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

EBES Sistemas de Energia S.A.

Individual and Consolidated Financial Statements for the Year Ended December 31, 2017 and Independent Auditor's Report

Deloitte Brasil Auditores Independentes Ltda.

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INDEPENDENT AUDITOR'S REPORT
ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Management of
EBES Sistemas de Energia S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of EBES Sistemas de Energia S.A. and subsidiaries ("Company"), identified as Parent and Consolidated, respectively, which comprise the individual and consolidated balance sheet as at December 31, 2017, and the individual and consolidated statement of profit and loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of EBES Sistemas de Energia S.A. as at December 31, 2017, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil applicable to Small- and Medium-sized Entities (NBC TG 1000).

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Brazilian Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matters

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Responsibilities of Management the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil applicable to Small- and Medium-sized Entities – SMEs (NBC TG 1000), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company and its subsidiaries to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as going concerns.

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- Evaluate the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Campinas, April 6, 2018

DELOITTE BRASIL
Auditores Independentes Ltda.

Fabiano Ricardo Tessitore
Engagement Partner

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

EBES SISTEMAS DE ENERGIA S.A.

BALANCE SHEET AS AT DECEMBER 31, 2017
(In Brazilian reais - R$)

		Parent		Consolidated	
ASSETS	Note	12/31/2017	12/31/2016	12/31/2017	12/31/2016
CURRENT ASSETS					
Cash and cash equivalents	5	51,459,437	15,439,596	51,470,223	15,439,772
Trade receivables	6	24,814,908	2,491,673	24,814,908	2,491,673
Inventories	7	21,254,716	2,170,435	21,254,716	2,170,435
Recoverable taxes	8	1,099,944	1,682,791	1,101,789	1,682,791
Prepaid expenses		428,153	58,918	433,965	58,918
Other receivables		1,911,561	190,818	1,912,183	190,818
Total current assets		100,968,719	22,034,231	100,987,784	22,034,407
NONCURRENT ASSETS					
Escrow deposits		152,281	132,085	152,281	132,085
Recoverable taxes	8	5,000,118	-	5,000,118	-
Due from related parties	9	5,061,116	185,958	4,248	-
Trade receivables	6	128,497	191,282	128,497	191,282
Property, plant and equipment	10	2,326,313	1,903,005	6,074,566	1,903,005
Intangible assets	11	1,932,842	1,837,949	1,932,842	1,837,949
Total noncurrent assets		14,601,167	4,250,279	13,292,552	4,064,321
TOTAL ASSETS		115,569,886	26,284,510	114,280,336	26,098,728

		Parent		Consolidated	
LIABILITIES AND EQUITY	Note	12/31/2017	12/31/2016	12/31/2017	12/31/2016
CURRENT LIABILITIES					
Trade payables	12	26,410,101	618,283	26,416,980	633,910
Borrowings and financing	13	25,099,701	-	25,099,701	-
Payroll and related taxes	14	2,413,870	1,112,976	2,413,870	1,112,976
Advances from customers	15	4,315,234	373,406	4,315,234	373,406
Taxes payable		675,372	130,180	675,791	131,111
Total current liabilities		58,914,278	2,234,845	58,921,576	2,251,403
NONCURRENT LIABILITIES					
Provision for equity deficit of subsidiary	16	1,296,090	202,138	-	-
Provision for tax risks	17	91,100	-	91,100	-
Total noncurrent liabilities		1,387,190	202,138	91,100	-
EQUITY					
Issued capital	18	89,903,218	40,393,562	89,903,218	40,393,562
Goodwill reserve	11	2,211,081	2,211,081	2,211,081	2,211,081
Share guarantee		33,311	16,645	33,311	16,645
Accumulated losses		(36,879,192)	(18,773,761)	(36,879,192)	(18,773,761)
Equity attributable to owners of the Company		55,268,418	23,847,527	55,268,418	23,847,527
Noncontrolling interests		-	-	(758)	(202)
Total equity		55,268,418	23,847,527	55,267,660	23,847,325
TOTAL LIABILITIES AND EQUITY		115,569,886	26,284,510	114,280,336	26,098,728

The accompanying notes are an integral part of these financial statements.

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EBES SISTEMAS DE ENERGIA S.A.

STATEMENT OF PROFIT AND LOSS
FOR YEAR ENDED DECEMBER 31, 2017
(In Brazilian reais - R$)

		Parent		Consolidated	
	Note	2017	2016	2017	2016
NET SERVICE AND SALES REVENUE	19	43,466,747	11,245,005	43,466,747	11,245,005
COST OF SERVICES AND SALES	20	(37,838,098)	(8,136,205)	(37,838,098)	(8,136,205)
GROSS PROFIT		5,628,649	3,108,800	5,628,649	3,108,800
OPERATING EXPENSES					
General and administrative	20	(23,107,626)	(12,973,620)	(23,658,885)	(13,143,973)
Tax	20	(542,957)	(208,709)	(546,018)	(209,046)
Other operating expenses, net	20	(443,317)	(54,192)	(443,317)	(54,192)
Share of profit (loss) of investees	16	(555,399)	(171,447)	-	-
		(24,649,299)	(13,407,968)	(24,648,220)	(13,407,211)
LOSS FROM OPERATIONS BEFORE FINANCE INCOME (COSTS)		(19,020,650)	(10,299,168)	(19,019,571)	(10,298,411)
Finance income	21	1,345,537	1,624,257	1,345,572	1,624,259
Finance costs	21	(430,318)	(60,674)	(431,988)	(61,604)
FINANCE INCOME (COSTS)		915,219	1,563,583	913,584	1,562,655
LOSS FOR THE YEAR		(18,105,431)	(8,735,585)	(18,105,987)	(8,735,756)
Attributable to:					
Owners of the Company		(18,105,431)	(8,735,585)	(18,105,431)	(8,735,585)
Noncontrolling interests		-	-	(556)	(171)
BASIC LOSS PER SHARE - R$	23	(13.20)	(8.89)	(13.21)	(8.89)
DILUTED LOSS PER SHARE - R$	23	(4.93)	(5.72)	(4.93)	(5.72)

The accompanying notes are an integral part of these financial statements.

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EBES SISTEMAS DE ENERGIA S.A.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Brazilian reais - R$)

	Parent		Consolidated	
	2017	2016	2017	2016
LOSS FOR THE YEAR	(18,105,431)	(8,735,585)	(18,105,987)	(8,735,756)
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(18,105,431)	(8,735,585)	(18,105,987)	(8,735,756)
Attributable to:				
Owners of the Company	-	-	(18,105,431)	(8,735,585)
Noncontrolling interests	-	-	(556)	(171)

The accompanying notes are an integral part of these financial statements.

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EBES SISTEMAS DE ENERGIA S.A.

STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED DECEMBER 31, 2017
(In Brazilian reais - R$)

	Note	Subscribed capital	Unpaid capital	Paid-in capital	Goodwill reserve	Stock warrant	Accumulated losses	Subtotal	Noncontrolling interests	Total equity
BALANCE AS AT DECEMBER 31, 2015		20,393,582	(96,624)	20,296,958	2,211,081	-	(10,038,176)	12,469,863	(31)	12,469,832
Share guarantee		-	-	-	-	16,645	-	16,645	-	16,645
Capital increase	18	19,999,980	96,624	20,096,604	-	-	-	20,096,604	-	20,096,604
Loss for the year		-	-	-	-	-	(8,735,585)	(8,735,585)	(171)	(8,735,756)
BALANCE AS AT DECEMBER 31, 2016		40,393,562	-	40,393,562	2,211,081	16,645	(18,773,761)	23,847,527	(202)	23,847,325
Share guarantee	18	-	-	-	-	16,666	-	16,666	-	16,666
Capital increase	18	49,509,656	-	49,509,656	-	-	-	49,509,656	-	49,509,656
Loss for the year		-	-	-	-	-	(18,105,431)	(18,105,431)	(556)	(18,105,987)
BALANCE AS AT DECEMBER 31, 2017		89,903,218	-	89,903,218	2,211,081	33,311	(36,879,192)	55,268,418	(758)	55,267,660

The accompanying notes are an integral part of these financial statements.

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EBES SISTEMAS DE ENERGIA S.A.

STATEMENTS OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2017
(In Brazilian reais - R$)

		Parent		Consolidated	
	Note	2017	2016	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES					
Loss for the year		(18,105,431)	(8,735,585)	(18,105,987)	(8,735,756)
Adjustments to reconcile loss for the year to net cash used in operating activities:					
Depreciation and amortization	20	648,903	553,202	685,978	553,202
Write-off of property, plant and equipment	10	80,230	210,320	80,230	210,320
Allowance for doubtful debts	6	249,784	1,895	249,784	1,895
Allowance for inventory loss	7	607,795	-	607,795	-
Provision for realization of recoverable taxes	8	410,828	-	410,828	-
Provision for tax, civil and labor risks	17	91,100	-	91,100	-
Interest on borrowings and financing		99,701	-	99,701	-
Share of profit (loss) of investees	16	555,399	171,447	-	-
Decrease (increase) in operating assets:					
Trade receivables		(22,510,234)	(2,518,809)	(22,510,234)	(2,518,809)
Inventories		(19,692,076)	2,355,226	(19,692,076)	2,355,226
Recoverable taxes		(4,828,099)	(738,739)	(4,829,944)	(738,739)
Prepaid expenses		(369,235)	27,613	(375,047)	27,613
Escrow deposits		(20,196)	(63,816)	(20,196)	(63,816)
Other receivables		(1,720,743)	12,177	(1,721,365)	12,177
Increase in operating liabilities:					
Trade payables		25,791,818	383,165	25,783,070	398,228
Payroll and related taxes		1,300,894	665,138	1,300,894	665,138
Taxes payable		545,192	111,886	544,680	112,817
Advances from customers		3,941,828	69,906	3,941,828	69,906
Net cash used in operating activities		(32,922,542)	(7,494,974)	(33,458,961)	(7,650,598)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment items and intangible assets	10 and 11	(1,247,334)	(1,312,790)	(5,032,662)	(1,312,790)
Absorption of capital from subsidiary	16	538,553	-	-	-
Net cash used in investing activities		(708,781)	(1,312,790)	(5,032,662)	(1,312,790)
CASH FLOWS FROM FINANCING ACTIVITIES					
Transfer of loan from related parties		(4,875,158)	(155,645)	(4,248)	-
Borrowings	13	25,000,000	-	25,000,000	-
Share guarantee	18	16,666	16,645	16,666	16,645
Capital contribution	18	49,509,656	19,999,980	49,509,656	19,999,980
Net cash provided by financing activities		69,651,164	19,860,980	74,522,074	20,016,625
Increase in cash and cash equivalents		36,019,841	11,053,216	36,030,451	11,053,237
Cash and cash equivalents at the beginning of the year		15,439,596	4,386,380	15,439,772	4,386,535
Cash and cash equivalents at the end of the year		51,459,437	15,439,596	51,470,223	15,439,772
Increase in cash and cash equivalents		36,019,841	11,053,216	36,030,451	11,053,237

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

EBES Sistemas de Energia S.A. ("Company" or "EBES"), established on February 17, 2011, is engaged in the provision of thermal, mechanical and solar power system and electromechanical equipment project design services, as well as in the business representation, distribution, import, export, manufacturing, sale, installation, construction works, maintenance and lease of power system equipment.

The Company has branches in Sumaré-SP, where its warehouse is located and in Porto de Moz-PA, established with the specific purpose to comply with the agreement entered into with Centrais Elétricas do Pará S.A. ("Celpa").

The Company is headquartered at Av. Alexander Graham Bell, 200, Bloco. D, Módulo. D.03 E D.04, Techno Park, in the city of Campinas. In 2017, the Company's corporate name was changed to Origo Energia.

In 2017, the Company entered into a contract with Celpa to supply 2,334 individual systems of electric energy with intermittent sources to customers located at Reserva Extrativista Verde para Sempre, in the city of Porto de Moz, at Celpa's concession area. The Company began delivering these systems at the end of 2017 and, for this reason, operations significantly increased in the year.

As at December 31, 2017 and 2016, the Company controls other companies the general information of which are summarized below:

Finco Assessoria Financeira Ltda. ("Finco") engaged in the rental and/or lease of solar power generation equipment (photovoltaic generators), provision of preventive and corrective solar power generation equipment maintenance services, staff training focused on the operation of solar power generation equipment and holding interests in other entities, as a partner or shareholder. The subsidiary was formerly named Solar Fotovoltaica 1 Ltda and, in 2017, changed its name to Finco Assessoria Financeira Ltda.

João Pinheiro Solar Ltda. ("João Pinheiro") engaged in the development, study, implementation, operation and exploration of electric energy generation plants from solar source, as well as the performance of activity directly or reflexively related to the performance of such electric energy generation and trading activities, including trading, lease, rental or any other form of availability of electric energy generation assets. The subsidiary started to operate in 2017.

EBES Administradora de Consórcio Ltda. ("EBES Administradora") engaged in general management of consortiums for distributed generation, under the shared energy generation category, according to regulation of the National Agency of Electric Energy ("Aneel"), including all actions inherent to this operation. The subsidiary started to operate in 2017.

The Company also holds interests in Consórcio Inconfidentes, which was established with other consortium members to participate in the energy balancing system, under the shared energy generation category, which will be generated by João Pinheiro. This consortium signed with João Pinheiro an asset lease agreement for a period of 25 years. As at December 31, 2017, there were no material transactions in this consortium because the energy generation and collection activities in João Pinheiro had not started in 2017.

2. PRESENTATION AND PREPARATION OF THE FINANCIAL STATEMENTS

2.1. Statement of compliance

The individual and consolidated financial statements have been prepared and are presented in accordance with accounting practices adopted in Brazil, applicable to small- and medium-sized entities (NBC TG 1000), as prescribed by the CPC for SMEs - Accounting for Small- and Medium-sized Entities issued by the Accounting Pronouncements Committee ("CPC") and approved by the Federal Accounting Council ("CFC").

Management states that all material information in the individual and consolidated financial statements, and solely such information, is being disclosed and corresponds to that used in managing the Company.

2.2. Basis of preparation

The individual and consolidated financial statements have been prepared based on the historical cost, unless otherwise stated.

2.3. Functional and presentation currency

The individual and consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency.

2.4. Use of estimates and judgments

The preparation of financial statements requires Management to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. The effects of revisions to accounting estimates are recognized in the year or period in which the estimate is revised if the revision affects only that year or period, or also in subsequent years or periods if the revision affects both current and future periods.

In order to provide an understanding of how the Company and its subsidiaries form their judgments about future events, including regarding the variables and assumptions underlying the estimates, comments have been included with respect to some matters, as follows:

a) Useful life of property, plant and equipment

The Company and its subsidiaries recognize the depreciation of their property, plant and equipment based on their estimated useful lives, which are based on the Company's practices and past experience and reflect the economic lives of these assets. However, the useful lives of assets may vary as a result of several factors. The useful lives of property, plant and equipment also affect the impairment test of their cost.

b) Impairment of assets

At the end of the reporting period, the Company and its subsidiaries review the balances of property, plant and equipment to determine whether there are indications that these assets may be impaired (value in use). If any such indication exists, Management performs a detailed analysis of the recoverable amount of each asset, calculating the individual future cash flow discounted to present value and adjusting the balance of the respective asset where necessary.

c) Allowance for realization and obsolescence of inventories

The allowance for realization of inventories is set up based on the analysis of sales prices charged, net of taxes and fixed expenses incurred in sales efforts. The allowance for obsolescence is set up based on the individual analysis of the age of inventory items and the probability of their future use.

d) Allowance for doubtful debts

Recognized in an amount considered sufficient by the Company's and its subsidiaries' management to cover probable losses on the collection of receivables.

e) Provision for tax, civil and labor risks

The Company and its subsidiaries are parties to lawsuits as described in note 17. Provisions are recognized for all risks relating to lawsuits that represent probable losses and that can be reliably estimated. The likelihood of loss is assessed based on available evidence, the hierarchy of laws, case law, most recent court decisions and their relevance within the legal system, and the assessment made by the outside legal counsel.

f) Finance and operating lease

At the inception of a lease agreement, the Company's and its subsidiaries' management assesses the contract terms and records leases according to the retention or transfer of risks and rewards of ownership of these assets.

3. SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies applied to the individual and consolidated financial statements for years ended December 31, 2017 and 2016, which were consistently applied in these years, are as follows:

3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and short-term investments. These short-term investments are carried at cost plus income earned through the end of the reporting period, with maturities shorter than 90 days or no fixed term for redemption, and are highly liquid and subject to an insignificant risk of change in value.

3.2 Trade receivables

Trade receivables are recognized and maintained in the balance sheet at their original amounts, adjusted to present value, when applicable. When deemed necessary by Management, an allowance for doubtful debts is recognized, based on an analysis of trade receivables, in an amount considered sufficient by Management to cover probable losses on the collection of such receivables.

3.3 Inventories

Inventories are stated at the lower of cost and net realizable value. Until December 31, 2016, the cost of inventories was based on the weighted moving average method and included expenses incurred on the acquisition of inventories, production and transformation costs and other costs incurred to bring them to their locations and existing conditions. Beginning 2017, the cost of inventories started to be recognized under the first-in-first-out (FIFO) method, in which the Company values inventory for each entry and each sale or exit of product is priced according to the value of the oldest lot in inventory.

When applicable, an allowance for losses is recognized in an amount considered sufficient by Management to cover probable losses on the obsolescence or realization of inventories.

3.4 Investments

Investments in subsidiaries are accounted for under the equity method of accounting. The financial statements of subsidiaries are adjusted, when applicable, to the Company's accounting policies. Investments are initially recognized at cost and subsequently adjusted by the recognition of interest attributed to the Company in changes in net assets of investees, less allowance for impairment, when applicable.

3.5 Property, plant and equipment

Property, plant and equipment items are measured at the historical acquisition or construction cost, less accumulated depreciation and impairment losses, when necessary. Cost of constructions in progress includes professional fees and, for qualifying assets, capitalized borrowing costs. Such constructions in progress are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment items, begins when the assets are ready for their intended use.

Depreciation is recognized based on the estimated useful life of each asset under the straight-line method so that cost less its residual value after its useful life is fully derecognized (other than constructions in progress). The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3.6 Intangible assets, including goodwill

Stated at the historical acquisition cost and written down to its recoverable amount when necessary. Amortization is calculated on a straight-line basis, based on the estimated useful lives.

3.7 Impairment

At the end of each reporting period, the Company's and its subsidiaries' management reviews the carrying amounts of their tangible and intangible assets to determine if there is any indication that those assets will not be recoverable due to their operations or disposal. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company and its subsidiaries estimate the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating unit or the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value (less costs of disposal) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is written down to its recoverable amount. An impairment loss is immediately recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, provided that the the carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss.

3.8 Finance and operating lease

Leases are classified when contracted. Leases in which the lessor retains substantially all the risks and rewards incidental to ownership are classified as operating leases. Operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Equipment available for lease or leased under operating leases are recorded as property, plant and equipment, and depreciated over their estimated useful lives. Rental income is recognized on a straight-line basis over the lease period. Costs, including depreciation, incurred in obtaining lease income are recognized as cost of sales, and initial direct costs incurred by the Company and its subsidiaries, upon the negotiation and structuring of an operating lease, are added to the carrying amount of the leased asset and recognized as cost of sales over the lease term on the same basis of lease income.

Leases in which the Company and its subsidiaries retain substantially all the risks and rewards incidental to ownership are classified as finance leases. Finance leases are recognized as if they were a financed purchase and at their inception, a property, plant and equipment item and a finance liability are recognized.

3.9 Financial instruments

- Non-derivative financial assets

  The Company and its subsidiaries initially recognize loans and receivables on the date they were originated. All other financial assets (including assets designated at fair value through profit or loss) are initially recognized on the trade date when the Company and its subsidiaries become a party to the underlying provisions of the instrument.

  The Company and its subsidiaries recognize a financial asset when the contractual rights to the asset’s cash flows expire or when they transfer such rights to receiving contractual cash flows from a financial asset under a transaction that transfers substantially all the risks and rewards of ownership of the financial asset.

  Financial assets and liabilities are offset and the net amount is presented in the balance sheet when, and only when, the Company and its subsidiaries have a legally enforceable right to set off the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

- Financial assets at fair value through profit or loss

  A financial asset is classified at fair value through profit or loss if classified as held for trading or designated as such on initial recognition. Financial assets are designated as at fair value through profit or loss if the Company and its subsidiaries manage such investments and make buy or sell decisions based on their fair values according to the documented risk management policy and their investment strategy. Subsequent to initial recognition, transaction costs are recognized in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and any changes in these assets’ fair values are recognized in profit or loss for the year.

- Loans and receivables

  Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. . These assets are initially recognized at fair value plus any attributable transaction costs. Upon the initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

  Loans and receivables comprise cash and cash equivalents, restricted cash, trade receivables, other receivables and due from related parties.

3.10 Income tax and social contribution

Income tax and social contribution expenses represents the sum of current and deferred taxes.

a) Current taxes

The provision for income tax is calculated and recorded based on taxable income for the year, adjusted as prescribed by the law, calculated at the rate of 15%, plus a 10% surtax on profit exceeding R$240. Social contribution is calculated at the rate of 9% of the taxable base. Taxable income differs from profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

b) Deferred taxes

When applicable, they are recognized on tax losses and temporarily non-deductible differences. When applicable, deferred income tax and social contribution assets are recognized, based on the expected generation of future taxable income.

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in 'Other comprehensive income' or directly in equity.

Due to the losses incurred, the Company and its subsidiaries have not calculated income tax and social contribution payable. Similarly, due to the absence of history of payment of these taxes, the Company has not recognized deferred tax assets on tax losses and temporary differences.

3.11 Current and noncurrent liabilities

Current and noncurrent liabilities are stated at known or estimated amounts, plus, when applicable, the corresponding charges and inflation adjustments and/or exchange rate changes incurred up to the balance sheet date.

3.12 Provisions

A provision is recognized in the balance sheet when the Company and its subsidiaries have a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation. Provisions are recognized based on the best estimates of the risk involved.

The provision for tax, civil and labor risks is set up based on legal opinions and Management's assessment regarding lawsuits known at the balance sheet date, for risks considered as probable loss.

A provision for warranties is recognized when products or services are sold. The provision is based on historical data on warranties and the weighting of all probabilities of disbursements.

3.13 Financial liabilities

The Company and its subsidiaries initially recognize debt securities issued on the date they are originated. All other financial liabilities are recognized initially on the trade date on which the Company becomes a party to the contractual provisions of the instrument.

The Company and its subsidiaries derecognize a financial liability when their contractual obligations are discharged or canceled, or when they expire. The Company and its subsidiaries use the settlement date as an accounting criterion.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when, and only when, the Company and its subsidiaries have a legally enforceable right to set off recognized amounts and the intent to either settle them on a net basis, or to recognize the asset and settle the liability simultaneously.

The Company and its subsidiaries have the following non-derivative financial liabilities: trade payables and advances from customers.

The financial liabilities regarding borrowings and financing are recognized initially at fair value plus any attributable transaction costs. After initial recognition, these financial liabilities are measured at amortized cost under the effective interest method.

Financial guarantee contracts

Financial guarantee contracts are initially measured at their fair values and, subsequently, at the higher of the amount of the obligation under the contract and the amount initially recognized less, where appropriate, cumulative amount recognized in accordance with the revenue recognition policies set out above. As at December 31, 2017 and 2016, the Company does not have financial obligations under a contract.

3.14 Earnings (loss) per share

Basic earnings (loss) per share is calculated by dividing the profit or loss attributable to shareholders by the weighted average number of outstanding shares during the year. The calculation of diluted earnings (loss) per share takes into account profit or loss attributable to shareholders and the weighted average number of outstanding shares, plus effects of all potential shares. All instruments and agreements that can result in the issuance of shares are considered as potential shares.

3.15 Revenue recognition

Operating revenue from the sale of goods in the normal course of business is measured at the fair value of the consideration received or receivable. Operating revenue is recognized when there is convincing evidence that the most significant risks and rewards of ownership of goods have been transferred to the buyer, it is probable that future economic benefits will flow to the Company and its subsidiaries, the associated costs and possible return of products can be measured reliably, there is no continuing involvement with the goods sold, and the amount of the operating revenue can be measured reliably.

Service revenue is recognized based on the services performed until the balance sheet date to the extent that all costs related to the services can be reliably measured.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of the operating revenue as sales are recognized.

3.16 Revenue and expense recognition

Revenue and expenses are recognized on the accrual basis.

4. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared based on the accounting policies described in notes 2 and 3, include the financial statements of the Company and its subsidiaries listed below and have been prepared in accordance with the following main criteria: (a) elimination of intragroup balances; (b) elimination of investments and share of profit (loss) of subsidiaries in consolidated companies against the investee's equity; (c) elimination of intragroup revenues and expenses; (d) elimination of inventory profit and sale of property, plant and equipment, when applicable, arising from sale between consolidated companies; and (e) calculation of noncontrolling interests in consolidated equity and consolidated profit or loss.

5. CASH AND CASH EQUIVALENTS

	Parent		Consolidated	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Banks – checking account	129,178	287,067	139,964	287,077
Short-term investments (*)	51,330,259	15,152,529	51,330,259	15,152,695
	51,459,437	15,439,596	51,470,223	15,439,772

(*) Highly-liquid short-term investments in fixed-income investment funds (DI), in Banco Itaú Unibanco S.A., pegged to the Interbank Deposit Certificate (CDI) rate, yielding interest ranging from 98% to 100% of CDI, contracted under usual market rates and conditions, and available for use in the Company's operations. These short-term investments are held to meet short-term commitments, are immediately convertible into cash and subject to an insignificant risk of change in value.

6. TRADE RECEIVABLES

	Parent and Consolidated	
	12.31.2017	12.31.2016
Trade receivables	25,225,404	2,715,170
Allowance for doubtful debts	(281,999)	(32,215)
	24,943,405	2,682,955
Current	24,814,908	2,491,673
Noncurrent	128,497	191,282
	24,943,405	2,682,955

The Company’s Management recognizes an allowance for doubtful debts for a portion of receivables past due for over 360 days, which might be uncollectible and not renegotiated.

The aging list of trade receivables as at December 31 is as follows:

	Parent Company and Consolidated	
	12.31.2017	12.31.2016
Current	24,397,415	2,291,187
Past-due:		
1 to 30 days	544,712	391,768
Over 361 days	283,277	32,215
	25,225,404	2,715,170

The variations in the allowance for doubtful debts as at December 31 are as follows:

	Parent and Consolidated	
	12.31.2017	12.31.2016
Opening balance	(32,215)	(385,056)
Additions	(249,784)	-
Reversals	-	352,841
Closing balance	(281,999)	(32,215)

7. INVENTORIES

Refer to solar photovoltaic modules and frequency inverters for resale, parts, pieces and accessories used for the installation of solar photovoltaic generators.

	Parent and Consolidated	
	12.31.2017	12.31.2016
Goods for resale – Sumaré branch	9,315,083	2,170,435
Goods for resale – Porto de Moz branch (a)	10,801,775	-
Advances to product suppliers	1,137,858	-
	21,254,716	2,170,435

(a) Refers to inventory acquired to comply with the contract with Celpa, as explained in note 1.

8. RECOVERABLE TAXES

	Parent		Consolidated	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Federal VAT (IPI)	2,260,502	507,659	2,260,502	507,659
State VAT (ICMS)	2,739,616	601,026	2,739,616	601,026
Withholding income tax (IRRF)	287,338	359,395	289,183	359,395
Corporate income tax (IRPJ)	292,180	203,213	292,180	203,213
Social contribution on net income (CSLL)	10,392	11,498	10,392	11,498
Tax on revenue (PIS)	165,043	-	165,043	-
Tax on revenue (COFINS)	755,719	-	755,719	-
Social security contribution (INSS)	100	-	100	-
(-) Provision for realization of ICMS	(410,828)	-	(410,828)	-
	6,100,062	1,682,791	6,502,726	1,682,791
Current	1,099,944	1,682,791	1,101,789	1,682,791
Noncurrent	5,000,118	-	5,000,118	-
	6,100,062	1,682,791	6,502,726	1,682,791

The Company periodically assesses the evolution of the accumulated tax credits aiming at their utilization and Management believes that they will be recovered in the normal course of business in the next years.

9. RELATED PARTIES

The balance refers to loans with companies and partners in common, not subject to interest, formalized between the parties and without maturity date. This amount is subject to IOF (Tax on Financial Transactions).

	Parent		Consolidated	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Finco	706,633	185,958	-	-
João Pinheiro	4,345,968	-	-	-
EBES Administradora	4,267	-	-	-
Consórcio Inconfidentes	4,248	-	4,248	-
	5,061,116	185,958	4,248	-

Management compensation for the year ended December 31, 2017 is R$3,681,645 (R$2,297,305 as at December 31, 2016). Management compensation, as previously mentioned, includes short-term benefits, such as salaries, payroll taxes and others.

10. PROPERTY, PLANT AND EQUIPMENT

		Parent			
	Average annual depreciation rate - %	12.31.2017			12.31.2016
		Cost	Accumulated depreciation	Net	Net
Machinery and equipment	10	1,016,434	(190,480)	825,954	693,097
Furniture and fixtures	10	432,078	(92,938)	339,140	313,867
Tools	10	127,164	(15,574)	111,590	43,134
IT equipment	20	560,068	(158,876)	401,192	305,622
Leasehold improvements	20	189,784	(51,727)	138,057	49,257
Company cars	20	686,771	(253,869)	432,902	402,957
Communication equipment	20	111,917	(40,684)	71,233	87,974
Facilities	10	8,537	(2,292)	6,245	7,097
		3,132,753	(806,440)	2,326,313	1,903,005

		Consolidated			
	Average annual depreciation rate - %	12.31.2017			12.31.2016
		Cost	Accumulated depreciation	Net	Net
Machinery and equipment	10	4,800,053	(227,282)	4,572,771	693,097
Furniture and fixtures	10	432,078	(92,938)	339,140	313,867
Tools	10	127,164	(15,574)	111,590	43,134
IT equipment	20	561,777	(159,149)	402,628	305,622
Leasehold improvements	20	189,784	(51,727)	138,057	49,257
Company cars	20	686,771	(253,869)	432,902	402,957
Communication equipment	20	111,917	(40,684)	71,233	87,974
Facilities	10	8,537	(2,292)	6,245	7,097
		6,918,081	(843,515)	6,074,566	1,903,005

Variation in property, plant and equipment in the year ended December 31, 2017 and 2016 is as follows:

	Parent	Consolidated
Balance as at December 31, 2015	994,424	994,424
Acquisitions	1,297,388	1,297,388
Write-offs	(210,320)	(210,320)
Depreciation	(178,487)	(178,487)
Balance as at December 31, 2016	1,903,005	1,903,005
Acquisitions	885,352	4,670,680
Write-offs	(80,230)	(80,230)
Depreciation	(381,814)	(418,889)
Balance as at December 31, 2017	2,326,313	6,074,566

Additions in the consolidated financial statements refer mainly to the construction of a photovoltaic generation unit in subsidiary João Pinheiro.

Management did not identity indications that would require the recording of an allowance for impairment of the Company's long-term assets.

11. INTANGIBLE ASSETS

		Parent and Consolidated			
	Average annual amortization rate - %	12.31.2017			12.31.2016
		Cost	Accumulated amortization	Net	Net
Goodwill (a)	10	2,211,081	(607,271)	1,603,810	1,823,536
Software	20	308,677	(34,305)	274,372	14,413
Others	20	68,707	(14,047)	54,660	-
		2,588,465	(655,623)	1,932,842	1,837,949

Variation in intangible assets in the year ended December 31, 2017 and 2016 is as follows:

	Parent and Consolidated
Balance as at December 31, 2015	2,197,262
Acquisitions	15,402
Amortization	(374,715)
Balance as at December 31, 2016	1,837,949
Acquisitions	361,982
Amortization	(267,089)
Balance as at December 31, 2017	1,932,842

(a) On March 31, 2015, the then Parent TPG ART Participações 1 S.A. was downstream merged into the Company, resulting in a goodwill reserve of R$2,211,081, based on a report prepared by independent appraisers, which is being amortized over a 10-year period.

12. TRADE PAYABLES

	Parent		Consolidated	
	12.31.2017	12.31.2016	12.31.2017	12.31.2016
Domestic suppliers	25,745,416	618,283	25,752,295	633,910
Foreign suppliers	664,685	-	664,685	-
	26,410,101	618,283	26,416,980	633,910

Refer to the purchase of materials for the design and development of solar photovoltaic generators, services payable, purchase of office supplies, among other materials.

13. BORROWINGS AND FINANCING

The balance of R$25,099,701 as at December 31, 2017 refers to a working capital borrowing from Itaú in December 2017, the principal amount of which is R$25,000,000. The borrowing is payable in five instalments, the last of which matures on June 5, 2018, and is subject to interest of 12.68% per year.

As at December 31, 2017, the Company was compliant with the covenants of borrowings and financing.

14. PAYROLL AND RELATED TAXES

	Parent and Consolidated	
	12.31.2017	12.31.2016
Bonus payable	1,200,000	425,000
Accrued vacation pay and related taxes	755,165	383,244
Social security contribution (INSS)	102,558	113,741
Severance pay fund (FGTS)	69,135	50,986
Payroll	92,000	336
Terminations payable	-	1,028
Union dues	195,012	138,641
	2,413,870	1,112,976

15. ADVANCES FROM CUSTOMERS

As at December 31, 2017, the balance of R$4,315,234 (R$373,406 as at December 31, 2016), in Parent and Consolidated, refers to advances received from customers for future sale of projects in progress and photovoltaic solar generators, which main customer is Celpa.

16. INVESTMENTS AND PROVISION FOR EQUITY DEFICIT OF SUBSIDIARIES

	Equity	Loss for the year	Interest % 2017 and 2016	Provision for equity deficit of subsidiary		Share of profit (loss) of investees	
				12.31.2017	12.31.2016	12.31.2017	12.31.2016
Finco Assessoria Financeira Ltda.	(704,380)	(502,040)	99,90	(703,676)	(202,138)	(501,538)	(171,447)
João Pinheiro Solar Ltda.	(39,627)	(49,625)	99,90	(39,576)	-	(49,575)	-
EBES Administradora de Consórcio Ltda.	(3,289)	(4,289)	99,90	(3,286)	-	(4,285)	-
	(747,296)	(555,954)		(746,538)	(202,138)	(555,399)	(171,447)

Variation in the allowance for loss on subsidiaries:

Balance as at December 31, 2015	(30,691)
Share of profit (loss) of investees	(171,447)
Balance as at December 31, 2016	(202,138)
Absorption of subsidiary's capital	10,999
Elimination of profit on sale of property, plant and equipment to subsidiary	(549,552)
Share of profit (loss) of investees	(555,399)
Balance as at December 31, 2017	(1,296,090)

17. PROVISION FOR TAX RISKS

As at December 31, 2017, the Company set up a provision of R$91,100 related to tax risks regarding the payment of tax on financial transactions with related parties.

Management believes that, as at December 31, 2017 and 2016, the Company and its subsidiaries are not parties to any civil or labor lawsuits that should be reflected in the financial statements.

Pursuant to prevailing legislation, the Company's operations are open for review by Tax Authorities for a period of five years with respect to federal taxes and contributions (income tax, social contribution, PIS, COFINS and IPI) and state tax (ICMS). For the review of payments of contributions, the statute of limitations is five years for payments of social security contributions (INSS) and thirty years for payments of severance pay fund (FGTS). As a result of these reviews, transactions and payments may be challenged, and the identified amounts would be subject to fine, interest and adjustment for inflation.

18. EQUITY

a) Issued capital

As at December 31, 2017, the Company's capital is R$89,903,218 (R$40,393,562 as at December 31, 2016), represented by 2,360,956 registered common shares without par value (1,179,480 as at December 31, 2016).

b) Capital increases:

(i) The Extraordinary Shareholders' Meeting held on May 24, 2016 approved the capital increase by R$19,999,980 through the subscription of 476,190 registered common shares without par value.

(ii) The Extraordinary Shareholders' Meeting held on May 11, 2017 approved the capital increase by R$19,999,980 through the subscription of 476,190 registered common shares without par value, and the Company's capital, fully subscribed and paid up is R$60,393,541.94, divided into 1,646,670 registered common shares without par value.

(iii) On December 14, 2017, the shareholder Julio Moura Neto notified the Company regarding the exercise of 8,622 subscription warrants held by him, arising from Subscription Warrant Certificate No. 04/2016, whereby 8,622 registered common shares without par value were converted. On December 29, 2017, the subscription bulletin of the referred shares was issued. All subscribed shares were paid up for R$362,118 on December 21, 2017.

(iv) On December 22, 2017, the shareholder TPG ART I Fundo de Investimento em Participações notified the Company regarding the exercise of 495,561 subscription warrants held by him, arising from Subscription Warrant Certificate No. 02/2016, whereby 495,561 registered common shares without par value were converted. On December 28, 2017, the subscription bulletin of the referred shares was issued. All subscribed shares were paid up for R$20,813,582 on December 28, 2017.

(v) On December 26, 2017, the shareholder Fundo de Investimento em Participações MOV 1 notified the Company regarding the exercise of 198,428 subscription warrants held by it, arising from Subscription Warrant Certificate No. 01/2016, whereby 198,428 registered common shares without par value were converted. On December 29, 2017, the subscription bulletin of the referred shares was issued. All subscribed shares were paid up for R$8,333,976 on December 28, 2017.

c) Subscription warrant

The General Shareholders' Meeting held on August 11, 2017 authorized the issuance of 1,666,667 subscription warrants. Each subscription warrant entitles the respective holder to subscribe 1 Company's registered common share, without par value, at the issuance price of R$42.00 per share, to be paid in by the holder upon the subscription of such shares within four years from the issuance date. Each subscription warrant was issued for R$0.01, and the Company received R$16,666 for the issuance of the referred subscription warrants. As at December 31, 2017, there were 2,001,164 subscription warrants issued by the Company and active.

d) Authorized capital

The General Shareholders' Meeting held on August 11, 2017 determined that the Company's capital can be increased by up to 4,500,000 registered common shares without par value, regardless of any amendments to bylaws, at the discretion of the Board of Directors, which will establish the share issuance price, as well as the other terms and conditions for subscription and payment of shares.

19. NET SERVICE AND SALES REVENUE

	Parent		Consolidated	
	2017	2016	2017	2016
Sales revenue	49,479,436	12,126,905	49,479,436	12,126,905
Service revenue	912,331	756,026	912,331	756,026
(-) Returns	(814,512)	(117,650)	(814,512)	(117,650)
(-) Taxes on revenues	(6,110,508)	(1,520,276)	(6,110,508)	(1,520,276)
	43,466,747	11,245,005	43,466,747	11,245,005

20. COSTS AND EXPENSES BY NATURE

	Parent		Consolidated	
	2017	2016	2017	2016
Raw materials, materials and outside services	(37,824,179)	(8,136,205)	(37,824,179)	(8,136,205)
Outside services	(5,464,538)	(4,049,529)	(5,961,177)	(4,220,219)
Salaries and employee benefits	(12,226,631)	(6,885,481)	(12,226,631)	(6,885,481)
Rents	(907,749)	(381,621)	(907,749)	(381,621)
Commuting, travel and meals	(1,115,107)	(539,330)	(1,127,961)	(539,330)
Depreciation and amortization	(648,903)	(604,042)	(685,978)	(604,042)
Tax expenses	(542,957)	(208,709)	(546,019)	(208,709)
Supplies and consumables	(1,415,941)	(780,263)	(1,417,731)	(780,263)
Provision for tax risks	(91,100)	-	(91,100)	-
Provision for realization of taxes	(410,828)	-	(410,828)	-
Allowance for doubtful debts	(249,784)	(1,895)	(249,784)	(1,895)
Other expenses and income	(598,681)	214,349	(601,581)	214,349
	(61,931,998)	(21,372,726)	(62,486,318)	(21,543,416)
Cost of services and sales	(37,838,098)	(8,136,205)	(37,838,098)	(8,136,205)
General and administrative expenses	(23,107,626)	(12,973,620)	(23,658,885)	(13,143,973)
Tax expenses	(542,957)	(208,709)	(546,018)	(209,046)
Other operating expenses, net	(443,317)	(54,192)	(443,317)	(54,192)
	(61,931,998)	(21,372,726)	(62,486,318)	(21,543,416)

21. FINANCE INCOME (COSTS)

	Parent		Consolidated	
	2017	2016	2017	2016
Finance costs:				
Banking fees	(16,175)	(4,405)	(16,175)	(5,425)
Interest, fines and discounts	(414,143)	(50,255)	(415,813)	(50,165)
Exchange losses	-	(6,014)	-	(6,014)
	(430,318)	(60,674)	(431,988)	(61,604)
Finance income:				
Income from short-term investments	1,084,815	1,559,572	1,084,831	1,559,574
Interest receivable and discounts	198,855	61,193	198,874	61,193
Exchange gains	61,867	3,492	61,867	3,492
	1,345,537	1,624,257	1,345,572	1,624,259
Finance income (costs)	915,219	1,563,583	913,584	1,562,655

22. INCOME TAX AND SOCIAL CONTRIBUTION

As at December 31, 2017, tax loss carryforwards amount to R$31,180,294 (R$18,415,796 as at December 31, 2016). Deferred income tax and social contribution credits on tax loss carryforwards were not recognized since the Company and its subsidiaries do not have history of payment of these taxes.

23. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the year attributable to the holders of common shares of the Company by the weighted average number of common shares available during the year.

The diluted earnings per share is calculated by dividing the profit for the year attributable to the holders of common shares of the Company by the weighted average number of common shares and of share guarantee option available during the year.

The table below reconciles the profit and the weighted average number of shares used to calculate the basic and diluted earnings per share:

Basic earnings per share	Parent		Consolidated	
	2017	2016	2017	2016
Loss for the year	(17,555,897)	(8,735,585)	(18,105,987)	(8,735,756)
Weighted average number of shares	1,371,141	982,613	1,371,141	982,613
Loss per share	(12.80)	(8.89)	(13.21)	(8.89)

Diluted earnings per share	Parent		Consolidated	
	2017	2016	2017	2016
Loss for the year	(17,555,897)	(8,735,585)	(18,105,987)	(8,735,756)
Weighted average number of shares	3,670,806	1,527,949	3,670,806	1,527,949
Loss per share	(4.93)	(5.72)	(4.93)	(5.72)

24. INSURANCE

The Company and its subsidiaries have a comprehensive insurance policy for their property, plant and equipment (individual for vehicles) subject to risks of fire, theft and damages.

25. FINANCIAL INSTRUMENTS

According to their nature, financial instruments may involve known or unknown risks, and the potential assessment of risks is important. The main risk factors that affect the Company's and its subsidiaries' business are as follows:

a) Risk management framework

The Company's management has overall responsibility for the establishment and oversight of the risk management framework and is responsible for monitoring and analyzing the economic and financial scenarios in order to identify the risks to which the Company is exposed, as well as mapping possible impacts on financial or economic variables that could generate impacts, such as fluctuations in exchange rates, interest rates and/or other indicators.

Risk management policies were established to identify and analyze the exposure risks and define the acceptable risk limits. In addition, an appropriate control structure was created to monitor the risks and the compliance with the imposed limits, and both the policies and the control framework are regularly reviewed.

b) Credit risk

Credit risk is the risk of the Company and its subsidiaries incurring losses arising from a failure of a customer or a counterparty to a financial instrument in complying with the contractual conditions.

- Exposure to credit risks

The carrying amount of the financial assets represents the maximum credit exposure. The maximum credit risk exposure at the reporting date was:

		Parent	
	Note	2017	2016
Cash and banks (i)	5	51,459,437	15,439,596
Receivables from customers and related parties (ii)	6 and 9	29,876,024	2,677,631
		81,335,461	18,117,227

		Consolidated	
	Note	2017	2016
Cash and banks (i)	5	51,470,223	15,439,772
Receivables from customers and related parties (ii)	6 and 9	24,819,156	2,491,673
		76,289,379	17,931,445

(i) Banks: These amounts are held in first-tier financial institutions in order to minimize the credit risk from these transactions.

(ii) Trade receivables: Management seeks to mitigate the risk of default of its portfolio through the monitoring and periodic individual assessment of its customers.

As at December 31, 2017, the Company has approximately R$19,503,536 of its trade receivables concentrated in two major customers, which account for 69% of the Company's and its subsidiaries' trade receivables. This concentration did not exist as at December 31, 2016.

The sales to two major customers during year ended December 31, 2017 totaled R$22,821,493, which accounts for 42% of the Company's net revenue.

The criteria for accepting new customers include an analysis of the financial situation and social and economic profile, with definition of credit limits and payment terms. The analysis of this information by the Company and its subsidiaries may include bank references.

Credit limits are established for each customer, individually, and represent the maximum amount of exposure accepted for that customer. These limits are reviewed whenever necessary or requested. Customers that do not have credit limits approved are only serviced if they pay in advance.

c) Market risk

Market risk is the risk that changes in market prices, such as exchange rates, interest rates and price of raw materials, affect the Company's gains or the value of its interests in financial instruments.

The market risk management objective is to manage and control the exposures to market risks, within acceptable parameters, and at the same time to maximize the returns.

- Foreign exchange risk

  As at December 31, 2017 and 2016, the Company and its subsidiaries do not present a material balance of asset or liability in foreign currency.

- Interest rate risk

  Arises from the possibility of the Company and its subsidiaries incurring gains or losses due to fluctuations in interest rates applied to their financial assets and financial liabilities. In order to mitigate this type of risk, the Company seeks to diversify its borrowings at fixed and floating rates.

- Price risk

  Arises from the possibility of fluctuations in the market prices of products sold or manufactured by the Company and its subsidiaries and other inputs used in the production process. These price fluctuations may cause substantial changes in the Company's and its subsidiaries' revenues and costs. In order to mitigate these risks, the Company and its subsidiaries conduct an ongoing monitoring of local markets, seeking to anticipate price fluctuations.

d) Liquidity risk

In managing liquidity risk, the Company and its subsidiaries monitor and maintain an adequate level of cash and cash equivalents to finance the Company and its subsidiaries' operations and to mitigate the effects of fluctuations on the cash flows.

The table below shows in detail the remaining contractual maturity of the financial liabilities of the Company and its subsidiaries: The table was prepared using the undiscounted cash flows of financial liabilities based on the earliest date on which Company and its subsidiaries must repay the related obligations. The tables include interest and principal cash flows. As interest flows are based on floating rates, the undiscounted amount was based on the interest curves at yearend.

	Up to 3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows
Trade payables	26,410,101	-	-	79,407
Borrowings and financing	10,249,872	14,849,829	-	25,099,701

26. APPROVAL OF FINANCIAL STATEMENTS

The individual and consolidated financial statements were approved by Management and authorized for issue on April 6, 2018.

27. EVENTS AFTER THE REPORTING PERIOD

On December 29, 2017, the shareholder Reni Antonio Silva notified the Company regarding the exercise of 11,675 subscription warrants held by him, arising from Subscription Warrant Certificate No. 03/2016, whereby 11,675 registered common shares without par value were converted. On December 29, 2017, the subscription bulletin of the referred shares was issued. All subscribed shares were paid up for R$490,341 on January 3 and 4, 2018.