and consolidation**

The Company and consolidated quarterly financial information is presented in Real, which is the functional currency of the Company and its controlled companies, and rounded to the nearest unit, unless otherwise stated.

The accounting practices are consistently applied in all consolidated companies, with base date of June 30, 2018.

Intercompany accounts, revenues and expenses, unrealized income, and investments, particularly non-controlling interest, are eliminated in consolidation, according to CPC 36 (R3) - Consolidated financial statements.

The Company and consolidated quarterly financial information was approved by the Board of Directors on August 14, 2018.

## **3. Significant accounting practices adopted**

### **3.1. Significant judgments, estimates and assumptions**

The preparation of the quarterly financial information requires the Management to make judgments, estimates and assumptions which affect the reported revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities, at the base date of these quarterly financial information.

However, the uncertainty related to these assumptions and estimates may lead to results which need a significant adjustment to the book value of the asset or liability affected in future periods.

The main assumptions related to uncertainties on future estimates and other significant sources of uncertainties at the base date of the financial statements, involving a material risk of resulting in a significant adjustment to the book value of assets and liabilities are described below:

#### **Budgeted costs**

Total estimated costs, comprising incurred costs and costs expected to incur for the conclusion of the construction work, are regularly reviewed, according to the development of the work, and the adjustments arising from this review are reflected in the Company's income, in the periods they occur, according to the accounting method used, and described in Note 3.2.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.1. Significant judgments, estimates and assumptions--Continued****Contingencies**

The Company and its controlled companies are subject to inspections, audits, lawsuits and administrative proceedings referring to civil, tax, labor, environmental and consumers' rights matters, among others. Depending on the object of the inspections, lawsuits or administrative proceedings filed against the Company and its controlled companies, they might affect the Company's quarterly financial information, regardless of the respective final result.

The Company and its controlled companies are periodically inspected by different authorities, mainly tax, labor and social security authorities. It is not possible to guarantee that these authorities will not assess the Company and its controlled companies, nor that such infractions will not lead to administrative proceedings and, later, to lawsuits, nor the final result of both administrative proceedings and lawsuits.

**Fair value of financial instruments**

When the fair value of assets and liabilities presented in the balance sheet cannot be obtained from active markets, valuation techniques are used, including the discounted cash flow method. Data for such method is based on those applied in the market if possible. Otherwise, a certain level of judgment is required to determine the fair value. The judgment includes comments on the data used, such as liquidity risk, credit risk, and volatility. Changes in the assumptions on these factors may affect the fair value of financial instruments.



**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.2. Income determination of real estate development and sale of properties and other****(i) Income from real estate development and sale of properties**

The recognition of income (loss) from real estate development and sale of properties follows the procedures established by Technical Instruction OCPC 04 - Adoption of the technical interpretation ICPC 02 - Building agreements in the real estate industry by real estate development companies in order to determine the transfer of risks and most significant benefits inherent to the ownership and adoption of CPC 30 (R1) - Revenues, when all conditions for recognition of the sale of assets are met.

When unfinished real estate units are sold, the following assumptions are adopted:

- As from the moment that the venture launched is no longer under the effects of the corresponding suspensive clause in its development brief, the percentage of the cost incurred with the units sold is calculated (including land), with regard to its total budgeted cost. Such percentage is applied on the revenue of sold units adjusted according to the terms of the sales agreements; therefore, the revenue amount to be recognized is determined;
- The amounts of sales revenues, including monetary restatement, net of installments already received, are accounted for as accounts receivable or as customers' advances, if applicable;
- Incurred cost (including the cost of land) corresponding to the sold units is fully recognized in income;

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.2. Income determination of real estate development and sale of properties and other--Continued****(i) Income from real estate development and sale of properties--Continued**

- Financial charges directly related to real estate projects, corresponding to accounts payable from the acquisition of plots of land, and to operations of real estate credit, incurred during the construction period, are recognized as incurred costs of the real estate projects and reflected in the income statement upon the sale of the units of the real estate project to which they were recognized. The finance charges of financing operations, the funds of which are not applied in real estate projects are recognized as financial income (loss) when incurred, as well as those levied on accounts payable from plots of land and on real estate credit operations incurred after the construction of the real estate projects is concluded;
- Estimated costs to incur from real estate projects are subject to periodical reviews, which may result in changes in those initial estimates. The effects of such reviews affect income (loss) prospectively, according to CPC 23 - Accounting policies, changes in accounting estimates and correction of errors.

Income from the sale of finished units of the real estate projects is recognized when the sale is made, regardless of the term established by agreement for receiving the payment.

The amounts received from the sale of real estate units when higher than the amounts of revenues recognized are accounted for as customers' advances, in current or noncurrent liabilities.

Fixed interest and inflation adjustments levied on the balance of accounts receivable, as from the date the keys are delivered, are recognized as financial income, when incurred, on an accrual basis.

The amounts to be refunded, arising from the dissolution of ventures not yet delivered, are directly deducted from the income from real estate development, which are recognized as they occur. For properties delivered, revenues and costs are reversed; the properties return to inventory at cost and they are available for sale at market value.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reals, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.2. Income determination of real estate development and sale of properties and other--Continued****(ii) Selling expenses**

Expenses on advertising, marketing, promotion and other related activities are recognized to the income statement, under the caption "Selling expenses" when actually incurred, on an accrual basis, according to the respective disclosure period.

Expenses incurred on and directly related to the construction of sales stands and model apartments, as well as those related to the acquisition of furniture and decoration of the sales stands and model apartments of real estate projects, are recorded under the caption "Fixed assets", as long as the expected term for its use and generation of benefits is over 12 months, and are depreciated according to the respective estimated useful life of those items. Expenses on depreciation of these assets are recognized under the caption "Selling expenses" and do not affect the determination of the percentage of the real estate projects' financial evolution.

Usually, commissions on sales of real estate units are considered charges under the responsibility of the acquirer of the properties, and not revenues or expenses of the real estate development company. However, when such charges are paid by the real estate development company, the expenses incurred are recorded as prepayments, which are recognized in income (loss) under the caption "Selling expenses", according to the same criteria for the recognition of income from the development and sale of properties, described in Note 3.2.(i).

**(iii) Rendering of services and other activities**

Revenues, costs and expenses are recorded on the accrual basis.

**3.3. Cash and cash equivalents**

These include cash, positive checking account and financial investment balances of immediate liquidity and with an insignificant risk of change in market value, kept to meet short-term cash commitments rather than for investments with other purposes. Financial investments included in cash equivalents are classified as "Financial assets at fair value through profit (loss)". Restricted financial investments or with maturities over 90 days are classified as securities. For the period ended June 30, 2018 and for the year ended December 31, 2017, the Company had no investments with maturity over 90 days.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.4. Trade accounts receivable**

Trade accounts receivable are stated at present and realizable values, recognized according to the criteria described in Note 3.2.

An allowance for doubtful accounts is recognized at amounts deemed sufficient by Management, when there is evidence that the Company will not be able to charge all the amounts due according to the original term of accounts receivable. As for receivables secured by the real estate units sold, the Company considers the credit risk low and, accordingly, does not recognize an allowance.

**3.5. Properties for sale**

These include plots of land to be traded, real estate in construction and finished. The cost of real estate comprises expenses on the acquisition of plots of land (cash or physical barter valued at fair value), material, applied labor force (own or engaged from third parties), expenses on development, and finance charges arising from loans and financing during the period of development and construction, related to the real estate projects.

Properties are stated at construction cost, which do not exceed their realizable net value. As for real estate under construction, the portion in inventory items corresponds to the cost incurred on the units not yet sold.

The Company capitalizes finance charges to real estate projects during the construction phase, raised by means of the housing financing system and other credit lines used to finance the construction (limited to the amount of the respective financial expense), which are recognized in income proportionally to the units sold, the same criteria applied to other costs.

The classification between current and noncurrent is made based on the expected launching date of the real estate projects, periodically reviewed by means of the estimated launchings.

**3.6. Investments**

Investments in controlled companies, jointly-controlled companies and associated companies are recorded under the equity method of accounting, pursuant to technical pronouncement CPC 18 (R2) - IAS 28 – Investments in associated companies and controlled companies. Under the equity method of accounting, the Company's interest in those companies' increase or decrease in equity, after their acquisition, resulting from net income or loss reported in the period, or resulting from earnings or losses in capital reserves, is recognized as operating revenue (or expense). The effects of these changes after the acquisitions are adjusted with an offsetting entry to investment cost.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.7. Fixed assets**

Fixed assets are recorded at acquisition, formation or construction cost, including the sale stands and decorated model apartments of the real estate projects. The depreciation of assets is calculated under the straight-line method at the average rates described in Note 11, and the depreciation of the sales stands are recorded under the caption "Selling expenses", pursuant to instruction OCPC 01 (R1) Real estate development companies.

**3.8. Intangible assets**

Goodwill on the acquisition of ownership interest in real estate projects (future profitability with defined term) are measured upon initial recognition at acquisition cost and then deducted from accumulated amortization.

Expenses related to the acquisition and implementation of information systems and licenses for the use of software are recorded at acquisition cost and amortized according to their estimated useful lives.

**3.9. Impairment of non-financial assets**

Management reviews the net book value of its main assets, particularly properties to be sold, fixed assets, investments and intangible assets, at least annually, with the purpose of evaluating events or changes in economic, operating or technological circumstances that may indicate impairment.

When this evidence is identified and the net book value exceeds recoverable value, an impairment charge is recognized writing the net book value down to recoverable value.

The assumptions normally used to calculate the recoverable value of assets are based on expected cash flows, economic feasibility studies of the real estate projects, which show the assets recoverability or market value, all discounted to present value.

No impairment loss on assets was recorded for the period ended June 30, 2018 and for the year ended December 31, 2017.

### **3. Significant accounting practices adopted--Continued**

#### **3.10. Loans and financing**

After initial recognition, loans and financing bearing interest and charges are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income upon the write-off of liabilities, as well as during the amortization process by the effective interest rate method.

#### **3.11. Provision for warranties**

Limited warranties for a period of up to five years are offered to cover structural defects in real estate projects sold. Certain warranties for the execution of services (responsibilities and costs) are normally performed by subcontractors, therefore reducing the exposure of the Company's cash flow. The estimated amounts to be disbursed are not material. The Company records the best estimate to cover future events of such nature considering the evolution of the real estate projects' financial cost.

#### **3.12. Creditors from acquired properties and customers' advances**

Obligations for the acquisition of real estate assumed for payment in cash (creditors from acquired properties) are initially recognized at the amounts corresponding to the contractual obligations plus finance charges incurred and the respective write-offs due to the settlement of the obligations.

Obligations for the acquisition of real estate by means of barter of plots of land for real estate units to be built are recorded at fair value and stated as customers' advances - barter. The fair value of barter is measured according to the contractual obligations assumed, the calculation of the amount of which may vary until the definition of the project to be developed, which is usually confirmed through the registry of the project. The obligation is written-off according to the financial execution of the work (recognition of revenues and costs).

Receipts for the sale of properties, in excess of the recognition of revenues, according to the accounting practice described in Note 3.2 (i), are recorded in liabilities as customers' advances.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued**

**3.13. Contingent assets and liabilities and provision for lawsuits and administrative proceedings**

The accounting practices for recording and disclosing contingent assets and liabilities and legal obligations are as follows:

- **Contingent assets:** these are recognized only when there are secured guarantees or favorable legal decisions that are already final and unappealable. Contingent assets the favorable outcome of which is probable are only disclosed in notes, if applicable;
- **Contingent liabilities:** a provision is recorded for contingent liabilities when the chances of loss are assessed as probable and the amounts involved can be measured with sufficient certainty. Estimated amounts of possible agreements intended to settle the lawsuit before its conclusion in all jurisdictions are also added to the provision. When the estimates of losses are evaluated as possible, they are disclosed in the financial statements.

The provision for lawsuits and administrative proceedings, specifically related to labor, tax and civil issues is set up according to the risk assessment (probable losses) made by the Company's management and its legal counselors, including its classification as noncurrent.

**3.14. Other current and noncurrent assets and liabilities**

An asset is recognized in the balance sheet when it is probable that future economic benefits will be generated in favor of the Company and its cost or value can be determined with certainty. A liability is recognized in the balance sheet when the Company has a legal obligation or as a result of a past event, and funds is likely to be necessary to settle the obligation. The related finance charges are added when applicable. Provisions are recorded according to the best estimates of risks involved.

Assets and liabilities are classified as current when their realization or settlement is expected to occur in the following 12 months. Otherwise, they are stated as noncurrent.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.15. Discount to present value**

Assets and liabilities resulting from short-term (if material) or long-term transactions, without the expected remuneration or subject to: (i) Fixed interest; (ii) Interest below market rates for similar transactions; and (iii) Adjustment due to inflation, with no interest, are discounted to present value based on the average rate adopted by the Company to offer discounts on the higher between sales prices and its average funding rate.

The discount to present value and the respective reversal on accounts receivable arising from the sale of properties are recorded under "Revenues from real estate development", pursuant to instruction OCPC 01 (R1) Real estate development companies.

**3.16. Financial instruments****Financial assets**

Financial assets are classified in the following specific categories: i) measured at fair value through profit or loss, ii) held-to-maturity investments, iii) loans and receivables, and iv) available for sale. The classification depends on the nature and purpose of the financial assets and is determined on initial recognition, when the Company is party to the instrument agreement provisions. The Company's financial assets include: cash and cash equivalents, trade accounts receivable, investment and other current assets.

The measurement of the financial assets depends on their classification, which may be as follows:

**(i) Fair value through profit or loss**

Financial assets and liabilities are measured at fair value through profit or loss when they are held to negotiation and have as characteristic its active and frequent negotiation, mainly in the short-term. These assets are measured at fair value and their variances are recognized in the statement of income.

**(ii) Held-to-maturity investments**

These correspond to non-derivative financial assets with payments that are fixed or may be determined with fixed maturity date and which the Company intends and is capable of keeping until maturity. They are valued at acquisition cost plus income earned with an offsetting entry to income (loss), based on the effective interest rate.



**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.16. Financial Instruments--Continued****(iii) Loans and receivables**

These include loans and receivables the payments of which are fixed and may be determined, and which are not quoted in an active market. Loans and receivables are adjusted according to the effective rate of the respective transaction. The effective rate is the rate established in the agreements and adjusted at the respective cost of each transaction.

**(iv) Financial assets available for sale**

These correspond to non-derivative financial assets designated as available for sale or which are not classified as: (a) loans -and receivables, (b) held-to-maturity investments, (c) financial assets measured at fair value through profit or loss.

A financial asset is written off when:

- The rights to receive cash flows from assets expire;
- The Company has assigned its rights on cash flows from assets or assumed an obligation to fully pay the cash flows received, with no significant delay, to a third party by means of a transfer agreement; the Company has substantially transferred all the risks and benefits of the asset; or the Company has not transferred or retained all the risks and benefits related to the asset, but has transferred the control over such asset.

**Financial liabilities**

Financial liabilities are classified as: loans, financing, and other liabilities. The Company determines the classification of its financial liabilities upon their initial recognition. In the case of loans and financing directly related transaction costs are added. The Company's financial liabilities include: loans and financing, trade accounts payable and other current liabilities. The measurement of the financial liabilities depends on their classification, which may be as follows:

- Loans and financing: after initial recognition, loans and financing bearing interest are subsequently measured at amortized cost using the effective interest rate method, net of incurred transaction costs. Gains and losses are recognized in the statement of income upon the write-off of liabilities, as well as during the amortization process by the effective interest rate method;

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.16. Financial instruments--Continued****Financial liabilities--Continued**

- Other liabilities: these are financial liabilities measured at cost value and not classified as loans, financing. The Company classified as other liabilities trade accounts payable, intercompany accounts and other accounts payable.

A financial liability is written off when the obligation is revoked, cancelled or expired. When an existing financial liability is replaced by another of the same lender with significantly different terms, or when the terms of an existing liability are significantly changed, this substitution or amendment is recorded as a write off of the original liability and recognition of a new one, and the difference in their book values is recognized in the income statement.

**Financial instruments - net presentation**

Financial assets and liabilities are presented net at the balance sheet, only if there is a current and applicable legal right to offset the recognized amounts and if there is an intention to offset or realize the asset and settle the liability simultaneously.

**Fair value of financial instruments**

The fair value of financial instruments actively negotiated at organized financial markets is determined based on purchase prices quoted in the market at the balance sheet date, with no deduction of transaction costs.

**Derivatives**

Derivative financial instruments engaged for hedging purposes may be classified as follows: **(i)** fair value hedge; and **(ii)** cash flow hedge. Derivative financial instruments for hedging purposes and the respective hedged objects are adjusted to market value, according to the following criteria: **(i)** Fair value hedge: the increase or decrease in fair value is recorded as an offsetting entry to the proper revenue and expenses account, net of tax effects, in the statement of income; and **(ii)** cash flow hedge: the increase or decrease is recorded as an offsetting entry to the account asset and liability valuation adjustments, in equity.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.17. Taxation****Current taxes and contributions**

Tax law allows that revenues from the sale of real estate units be taxed on a cash basis.

Current income tax (IRPJ) and social contribution tax (CSLL) are assessed, pursuant to the criteria established by the tax legislation in effect, at the rates of 15%, plus a surtax of 10%, for income tax and 9% for social contribution. PIS and COFINS (taxes on sales) are calculated at the rates of 1.65% and 7.60%, respectively, entitled to specific credits calculated at the same rates.

Certain ventures of the Company's controlled companies and associated companies have opted for the taxation regime of deemed income. For these companies, Income Tax calculation basis is calculated at 8% (real estate development, including inflation adjustment) and 32% (rendering of services and lease), and social contribution tax basis at 12% (real estate development), 32% (rendering of services and lease), and 100% on financial revenues, on which the regular income and social contribution tax rates are applied. PIS and COFINS regular rates are 0.65% and 3.00%, respectively.

Most of the Company's controlled companies and associated companies adopt the system of earmarked assets. Accordingly, they opted for income taxation in conformity with the Special Tax Regime (RET), through which operating revenues from the sale of real estate are definitely taxed at the rate of 4%, of which 1.92% corresponding to income and social contribution taxes, and 2.08% for PIS and COFINS, according to Law No.12.844/13.

**Deferred taxes and contributions**

For companies and activities in which the accounting practice differs from the tax practice, deferred federal income and social contribution tax assets or liabilities are calculated to reflect any temporary differences (Note 15). Deferred tax liabilities arising from Income Tax (IRPJ), Social Contribution Tax (CSLL), PIS and COFINS (Taxes on sales) are recognized in current and noncurrent liabilities, according to the expected realization of the revenue, resulting from the difference between what is recognized according to the corporate criterion described in Note 3.2 and the tax criterion, whereby income is taxed upon receipt.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**3. Significant accounting practices adopted--Continued****3.18. Benefits to employees and management**

The Company does not maintain private pension plans or any retirement plans or post-employment benefits. The Company has a profit-sharing program, calculated according to the profit-sharing plan in effect, it is recognized as expenses during its effective period with an offsetting entry to liabilities, when previously established goals are achieved.

**3.19. Basic and diluted earnings per share**

Basic and diluted earnings per share are calculated by dividing the net income attributed to the Company's shareholders by the weighted average number of outstanding common shares for the period.

Basic earnings are equal to diluted earnings for the quarters ended June 30, 2018 and 2017, as mentioned in Note 31.

**3.20. Statements of cash flows**

These were prepared at the indirect method and are presented in accordance with Technical Pronouncement CPC 03 (R2) - IAS 7 Statements of cash flows.

**3.21. Statements of value added**

The Statements of value added were prepared according to technical pronouncement CPC 09 - Statement of Value Added. This statement is intended to evidence the wealth generated by the Company and its distribution throughout a certain period, and is presented as required by the Brazilian corporate legislation as part of the financial statements of the Company and as supplementary information to the consolidated financial statements.

**4. New standards, interpretations and amendments not yet adopted**

The standards and interpretations issued, which have not yet been adopted by the Company up to the date of issuance of these interim financial information are highlighted below:

The Company intends to adopt these standards when they come into effect.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**4. New standards, interpretations and amendments not yet adopted--Continued****CPC 47 (IFRS 15)**

In November 2016, CPC 47 – “Revenues from Agreements with Customers” (IFRS 15) was issued by the CPC. Such pronouncement establishes new criteria on revenue-related aspects, including the identification of a performance obligation and timing of revenue recognition based on the transfer of control of a good or service. An entity evaluates an understanding of certain criteria set forth in such pronouncement to assess whether revenue recognition must occur at a specific time or over time when the entity meets performance obligations. Since then, there has been intense discussion regarding the accounting treatment of said standard for the Brazilian economic and legal environment, especially the real estate development sector.

The technical area of the CVM, through the issuance of Circular Letter CVM/SNC/SEP No. 1/2018, directed the entities of the real estate development sector to be in compliance with OCPC 04 now in effect, approved by CVM Resolution No. 653/2010, by applying such adjustments as may be necessary in view of the effectiveness of IFRS 15 for annual periods beginning on or after January 1, 2018, until there is alignment on whether or not revenue recognition is applied over time. Accordingly, the Company awaits the pacification of the matter to measure, if applicable, the possible impact of applying CPC 47 on its financial statements.

**CPC 48 (IFRS 09) replaces CPC 38 (IAS 39) - Financial Instruments: Recognition and Measurement**

CPC 48 (IFRS 9) establishes requirements to recognize, measure and classify financial assets, financial liabilities and certain agreements for the purchase or sale of non-financial items. Based on its assessment, the Company identified that the main difference in the measurement of financial assets and liabilities arising from the adoption of the new pronouncement is related to the change in the concept of impairment of accounts receivable, which, in addition to the concept of loss verified, also merges the concept of expected loss. In accordance with CPC 48 (IFRS 9), credit losses are recognized earlier than under CPC 38 (IAS 39).

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Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

#### 4. New standards, interpretations and amendments not yet adopted--Continued

The Company will await the conclusion of the discussions related to CPC 47 (IFRS 15), as mentioned in the item above, in order to assess and disclose the fortuitous effects of CPC 48 (IFRS 9); nevertheless, it does not expect that these changes will have material effects on the financial statements from its adoption.

#### CPC 06 R2 (IFRS 16) and IFRIC 23

It refers to the definition and guidance on the registration of commercial lease agreements, and the Company's management intends to adopt such standard as from the effective date, on January 1, 2019. Taking into consideration its current operations, the Company does not expect that such changes have significant effects on the financial statements as from their adoption.

#### 5. Cash and cash equivalents

These are as follows:

Description	Company		Consolidated	
	06/2018	12/2017	06/2018	12/2017
Cash	5	5	49	71
Bank current accounts	1,512	120	20,001	8,070
Financial investments	8,244	26,994	54,341	81,567
<b>Total</b>	<b>9,761</b>	<b>27,119</b>	<b>74,391</b>	<b>89,708</b>

Financial investments classified as cash and cash equivalents have immediate liquidity and are mainly represented by Bank Deposit Certificates (CDBs) and by investment fund quotas bearing interest at the approximate Interbank Deposit Certificate (CDI) rate.

#### 6. Accounts receivable

Consist of:

Description	Company		Consolidated	
	06/2018	12/2017	06/2018	12/2017
Committed purchasers of real estate (a)	1,389	1,658	443,703	380,488
Receivable services	-	-	44	34
( - ) Discount to present value (b)	-	-	(11,257)	(11,811)
( - ) Allowance for doubtful accounts and cancellation of agreements	-	-	(4,530)	(5,606)
<b>Total</b>	<b>1,389</b>	<b>1,658</b>	<b>427,960</b>	<b>363,105</b>
Current	1,389	1,658	287,084	234,425
Noncurrent	-	-	140,876	128,680

- (a) The Company and its controlled companies have adopted the procedures described in Note 3.2 for the recognition of the income earned from operations of real estate development and sale of properties. Accordingly, the balance of accounts receivable from real estate units sold and not yet concluded (Note 17) is not fully reflected on the Company's financial statements, given that its record is limited to the revenue portion already recognized, net of the installments already received;

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**6. Accounts receivable--Continued**

- (b) The calculation to present value is usually applied to accounts receivable maturing before the delivery of keys, resulting from the sale of unfinished real estate units. For debt balances resulting from sales in installments of finished real estate units, and debt balances maturing after the delivery of keys, resulting from the sale of unfinished real estate units, the interest rates provided for in the agreements approximate market rates applicable to similar transactions. The average rate used to calculate the discount to present value for the period ended June 30, 2018 was 5.75% (5.82% as of December 31, 2017).

Trade accounts receivable during the construction phase of the real estate projects are adjusted based on the Brazilian Construction Cost Index (INCC). After the delivery of the keys (finished real estate projects), the outstanding installments of sales price are usually adjusted by the General Market Price Index (IGP-M) plus market interest.

Trade accounts receivable subject to interest below market rates for similar transactions and/or only adjusted due to inflation, with no interest, are discounted to present value based on the average rate adopted by the Company to offer discounts on the higher between sales prices and its average funding rate.

As additional information, the balance of finance accounts receivable, considering the unrealized portion not reflected in the quarterly financial information (Note 17) plus the accounting balance as of June 30, 2018, deducted from the installments already received, is as follows:

<b>Description</b>	<b>06/2018</b>	<b>12/2017</b>
Current	299,592	246,560
Noncurrent	144,111	133,928
Accounts receivable	<b>443,703</b>	<b>380,488</b>
Unearned revenue from sales (Note 17)	333,255	283,032
Customers' advances (Note 19)	(31,855)	(38,346)
	<b>745.103</b>	<b>625.174</b>
Current	374,625	277,755
Noncurrent	370,478	347,419

The breakdown of the noncurrent portion, as of June 30, 2018, per year of maturity is as follows:

<b>Year of maturity</b>	<b>Amount receivable</b>
As from July 2019	159,487
2020	190,678
2021	13,503
2022	1,627
2023 onwards	5,183
<b>Total</b>	<b>370,478</b>

The accounts receivable flows per year of maturity are shown based on the expectation of accounts receivable from sold real estate units of the Company's real estate projects.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**7. Sundry receivables**

Consist of:

<b>Description</b>	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>12/2017</b>	<b>06/2018</b>	<b>12/2017</b>
Receivables from the sale of ownership interest <b>(a)</b>	20,346	22,089	20,346	22,089
Advances to suppliers	486	648	1,764	2,204
Expense commissions to be appropriated	-	-	2,654	2,283
Court deposits (Note 20.1)	1,016	757	8,038	7,264
Other sundry credits <b>(b)</b>	50	815	7,624	4,155
<b>Total</b>	<b>21,898</b>	<b>24,309</b>	<b>40,426</b>	<b>37,995</b>
Current	535	1,464	7,995	8,642
Noncurrent	21,363	22,845	32,431	29,353

**(a)** In January 2016, the Company sold 50% of SPE Jardim Amaralina, with periodic receipts. The final maturity of which shall occur in November 2019;

**(b)** Mainly represented by assignment of accounts receivable and other advances to be reimbursed by the Company.

**8. Properties for sale**

These are represented by the acquisition costs of plots of land for future projects (through swaps or payments in kind), costs incurred on real estate units under construction and cost of finished real estate units, as follows:

<b>Description</b>	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>12/2017</b>	<b>06/2018</b>	<b>12/2017</b>
Plots of land for future developments	260	213	225,889	188,659
Real estate under construction	-	-	188,346	168,965
Concluded properties	210	534	15,900	32,615
<b>Total</b>	<b>470</b>	<b>747</b>	<b>430,135</b>	<b>390,239</b>
Current	470	747	381,655	336,072
Noncurrent	-	-	48,480	54,167



**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**9. Related-party transactions****9.1. Balances of related-party transactions**

The Company participates in the development of real estate ventures along with other partners by means of direct interest or through related parties, in which it holds ownership interest. The management structure of these ventures and the management of cash are centralized in the leader company of the venture, which inspects the development of the construction and budgets. Therefore, the company leading the project ensures the investment of the necessary funds, as well as their allocation in accordance with the plans. The sources and investments of the venture's funds are reflected in these balances, according to the respective percentage of ownership interest, which are not subject to adjustments or finance charges and have no previously established maturity. The average term for the development and conclusion of the ventures where the funds are applied is three years, always based on the projects and on the physical and financial schedules of each project. This method to allocate the funds allows that the business conditions agreed upon with each partner and, for each venture, concentrate on specific structures, more adequate to their characteristics.

The balances of related-party transactions arising from real estate projects with partners are stated as follows:

**Noncurrent assets**

Description	Company		Consolidated	
	06/2018	12/2017	06/2018	12/2017
Tricury Constr. e Participações	23,866	27,857	-	-
Ribeirão III Empreend. Imob.	-	-	377	377
Ribeirão VIII Empreend. Imob.	-	-	20	20
Ribeirão Golf Empreend. Imob.	-	-	540	540
Imovele Alpha Empreend. Imob.	-	-	3,389	3,210
Imovele Vila Mascote Empr. Imob.	29	89	-	-
Vivant São Caetano Empreend. Imob.	-	-	669	673
Imovele Santana Empreend. Imob.	-	-	1767	1,768
Jardim Amaralina Empreend. Imob.	5,908	8,674	5,908	8,674
J.J. Rodrigues Empreend. Imob.	1,481	1,651	1,481	1,651
Castelblanco Empreend. Imob.	-	-	56	75
Calamuchita Empreend. Imob.	883	1,008	-	-
Jaçatuba Empreend. Imob.	10	7	10	7
Soc. Incorpor Residencial Ceilandia	253	-	253	-
Soc. Incorpor. Residencial Sandri	1,889	1,865	1,889	1,865
Imovele Osasco Empr. Imob. Ltda.	-	-	1,800	1,814
Incosul Horto do Ipê Empreend. Imob.	-	-	91	91
Ag-Plan Empreend. Imob.	-	-	203	199
Itacorp Empreend. Imob.	-	-	240	65
Sun Ville Empreend. Imob.	-	-	-	1,164
Taquari Empreend. Imob.	-	-	125	125
Cancale Empreend. Imob.	8,064	4,401	-	-
Roermond Empreend. Imob.	4,052	2,622	-	-
Trisul Vendas Consultoria em Imóveis	8	8	-	-
Trisul Anthriscus Empr. Imob.	-	936	-	-
Trisul Acorus Empr. Imob.	-	1,962	-	-
Trisul Pradosia Empreend. Imob.	1,149	4,737	-	-
Trisul Celastrus Empreend. Imob.	25,295	25,412	-	-
Residenz Empreend. Imob.	319	229	-	-
Retiro Empreend. Imob.	199	140	315	315
Yamagata Empreend. Imob.	273	-	128	280
Najua Empreendimentos Imobiliarios	1,308	417	-	-
Trentino Empreend. Imob.	22	-	22	-
Nicolau Empreend. Imob S.A.	387	-	-	-
Trisul Mutisia Empreendimentos	207	-	-	-
J. Tavora Empreendimentos	-	-	12	-
Vera Incorporadora	-	-	135	-
<b>Total</b>	<b>75,602</b>	<b>82,015</b>	<b>19,430</b>	<b>22,913</b>

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**9. Related-party transactions--Continued****9.1. Balances of related-party transactions--Continued****Current liabilities**

Description	Company		Consolidated	
	06/2018	12/2017	06/2018	12/2017
Incosul Incorporação e Construção	3,320	4,100	-	-
Berne Empreend. Imob.	27	27	27	27
Molise Empreend. Imob.	737	914	-	-
Ribeirão III Empreend. Imob.	1,508	1,508	-	-
Ribeirão VIII Empreend. Imob.	67	80	-	-
Ribeirão Golf Empreend. Imob.	2,160	2,160	-	-
Barinas Empreend. Imob.	9,949	10,538	-	-
Imoleve Alpha Empreend. Imob.	2,259	2,140	-	-
Vespaziano Empreend. Imob.	-	-	874	883
Masb 40 Empreend. Imob.	6,019	5,773	-	-
MMCC Empreend. Imob.	-	-	185	146
Vera Incorporadora	315	315	-	315
Dijon Empreend. Imob.	-	-	114	132
Hank Empreend. Imob.	-	-	214	214
Hank II Empreend. Imob.	-	-	700	125
Donegal Empreend. Imob.	2,291	2,293	-	-
Trisul Trimezia Empr. Imob.	17,885	4,398	-	-
Trisul Amaranthus Empr. Imob.	12,014	5,633	-	-
Trisul Artemisia Empr. Imob.	3,780	6,058	-	-
Trisul Spigelia Empr. Imob.	19,265	14,818	-	-
Trisul Licania Empreend. Imob.	9,134	8,737	-	-
Trisul Myristica Empreend. Imob.	8,036	5,117	-	-
Trisul Callistemon Empreend. Imob.	12,334	7,484	-	-
Trisul Yacon Empreend. Imob.	8,542	567	-	-
Imoleve Osasco Empreend. Imob.	1,756	1,797	-	-
Imoleve Santana Empreend. Imob.	1,446	1,446	-	-
Vivant São Caetano Empreend. Imob.	671	673	-	-
Helmond Empreend. Imob.	3,252	3,350	-	-
Imoleve Vila Mascote Emp. Imob.	-	-	9	30
SCP Naples Empreend. Imob.	30,150	4,920	-	-
Yamagata Empreend. Imob.	-	420	-	-
J. Tavora Empreend. Imob.	188	-	-	50
Trisul Anthriscus Empreendimentos Imobiliários SPE	1,739	-	-	-
Trisul Acorus Empreendimentos Imobiliários SPE	1,397	-	-	-
Nicolau Empreendimentos Imobiliários S.A.	-	-	298	-
<b>Total</b>	<b>160,241</b>	<b>95,266</b>	<b>2,421</b>	<b>1,922</b>

**9.2. Banco Tricury S.A.**

Through its controlled companies, the Company allocates part of its funds to financial investments at “Banco Tricury S.A.”, which is a related party.

On the base date as of June 30, 2018, the Company recorded an investment amounting to R\$ 16,499 (R\$ 21,245 as of December 31, 2017), with the mentioned financial institution.

The earnings from these investments are compatible with regular market conditions, with average rate equivalent to 105% of CDI.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**10. Investments****10.1. Investment's breakdown****10.1.1. Directly controlled and associated companies**

Company	% -Ownership interest			Equity		Net income (loss) for the period	
	Total	Direct					
	06/2018	06/2018	12/2017	06/2018	12/2017	06/2018	06/2017
Incosul Incorporação e Construção Ltda.	100.00	100.00	100.00	100,677	99,460	1,217	657
Tricury Construções e Participações Ltda.	100.00	100.00	100.00	86,031	84,724	1,307	131
Jardim Amaralina Empreend. Imob. Ltda.	50.00	50.00	50.00	26,478	24,820	5,176	895
Retiro Empreend. Imob. Ltda.	55.00	55.00	55.00	309	376	(67)	15
Ribeirão VIII Empreend. Imob. Ltda.	80.00	80.00	80.00	324	355	(31)	(168)
Ribeirão III Empreend. Imob. Ltda.	80.00	80.00	80.00	1,903	1,904	(1)	27
J. J. Rodrigues Empreend. Imob. Ltda.	50.00	50.00	50.00	4,554	4,663	541	3,381
Jaçatuba Empreend. Imob. Ltda.	50.00	50.00	50.00	17	17	-	(8)
Ribeirão Golf Empreend. Imob. Ltda.	80.00	80.00	80.00	4,481	5,095	(614)	(453)
Imoleve Alpha Empreend. Imob. Ltda.	40.00	40.00	40.00	6,008	6,149	(142)	(36)
Trisul Vendas Consultoria em Imóveis Ltda.	100.00	100.00	100.00	39	39	-	-
Barinas Empreend. Imob. Ltda.	100.00	100.00	100.00	10,578	10,659	(81)	(229)
Residenz Empreend. Imob. Ltda.	100.00	100.00	100.00	652	737	(85)	(51)
Vivant S. Caetano Empr. Imob. Ltda.	50.00	50.00	50.00	698	707	(9)	(36)
SCH02 Participações Ltda.	68.44	68.44	68.44	3,272	3,272	-	-
Vera Incorporadora Ltda.	70.00	70.00	70.00	521	521	41	27
Berne Empreend. Imob. Ltda.	50.00	50.00	50.00	61	61	-	(35)
Molise Empreend. Imob. Ltda.	100.00	100.00	100.00	746	867	(121)	(183)
Calamuchita Empreend. Imobil. Ltda.	100.00	100.00	100.00	3,953	52	3,701	(77)
Imoleve Vila Mascote Empreend. Imobil.	75.00	75.00	75.00	690	704	(14)	(16)
Donegal Empreendimentos Imob. Ltda.	100.00	100.00	100.00	3,043	3,004	39	42
J. Távora Empreendimentos Imob. Ltda.	50.00	50.00	50.00	24,172	21,640	2,432	(2)
Helmond Empreendimentos Imob. Ltda.	100.00	100.00	100.00	3,222	3,253	(31)	(51)
Naples Empreendimentos Imob. Ltda.	100.00	100.00	100.00	0	-	3,861	2,004
Roermond Empreendimentos Imob. Ltda.	100.00	100.00	100.00	16,025	20,303	(4,278)	23
Trentino Empreendimentos Imob. Ltda.	50.00	50.00	50.00	46	46	-	(78)
Sociedade Incorpor. Ceilândia Sul S/A	50.00	50.00	50.00	1,478	1,478	-	-
Sociedade Incorporadora Sandri S/A	50.00	50.00	50.00	186	186	-	-
Imoleve Osasco Empreend. Imob. Ltda.	50.00	50.00	50.00	3,841	4,123	(282)	(20)
Cancale Empreend. Imob. Ltda.	100.00	100.00	100.00	16,842	14,690	2,152	(3,096)
Imoleve Santana Empreend. Imob. Ltda.	45.00	45.00	45.00	3,957	3,895	62	110
Trisul Artemisia Empreend. Imob. Ltda.	100.00	100.00	100.00	26,854	21,176	5,678	1,759
Trisul Yacon Empreend. Imob. Ltda.	100.00	100.00	100.00	26,590	18,732	7,858	3,046
Trisul Trimezia Empreend. Imob. Ltda.	100.00	100.00	100.00	19,528	15,984	3,543	3,252
Trisul Amaranthus Empreend. Imob. Ltda.	100.00	100.00	100.00	13,802	12,944	858	1,406
Trisul Pradosia Empreend. Imob. Ltda.	100.00	100.00	100.00	15,738	12,039	3,699	146
Trisul Acorus Empreend. Imob. Ltda.	100.00	100.00	100.00	17,836	13,849	3,986	2,734
Trisul Quisqualis Empreend. Imob. Ltda.	100.00	100.00	100.00	30,133	20,137	923	(5)
Trisul Callistemon Empreend. Imob. Ltda.	100.00	100.00	100.00	14,001	13,460	541	2,125
Trisul Myristica Empreend. Imob. Ltda.	100.00	100.00	100.00	8,606	8,467	139	(964)
Trisul Anthriscus Empreend. Imob. Ltda.	100.00	100.00	100.00	23,326	18,123	5,203	4,886
Trisul Licania Empreend. Imob. Ltda.	100.00	100.00	100.00	9,629	9,544	86	(1,960)
Trisul Celastrus Empreend. Imob. Ltda.	100.00	100.00	100.00	17,061	16,755	306	(42)
Masb40 Empreend. Imob. Ltda.	100.00	100.00	100.00	6,861	6,779	82	(785)
Trisul Spigelia Empreend. Imob. Ltda.	100.00	100.00	100.00	26,797	24,341	2,456	5,479
Najua Empreend. Imob. Ltda.	100.00	100.00	100.00	19,534	17,041	2,493	(5)
Trisul Mutisia Empreend. Imob. Ltda.	100.00	100.00	100.00	28,607	25,549	373	53
Trisul Yamagata Empreend. Imob. Ltda.	60.00	60.00	60.00	74	86	(332)	-
SCP Naples Empreend. Imob.	90.10	90.10	90.10	32,117	30,159	1,958	-
Nicolau Empreendimentos	60.00	60.00	-	9,403	-	(1)	-
Beirute Empreendimentos	100.00	100.00	-	15,414	-	(1)	-
Trisul 4 Empreend. Imob.	100.00	100.00	-	2,319	-	-	-
Trisul 5 Empreend. Imob.	100.00	100.00	-	2,366	-	-	-

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**10. Investments--Continued****10.1. Investment's breakdown--Continued****10.1.2. Indirectly controlled and associated companies**

Company	% - Ownership interest			Equity		Net income (loss) for the period	
	Total	Indirect					
	06/2018	06/2018	12/2017	06/2018	12/2017	06/2018	06/2017
Itajui Empreend. Imob. Ltda.	100.00	100.00	100.00	819	841	(22)	(25)
Ipiranga II Empreend. Imob. Ltda.	100.00	100.00	100.00	137	137	-	-
Gravataí Empreend. Imob. Ltda.	100.00	100.00	100.00	180	116	(452)	(44)
J. Bereta Empreend. Imob. Ltda.	100.00	100.00	100.00	3,024	3,078	(53)	(46)
Benjamin Empreend. Imob. Ltda.	100.00	100.00	100.00	68	65	(97)	(31)
H. Soler Empreend. Imob. Ltda.	100.00	100.00	100.00	6	246	(341)	(72)
J. Vermin Empreend. Imob. Ltda.	100.00	100.00	100.00	2	2	-	(2)
Estrada Sabará Empreend. Imob. Ltda.	100.00	100.00	100.00	48	48	-	-
Machado de Assis Empreend. Imob. Ltda.	100.00	100.00	100.00	103	103	-	101
Rua do Parque Empreend. Imob. Ltda.	100.00	100.00	100.00	539	539	-	79
J. Cabral Empreend. Imob. Ltda.	100.00	100.00	100.00	6,367	6,358	10	37
Castelblanco Empreend. Imob. Ltda.	73.24	73.24	73.24	-	2,472	50	(443)
Ribeirão Niterói Empreend. Imob. Ltda.	100.00	100.00	100.00	6,068	6,565	(497)	(123)
Sugaya Empreend. Imob. Ltda.	100.00	100.00	100.00	2	19	(247)	(43)
Vossoroca Empreend. Imob. Ltda.	100.00	100.00	100.00	10,767	11,418	(651)	(1,066)
Belmonte Empreend. Imob. Ltda.	57.50	57.50	57.50	-	-	-	(5)
Taquari Empreend. Imob. Ltda.	50.00	50.00	50.00	333	339	(6)	(32)
Empreend. Imob. Canário 130 Ltda.	100.00	100.00	100.00	465	76	(452)	(251)
Vespaziano Empreend. Imob. Ltda.	30.00	30.00	30.00	2,922	2,952	(31)	-
Sunville Empreend. Imob. Ltda.	50.00	50.00	50.00	-	3,876	-	(24)
MMCC Empreend. Imob. Ltda.	50.00	50.00	50.00	54	57	(3)	(57)
Rua M. Klabin Empreend. Imob. Ltda.	50.00	50.00	50.00	21	35	(15)	(30)
Claudino B. Empreend. Imob. Ltda.	100.00	100.00	100.00	4,410	4,441	(31)	(42)
Astana Empreend. Imob. Ltda.	100.00	100.00	100.00	1	1	-	-
Abruzo Empreend. Imob. Ltda.	100.00	100.00	100.00	43,559	45,428	(1,869)	378
Mikasa Empreend. Imob. Ltda.	100.00	100.00	100.00	244	244	-	-
Daisen Empreend. Imob. Ltda.	100.00	100.00	100.00	1,028	1,085	(58)	(521)
Limat Empreend. Imob. Ltda.	100.00	100.00	100.00	7,206	7,279	(72)	(291)
Puglia Empreend. Imob. Ltda.	100.00	100.00	100.00	499	915	(1,616)	(201)
Rosendal Empreend. Imob. Ltda.	100.00	100.00	100.00	231	238	(7)	10
Magere Empreend. Imob. Ltda.	100.00	100.00	100.00	9,828	8,252	2,615	(7)
Kainan Empreend. Imob. SPE Ltda.	100.00	100.00	100.00	33	53	(20)	(34)
Alkmar Empreend. Imobil. Ltda.	100.00	100.00	100.00	1,931	1,960	(28)	(3)
Alta Gracia Empreend. Imobil. Ltda.	100.00	100.00	100.00	24,037	24,084	(48)	(915)
Drentina Empreend. Imobil. Ltda.	100.00	100.00	100.00	3,787	3,728	59	38
Temuco Empreend. Imobil. Ltda.	100.00	100.00	100.00	8,523	4,490	(39)	-
Calama Locações para Constr. Civil Ltda.	100.00	100.00	100.00	247	468	(221)	(241)
Orense Empreend. Imobil. Ltda.	100.00	100.00	100.00	15,681	15,613	68	(83)
Trisul House Consultoria em Imóveis Ltda.	100.00	100.00	100.00	65	33	32	(40)
Ballina Assist. Técnica p/ Constr. Civil	100.00	100.00	100.00	339	340	-	(1)
Sligo Empreend. Imobil. Ltda.	100.00	100.00	100.00	9,010	9,071	(61)	(1,039)
Sneek Empreend. Imobil. Ltda.	100.00	100.00	100.00	4,406	4,273	133	(48)
Viedma Empreendimentos Imobil. Ltda.	100.00	100.00	100.00	4,041	4,063	(23)	(41)
Morioka Empreendimentos Imobil. Ltda.	100.00	100.00	100.00	22,026	14,520	(95)	(12)
Anjar Empreendimentos Imobil. Ltda.	100.00	100.00	100.00	36,741	30,147	6,594	2,658
Balbek Empreendimentos Imob. Ltda.	100.00	100.00	100.00	4,626	4,639	(12)	(8)
Bordeaux Empreendimentos Imob. Ltda.	100.00	100.00	100.00	9,138	9,088	50	906
Ibaraki Empreendimentos Imob. Ltda.	100.00	100.00	100.00	23,497	23,311	186	2,809
Jazzin Empreendimentos Imob. Ltda.	100.00	100.00	100.00	3,429	3,443	(14)	(58)
Zara Empreendimentos Imob. Ltda.	100.00	100.00	100.00	6,887	2	(1)	(1)
Dubbo Empreend. Imob. Ltda.	100.00	100.00	100.00	8,669	8,753	(84)	(230)
Incosul Horto do Ipê Ltda	60.00	60.00	60.00	253	258	(5)	-
Ipiranga Empreend. Imob. Ltda.	40.50	40.50	40.50	-	0	-	(4)
Hank Empreend. e Constr. Ltda.	50.00	50.00	50.00	417	417	-	17
AG-Plan Empreend. Imob. Ltda.	50.00	50.00	50.00	406	406	-	(4)
Dijon Incorporação Ltda.	50.00	50.00	50.00	59	59	-	14
Hank II Empreend. e Constr. Ltda.	50.00	50.00	50.00	1,379	1,835	(455)	(18)
Itacorp Empreend. Imob. Ltda.	50.00	50.00	50.00	4,614	4,285	(1)	-
Winner Incorporadora Ltda.	50.00	50.00	50.00	-	0	-	-
Algarve Incorporadora Ltda.	100.00	100.00	100.00	3,828	3,787	41	61
Salaverry Empreend. Imob. Ltda.	50.00	50.00	50.00	1,702	1,616	86	45
Credimovel Documentos Ltda.	100.00	100.00	100.00	42	42	-	-
MMR Incorpordora Ltda.	100.00	100.00	100.00	19	19	-	-
Naples Empreendimentos Imob. Ltda.	100.00	100.00	100.00	32,117	30,159	1,958	2,004

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**10. Investments--Continued****10.2. Changes in investments****10.2.1. Directly controlled and associated companies**

As of June 30, 2018:

<b>Company</b>	<b>Balances as of 12/31/17</b>	<b>Advances on capital subscription/write-offs</b>	<b>Dividends</b>	<b>Equity in earnings (losses) of controlled and associated companies</b>	<b>Balances as of 06/30/18</b>
<b>Consolidated companies</b>					
Incosul Incorp.Constr.	99,459	-	-	1,217	100,676
Tricury Constrs. Partic.	84,724	-	-	1,307	86,031
Retiro Empreend. Imob.	207	-	-	(37)	170
Ribeirão VIII Empreend. Imob.	284	-	-	(25)	259
Ribeirão III Empreend. Imob.	1,523	-	-	(1)	1,522
Ribeirão Golf Empreend. Imob.	4,076	-	-	(491)	3,585
Imoleve Alpha Empreend. Imob.	2,459	-	-	(57)	2,402
Trisul Vendas Consultoria Imobiliária	39	-	-	-	39
Barinas Empreend. Imob.	10,659	-	-	(81)	10,578
Residenz Empreend. Imob.	737	-	-	(85)	652
Vivant S.Caetano Empreend. Imob.	353	-	-	(4)	349
Vera Incorporadora	-	366	-	-	366
Molise Empreend. Imob.	867	-	-	(121)	746
Calamuchita Empreend. Imob.	52	200	-	3,701	3,953
Imoleve Vila Mascote Empreend. Imob.	528	-	-	(11)	517
Donegal Empreend. Imob.	3,004	-	-	39	3,043
J.Távora Empreend. Imob.	10,820	50	-	1,216	12,086
Helmond Empreend. Imob.	3,253	-	-	(31)	3,222
Roermond Empreend. Imob.	20,304	-	-	(4,278)	16,026
Imoleve Osasco Empreend. Imob.	2,061	-	-	(141)	1,920
Cancale Empreendimentos	14,690	-	-	2,152	16,842
Imoleve Santana Empreend. Imob.	1,753	-	-	28	1,781
Trisul Artemesia Empreend. Imob.	21,175	-	-	5,678	26,853
Trisul Yacon Empreend. Imob.	18,733	-	-	7,858	26,591
Trisul Trimezia Empreend. Imob.	15,984	-	-	3,543	19,527
Trisul Aramanthus Empreend. Imob.	12,944	-	-	858	13,802
Trisul Pradosia Empreend. Imob.	12,039	-	-	3,699	15,738
Trisul Acorus Empreend. Imob.	13,849	-	-	3,986	17,835
Trisul Quisqualis Empreend. Imob.	20,137	9,074	-	923	30,134
Trisul Callistemon Empreend. Imob.	13,460	-	-	541	14,001
Trisul Myristica Empreend. Imob.	8,466	-	-	139	8,605
Trisul Anthriscus Empreend. Imob.	18,124	-	-	5,203	23,327
Trisul Licania Empreend. Imob.	9,544	-	-	86	9,630
Trisul Celastrus Empreend. Imob.	16,755	-	-	306	17,061
Masb 40 Empreend. Imob.	6,780	-	-	82	6,862
Trisul Spigelia Empreend. Imob.	24,340	-	-	2,456	26,796
Najua Empreend. Imob.	17,041	-	-	2,493	19,534
Trisul Mutisia Empreend. Imob.	25,548	2,686	-	373	28,607
Yamagata Empreend. Imob.	51	192	-	(199)	44
SCP Naples Empreend. Imob.	27,172	-	-	1,764	28,936
Nicolau Empreendimentos	-	5,500	-	142	5,642
Beirute	-	15,414	-	(1)	15,413
Trisul 4 Empreend. Imob.	-	2,319	-	-	2,319
Trisul 5 Empreend. Imob.	-	2,366	-	-	2,366
Financial cost	849	320	-	-	1,169
	<b>544,843</b>	<b>38,487</b>	<b>-</b>	<b>44,227</b>	<b>627,557</b>
<b>Non-consolidated companies</b>					
Jardim Amaralina Empreend. Imob.	12,409	1,023	-	2,588	16,020
J.J. Rodrigues Empreend. Imob.	2,331	(325)	-	270	2,276
Jaçatuba Empreend. Imob.	10	-	-	-	10
Vera Incorporadora	366	(366)	-	-	-
Sch02 Empreend. Imob;	2,240	-	-	-	2,240
Berne Empreend. Imob.	30	-	-	-	30
Trentino Empreend. Imob.	24	-	-	-	24
Sociedade Incorp. Ceilandia Sul	739	-	-	-	739
Sociedade Incorporadora Sandri	93	-	-	-	93
<b>Note 10.2.2</b>	<b>18,242</b>	<b>332</b>	<b>-</b>	<b>2,858</b>	<b>21,432</b>
	<b>563,085</b>	<b>38,819</b>	<b>-</b>	<b>47,085</b>	<b>648,989</b>

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**10. Investments--Continued****10.2. Changes in investments--Continued****10.2.2. Indirectly controlled and associated companies**

As of June 30, 2018:

<b>Company</b>	<b>Balances as of 12/31/17</b>	<b>Advances on capital subscription/write-offs</b>	<b>Dividends</b>	<b>Equity in earnings (losses) of controlled and associated companies</b>	<b>Balances as of 06/30/18</b>
<b>Consolidated companies</b>					
Itajui Empreend. Imob.	841	-	-	(22)	819
Ipiranga II Empreend. Imob.	137	-	-	-	137
Gravataí Empreend. Imob.	115	516	-	(452)	179
J. Bereta Empreend. Imob.	3.078	-	-	(53)	3.025
Benjamin Empreend. Imob.	64	100	-	(97)	67
H. Soler Empreend. Imob.	247	100	-	(341)	6
J. Vermin Empreend. Imob.	2	-	-	-	2
Estrada Sabará Empreend. Imob.	48	-	-	-	48
Machado de Assis Empreend. Imob.	104	-	-	-	104
Rua do Parque Empreend. Imob.	538	-	-	-	538
J. Cabral Empreend. Imob.	6.358	-	-	10	6.368
Castelblanco Empreend. Imob.	1.811	-	-	37	1.848
Ribeirão Niteroi Empreend. Imob.	6.565	-	-	(497)	6.068
Sugaya Empreend. Imob.	20	230	-	(247)	3
Vossoroca Empreend. Imob.	11.418	-	-	(651)	10.767
Taquari Empreend. Imob.	169	-	-	(3)	166
Empreend. Imob. Canário 130	76	841	-	(452)	465
MMCC Empreend. Imob.	29	-	-	(2)	27
Rua M. Klabin Empreend. Imob.	18	-	-	(7)	11
Claudino B. Empreend. Imob.	4.441	-	-	(31)	4.410
Astana Empreend. Imob.	2	-	-	-	2
Abruzo Empreend. Imob.	45.428	-	-	(1.869)	43.559
Mikasa Empreend. Imob.	244	-	-	-	244
Daisen Empreend. Imob.	1.086	-	-	(58)	1.028
Limat Empreend. Imob.	7.279	-	-	(72)	7.207
Puglia Empreend. Imob.	915	1.200	-	(1.616)	499
Rosendal Empreend. Imob.	239	-	-	(7)	232
Magere Empreend. Imob.	8.252	-	-	1.576	9.828
Kainan Empreend. Imob.	52	-	-	(20)	32
Alkmar Empreend. Imob.	1.959	-	-	(28)	1.931
Alta Gracia Empreend. Imob.	24.085	-	-	(48)	24.037
Drentina Empreend. Imob.	3.729	-	-	59	3.788
Temuco Empreend. Imob.	4.490	4.072	-	(39)	8.523
Calama Locações Ltda.	469	-	-	(221)	248
Orense Empreend. Imob.	15.612	-	-	68	15.680
Trisul House Consultoria em Imóveis	33	-	-	32	65
Ballina Assist. Técnica p/ Constr. Civil	340	-	-	-	340
Sligo Empreend. Imob.	9.071	-	-	(61)	9.010
Sneek Empreend. Imob.	4.272	-	-	133	4.405
Viedma Empreend. Imob.	4.063	-	-	(23)	4.040
Morioka Empreend. Imob.	14.519	7.600	-	(95)	22.024
Anjar Empreend. Imob.	30.147	-	-	6.594	36.741
Balbek Empreend. Imob.	4.638	-	-	(12)	4.626
Bordeaux Empreend. Imob.	9.089	-	-	50	9.139
Ibaraki Empreend. Imob.	23.311	-	-	186	23.497
Jazzin Empreend. Imob.	3.444	-	-	(14)	3.430
Zara Empreend. Imob.	2	6.886	-	(1)	6.887
Dubbo Empreend. Imob.	8.752	-	-	(84)	8.668
Incosul Horto do Ipe	155	-	-	(3)	152
AG-Plan Empreend. Imob.	202	-	-	-	202
Algarve Incorporadora Ltda.	3.787	-	-	41	3.828
Salaverry Empreend. Imob.	808	-	-	43	851
Credimóvel Documentos Ltda.	42	-	-	-	42
M.M.R. Incorporadora	19	-	-	-	19

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**10. Investments--Continued****10.2. Changes in investments--Continued****10.2.2. Indirectly controlled and associated companies--Continued**

<b>Company</b>	<b>Balances as of 12/31/17</b>	<b>Advances on capital subscription/write-offs</b>	<b>Dividends</b>	<b>Equity in earnings (losses) of controlled and associated companies</b>	<b>Balances as of 06/30/18</b>
<b>Non-consolidated companies</b>					
Belmonte Empreend. Imob.	-	-	-	-	-
Vespaziano Empreend. Imob.	885	-	-	(9)	876
Sunville Empreend. Imob.	1,938	(1,938)	-	-	-
Ipiranga Empreend. Imob.	-	-	-	-	-
Hank Empreend e Construções Ltda.	208	-	-	-	208
Dijon Incorporadora Ltda.	29	-	-	-	29
Hank II Empreend e Construções Ltda.	917	-	-	(228)	689
Itacorp Empreend. Imob.	2,143	165	-	-	2,308
Winner Incorporadora Ltda.	-	-	-	-	-
<b>Total</b>	<b>6,120</b>	<b>(1,773)</b>	<b>-</b>	<b>(237)</b>	<b>4,110</b>
<b>Total non-consolidated directly companies (Note 10.2.1)</b>	<b>18,242</b>	<b>332</b>	<b>-</b>	<b>2,858</b>	<b>21,432</b>
<b>Total non-consolidated companies</b>	<b>24,362</b>	<b>(1,441)</b>	<b>-</b>	<b>2,621</b>	<b>25,542</b>

**10.3. Summarized financial information of controlled companies as of June 30, 2017****10.3.1. Directly controlled and associated companies**

<b>Company</b>	<b>Assets</b>	<b>Liabilities</b>	<b>Equity</b>	<b>Net revenue</b>	<b>Net income</b>
Incosul Incorporação e Construção Ltda.	187,796	87,119	100,677	-	1,217
Tricury Construções e Participações Ltda.	193,459	107,428	86,031	-	1,307
Jardim Amaralina Empreend. Imob. Ltda.	57,643	31,165	26,478	15,071	5,176
Retiro Empreend. Imob. Ltda.	588	279	309	-	(67)
Ribeirão VIII Empreend. Imob. Ltda.	466	142	324	-	(31)
Ribeirão III Empreend. Imob. Ltda.	1,917	14	1,903	-	(1)
J. J. Rodrigues Empreend. Imob. Ltda.	8,068	3,514	4,554	(12)	541
Jaçatuba Empreend. Imob. Ltda.	32	15	17	-	-
Ribeirão Golf Empreend. Imob. Ltda.	4,987	506	4,481	(296)	(614)
Imoleve Alpha Empreend. Imob. Ltda.	6,159	151	6,008	-	(142)
Trisul Vendas Consultoria em Imóveis Ltda.	49	10	39	-	-
Barinas Empreend. Imob. Ltda.	10,649	71	10,578	25	(81)
Residenz Empreend. Imob. Ltda.	1,009	357	652	-	(85)
Vivant S. Caetano Empr. Imob. Ltda.	1,383	685	698	-	(9)
SCH02 Participações Ltda.	5,779	2,507	3,272	-	-
Vera Incorporadora Ltda.	525	4	521	-	41
Berne Empreend. Imob. Ltda.	67	6	61	-	-
Molise Empreend. Imob. Ltda.	5,243	1,290	3,953	(57)	3,701
Calamuchita Empreend. Imobil. Ltda.	1,104	1,057	47	176	(206)
Imoleve Vila Mascote Empreend. Imobil.	786	96	690	-	(14)
Donegal Empreendimentos Imob. Ltda.	3,180	137	3,043	-	39
J. Távora Empreendimentos Imob. Ltda.	27,555	3,383	24,172	9,643	2,432
Helmond Empreendimentos Imob. Ltda.	3,253	31	3,222	-	(31)
Roermond Empreendimentos Imob. Ltda.	21,642	5,617	16,025	(589)	(4,278)
Trentino Empreendimentos Imob. Ltda.	52	6	46	-	-
Sociedade Incorpor. Ceilândia Sul S/A	1,564	86	1,478	-	-
Sociedade Incorporadora Sandri S/A	3,693	3,507	186	-	-
Imoleve Osasco Empreend. Imob. Ltda.	4,290	449	3,841	(229)	(282)
Cancale Empreend. Imob. Ltda.	27,093	10,251	16,842	11,753	2,152
Imoleve Santana Empreend. Imob. Ltda.	4,420	463	3,957	-	62
Trisul Artemisia Empreend. Imob. Ltda.	47,778	20,924	26,854	14,701	5,678
Trisul Yacon Empreend. Imob. Ltda.	48,887	22,297	26,590	24,944	7,858
Trisul Trimezia Empreend. Imob. Ltda.	41,023	21,495	19,528	17,322	3,543
Trisul Amaranthus Empreend. Imob. Ltda.	14,001	199	13,802	5,485	858
Trisul Pradosia Empreend. Imob. Ltda.	29,883	14,145	15,738	12,456	3,699
Trisul Acorus Empreend. Imob. Ltda.	29,414	11,578	17,836	13,771	3,986
Trisul Quisqualis Empreend. Imob. Ltda.	44,220	14,087	30,133	10,261	923
Trisul Callistemon Empreend. Imob. Ltda.	14,331	330	14,001	2,898	541
Trisul Myristica Empreend. Imob. Ltda.	9,036	430	8,606	1,251	139
Trisul Anthiscus Empreend. Imob. Ltda.	35,647	12,321	23,326	16,050	5,203
Trisul Licania Empreend. Imob. Ltda.	10,281	652	9,629	75	86
Trisul Celastus Empreend. Imob. Ltda.	44,890	27,829	17,061	9,302	306
Masb40 Empreend. Imob. Ltda.	7,322	461	6,861	-	82
Trisul Spigelia Empreend. Imob. Ltda.	66,317	39,520	26,797	14,602	2,456
Najua Empreend. Imob. Ltda.	32,018	12,484	19,534	10,602	2,493
Trisul Mutisia Empreend. Imob. Ltda.	30,913	2,306	28,607	6,925	373
Yamagata Empreend. Imob. Ltda.	2,911	2,837	74	992	(332)
SCP Naples Empreend. Imob.	68,794	36,677	32,117	19,840	1,958
Nicolau Empreendimentos	10,253	850	9,403	-	(1)
Beirute	23,431	8,017	15,414	-	(1)
Trisul 4 Empreend. Imob.	18,052	15,733	2,319	-	-
Trisul 5 Empreend. Imob.	15,884	13,518	2,366	-	-

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**10. Investments--Continued****10.3. Summarized financial information of controlled companies as of June 30, 2018--Continued****10.3.2. Indirectly controlled and associated companies**

Company	Assets	Liabilities	Equity	Net revenue	Net income
Itajui Empreend. Imob. Ltda.	1,121	302	819	-	(22)
Ipiranga II Empreend. Imob. Ltda.	137	-	137	-	-
Gravataí Empreend. Imob. Ltda.	393	213	180	-	(452)
J. Bereta Empreend. Imob. Ltda.	3,293	269	3,024	-	(53)
Benjamin Empreend. Imob. Ltda.	917	849	68	-	(97)
H. Soler Empreend. Imob. Ltda.	1,473	1,467	6	-	(341)
J. Vermin Empreend. Imob. Ltda.	95	93	2	-	-
Estrada Sabará Empreend. Imob. Ltda.	60	12	48	-	-
Machado de Assis Empreend. Imob. Ltda.	103	-	103	-	-
Rua do Parque Empreend. Imob. Ltda.	543	4	539	-	-
J. Cabral Empreend. Imob. Ltda.	6,424	57	6,367	-	10
Castelblanco Empreend. Imob. Ltda.	-	-	-	419	50
Ribeirão Niterói Empreend. Imob. Ltda.	6,186	118	6,068	(163)	(497)
Sugaya Empreend. Imob. Ltda.	78	76	2	-	(247)
Vossoroca Empreend. Imob. Ltda.	11,178	411	10,767	(328)	(651)
Belmonte Empreend. Imob. Ltda.	-	-	-	-	-
Taquari Empreend. Imob. Ltda.	346	13	333	-	(6)
Empreend. Imob. Canário 130 Ltda.	564	99	465	-	(452)
Vespaziano Empreend. Imob. Ltda.	2,923	1	2,922	-	(31)
MMCC Empreend. Imob. Ltda.	397	343	54	-	(3)
Rua M. Klabin Empreend. Imob. Ltda.	33	12	21	-	(15)
Claudino B. Empreend. Imob. Ltda.	4,758	348	4,410	297	(31)
Astana Empreend. Imob. Ltda.	1	-	1	-	-
Abruzo Empreend. Imob. Ltda.	52,696	9,137	43,559	(1,437)	(1,869)
Mikasa Empreend. Imob. Ltda.	244	-	244	-	-
Daisen Empreend. Imob. Ltda.	18,538	17,510	1,028	1,860	(58)
Limat Empreend. Imob. Ltda.	7,548	342	7,206	194	(72)
Puglia Empreend. Imob. Ltda.	16,532	16,033	499	2,147	(1,616)
Rosendal Empreend. Imob. Ltda.	238	7	231	-	(7)
Magere Empreend. Imob. Ltda.	33,203	23,375	9,828	10,189	2,615
Kainan Empreend. Imob. SPE Ltda.	69	36	33	-	(20)
Alkmar Empreend. Imobil. Ltda.	1,971	40	1,931	-	(28)
Alta Gracia Empreend. Imobil. Ltda.	24,734	697	24,037	-	(48)
Drentina Empreend. Imobil. Ltda.	3,809	22	3,787	136	59
Temuco Empreend. Imobil. Ltda.	24,016	15,493	8,523	-	(39)
Calama Locações para Constr. Civil Ltda.	2,148	1,901	247	-	(221)
Orense Empreend. Imobil. Ltda.	15,759	78	15,681	10	68
Trisul House Consultoria em Imóveis Ltda.	158	93	65	-	32
Ballina Assist. Técnica p/ Constr. Civil	739	400	339	-	-
Sligo Empreend. Imobil. Ltda.	9,189	179	9,010	-	(61)
Sneek Empreend. Imobil. Ltda.	23,670	19,264	4,406	143	133
Viedma Empreendimentos Imobil. Ltda.	4,076	35	4,041	-	(23)
Morioka Empreendimentos Imobil. Ltda.	74,255	52,229	22,026	-	(95)
Anjar Empreendimentos Imobil. Ltda.	57,271	20,530	36,741	20,674	6,594
Balbek Empreendimentos Imob. Ltda.	4,653	27	4,626	-	(12)
Bordeaux Empreendimentos Imob. Ltda.	9,733	595	9,138	587	50
Ibaraki Empreendimentos Imob. Ltda.	24,320	823	23,497	6,722	186
Jazzin Empreendimentos Imob. Ltda.	4,001	572	3,429	-	(14)
Zara Empreendimentos Imob. Ltda.	12,856	5,969	6,887	-	(1)
Dubbo Empreend. Imob. Ltda.	8,865	196	8,669	-	(84)
Incosul Horto do Ipê Ltda	282	29	253	(299)	(5)
Ipiranga Empreend. Imob. Ltda.	-	-	-	-	-
Hank Empreend. e Constr. Ltda.	428	11	417	-	-
AG-Plan Empreend. Imob. Ltda.	406	-	406	-	-
Dijon Incorporação Ltda.	59	-	59	-	-
Hank II Empreend. e Constr. Ltda.	1,482	103	1,379	(419)	(455)
Itacorp Empreend. Imob. Ltda.	4,615	1	4,614	-	(1)
Winner Incorporadora Ltda.	-	-	-	-	-
Algarve Incorporadora Ltda.	3,921	93	3,828	-	41
Salaverry Empreend. Imob. Ltda.	2,633	931	1,702	354	86
Credimovel Documentos Ltda.	42	-	42	-	-
MMR Incorporadora Ltda.	19	-	19	-	-
Naples Empreendimentos Imob. Ltda.	68,794	36,677	32,117	19,840	1,958



**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**11. Fixed assets**

Consist of:

Description	Depreciation average rate	Company		Consolidated	
		06/2018	12/2017	06/2018	12/2017
Sale stands and decorated model apartments	48	-	-	10.351	11.129
Furniture and fixtures	10	139	139	187	187
Machinery and equipment	10	104	104	5.192	5.192
Leasehold improvements	20	818	818	818	818
Facilities	10	10	10	10	10
Computers and peripherals	20	2,969	2,812	2,969	2,812
Other	10	9	9	131	131
<b>Subtotal</b>		<b>4,048</b>	<b>3,892</b>	<b>19.658</b>	<b>20.279</b>
( - ) Accumulated depreciation		(3,442)	(3,309)	(12.502)	(12.168)
<b>Total fixed assets, net</b>		<b>606</b>	<b>583</b>	<b>7,156</b>	<b>8,111</b>

Fixed assets (consolidated) changed for the period ended June 30, 2018 as follows:

Description	Balances as of 12/2017	Additions	Write-offs	Balances as of 06/2018
Sale stands and decorated model apartments	11,129	2,577	(3,355)	10,351
Furniture and fixtures	187	-	-	187
Machinery and equipment	5,192	-	-	5,192
Leasehold improvements	818	-	-	818
Facilities	10	-	-	10
Computers and peripherals	2,812	157	-	2,969
Other	131	-	-	131
<b>Subtotal</b>	<b>20,279</b>	<b>2,734</b>	<b>(3,355)</b>	<b>19,658</b>
( - ) Accumulated depreciation	(12,168)	(3,689)	3,355	(12,502)
<b>Total fixed assets, net</b>	<b>8,111</b>	<b>(955)</b>	<b>-</b>	<b>7,156</b>

**12. Intangible assets**

Consist of:

Description	Company		Consolidated	
	06/2018	12/2017	06/2018	12/2017
Software/ website use rights (b)	3,776	3,525	3,784	3,531
Naples Empreend. Imob. (a)	719	719	719	719
Other	-	-	40	40
( - ) Accumulated amortization	(3,164)	(2,994)	(3,164)	(2,993)
<b>Total intangible assets, net</b>	<b>1,331</b>	<b>1,250</b>	<b>1,379</b>	<b>1,297</b>

- (a) Goodwill paid on the acquisition of investments in controlled company grounded on future profitability of real estate projects (established deadline) which is expected to be realized within two to three years on average after launching, and shall be amortized within that term after launching of real estate projects;
- (b) Software and website use rights are amortized in five years.

**Trisul S.A.**

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(Amounts expressed in thousands of Reais, unless otherwise stated)

**12. Intangible assets--Continued**

Intangible assets (consolidated) changed for the period ended June 30, 2018 as follows:

<b>Description</b>	<b>Balances as of 12/2017</b>	<b>Additions</b>	<b>Write-offs</b>	<b>Balances as of 06/2018</b>
Software/ website use right	3.531	253	-	3.784
Goodwill	719	-	-	719
Other	40	-	-	40
<b>Subtotal</b>	<b>4.290</b>	<b>253</b>	<b>-</b>	<b>4.543</b>
( - ) Amortization	(2.993)	(171)	-	(3.164)
<b>Intangible assets, net</b>	<b>1.297</b>	<b>82</b>	<b>-</b>	<b>1.379</b>

**13. Loans and financing**

<b>Description</b>	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>12/2017</b>	<b>06/2018</b>	<b>12/2017</b>
Financing for construction (a)	-	-	131,999	91,078
Working capital loans (b)	39,860	71,797	115,230	132,851
<b>Total</b>	<b>39,860</b>	<b>71,797</b>	<b>247,229</b>	<b>223,929</b>
Current	14,860	22,219	53,046	73,358
Noncurrent	25,000	49,578	194,183	150,571

(a) Financing in domestic currency with an average rate of 10.98% p.y., plus variance of the Benchmark Rate (TR);

(b) Loans in domestic currency with an average rate of 3.25% p.y., plus the variance of the CDI rate.

The breakdown of the noncurrent portion per year of maturity can be stated as follows:

<b>Year of maturity</b>	<b>06/2018</b>	
	<b>Company</b>	<b>Consolidated</b>
As from July 2019	-	150,510
2020	12,500	24,920
2021	12,500	18,753
<b>Total</b>	<b>25,000</b>	<b>194,183</b>

**Collaterals**

Financing for construction are guaranteed by mortgages of each construction work, surety instruments from shareholders and pledge of real estate receivables, according to each specific case.

Working capital loans are guaranteed by shares of controlled companies, real estate collaterals and conditional sales of real estate.

Certain working capital operations are subject to restrictive operational and management conditions, so that their early maturity does not occur. As of June 30, 2018, the Company is in compliance with the respective commitments.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**14. Labor and tax liabilities**

These represent the current labor and tax liabilities, as follows:

Description	Company		Consolidated	
	06/2018	12/2017	06/2018	12/2017
COFINS (Tax on sales)	-	-	606	773
PIS/PASEP (Tax on sales)	-	-	131	167
Income tax	-	-	492	606
Social Contribution Tax	-	-	364	386
IRRF (Withholding Income Tax)	45	64	113	181
ISS (Tax on services)	1	1	161	93
Withholding - PIS/COFINS/CSLL	20	13	315	175
Salaries and benefits payable	69	1,907	69	1,911
Social charges	153	148	631	593
Labor provisions	813	615	2,074	1,419
<b>Total</b>	<b>1,101</b>	<b>2,748</b>	<b>4,956</b>	<b>6,304</b>

**15. Current and deferred income and social contribution taxes**

Deferred income tax, social contribution tax, PIS and COFINS are recorded to reflect the tax effects resulting from temporary differences between the tax basis, which determines the taxation according to the receipts of property sales - Regulatory Instruction No. 84/79 of the Brazilian Revenue Service, and the recognition of real estate income as described in Note 3.2.

**15.1. Reconciliation of income and social contribution taxes**

The reconciliation of income and social contribution tax amounts can be stated as follows:

	Company		Consolidated	
	06/2018	06/2017	06/2018	06/2017
Income before Income and Social Contribution Taxes	30,288	5,121	36,597	8,838
<b>Adjustments to reflect the effective rate</b>				
Income (loss) from ownership interest	(47,085)	(21,192)	(2,621)	(2,086)
Other permanent add-backs	-	-	-	-
Calculation basis	<b>(16,797)</b>	<b>(16,071)</b>	<b>33,976</b>	<b>6,752</b>
Applicable tax rate	34%	34%	34%	34%
Tax debt calculated through taxable income	-	-	(11,552)	(2,296)
Net effect of controlled companies taxed under deemed profit and RET	-	-	6,202	(1,685)
Income and social contribution taxes in the income statement	-	-	<b>(5,350)</b>	<b>(3,981)</b>
Current	-	-	(4,145)	(4,299)
Deferred	-	-	(1,205)	318

Trisul S/A (Company), submitted to the taxable income scheme, did not account for deferred income and social contribution tax assets on tax losses because it does not have a history of taxable income. We point out that the Company does not expect to generate taxable income due to the operating activity of the holding company; accordingly, the Management has not recognized a provision for the deferred income tax, in accordance with the Technical Pronouncement CPC 32 – Taxes on income.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

## 15. Current and deferred income and social contribution taxes-- Continued

### 15.2. Breakdown of deferred taxes and contributions

#### Liabilities

Description	Consolidated	
	06/2018	12/2017
PIS/COFINS	8,986	7,478
IRPJ	5,270	4,479
CSLL	2,784	2,372
<b>Total</b>	<b>17,040</b>	<b>14,329</b>
Current	12,071	10,063
Noncurrent	4,969	4,266

### 15.3. Breakdown of current and deferred IRPJ and CSLL (in income)

#### Current

Description	Consolidated	
	06/2018	06/2017
CSLL	(1,396)	(1,500)
IRPJ	(2,749)	(2,799)
<b>Total</b>	<b>(4,145)</b>	<b>(4,299)</b>

#### Deferred

Description	Consolidated	
	06/2018	06/2017
CSLL	(411)	109
IRPJ	(794)	209
<b>Total</b>	<b>(1,205)</b>	<b>318</b>

## 16. Creditors from acquired properties

These represent the obligations arising from the acquisition of plots of land for real estate development, as follows:

Description	Consolidated	
	06/2018	12/2017
Current	87,897	51,838

Creditors from acquired properties are substantially adjusted based on the variance of Brazilian Construction Cost Index (INCC), Extended Consumer Price Index (IPC-A) or based on General Market Price Index (IGP-M) plus interest, if applicable.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**17. Real estate sale transactions to incur**

As mentioned in Note 3.2, the income from real estate transactions is recognized based on incurred cost. Accordingly, the balance of receivables from units sold and not yet completed is partly reflected in the Company's financial statements, as its accounting record reflects the revenue recognized, net of the installments already received.

Gross revenues to be recognized due to real estate units sold of properties under construction (not completed) and the corresponding commitments of the costs to be incurred regarding units sold are not reflected in the financial statements.

The main balances to be reflected are stated as follows:

<b>Amounts not reflected in the financial statements</b>	<b>Consolidated</b>	
	<b>06/2018</b>	<b>12/2017</b>
Sales of real estate contracted from properties under construction	1,039,987	900,532
Gross revenue from the recognized sale of properties	(706,732)	(617,500)
Gross revenue from the sale of properties to be recognized <b>(a)</b>	<b>333,255</b>	<b>283,032</b>
Estimated cost of properties sold	(651,492)	(578,784)
Incurred costs recognized	448,568	401,383
( - ) Commitments of estimated costs to be recognized <b>(b)</b>	<b>(202,924)</b>	<b>(177,401)</b>
Income from the sale of properties to be recognized	<b>130,331</b>	<b>105,631</b>

- (a) Gross revenue from the sale of unearned properties does not include discount to present value;
- (b) Cost of unearned sale of properties does not include financial charges and provision for guarantee, which are recognized in the income statement (cost of real estate sold), in proportion to the real estate units sold, when incurred. The amount of R\$138,210 corresponds to the cost to be realized in 12 months (short-term).

**18. Special Tax Regime (RET)**

The Company presents below a table showing the percentage of assets related to the Company's projects that are included in structures of equity segregation of real estate development according to Law No. 10.931/04, as of June 30, 2018:

Total assets included in structures of equity segregation of real estate development	955,291
Total consolidated assets	1,028,389
<b>Percentage</b>	<b>92.89%</b>

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**19. Customers' advances**

Customers' receipts with amounts higher than those of receivable balances arising from the sale of properties, as described in Note 3.2, are recorded as customers' advances under current liabilities.

In certain land acquisition transactions, the Company conducted the physical barter with units to build. These physical barter were recorded at fair value as land bank for incorporation against customers' advances, considering the lump sum amount of real estate units given as dation in payment, and those barter transactions are recognized in the statement of income, considering the same assumptions used for the recognition of sales of real estate units described in Note 3.2:

Description	Consolidated	
	06/2018	12/2017
Customers' advances (amounts received from customers that exceed the recognized revenue)	16,322	16,705
Customers' advances (physical barter)	15,533	21,641
<b>Total</b>	<b>31,855</b>	<b>38,346</b>

**20. Provisions****20.1. Provision for lawsuits and administrative proceedings**

During the normal course of its business, the Company and its controlled companies are exposed to certain contingencies and risks, which include tax, labor and civil proceedings under dispute.

The provisions for tax risks are considered sufficient to cover any questioning about the criteria used for calculating the federal taxes.

The Company and its controlled companies have recorded the following provisions to cover possible lawsuits:

Description	Consolidated	
	06/2018	12/2017
Tax (a)	450	446
Civil (b)	1,629	1,623
<b>Total</b>	<b>2,079</b>	<b>2,069</b>

- (a) Provision for tax contingencies on federal income and social contribution taxes (PIS, COFINS, IRPJ and CSLL) arising from the criteria used for their calculation;
- (b) Provision for risks from civil proceedings concerning contractual amounts charged and late payments.

During the quarter ended June 30, 2018, changes in the provision for contingencies are summarized below:

	Consolidated
Balance as of December 31, 2017	2,069
Net additional provision	10
( - ) Write-offs (reversals)	-
<b>Balance as of June 30, 2018</b>	<b>2,079</b>

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Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**20. Provisions--Continued****20.1. Provision for lawsuits and administrative proceedings--Continued**

The Company and its controlled companies have civil, labor and tax proceedings under dispute, the risk of loss of which is classified as possible by its legal counselors, and the total amount is approximately R\$ 107,000 as of June 30, 2018 (R\$ 112,053 as of December 31, 2017).

In addition, the Company and its subsidiaries have court deposits to meet the probable and possible lawsuits discussed in the consolidated amount of R\$ 8,038 (R\$ 7,264 on December 31, 2017) (Note 7).

**20.2. Provision for warranties**

The Company provides warranties for possible technical construction problems which may arise in real estate ventures sold, limited to the contractual period as from the completion of the construction work (normally five years). The provision for warranty on properties sold is recognized with an offsetting entry to cost of real estate sold (income/loss) as the costs of units sold incur, and it is calculated according to the best estimate to cover the future disbursements of such nature, taking into consideration the history of incurred expenses of this nature. This provision is recorded in the caption "Accounts payable", as stated below:

Description	Consolidated	
	06/2018	12/2017
Current	4,185	3,517
Noncurrent	1,253	1,250
<b>Total</b>	<b>5,438</b>	<b>4,767</b>

**21. Equity****21.1. Capital stock**

On April 27, 2018, as decided at the AGO/E, the Company performed the breakdown of the shares issued by the Company, resulting in the issuance and assignment of one (1) new common share for each existing common share, without changing the amount of capital. The Company's capital stock will be represented by 146,117,538 registered, book-entry common shares with no par value.

As of June 30, 2018 and December 31, 2017, the fully subscribed and paid-in capital stock is R\$ 461,080. The capital stock as of June 30, 2018 is represented by 146,117,538 registered, book-entry common shares with no par value (at December 31, 2017 represented by 73,058,769 registered, book-entry common shares with no par value).

**21.2. Capital reserves**

Represented by goodwill reserve as of initial payment of capital of the Company amounting to R\$ 2,420, upon the accounting record of the share options plan amounting to R\$ 3,266, complying with technical pronouncement CPC 10 - Share-based payments, approved by CVM Resolution No. 562/08, and by goodwill in the disposal of shares that were previously held in treasury amounting to R\$ 6,878, which amount to R\$ 12,564.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**21. Equity--Continued****21.3. Income reserves and dividends**

The statutory reserve is recognized at the rate of 5% of annual net income, after offsetting accumulated losses, pursuant to article 193 of Law No. 6.404/76, up to the limit of 20% of capital stock.

A dividend of not less than 25% is guaranteed to the holders of common shares, calculated with based on the net income for the year adjusted according to the law. The amount of R \$ 8,311 was calculated and allocated as of December 31, 2017.

**Determination of additional dividends**

On April 27, 2018, as determined in the AGE/O, the dividends referring to 2017 in the total amount of R\$ 12,250 were approved and fixed.

With regard to such amount, R\$ 8,311 refer to the mandatory minimum dividends already provisioned on the occasion of the financial statements ended on December 31, 2017 and R\$ 3,939 correspond to additional dividends. The balance of R\$ 7,630 (R\$ 8,311 as of December 31, 2017) remains outstanding as of June 30, 2018, to be settled up to the end of 2018.

**21.4. Treasury shares**

Upon the meeting of the Board of Directors held on February 25, 2015, the Company's share repurchase was approved.

The Repurchase Program intends to maximize value for the Company's shareholders, considering the amount of the Company's share price in BM&F BOVESPA S/A. As of June 30, 2018, the balance of treasury shares totaled R\$ 43 represented by 34,400 shares (17,200 shares as of December 31, 2017).

**22. Net revenue**

The breakdown of net revenue for the six-month periods ended June 30, 2018 and 2017 is stated below:

<b>Gross revenue</b>	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2017</b>
From the sale of properties	528	220	248,495	198,995
From services rendered	44	50	92	-
From lease	-	-	-	60
Discount to present value	-	-	555	316
( - ) Taxes levied	27	33	(5,266)	(4,069)
<b>Net revenue</b>	<b>599</b>	<b>303</b>	<b>243,876</b>	<b>195,302</b>



**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**23. Administrative expenses**

The breakdown of administrative expenses for the six-month periods ended June 30, 2018 and 2017 is as follows:

	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2017</b>
Personnel	(4,182)	(4,183)	(5,479)	(5,007)
Management fees (Note 26)	(59)	(58)	(641)	(643)
Occupancy	(1,058)	(1,054)	(1,075)	(1,241)
Advising and consulting	(4,166)	(4,314)	(9,681)	(9,880)
General expenses	(1,521)	(964)	(2,078)	(2,950)
<b>Total administrative expenses</b>	<b>(10,986)</b>	<b>(10,573)</b>	<b>(18,954)</b>	<b>(19,721)</b>

**24. Selling expenses**

The breakdown of selling expenses for the six-month periods ended June 30, 2018 and 2017 is as follows:

	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2017</b>
Advertising and publicity	(1,210)	(583)	(5,228)	(3,439)
Sales promotions	(1,742)	(634)	(8,663)	(5,268)
Units in stock (IPTU <sup>1</sup> /Condominium)	(53)	(51)	(1,430)	(2,158)
Sale stands - depreciation	-	-	(3,095)	(3,348)
Sale stands - general expenses	(22)	(66)	(4,053)	(2,063)
Allowance for doubtful accounts	-	-	1,076	-
Other	(20)	(14)	(874)	(732)
<b>Total selling expenses</b>	<b>(3,047)</b>	<b>(1,348)</b>	<b>(22,267)</b>	<b>(17,008)</b>

**25. Financial revenues and expenses**

The breakdown of financial revenues and expenses for the six-month periods ended June 30, 2018 and 2017 is as follows:

	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2017</b>
<b>Financial expenses</b>				
Interest and inflation adjustment	(2,963)	(4,000)	(5,193)	(7,188)
Bank expenses	(23)	(60)	(734)	(841)
<b>Total financial expenses</b>	<b>(2,986)</b>	<b>(4,060)</b>	<b>(5,927)</b>	<b>(8,029)</b>
	<b>Company</b>		<b>Consolidated</b>	
	<b>06/2018</b>	<b>06/2017</b>	<b>06/2018</b>	<b>06/2017</b>
<b>Financial revenues</b>				
Return on financial investments	389	18	2,366	956
Interest and inflation adjustment received from customers	-	14	1,279	1,318
Other revenues	69	54	95	57
<b>Total financial revenues</b>	<b>458</b>	<b>86</b>	<b>3,740</b>	<b>2,331</b>

<sup>1</sup> Municipal Real Estate Tax.

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**26. Remuneration of managers and board members**

The amounts recorded under the caption "Administrative expenses" concerning the compensation of the Company's management and officers are stated below:

<b>As of June 30, 2018</b>	<b>Statutory Executive Board</b>	<b>Board of Directors</b>	<b>Total</b>
Number of members	2	5	-
<b>Annual fixed compensation</b>			
Salaries/ Management compensation	(641)	(596)	(1,237)
<b>Total</b>	<b>(641)</b>	<b>(596)</b>	<b>(1,237)</b>

<b>As of June 30, 2018</b>	<b>Statutory Executive Board</b>	<b>Board of Directors</b>	<b>Total</b>
Number of members	2	5	-
<b>Annual fixed compensation</b>			
Salaries/ Management compensation	(643)	(576)	(1,219)
<b>Total</b>	<b>(643)</b>	<b>(576)</b>	<b>(1,219)</b>

The total annual fixed compensation to the Company's management to exercise their functions for 2018 was fixed at up to R\$ 2,000, according to the Annual General Meeting held on April 27, 2018. As from July 2014, the Company started making variable payments to the management through its controlled companies.

**27. Profit sharing**

The Company has a profit sharing plan that provides its employees and those of its controlled companies the right to participate in the Company's profits, which is linked to an action plan, to the payment of dividends to shareholders and to the achievement of specific goals, which are established and agreed at the beginning of each year. There was no provision for the periods ended June 30, 2018 and 2017.

**28. Financial instruments and risk management**

The Company and its investees participate in transactions involving financial instruments, which are restricted to investments, to raise loans for working capital, financing the production and acquisition of plots of land and transactions with partners in real estate ventures, under normal market conditions and all of them is recognized in the financial statements, which are intended to comply with operational needs and to reduce the exposure to credit risk and interest rate.

These instruments are managed through operating strategies, targeting the liquidity, profitability and minimizing risks.

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**28. Financial instruments and risk management--Continued****a) Comments on risks and risk management****(i) Credit risk**

The Company and its investees restrict its exposure to credit risks associated to banks, cash and cash equivalents and financial investments by making its investments with top-tier financial institutions and in short-term notes. Regarding accounts receivable, the Company does so by selling to a broad range of customers and continually assessing their credit standing. In addition, there is no relevant history of losses due to the existing secured guarantee on recovery of properties in cases of defaulting, and the management maintains a provision deemed sufficient for any losses in the recovery of its receivables.

**(ii) Currency risk**

The Company does not sell properties indexed to foreign currency, as well as does not have indebtedness of such nature.

**(iii) Interest rate risk**

The Company is exposed to floating interest rates, substantially related to:

- Variances in the rate of Interbank Deposit Rates (CDIs), which is the main compensation basis of its investments and which are compatible with the market rates (Note 5);
- Fixed and floating interest on loans and bank financing for working capital and Housing Financial System;
- Market interest on trade accounts receivable from real estate completed as mentioned in Note 6.

In addition, as mentioned in Note 9, balances held with related-party transactions intended for supplying funds for real estate ventures and balances held with partners in joint ventures are not subject to finance charges.

The Company does not have derivative instrument to mitigate interest rate risks, as its Management believes that due to the characteristic of indexes upon which its financial investments and obligations are indexed, it is not exposed to significant variances.

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**28. Financial instruments and risk management--Continued****b) Valuation of financial instruments**

The main financial instruments recorded in assets and liabilities as well as the criteria for their valuation are described below:

**(i) Cash and cash equivalents and financial investments**

The market value of these assets does not differ from the values presented in the financial statements (Note 5). The agreed rates reflect usual market conditions.

**(ii) Loans and financing**

Loans and financing for working capital, financing for production and acquisition of plots of land are recorded based on contractual interest for each transaction. The conditions and limits of these loans and financing are stated in Note 13.

The fair value of loans and financing does not materially differ from the values presented on the financial statements.

**c) Derivative transactions**

The Company does not invest in derivatives or any other risk assets for speculation purposes and does not have any swap, hedge or similar operations.

**d) Sensitivity analysis of financial assets and liabilities**

CVM Resolution No. 550, of October 17, 2008, provides that listed companies should disclose in a specific note, qualitative and quantitative information on all its financial instruments, whether or not recognized as assets or liabilities in their balance sheet.

The Company's financial instruments are represented by cash and cash equivalents, financial investments, loans and financing and are stated at cost plus incurred earnings or charges, which approximate market values as of June 30, 2018.

The main risks linked to the Company's transactions concern the variance of the CDI for working capital loans, variance of the Benchmark Rate (TR) for construction financing and CDI for financial investments.

CVM Resolution No. 475, of December 17, 2008 provides for the submission of information on financial instruments in a specific note and on the disclosure of a sensitivity analysis statement.

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(Amounts expressed in thousands of Reais, unless otherwise stated)

## 28. Financial instruments and risk management--Continued

### d) Sensitivity analysis of financial assets and liabilities--Continued

As to loans and financing, they concern transactions made within the Housing Financial System (SFH) and working capital loans taken at market rates. Under these conditions, the recorded value is the closest to the market value of these financial instruments.

CDI investments are recorded at their market value, as quotes disclosed by the corresponding financial institutions, and other financial investments, mostly Bank Certificates of Deposit (CDBs) and repurchase and reverse repurchase agreements; therefore, the recorded value of these bonds has no difference to their market value.

With the purpose of verifying the sensitivity of the index in financial investments to which the Company is exposed as of base date June 30, 2018, three different scenarios have been defined. Based on projections disclosed by financial institutions, the CDI projection was obtained (source: Central Bank of Brazil) for the next 12 months; this one is defined as probable scenario, variances being calculated as 25% and 50%. For each scenario "gross financial revenue" was calculated, not taking into consideration the incurrence of taxes on investment income.

The base date for the portfolio was June 30, 2018, projecting a year and assessing CDI sensitivity for each scenario:

<b>Operation</b>	<b>Risk</b>	<b>Probable scenario</b>	<b>Scenario 2</b>	<b>Scenario 3</b>
Financial investments Position as of 06/2018 = R\$ 54,341 (Note 5)	CDI	6.75%	5.06%	3.38%
	-	3,668	2,750	1,837

With the purpose of verifying the sensitivity of the index in debts to which the Company is exposed at the base date of June 30, 2018, three different scenarios have been defined. Based on the values of the CDI and TR as of June 30, 2018, the probable scenario was defined for the next 12 months, and from this amount, variances from 25% and 50% were calculated.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**28. Financial instruments and risk management--Continued****d) Sensitivity analysis of financial assets and liabilities--Continued**

For each scenario, gross financial expense was calculated without taking into consideration the levy of taxes and the flow of maturities of each agreement scheduled for next 12 months. The base date used for loans and financing was June 30, 2018 projecting indexes for a year and checking their sensitivity in each scenario:

Operation	Risk	Probable scenario	Scenario 2	Scenario 3
Working capital loans - rate subject to change	CDI	6.75%	8.44%	10.13%
Position as of 06/2018 = R\$115,230 (Note 13)	-	7,778	9,725	11,673
Housing Financial System (SFH) - rate subject to change	TR	0.00%	0.00%	0.00%
Position as of 06/2018 = R\$131,999 (Note 13)	-	0	0	0
		<u>6.75%</u>	<u>8.44%</u>	<u>10.13%</u>

**29. Insurance**

The Company and its controlled companies have, as of June 30, 2018, the following insurance agreements at amounts considered compatible by Management with the risks involved:

**Engineering (approximate coverage amount - R\$ 443,000)**

- **Civil liability:** coverage for property damage and personal injury caused unintentionally to third parties arising from the execution of the work, facilities and assemblies in the place subject matter of the insurance;
- **Physical damage to property (financed work):** coverage for damage, losses and material damage resulting from sudden and unforeseen hazards to the property;
- **Insurance for completion of work:** ensures delivery of the work to promissory purchasers;
- **Sales stands:** fire, theft, lightning and explosion.

**Administrative (approximate coverage amount - R\$ 8,760)**

- **Administrative headquarters:** fire, lightning, explosion, theft, robbery, civil liability among others.

The risk assumptions adopted and their coverings, given their nature and peculiarity, are not part of the scope of the financial statement review, and accordingly, have not been reviewed by our independent auditors.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**30. Segment reporting**

The Company's management grounds its internal managerial reports for decision-making on the consolidated financial statements, the same basis on which these statements are disclosed, i.e. only one segment is internally considered as "real estate development".

The Company and its controlled companies are not managed as independent segments due to the sharing of corporate, managerial and operating structures and costs; accordingly, the Company's income are followed, monitored and assessed in an integrated manner.

**31. Earnings per share**

In compliance with CPC 41 (IAS 33) - Earnings per share, approved by CVM Resolution No. 636/10, the Company presents the following information on the earnings per share for the six-month periods ended June 30, 2018 and 2017:

- a) Basic:** the calculation of basic earnings per share is made by dividing net income for the period, allocated to holders of common shares of the Company by the weighted average number of common shares available during the periods:

	<u>06/2018</u>	<u>06/2017</u>
Net income for the period	30,288	5,121
Weighted average number of outstanding shares (thousand) (ex-treasury)	146,083	73,042
Basic earnings per thousand shares (in Brazilian Reais)	<b>0.20734</b>	<b>0.07011</b>

- b) Diluted:** diluted earnings per share are calculated by adjusting the weighted average number of outstanding shares to assume the translation of all potential diluted common shares. Potential diluted common shares are share purchase options which a calculation is made to determine the number of shares that could have been acquired at fair value (determined as the annual average market price of the Company's share), based on the monetary amount of subscription rights linked to the purchase of outstanding share options.

The number of calculated shares, as described above, is added to the number of shares issued, assuming the period of share purchase options:

	<u>06/2018</u>	<u>06/2017</u>
Net income for the period	30,288	5,121
Weighted average number of outstanding shares (thousand) (ex-treasury) <b>(a)</b>	146,083	73,042
Diluted earnings per thousand shares (in Brazilian Reais)	<b>0.20734</b>	<b>0.07011</b>

- (a)** As described in Note 21.1, the number of shares in the ratio of 1 to 2 was split on April 27, 2018.

**Trisul S.A.**

Notes to the Company and consolidated quarterly financial information as of June 30, 2018

(Amounts expressed in thousands of Reais, unless otherwise stated)

**32. Explanation added to the translation for the English version**

The accompanying financial statements were translated into English from the original Portuguese version prepared for local purposes. Certain accounting practices applied by the Company that conform to those accounting practices adopted in Brazil may not conform to the generally accepted accounting principles in the countries where these financial statements may be used.





## TRISUL S.A. ANNOUNCES ITS RESULTS FOR 2Q18

### 2Q18 RESULTS CONFERENCE CALL

August 15, 2018

#### Portuguese

Time: 2:30 p.m. (Brasília)  
1:30 p.m. (US-EST)  
Phone: +55 (11) 2188-0155  
Code: Trisul

Replay available until: 8/23/2018  
Replay: +55 (11) 2188-0400  
Code: Trisul

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Investor Relations Officer

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Investor Relations Coordinator

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website: [www.trisul-sa.com.br/ri](http://www.trisul-sa.com.br/ri)

**São Paulo, August 14, 2018** - TRISUL S.A. (BM&FBovespa: TRIS3; Bloomberg: TRIS3 BZ; Reuters: TRIS3.SA), announces its results for 2Q18. The Company's operating and financial information, except where otherwise indicated, is presented based on consolidated figures and in thousands of reais (R\$), taken from the individual and consolidated quarterly information, in accordance with Technical Pronouncement CPC 21 (R1) - Interim Statement and with the international standard IAS 34 - Interim Financial Reporting, contemplating the guidance contained in Circular Letter CVM / SNC / SEP 01/2018, related to the application of Guideline OCPC 04 issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC), on the recognition of revenues over time, as well as presented in a manner consistent with the standards issued by the Securities and Exchange Commission, applicable to the preparation of the Information Quarterly (ITR).

- **Net Operating Revenue** in 2Q18 totaled R\$123 million, up by 24% when compared to 2Q17. In 1H18, the Company recorded R\$244 million, up by 25% when compared to 1H17;
- **Net Income** for the quarter totaled R\$17.4 million, up by 500% over the 2Q17. In 1H18, the company recorded a profit of R\$30.2 million, up by 491% over 1H17;
- **Net Sales (% Trisul)** in the quarter totaled R\$157 million, up by 30% when compared to 2Q17. In 1H18, sales totaled R\$303 million, up by 27% over 1H17;
- **SoS** (in units) reached 26% in 2Q18.
- **Launchings** % Trisul totaled a PSV of R\$304 million in 1H18.

## MESSAGE FROM MANAGEMENT

In the quarter, the Company launched Conquista Amaralina – Phase 3, Viva Mar Canário, Parque Estação Jandira – Phase 2 and Atemporal projects, totaling a Trisul's PSV of R\$263 million. In the 1H18, the Company launched a PSV (% Trisul) of R\$304 million.

In 2Q18, Net Sales (% Trisul) reached R\$157 million, 30% up on 2Q17. The SoS (in units), index that measures the speed of sales, registered 26% in the quarter. The annualized SoS (LTM) recorded 111%, which means that the company sold more than one stock / year. In the 1H18, the Company recorded Net Sales (% Trisul) of R\$303 million, an increase of 27% compared to the 1H17.

In terms of financials, the Company's net operating revenue totaled R\$123 million in the quarter, up by 24% versus the second quarter of the previous year. Gross profit totaled R\$36 million, up on 2Q17, with a gross margin of 30%. In this quarter, the Company recorded net income of R\$17.4 million, with a net margin of 14.2%, an increase of 11.2 p.p. versus 2Q17. In the 1H18, Trisul recorded net income of R\$30.2 million and Net Margin of 12.4%.

We are confident in our operational and financial planning, reinforcing our commitment to complying with the proposed guidance, focusing on sales without jeopardizing our margins and creating value for our shareholders.

## Management

## OPERATING AND FINANCIAL HIGHLIGHTS

Operating Data (in R\$ thousand)	2Q18	2Q17	Var. %	1Q18	Var. %	1H18	1H17	Var. %
<b>Developments Launched</b>								
Total PSV Launched (1)	283	251	13%	42	580%	324	400	-19%
Trisul's PSV Launched	263	229	15%	42	532%	304	378	-19%
% of Trisul's Participation	92.9%	91.2%	2 p.p.	1	-7 p.p.	93.8%	94.5%	-1 p.p.
Number of Developments	4	4	0%	1	300%	5	6	-17%
Units Launched	804	608	32%	236	241%	1,040	808	29%
Average Launching Price (in R\$/ m²)	6,426	8,433	-24%	3,955	62%	10,381	8,092	28%
Average Launching Price (in R\$/unit)	351,658	677,838	-48%	177,966	98%	529,624	718,813	(0)
UsaBNe Area (m²)	44,493	30,370	47%	10,620	319%	55,113	22,990	140%
<b>Contracted Sales</b>								
Total Contracted Sales (2)	172,241	138,323	25%	154,772	11%	327,012	265,033	23%
Trisul's Contracted Sales	157,431	121,079	30%	145,544	8%	302,975	239,255	27%
% of Trisul's Participation	91%	88%	4 p.p.	94%	-3 p.p.	93%	90%	2 p.p.
Number of Units Sold	480	322	49%	465	3%	945	566	67%
Average Sales Price (in R\$/m²)	6,701	7,499	-11%	6,277	7%	6,489	7,679	-15%
Average Sales Price (in R\$ thousand/unit)	358,835	429,573	-16%	332,842	8%	346,045	468,255	-26%
Total Usable Area Sold (m²)	25,704	18,445	39%	24,656	4%	50,360	34,515	46%
<b>Financial Data</b> (in R\$ thousand)								
Gross Operating Revenue	125,100	100,809	24%	123,487	1%	248,587	199,055	25%
Net Operating Revenue	122,888	98,748	24%	120,988	2%	243,876	195,302	25%
Gross Profit	36,344	26,468	37%	37,563	-3%	73,907	48,155	53%
% Gross Margin	29.6%	26.8%	2.8 p.p.	31.0%	-1.5 p.p.	30.3%	24.7%	5.6 p.p.
Net Income (Loss)	17,397	2,901	500%	12,891	35%	30,288	5,121	491%
% Net Margin	14.2%	2.9%	3.82	10.7%	3.5 p.p.	12.4%	2.6%	9.8 p.p.
EBITDA (3)	24,064	9,334	158%	19,111	26%	43,175	18,781	130%
Adjusted EBITDA (4)	27,484	11,755	134%	22,961	20%	46,595	23,807	96%
% EBITDA Margin	22.4%	11.9%	10.5 p.p.	19.0%	3.4 p.p.	19.1%	12.2%	6.9 p.p.
Cash and Banks	74,391	27,649	169%	98,807	-25%	74,391	27,649	169%
Cash, net of Indebtedness	-172,838	-149,743	15%	-144,867	-19%	-172,838	-149,743	15%

(1) Total amount of contracted sales of projects that Trisul participated in, including Trisul's stake plus stakes of incorporating partners. Contracted sales are reported net of commissions and cancellations.

(2) Income before taxes, net financial income, amortization and depreciation.

(3) Adjusted for capitalized interest allocated to cost (SFH interests).

## OPERATING PERFORMANCE

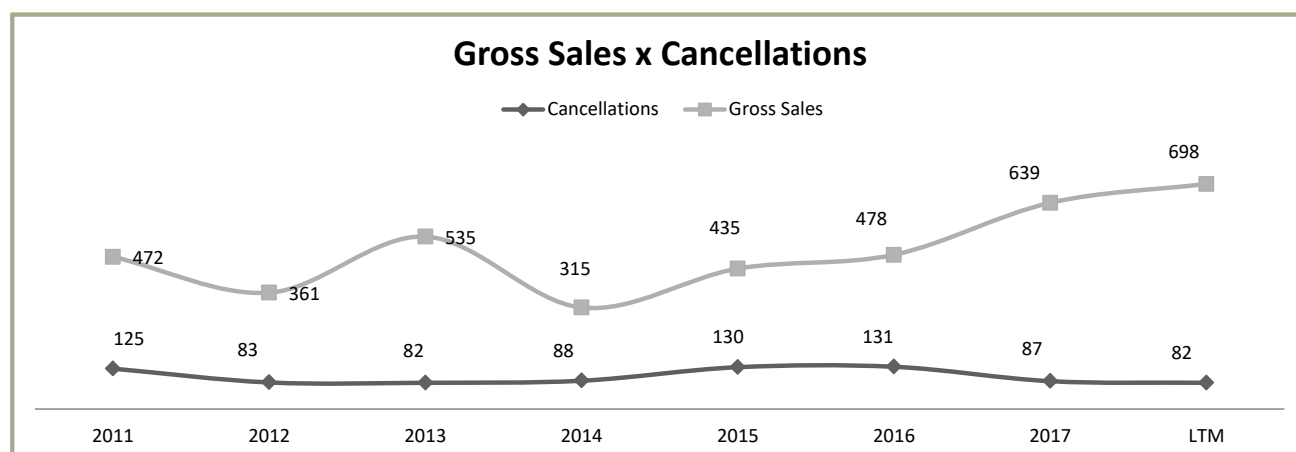
## LAUNCHINGS

Launches 1H18									
Launchings	Region	Launching Date	Segment	Units	% Trisul	Total PSV R\$MM	Trisul's PSV R\$MM	Average Price/Unit	
1 Viva Mar Bem-Te-Vi	Santos	Mar-18	Middle-High	236	100%	42	42	176,144	
<b>1Q18 Launches</b>				<b>236</b>		<b>42</b>	<b>42</b>	<b>176,144</b>	
3 Conquista Amaralina - Fase 3	São Paulo	May-18	Low Income	220	50%	40	20	181,818	
4 Viva Mar Canário	Santos	Jun-18	Low Income	236	100%	42	42	176,150	
5 Praça Estação Jandira - Fase 2	Jandira	May-18	Middle	172	100%	40	40	235,029	
6 Atemporal	São Paulo	Jun-18	High	176	100%	161	161	913,274	
<b>2Q18 Launches</b>				<b>804</b>		<b>283</b>	<b>263</b>	<b>351,658</b>	
<b>1H18 Total Launchings</b>				<b>1,040</b>		<b>324</b>	<b>304</b>	<b>311,829</b>	

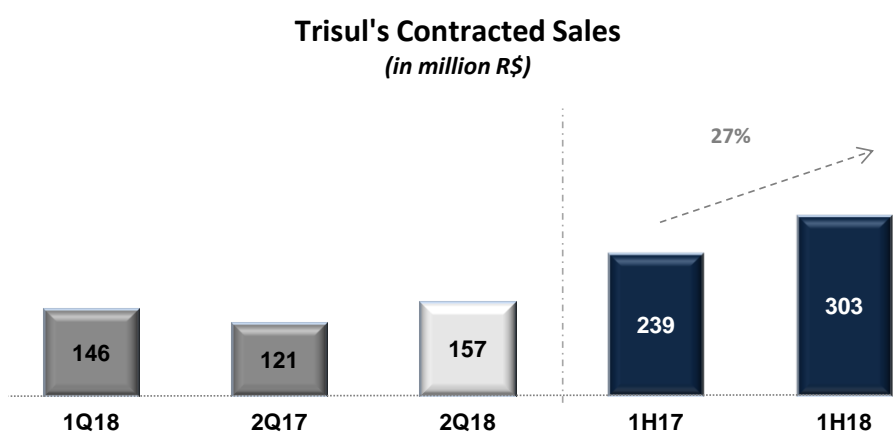
## GROSS SALES AND CANCELLATIONS

Gross Sales x Cancellations	Units	PSV Trisul in R\$ thousand
Gross Sales	524	171,283
Cancellations	-59	-25,739
<b>Net Sales 1Q18</b>	<b>465</b>	<b>145,544</b>
Gross Sales	525	173,724
Cancellations	-45	-16,293
<b>Net Sales 2Q18</b>	<b>480</b>	<b>157,431</b>
<b>Gross Sales in 2018</b>	<b>1,049</b>	<b>345,007</b>
<b>Cancellation in 2018</b>	<b>104</b>	<b>42,032</b>
<b>Net Sales in 2018</b>	<b>945</b>	<b>302,975</b>

The chart below illustrates historical gross sales and cancellations (in R\$ million).

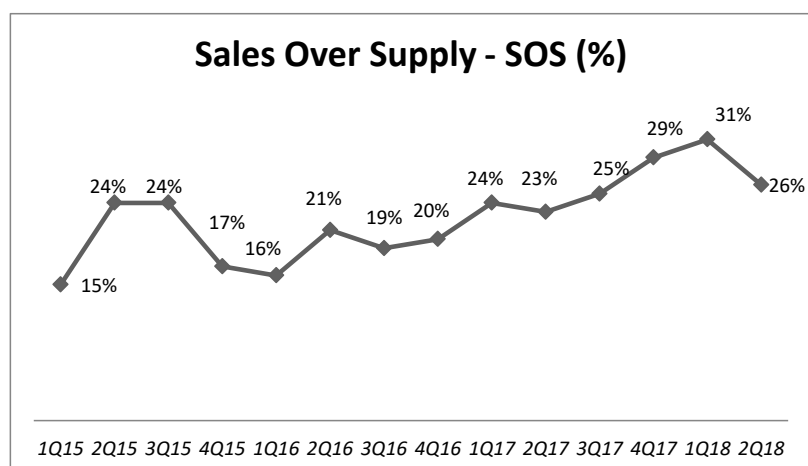


## NET SALES



Contracted sales are reported net of commissions and cancellations.

## SALES-OVER-SUPPLY (SoS)



## GUIDANCE

	Guidance 2018 (R\$ million)	Accomplished in 1H18 (R\$ million)
Launches (PSV % Trisul)	600 - 700	304
Gross Sales (PSV % Trisul)	550 - 650	345

## PROJECTS CONCLUDED

Delivered Works 1H18								
	Delivered Date <sup>(1)</sup>	Projects	City	Segment	Units	% Trisul	Total PSV R\$MM <sup>(2)</sup>	Trisul's PSV R\$MM <sup>(2)</sup>
1	Apr -17	Parque Estação Jandira	Jandira	Econômico	192	100%	33	33
2	Aug-17	Expande Vila Mariana	São Paulo	Alto	94	100%	114	114
<b>Total</b>					<b>286</b>		<b>147</b>	<b>147</b>

## PROJECTS UNDER DEVELOPMENT

Projects Under Construction									
	Project	City	Launching Date	Delivery Date	Standard	Units	% Trisul	PSV* Total R\$MM	PSV* Trisul R\$MM
1	Quadrilátero	São Paulo	Nov-15	Oct-18	High	94	100%	114	114
2	Place Madalena	São Paulo	Mar-16	Jun-18	High	135	100%	81	81
3	Vista Clementino	São Paulo	Jun-16	Oct-18	High	80	100%	81	81
4	Origem Vila Madalena	São Paulo	Aug-16	Jan-19	High	92	100%	95	95
5	Synthesis Pinheiros	São Paulo	Oct-16	Sep-19	High	84	100%	99	99
6	Conquista Amaralina	São Paulo	Nov-16	Nov-19	High	220	50%	43	22
7	Bella Bonina	São Paulo	Feb-17	Apr-19	High	84	100%	78	78
8	Eldorado	São Paulo	Feb-17	May-19	Low-Income	116	100%	71	71
9	Conquista Amaralina - Fase 2	São Paulo	May-17	Jan-19	High	220	50%	22	11
10	Parque Estação Jandira - Fase 2	São Paulo	May-17	Sep-18	High	192	100%	35	35
11	Royal Ipiranga	São Paulo	May-17	Jun-19	Low-Income	116	100%	78	78
12	Orbit	São Paulo	Jun-17	Jun-20	Low-Income	80	100%	92	92
13	Poesia	São Paulo	Aug-17	Dec-19	Middle	80	100%	83	83
14	Side Atlântica	São Paulo	Oct-17	Feb-20	High	320	100%	104	104
15	Varanda Botânico	Ribeirão Preto	Nov-17	Jul-20	High	250	60%	59	35
16	JT 230	São Paulo	Nov-17	Apr-20	Middle	132	50%	86	43
17	Praça Estação Jandira - Fase 1	Jandira	Dec-17	Sep-19	Low-Income	215	100%	39	39
18	Viva Mar Bem-Te-Vi	Santos	Mar-17	Jan-20	High	236	100%	42	42
19	Conquista Amaralina - Fase 3	São Paulo	May-18	Jan-20	Low-Income	220	50%	40	20
20	Viva Mar Canário	Santos	Jun-18	May-20	Low-Income	236	100%	42	42
21	Praça Estação Jandira - Fase 2	Jandira	May-18	Sep-19	Low-Income	172	100%	40	40
22	Atemporal	São Paulo	Jun-18	Jan-21	High	176	100%	161	161
						<b>2,966</b>		<b>1,343</b>	<b>1,223</b>

Note: PSV of the launch date without considering any monetary restatements and sale price adjustments.

## INVENTORY

Inventories as of 7/01/2018	Units		Trisul's PSV in R\$ thousand		Total PSV in R\$ thousand	
Concluded	105	8%	34,319	6%	35,604	6%
Units under construction	1,258	92%	559,217	94%	610,309	94%
	<b>1,363</b>	<b>100%</b>	<b>593,536</b>	<b>100%</b>	<b>645,913</b>	<b>100%</b>

Inventories as of 7/01/2018	Units		Trisul's PSV in R\$ thousand		Total PSV in R\$ thousand	
Low-Income	591	43%	70,083	12%	121,424	19%
Middle/High-income	772	57%	523,453	88%	524,489	81%
	<b>1,363</b>	<b>100%</b>	<b>593,536</b>	<b>100%</b>	<b>645,913</b>	<b>100%</b>

## LANDBANK

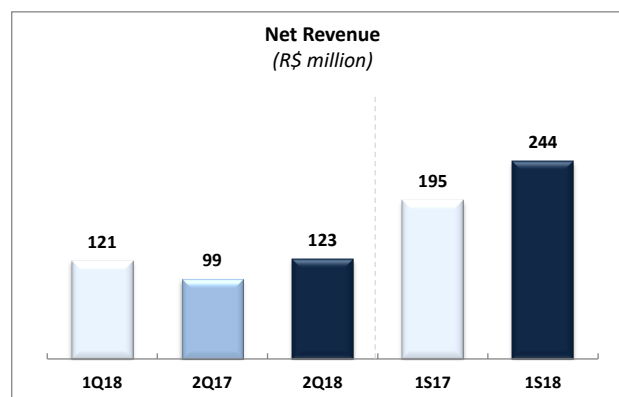
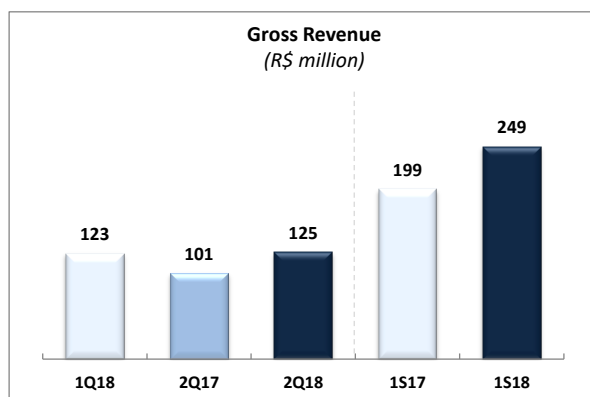
Landbank 2Q18				
# Lands	Private Area (m2)	Units	Total PSV (in R\$ million)	Trisul's PSV (in R\$ million)
14	424,556	4,399	1,361	1,228

## FINANCIAL PERFORMANCE

The quarterly information (individual and consolidated) are presented in Brazilian Reais (R\$) and are in accordance with the Technical Pronouncement CPC 21 (R1) - Interim Statement and with the international standard IAS 34 - Interim Financial Reporting, contemplating the guidance contained in Circular Letter/CVM/SNC/SEP 01/2018, related to the application of Guideline OCPC 04, issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM) and the Federal Accounting Council (CFC), on the recognition of revenues over time, as well as presented in a manner consistent with the standards issued by the Securities and Exchange Commission, applicable to the preparation of Quarterly Information (ITR). The Company currently recognizes revenue from construction contracts using the Percentage of Completion method (PoC), which consists of recognizing revenue based on the construction cost incurred during the execution of the work, in accordance with the provisions of Technical Guidance OCPC 04 - Application of Technical Interpretation ICPC 02 to Brazilian Real Estate Development Entities.

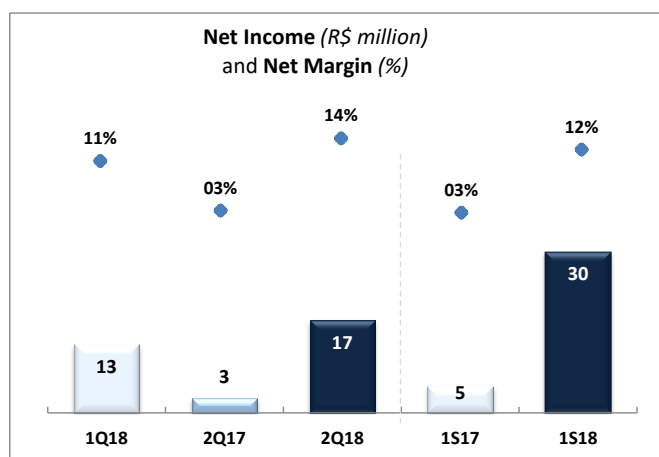
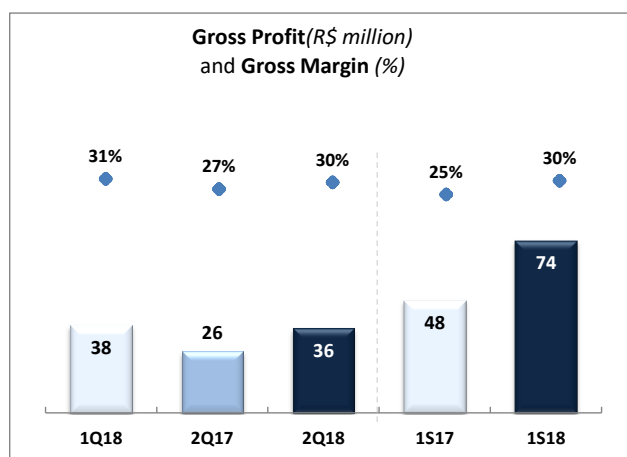
The information, figures and data included in this financial performance report, which do not correspond to the balances and accounting information included in our consolidated financial information, such as: Potential Sales Value – Trisul PSV, Contracted Sales, Trisul Sales, Adjusted EBITDA and Adjusted EBITDA margin, among others, correspond to information that was not reviewed by our Independent Auditors.

## OPERATING REVENUE



Revenue from contracted sales of each project is recognized in the Company's result over the construction period, using the percentage of financial evolution of each project (PoC – Percentage of Completion Method). This percentage is measured by the cost incurred in relation to the total budgeted cost of the units sold for each project. From this appropriated revenue, the PVA – Present Value Adjustment is also discounted, in accordance to CPC 12.

## NET INCOME





## OPERATING EXPENSES

The table below provides an analysis of administrative and selling expenses in relation to net revenue and Trisul's contracted sales.

(in R\$ thousand)	2Q18	2Q17	Var. %	1Q18	Var. %	1S18	1S17	Var. %
<b>Net Operating Revenue</b>	122,888	98,748	24.4%	120,988	1.6%	243,876	195,302	24.9%
<b>Operating (expenses) income:</b>								
Administrative expenses	(8,529)	(10,184)	-16.3%	(10,425)	-18.2%	(18,954)	(19,721)	-3.9%
% Net Revenue	6.9%	10.3%	-3.4 p.p.	8.6%	-1.7 p.p.	7.8%	10.1%	-2.3 p.p.
% Trisul's Launching	3.2%	4.4%	-1.2 p.p.	25.1%	-21.8 p.p.	6.2%	5.2%	1.0 p.p.
% Trisul's Contracted Sales	5.4%	8.4%	-3.0 p.p.	7.2%	-1.7 p.p.	6.3%	8.2%	-2.0 p.p.
Selling expenses	(11,787)	(9,875)	19.4%	(10,480)	12.5%	(22,267)	(17,008)	30.9%
% Net Revenue	9.6%	10.0%	-0.4 p.p.	8.7%	0.9 p.p.	9.1%	8.7%	0.4 p.p.
% Trisul's Launching	4.5%	4.3%	0.2 p.p.	25.2%	0.0 p.p.	7.3%	4.5%	2.8 p.p.
% Trisul's Contracted Sales	7.5%	8.2%	-0.7 p.p.	7.2%	0.3 p.p.	7.3%	7.1%	0.2 p.p.
Tax expenses	(146)	(52)	180.8%	(122)	19.7%	(268)	(325)	-17.5%
Depreciation & Amortization expenses	(283)	(267)	6.0%	(265)	6.8%	(548)	(531)	3.2%
Provision for contingencies	(3)	(5)	-40.0%	(3) -		(10)	1,894	-
Other operating (expenses) income	4,303	(14) -		(4) -		4,303	(14) -	
<b>Total</b>	<b>(16,445)</b>	<b>(20,397)</b>	<b>-19.4%</b>	<b>(21,299)</b>	<b>-22.8%</b>	<b>(37,744)</b>	<b>(35,705)</b>	<b>5.7%</b>

Administrative Expenses (in R\$ K)	1H18	1H17	▲ %	2Q18	1Q18	▲ %
Personnel Expenses	5,479	5,007	9%	3,311	2,294	44%
Management fees	641	643	0%	195	320	-39%
Occupancy	1,075	1,241	-13%	528	547	-3%
Advisory and consultancy expenses	9,681	9,880	-2%	3,781	5,900	-36%
General expenses	2,078	2,950	-30%	714	1,364	-48%
<b>Total administrative expenses</b>	<b>18,954</b>	<b>19,721</b>	<b>-4%</b>	<b>8,529</b>	<b>10,425</b>	<b>-18%</b>

Selling Expenses (in R\$ K)	1H18	1H17	▲ %	2Q18	1Q18	▲ %
Marketing expenses	5,228	3,439	52%	2,454	2,774	-12%
Sales Discount	8,663	5,268	64%	4,631	4,032	15%
Units in Inventory	1,430	2,158	-34%	663	767	-14%
Sales stand – depreciation	3,095	3,348	-8%	1,349	1,746	-23%
Sales stand – general expenses	4,053	2,063	96%	1,976	2,077	-5%
Provision	(1,076)	-	-	-	-	-
General expenses	874	732	19%	967	48	1915%
<b>Total selling expenses</b>	<b>22,267</b>	<b>17,008</b>	<b>31%</b>	<b>12,040</b>	<b>11,444</b>	<b>5%</b>

## FINANCIAL INCOME AND EXPENSES

(in R\$ thousand)	2Q18	2Q17	Var. %	1Q18	Var. %	1S18	1S17	Var. %
Financial expenses	-2,930	-3,375	-13%	-2,997	-2%	-5,927	-8,029	-26%
Financial revenues	1,705	868	96%	2,035	-16%	3,740	2,331	60%
<b>Financial Results</b>	<b>(1,225)</b>	<b>(2,507)</b>	<b>-51.1%</b>	<b>(962)</b>	<b>27%</b>	<b>(2,187)</b>	<b>(5,698)</b>	<b>-61.6%</b>

## EBITDA AND EBITDA MARGIN

(In R\$ million)	2Q18	2Q17	% Var.	1Q18	% Var.	1H18	1H17	% Var.
Net Profit (Loss)	17,397	2,901	500%	20,362	-15%	30,288	5,121	491%
(+) Financial Results	1,225	2,507	-51%	649	89%	2,187	5,698	-62%
(+) Income and Social Contribution Taxes	2,721	1,963	39%	2,914	-7%	5,350	3,981	34%
(+) Depreciation and Amortization	503	(385)	-231%	395	27%	(548)	(318)	72%
<b>EBITDA</b>	<b>21,846</b>	<b>6,986</b>	<b>213%</b>	<b>24,320</b>	<b>-10%</b>	<b>37,277</b>	<b>14,482</b>	<b>157%</b>
(+) Financial expenses with Financing for construction	3,420	2,421	41%	2,386	43%	3,420	5,026	-32%
<b>Adjusted EBITDA</b>	<b>25,266</b>	<b>9,407</b>	<b>169%</b>	<b>26,706</b>	<b>-5%</b>	<b>40,697</b>	<b>19,508</b>	<b>109%</b>
<b>Adjusted EBITDA Margin (%)</b>	<b>20.6%</b>	<b>9.5%</b>	<b>11 pp</b>	<b>21.4%</b>	<b>-0.8 pp</b>	<b>16.7%</b>	<b>10.0%</b>	<b>6.7 pp</b>

*Note: Adjusted for capitalized interest allocated to cost.*

## REVENUE, COST AND RESULT TO BE RECOGNIZED

Revenues from the sale of properties (before taxes) to be recognized from units sold from projects still under construction and their respective costs to be incurred are not reflected in the financial statements. Therefore, the chart below illustrates the results to be recognized:

(In Thousand)	6/30/2018	12/31/2017
Revenue to be appropriated from units sold <sup>(1)</sup>	333,255	283,032
Cost to be incurred from units sold <sup>(2)</sup>	-202,924	-177,401
<b>Net Results to be appropriated</b>	<b>130,331</b>	<b>105,631</b>
<b>Gross Margin to be appropriated</b>	<b>39%</b>	<b>37%</b>

<sup>(1)</sup> Gross revenue from the sale of properties to be recognized does not include adjustment to present value;

<sup>(2)</sup> Property selling costs to be recognized do not include financial charges and provision for guarantees, which are recognized in the result (cost of properties sold), in proportion to the real estate units sold, when incurred.

## CASH AND DEBT POSITION

Indebtedness (in R\$ thousand)	6/30/2018 (a)	12/31/2017 (b)	Var. (a/b)
Financing for construction - SFH	(131,999)	(91,078)	45%
Loans for working capital	(115,230)	(132,851)	-13%
<b>Total Indebtedness</b>	<b>(247,230)</b>	<b>(223,929)</b>	<b>10%</b>
Short term debt	53,046	73,358	-28%
Long term debt	194,184	150,571	29%
Cash and cash equivalents	74,391	89,708	-17%
<b>Total Cash and Banks</b>	<b>74,391</b>	<b>89,708</b>	<b>-17%</b>
<b>Cash, net of Indebtedness</b>	<b>(172,839)</b>	<b>(134,221)</b>	<b>29%</b>
<b>Book Value</b>	<b>579,270</b>	<b>547,867</b>	<b>6%</b>
<b>Net debt/Book Value</b>	<b>30%</b>	<b>24%</b>	<b>5.3 p.p.</b>
<b>Net debt excl. SFH/Book Value</b>	<b>7%</b>	<b>8%</b>	<b>-0.8 p.p.</b>

The table below provides a breakdown of the Company's debt:

<i>Debt Breakdown (in R\$ million)</i>	6/30/2018
Financing for construction - SFH	5,118
Loans for working capital	47,928
<b>Short term debt</b>	<b>53,046</b>
Financing for construction - SFH	126,879
Loans for working capital	67,305
<b>Long term debt</b>	<b>194,184</b>
<b>Indebtedness Total</b>	<b>247,230</b>

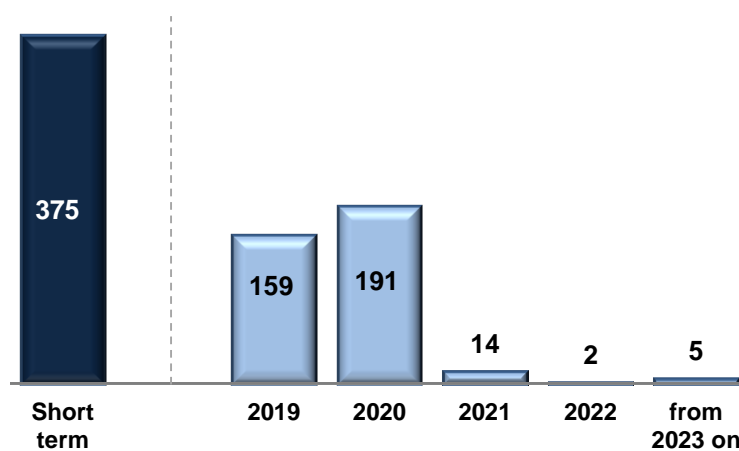
**ACCOUNTS RECEIVABLE**

The Company recorded R\$745 million in accounts receivable on June 30, 2018. Of this amount, R\$45 million are performing receivables.

<i>(in R\$ thousand)</i>	6/30/2018	12/31/2017
Accounts receivable - Realized Income <sup>(1)</sup>	443,703	380,488
Accounts receivable - Unrealized Income	333,255	283,032
Advances from customers <sup>(2)</sup>	-31,855	-38,346
<b>TOTAL</b>	<b>745,103</b>	<b>625,174</b>

<sup>(1)</sup> Does not include accounts receivable for management services, adjustment to present value and provision for doubtful accounts.

<sup>(2)</sup> Amounts received from clients that exceed recognized revenue and swapped units.

*Short term**Long term*

## MARKETABLE PROPERTIES

Marketable properties are represented by the acquisition costs of land for future developments and/or sale, costs incurred with real estate units under construction and not yet sold and cost of completed real estate units in inventory.

Property to commercialize (in R\$ thousand)	6/30/2018	%	12/31/2017	%
Lands for future developments	225,889	53%	188,659	48%
Real Estate under construction	188,346	44%	168,965	43%
Finished Real Estate	15,900	4%	32,615	8%
<b>Total</b>	<b>430,135</b>	<b>100%</b>	<b>390,239</b>	<b>100%</b>

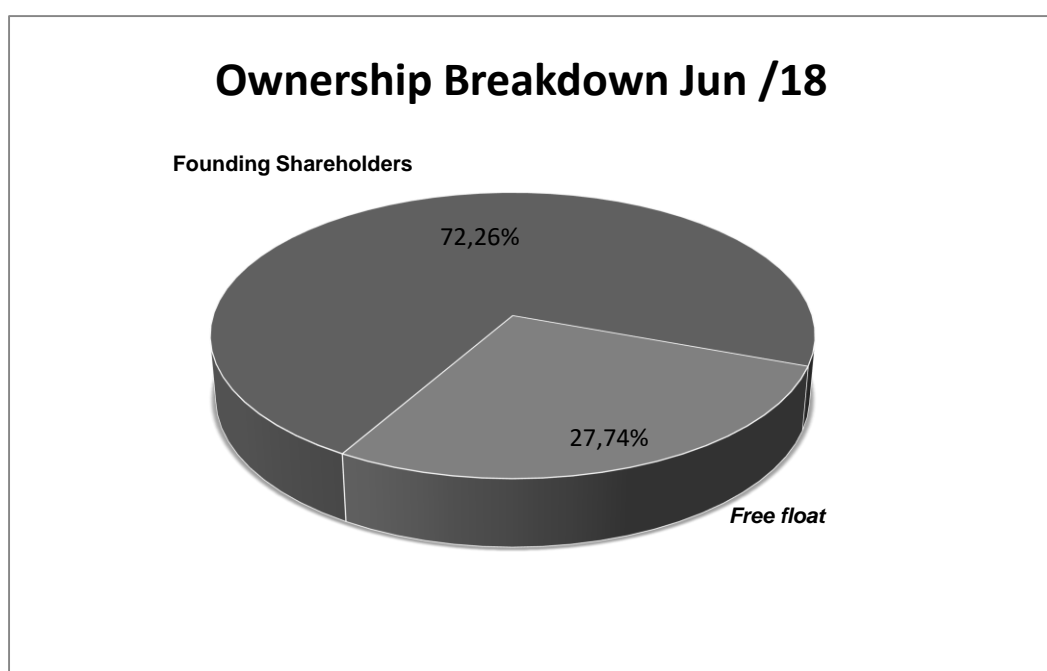
## FINANCIAL INSTRUMENTS

The Company and its subsidiaries participate in transactions involving financial instruments, which are restricted to financial investments, loans for working capital, financing of development and purchase of land and transactions with partners in real estate projects, under normal market conditions, all of which are recognized in the financial information and are intended to meet the Company's operating needs and reduce its exposure to credit and interest rate risks.

These instruments are managed through operational strategies, aiming at liquidity, profitability and minimizing risk.

## OWNERSHIP STRUCTURE

On June 30, 2018, the Company's fully subscribed and paid-in capital stock was R\$461 million, represented by 146,117,538 registered, book-entry, common shares, with no par value.



## INCOME STATEMENT

Income Statement (IFRS) (in R\$ thousand)	2Q18	2Q17	2Q18 vs. 2Q17	1Q18	2Q18 vs. 1Q18	1H18	1H17	1H18 vs. 1H17
<b>Gross Operating Revenue</b>	<b>125,100</b>	<b>100,809</b>	<b>24%</b>	<b>123,487</b>	<b>1%</b>	<b>248,587</b>	<b>199,055</b>	<b>25%</b>
From real estate sold	126,477	100,779	25%	122,018	4%	248,495	198,995	25%
From services provided	(1,377)	-	-	1,469	-	92	-	-
From the leases of properties	-	30	-	-	-	-	60	-
(-) Deductions from gross revenue	(2,212)	(2,061)	7%	(2,499)	-11%	(4,711)	(3,753)	26%
<b>Net Operating Revenue</b>	<b>122,888</b>	<b>98,748</b>	<b>24%</b>	<b>120,988</b>	<b>2%</b>	<b>243,876</b>	<b>195,302</b>	<b>25%</b>
Operating Costs	(86,544)	(72,280)	20%	(83,425)	4%	(169,969)	(147,147)	16%
<b>Gross Profit</b>	<b>36,344</b>	<b>26,468</b>	<b>37%</b>	<b>37,563</b>	<b>-3%</b>	<b>73,907</b>	<b>48,155</b>	<b>53%</b>
% Gross Margin	30%	27%	2.8 p.p.	31%	-1.5 p.p.	30%	25%	5.6 p.p.
<b>Operating Expenses (Income)</b>	<b>(14,730)</b>	<b>(19,443)</b>	<b>-24%</b>	<b>(20,393)</b>	<b>-28%</b>	<b>(35,123)</b>	<b>(33,619)</b>	<b>4%</b>
General and Administrative Expenses	(8,529)	(10,184)	-16%	(10,425)	-18%	(18,954)	(19,721)	-4%
% G&A expenses	7%	10%	-3.4 p.p.	9%	-1.7 p.p.	8%	10%	-2.3 p.p.
Selling Expenses	(11,787)	(9,875)	19%	(10,480)	12%	(22,267)	(17,008)	31%
% selling expenses	10%	10%	-0.4 p.p.	9%	0.9 p.p.	9%	9%	0.4 p.p.
Tax Expenses	(146)	(52)	181%	(122)	20%	(268)	(325)	-18%
Results by Equity Equivalence	1,715	954	80%	906	89%	2,621	2,086	26%
Provision for contingencies	(3)	(5)	-40%	(7)	-57%	(10)	1,894	-101%
Depreciation & Amortization	(283)	(267)	6%	(265)	7%	(548)	(531)	3%
Other operating (expenses) income, net	4,303	(14)	-	-	-	4,303	(14)	-30836%
<b>Operating Income</b>	<b>21,614</b>	<b>7,025</b>	<b>208%</b>	<b>17,170</b>	<b>26%</b>	<b>38,784</b>	<b>14,536</b>	<b>167%</b>
Financial Expenses	(2,930)	(3,375)	-13%	(2,997)	-2%	(5,927)	(8,029)	-26%
Financial Revenues	1,705	868	96%	2,035	-16%	3,740	2,331	60%
<b>Income before Income Taxes and Social Contri</b>	<b>20,389</b>	<b>4,518</b>	<b>351%</b>	<b>16,208</b>	<b>26%</b>	<b>36,597</b>	<b>8,838</b>	<b>314%</b>
Income tax and social contribution	(2,721)	(1,963)	39%	(2,629)	3%	(5,350)	(3,981)	34%
<b>Income before Minority Interest</b>	<b>17,668</b>	<b>2,555</b>	<b>592%</b>	<b>13,579</b>	<b>30%</b>	<b>31,247</b>	<b>4,857</b>	<b>543%</b>
Minority Interest	(271)	346	-178% 0.7%	(688)	-61% 0.7%	(959)	264	-463% 0.7%
<b>Net Income (loss)</b>	<b>17,397</b>	<b>2,901</b>	<b>500%</b>	<b>12,891</b>	<b>35%</b>	<b>30,288</b>	<b>5,121</b>	<b>491%</b>
% Net Margin	14%	3%	11.2 p.p.	11%	3.5 p.p.	12.4%	3%	9.8 p.p.

## BALANCE SHEET

Balance Sheet (in R\$ thousand)	06/30/2018	12/31/2017	Var.	
<b>Current Assets</b>	<b>752,016</b>	<b>669,528</b>	<b>82,488</b>	<b>12%</b>
Cash and cash equivalents	74,391	89,708	(15,317)	-17%
Trade accounts receivable	287,084	234,425	52,659	22%
Real estate to be sold	381,655	336,072	45,583	14%
Other Receivables	7,995	8,642	(647)	-7%
Recoverable taxes	891	681	210	31%
			-	-
<b>Non-Current Assets</b>	<b>276,373</b>	<b>269,962</b>	<b>6,411</b>	<b>2%</b>
Trade accounts receivable	140,876	128,680	12,196	9%
Real estate to be sold	48,480	54,167	(5,687)	-10%
Related parties	19,430	22,913	(3,483)	-15%
Recoverable taxes	1,079	1,079	-	0%
Other Receivables	32,431	29,353	3,078	10%
			-	-
Investments	25,542	24,362	1,180	5%
Property and equipment, net	7,156	8,111	(955)	-12%
Intangible assets	1,379	1,297	82	6%
			-	-
<b>Total Assets</b>	<b>1,028,389</b>	<b>939,490</b>	<b>88,899</b>	<b>9%</b>
			-	-
<b>Current Liabilities</b>	<b>246,636</b>	<b>233,467</b>	<b>13,169</b>	<b>6%</b>
Trade accounts payable	25,663	24,243	1,420	6%
Loans and financing	53,046	73,358	(20,312)	-28%
Accrued payroll obligations and taxes payable	4,956	6,304	(1,348)	-21%
Deferred taxes	12,071	10,063	2,008	20%
Land payable	87,897	51,838	36,059	70%
Advances from customers	31,855	38,346	(6,491)	-17%
Accounts payable	21,097	19,082	2,015	11%
Dividends	7,630	8,311	(681)	-8%
Related parties	2,421	1,922	499	26%
			-	-
<b>Non-Current Liabilities</b>	<b>202,483</b>	<b>158,156</b>	<b>44,327</b>	<b>28%</b>
Loans and financings	194,183	150,571	43,612	29%
Provision for litigation and administrative	2,079	2,069	10	0%
Deferred taxes	4,969	4,266	703	16%
Accounts payable	1,252	1,250	2	0%
			-	-
	<b>579,270</b>	<b>547,867</b>	<b>31,403</b>	<b>6%</b>
Shareholders' Equity	461,080	461,080	-	0%
Capital stock	12,564	12,564	-	0%
Capital reserve	74,719	48,370	26,349	54%
Treasury stock	(43)	(43)	-	0%
Minority interest in subsidiaries	30,950	25,896	5,054	20%
			-	-
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,028,389</b>	<b>939,490</b>	<b>88,899</b>	<b>9%</b>

## CASH FLOW

Cash Flow (in R\$ thousand) IFRS	1S18	1S17
<b>By operating activities</b>		
Income before Income Taxes and Social Contribution	36,597	8,838
<b>Reconciliation of net income to net cash provided by operating activities:</b>		
<b>Provision for bad debt</b>		-
Provision for litigation and administrative	(1,076)	-
Adjustment to present value	10	(1,894)
Depreciation and amortization	(555)	(316)
Amortization of goodwill	765	531
Sales stand depreciation	3,095	3,348
Interest on loans and debentures	5,909	6,853
Taxes deferred	1,506	(319)
Ownership Equity	(2,621)	(2,086)
<b>Increase (decrease) in operating assets:</b>		
Trade accounts receivable	(63,224)	4,487
Real estate to be sold	35,302	56,258
Recoverable taxes	(210)	1,379
Related parties	3,982	4,934
Other receivables	(2,431)	(2,024)
<b>Increase (decrease) in operating liabilities:</b>		
Trade accounts payable	1,420	6,673
Accrued payroll obligations and taxes payable	(1,212)	(573)
Land payable	(39,139)	(51,669)
Advances from customers	(6,491)	3,473
Accounts payable	2,017	(571)
<b>Cash used in operating activities</b>	<b>(26,356)</b>	<b>37,322</b>
Income tax and social contribution	(4,281)	(4,647)
<b>Net Cash used in operating activities</b>	<b>(30,637)</b>	<b>32,675</b>
<b>Cash flow from investment activities</b>		
Dividends paid	(4,620)	-
Acquisition of fixed assets	(2,734)	(3,819)
Reduced Investment	1,441	(1,394)
Intangible assets acquisition	(253)	(67)
Disposal of Investments	-	72
<b>Cash used in investment activities</b>	<b>(6,166)</b>	<b>(5,208)</b>
<b>Cash flow from loan activities</b>		
Loans and financing, Net	17,391	(26,472)
Minority interest	4,095	2,897
<b>Cash used in loan activities</b>	<b>21,486</b>	<b>(23,575)</b>
<b>Increase (decrease) in cash, banks and financial investments</b>	<b>(15,317)</b>	<b>3,892</b>
<b>Balance Of Cash, Banks And Financial Investments</b>		
At the beginning of the period	89,708	23,757
At the end of the period	74,391	27,649
<b>Decrease in cash, banks and financial investments</b>	<b>(15,317)</b>	<b>3,892</b>