

Mills Estruturas e Serviços de Engenharia S.A.

**Individual and consolidated
quarterly information as of
June 30, 2019**

*(A free translation of the original report
in Portuguese containing an interim
accounting information prepared in
accordance with accounting practices
adopted in Brazil and the International
Financial Reporting Standards - IFRS)*

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Report on the review of interim financial information

(A free translation of the original report in Portuguese, as filed with the Brazilian Securities and Exchange Commission (CVM), prepared in accordance with the accounting policies adopted in Brazil, CVM rules and the International Financial Reporting Standards - IFRS)

To the Board of Directors and Management
Mills Estrutura e Serviços de Engenharia S.A.
Rio de Janeiro - RJ

Introduction

We have reviewed the interim accounting information, individual and consolidated, of Mills Estrutura e Serviços de Engenharia S.A. ("Company"), included in the quarterly information form – ITR for the quarter ended June 30, 2019, which comprises balance sheet as of June 30, 2019 and the respective statements of operations and comprehensive statements of loss for the three-and-six month periods then ended, the statements of changes in shareholder's equity and cash flows for the six-months period then ended, including the explanatory notes.

The Company's Management is responsible for preparation of this interim accounting information in accordance with Technical Pronouncement CPC 21(R1) and with international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as the presentation of these information in accordance with standards issued by the Brazilian Securities and Exchange Commission - CVM, applicable to the preparation of quarterly information form - ITR. Our responsibility is to express our conclusion on this interim accounting information based on our review.

Scope of the review

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



Conclusion on the individual and consolidated interim information

Based on our review, we are not aware of any fact that might lead us to believe that the individual and consolidated interim accounting information included in the aforementioned quarterly information was not prepared, in all material respects, in accordance with the CPC 21 (R1) and IAS 34, issued by the IASB, applicable to preparation of quarterly information – ITR and presented in accordance with the standards issued by the Brazilian Securities and Exchange Commission.

Other matters

Statement of added value

The interim accounting information, individual and consolidated, statements of added value (DVA) for the six-months period ended June 30, 2019, prepared under the responsibility of Company's management, presented as supplementary information for the purposes of IAS 34, were submitted to the same review procedures followed together with the review of the Company's quarterly information form - ITR. In order to form our conclusion, we have evaluated whether these statements were reconciled to interim accounting information and to the accounting records, as applicable, and whether their form and content are in accordance with the criteria set on the Technical Pronouncement CPC 09 - Statement of Added Value. Based on our review, nothing has come to our attention that causes us to believe that the accompanying statements of added value were not prepared, in all material respects, in accordance with the individual and consolidated interim accounting information taken as a whole.

Rio de Janeiro, August 12, 2019

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ
Original report in Portuguese signed by
Luis Claudio de Oliveira Guerreiro
Accountant CRC RJ093679/O-1

Mills Estruturas e Serviços de Engenharia S.A.

Balance sheet as of June 30, 2019 and December 31, 2018

(In thousands of Brazilian Reais - R\$)

	Notes	Parent Company		Consolidated
		6/30/2019	12/31/2018	6/30/2019
Assets				
Current				
Cash and cash equivalents	3	109,938	60,635	149,367
Restricted bank deposits	4	-	62,000	-
Receivables from third parties	5	55,494	56,491	88,705
Receivables from related parties	17	170	-	-
Inventories	6	16,726	15,297	31,013
Inventories - other assets held for sale	7	-	58	-
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	8	1,381	400	6,686
Taxes recoverable	8	3,449	4,110	6,832
Advances to suppliers		369	169	2,969
Other assets		4,727	5,228	5,741
Assets held for sale	9	4,989	4,989	4,989
		<u>197,243</u>	<u>209,377</u>	<u>296,302</u>
Noncurrent				
Restricted bank deposits	4	-	26,810	-
Deferred taxes - IRPJ and CSLL	19	217,111	205,299	301,070
Judicial deposits	20	11,866	17,194	12,213
Other assets		62	80	61
		<u>229,039</u>	<u>249,383</u>	<u>313,344</u>
Financial asset at fair value through other comprehensive income	10	54,451	54,451	54,451
Investments	11	402,210	-	-
Property, plant and equipment	12	459,593	467,444	668,770
Intangible assets	13	32,709	33,993	120,733
		<u>948,963</u>	<u>555,888</u>	<u>843,954</u>
Total assets		<u>1,375,245</u>	<u>1,014,648</u>	<u>1,453,600</u>

The accompanying notes are an integral part of this interim accounting information.

Mills Estruturas e Serviços de Engenharia S.A.

Balance sheet as of June 30, 2019 and December 31, 2018

(In thousands of Brazilian Reais - R\$)

		<u>Parent Company</u>		<u>Consolidated</u>
	Notes	6/30/2019	12/31/2018	6/30/2019
Liabilities				
Current				
Payables to third parties	14	14,399	15,703	24,079
Payables to related parties	18	30	-	-
Borrowings and financing	15	2,692	3,177	8,186
Debentures	16	60,863	122,552	74,231
Leases payable	17	11,906	-	18,153
Payroll and related taxes		13,792	12,730	22,326
Tax debt refinancing program (REFIS)		1,413	1,391	1,413
Taxes payable	22	2,151	2,493	3,513
Provision for profit sharing	19.b	3,157	8,000	4,876
Dividends and interest on equity payable		3	3	3
Derivative financial instruments	29.8	-	-	290
Other liabilities		330	311	899
		<u>110,736</u>	<u>166,360</u>	<u>157,969</u>
Noncurrent				
Borrowings and financing	14	1,436	2,535	10,526
Debentures	15	54,453	52,921	70,193
Leases payable	16	41,445	-	41,445
Provision for tax, civil and labor risks	20	20,682	25,142	25,584
Tax debt refinancing program (REFIS)		5,754	6,358	5,754
Taxes payable	21	-	-	1,262
Provision for post-employment benefits	18.a	11,047	10,441	11,047
Other liabilities		537	582	665
		<u>135,354</u>	<u>97,979</u>	<u>166,476</u>
Total liabilities		<u>246,090</u>	<u>264,339</u>	<u>324,445</u>
Equity				
Share capital	22	1,089,368	688,319	1,089,368
Capital reserves	22	34,381	33,714	34,381
Earnings reserves	22	55,275	55,275	55,275
Treasury shares	22	(20,287)	(20,287)	(20,287)
Equity adjustments	22	(6,712)	(6,712)	(6,712)
Accumulated losses	22	(22,870)	-	(22,870)
		<u>1,129,155</u>	<u>750,309</u>	<u>1,129,155</u>
Total liabilities and equity		<u>1,375,245</u>	<u>1,014,648</u>	<u>1,453,600</u>

The accompanying notes are an integral part of this interim accounting information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of operations

Three and six-month periods ended June 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

	Notes	Parent Company				Consolidated*	
		4/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018 (Restated)	1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018 (Restated)	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019
Net revenue from sales and services	25	70,898	78,430	141,943	161,015	100,455	171,500
Cost of sales and services	26	(56,431)	(74,787)	(108,963)	(155,410)	(74,421)	(126,954)
Gross profit		14,467	3,643	32,980	5,605	26,034	44,546
Selling, general and administrative expenses	26	(33,211)	(41,425)	(62,381)	(71,817)	(42,446)	(71,616)
Share of profit in subsidiaries	11	1,805	-	1,805	-	-	-
Other operating income (expenses), net		441	75	731	2,560	(632)	(342)
Loss before finance income (costs) and taxes		(16,498)	(37,707)	(26,865)	(63,652)	(17,044)	(27,412)
Finance income	27	2,744	4,253	5,943	8,373	3,326	6,525
Finance costs	27	(7,074)	(8,370)	(13,759)	(16,169)	(8,104)	(14,788)
Finance income (costs), net		(4,330)	(4,117)	(7,816)	(7,796)	(4,778)	(8,263)
Loss before taxes		(20,828)	(41,824)	(34,681)	(71,448)	(21,822)	(35,675)
Current income and social contribution taxes	19	-	802	-	-	-	-
Deferred income and social contribution taxes	19	7,161	(2,638)	11,811	(2,638)	8,155	12,805
Loss for the period		(13,667)	(43,660)	(22,870)	(74,086)	(13,667)	(22,870)
Basic and diluted loss per share - R\$	23	(0.07)	(0.27)	(0.13)	(0.46)	(0.07)	(0.13)

(*) Due to the acquisition of control of the subsidiary in May 2019, the consolidated amounts comprise six months of the Parent Company and only two months (May and June of 2019) of the subsidiary.

The accompanying notes are an integral part of this interim accounting information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of comprehensive income (loss)

Three- and six-month periods ended June 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

	Parent Company				Consolidated*	
	4/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019
Loss for the period	(13,667)	(43,660)	(22,870)	(74,086)	(13,667)	(22,870)
Other comprehensive income (loss)	-	-	-	-	-	-
Total comprehensive income (loss) for the period	<u>(13,667)</u>	<u>(43,660)</u>	<u>(22,870)</u>	<u>(74,086)</u>	<u>(13,667)</u>	<u>(22,870)</u>

(*) Due to the acquisition of control of the subsidiary in May 2019, the consolidated amounts comprise six months of the Parent Company and only two months (May and June of 2019) of the subsidiary.

The accompanying notes are an integral part of this interim accounting information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of changes in shareholders' equity

six-month periods ended June 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

	Capital reserves			Earnings reserves					
	Subscribed	Stock options	Share		Retained	Treasury	Equity	Accumulated	Total Parent
	capital	premium	premium	Legal	earnings	shares	adjustments	losses	Company/ Consolidated
At December 31, 2017	<u>688,319</u>	<u>51,412</u>	<u>(18,448)</u>	<u>32,611</u>	<u>118,848</u>	<u>(20,287)</u>	<u>(5,875)</u>	<u>-</u>	<u>846,580</u>
Adjustment on first-time adoption of CPC 48 / IFRS 9	-	-	-	-	-	-	-	(1,215)	(1,215)
At January 1, 2018	<u>688,319</u>	<u>51,412</u>	<u>(18,448)</u>	<u>32,611</u>	<u>118,848</u>	<u>(20,287)</u>	<u>(5,875)</u>	<u>(1,215)</u>	<u>845,365</u>
Stock option premium	-	467	-	-	-	-	-	-	467
Loss for the period	-	-	-	-	-	-	-	(74,086)	(74,086)
At June 30, 2018	<u>688,319</u>	<u>51,879</u>	<u>(18,448)</u>	<u>32,611</u>	<u>118,848</u>	<u>(20,287)</u>	<u>(5,875)</u>	<u>(75,301)</u>	<u>771,746</u>
At December 31, 2018	<u>688,319</u>	<u>52,162</u>	<u>(18,448)</u>	<u>32,611</u>	<u>22,664</u>	<u>(20,287)</u>	<u>(6,712)</u>	<u>-</u>	<u>750,309</u>
Capital increase - Issuance of shares (acquisition of Solaris)	400,405	-	-	-	-	-	-	-	400,405
Stock option premium	644	667	-	-	-	-	-	-	1,311
Loss for the period	-	-	-	-	-	-	-	(22,870)	(22,870)
At June 30, 2019	<u>1,089,368</u>	<u>52,829</u>	<u>(18,448)</u>	<u>32,611</u>	<u>22,664</u>	<u>(20,287)</u>	<u>(6,712)</u>	<u>(22,870)</u>	<u>1,129,155</u>

The accompanying notes are an integral part of this interim accounting information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of cash flows

six-month periods ended June 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

	Parent Company		Consolidated*
	6/30/2019	6/30/2018	6/30/2019
Cash flows from operating activities			
Loss for the period	(22,870)	(74,086)	(22,870)
Adjustments:			
Depreciation and amortization	64,134	66,288	70,476
Deferred income and social contribution taxes	(11,811)	2,638	(12,805)
Provision (reversal) for tax, civil and labor risks	1,725	(2,438)	1,832
Accrued expenses on stock options	667	467	667
Post-employment benefits	606	528	606
Residual value of property, plant and equipment and intangible assets sold and written-off	4,959	38,017	4,918
Interest and monetary exchange gains and losses, net	12,812	15,283	13,014
Provision (reversal) for impairment loss on trade receivables	1,297	2,554	2,805
Provision for impairment loss on inventories held for sale	-	(603)	-
Provision (reversal) for slow-moving inventories	1,268	1,293	3,743
Adjustment CPC 48 / IFRS 9	44	27	44
Provision for profit sharing	1,726	-	2,024
Share or profit of subsidiaries	(1,805)	-	-
Other provisions (reversals)	(2,960)	3,660	(2,149)
(Increase)/ decrease in assets and increase /(decrease) in liabilities:			
Trade receivables	(463)	(10,669)	(3,823)
Acquisitions of rental equipment	(64)	(290)	(231)
Inventories	(2,698)	(296)	(2,088)
Taxes recoverable	661	1,863	738
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax)	(980)	5,553	(1,118)
Judicial deposits	5,587	(4,698)	5,587
Other assets	319	(922)	84
Suppliers	1,645	(2,714)	1,997
Payroll and related taxes	1,062	(1,157)	1,438
Profit sharing	(6,568)	-	(6,568)
Taxes payable	(924)	(3,277)	(2,093)
Other liabilities	(25)	(1,025)	263
Lawsuits settled	(7,160)	(2,983)	(7,160)
Interest paid	(2,568)	(5,253)	(3,116)
Net cash generated by operating activities	37,615	27,760	46,214

Mills Estruturas e Serviços de Engenharia S.A.

Statements of cash flows

six-month periods ended June 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

Cash flows from investing activities:

Capital increase	643	-	643
Acquisition of cash resulting from the incorporation of subsidiary	-	-	33,767
Acquisition of PP&E for own use and intangible assets	(1,963)	(956)	(2,006)
Net cash generated by (used in) investing activities	(1,320)	(956)	32,404

Cash flows from financing activities

Restricted bank deposits	88,811	33,936	88,811
Amortization of borrowings and debentures	(68,261)	(68,239)	(69,881)
Leases	(7,539)	-	(8,816)
Net cash generated by (used in) financing activities	13,011	(34,303)	10,114

Net increase (decrease) in cash and cash equivalents	49,303	(7,499)	88,732
Cash and cash equivalents at the beginning of the period	60,635	67,826	60,635
Cash and cash equivalents at the end of the period	109,938	60,327	149,367
Net increase (decrease) in cash and cash equivalents	49,303	(7,499)	88,732

Until June 30, 2019 the Company wrote off bills that were past due up to five years, totaling R\$ 12,710, which are not recognized in the statement of cash flows because they do not reflect cash movements.

(*) Due to the acquisition of control of the subsidiary in May 2019, the consolidated amounts comprise six months of the Parent Company and only two months (May and June of 2019) of the subsidiary.

The accompanying notes are an integral part of this interim accounting information.

Mills Estruturas e Serviços de Engenharia S.A.

Statements of added value

six-month periods ended June 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$)

	Parent Company		Consolidated*
	6/30/2019	6/30/2018 (Restated)	6/30/2019
Revenues:			
Sales of products and services	165,405	185,073	198,649
Cancellations and discounts	(8,293)	(9,444)	(9,418)
Other revenues	826	3,921	2,009
Recognition of impairment loss on trade receivables	(1,297)	(2,554)	(2,806)
	156,641	176,996	188,434
Inputs purchased from third parties:			
Cost of sales and services	(6,311)	(3,497)	(13,436)
Materials, energy, outside services and others	(44,360)	(48,518)	(48,410)
Write-off of assets	(4,959)	(37,414)	(5,047)
Gross added value	101,011	87,567	121,541
Depreciation, amortization and depletion	(64,134)	(66,288)	(70,476)
Net added value generated by the Company	38,877	21,279	51,065
Added value received in transfer			
Finance income	5,943	8,373	6,525
Share of profit (loss) of subsidiaries	1,805	-	-
Total added value for distribution	44,625	29,652	57,590
Distribution of added value:			
Personnel and payroll taxes	42,078	50,713	49,262
Salaries	33,168	39,257	38,925
Benefits	6,899	8,817	7,988
Unemployment benefits	2,011	2,639	2,349
Taxes and contributions	11,171	27,815	15,515
Federal	9,196	25,721	12,870
State	1,316	1,421	1,871
Municipal	659	673	774
Remuneration on third party capital	14,246	25,210	15,683
Interest and exchange gains (losses)	13,477	15,763	14,611
Rentals	769	9,447	1,072
Remuneration of shareholders	(22,870)	(74,086)	(22,870)
Loss for the period	(22,870)	(74,086)	(22,870)
Added value distributed	44,625	29,652	57,590

(*) Due to the acquisition of control of the subsidiary in May 2019, the consolidated amounts comprise six months of the Parent Company and only two months (May and June of 2019) of the subsidiary.

The accompanying notes are an integral part of this interim accounting information.

Notes to the quarterly information as of June 30, 2019 and 2018

(In thousands of Brazilian Reais - R\$, unless otherwise stated)

1 Operations

Mills Estruturas e Serviços de Engenharia S.A. (“Mills” or “Company”) is a publicly-traded corporation with registered offices in the City of Rio de Janeiro - Brazil. The Company operates basically in the infrastructure, construction and manufacturing industries, engaging in the following main activities:

- (a) Rental and sale, including import and export, of steel and aluminum tubular structures, shoring and access equipment for construction works, as well as reusable concrete formworks, along with the development of related engineering projects, and the provision of supervisory and optional assembly services.
- (b) Sale, rental and distribution of aerial work platforms and telescopic handlers, as well as parts and components, and technical assistance and maintenance services for such equipment.
- (c) Holding of ownership interests in other companies, as partner or shareholder.

The Company’s bylaws also establish the following activities:

- (a) Rental, assembly, and disassembling of access tubular scaffolding in industrial areas.
- (b) Performance of industrial painting, sandblasting, heat insulation, boilermaker and refractory services, as well as other services inherent in such activities.

The Company’s operations are segmented according to the new organization and management model, already reflected in the financial statements as at December 31, 2018, approved by Management, containing the following business units: Construction and Rental. The descriptions of each business unit are included in note 27.

The individual and consolidated interim information contained in this quarterly information was approved by the Company’s Board of Directors and authorized for issue on August 12, 2019.

1.1 Merger of Solaris Participações, Equipamentos e Serviços S.A.

At the Extraordinary General Meeting held on April 3, 2019, the shareholders of Solaris Participações, Equipamentos e Serviços S.A. (“Solaris Participações”) approved the Company's capital increase through the issuance of 154,346,537 (one hundred and fiftyfour million, three hundred and forty-six thousand and five hundred and thirty-seven) common shares, in the total amount of R\$ 271,803,000 (two hundred and seventy-one million, eight hundred and three thousand reais). These new shares were subscribed and paid up on this date based on book net assets as of December 31, 2018 of Solaris Equipamentos e Serviços S.A. (“Solaris Equipamentos”), in accordance with the appraisal report issued by an independent appraisal company and distributed as follows:

Shareholders	Number of subscribed and paid up shares	(%)
SCG III Fundo de Investimento em Participações		
Multiestratégia	104,627,677	67.79%
Sullair Argentina S.A.	44,840,433	29.05%
Ricardo Vantini	4,878,427	3.16%
Total	154,346,537	100%

As from April 3, 2019, the shareholders presented in the table above became the holders of 100% of the shares of Solaris Participações that now holds 100% equity interest in Solaris Equipamentos.

At the Extraordinary General Meeting held on May 10, 2019, the shareholders approved, in accordance with Article 256, Paragraph 1 of the Brazilian Corporate Law and CVM Instruction 358/02, the merger of Solaris Participações, Equipamentos e Serviços S.A. into the Company and all other actions required for the completion of the business combination between Mills and Solaris Equipamentos (“Business Combination”).

This merger resulted in a business combination since the Company obtained equity interest in Solaris Equipamentos for the first time, as well as its control. In conformity with CPC 15 (R1) - Business Combination, business acquisitions are accounted under the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated by the sum of the fair value of the assets transferred, the liabilities assumed on the acquisition date with the former owners of the acquiree, and the equity interests issued in exchange for the control of the acquiree.

The merger of Solaris Participações was approved at the General Extraordinary Meeting held on May 10, 2019. The effects of this acquisition affected the Company’s consolidated results of operations as from that date, with Solaris Equipamentos equity being appraised at its fair value as of April 30, 2019 based on a preliminary economic and financial report issued by an independent appraisal company.

The business combination consolidates the leading role of the two companies in the Brazilian rental market of aerial work platforms and results in a more attractive mix of products, with a total fleet of approximately 9 thousand equipment, which also generates a greater capacity to serve its more than 6 thousand active customers and potential customers from the most varied sectors of the economy and regions of Brazil.

Since May 10, 2019, Company holds the direct control of Solaris Equipamentos and all of its shares.

(a) Consideration transferred

On that date, as a result of the Business Combination, the Company issued 76,056,038 new registered ordinary shares without par value for Solaris Equipamentos’ shareholders, who

received 0.4927615448 shares of Mills for each 1 (one) ordinary share of Solaris Equipamentos, whose fair value is described below in item (c) – (ii).

(b) Acquisition costs

The Company incurred costs of approximately R\$ 1,183 in 2019 (R\$ 5,165 in 2018) with attorney fees and due diligence costs in connection with the acquisition. The attorney fees and due diligence costs were recorded as “Administrative expenses” in the statement of operations.

(c) Identifiable assets acquired and liabilities assumed

The table below summarizes the amounts of assets acquired and liabilities assumed from Solaris Equipamentos on the acquisition date:

Assets	Carrying amount 4/30/2019	Adjustments	Fair value
Current			
Cash and cash equivalents	33,767	-	33,767
Trade receivables	31,719	-	31,719
Inventories	17,370	-	17,370
Taxes recoverable	8,626	-	8,626
Other assets	3,391	-	3,391
Noncurrent			
Judicial deposits	337	-	337
Deferred taxes	83,058	-	83,058
Property, plant and equipment	175,677	39,839 (i)	215,516
Intangible assets	632	-	632
Assets acquired	354,577		394,416
Liabilities	Carrying amount 4/30/2019	Adjustments	Fair value
Current			
Suppliers	9,499	-	9,499
Borrowings and financing	12,818	-	12,818
Debentures	24,311	-	24,311
Taxes payable	2,305	-	2,305
Payroll and related taxes	9,578	-	9,578
Derivatives	229	-	229
Other liabilities	596	-	596
Noncurrent			
Borrowings and financing	9,480	-	9,480
Debentures	6,186	-	6,186
Taxes payable	1,488	-	1,488
Provision for contingencies	4,794	-	4,794
Other liabilities	156	-	156
Liabilities assumed	81,440		81,440
Net assets acquired	273,137	39,839	312,976

Distribution of fair value of assets acquired:

Carrying amount of net assets	273,137
Surplus value of property, plant and equipment (i)	39,839
Goodwill (iii)	87,429

Consideration transferred through capital increase (see note 22) - (ii) **(400,405)**

No material movements were identified from the base date April 30, 2019 to May 10, 2019 (date of acquisition).

- (i) The appraisal report on Solaris Equipamentos' net assets issued by an independent appraisal company stated an a fair value adjustment of R\$ 39,839, related to the surplus value of machinery and equipment. Such surplus value of the net assets acquired is due to the operational life and residual value of the assets. In the individual quarterly information, this amount is presented in the line item of investments. In the consolidated quarterly information, this amount is presented as property, plant and equipment (see note 12).
- (ii) The fair value of the equity instruments issued (ordinary shares), with average price of R\$ 5.2646081101 per Company share, was calculated based on the volume of Mill shares traded on B3 - Brasil, Bolsa, Balcão on the trading sessions held from February 14 to March 29, 2019. As mentioned above, with the issuance of 76,056,038 new registered ordinary shares without par value for Solaris Equipamentos shareholders, the total amount of the consideration transferred on the acquisition of the subsidiary was R\$ 400,405.
- (i) The goodwill recorded as the result of the acquisition was determined as follows:

Consideration transferred	400,405
(-) Carrying amount of net assets	(273,137)
(-)Surplus value of net assets and liabilities	(39,839)
(=)Goodwill	87,429

(d) Fair value measurement

The initial recognition of the acquisition was preliminary determined on June 30, 2019 based on the Company's best estimate, considering appropriate assumptions and methodology for the purchase price allocation, this accounting considered the fair value measurement of assets and liabilities prepared by independent experts engaged by the Company and is subject to changes due to facts existing on the acquisition date that may come to Management's attention during the adjustment period of up to one year after the acquisition date, as prescribed by accounting pronouncement CPC 15 (R1).

The valuation technique used to measure the fair value of identifiable assets acquired was as follows:

Assets acquired	Valuation method
Machinery and equipment	For calculation of depreciation , the useful lives, residual values, and state of conservation and obsolescence of the asset are considered. The calculation is made on the variation of the provable curve of useful life. The fair value of the used equipment is determined based on the value of the new equipment, taking into account the operational life and residual value, indexed to a curve, which is limited to the useful life of the asset.

2 Summary of significant accounting policies

2.1 Basis of presentation

The Company's interim accounting information comprises the individual and consolidated interim accounting statements and has been prepared in accordance with Technical Pronouncement CPC 21 (R1), which addresses interim financial reporting, and in accordance with International Accounting Standard (IAS) 34, issued by the International Accounting Standards Board - IASB.

This interim information does not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the financial statements

of Mills for the year ended December 31, 2018, which have been prepared in accordance with accounting policies adopted in Brazil and the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Boards (IASB).

In compliance with Brazilian Securities and Exchange Commission (CVM) Circular 003/2011, of April 28, 2011, we present below the notes to the most recent annual financial statements (for the year ended December 31, 2018), which, in view of the lack of significant changes this quarter, are not being reproduced in full in this interim accounting information.

The notes not included in the period ended June 30, 2019 are the following: “Critical accounting judgments and key estimates and assumptions”, “Financial risk management”, “Tax debt refinancing program (REFIS)”, “Proposed dividends and interest on equity”, “Estimated impairment losses”, restated, in the disclosure of the financial statements for 2018, in notes 3, 4, 23, 26 and 30, respectively.

2.2 Basis of preparation

Except for the impacts disclosed in notes 2.3 and 2.4, the accounting policies, calculation methods, significant accounting judgments, estimates and assumptions used in this interim accounting information are the same used in the financial statements for the year ended December 31, 2018, disclosed in Notes 2 and 3. These financial statements were filed with CVM on March 14, 2019 and published on the newspaper Valor Econômico and the Official Gazette of the State of Rio de Janeiro on March 21, 2018.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries. Control is achieved when the Company obtains, direct or indirectly, most of the voting rights or is exposed or has rights to variable returns based on its involvement with the investee and has the ability to affect these returns through the power over the investee.

a. Investments in entities accounted for under the equity method of accounting

The Company’s investments in entities accounted for under the equity method of accounting comprise its interests in subsidiaries.

The details of the Company’s subsidiaries at the end of the each reporting year are as follows:

Subsidiary	Core business	Interests - %	
		6/30/2019	12/31/2018
Solaris Equipamentos e Serviços S.A.	Equipment sale and rental and provision of maintenance and technical assistance services.	100%	-

In the process of consolidation of financial statements, the following eliminations are included:

- (i) Parent’s interests in capital, reserves and retained earnings (accumulated losses) of entities included in consolidation;

- (ii) Asset and liability accounts between entities included in consolidation; and
- (iii) Intragroup revenues and expenses arising from transactions between entities included in consolidation.

The amounts presented in the consolidated accounting information were prepared taking into consideration the amounts calculated on the date of merger of Solaris Participações, in May 2019, as mentioned in note 1.1.

2.4 Significant accounting policies

In the preparation of this interim accounting information, the Company's Management considered, when applicable, new revisions and interpretations of the *International Financial Reporting Standards* ("IFRS") and the technical pronouncements issued by IASB and CPC, respectively, which became mandatory on January 1, 2019.

CPC 06 (R2)/IFRS 16 - Leases

IFRS 16 introduces a single model of lease accounting in the balance sheet for lessees. A lessee recognizes a right-of-use asset which represents its right to use the leased asset and a lease liability which represents its obligation to make lease payments. Optional exceptions are available for short-term leases and leases of low value assets. The lessor accounting remains similar to the current standard, that is, lessors continue to classify leases as finance or operating. The new standard replaced the existing lease standards, including CPC 06 (IAS 17) - Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27) - Additional Aspects of Lease Transactions.

With the adoption of IFRS 16, the Company no longer recognizes operating costs and expenses arising from operating leases and now recognizes in its statement of operations: (i) the effects of the depreciation of the rights-of-use of the leased assets; and (ii) the finance costs and exchange variation determined based on the financial liabilities of the lease agreements.

All lease contracts of the Company with a term of more than one year and with unit values of the leased assets above the limit established by the standard were analyzed. For the purposes of initial adoption, the modified retrospective modeling was adopted, and the lease agreements of the properties and vehicles used by the Company for its Construction and Rental business units were analyzed. The discount rate used to determine the net present value of the contracts was 9.93% per year.

In the transition to CPC 06(R2)/IFRS 16 right-of-use assets and leases liabilities were recorded in the opening balance sheet of 2019, see note 16 and the table below:

	Parent Company		
	Balance as at December 31, 2018	Adjustments on the adoption of CPC06 (R2) / IFRS 16	Adjusted opening balance at January 1, 2019
Balance Sheet			
Property, plant and equipment (assets)	467,444	57,786	525,230
Lease (liabilities)	-	(57,786)	(57,786)

The table below shows the effects of the initial adoption of CPC 06 (R2)/IFRS 16 recognized on the subsidiary's balance sheet as of April 30, 2019, the last balance sheet before the merger on

May 10, 2019, which had as at that date the following amounts recorded in the line items property, plant and equipment (right of use) - R\$ 7,070 and lease - R\$ 7,115.

	Subsidiarie		
	Balance as at December 31, 2018	Adjustments on the adoption of CPC06 (R2) / IFRS 16	Adjusted opening balance at January 1, 2019
Balance Sheet			
Property, plant and equipment (assets)	179,281	8,568	187,849
Lease (liabilities)	<u>4,240</u>	<u>8,568</u>	<u>12,808</u>

2.5 Restatement of amounts corresponding to the Parent Company's interim accounting information for the period ended June 30, 2018

The Company reassessed the presentation and disclosure in the interim accounting information of routine PP&E sales transactions that were previously held for rental to third parties, known as sale of used assets (others). Previously, these sales and costs were disclosed as other operating income and the Company concluded that these transactions should be disclosed as net revenue from sales and services and as cost of sales and services in the statement of operations, since they are part of the Company's operational activities. Accordingly, the comparative figures for the six-month period ended June 30, 2018, originally presented in the interim accounting information of the second quarter of 2018, are being restated.

The comparative figures of the statement of operations and the statement of added value for the six-month period ended June 30, 2018, originally presented in the interim accounting information approved on August 6, 2018, are being restated accordingly, as summarized below:

Statement of operations

	6/30/2018		
	Original balance	Reclassifications	Restated balance
Net revenue from sales and services	150,600	10,415	161,015
Cost of sales and services	<u>(131,053)</u>	<u>(24,357)</u>	<u>(155,410)</u>
Gross profit (loss)	<u>19,547</u>	<u>(13,942)</u>	<u>5,605</u>
Selling, general and administrative expenses	(69,257)	-	(69,257)
Other operating income (expenses)	<u>(13,942)</u>	<u>13,942</u>	<u>-</u>
Loss before finance income (costs) and taxes	<u>(63,652)</u>	<u>-</u>	<u>(63,652)</u>
Finance income	8,373	-	8,373
Finance costs	(16,169)	-	(16,169)
Loss before taxes	<u>(71,448)</u>	<u>-</u>	<u>(71,448)</u>
Current and deferred income and social contribution taxes	<u>(2,638)</u>	<u>-</u>	<u>(2,638)</u>
Loss for the period	<u>(74,086)</u>	<u>-</u>	<u>(74,086)</u>

Statements of added value

	6/30/2018		
	Original balance	Reclassifications	Restated balance
Revenues			
Sales of products and services	174,557	10,516	185,073
Cancelations and discounts	(9,444)	-	(9,444)
Other revenues	14,437	(10,516)	3,921
Recognition of impairment loss on trade receivables	<u>(2,554)</u>	<u>-</u>	<u>(2,554)</u>

3 Cash and cash equivalents

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Cash and banks	636	121	1,123
Short-term investments	<u>109,302</u>	<u>60,514</u>	<u>148,244</u>
	<u>109,938</u>	<u>60,635</u>	<u>149,367</u>

Cash and cash equivalents consist basically of deposits and highly liquid short-term investments, which are readily convertible into a known amount of cash and subject to an insignificant risk of change in value.

As at June 30, 2019, short-term investments consist of repurchase agreements and bank deposit certificates – CDB, bearing average interest of 94.33% of the interbank deposit certificate – CDI (97.78% as at December 31, 2018).

4 Restricted bank deposits

On May 19, 2017, debenture holders approved at their general meeting held on March 22, 2017, due to the renegotiation of the terms of the debenture indenture, related to covenants, the pledging of collateral consisting of a fiduciary transfer made by opening a restricted account, held by the Company on behalf of the debenture holders, in an amount equivalent to 50% of the outstanding balance, measured monthly as mentioned in note 15. The segregation between current and non-current was made using the same segregation of the debenture liabilities.

	Parent Company and Consolidated *	
	6/30/2019	12/31/2018
Current	-	62,000
Non-current	<u>-</u>	<u>26,810</u>
	<u>-</u>	<u>88,810</u>

*The balances presented at December 31, 2018 and June 30, 2019 fully refer to the parent company.

On May 17, 2019, the amounts held in restricted accounts related to the 2nd and 3rd Issuances of the Company's Debentures were transferred to its bank accounts for fulfillment of the conditions included in Clause 6.10.4 of the 3rd Amendment to the Indentures, that is, the achievement of the original covenants of Debentures ($\text{Net Debt} / \text{Adjusted Ebitda} \leq 3$ and $\text{Adjusted Ebitda} / \text{Net Finance Costs} \geq 2$) for the second consecutive quarter.

5 Trade receivables

Business unit	Parent Company						Consolidated		
	6/30/2019			12/31/2018			6/30/2019		
	Gross receivables	Provision for impairment loss on trade receivables	Net receivables	Gross receivables	Provision for impairment loss on trade receivables	Net receivables	Gross receivables	Provision for impairment loss on trade receivables	Net receivables
Construction	92,451	(69,080)	23,371	98,667	(75,017)	23,650	92,451	(69,080)	23,371
Rental	76,190	(43,897)	32,293	82,213	(49,372)	32,841	135,424	(70,090)	65,334
	168,641	(112,977)	55,664	180,880	(124,389)	56,491	227,875	(139,170)	88,705
Current	75,638	(19,974)	55,664	84,164	(27,673)	56,491	114,162	(25,457)	88,705
Noncurrent	93,003	(93,003)	-	96,716	(96,716)	-	113,713	(113,713)	-

The aging of outstanding invoices issued is considered in the calculation.

Movement in the impairment loss on trade receivables:

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Balance at the beginning of the period	(124,389)	(133,801)	(124,390)
Solaris Equipamentos acquisition adjustment through April/2019	-	-	(24,685)
Effect of first-time adoption of CPC 48 / IFRS 9	-	(1,731)	-
Impairment loss on trade receivables - net of P&L (i)	(1,297)	(2,274)	(2,805)
Write-offs	12,709	13,417	12,710
Balance at the end of the period	<u>(112,977)</u>	<u>(124,389)</u>	<u>(139,170)</u>

- (i) In the period ended June 30, 2019, the impairment loss on trade receivables totaled R\$ 6,959 (at December 31, 2018 - R\$ 42,779) and the reversal of the impairment loss on trade receivables totaled R\$ 5,663 (at December 31, 2018 - R\$ 40,505), generating a net P&L negative effect of R\$ 1,297 (at December 31, 2018, net P&L negative effect of R\$ 2,274).

Aging schedule of gross receivables:

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Current	50,231	49,463	76,815
Not yet due (bills with original due dates extended)	1,252	1,781	1,252
1-60 days past due (*)	7,618	11,056	14,280
61-120 days past due (*)	3,483	4,001	5,266
121-180 days past due (*)	2,780	5,161	4,011
180-360 days past due (*)	10,274	12,702	12,535
Over 360 days past due (*)	93,003	96,716	113,716
	<u>168,641</u>	<u>180,880</u>	<u>227,875</u>

(*) The analysis above was performed considering the extended due dates of the bills.

6 Inventories

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Goods for resale	1,807	1,963	2,920
Spare parts and supplies	18,062	15,209	37,332
Provision for slow-moving inventories	(3,143)	(1,875)	(9,239)
	<u>16,726</u>	<u>15,297</u>	<u>31,013</u>

(*) Inventory items without movement for more than one year.

Inventories of raw materials consist of toll manufacturing processes to meet the demands of the Company and its customers. Inventories of spare parts consist mainly of access equipment. All inventories are stated at average cost.

7 Inventories - Other assets held for sale

The following contract in US Dollars was signed to sell cargo handling equipment:

Contract date	Type	Number	Delivery schedule	Acquisition cost	Accumulated depreciation
3/15/2017	Telescopic handlers	170	Apr 2017 to May 2019	24,690	14,038

The acquisition cost and accumulated depreciation mentioned above were transferred from rental equipment (property, plant and equipment) to inventories - other assets held for sale. With the transfer, the depreciation of such equipment was ceased and the proceeds from the sale transaction is recognized only when the item is delivered.

In accordance with technical pronouncement CPC 16, inventories shall be measured at their cost value or net realizable value, whichever is lower. The realizable value was calculated based on the total sales value, less the residual value of the assets transferred to inventories, including expenses on maintenance and internal freight to be incurred.

	Parent Company and Consolidated *	
	6/30/2019	12/31/2018
Inventories - Other assets held for sale	-	58

*The balances presented at December 31, 2018 and June 30, 2019 are fully refer to the parent company.

8 Taxes recoverable

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
IRPJ (Corporate Income Tax) and CSLL (Social Contribution Tax) (*)	1,381	400	6,686
PIS and COFINS (taxes on revenue) (**)	2,774	3,186	5,377
ICMS (State VAT) (***)	294	540	936
Others	381	384	519
	<u>4,830</u>	<u>4,510</u>	<u>13,518</u>

(*) Refers to negative balance of income tax, arising from the withholding income tax on redemption of investments in 2018, which will be adjusted for inflation monthly according to the SELIC rate and offset against taxes of the same nature during 2019.

(**) PIS and COFINS credits refer basically to amounts recoverable on acquisition of property, plant and equipment offset at the rate of 1/48 per month against non-cumulative PIS and COFINS federal tax obligations.

(***) Refers to ICMS (State VAT) levied on the Company's operations, arising from the purchase of goods for resale.

9 Assets held for sale

In April 2017, the Company signed contracts consisting of the exchange of receivables for properties which will not be used in its operations. These properties were put up for sale. In accordance with Technical Pronouncement CPC 31, an asset shall be classified as asset held for sale if its carrying amount will be recovered through a sales transaction instead of continuous use. Consequently, the Company classified these assets received through exchange in the assets held for sale account.

	Parent Company and Consolidated *	
	6/30/2019	12/31/2018
Assets held for sale	7,028	7,028
Asset impairment loss (i)	<u>(2,039)</u>	<u>(2,039)</u>
	<u>4,989</u>	<u>4,989</u>

*The balances presented at December 31, 2018 and June 30, 2019 are fully refer to the parent company.

(i) The provision for impairment, which is evaluated annually, is the result of the difference between the book value and the market value of the assets as at December 31, 2018, according to appraisal reports prepared by specialists.

10 Financial assets at fair value through other comprehensive income

On February 8, 2011, the Company acquired 25% of the capital of Rohr S.A. Estruturas Tubulares (“Rohr”) for R\$ 90,000. Rohr is a privately-held company specialized in access engineering and civil construction solutions, which operates mainly in the heavy construction and industrial maintenance sectors.

In the fourth quarter of 2011, the stake in Rohr was increased from 25% to 27.47%, resulting from a buyback by Rohr of 9% of its shares, which are currently in its treasury and will be canceled or proportionally distributed to its shareholders.

The Company assessed that, as at June 30, 2019, it does not have significant influence in conformity with CPC 18 (R2) and there is no change in relation to the assessment as at December 31, 2018.

a. Fair value and impairment loss

In 2018, the Company reviewed the fair value of the financial instrument related to the investment in Rohr S.A. based on an internal study. The fair value of this asset was determined according to economic estimates made under the income approach by forecasting discounted cash flows over a ten-year term plus perpetuity, for evidencing the amount stated in the accounting records considering the long- term maturation of infrastructure and civil construction investments.

The fair value measurement is performed at year-end and since there were no material changes in the conditions previously analyzed, Management understands that there is no change in the estimated fair value of the investment in Rohr as at June 30, 2019 in relation to December 31, 2018, when it amounted to R\$ 54,451.

11 Investments

a. Assets accounted for under the equity method

As disclosed in Note 1.1, Solaris Participações was the parent company of Solaris Equipamentos. On May 10, 2019, the acquisition of Solaris Participações, Equipamentos and Serviços S.A. into the Company was approved, and as a result of this Business Combination, the Company obtained control of 100% of Solaris Equipamentos.

Solaris Equipamentos is a close corporation engaged in the sale, rental and distribution of aerial work platforms, telescopic handlers, generators, soil handling equipment, lightning tower, air compressors and other equipment, spare parts and components and provision of technical assistance and maintenance services.

Information on subsidiary	Solaris Equipamentos 6/30/2019
Interests - %	100%
Current assets	99,260
Noncurrent assets	253,238
Current liabilities	47,432
Noncurrent liabilities	31,125
Equity	273,941
Revenues	90,074
General and	(86,950)
Profit before taxes	3,124
Current and deferred income and social contribution taxes	(1,014)
Profit for the period	2,110

Movement of investments in subsidiaries	Parent Company
Balance at the beginning of the period (4/30/2019)	273,137
Identifiable assets measured at fair value on business combination	39,839
Goodwill	87,429
Realization of assets measured at fair value	1,000
Profit for the period (i)	805
Balance at the end of the period (6/30/2019)	402,210

The calculation of share of profit of subsidiary includes only two months, since it was acquired in 10 of May 2019, as mentioned in Note 1.1.

12 Property, plant and equipment

	Equipment for rental and operational use	Rental equipment in progress	Total rental and operational use equipment	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right-of-use Properties	Right-of-use Vehicles	Construction in progress	Total assets in use	Total Parent Company
Cost of PP&E, gross														
Balances at December 31, 2017	1,259,154	73	1,259,227	22,622	24,138	14,934	1,386	9,863	11,058	-	-	231	84,232	1,343,459
Acquisition	1,809	-	1,809	256	-	7	173	60	64	-	-	689	1,249	3,058
Write-offs/disposals and transfer to inventories held for sale	(179,605)	-	(179,605)	(4,821)	(1,179)	(138)	(316)	(237)	(119)	-	-	-	(6,810)	(186,415)
Adjustment for PIS and COFINS credits	(152)	-	(152)	-	-	-	-	-	-	-	-	-	-	(152)
Transfer	-	-	-	788	-	-	-	(43)	-	-	-	(745)	-	-
Reclassification	73	(73)	-	71	-	-	-	262	-	-	-	-	333	333
Balances at December 31, 2018	1,081,279	-	1,081,279	18,916	22,959	14,803	1,243	9,905	11,003	-	-	175	79,004	1,160,283
Acquisition	64	-	64	-	-	89	99	-	54	-	-	366	608	672
Right of use - initial adoption IFRS 16	-	-	-	-	-	-	-	-	-	54,892	3,344	-	58,236	58,236
Write-offs/disposals and transfer to inventories held for sale	(19,039)	-	(19,039)	-	-	(229)	-	-	(7)	-	-	-	(236)	(19,275)
Adjustment for PIS and COFINS credits	(6)	-	(6)	-	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	291	-	-	-	3	-	-	-	-	294	294
Transfer	88	-	88	90	-	-	-	-	(88)	-	-	(90)	(88)	-
Balances at June 30, 2019	1,062,386	-	1,062,386	19,297	22,959	14,663	1,342	9,908	10,962	54,892	3,344	451	137,818	1,200,204

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	Equipment for rental and operational use	Rental equipment in progress	Total rental and operational use equipment	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right-of- use Properties	Right-of- use Vehicles	Construction in progress	Total assets in use	Total Parent Company
Balances at December 31, 2017	(665,942)	(39)	(665,981)	(8,590)	(4,166)	(13,508)	(1,102)	(3,780)	(6,643)	-	-	-	(37,789)	(703,770)
Depreciation	(116,173)	-	(116,173)	(2,320)	(670)	(1,066)	(94)	(862)	(833)	-	-	-	(5,845)	(140,856)
Write-offs/disposals and transfer to inventories held for sale	128,409	-	128,409	3,327	834	138	260	219	86	-	-	-	4,864	119,715
Adjustment for PIS and COFINS credits	-	-	-	(236)	-	-	-	(88)	-	-	-	-	(324)	(440)
Reclassification	(39)	39	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	-	-	-	(42)	-	-	-	(42)	-	-	-	-	-	8,726
Balances at December 31, 2018	<u>(653,745)</u>	<u>-</u>	<u>(653,745)</u>	<u>(7,861)</u>	<u>(4,002)</u>	<u>(14,436)</u>	<u>(936)</u>	<u>(4,469)</u>	<u>(7,390)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(39,094)</u>	<u>(692,839)</u>
Depreciation	(53,666)	-	(53,666)	(944)	(309)	(209)	(43)	(435)	(403)	(4,965)	(1,032)	-	(8,340)	(62,006)
Write-offs/disposals and transfer to inventories held for sale	14,140	-	14,140	-	-	229	-	-	5	-	-	-	234	14,374
Adjustment for PIS and COFINS credits	-	-	-	(96)	-	-	-	(44)	-	-	-	-	(140)	(140)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	(47)	-	(47)	-	-	-	-	-	47	-	-	-	47	-
Balances at June 30, 2019	<u>(693,318)</u>	<u>-</u>	<u>(693,318)</u>	<u>(8,901)</u>	<u>(4,311)</u>	<u>(14,416)</u>	<u>(979)</u>	<u>(4,948)</u>	<u>(7,741)</u>	<u>(4,965)</u>	<u>(1,032)</u>	<u>-</u>	<u>(47,293)</u>	<u>(740,611)</u>
Annual depreciation rates - %	10	10	-	10	4	20	20	10	10	20	33.3	-	-	-
Property, plant and equipment, net														
Balance at December 31, 2018	427,534	-	427,534	11,055	18,957	367	307	5,436	3,613	-	-	175	39,910	467,444
Balance at June 30, 2019	369,068	-	369,068	10,396	18,648	247	363	4,960	3,221	49,927	2,312	451	90,525	459,593

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quarterly information as of
June 30, 2019

	Equipment for rental and operational use	Equipment in progress	Total rental for rental and operational use	Leasehold improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Right-of- use Properties	Right- of-use Vehicles	Construction in progress	Total assets in use	Total Consolidated
Cost of PP&E, gross														
Balances at December 31, 2018	1,081,279	-	1,081,279	18,916	22,959	14,803	1,243	9,905	11,003	-	-	175	79,004	1,160,283
Addition due to acquisition of subsidiary	428,030	5,957	433,987	7,083	-	2,302	896	569	2,954	6,320	2,562	-	22,686	456,673
Surplus value of property, plant and equipment	39,673	-	39,673	-	-	-	166	-	-	-	-	-	166	39,839
Acquisition	80	167	247	-	-	106	99	1	63	-	-	366	635	882
Right of use - initial adoption IFRS 16	-	-	-	-	-	-	-	-	(2)	54,892	3,344	-	58,234	58,234
Write-offs/disposals and transfer to inventories held for sale	(20,045)	-	(20,045)	-	-	(228)	-	-	(7)	-	-	-	(235)	(20,280)
Adjustment for PIS and COFINS credits	(6)	-	(6)	-	-	-	-	-	-	-	-	-	-	(6)
Reclassification	88	-	88	90	-	-	-	-	(88)	-	-	(90)	(88)	-
Transfer	959	(868)	91	291	-	-	-	3	-	-	-	-	294	385
Balances at June 30, 2019	1,530,058	5,256	1,535,314	26,380	22,959	16,983	2,404	10,478	13,923	61,212	5,906	451	160,696	1,696,010

Accumulated depreciation	Equipment for rental and	Rental equipment	Total rental	Leasehold	Buildings and land	Computers and	Vehicles	Facilities	Furniture and	Right-of- use	Right-of- use	Construction in	Total assets	Total Consolidated
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**Mills Estruturas e
Serviços de Engenharia S.A.**
Individual and consolidated
quarterly information as of
June 30, 2019

	operational use	in progress	operational use and improvements equipment	peripherals	fixtures	Properties	Vehicles	progress	in use					
Balances at December 31, 2018(*)	(653,745)	-	(653,745)	(7,861)	(4,002)	(14,436)	(936)	(4,469)	(7,390)	-	-	-	(39,094)	(692,839)
Addition due to acquisition of subsidiary	(270,061)	-	(270,061)	(4,470)	-	(1,348)	(879)	(337)	(2,078)	(1,326)	(486)	-	(10,924)	(280,985)
Surplus value of property, plant and equipment	1.006	-	1006	-	-	-	(6)	-	-	-	-	-	(6)	1.000
Depreciation	(60,144)	-	(60,144)	(1,091)	(309)	(269)	(44)	(441)	(432)	(5,599)	(1,276)	-	(9,461)	(69,605)
Write-offs/disposals and transfer to inventories held for sale	15,084	-	15,084	-	-	229	-	-	-	-	-	-	229	15,313
Adjustment for PIS and COFINS credits	17	-	17	(96)	-	-	-	(44)	-	-	-	-	(140)	(123)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer	(50)	-	(50)	-	-	2	-	-	47	-	-	-	49	(1)
Balance as at June 30, 2019	(967,893)	-	(967,893)	(13,518)	(4,311)	(15,822)	(1,865)	(5,291)	(9,853)	(6,925)	(1,762)	-	(59,347)	(1,027,240)
Annual depreciation rates - %	10	-	-	10	4	20	20	10	10	20	33.3	-		
Property, plant and equipment, net														
Balance at December 31, 2018	427,534	-	427,534	11,055	18,957	367	307	5,436	3,613	-	-	175	39,910	467,444
Balance at June 30, 2019	562,165	5,256	567,421	12,862	18,648	1,161	539	5,187	4,070	54,287	4,144	451	101,349	668,770

Rental equipment can be summarized as follows: access scaffolding, formworks, shoring, aerial work platforms and telescopic handlers.

We present below the main acquisitions and reclassifications accumulated through June 30, 2019, by group of assets:

	Parent Company	Consolidated
Shoring	64	64
Machinery and equipment	-	31
Facilities	3	3
Furniture and fittings	54	80
Leasehold improvements	381	381
Construction in progress	276	3,290
Computers and peripherals	89	400
Vehicles	99	99
	<u>966</u>	<u>4,348</u>

The depreciation for the period, allocated to cost of services and general and administrative expenses, amounts to R\$ 52,479 and R\$ 9,527 as at June 30, 2019 (R\$ 59,359 and R\$ 4,556 as at June 30, 2018), respectively.

Certain items of property, plant and equipment are pledged as collateral for borrowings (Note 15).

The purchase and sale of rental equipment are being presented in the statement of cash flows as operating activity.

Review of estimated useful life

There was no change in the remaining estimated useful lives of fixed assets, and, thus, there was no change in the depreciation rate for the period ended June 30, 2019.

Provision for impairment of assets

Management found signs of impairment for the Construction and Rental business units in 2018, based on CPC 01, and, accordingly performed the applicable impairment tests. The recoverable amount of this group of assets was determined according to market economic projections made under the income approach, by forecasting discounted cash flow. To determine the value in use of goodwill a period of ten-year plus perpetuity was considered, due to the long period of maturation of the investments in infrastructure and civil construction, and to determine the value in use of property, plant and equipment a ten-year period was considered, according the useful life of the asset.

Based on this assessment, Management concluded that there is no need to recognize an allowance for the impairment of the assets held by the Construction and Rental Business Units for the year ended December 31, 2018.

Management did not identify indications of impairment for the Construction and Rental Business Units during the first half of 2019.

13 Intangible assets

	Software	Trademarks patents	Intangible assets in progress	Goodwill on investments	Total Parent Company
Balances at December 31, 2017	52,203	3,156	43	13,376	68,778
Acquisition	926	-	565	-	1,491
Disposals	-	-	-	-	-
Transfer	92	-	(92)	-	-
Reclassification	-	-	(333)	-	(333)
Balances at December 31, 2018 (*)	53,221	3,156	183	13,376	69,936
Acquisition	861	-	494	-	1,355
Reclassification	-	-	(293)	-	(293)
Balances at June 30, 2019	54,082	3,156	384	13,376	70,998
Accumulated amortization					
Balances at December 31, 2017	(25,692)	(878)	-	(4,232)	(30,802)
Amortization	(4,666)	-	-	-	(4,666)
Adjustment for PIS and COFINS credits	(476)	-	-	-	(476)
Balances at December 31, 2018	(30,833)	(878)	-	(4,232)	(35,943)
Amortization	(2,128)	-	-	-	(2,128)
Adjustment for PIS and COFINS credits	(218)	-	-	-	(218)
Balances at June 30, 2019	(33,179)	(878)	-	(4,232)	(38,289)
Annual amortization rates - %	20	10	-	-	-
Intangible assets, net					
Balance at December 31, 2018	22,388	2,278	183	9,144	33,993
Balance at June 30, 2019	20,903	2,278	384	9,144	32,709

	Software	Trademarks patents	Intangible assets in progress	Goodwill on investments	Total Consolidated
Balances at December 31, 2018	<u>53,221</u>	<u>3,156</u>	<u>184</u>	<u>13,376</u>	<u>69,937</u>
Addition due to acquisition of subsidiary	1,741	8	-	-	1,749
Goodwill due to acquisition of subsidiary	-	-	-	87,429	87,429
Acquisition	873	-	494	-	1,367
Reclassification	-	-	(294)	-	(294)
Balances at June 30, 2019	<u>55,835</u>	<u>3,164</u>	<u>384</u>	<u>100,805</u>	<u>160,188</u>
Accumulated amortization					
Balances at December 31, 2018	<u>(30,833)</u>	<u>(878)</u>	<u>-</u>	<u>(4,232)</u>	<u>(35,943)</u>
Addition due to acquisition of subsidiary	(1,116)	-	-	-	(1,116)
Amortization	(2,179)	-	-	-	(2,179)
Adjustment for PIS and COFINS credits	(217)	-	-	-	(217)
Balances at June 30, 2019	<u>(34,345)</u>	<u>(878)</u>	<u>-</u>	<u>(4,232)</u>	<u>(39,455)</u>
Annual amortization rates - %	<u>20</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>-</u>
Intangible assets, net					
Balance at December 31, 2018	22,338	2,278	184	9,144	33,993
Balance at June 30, 2019	21,490	2,286	384	96,573	120,733

a. Impairment loss on goodwill

Goodwill arose on the acquisition of Jahu in 2008 and the acquisition of GP Sul in 2011, and is being considered as contribution of the Construction business unit, which represents a Cash-Generating Unit (CGU) to which the goodwill is allocated.

The recoverable amount of this asset was determined according to the same assumptions described in note 12.

b. Goodwill

The goodwill arising on the merger of Solaris Participações is initially measured as the excess of the consideration transferred over the net assets acquired (net identifiable assets acquired and liabilities assumed). Subsequent to initial recognition, in the amount of R\$ 87,429, goodwill, which has indefinite useful life, is measured at cost, less any accumulated impairment losses.

In the consolidated quarterly information, the goodwill is classified in intangible assets, while in the Parent Company balance sheet, it is included in investments.

14 Suppliers

	<u>Parent Company</u>		<u>Consolidated</u>
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>
Domestic suppliers	13,856	15,219	22,733
Foreign suppliers	543	484	1,346
	<u>14,399</u>	<u>15,703</u>	<u>24,079</u>

As at June 30, 2019 and December 31, 2018, suppliers balances refer basically to installment purchase of spare parts and supplies, services and PP&E.

15 Borrowings and financing

Borrowings were used for financing the expansion of the Company's investments and for its general use and expenses. They bear interest at the TJLP (Long-term Interest Rate) and CDI (Interbank Deposit Certificate).

The Company entered into rental equipment financing agreements that bear interest at the TJLP rate plus interest of 0.2% to 0.90% per year and CDI plus 3.10% to 9.50% per year, with monthly amortization through October 2022.

	<u>Parent Company</u>		<u>Consolidated</u>
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>
Current	2,692	3,177	8,186
Noncurrent	1,436	2,535	10,526
	<u>4,128</u>	<u>5,712</u>	<u>18,712</u>

The financial institutions with which the Company has borrowing and financing agreements as at June 30, 2019 are as follows:

Company	Financial institutions
Mills	Banco do Brasil
Mills	Itaú BBA
Solaris Equipamentos	Banco do Brasil
Solaris Equipamentos	Banco ABC
Solaris Equipamentos	Banco Caterpillar
Solaris Equipamentos	Banco DLL
Solaris Equipamentos	Banco Daycoval

The table below shows the pledged guarantees outstanding at the financial reporting dates:

	<u>Parent Company</u>		<u>Consolidated</u>
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>
Guarantees provided:			
Collateral assignment (*)	<u>26,993</u>	<u>27,103</u>	<u>113,846</u>

- (*) Refers to equipment purchased under the Federal Equipment Financing Program (FINAME), leasing and working capital.

The installments to fall due at the end of the period ended June 30, 2019 are shown below:

	Parent Company	Consolidated
2019	1,591	4,734
2020 to 2022	2,537	13,978
	<u>4,128</u>	<u>18,712</u>

The Company's loan related to FINAME and related to Itaú BBA has restrictive clauses of covenants with the following pre-established relationships:

- (1) Financial ratio from quotient of division of the net debt (iii) by EBITDA (i), shall be equal to or lower than three (3); and
 - (2) Financial ratio from quotient of division of the EBITDA by net financial expenses (iv), shall be equal to or higher than two (2).
- (i) “EBITDA” means, based on the Company’s four immediately preceding Consolidated Financial Statements, profit or loss before income and social contribution, less income and plus expenses generated by finance income and costs and nonoperating income and expenses, depreciation and amortization, and nonrecurring income and expenses.

The definitions of items (iii) and (iv) are already presented in note 16.

As at June 30, 2019, the Company achieved the covenants indexes defined above.

16 Debentures

Description	Series	Issued amount	Beginning	Maturity	Finance charges	Parent Company		Consolidated
						6/30/2019	12/31/2018	6/30/2019
1st issuance – Solaris Equipamentos (i)	Single	80,000	March 2014	February 2021	100% of CDI + 4%	-	-	29,108
2nd issuance (ii) Issue cost	2nd series	109,060	August 2021	August 2020	IPCA + 7.00 p.a.	115,423 (107) 115,316	108,627 (152) 108,475	115,423 (107) 115,316
3rd issuance (iii) Issue cost	Single	200,000	May 2014	May 2019	116.00% CDI	- - -	67,062 (64) 66,998	- - -
Total Parent Company						115,316	175,473	115,316
Total Consolidated						-	-	144,424
Current						60,863	122,552	74,231
Noncurrent						54,453	52,921	70,193

(iii) **1st issue of debentures (subsidiary – Solaris Equipamentos)**

On March 20, 2014, the subsidiary Solaris Equipamentos approved its first issue of simple, nonconvertible, registered, unsecured debentures, in a single series, totaling R\$80,000 and unit face value of R\$10 totaling 8,000 units issued. These debentures have final maturity on March

20, 2019 and bear interest equivalent to DI plus spread of 2.4% p.a. , with monthly payments of interest and amortized in 49 monthly consecutive installments, commencing on March 20, 2015.

On June 3, 2017, the debenture holders approved the first amendment to the Private Indenture of Debentures, which includes the following main changes:

- a. Change of the initial maturity of debentures, from March 20, 2019 to March 20, 2020.
- b. Change of the amortization date of debentures and amortization percentages, in order to grant a 9-month grace period on the balance payment, that is, the installments of principal amortization from June 20, 2017 to January 20, 2018, became due beginning on February 20, 2018.
- c. Change of the spread from 2.40% to 4.50%, beginning on June 20, 2017.
- d. Change of the percentage of premium applicable to the total early redemption and extraordinary optional amortization of debentures.

On March 14, 2018, the debenture holders approved the second amendment to the Private Indenture of Debentures, which includes the following main changes:

- a. Change of the maturity of debentures, from March 20, 2020 to February 20, 2021.
- b. Change of the amortization of the nominal unit value of debentures, which started to be amortized on March 20, 2015 and will have a total of 63 monthly installments, with final maturity on February 20, 2021.
- c. Waiver of debenture holders related to the accelerated maturity of debentures in 2017, since the Company presented a ratio obtained by the division of Net Debt by EBITDA greater than 2.5.
- d. The ratio obtained by the division of Net Debt by EBITDA should not be greater than or equal to 3.0 in the year ended December 31, 2018 and should not be greater than or equal to 2.5 in the year ending December 31, 2019 (including), through the maturity date.
- e. Change of the spread from 4.50% to 4.00%, beginning on March 21, 2018 through the maturity date.
- f. Change of the percentage of premium applicable to the total early redemption and extraordinary optional amortization of debentures.

On March 25, 2019, the Company was incorporated into a series of corporate transactions, whereby the Company became a wholly owned subsidiary of Mills as disclosed in the material fact of December 21, 2018.

Covenants

The subsidiary's debenture indentures require compliance with debt and interest coverage ratios under preset parameters, as follows:

- (1) Maintenance of the financial ratio within the limit below established on the dates of its respective annual calculation.

- (2) The ratio obtained by the division of Net Debt by EBITDA should not be greater than or equal to 3.0 in the year ended December 31, 2018 and should not be greater than or equal to 2.5 in the year ending December 31, 2019 (including), through the maturity date.

On December 31, 2018, the Subsidiary's net debt totaled R\$ 28,089 (R\$ 48,889 in 2017), and the total Earnings Before Interest, Taxes, Depreciation and Amortization - EBITDA was R\$ 32,376 (R\$ 4,935 in 2017), generating a financial ratio (net debt / EBITDA) of 0.87 (9.9 in 2017).

Therefore, for the year ended December 31, 2018 the Parent Company achieved all covenants to which it was subject.

(ii) 2nd issue of debentures (Parent Company - Mills)

The second issue of Company debentures, of a total of 27,000 simple, nonconvertible, registered, unsecured debentures, in two series, was approved on August 3, 2012, totaling R\$270,000 and unit face value of R\$10. The transaction costs associated with this issue, in the amount of R\$1,810, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

The debentures included in the table above have their maturities according to the issue of each series, as follows:

2nd series - 10,906 second series debentures, totaling R\$109,060, with maturity on August 15, 2020, subject to adjustment for inflation based on the accumulated variation of the IPCA. The face value of the second series debentures will be amortized in three annual installments as from the sixth year of their issue and interest paid annually will correspond to 5.50% p.a. At a general meeting held on March 22, 2017 debenture holders decided that interest paid annually will correspond to 7.00% per year of the amount adjusted for inflation as described above.

(iii) 3rd issue of debentures (Parent Company - Mills)

The third issue of Company debentures, of a total of 20,000 simple, nonconvertible, registered, unsecured debentures, in a single series, was approved on May 30, 2014, totaling R\$200,000 and unit face value of R\$10. These debentures mature on May 30, 2019 and bear interest equivalent to 108.75% of the CDI, payable semiannually, and amortized in three annual, consecutive installments, commencing on May 30, 2017. At a general meeting held on March 22, 2017 debenture holders set the remuneration at 116.00% of the CDI. The transaction costs associated with this issue, in the amount of R\$ 745, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

In May 2019, the last installment was paid, amounting to R\$ 66,944 related to the third issuance of debentures.

As at June 30, 2019, the balances of debentures including transaction costs are R\$ 74,323 in current liabilities and R\$ 70,208 in non-current liabilities and R\$ 74,231 and R\$ 70,193 less transaction costs respectively (as at December 31, 2018, the gross balance of debentures is R\$ 122,704 in current liabilities and R\$ 52,982 in non-current liabilities, and R\$122,552 and R\$ 52,921 less transaction costs).

The main decisions made at the general meeting held by debenture holders on March 22, 2017, were:

- a. Replacement of EBITDA by Operating Cash Flow - FCO, for the calculation of covenants for the purpose of early maturity;
- b. Pledge of collateral consisting of a fiduciary transfer made by the Company in up to 60 days as of March 22, 2017 by opening a restricted account, on behalf of debenture holders, in an amount equivalent to 50% of the outstanding balance, measured monthly;
- c. Keeping of EBITDA in covenants for the purpose of clearance of restricted account and restrictions on dividend distribution and loans between related parties;
- d. Renegotiation of the interest rates as described above;
- e. Limitation of dividends above the minimum legal level of 25%;
- f. Restriction on loans between related parties.

If the original covenants (EBITDA) are met for two consecutive quarters, the clearance of restricted account occurs. These indicators are now assessed as from this date. In the event of non-compliance therewith, the restricted account is reestablished by replacing EBITDA with Operating Cash Flow (OCF (iii)) for the calculation of covenants.

The main decisions made at the general meeting held by debenture holders on February, 22, 2019, were:

- a. Prior consent for the merger, into the Company, of Solaris Participações, Equipamentos e Serviços S.A., in connection with the business combination disclosed in a material news release dated December 21, 2018;
- b. Permission to carry out intercompany loan operations with its subsidiaries or affiliated companies in the amount of up to R\$ 25,000 (twenty-five million reais);
- c. The change in the mechanism of the Debentures restricted account, provided for in the respective fiduciary assignment agreements, in order to allow the use of part of such funds in the repayment of the Debenture installments; and
- d. Other related matters on the meeting agenda, according to the minutes of the debenture holders' meetings available, fully disclosed on the website www.mills.com.br/ri and on the CVM website.

Covenants

The debenture indentures require compliance with debt and interest coverage ratios under preset parameters, as follows:

- (1) Financial ratio obtained by dividing net debt (i) by EBITDA (iv) must be equal to or lower than three (3).
- (2) Financial ratio obtained by dividing EBITDA by net financial expenses (ii) must be equal to or higher than two (2).

- (i) “Net Debt” means, based on the Company’s immediately preceding consolidated financial statements, (a) the sum of the Company’s onerous debts, on a consolidated basis, to companies, including borrowings from third parties and/or related parties and issue of fixed-income securities, whether convertible or not, in the local and/or international capital markets, as well as guarantees provided by the Company, excluding debts arising from tax installment payments; (b) less the sum of the Company’s cash and cash equivalents (cash and short-term investments), on a consolidated basis;
- (ii) “Net Financial Expenses” mean, based on the Company’s four immediately preceding consolidated financial statements, the balance of the difference between the consolidated gross financial income and the consolidated gross financial expenses;
- (iii) “OCF” means, based on the Company’s four immediately preceding consolidated financial statements, net cash generated by operating activities less interest and net inflation gains and losses, acquisitions of rental PP&E items and interest paid; and
- (iv) “EBITDA” means, based on the Company’s four immediately preceding consolidated financial statements, profit or loss before income tax and social contribution, less income and plus expenses generated by financial and non-operating results, depreciation and amortization, and nonrecurring income and expenses.

Considering non-recurring expenses for the purpose of determining adjusted EBITDA, at the end of the year ended June 30, 2019, all original covenants have been met.

17 Leases payable

In January 2019, IFRS 16 / CPC 06 (R2) became effective. The rights of use are recognized in assets, subject to depreciation and leases are recognized in liabilities, as are finance leases, subject to monetary restatement and amortized by the lease payment.

The amounts relating to the Company's rights of use of the leases are as follows:

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Leases payable			
Properties	9,860	-	14,369
Vehicles	2,046	-	3,784
Current	11,906	-	18,153
Properties		-	
Vehicles	41,122	-	41,122
	323		323
Noncurrent	41,445	-	41,445

18 Related parties

a. Transactions and balances

There were no loans between the Company and its officers during the periods ended June 30, 2019 and the year 2018.

As at June 30, 2019 and December 31, 2018, the Company had no consulting service agreements with members of the Board of Directors.

b. Management compensation

The amounts relating to compensation paid to members of the Company's management are as follows:

	Parent Company				Consolidated
	6/30/2019		6/30/2018		6/30/2019
	Three-month period	Six-month period	Three-month period	Six-month period	Six-month period
Salaries and payroll charges - officers	1,299	3,010	1,504	3,373	3,854
Fees paid to Board of Directors members	900	1,542	582	960	1,542
Provision for profit sharing	1,712	1,712	590	590	1,712
Share-based payments	231	461	60	199	461
Total	4,142	6,725	2,736	5,122	7,569

c. Related-party transaction

The amounts related to intercompany transactions refer to the sublease of equipment among companies, as shown below:

Company	Nature	6/30/2019			
		Assets	Liabilities	Revenues	Expenses
Solaris Equipamentos	Sublease of equipment	170	29	284	(55)

19 Employee benefits

a. Post-employment benefits

The post-employment benefits granted and to be granted to former employees related to health care are provisioned based on an actuarial calculation prepared by an independent actuary, using future projections related to various parameters of the benefits evaluated, such as inflation and interest, among other aspects. The actuarial assumptions adopted for the calculation were determined considering the long term of the projections to which they refer. Actuarial gains and

losses are recognized in other comprehensive income in the "Equity adjustments" account and presented in equity.

The amounts related to these benefits were calculated based on a valuation prepared by an independent actuary as at December 31, 2018, and are recognized in the financial statements in accordance with IAS 19 (CPC 32 R1).

	Parent Company and Consolidated *	
	6/30/2019	12/31/2018
Post-employment benefit	11,047	10,441

*The balances presented at December 31, 2018 and June 30, 2019 are fully refer to the parent company.

b. Provision for profit sharing

The provision for profit sharing is recorded on an accrual basis, as an expense. The determination of the amount, which is paid in the year following the recording of the provision, is made according to the Profit Sharing Agreement negotiated annually with the category union, in accordance with 10,101/00, as amended by Law 12,832/13.

The 2019 Profit Sharing Program is based on the achievement of Adjusted EBITDA and the captures of synergies arising from the business combination with Solaris Equipamentos and corporate and individual targets. All Mills employees with at least 90 days worked in 2019 are eligible.

At June 30, 2019, the liability amount was R\$ 4,876.

c. Stock option and restricted stock plan

The Company has stock option plans approved by shareholders at their general meeting aimed at integrating its executives in the Company development process in the medium and long terms. These plans are managed by the Company and the grants are approved by the Board of Directors.

Plans	Grant date	Final exercise date	Share options in thousands			
			Share options granted	Share options exercised	Share options canceled	Outstanding share options
2010 Program	5/31/2010	5/31/2016	1,475	(1,369)	(106)	-
2011 Program	4/16/2011	4/16/2017	1,184	(597)	(587)	-
2012 Program	6/30/2012	5/31/2018	1,258	(402)	(856)	-
2013 Program	4/30/2013	4/30/2019	768	(91)	(164)	513
2014 Program	4/30/2014	4/30/2020	260	-	(102)	158
2016 Program	4/28/2016	4/28/2024	1,700	(220)	(805)	675

In order to price the cost of the Top Mills Special Plan relating to its equity component, the applicable volatilities were determined at the risk-free rates and stock prices based on valuations of 6.6 times the EBITDA, less net debt, and the Company used the Black-Sholes model to calculate the fair value.

On March 31, 2014, the Company approved at the Board of Directors meeting:

- (i) the creation of the 1/2014 Stock Option program; (ii) the definition of the criteria to set the strike price of options and their payment terms;
- (ii) the definition of the terms and conditions of exercise of options; and (iv) the authorization for the Executive Officers to grant the stock options to the beneficiaries eligible under the 2014 Program.

At the Board of Directors meeting held on May 21, 2015, the Company decided to sell the Company's shares held in treasury in order to exercise the option to purchase the profit-sharing bonds under the 2010, 2011, 2012, 2013 and 2014 Stock Option Programs (see note 22.b).

On April 28, 2016, the Company decided at the Board of Directors meeting to approve the Company's new stock option plan, according to the 1/26 program.

The plans granted as from 2010 were classified as equity instruments and the weighted average fair value of the options granted was determined according to the Black-Scholes valuation model, considering the following assumptions:

Program	Grant	Weighted average fair value by option - R\$	Weighted average price of the share at the grant date - R\$	Strike price at the grant date - R\$	Volatility at the grant	Dividend yield at the grant date	Annual risk- free interest rate at the grant date	Maximum strike period at the grant date
2010	First	3.86	11.95	11.50	31.00%	1.52%	6.60%	6 years
2010	Second	5.49	14.10	11.50	31.00%	1.28%	6.37%	6 years
2011	Single	6.57	19.15	19.28	35.79%	1.08%	6.53%	6 years
2012	Basic	21.75	27.60	5.86	37.41%	0.81%	3.92%	6 years
2012	Discretionary	12.57	27.60	19.22	37.41%	0.81%	3.92%	6 years
2013	Basic	24.78	31.72	6.81	35.34%	0.82%	3.37%	6 years
2013	Discretionary	11.92	31.72	26.16	35.34%	0.82%	3.37%	6 years
2014	Basic	22.46	28.12	7.98	33.45%	0.75%	12.47%	6 years
2014	Discretionary	11.16	28.12	30.94	33.45%	0.75%	12.47%	6 years
2016	Discretionary	2.63	4.31	2.63	71.45%	1.51%	14.25%	8 years

The strike price of the shares granted under the Plan is set by the Company's Board of Directors.

The table below presents the accumulated balances of the plans in the balance sheets and the effects on the statement of operations.

	6/30/2019	12/31/2018
2002 Plan:		
Capital reserve	1,446	1,446
Number of shares exercised (thousands)	3,920	3,920
Top Mills, Special CEO and Ex-CEO Plans:		
Capital reserve	1,148	1,148
Number of shares exercised (thousands)	1,055	1,055
Mills Rental Executive Plan:		
Capital reserve	4,007	4,007
Number of shares exercised (thousands)	391	391
2010 Plan:		
Capital reserve	5,693	5,693
Number of exercisable options (thousands)	-	-

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	6/30/2019	12/31/2018
Number of shares exercised (thousands)	1,369	1,369
Number of shares canceled (thousands)	106	106
2011 Program (2010 Plan):		
Capital reserve	7,329	7,329
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	597	597
Number of shares canceled (thousands)	587	587
2012 Program (2010 Plan):		
Capital reserve	14,162	14,162
Number of exercisable options (thousands)	-	-
Number of shares exercised (thousands)	402	402
Number of shares canceled (thousands)	856	856
2013 Program (2010 Plan):		
Capital reserve	11,900	11,900
Number of exercisable options (thousands)	513	513
Number of shares exercised (thousands)	91	91
Number of shares canceled (thousands)	164	164
2014 Program (2010 Plan):		
Capital reserve	4,701	4,701
Number of exercisable options (thousands)	158	188
Number of shares canceled (thousands)	102	72
2016 Program:		
Capital reserve	1,907	1,699
Number of exercisable options (thousands)	675	895
Number of shares exercised (thousands)	220	-
Number of shares canceled (thousands)	805	805
Total recognized as equity (accumulated)	52,293	52,086
Effect on profit (loss)	(207)	(673)

d. Restricted shares incentive program

The Company has a restricted shares incentive program approved by shareholders at their general meeting aimed at integrating its executives in the Company's development process in the medium and long terms. These plans are managed by the Company and the grants are approved by the Board of Directors.

Plans	Grant date	Final exercise date	Shares in thousands			
			Share options granted	Shares options exercised	Shares options canceled	Outstanding share options
2018 Program	11/19/2018	11/18/2021	868	-	-	868

In order to price the cost of the restricted stock plan relating to its equity component, the applicable volatilities were determined at the risk-free rates, the dividend yield and the stock prices, with the Black-Sholes model being used to calculate the fair value.

On June 18, 2018, the Company approved at the Board of Directors meeting: on the approval of

the proposal to create an Restricted Stock Incentive Plan of the Company, with the subsequent call to the Company's Extraordinary General Meeting to resolve on its approval.

On July 18, 2018, the Company decided at the Extraordinary General Meeting the approval of the Restricted Stock Incentive Plan, as proposed by the Board of Directors.

On August 18, 2018, the Company decided at a Board of Directors meeting to adopt the Company's Restricted Stock Incentive Program, within the scope of the Company's Restricted Shares Incentive Plan approved by the Extraordinary Shareholders' Meeting held on July 18, 2018.

On November 18, 2018, the Company resolved at a Board of Directors meeting the approval of the restricted stock granting to the beneficiaries of the Company's Restricted Stock Incentive Program, approved at the Board of Directors Meeting held on August 3, 2018, within the scope of the Company's Restricted Stock Incentive Plan approved by the Company's Extraordinary Shareholders' Meeting held on July 18, 2018.

The plans granted as from 2018 were classified as equity instruments and the weighted average fair value of the options granted was determined according to the Black-Scholes valuation model, considering the following assumptions:

Program	Weighted average fair value by share - R\$	Weighted average price of the share at the grant date - R\$	Strike price at the grant date - R\$	Volatility at the grant date	Dividend yield at the grant date	Annual risk- free interest rate at the grant date	Maximum strike period at the grant date
2018	3.17	3.18	0.00	54.56%	0.00%	5.04%	3 years

	6/30/2019	12/31/2018
2018 Plan:		
Capital reserve	537	77
Number of exercisable options (thousands)	868	868
Number of shares canceled (thousands)	-	-
Total recognized as equity (accumulated)	307	77
Effect on profit (loss)	(460)	(77)

20 Income tax and social contribution

a. Reconciliation of the income tax and social contribution benefit (expense)

The reconciliation of income and social contribution tax expense between statutory and effective rates is as follows:

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	Parent Company				Consolidated
	4/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2019 to 6/30/2019	1/1/2018 to 6/30/2018	1/1/2019 to 6/30/2019
Loss for the period before income and social contribution	(20,828)	(41,824)	(34,681)	(71,448)	(35,675)
Statutory income and social contribution tax rate	34%	34%	34%	34%	34%
Income and social contribution taxes at statutory rate	7,082	14,221	11,792	24,292	12,129
Nondeductible provisions (*) and permanent differences	79	(688)	19	(1,109)	560
Prior years adjustments	-	-	-	-	116
Unrecognized deferred tax assets on tax losses (d.i)	-	(15,368)	-	(25,821)	-
Total current and deferred income and social contribution taxes	7,161	(1,835)	11,811	(2,638)	12,805
Effective rate	34%	-4%	34%	-4%	36%

(*) Non-deductible expenses comprise expenses on the accrual of cancellations, gifts, debt waivers, share of profit (loss) of subsidiary and non-compensatory fines.

b. Movement in deferred income and social contribution taxes during the period, not considering the offset of balances:

	Parent Company				Consolidated
Description	12/31/2018	Additions	Write-offs	6/30/2019	6/30/2019
GP Andaimes Sul Locadora goodwill	(672)	-	-	(672)	(672)
Jahu goodwill	(2,437)	-	-	(2,437)	(2,437)
Solaris Participações goodwill	-	(628)	-	-	(628)
Adjustment IFRS 9 – Cash and cash equivalents	(15)	-	(15)	(30)	(30)
Finance leases	(208)	-	103	(105)	(16,791)
Adjustment for inflation of judicial deposits	(1,758)	(94)	7	(1,845)	(1,845)
Debentures	(73)	-	36	(37)	(37)
Accelerated depreciation	(3,012)	-	376	(2,636)	(3,031)
Property, plant and equipment hedge	(420)	-	65	(355)	(355)
Exchange differences	(387)	(42)	5	(424)	(424)
SCG III goodwill	-	-	-	-	4,553
Fair value adjustment - Rohr	2,296	-	-	2,296	2,296
Adjustment IFRS 9 – Cash and cash equivalents (initial adoption)	36	-	-	36	1,219
Adjustment to impairment of trade receivables on first-time adoption of CPC 48 / IFRS 9	588	-	-	588	392
CPC 48 / IFRS 16 Leases	-	373	-	373	36
Post-employment benefits	359	206	-	565	565
Post-employment benefits (initial adjustment)	3,191	-	-	3,191	3,191
Bonus payable	735	380	(502)	613	613
Other provisions	-	-	-	-	1,008
Impairment losses	693	-	-	693	693
Impairment allowance - Rohr	8,906	-	-	8,906	8,906
Tax losses	165,960	15,928	-	181,888	271,265
Provision for profit sharing	2,720	(1,646)	-	1,074	2,523
Provision for slow-moving inventories	637	431	-	1,068	3,141
Provision for discounts and cancellations	-	407	(24)	383	8,140
Provision for impairment loss on trade receivables	9,378	9,770	(11,787)	7,359	383
Provision for realization of ICMS credit	29	-	-	29	29
Provision for costs and expenses	1,247	(1,072)	-	175	175
Provision for tax, civil and labor risks	8,549	1,107	(2,624)	7,032	8,712
Stock Options	8,494	384	-	8,878	8,878
Exchange loss	463	40	-	503	602
	205,299	26,172	(14,360)	217,111	301,070

c. Deferred taxes that are recognized directly in shareholders' equity

The balance of deferred taxes recognized in shareholders' equity at June 30, 2019 is R\$ 4,082, related to the first-time adoption of CPC 48 / IFRS 9.

d. The bases and expectations for realization of the deferred income tax and social contribution are presented below:

Nature	Bases for realization
Stock option	Exercise of options
Discount to present value	Tax realization of the loss/gain
Property, plant and equipment hedge	Depreciation of the asset
Provision (reversal) for slow-moving inventories	Write-off or sale of the asset
Provision for impairment	Realization of the provision
Fair value adjustment - Rohr	Sale of stake in the investment
Provision for costs and expenses	Payment
Provision for loss on lawsuit Murilo Pessoa	Receipt of the amount
Provision for impairment loss on trade receivables	Filing of lawsuits and past-due receivables
	Realization of the asset over the straight-line depreciation Finance
Leases	leases period
Provision for tax, civil and labor risks	Tax realization of the loss or settlement of the lawsuit
Provision for realization of tax credit	Realization of tax credit
Provision for discounts and cancellations	Reversal/realization of the provision
Taxes with required payment suspended	Payment or reversal of the provision
Accelerated depreciation	Tax depreciation over five years
GP Andaines Sul Locadora goodwill	Disposal/impairment of the asset
Jahu goodwill	Disposal/impairment of the asset
Adjustment for inflation of judicial deposits	Withdrawal of the deposit
Exchange differences	Payment of the borrowing
Tax losses	Expectation of future taxable profits (i)
Bonus payable	Payment
Debentures	Amortization of the borrowing cost
Impairment	Reversal/realization of the provision
Hedge provision (sale)	Derivative contracting/settlement
Provision for post-employment benefits	Reversal/realization of the provision

- (i) The Company prepared the impairment analysis of the deferred tax asset recognized as at December 31, 2018 and concluded that there are sufficient evidences that taxable profits will be generated against which the recognized tax losses can be utilized, within a period lower than 10 years. The determination of the amount of future taxable profits is based on projections of revenues, costs and finance income and costs, which reflect the Company's economic and operational environments.

The actions aiming at generating taxable profit are those already in course through the implementation of the commercial strategy focused on the recovery of price, extended market coverage with the diversification of the customer base and increase in profitability, in the Rental business unit, and focus on the adjustment of products and efforts to markets where the Company always had a higher differential: larger and higher complexity works, in the Construction business unit.

21 Provisions for tax, civil and labor risks and judicial deposits

The Company is a party to tax, civil and labor proceedings that have arisen in the normal course of business and is discussing the related matters both at the administrative and judiciary levels. These proceedings are backed by judicial deposits, when applicable.

Based on the opinion of the Company's outside legal counsel, management understands that the appropriate legal measures already taken in each situation are sufficient to cover potential losses and preserve the Company's equity, being reassessed periodically.

The Company does not have any contingent assets recognized.

Breakdown of the provision for tax, civil and labor risks

	Parent		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Tax (i)	4,971	4,884	4,971
Civil (ii)	872	6,457	1,561
Labor (iii)	11,157	10,127	15,370
Success fees (iv)	2,592	2,607	2,592
Legal fees and costs (v)	1,090	1,067	1,090

<u>20,682</u>	<u>25,142</u>	<u>25,584</u>
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- (i) Consists of: (a) writ of mandamus filed for by the Company when challenging the increase in the PIS and COFINS rates (established by the non-cumulative regime of these contributions, with the enactment of Laws 10,637/2002 and 10,833/2003). The Company maintains a judicial deposit for this provision, related to the differences in rates;
- (ii) The Company has lawsuits filed against it relating to civil liability and compensation claims. In December 2018, a provision was established due to a lawsuit seeking compensation for pain and suffering and property damages filed against the company. Due to the unfavorable outcome of this lawsuit, the provision was write-off in 2019.
- (iii) The Company is a defendant in various labor lawsuits. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and equal pay.
- (iv) Contingent fees are generally set at up to 10% of the amount of the claim, payable to outside legal counsel according to the success achieved in each claim. Payment is contingent upon an outcome of the lawsuits favorable to the Company.
- (v) Consists of the provision for legal fees and costs incurred with lawsuits, with probable risk of unfavorable outcome to the Company

Movement in the provision for tax, civil and labor risks:

	<u>Parent Company</u>		<u>Consolidated</u>
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>
Balance at January 1	25,142	21,364	25,142
Solaris Equipamentos acquisition adjustment through April/2019	-	-	4,795
Provision	2,061	9,450	2,549
Adjustment for inflation	915	1,859	915
Reversals/write-off (i)	<u>(7,436)</u>	<u>(7,531)</u>	<u>(7,817)</u>
Balance for the period	<u>20,682</u>	<u>25,142</u>	<u>25,584</u>

- (i) The main movement in 2019 is related to the decision unfavorable to the Company in regard to a civil contingency, as mentioned in item ("ii") above.

a. Breakdown of judicial deposits

	<u>Parent Company</u>		<u>Consolidated</u>
	<u>6/30/2019</u>	<u>12/31/2018</u>	<u>6/30/2019</u>
Tax (i)	8,564	8,326	8,603
Labor (ii)	3,302	3,110	3,509
Civil (iii)	<u>-</u>	<u>5,758</u>	<u>101</u>
	<u>11,866</u>	<u>17,194</u>	<u>12,213</u>

- (i) As at June 30, 2019, judicial deposits for tax lawsuits totaled R\$ 8,564. The reconciliation of this amount refers basically to the challenge of the increase in the PIS and COFINS rates, in the total amount of R\$ 4,388, as informed below in tax contingencies item "i", (sub item "a"), and, also, judicial deposits made on behalf of certain municipalities due to the understanding of our legal counsel as regards the levy of the ISS (service tax) on asset rental income. The balance recognized in this line item is R\$ 3,188. Since 2003, with the enactment of Supplementary Law 116 and based on the opinion of its legal counsel, the Company has not made judicial deposits of this nature.
- (ii) The judicial deposits are linked to various labor lawsuits in which the Company is the defendant. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and equal pay.

- (iii) Judicial deposit related to an lawsuit for compensation for material and moral damages of which the company is the defendant at December 2018. Due to the unfavorable outcome to the Company in the first quarter of 2019, the deposit was withdrawn.

The Company is a party to tax, civil and labor lawsuits involving risks of loss classified by management as possible according to the assessment of its legal counsel, for which no provision was recognized as estimated below:

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Tax (i)	57,554	54,543	69,812
Civil (ii)	10,691	7,593	12,528
Labor (iii)	11,599	10,594	13,587
	79,844	72,730	95,927

- (i) **Tax (main items):**
- (a) Tax Assessment Notice of ICMS (State VAT) received by subsidiary Sullair, of approximately R\$59 thousand of principal which amounts to R\$183 thousand including fine and interest. In summary, this tax assessment notice challenges the payment of ICMS levied on the transportation of rental assets in 2012 and 2013. The other lawsuits refer basically to collection proceedings of tax credits overdue, INSS offsets on termination amounts paid and motions against the tax collection proceeding filed by the Federal Government, for the collection of differences of COFINS and tax credits arising from the increase in tax rate from 1% to 3%.
- (b) Disallowance of allegedly nondeductible expenses, included in PIS and COFINS, by the Brazilian Federal Revenue Service, involving former Mills Formas, due to agreements entered into with various customers, under which Mills Formas was responsible for carrying out the services that were previously carried out by the employees of the former Mills do Brasil;
- (c) Assessment of deficiency by the Finance Department of the State of Rio de Janeiro consisting of ICMS and fine allegedly due on transfers of goods without the payment of the related tax.
- (d) Non-recognition by the INSS (National Institute of Social Security) of the possibility of offsetting payments improperly made as social security contribution, based on the method established by Law 9,711/98;
- (e) Imposition by the Brazilian Federal Revenue of fine allegedly due on installment payment of credits derived from voluntary reporting;
- (f) Assessment by the Brazilian Federal Revenue Service of alleged deficiency in Tax on Profit (ILL), judged unconstitutional by the STF (Federal Supreme Court).
- (g) Non-approval of the credits of the negative balance compensation statements originated from the rectification of the DIPJ of the calendar year 2012. The Brazilian Federal Revenue Service considered these compensation statements not declared, according to article 74, paragraph 3, item VI of Law 9,430/96. The Brazilian Federal Revenue Service considered these compensation statements not declared, according to article 74, paragraph 3, item VI of the Law No. 9,430/96. The Company filed for a writ of mandamus seeking to guarantee its net and certain right to have the compensation statements analyzed, since these do not fit into any of the legal assumptions alleged by the Brazilian Federal Revenue Service.
- (ii) **Civil**
Lawsuits filed against the Company relating to compensation for pain and suffering and property damages.
- (a) The change was mainly caused by the change in the likelihood of loss from remote to possible, related to a lawsuit for pain and suffering and property damages.
- (iii) **Labor**
The Company is a defendant in various labor lawsuits. Most of the lawsuits involve collection of termination amounts, compensation for pain and suffering, inclusion of premium in the compensation, reinstatement and salary adjustments, and related effects.

22 Taxes payable

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
PIS and COFINS (taxes on revenue)	1,520	1,825	2,669
Deferred PIS and COFINS	-	-	1,262
INSS (Social Security Contribution)	24	42	28
ICMS (State VAT)	129	113	185
ISS (Service Tax)	115	122	161
Others	363	391	470
	<u>2,151</u>	<u>2,493</u>	<u>4,775</u>
Current	2,151	2,493	3,513
Noncurrent	-	-	1,262

23 Equity

a. Share capital

On May 10, 2019, as a result of the Business Combination, the Company issued 76,056,038 new registered ordinary shares without par value for Solaris Equipamentos shareholders, who received 0.4927615448 shares of Mills for each 1 (one) ordinary share of Solaris Equipamentos (see note 1.1).

On May 20, 2019, the Company's Board of Directors approved a capital increase of R\$ 643, totaling an issue of 219,500 new registered ordinary shares without par value, which will have the same conditions in all benefits, including dividends and any interest on capital that comes to be distributed, related to the Company's 1/2016 Stock Option Program (1/2016 Program).

The Company's fully subscribed and paid-in capital as at June 30, 2019 is R\$ 1,089,367 (December 31, 2018 - R\$ 688,319), comprising 251,862 thousand (December 31, 2018 - 175,586 thousand) registered ordinary shares without par value. Each ordinary share entitles to one vote in the shareholders' meetings.

The table below shows the shareholding structure at the reporting dates:

	6/30/2019		12/31/2018	
Shareholders	Number cost (in thousands)	Percentage	Number cost (in thousands)	Percentage
Andres Cristian Nacht ¹	13,817	5.49%	13,817	7.87%
Snow Petrel S.L.	23,677	9.40%	23,677	13.48%
Other signatories of the Company shareholders agreement ⁴	23,044	9.15%	23,044	13.12%
Nacht Family (total)	60,538	24.04%	60,538	34.47%
SCG III Fundo de Investimento em Participações	51,556	20.47%	-	-
Sullair Argentina S.A.	22,096	8.77%	-	-
Fundo de Investimento em participações Axxon				
Brazil Private Equity Fund II ²	12,294	4.88%	12,294	7.00%
Fama Investimentos Ltda. ³	9,123	3.62%	8,789	5.01%
Brandes Investment Partners ⁵	7,955	3.16%	17,459	9.94%
Others	88,300	35.06%	76,506	43.58%
	<u>251,862</u>	<u>100.00 %</u>	<u>175,586</u>	<u>100.00 %</u>

1. On December 19, 2017, it became the holder of a material ownership interest from 11.79% to 7.87%, divided among Antonia Nacht, Pedro Nacht and Tomas Nacht, resulting in 2,295,736 shares for each of them.. On April 13, 2016, it

became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.

2. On July 20, 2016, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.
3. On March 25, 2019, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.
4. Signatories to the Shareholders' Agreement, excluding Andres Cristian Nacht and Snow Petrel SL, the position as at December 28, 2016, already reported to CVM, pursuant to CVM Instruction No. 358/02 is considered.
5. On March 18, 2019, Brandes Investment Partners, LP became the holder of 4.53% of the total shares according to information officially received by the Company and disclosed to CVM.
6. On May 10, 2019, the Shareholders' Agreement was signed after the Business Combination with Solaris Equipamentos and Sullair Argentina became the holder of 22,096,641 shares of the Company.
7. On May 10, 2019, a Shareholders' Agreement was signed after the Business Combination with Solaris Equipamentos and SCG III Fundo de Investimentos em Participações became the holder of 51,556,496 shares of the Company.

b. Earnings reserves

b.1 Legal reserve

The legal reserve is set up annually by allocating 5% of the profit for the year until it reaches a ceiling of 20% of share capital. The purpose of the legal reserve is to ensure the integrity of the capital and it can be used only to offset losses and increase capital.

b.2 Retained earnings

Consists of the retention of the remaining balance of retained earnings in order to fund the business growth project set out in the Company's investment plan, according to the capital budget proposed by the Company's management, to be submitted for approval at the General Meeting, pursuant to Article 196 of the Brazilian Corporation Law.

c. Capital reserve

The capital reserve includes the transaction costs incurred in capital funding amounting to R\$ 15,069, net of taxes, relating to the primary public offering of shares, the stock option premium reserve amounting to R\$ 52,829, the stock option plans for employees, and the share issue cost in May 2016 of R\$3,379, totaling a capital reserve of R\$ 34,381 as at June 30, 2019 (December 31, 2018 - R\$ 33,714).

d. Treasury shares

The balance of treasury shares as at June 30, 2019 and December 31, 2018 is 2,278,422 shares totaling R\$ 20,287 and includes the cost of the canceled shares, amounting to R\$ 557, the amount of the buyback of shares in 2015 of R\$ 19,777, and the amount of the sale of shares of R\$ 47.

e. Equity adjustments

Refers to the provision for post-employment benefits, as detailed in note 19.a.

24 Earnings per share

a. Basic

Basic earnings (loss) per share are calculated by dividing the profit (loss) attributable to owners of the Company by the weighted average number of ordinary shares issued during the year.

	Parent Company and Consolidated*			
	6/30/2019		6/30/2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Loss attributable to owners of the Company	(13,667)	(22,870)	(43,660)	(74,086)
Weighted average number of ordinary shares issued (thousands)	182,333	182,333	160,540	160,540
Basic earnings (loss) per share from continuing operations	(0.07)	(0.13)	(0.27)	(0.46)

*The balances presented at December 31, 2018 and June 30, 2019 are fully refer to the parent company.

b. Diluted

Diluted earnings (loss) per share are calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: stock options. For stock options, a calculation is made to determine the number of shares that would be acquired at fair value (determined as the average annual market price of the Company's share), based on the monetary value of the subscription rights linked to the outstanding stock options. The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of the stock options.

	Parent Company and Consolidated*			
	6/30/2019		6/30/2018	
	Three-month period	Six-month period	Three-month period	Six-month period
Loss attributable to owners of the Company	(13,667)	(22,870)	(43,660)	(74,086)
Weighted average number of ordinary shares issued (thousands)	182,333	182,333	160,540	160,540
Diluted earnings (loss) per share from continuing operations	(0.07)	(0.13)	(0.27)	(0.46)

* The balances presented at December 31, 2018 and June 30, 2019 are fully refer to the parent company.

The stock options did not have an effect on the calculation above as at June 30, 2019 because the potential ordinary shares are antidilutive.

25 Net revenue from rental, sales and services

The information on net revenue from sales and services below refers only to the nature of the revenue per type of service:

	Parent Company				Consolidated	
	6/30/2019		6/30/2018 (Restated)		6/30/2019	
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period
Rentals	65,861	134,617	67,877	138,523	92,605	161,361
Sales of new equipment	6,176	10,803	3,333	6,582	9,720	14,347
Sales of semi new equipment	1,409	2,631	6,914	19,024	2,477	3,699
Sales of semi new equipment (others)	3,217	4,936	6,879	10,516	3,217	4,936
Technical assistance	1,243	3,858	1,850	3,366	1,586	4,202
Indemnities	3,148	5,868	3,271	4,576	4,693	7,414
Others (i)	1,292	2,691	1,392	2,486	1,292	2,690
Total gross revenue	82,346	165,404	91,516	185,073	115,590	198,649
Taxes on sales and services	(7,597)	(15,168)	(7,089)	(14,614)	(9,615)	(17,186)
Cancellations and discounts	(3,851)	(8,293)	(5,997)	(9,444)	(5,520)	(9,963)
	70,898	141,943	78,430	161,015	100,455	171,500

(i) Refers to revenue from recovery of expenses of equipment or machinery damaged by the lessee (customer).

(*) The consolidated amounts include six months of the Parent Company and only two months of the subsidiary.

26 Cost of sales and services and selling, general and administrative expenses (by nature)

Cost of sales and services consist mainly of expenses on (i) personnel for supervising the works, technical assistance, assembly, handling, maintenance of equipment and designers; (ii) freight for equipment transportation, when the responsibility lies with the Company, and for equipment transfer; (iii) rental of third parties' equipment; (iv) expenses directly related to warehouse management, storage, handling and maintenance of rental and resale assets, comprising expenses on personal protective equipment (PPE) used in operating activities (handling, storage and maintenance), inputs (gas of pilers, gases for welding, wood, paints, among others) and maintenance of machinery and equipment (pilers, welding machines, hydroblasting equipment, carving equipment and tools in general); (v) provision for slow-moving inventories and provision for impairment;

Selling, general and administrative expenses refer to current expenses, such as, salaries, benefits, travels, representations of various departments, including Sales, Marketing, Engineering and Administrative Backoffice (HR and Investor Relations); and corporate expenses of the head office and the various branches (rents, fees, security, upkeep and cleaning, mainly); provision for stock option programs, provision for contingencies, and some non-permanent disbursements.

Parent Company

Nature	As at June 30, 2019 - Three-month period			As at June 30, 2019 - Six-month period			As at June 30, 2018 - Three-month period (Restated)			As at June 30, 2018 - Six-month period (Restated)		
	Direct project and rental costs	Selling, general and administrative and other expenses	Total	Direct project and rental costs	Selling, general and administrative and other expenses	Total	Direct project and rental costs	Selling, general and administrative and other expenses	Total	Direct project and rental costs	Selling, general and administrative and other expenses	Total
Personnel	(10,751)	(13,456)	(24,207)	(21,557)	(24,471)	(46,028)	(13,083)	(17,600)	(30,683)	(27,911)	(31,624)	(59,535)
Third parties	(411)	(6,354)	(6,765)	(892)	(10,607)	(11,499)	(298)	(5,201)	(5,499)	(2,274)	(9,356)	(11,630)
Freight	(2,034)	(110)	(2,144)	(4,255)	(386)	(4,641)	(2,207)	(2,236)	(4,443)	(4,895)	(2,951)	(7,846)
Construction/maintenance and repairs	(8,368)	(601)	(8,969)	(16,384)	(1,439)	(17,823)	(7,963)	(1,178)	(9,141)	(17,102)	(1,859)	(18,961)
Equipment rental and others	(239)	(193)	(432)	(394)	(373)	(767)	(1,011)	(3,709)	(4,720)	(2,041)	(7,406)	(9,447)
Travel	(1,059)	(819)	(1,878)	(2,111)	(1,407)	(3,518)	(423)	(740)	(1,163)	(801)	(1,411)	(2,212)
Cost of sales	(3,599)	-	(3,599)	(6,311)	-	(6,311)	(1,448)	-	(1,448)	(3,497)	-	(3,497)
Depreciation and amortization	(26,179)	(5,786)	(31,965)	(52,480)	(11,654)	(64,134)	(28,752)	(3,381)	(32,133)	(59,359)	(6,929)	(66,288)
Write-off of assets	(1,521)	-	(1,521)	(2,842)	-	(2,842)	(6,165)	-	(6,165)	(11,119)	-	(11,119)
Cost of sales of used assets - others	(1,930)	-	(1,930)	(2,100)	-	(2,100)	(13,268)	-	(13,268)	(24,358)	-	(24,358)
Allowance for expected credit losses	-	(725)	(725)	-	(1,297)	(1,297)	-	(2,098)	(2,098)	-	(2,554)	(2,554)
Stock option	-	(332)	(332)	-	(667)	(667)	-	(143)	(143)	-	(467)	(467)
Provisions	-	(797)	(797)	-	(1,724)	(1,724)	-	(1,783)	(1,783)	-	(545)	(545)
Profit sharing	-	(291)	(291)	-	(1,726)	(1,726)	-	-	-	-	-	-
Others	(340)	(3,747)	(4,087)	363	(6,630)	(6,267)	(169)	(3,356)	(3,525)	(2,053)	(6,715)	(8,768)
Total	(56,431)	(33,211)	(89,642)	(108,963)	(62,381)	(171,344)	(74,787)	(41,425)	(116,212)	(155,410)	(71,817)	(227,227)

Consolidated

Nature	As at June 30, 2019 - Three-month period			As at June 30, 2019 - Six-month period		
	Direct project and rental costs	Selling, general and administrative and other expenses	Total	Direct project and rental costs	Selling, general and administrative and other expenses	Total
Personnel	(14,451)	(17,984)	(32,435)	(25,257)	(28,999)	(54,256)
Third parties	(602)	(6,529)	(7,131)	(1,083)	(10,782)	(11,865)
Freight	(2,487)	(816)	(3,303)	(4,708)	(1,092)	(5,800)
Construction/maintenance and repairs	(14,262)	(794)	(15,056)	(22,278)	(1,632)	(23,910)
Equipment rental and others	(6)	(302)	(308)	(161)	(482)	(643)
Travel	(1,382)	(1,144)	(2,526)	(2,434)	(1,732)	(4,166)
Cost of sales	(5,200)	-	(5,200)	(7,912)	-	(7,912)
Depreciation and amortization	(32,324)	(5,947)	(38,271)	(58,625)	(11,851)	(70,476)
Write-off of assets	(1,609)	-	(1,609)	(2,930)	-	(2,930)
Cost of sales of used assets - others	(1,930)	-	(1,930)	(2,101)	-	(2,101)
Allowance for expected credit losses	-	(2,234)	(2,234)	-	(2,805)	(2,805)
Stock option	-	(332)	(332)	-	(667)	(667)
Provisions	-	(962)	(962)	-	(1,889)	(1,889)
Profit sharing	-	(589)	(589)	-	(2,024)	(2,024)
Others	(168)	(4,813)	(4,981)	535	(7,660)	(7,125)
Total	(74,421)	(42,446)	(116,867)	(126,954)	(71,615)	(198,569)

27 Finance income and costs

a. Finance income

	Parent Company				Consolidated	
	6/30/2019		6/30/2018		6/30/2019	
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period
Interest income	403	969	727	1,133	590	1,156
Investment income	2,190	4,466	3,287	6,799	2,440	4,716
Discounts obtained	17	124	(2)	30	22	129
Exchange and inflation gains	134	384	261	415	274	524
Others	-	-	(20)	(4)	-	-
	<u>2,744</u>	<u>5,943</u>	<u>4,253</u>	<u>8,373</u>	<u>3,326</u>	<u>6,525</u>

b. Finance costs

	Parent Company				Consolidated	
	6/30/2019		6/30/2018		6/30/2019	
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period
Interest on borrowings	(155)	(331)	(195)	(439)	(342)	(518)
Foreign exchange and inflation losses	(848)	(1,159)	(826)	(1,497)	(848)	(1,159)
Interest on debentures	(4,511)	(8,798)	(6,868)	(13,349)	(5,006)	(9,292)
Commissions and bank fees	(52)	(109)	(69)	(148)	(184)	(241)
IOF (tax on financial transactions)	(3)	(5)	(2)	(19)	(6)	(8)
Lease charges	(1,301)	(2,654)	-	-	(1,414)	(2,768)
Others	<u>(204)</u>	<u>(703)</u>	<u>(410)</u>	<u>(717)</u>	<u>(304)</u>	<u>(802)</u>
	<u>(7,074)</u>	<u>(13,759)</u>	<u>(8,370)</u>	<u>(16,169)</u>	<u>(8,104)</u>	<u>(14,788)</u>

28 Segment information

Information by operating segment is being presented in accordance with CPC 22 Operating Segments (IFRS 8).

The Company's reportable segments are business units that offer different products and services and are managed separately since each business requires different technologies and market strategies. The main information used by management to assess the performance of each segment is as follows: total property, plant and equipment since these are the assets that generate the Company's revenue and the profit before finance income and costs reported by each segment to evaluate the return on these investments. The information on liabilities by

segment is not being reported since it is not used by the Company's chief decision makers to manage the segments. Management does not use analyses by geographic area to manage its businesses.

The Company's segments have completely different activities, as described below, and therefore their assets are specific to each segment. The assets were allocated to each reportable segment according to the nature of each item.

On September 28, 2015, aimed at obtaining synergy gains and greater productivity, the Company consolidated the commercial management of the Heavy Construction and Construction business units. The result of such consolidation was the creation of the new business unit Construction. From that date, segment information is presented according to this new structure.

Construction business unit

The Construction business unit operates in the heavy construction market and provides formworks, shoring, nonmechanized access equipment, mast climbing platforms and scaffolds to the residential and office building construction sector, using cutting edge technology in formworks, shoring and special equipment systems to do construction works, and it has the largest product and service portfolio with customized solutions that meet the specific needs of each project and generate efficiency and cut costs. With presence in several states, this business unit draws on a team of engineers and specialized technicians who play an advisory and support role to meet deadlines and optimize costs and safety, providing technical assistance and helping planning works, detailing projects, and overseeing the assembly.

Rental business unit

The Rental business unit operates in the aerial work platforms and telescopic handlers rental and sales market, for height works in all sectors of the construction, trade, and manufacturing industries. The BU ensures productivity, profitability and safety, has the most advanced product line for lifting people and cargo, and offers its customers operation training certified by the IPAF (world areal access authority). Its presence in several Brazilian cities not only reinforces the agility of its commercial service but it also broadens the technical assistance through certified professionals.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Company assesses the performance by segment based on pretax profit or loss as well as on other operating and financial indicators.

Statement of operations by business segment - Six-month period

	Construction		Rental		Others (*)		Parent Company	
	6/30/2019	6/30/2018 (Restated)	6/30/2019	6/30/2018 (Restated)	6/30/2019	6/30/2018 (Restated)	6/30/2019	6/30/2018 (Restated)
Net revenue	36,130	59,387	105,830	101,628	(17)	-	141,943	161,015
(-) Costs	(18,440)	(54,293)	(38,043)	(41,758)	-	-	(56,483)	(96,051)
(-) Expenses	(18,663)	(32,498)	(30,578)	(29,734)	(189)	(102)	(49,430)	(62,334)
(-) Provision for estimated impairment	(452)	(2,038)	(845)	(524)	-	8	1,297	(2,554)
(-) Depreciation and amortization	(27,092)	(31,770)	(37,042)	(34,518)	-	-	(64,134)	(66,288)
(+) Other revenues	399	2,210	332	342	-	8	731	2,560
(+) Share of profit (loss) of subsidiaries	-	-	1,805	-	-	-	1,805	-
Profit (Loss) before finance income (costs) and taxes	(28,118)	(59,002)	1,459	(4,564)	(206)	(86)	(26,865)	(63,652)
Finance income	3,085	4,306	2,800	4,040	58	27	5,943	8,373
Finance costs	(6,856)	(8,098)	(6,736)	(7,848)	(167)	(223)	(13,759)	(16,169)
Profit (loss) before IRPJ/SCL	(31,889)	(62,794)	(2,477)	(8,372)	(315)	(282)	(34,681)	(71,448)
(-) IRPJ/CSLL	10,463	(2,319)	1,437	(309)	(89)	(10)	11,811	(2,638)
Profit (loss) for the period	(21,426)	(65,113)	(1,040)	(8,681)	(404)	(292)	(22,870)	(74,086)

Statement of operations by business segment - Three-month period

	Construction		Rental		Others (*)		Parent Company	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Net revenue	18,582	28,202	52,316	50,228	-	-	70,898	78,430
(-) Costs	(10,256)	(27,167)	(19,996)	(18,868)	-	-	(30,252)	(46,035)
(-) Expenses	(9,302)	(20,255)	(16,787)	(15,186)	(610)	(505)	(26,699)	(35,946)
(-) Allowance for expected credit losses	1	(1,225)	(727)	(873)	-	-	(726)	(2,098)
(-) Depreciation and amortization	(13,470)	(15,032)	(18,495)	(17,101)	-	-	(31,965)	(32,133)
(+) Other revenues	243	(102)	198	177	-	-	441	75
(+) Share of profit (loss) of subsidiaries	-	-	1,805	-	-	-	1,805	-
Profit (Loss) before finance income (costs) and taxes	(14,202)	(35,579)	(1,686)	(1,623)	(610)	(505)	(16,498)	(37,707)
Finance income	1,407	2,186	1,313	2,041	24	26	2,744	4,253
Finance costs	(3,403)	(4,250)	(3,336)	(4,158)	(335)	38	(7,074)	(8,370)
Profit (loss) before IRPJ/SCL	(16,198)	(37,643)	(3,709)	(3,740)	(921)	(441)	(20,828)	(41,824)
(-) IRPJ/CSLL	5,195	(1,637)	1,852	(184)	114	(15)	7,161	(1,836)
Profit (loss) for the period	(11,003)	(39,280)	(1,857)	(3,924)	(807)	(456)	(13,667)	(43,660)

Statement of operations by business segment - Consolidated

	Construction		Rental		Others (*)		Consolidated	
	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period	Three-month period	Six-month period
Net revenue	18,582	36,130	81,873	135,386	-	(16)	100,455	171,500
(-) Costs	(10,256)	(18,440)	(31,840)	(49,889)	-	-	(42,096)	(68,329)
(-) Expenses	(9,302)	(18,662)	(24,354)	(38,108)	(611)	(190)	(34,267)	(56,960)
(-) Allowance for expected credit losses	1	(452)	(2,235)	(2,353)	-	-	(2,234)	(2,805)
(-) Depreciation and amortization	(13,470)	(27,092)	(24,800)	(43,384)	-	-	(38,270)	(70,476)
(+) Other revenues	243	399	(875)	(741)	-	-	(632)	(342)
Profit (Loss) before finance income (costs) and taxes	(14,202)	(28,117)	(2,231)	911	(611)	(206)	(17,044)	(27,412)
Finance income	1,407	3,085	1,919	3,406	-	34	3,326	6,525
Finance costs	(3,403)	(6,856)	(4,390)	(7,790)	(311)	(142)	(8,104)	(14,788)
Profit (loss) before IRPJ/SCL	(16,198)	(31,888)	(4,702)	(3,473)	(922)	(314)	(21,822)	(35,675)
(-) IRPJ/CSLL	5,055	10,323	2,795	2,380	305	102	8,155	12,805
Profit (loss) for the period	(11,143)	(21,565)	(1,907)	(1,093)	(617)	(212)	(13,667)	(22,870)

Assets by business segment

	Construction		Rental		Others (*)		Parent Company	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Property, plant and equipment								
Acquisition cost	501,851	495,431	698,353	664,852	-	-	1,200,204	1,160,283
(-) Accumulated depreciation	(317,000)	(304,775)	(423,611)	(388,064)	-	-	(740,611)	(692,839)
	184,851	190,656	274,742	276,788	-	-	459,593	467,444
Other assets	185,961	176,095	701,590	339,779	28,101	31,330	915,652	547,204
Total assets	370,812	366,751	976,332	616,567	28,101	31,330	1,375,245	1,014,648

	Construction		Rental		Others (*)		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Property, plant and equipment								
Acquisition cost	501,851	495,431	1,194,160	664,852	-	-	1,696,011	1,160,283
(-) Accumulated depreciation	(317,000)	(304,775)	(711,241)	(388,064)	-	-	(1,028,241)	(692,839)
	184,851	190,656	482,919	276,788	-	-	667,770	467,444
Other assets	185,961	176,095	571,768	339,779	28,101	31,330	785,830	547,204
Total assets	370,812	366,751	1,054,687	616,567	28,101	31,330	1,453,600	1,014,648

(*) Refer to the remaining operations of the former business units Manufacturing Services and Events.

29 Financial instruments

29.1 Category of financial instruments

The classification of financial instruments, by category, can be summarized as follows:

			Parent Company carrying amount		Consolidated carrying amount
	Classification	Level	6/30/2019	12/31/2018	6/30/2019
Financial assets					
Cash and cash equivalents	Fair value through profit or loss	1	109,938	60,635	149,367
Rohr Investment	Fair value through other comprehensive income	3	54,451	54,451	54,451
Trade receivables	Amortized cost	-	55,494	56,491	88,705
Other receivables - Related party	Amortized cost	-	170	-	-
Restricted bank deposits	Amortized cost	-	-	88,810	-
Financial liabilities					
Borrowings and financing	Amortized cost	-	4,128	5,712	18,713
Debentures	Amortized cost	-	115,316	175,473	144,424
Trade payables	Amortized cost	-	14,399	15,703	24,079
Payables to related parties	Amortized cost	-	30	-	-
Stock option plans	Amortized cost	-	52,830	52,162	-
Swap	Fair value through profit or loss	1	-	-	290

29.2 Fair value of financial instruments

A number of the Company's accounting policies and disclosures require a fair value measurement, for both financial and non-financial assets and liabilities. Fair value for measurement and/or disclosure purposes is determined according to the methods below. When applicable, additional information on the assumptions used to calculate the fair values is disclosed in specific notes applicable to such asset or liability.

The Company applies CPC 40/IFRS 7 for financial instruments measured in the balance sheets at fair value, which requires disclosure of fair value measurements at the level of the following fair value measurement hierarchy:

- **Level 1** - quoted (unadjusted) prices in active markets for identical assets and liabilities.
- **Level 2** - inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (e.g. as prices) or indirectly (e.g. derived from prices).
- **Level 3** - inputs, for the asset or liability, but which are not based on observable market inputs (non-observable inputs).

b. Fair value of cash and cash equivalents

Cash and cash equivalents consist of short-term investments with first-tier financial institutions and are indexed to the variation of the Interbank Deposit Certificates (CDI). Considering that the CDI rate already reflects the interbank market position, it is assumed that the carrying amounts of the investments approximate their fair values.

c. Fair value of Rohr investment

As at June 30, 2019, the Company has an investment measured at fair value as asset held for sale - Investment Rohr in the amount of R\$ 54,451 (R\$ 54,451 as at December 31, 2018), as presented in note 10. This financial instrument is classified in level 3.

The fair values of trade receivables and trade payables, considered for applying the discounted cash flow method, are substantially similar to their carrying amounts.

29.3 Financial instrument at amortized cost

a. Fair value of borrowings and financing

Amortized cost of a financial asset or financial liability is the amount by which the financial asset or financial liability is measured at the initial recognition less capital repayments, any changes in amortization or interest and impairment.

Debt	Indicator	Consolidated carrying amount	
		6/30/2019	12/31/2018
1st issue of debentures – Solaris Equipamentos	CDI	29,108	-
2nd issue of debentures:			
2nd series	IPCA	115,423	108,627
3rd issue of debentures	CDI	-	67,062
	Total	144,531	175,689

29.4 Sensitivity analysis

The table below shows a sensitivity analysis of the financial instruments, describing the interest rate risks that could generate material losses to the Company, with the most probable scenario (scenario I) according to management's assessment, considering a one- year time horizon. Additionally, other two scenarios are presented, pursuant to CVM Instruction 475/2008, in order to show a 25% and 50% deterioration in the risk variable considered, respectively (scenarios II and III):

Cash equivalents	Indicator	Accounting	Probable	Parent Company	
				Effect on profit (loss)	
				25%	50%
Short-term investments	CDI	109,320	5,144	3,858	2,572

Parent Company					
Effect on profit (loss)					
Debt	Indicator	Accounting	Probable	25%	50%
BNDES	TJLP	4,128	280	342	404
2nd issue of debentures	IPCA	115,316	12,896	14,100	15,304
2nd series	Total	119,444	13,176	14,442	15,708
Consolidated					
Effect on profit (loss)					
Cash equivalents	Indicator	Accounting	Probable	25%	50%
Short-term investments	CDI	147,522	7,836	5,877	3,918
Consolidated					
Effect on profit (loss)					
Debt	Indicator	Accounting	Probable	25%	50%
1st issue of debentures – Solaris	CDI	29,108	1,044	1,717	2,426
Equipamentos	CDI	11,188	348	554	772
Working capital	CDI	3,396	2,829	3,246	3,662
Leasing	TJLP	4,128	280	342	404
BNDES	IPCA	115,316	12,896	14,100	15,304
2nd issue of debentures	Total	163,136	17,397	19,959	22,568
2nd series					
6/30/2019					
Scenarios	Probable I	Scenario II	Scenario III		
Rates		25%	50%		
Active CDI (%)	5.11%	3.83%	2.56%		
Passive CDI (%)	5.50%	6.88%	8.25%		
TJLP (%)	7.03%	8.79%	10.55%		
IPCA (%)	3.90%	4.88%	5.85%		

Source: Focus Report of July 22, 2019.

The sensitivity analysis presented above takes into account changes in a certain risk, keeping steady the other variables, associated with other risks.

29.5 Liquidity risk

The table below analyzes the main financial liabilities by maturity bracket, corresponding to the remaining period in the balance sheet through the contractual maturity date, when the Company expects to make the payment.

The interest rates (CDI and TJLP) estimated for future commitments reflect the market rates in each period.

	Past due	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five	Total Parent Company
At June 30, 2019							
Borrowings and financing	-	287	859	1,744	-	1,496	4,386
Debtentures	-	-	62,070	-	-	60,561	122,631
Suppliers	870	9,066	2,072	504	4	-	12,516
At December 31, 2018							
Borrowings and financing	-	294	872	2,294	-	2,674	6,134
Debtentures	-	-	-	130,813	-	60,220	191,033
Suppliers	1,272	12,354	1,697	370	10	-	15,703

	Past due	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five	Total Consolidated
At June 30, 2019							
Leasing	-	108	325	216	-	2,751	3,396
Working capital	-	416	1,249	832	-	8,691	11,188
Borrowings and financing	-	287	859	1,744	-	1,496	4,386
Debtentures	-	921	64,784	1,824	-	87,366	154,895
Suppliers	1,826	15,198	4,469	669	4	-	22,166

29.6 Credit quality of financial assets

(i) Cash and cash equivalents and restricted bank deposits

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Bank account			
Bank (i)	636	121	5,700
Restricted bank deposits (i)	-	-	-
Short-term investments			
Bank (i)	109,302	60,514	143,667
Restricted bank deposits (i)	-	88,810	-
Total cash and cash equivalents and restricted bank deposits	109,938	149,445	149,367

- (i) Major financial institutions widely operating in Brazil, among the ten banks with the largest total assets in Brazil.

29.7 Capital management

The purpose of managing the Company's desirable capital structure is to protect its equity, allow for business continuity, offer good conditions for its employees and stakeholders and a satisfactory return for shareholders.

In order to maintain or adjust the capital structure, the Company may, for example, in accordance with its bylaws, increase its capital, issue new shares, and approve the issue of debtentures and the buyback of its shares.

The Company uses as the main performance indicator to assess its gearing ratio the total net debt ratio (total bank debt less total cash and cash equivalents) and the Operating Cash Flow accumulated in the last 12 months.

	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Total bank debt	119,551	181,401	163,242
Financing	4,128	5,712	18,712
Gross debentures (see note 16)	115,423	175,689	144,531
Cash and cash equivalents	109,938	60,635	149,367
Restricted bank deposits	-	88,810	-
Net debt	9,613	31,956	13,876
Equity	1,129,155	750,309	1,129,155
Net debt to Equity			
Equity	0.01	0.04	0.01

The Company is not subject to any external capital requirement.

Credit lines available

	Parent Company	
	6/30/2019	12/31/2018
Unsecured bank credit lines, reviewed annually and with payment upon request		
Used	4,128	5,713
Not used	9,600	9,600
Secured bank credit lines with varying maturity dates that can be extended by common agreement:	-	-
Used	4,128	5,713
Not used	-	-

29.8 Derivative financial instruments

The Subsidiary contracts, in certain situations, derivative financial instruments to manage its exposure to exchange rate risk.

							Consolidated 6/30/2019
	Reference in 2018	Receivable (long position)	Payable (short position)	Maturity	Long position	Short position	Balance Swap
Banco do Brasil	8,678	Exchange variation + 7.75% p.a.	100% CDI + 3.63%	8/13/2021	7,315	(7,605)	(290)

30 Insurance

The Company and its subsidiaries have insurance contracts taking into account the nature and degree of risks, in amounts considered sufficient to cover any losses on their assets and/or liabilities.

Nature	Parent Company		Consolidated
	6/30/2019	12/31/2018	6/30/2019
Operational risks	1,373,473	1,365,824	1,747,061
Property damages	523,266	523,266	766,303
Civil liability	110,500	110,500	131,200