Interim Financial Information

International Meal Company Alimentação S.A. and Subsidiaries

Jun 30, 2019

Management Report

IFRS 16

The IASB published IFRS 16 Leases in January 2016 with an effective date of 1 January 2019. The new standard requires lessees to recognize nearly all leases on the balance sheet, which will reflect their right to use an asset for a period of time and the associated liability for payments. For further information, please visit https://www.ey.com/gl/en/issues/ifrs/ifrs_slider_leases.

For a better comparable analysis (as we did not adjusted our 2018 figures to reflect the new regulation), all the performance commentary related to 2Q19 will be under the regulation prior to IFRS 16. Below, we fact-in the consolidated effect in our financial statements. For additional detail on IFRS results, please refer to page 24 of this document.

Consolidated Results (mm R$)	Audited 2Q19		Prior IFRS 16 2Q19	chg.
Net Revenue	**401.9**		**401.9**	***0.0%***
COGS	**(271.8)**	**+0.2**	**(272.0)**	***0.1%***
Depreciation & Amortization	(12.2)	(0.6)	(11.6)	*(4.7%)*
Gross Profit	**130.1**		**129.9**	***(0.1%)***
Gross Margin (%)	*32.4%*		*32.3%*	*(0.0)p.p.*
Operating Expenses	**(114.2)**	**+5.1**	**(115.1)**	***0.8%***
Operating Expenses	(86.0)	22.0	(108.1)	
Depreciation & Amortization	(24.0)	(17.0)	(7.1)	
(-) Special Items - Others	(5.2)		(5.2)	
Amortization of investment in joint venture	(0.6)		(0.6)	
Equity Income	**4.1**		**4.1**	
EBIT	**19.4**		**13.1**	
Financial Results	**(14.7)**	**(8.4)**	**(6.3)**	
EBT	**4.8**		**6.8**	
Taxes	**(2.4)**	**+0.9**	**(3.3)**	
Net Earnings	**0.7**	**(2.8)**	**3.5**	
(+) D&A and Asset Sale	36.8	+17.5	19.3	*(47.6%)*
EBITDA	**54.6**	**+22.2**	**32.4**	***(40.7%)***
EBITDA Margin (%)	*13.6%*		*8.1%*	*0,6p.p.*
(+) Special Items - Others	5.2		5.2	
Adjusted EBITDA[1]	**59.8**	**+22.2**	**37.6**	***(37.2%)***
Adjusted EBITDA Margin (%)	*14.9%*		*9.3%*	*(5.5)p.p.*

[1]Before special items.

MESSAGE FROM MANAGEMENT

In the second quarter of 2019, we were able to post solid numbers within our businesses with adjusted EBITDA growth at the consolidated level of 6.7%. We advanced in our strategy pillars of i) Frango Assado brownfield expansion in Brazil, ii) Margaritaville/Landshark expansion in the USA (growth at the businesses with high ROIC), iii) our Central Kitchen construction in Brazil(improving margins)and iv) with the simplification of IMC businesses:the closure of Viena stores with negative contribution margin, the end of smaller brands and outsourcing of logistics among other initiatives.. Additionally, last July 26th we announced an agreement with MultiQSR to incorporate KFC and Pizza Hut brands.

Over the results, consolidated net revenue grew 1.3% and gross margin was stable at 32%. Adjusted EBITDA reached R$38 million (+6.7% vs 2Q18) representing a margin of 9.3%, a 50bps increase YoY. Net profit of R$3.5 million, 36.6% above the R$2.6 million from 2Q18. Our cash generation was 54.2% of the adjusted EBITDA, a 176bps improvement from 2Q18.

In Brazil, Same Store Sale growth was at 3.9% with operating income R$4.1 million. The road segment was the main highlight with SSS of 10.7% and an operating income of R$11.5 million, 83% above last year. Our improvements on product mix and the one-time event from last year (World Cup and trucker's strike affected negatively our results) were factors behind the positive performance. On the Malls side, we reported a stable SSS, an improvement considering past results (-7.2% on 1Q19, -5.1% on 4Q18 and -8.8% on 3Q18). During the quarter, we took the decision to close 14 stores with negative contribution margin (out of a portfolio of 94). Malls operating income reached R$2.1 million a 54% reduction mostly on the back of a tax benefit that impacted positively 2Q18 (R$3.4 million). Lastly, the Air business had an 8.8% SSS contraction and a 50% decline in its operating income, with Avianca bankruptcy affecting our top-line performance (last year Avianca represented R$3.7 million in net sales) and an R$2.2 million tax benefit in the 2Q18.

In the US, our Margaritaville and LandShark restaurants posted a 0.1% SSS with an operating income expanding 12% to US$5.5 million. In Brazilian reais, given the USD appreciation, the SSS was up 8.1% and operating income reached R$21.4 million (+19% YoY). Our menu engineering and our initiatives to expand seating area in our existing restaurants have helped to improve our food business SSS, helping to offset a sector trend of reduction of revenues on the retail side (restaurant merchandise). For the Caribbean, we continue to post healthy operating margins at 25.7% (vs. 24.8% 2Q18) with operating income of R$12 million, despite the SSS performance that was down 1.5%. Colombia continues to help to mitigate the negative performance in our stores at the Panama's Tocumen Airport (due to airport expansion and refurbishments).

We also had important developments in all our strategy pillars:

i. Frango Assado Brownfield expansion in Brazil:
   - Targets have more than one store
   - NDAs signed
ii. US: Reached 11 new units planned for the next 24 months
   - Opening schedule of three for 2019, five for 2020 and three for 2021
iii. Construction of our Central Kitchen broke the ground in May
   - In-line with our timeline to end during the 4Q19
iv. IMC Simplification:
   - Closure of 14 stores with negative contribution margin
   - Outsorcing of IMC's logistcs to a Logistics operator
   - Unifcation of Products division
   - Conversion of the last Red Lobster into Olive Garden

Lastly, in July 26th we announced an agreement to merge with MultiQSR the Master Franchisee of Pizza Hut and KFC in Brazil. If approved by our shareholders at the EGM that will be held in August, 28th it will create a company that generated approximately R$1.8bn in gross revenues in 2018 (R$2.3bn including the revenues from franchisees stores) and 444 stores (226 own and 218 franchisees).

Brazil has the second largest pizza market in the world (behind the US). Chicken is the most consumed protein in the country. Both sectors are highly fragmented and we believe it will be an important venue of growth for our business through own and franchised stores.

- **IMC Management Team**

Agreement with MultiQSR

Last July 25th we signed an agreement ([link to material Fact]) for the merger, by the Company, of all shares of MultiQSR Gestão de Restaurantes Ltda. ("MultiQSR"), indirectly the holder of master franchising rights of Pizza Hut and KFC systems in Brazil.

Multi QSR overview

MultiQSR owns 11 restaurants of Pizza Hut in Brazil, also holding exclusivity rights to operate and grant sub-franchises for restaurants of Pizza Hut in the country; and owns 20 restaurants of KFC in Brazil, also holding exclusivity rights to operate and grant sub-franchises for restaurants of KFC in the country. Among proprietary and sub-franchise restaurants, there are 187 Pizza Hut and 62 KFC with a total of 249 restaurants last March, 2019.

Combination of the two business to create a Company with 444 stores

The combination of IMC with Pizza Hut and KFC, if fulfilled, shall result in a sole company in the food service sector that, considering 2018, would have adjusted gross revenues of more than BRL 1.8 billion (or approximately BRL 2,3 billion, considering also franchisees' revenues) and more than 440 stores (including franchisees) and a portfolio of very strong and traditional trademarks, such as: Frango Assado, Viena, KFC, Pizza Hut, Margaritaville, among others.

Stores Base June 2019	Pizza Hut	KFC	MultiQSR	IMC[1]	Total
Own	11	20	31	195	226
Franchise	176	42	218		218
Total	**187**	**62**	**249**	**195**	**444**

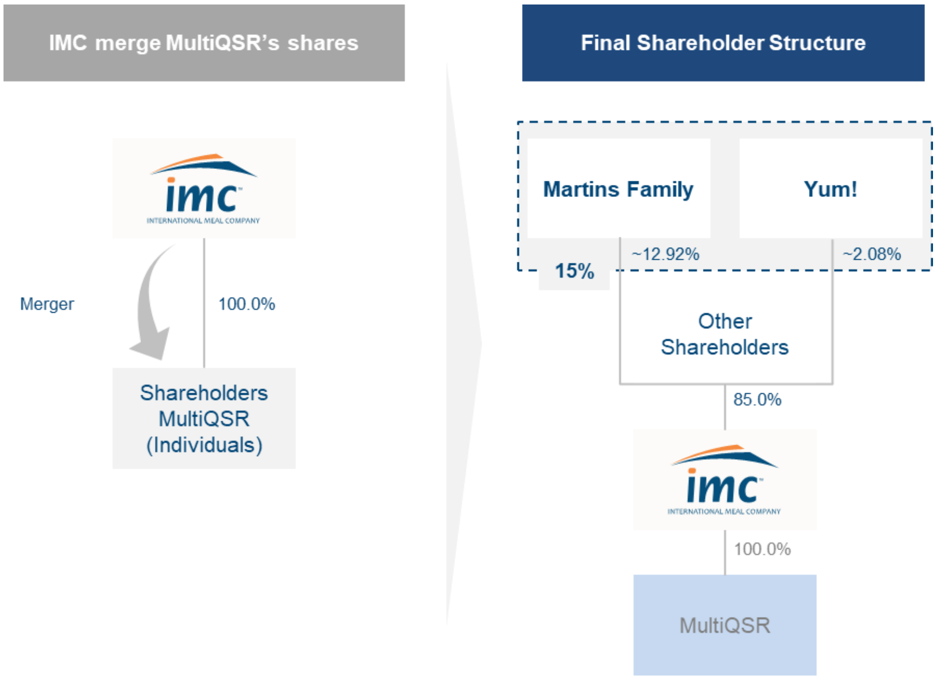
[1]Stores base from March/2019 [2]Store base form Jun/19 *if the deal is approved

R$ million	2018 Gross Revenues	System Sales
IMC	1.683	1.683
MultiQSR	136	636
Combined	**1.819**	**2.319**

*If deal is approved

Deal Structure

By means of the Merger, Martins Family will jointly receive 29,387,930 common shares issued by the Company, corresponding, on that date, to 15% of the total common shares. Considering the capital increase arising from the Merger, Martins Family will be the main individual shareholder of the Company.

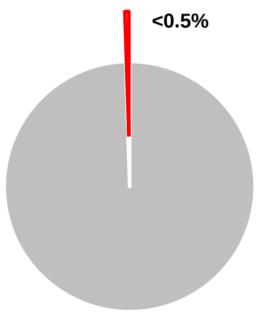


Vast addressable market for pizza and chicken

Both pizza and chicken markets in Brazil are big and very fragmented. We believe that IMC post-deal approval would be one of the key players to expand its penetration on both. The pizza market in Brazil had roughly 36,000 restaurants in 2018 and Pizza Hut, one of the leading groups, had only 0.5% market share (including franchisee restaurants).

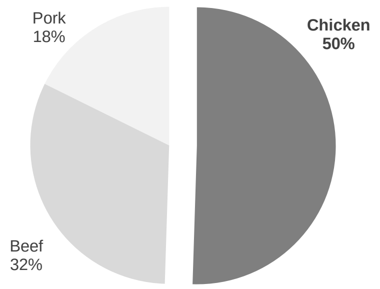
On the chicken side, it represented 50% of the protein consumed in Brazil per capita in 2017, according to the Associação Brasileira de Proteína Animal (ABPA – Brazilian Association of Animal Protein), and, as the pizza market, without a strong store chain, being KFC the largest with only 62 restaurants nationally.

Pizza Hut Market Share is below 0.5%
(2018 - # of pizza restaurants in Brazil)



Source: Statista and IMC

50% of the protein eaten by Brazilian is Chicken
(kg/per capita in 2017)



Source: Associação Brasileira de Proteína Animal (ABPA - Brazilian Association of Animal Protein)

Franchise business is attractive in terms of ROIC and growth opportunity. Variety of stores increase even further the addressable market.

The Franchise is a key model when we look at expansion on a faster pace and with a lower capex. In this type of business the franchisee takes the investments and the market risk; meanwhile it pays royalties to the Master Franchisee. This should help to increase the pace in terms of expansion with no cash necessity from our side and corroborates to expand into regions where the franchisee has a better understanding. The variety of stores on both brands, which includes Delivery/in-store pick up, food hall and dine-in restaurants, also helps to increase the addressable market.

Synergies should come from operations and from the Martins family know-how on franchise model

We expect synergies to come from suppliers negotiation, conversion of existing IMC's stores and also the evaluation to have Pizza Hut store-in-store at our Frango Assado locations.

On the supply side, we should increase our chicken purchase by 3.3x, double our flour necessity and have credit card transactions 70% higher. We also see opportunity with the acquisition of equipments and G&A optimization.

When we analyze the stores conversion opportunity, we estimate that we are able to convert approximately 20 Viena restaurants out of 28.

We are also evaluating a store-in-store format, in which we could have a Pizza Hut corner inside Frango Assado restaurants. That should give Pizza Hut access to over 1.5 million customers that goes to Frango Assado every month and also should help Frango Assado stores as it will attract customers interested in Pizza Hut.

The Martins Family background over the franchise model should also help to a potential plan for IMC's existing brands.

New Board Members with strong background related to food and franchise businesses

Subject to the General Meeting's approval, as a part of the Merger negotiations, there will be an increase in the number of Board of Directors' members, from 6 to 7 members. The Board of Directors will be composed by some of its current members and shall also be composed by 2 (two) members appointed by Martins Family and 1 member jointly appointed by YUM!. Meanwhile, Charles and Lincoln Martins will bring the strong background over the franchise business, as the Family's know-how stems mainly from Wizard language schools and Mundo Verde. Joseph Call, a Pizza Hut VP of Global Development at YUM!, will bring a global knowledge from the owner of the brands.

With that we add board members with strong background related to food and franchise businesses.

Board Members (Proposed)	Previous Experience
Flávio Benício Jansen **Chairman**	locaweb, Submarino
Lincoln Martins **Member**	Pizza Hut, KFC, Taco Bell, Multi Educação
Charles Martins **Member**	Mundo Verde (Você mais saudável), Pizza Hut, KFC, Taco Bell
Marcel Fleischmann **Independent Member**	McDonald's, Bar do Alemão
José Agote **Member**	Advent International (Global Private Equity), Margaritaville, imc (International Meal Company), dasa
Rodrigo Furtado **Independent Member**	Shareholder (Financial Investor), xp investimentos
Joseph Call **Member**	Yum!, Pizza Hut, KFC

Deal expected to close by October

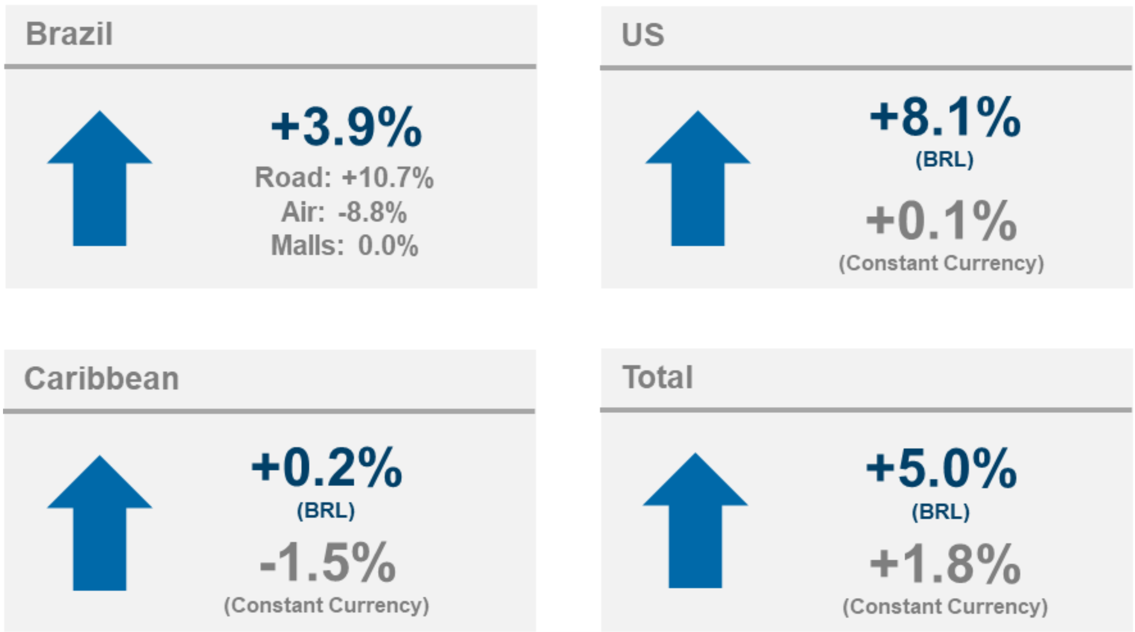
The dates given here are tentative and are also subject to change due to the implementation of certain legal or regulatory conditions, terms and procedures. The transaction was submitted to CADE (Administrative Council for Economic Defense) for approval, which may change the terms established in this schedule. That said, we expect the deal to close by October after the approval on our EGM of August, 28th and also the approval from CADE.

Information and documents of the Merger are available at the Company's headquarters and at the websites of the Company (www.internationalmealcompany.com.br), CVM (www.cvm.gov.br) and B3 (www.b3.com.br).

COMMENTS ABOUT IMC'S PERFORMANCE

OVERVIEW OF 2Q19

SAME-STORE SALES (SSS)



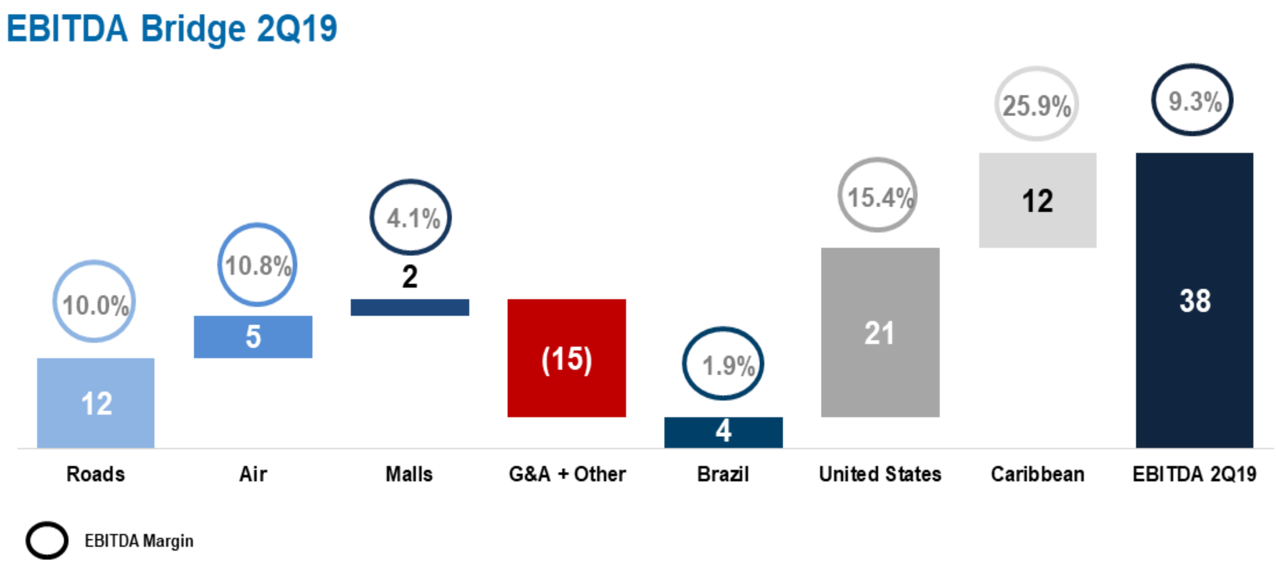
In 2Q19, consolidated same store sales reached a 5.0% increase in Brazilian Reais or a 1.8% improvement in constant currency.

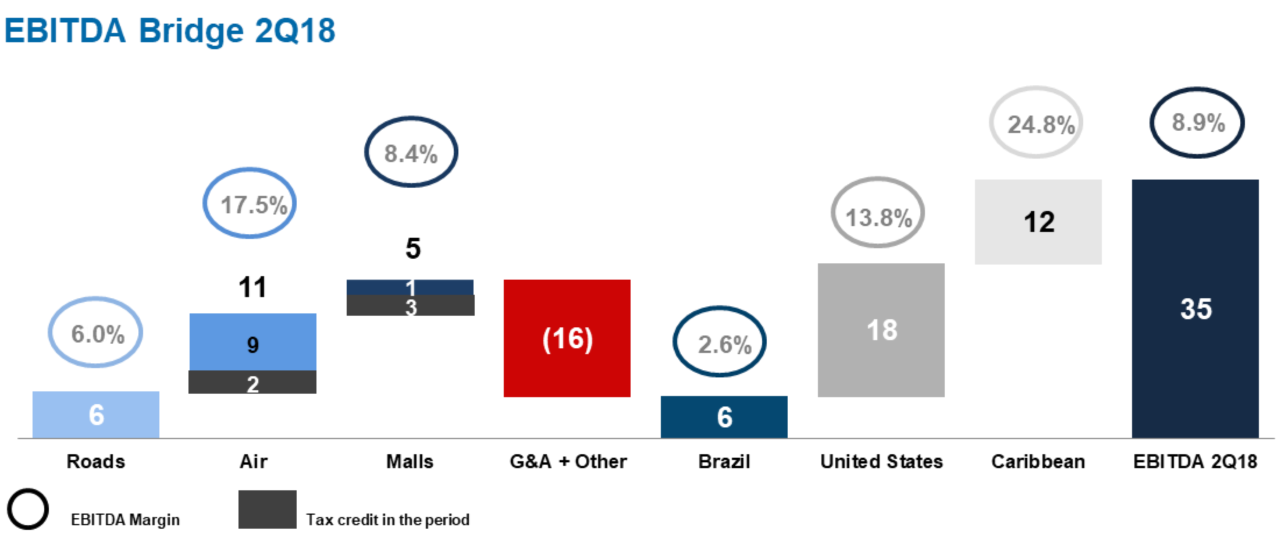
In Brazil, Roads accumulated a 10.7% increase in 2Q19, due to improvements on product mix and one-time events (World Cup and the truckers' strike) effect on 2Q18 results. The Air segment had its same store sales reduced by 8.8%, negatively impacted by Avianca bankruptcy. The Mall segment came to a flat same store sales with the net closure of 14 underperforming stores. Thus, Brazil's overall same store sales came to a 3.9% increase.

USA's same store sales in 2Q19 was up 8.1% in Reais with Food & Beverage growing 9.3% (retail was down at 1.8%). In US$, SSS had slightly growth of 0.1%, with F&B growing 1.2% and Retail decreasing 9.0%, a sector trend.

The Caribbean finished 2Q19 with a SSS of +0.2% in Reais and -1.5% in constant currency, as Colombia's positive performance was offset by lower sales in Panama, especially due to refurbishments in the airport that impacted the flow of customers in our stores.

EBITDA EVOLUTION





In 2Q19, IMC's Adjusted EBITDA was up by 6.7% with margins expanding 50bps vs.2Q18, reaching R$38M with a 9.3% margin.

In Brazil, operating income reached R$4M (with a 1.9% margin), down 30% YoY. The Road segment was up by 83% YoY reaching R$12M with a 10.0% margin (+400 bps) on the back of higher same stores sales benefited by better product mix and the impact of the World Cup and the truckers' strike on 2Q18 results. The Airport segment posted a R$5M operating income a drop of 50.4%, mostly on the back of Avianca bankruptcy (R$3.7M in revenues in the 2Q18) and the R$2.2M tax benefit in the 2Q18. In the Malls segment, albeit the flat SSS our operating income was reduced by 54% to R$2.1M (4.1% margin) as a result of the R$3.5M tax benefit we had in the 2Q18.

In the US, there was an increase in operating income that reached R$21M (15.4% margin) from R$18M (-13.8% margin) in 2Q18, due to the improvement in margins (from lower food cost and selling expenses) that was amplified by the positive impact of the exchange rate.

In the Caribbean, operating income reached R$11.8M and margins were up by 90bps at 25.7% compared to 24.8% in 2Q18.

RESULTS BY GEOGRAPHIC REGION

(in R$ million)	Brazil 2Q19	USA 2Q19	Caribbean 2Q19	Consolidated 2Q19	% VA	Brazil 2Q18	USA 2Q18	Caribbean 2Q18	Consolidated 2Q18	% VA	% HA
Net Revenue	**216.4**	**138.7**	**46.8**	**401.9**	**100.0%**	**220.7**	**129.5**	**46.5**	**396.7**	**100.0%**	**1.3%**
Restaurants & Others	156.4	138.7	46.8	341.9	85.1%	166.2	129.5	46.5	342.2	86.3%	-0.1%
Gas Stations	60.0	0.0	0.0	60.0	14.9%	54.5	0.0	0.0	54.5	13.7%	10.1%
Cost of Sales and Services	**(171.0)**	**(79.1)**	**(21.8)**	**(272.0)**	**-67.7%**	**(170.9)**	**(74.9)**	**(21.9)**	**(267.7)**	**-67.5%**	**1.6%**
Direct Labor	(56.1)	(40.9)	(8.3)	(105.3)	-26.2%	(57.6)	(37.1)	(8.9)	(103.7)	-26.1%	1.6%
Food	(44.4)	(26.9)	(12.5)	(83.8)	-20.9%	(47.2)	(25.2)	(12.1)	(84.5)	-21.3%	-0.8%
Others	(13.8)	(7.6)	(0.5)	(21.9)	-5.5%	(13.6)	(7.9)	(0.5)	(22.0)	-5.5%	-0.4%
Fuel and Automotive Accessories	(49.3)	0.0	0.0	(49.3)	-12.3%	(44.9)	0.0	0.0	(44.9)	-11.3%	9.7%
Depreciation & Amortization	(7.5)	(3.7)	(0.5)	(11.6)	-2.9%	(7.6)	(4.7)	(0.4)	(12.6)	-3.2%	-8.1%
Gross Profit	**45.4**	**59.6**	**25.0**	**129.9**	**32.3%**	**49.8**	**54.6**	**24.6**	**129.0**	**32.5%**	**0.7%**
Operating Expenses[1]	**(53.3)**	**(42.8)**	**(15.5)**	**(111.7)**	**-27.8%**	**(56.2)**	**(42.2)**	**(15.5)**	**(113.9)**	**-28.7%**	**-2.0%**
Selling and Operating	(13.9)	(25.6)	(6.5)	(46.0)	-11.5%	(13.4)	(25.9)	(6.3)	(45.6)	-11.5%	0.9%
Rents of Stores	(20.1)	(15.2)	(5.3)	(40.6)	-10.1%	(21.1)	(13.3)	(5.1)	(39.5)	-10.0%	2.7%
Store Pre-Openings	0.1	(0.0)	(0.1)	(0.0)	0.0%	(1.3)	0.5	(0.2)	(0.9)	-0.2%	-98.1%
Depreciation & Amortization	(4.6)	(0.3)	(2.2)	(7.1)	-1.8%	(4.6)	(0.3)	(2.0)	(6.9)	-1.8%	1.9%
J.V. Investment Amortization	0.0	(0.6)	0.0	(0.6)	-0.2%	0.0	(0.6)	0.0	(0.6)	-0.1%	8.8%
Equity income result	0.0	4.1	0.0	4.1	1.0%	0.0	3.5	0.0	3.5	0.9%	17.1%
General & Administative	(14.9)	(5.2)	(1.4)	(21.4)	-5.3%	(15.8)	(6.2)	(1.9)	(23.9)	-6.0%	-10.3%
(+) Depreciation & Amortization	12.0	4.6	2.7	19.3	4.8%	12.2	5.6	2.3	20.1	5.1%	-4.2%
Operating Income	**4.1**	**21.4**	**12.1**	**37.6**	**9.3%**	**5.8**	**17.9**	**11.5**	**35.2**	**8.9%**	**6.7%**
Special Items - Other				(5.2)	-1.3%				(2.9)	-0.7%	80.1%
EBIT	**(7.9)**	**16.8**	**9.5**	**13.1**	**3.3%**	**(6.4)**	**12.4**	**9.2**	**12.2**	**3.1%**	
(+) D&A and Write-offs				19.3	4.8%				20.1	5.1%	-4.2%
EBITDA				**32.4**	**8.1%**				**32.3**	**8.2%**	**0.2%**
(+) Special Items				5.2	1.3%				2.9	0.7%	80.1%
Adjusted EBITDA				**37.6**	**9.3%**				**35.2**	**8.9%**	**6.7%**

[1]Before special items;

RESULTS OF THE BRAZILIAN OPERATIONS – ROADS

(in R$ million)	2Q19	% VA	2Q18	% VA	% HA	6M19	% VA	6M18	% VA	% HA
Net Revenue	**115.3**	**100.0%**	**105.2**	**100.0%**	**9.6%**	**243.7**	**100.0%**	**228.8**	**100.0%**	**6.5%**
Restaurants & Others	55.3	48.0%	50.7	48.2%	9.2%	122.7	50.3%	116.0	50.7%	5.7%
Gas Stations	60.0	52.0%	54.5	51.8%	10.1%	121.0	49.7%	112.8	49.3%	7.3%
Cost of Sales and Services	**(97.5)**	**-84.5%**	**(92.2)**	**-87.7%**	**5.7%**	**(200.5)**	**-82.3%**	**(193.9)**	**-84.8%**	**3.4%**
Direct Labor	(22.1)	-19.2%	(21.9)	-20.8%	1.0%	(46.3)	-19.0%	(45.6)	-19.9%	1.6%
Food	(17.1)	-14.8%	(16.7)	-15.9%	2.1%	(37.6)	-15.4%	(37.6)	-16.4%	0.0%
Others	(5.8)	-5.0%	(5.6)	-5.3%	4.1%	(11.8)	-4.8%	(11.2)	-4.9%	4.9%
Fuel and Automotive Accessories	(49.3)	-42.7%	(44.9)	-42.7%	9.7%	(98.4)	-40.4%	(93.3)	-40.8%	5.5%
Depreciation & Amortization	(3.2)	-2.8%	(3.1)	-3.0%	2.3%	(6.4)	-2.6%	(6.2)	-2.7%	2.7%
Gross Profit	**17.9**	**15.5%**	**13.0**	**12.3%**	**37.7%**	**43.2**	**17.7%**	**34.9**	**15.2%**	**24.1%**
Operating Expenses[1]	**(10.3)**	**-9.0%**	**(10.6)**	**-10.1%**	**-2.5%**	**(22.2)**	**-9.1%**	**(21.6)**	**-9.5%**	**2.6%**
Selling and Operating	(5.1)	-4.4%	(5.5)	-5.2%	-7.2%	(10.3)	-4.2%	(11.2)	-4.9%	-7.2%
Rents of Stores	(4.9)	-4.3%	(4.3)	-4.1%	13.4%	(10.3)	-4.2%	(8.9)	-3.9%	16.0%
Store Pre-Openings	0.5	0.4%	0.0	0.0%	na	0.1	0.0%	0.0	0.0%	na
Depreciation & Amortization	(0.8)	-0.7%	(0.8)	-0.7%	0.1%	(1.6)	-0.6%	(1.6)	-0.7%	0.4%
(+) Depreciation & Amortization	4.0	3.4%	3.9	3.7%	1.9%	8.0	3.3%	7.8	3.4%	2.2%
Operating Income	**11.5**	**10.0%**	**6.3**	**6.0%**	**83.4%**	**29.0**	**11.9%**	**21.0**	**9.2%**	**38.0%**
Expansion Capex	2.4	2.1%	8.9	8.5%	-73.3%	3.7	1.5%	12.0	5.2%	-68.9%
Maintenance Capex	2.6	2.2%	0.2	0.2%	1098.0%	3.8	1.6%	0.3	0.1%	1057.3%
Total Capex	**4.9**	**4.3%**	**9.1**	**8.7%**	**-45.7%**	**7.6**	**3.1%**	**12.3**	**5.4%**	**-38.7%**
Operating Inc. - Maintenance Capex[2]	**8.9**	**77.7%**	**6.1**	**96.6%**	**-18.9%**	**25.2**	**86.8%**	**20.7**	**98.4%**	**-11.6%**

[1]Before special items; [2] Maintenance Capex vs. Op. Inc.

The Roads segment operating income increased by 83% in 2Q19, reaching R$ 11.5 million with a 10.0% margin (up 400bps). The highlights in terms of performance in 2Q19 were:

i. Sales up by 9.6% as a result of positive same store sales in restaurants and fuel, on the back of product mix improvements and the impact 2Q18 had from the World Cup and the truckers' strike.

ii. With the top-line performance:

   a. We were able to improve our labor cost by 160bps (also helped by headcount adjustments, which partially offset the inflation pass-through in salaries) and the food cost by 110bps.

   b. Mitigate the 10bps increase in renting expenses, on the back of the minimum rent paid last year due to the trucker's strike and world cup effect on sales.

RESULTS OF THE BRAZILIAN OPERATIONS – AIR

(in R$ million)	2Q19	% VA	2Q18	% VA	% HA	6M19	% VA	6M18	% VA	% HA
Net Revenue	**49.2**	**100.0%**	**61.4**	**100.0%**	**-19.8%**	**102.1**	**100.0%**	**124.0**	**100.0%**	**-17.7%**
Restaurants & Others	49.2	100.0%	61.4	100.0%	-19.8%	102.1	100.0%	124.0	100.0%	-17.7%
Cost of Sales and Services	**(34.1)**	**-69.2%**	**(40.6)**	**-66.2%**	**-16.0%**	**(69.6)**	**-68.2%**	**(82.6)**	**-66.6%**	**-15.7%**
Direct Labor	(16.9)	-34.4%	(19.4)	-31.6%	-12.8%	(34.3)	-33.6%	(39.2)	-31.6%	-12.4%
Food	(12.1)	-24.6%	(15.4)	-25.1%	-21.4%	(25.0)	-24.5%	(31.9)	-25.7%	-21.5%
Others	(3.3)	-6.8%	(3.7)	-6.0%	-9.8%	(6.7)	-6.5%	(7.3)	-5.9%	-9.0%
Depreciation & Amortization	(1.7)	-3.5%	(2.1)	-3.4%	-17.9%	(3.6)	-3.5%	(4.2)	-3.4%	-15.1%
Gross Profit	**15.2**	**30.8%**	**20.8**	**33.8%**	**-27.1%**	**32.5**	**31.8%**	**41.4**	**33.4%**	**-21.5%**
Operating Expenses[1]	**(14.9)**	**-30.3%**	**(15.6)**	**-25.4%**	**-4.1%**	**(29.9)**	**-29.3%**	**(34.1)**	**-27.5%**	**-12.2%**
Selling and Operating	(4.3)	-8.8%	(3.3)	-5.3%	32.9%	(8.6)	-8.4%	(9.3)	-7.5%	-8.2%
Rents of Stores	(7.1)	-14.4%	(8.9)	-14.5%	-20.3%	(14.3)	-14.0%	(17.9)	-14.5%	-20.1%
Depreciation & Amortization	(3.4)	-6.9%	(3.5)	-5.6%	-1.6%	(6.9)	-6.8%	(6.8)	-5.5%	0.9%
(+) Depreciation & Amortization	5.1	10.4%	5.5	9.0%	-7.7%	10.5	10.3%	11.1	8.9%	-5.5%
Operating Income[1]	**5.3**	**10.8%**	**10.7**	**17.5%**	**-50.4%**	**13.0**	**12.8%**	**18.4**	**14.8%**	**-29.0%**
Expansion Capex	1.1	2.3%	1.4	2.3%	-17.2%	2.8	2.7%	1.8	1.4%	57.3%
Maintenance Capex	0.4	0.9%	0.1	0.2%	347.4%	0.8	0.8%	0.1	0.1%	735.2%
Total Capex	**1.6**	**3.2%**	**1.5**	**2.4%**	**6.7%**	**3.6**	**3.5%**	**1.9**	**1.5%**	**92.6%**
Operating Inc. - Maintenance Capex[2]	**4.9**	**91.8%**	**10.6**	**99.1%**	**-7.3%**	**12.2**	**93.8%**	**18.3**	**99.5%**	**-5.7%**

[1]Before special items; [2] Maintenance Capex vs. Op. Inc.

The Brazilian Airport segment operating income reached R$5.3 million in 2Q19 (from R$10.7million in 2Q18), with a 10.8% margin (down 670bps YoY).

Notwithstanding the SSS performance (-8.8%) that was impacted by lower revenues from Avianca (R$3.7M in 2Q18), revenues were down by 19.8% YoY. The 14-store closure and a higher base from 2Q18 (the segment had tax benefit of R$2.2 million last year) were the reason behind the total store sales further reduction.

On the margin side, the 670bps pressure on the operating income margin that reached 10.8%, is mostly explained by a lower labor expenses dilution (-280bps) and inflation pass-through salaries (impacted sales and operating expenses by -350bps).

Brazilian Air Results – Adjustments to Tax Benefit in 2Q18

(R$ million)	2Q19	2Q18	Tax Benefit	Adj 2Q18	YoY
Revenues	**49.2**	**61.4**	**2.2**	**59.2**	**-16.8%**
Gross Profit	15.2	20.8	2.2	18.6	-18.5%
Gross Margin	30.8%	33.8%	na	31.4%	-65bps
Operating Income	**5.3**	**10.7**	**2.2**	**8.6**	**-37.8%**
Op. Inc. Margin	10.8%	17.5%	na	14.5%	-365bps

RESULTS OF THE BRAZILIAN OPERATIONS – MALLS

(in R$ million)	2Q19	% VA	2Q18	% VA	% HA	6M19	% VA	6M18	% VA	% HA
Net Revenue	**51.8**	**100.0%**	**54.1**	**100.0%**	**-4.3%**	**104.0**	**100.0%**	**112.5**	**100.0%**	**-7.5%**
Restaurants & Others	51.8	100.0%	54.1	100.0%	-4.3%	104.0	100.0%	112.5	100.0%	-7.5%
Cost of Sales and Services	**(39.5)**	**-76.2%**	**(38.1)**	**-70.4%**	**3.6%**	**(79.4)**	**-76.3%**	**(78.7)**	**-69.9%**	**0.8%**
Direct Labor	(17.1)	-33.0%	(16.4)	-30.2%	4.5%	(34.1)	-32.8%	(33.6)	-29.9%	1.3%
Food	(15.2)	-29.4%	(15.0)	-27.8%	1.1%	(30.9)	-29.7%	(31.4)	-27.9%	-1.7%
Others	(4.6)	-8.9%	(4.3)	-8.0%	6.7%	(9.4)	-9.0%	(8.9)	-7.9%	5.2%
Depreciation & Amortization	(2.6)	-4.9%	(2.4)	-4.4%	8.3%	(5.0)	-4.8%	(4.7)	-4.2%	5.1%
Gross Profit	**12.3**	**23.8%**	**16.0**	**29.6%**	**-23.1%**	**24.7**	**23.7%**	**33.8**	**30.1%**	**-27.0%**
Operating Expenses[1]	**(13.2)**	**-25.4%**	**(14.2)**	**-26.3%**	**-7.5%**	**(27.0)**	**-26.0%**	**(29.9)**	**-26.5%**	**-9.5%**
Selling and Operating	(4.5)	-8.7%	(4.7)	-8.7%	-3.7%	(8.9)	-8.5%	(10.7)	-9.5%	-17.4%
Rents of Stores	(8.1)	-15.6%	(7.9)	-14.6%	2.5%	(16.3)	-15.6%	(16.1)	-14.3%	0.9%
Store Pre-Openings	(0.2)	-0.4%	(1.3)	-2.3%	-84.9%	(1.1)	-1.0%	(2.2)	-2.0%	-50.8%
Depreciation & Amortization	(0.4)	-0.7%	(0.4)	-0.8%	-6.8%	(0.8)	-0.8%	(0.8)	-0.7%	0.1%
(+) Depreciation & Amortization	2.9	5.7%	2.8	5.1%	6.1%	5.8	5.6%	5.5	4.9%	4.4%
Operating Income	**2.1**	**4.1%**	**4.6**	**8.4%**	**-53.9%**	**3.5**	**3.3%**	**9.5**	**8.4%**	**-63.5%**
Expansion Capex	6.0	11.6%	5.3	9.8%	13.1%	12.9	12.4%	10.0	8.9%	28.6%
Maintenance Capex	1.2	2.4%	1.0	1.8%	28.6%	1.7	1.6%	2.4	2.1%	-27.9%
Total Capex	**7.2**	**14.0%**	**6.3**	**11.6%**	**15.5%**	**14.6**	**14.0%**	**12.4**	**11.0%**	**17.8%**
Operating Inc. - Maintenance Capex[2]	**0.9**	**41.0%**	**3.6**	**78.9%**	**-37.9%**	**1.8**	**51.1%**	**7.1**	**75.2%**	**-24.1%**

[1]Before special items; [2]Maintenance Capex vs. Op. Inc.

The Malls segment operating income reached R$2.1 million, a 54% decrease compared to 2Q18, with a reduction in margins of 440bps reaching 4.1% in the quarter.

Despite the flat SSS performance, revenues were down by 4.3% mostly as a result of the R$3.5 million tax benefit that impacted revenues last year, that offset the improved traffic given the seasonality related to the World Cup in 2Q18 (World Cup games reduced malls traffic last year).

On the margin side, the 440bps pressure on the operating income, that reached 4.1%, is mostly explained by a slower SSS performance that reduces dilution of labor expenses (-277bps) and food costs (-156bps). Remembering that both costs are linked to inflation.

The 14 underperforming stores that we closed at the beginning of June should have a more effective impact over the 3Q19 performance.

Brazilian Malls Results – Adjustments to Tax Benefit in 2Q18

(R$ million)	2Q19	2Q18	Tax Benefit	Adj 2Q18	YoY
Revenues	**51.8**	**54.1**	**3.5**	**50.7**	**2.2%**
Gross Profit	12.3	16.0	3.5	12.6	-2.0%
Gross Margin	23.8%	29.6%	na	24.8%	-104bps
Operating Income	**2.1**	**4.6**	**3.5**	**1.1**	**88.2%**
Op. Inc. Margin	4.1%	8.4%	na	2.2%	186bps

RESULTS OF THE BRAZILIAN OPERATIONS

(in R$ million)	2Q19	% VA	2Q18	% VA	% HA	6M19	% VA	6M18	% VA	% HA
Net Revenue	**216.4**	**100.0%**	**220.7**	**100.0%**	**-1.9%**	**449.9**	**100.0%**	**465.3**	**100.0%**	**-3.3%**
Restaurants & Others	156.4	72.3%	166.2	75.3%	-5.9%	328.8	73.1%	352.6	75.8%	-6.7%
Gas Stations	60.0	27.7%	54.5	24.7%	10.1%	121.0	26.9%	112.8	24.2%	7.3%
Cost of Sales and Services	**(171.0)**	**-79.0%**	**(170.9)**	**-77.4%**	**0.1%**	**(349.4)**	**-77.7%**	**(355.3)**	**-76.3%**	**-1.6%**
Direct Labor	(56.1)	-25.9%	(57.6)	-26.1%	-2.6%	(114.7)	-25.5%	(118.4)	-25.4%	-3.1%
Food	(44.4)	-20.5%	(47.2)	-21.4%	-5.9%	(93.6)	-20.8%	(100.9)	-21.7%	-7.3%
Others	(13.8)	-6.4%	(13.6)	-6.2%	1.2%	(27.8)	-6.2%	(27.5)	-5.9%	1.3%
Fuel and Automotive Accessories	(49.3)	-22.8%	(44.9)	-20.4%	9.7%	(98.4)	-21.9%	(93.3)	-20.0%	5.5%
Depreciation & Amortization	(7.5)	-3.4%	(7.6)	-3.4%	-1.4%	(14.9)	-3.3%	(15.2)	-3.3%	-1.5%
Gross Profit	**45.4**	**21.0%**	**49.8**	**22.6%**	**-8.9%**	**100.4**	**22.3%**	**110.1**	**23.7%**	**-8.7%**
Operating Expenses[1]	**(53.3)**	**-24.6%**	**(56.2)**	**-25.5%**	**-5.2%**	**(110.4)**	**-24.5%**	**(117.9)**	**-25.3%**	**-6.3%**
Selling and Operating	(13.9)	-6.4%	(13.4)	-6.1%	3.7%	(27.8)	-6.2%	(31.2)	-6.7%	-11.0%
Rents of Stores	(20.1)	-9.3%	(21.1)	-9.6%	-4.9%	(40.9)	-9.1%	(43.0)	-9.2%	-4.7%
Store Pre-Openings	0.1	0.1%	(1.3)	-0.6%	-109.2%	(1.2)	-0.3%	(2.2)	-0.5%	-46.9%
Depreciation & Amortization	(4.6)	-2.1%	(4.6)	-2.1%	-1.7%	(9.3)	-2.1%	(9.2)	-2.0%	0.8%
General & Administative Others[2]	(14.9)	-6.9%	(15.8)	-7.2%	-5.9%	(31.3)	-7.0%	(32.3)	-6.9%	-3.1%
(+) Depreciation & Amortization	12.0	5.6%	12.2	5.5%	-1.5%	24.2	5.4%	24.4	5.3%	-0.8%
Operating Income	**4.1**	**1.9%**	**5.8**	**2.6%**	**-29.5%**	**14.2**	**3.2%**	**16.6**	**3.6%**	**-14.2%**
Expansion Capex	9.5	4.4%	15.6	7.1%	-39.0%	19.4	4.3%	23.8	5.1%	-18.4%
Maintenance Capex	4.3	2.0%	1.3	0.6%	232.5%	6.3	1.4%	2.8	0.6%	127.8%
Total Capex	**13.8**	**6.4%**	**16.9**	**7.6%**	**-18.4%**	**25.8**	**5.7%**	**26.6**	**5.7%**	**-3.1%**
Operating Inc. - Maintenance Capex[3]	**(0.2)**	**-4.5%**	**4.5**	**77.8%**	**-82.3%**	**7.9**	**55.5%**	**13.8**	**83.2%**	**-27.7%**

[1]Before special items; [2]Not allocated in segments; [3]Maintenance Capex vs. Op. Inc.

In Brazil, operating income reached R$4.1M, a 29.5% decrease YoY, with margins reaching 1.9%, -70bps compared to 2Q18.

Brazilian operation's top line in 2Q19 reached R$216.4 million, down 1.9% vs 2Q18. Avianca bankruptcy and the stores closure (14) at our Air operations, plus a lackluster Malls business offset the positive performance in Roads.

On the margin side, the higher participation of gas sales over the consolidated mix (from 25% to 28% in the 2Q19) was a key factor behind the gross margin pressure of 160bps to 21.0%, as it carries a lower margin. On the expenses side, a higher dilution of stores rental and G&A and Others were the main factor behind the positive performance of 80bps dilution, despite the air operation impact on selling and operating expenses.

RESULTS OF U.S. OPERATIONS

(in US$ Million)	2Q19	% VA	2Q18	% VA	% HA	6M19	% VA	6M18	% VA	% HA
Net Revenue	**35.4**	**100.0%**	**35.7**	**100.0%**	**-0.8%**	**57.1**	**100.0%**	**58.6**	**100.0%**	**-2.6%**
Restaurants & Others	35.4	100.0%	35.7	100.0%	-0.8%	57.1	100.0%	58.6	100.0%	-2.6%
Cost of Sales and Services	**(20.2)**	**-57.0%**	**(20.7)**	**-58.0%**	**-2.5%**	**(34.5)**	**-60.4%**	**(36.0)**	**-61.4%**	**-4.3%**
Direct Labor	(10.4)	-29.5%	(10.3)	-28.8%	1.5%	(18.1)	-31.7%	(18.2)	-31.1%	-0.9%
Food	(6.9)	-19.4%	(7.0)	-19.5%	-1.3%	(11.1)	-19.4%	(11.6)	-19.7%	-4.4%
Others	(1.9)	-5.5%	(2.2)	-6.1%	-10.3%	(3.3)	-5.7%	(3.7)	-6.3%	-11.5%
Depreciation & Amortization	(0.9)	-2.6%	(1.3)	-3.6%	-27.9%	(2.1)	-3.6%	(2.5)	-4.3%	-17.9%
Gross Profit	**15.2**	**43.0%**	**15.0**	**42.0%**	**1.5%**	**22.6**	**39.6%**	**22.6**	**38.6%**	**0.0%**
Operating Expenses[1]	**(10.9)**	**-30.8%**	**(11.7)**	**-32.7%**	**-6.5%**	**(19.2)**	**-33.6%**	**(21.1)**	**-36.0%**	**-9.1%**
Selling and Operating	(6.5)	-18.4%	(7.2)	-20.0%	-8.7%	(11.3)	-19.8%	(12.8)	-21.8%	-11.6%
Rents of Stores	(3.9)	-11.0%	(3.7)	-10.3%	5.8%	(6.4)	-11.1%	(6.2)	-10.5%	2.9%
Store Pre-Openings	(0.0)	0.0%	0.1	0.4%	-102%	(0.0)	0.0%	(0.3)	-0.6%	-99.0%
Depreciation & Amortization	(0.1)	-0.2%	(0.1)	-0.3%	-13.4%	(0.1)	-0.3%	(0.2)	-0.3%	-18.8%
J.V. Investment Amortization	(0.2)	-0.4%	(0.2)	-0.4%	0.0%	(0.3)	-0.5%	(0.3)	-0.5%	0.0%
Equity income result	1.1	3.0%	1.0	2.7%	7.8%	1.9	3.3%	1.7	2.9%	10.0%
General & Administative and Othes	(1.3)	-3.7%	(1.7)	-4.8%	-23.5%	(2.9)	-5.1%	(3.0)	-5.1%	-2.4%
(+) Depreciation & Amortization	1.2	3.3%	1.5	4.3%	-24.3%	2.5	4.4%	3.0	5.1%	-16.1%
Operating Income	**5.5**	**15.5%**	**4.9**	**13.6%**	**12.3%**	**6.0**	**10.4%**	**4.5**	**7.7%**	**31.8%**
Expansion Capex	0.2	0.7%	0.4	1.2%	-42.2%	1.3	2.2%	1.2	2.1%	1.7%
Maintenance Capex	0.6	1.8%	0.2	0.7%	160.0%	0.8	1.4%	0.4	0.6%	117.5%
Total Capex	**0.9**	**2.5%**	**0.7**	**1.9%**	**31.9%**	**2.0**	**3.6%**	**1.6**	**2.7%**	**27.5%**
Operating Inc. - Maintenance Capex[2]	**4.8**	**88.5%**	**4.6**	**95.0%**	**4.6%**	**5.2**	**87.1%**	**4.2**	**92.2%**	**24.5%**

[1]Before special items; [2]Maintenance Capex vs. Op. Inc.

The operations in the United States consist mainly of Margaritaville and currently has 22 restaurants. The comments below (as well as the table above) are in local currency (US$) to provide a better understanding of the region's results eliminating the impact of FX. It is important to note that the restaurants in the US are located mostly in summer destinations; therefore, most of the profitability is concentrated in the end of the second and fully in the third quarters.

In 2Q19, SSS grew 0.1%, with the food business reaching 1.2% and the retail posting a 9.0% decrease, corroborating with a sector view of declining of stores' merchandise. The store closure in Dec, 2018 (Mohegan Sun) was the main reason behind the decline in store revenues.

Operating income increased to US$5.5M from US$4.9M with a 15.5% operating margin (+180bps YoY) on the back of our menu engineering that offset the increase in labor costs and expenses control.

RESULTS OF THE CARIBBEAN OPERATIONS

(in R$ million)	2Q19	% VA	2Q18	% VA	% HA	*2Q19²*	*% VA²*	*% HA²*	6M19	% VA	6M18	% VA	% HA	*6M19²*	*% VA²*	*% HA²*
Net Revenue	**46.8**	**100.0%**	**46.5**	**100.0%**	**0.7%**	***46.0***	***100.0%***	***-1.0%***	**93.6**	**100.0%**	**90.1**	**100.0%**	**3.9%**	***88.1***	***100.0%***	***-2.2%***
Restaurants & Others	46.8	100.0%	46.5	100.0%	0.7%	*46.0*	*100.0%*	*-1.0%*	93.6	100.0%	90.1	100.0%	3.9%	*88.1*	*100.0%*	*-2.2%*
Cost of Sales and Services	**(21.8)**	**-46.7%**	**(21.9)**	**-47.0%**	**-0.1%**	***(21.7)***	***-47.2%***	***-0.6%***	**(43.8)**	**-46.7%**	**(42.2)**	**-46.9%**	**3.7%**	***(41.7)***	***-47.3%***	***-1.3%***
Direct Labor	(8.3)	-17.8%	(8.9)	-19.1%	-6.4%	*(8.3)*	*-18.0%*	*-6.5%*	(16.8)	-17.9%	(17.1)	-19.0%	-2.1%	*(16.0)*	*-18.2%*	*-6.4%*
Food	(12.5)	-26.8%	(12.1)	-26.0%	3.7%	*(12.4)*	*-26.9%*	*2.6%*	(25.0)	-26.7%	(23.4)	-25.9%	6.9%	*(23.7)*	*-26.9%*	*1.3%*
Others	(0.5)	-1.1%	(0.5)	-1.1%	0.5%	*(0.6)*	*-1.2%*	*5.4%*	(1.1)	-1.2%	(1.0)	-1.1%	12.1%	*(1.1)*	*-1.2%*	*11.6%*
Depreciation & Amortization	(0.5)	-1.0%	(0.4)	-0.8%	25.7%	*(0.5)*	*-1.0%*	*26.3%*	(0.9)	-1.0%	(0.7)	-0.8%	25.6%	*(0.9)*	*-1.0%*	*20.8%*
Gross Profit	**25.0**	**53.3%**	**24.6**	**53.0%**	**1.4%**	***24.3***	***52.8%***	***-1.3%***	**49.9**	**53.3%**	**47.9**	**53.1%**	**4.2%**	***46.4***	***52.7%***	***-3.0%***
Operating Expenses¹	**(15.5)**	**-33.1%**	**(15.5)**	**-33.2%**	**0.4%**	***(15.1)***	***-32.9%***	***-2.1%***	**(31.8)**	**-34.0%**	**(29.7)**	**-33.0%**	**7.1%**	***(29.8)***	***-33.8%***	***0.4%***
Selling and Operating	(6.5)	-13.9%	(6.3)	-13.6%	3.0%	*(6.4)*	*-14.0%*	*2.0%*	(12.8)	-13.6%	(11.8)	-13.2%	7.9%	*(12.1)*	*-13.8%*	*2.3%*
Rents of Stores	(5.3)	-11.3%	(5.1)	-11.0%	4.1%	*(5.1)*	*-11.0%*	*-1.0%*	(10.6)	-11.4%	(9.8)	-10.9%	8.6%	*(9.7)*	*-11.1%*	*-0.5%*
Store Pre-Openings	(0.1)	-0.3%	(0.2)	-0.3%	-19.7%	*(0.1)*	*-0.2%*	*-29.8%*	(0.2)	-0.3%	(0.2)	-0.2%	60.2%	*(0.2)*	*-0.2%*	*38.6%*
Depreciation & Amortization	(2.2)	-4.7%	(2.0)	-4.2%	11.7%	*(2.2)*	*-4.7%*	*10.6%*	(4.4)	-4.7%	(4.0)	-4.4%	11.6%	*(4.2)*	*-4.8%*	*6.0%*
General & Administative and Others	(1.4)	-2.9%	(1.9)	-4.1%	-28.4%	*(1.4)*	*-3.0%*	*-28.9%*	(3.7)	-4.0%	(3.9)	-4.4%	-5.4%	*(3.5)*	*-4.0%*	*-10.5%*
(+) Depreciation & Amortization	2.7	5.7%	2.3	5.0%	13.9%	*2.7*	*5.8%*	*13.1%*	5.3	5.7%	4.7	5.2%	13.8%	*5.1*	*5.8%*	*8.3%*
EBITDA	**12.1**	**25.9%**	**11.5**	**24.8%**	**5.5%**	***11.8***	***25.7%***	***2.7%***	**23.4**	**25.0%**	**22.9**	**25.4%**	**2.3%**	***21.7***	***24.7%***	***-5.0%***
Margen EBITDA (%)	*25.9%*	*0.0%*	*24.8%*	*0.0%*	*1.2p.p.*	*25.7%*	*0.0%*	*0.9p.p.*	*25.0%*	*0.0%*	*25.4%*	*0.0%*	*-0.4p.p.*	*24.7%*	*0.0%*	*-0.7p.p.*
Operating Income	**12.1**	**25.9%**	**11.5**	**24.8%**	**5.5%**	***11.8***	***25.7%***	***2.7%***	**23.4**	**25.0%**	**22.9**	**25.4%**	**2.3%**	***21.7***	***24.7%***	***-5.0%***
Expansion Capex	0.0	0.0%	0.2	0.5%	-94.0%	*0.0*	*0.0%*	*-94.1%*	0.3		4.6	5.1%	-94.5%	*0.2*	*0.3%*	*-94.8%*
Maintenance Capex	1.5	3.2%	0.4	0.8%	314.1%	*1.5*	*3.2%*	*307.1%*	1.6		0.7	0.8%	116.7%	*1.5*	*1.7%*	*104.0%*
Total Capex	**1.5**	**3.2%**	**0.6**	**1.2%**	**159.8%**	***1.5***	***3.2%***	***155.5%***	**1.9**	**2.0%**	**5.4**	**6.0%**	**-65.2%**	***1.8***	***2.0%***	***-67.2%***
Operating Inc. - Maintenance Capex³	**10.6**	**87.7%**	**11.1**	**96.9%**	**-4.5%**	***10.3***	***87.6%***	***-7.2%***	**21.8**	**93.1%**	**22.1**	**96.7%**	**-1.5%**	***20.2***	***93.0%***	***-8.6%***

¹Before special items; ²In constant currencies as of the prior year; ³Maintenance Capex vs. Op. Inc.

The information in the table above is presented in Reais and in constant currency (using the 2Q18 FX rate to convert the 2Q19), to eliminate the effect of exchange rate fluctuations. The comments below also refer to 2Q19 constant currency numbers.

Net revenues reached R$46.0 million, 1.0% reduction versus 2Q18, as a result of a softer SSS performance in Panama (airports – mostly due to changes in the airport that affected customer flow in our restaurants – and malls) that offset the positive performance in Colombia (mainly catering and airport restaurants).

The Caribbean operation still sustains a high level of margins at 25.7% (up from 24.8% in 2Q18). Higher efficiency on labor cost (+110bps) and lower G&A (+40bps), despite the worse food cost (-90bps) and the deleveraging of operating expenses, mainly selling & operating (-40bps).

Consequently, operating income reached R$11.8 million in 2Q19, a 2.7% increase compared to 2Q18, with an operating margin of 25.7%.

CONSOLIDATED P&L

(in R$ million)	2Q19	%VA	2Q18	%VA	%HA	2Q19³	% VA³	% HA³	6M19	%VA	6M18	%VA	%HA	6M19³	% VA³	% HA³
Net Revenue	**401.9**	**100.0%**	**396.7**	**100.0%**	**1.3%**	***390.9***	***100.0%***	***-1.5%***	**764.3**	**100.0%**	**759.5**	**100.0%**	**0.6%**	***737.0***	***100.0%***	***-3.0%***
Restaurants & Others	341.9	85.1%	342.2	86.3%	-0.1%	*330.9*	*84.6%*	*-3.3%*	643.2	84.2%	646.7	85.2%	-0.5%	*616.0*	*83.6%*	*-4.8%*
Gas Stations	60.0	14.9%	54.5	13.7%	10.1%	*60.0*	*15.4%*	*10.1%*	121.0	15.8%	112.8	14.8%	7.3%	*121.0*	*16.4%*	*7.3%*
Brazil	216.4	53.8%	220.7	55.6%	-1.9%	*216.4*	*55.4%*	*-1.9%*	449.9	58.9%	465.3	61.3%	-3.3%	*449.9*	*61.0%*	*-3.3%*
US	138.7	34.5%	129.5	32.6%	7.1%	*128.4*	*32.9%*	*-0.8%*	220.8	28.9%	204.1	26.9%	8.2%	*199.0*	*27.0%*	*-2.5%*
Caribbean	46.8	11.6%	46.5	11.7%	0.7%	*46.0*	*11.8%*	*-1.0%*	93.6	12.3%	90.1	11.9%	3.9%	*88.1*	*12.0%*	*-2.2%*
Cost of Sales and Services	**(272.0)**	**-67.7%**	**(267.7)**	**-67.5%**	**1.6%**	***(265.9)***	***-68.0%***	***-0.7%***	**(526.3)**	**-68.9%**	**(522.1)**	**-68.7%**	**0.8%**	***(510.6)***	***-69.3%***	***-2.2%***
Direct Labor	(105.3)	-26.2%	(103.7)	-26.1%	1.6%	*(102.2)*	*-26.1%*	*-1.4%*	(201.3)	-26.3%	(198.6)	-26.1%	1.4%	*(193.3)*	*-26.2%*	*-2.6%*
Food	(83.8)	-20.9%	(84.5)	-21.3%	-0.8%	*(81.7)*	*-20.9%*	*-3.3%*	(161.3)	-21.1%	(164.5)	-21.7%	-2.0%	*(155.8)*	*-21.1%*	*-5.3%*
Others	(21.9)	-5.5%	(22.0)	-5.5%	-0.4%	*(21.4)*	*-5.5%*	*-2.9%*	(41.5)	-5.4%	(41.2)	-5.4%	0.7%	*(40.2)*	*-5.5%*	*-2.4%*
Fuel and Automotive Accessories	(49.3)	-12.3%	(44.9)	-11.3%	9.7%	*(49.3)*	*-12.6%*	*9.7%*	(98.4)	-12.9%	(93.3)	-12.3%	5.5%	*(98.4)*	*-13.3%*	*5.5%*
Depreciation & Amortization	(11.6)	-2.9%	(12.6)	-3.2%	-8.1%	*(11.3)*	*-2.9%*	*-10.4%*	(23.8)	-3.1%	(24.5)	-3.2%	-3.1%	*(22.8)*	*-3.1%*	*-6.8%*
Gross Profit	**129.9**	**32.3%**	**129.0**	**32.5%**	**0.7%**	***125.0***	***32.0%***	***-3.1%***	**238.0**	**31.1%**	**237.4**	**31.3%**	**0.3%**	***226.4***	***30.7%***	***-4.6%***
Gross Margin (%)	*32.3%*		*32.5%*		*-0.2p.p.*	*32.0%*	*-0.5p.p.*	*-0.5p.p.*	*31.1%*		*31.3%*		*-0.1p.p.*	*30.7%*	*-0.5p.p.*	*-0.5p.p.*
Operating Expenses	**(111.6)**	**-27.8%**	**(113.9)**	**-28.7%**	**-2.0%**	***(107.9)***	***-27.6%***	***-5.3%***	**(216.2)**	**-28.3%**	**(220.4)**	**-29.0%**	**-1.9%**	***(206.4)***	***-28.0%***	***-6.3%***
Selling and Operating	(46.0)	-11.5%	(45.6)	-11.5%	0.9%	*(44.0)*	*-11.3%*	*-3.6%*	(84.2)	-11.0%	(87.3)	-11.5%	-3.5%	*(79.1)*	*-10.7%*	*-9.4%*
Rents of Stores	(40.6)	-10.1%	(39.5)	-10.0%	2.7%	*(39.2)*	*-10.0%*	*-0.7%*	(76.1)	-10.0%	(74.2)	-9.8%	2.6%	*(72.8)*	*-9.9%*	*-1.9%*
Store Pre-Openings	(0.0)	0.0%	(0.9)	-0.2%	-98.1%	*(0.0)*	*0.0%*	*-99.9%*	(1.4)	-0.2%	(3.4)	-0.5%	-58.3%	*(1.4)*	*-0.2%*	*-59.3%*
Depreciation & Amortization	(7.1)	-1.8%	(6.9)	-1.8%	1.7%	*(7.0)*	*-1.8%*	*1.0%*	(14.2)	-1.9%	(13.8)	-1.8%	3.1%	*(13.9)*	*-1.9%*	*1.0%*
J.V. Investment Amortization	(0.6)	-0.2%	(0.6)	-0.1%	8.8%	*(0.6)*	*-0.1%*	*0.0%*	(1.2)	-0.2%	(1.1)	-0.1%	12.3%	*(1.1)*	*-0.1%*	*0.0%*
Equity income result	4.1	1.0%	3.5	0.9%	17.1%	*3.8*	*1.0%*	*8.0%*	7.2	0.9%	5.9	0.8%	22.8%	*6.5*	*0.9%*	*9.9%*
General & Administative and Others	(21.4)	-5.3%	(23.9)	-6.0%	-10.3%	*(20.9)*	*-5.3%*	*-12.5%*	(46.2)	-6.0%	(46.5)	-6.1%	-0.7%	*(44.6)*	*-6.1%*	*-4.1%*
Special Items - Other	(5.2)		(2.9)		80.1%	*(5.2)*		*80.1%*	(7.2)		(5.4)		33.3%	*(7.2)*		*33.3%*
EBIT	**13.1**	**3.3%**	**12.2**	**3.1%**	**7.6%**	***12.0***	***3.1%***	***-2.0%***	**14.6**	**1.9%**	**11.5**	**1.5%**	**na**	***12.7***	***1.7%***	***na***
(+) D&A and Write-offs	19.3	4.8%	20.1	5.1%	-4.3%	*18.9*	*4.8%*	*-6.2%*	39.2	5.1%	39.4	5.2%	-0.5%	*37.8*	*5.1%*	*-3.9%*
EBITDA	**32.4**	**8.1%**	**32.3**	**8.2%**	**0.2%**	***30.9***	***7.9%***	***-4.6%***	**53.8**	**7.0%**	**50.9**	**6.7%**	**5.6%**	***50.6***	***6.9%***	***-0.6%***
EBITDA Margin (%)	*8.1%*		*8.2%*		*-0.1p.p.*	*7.9%*		*-0.3p.p.*	*7.0%*		*6.7%*		*0.3p.p.*	*6.9%*		*0.2p.p.*
(+) Special Items - Other	5.2	1.3%	2.9	0.7%	-	*5.2*	*1.3%*	*-*	7.2	0.9%	5.4	0.7%	33.3%	*7.2*	*1.0%*	*33.3%*
Adjusted EBITDA [1]	**37.6**	**9.3%**	**35.2**	**8.9%**	**6.7%**	***36.0***	***9.2%***	***2.3%***	**61.0**	**8.0%**	**56.3**	**7.4%**	**8.3%**	***57.8***	***7.8%***	***2.6%***
Adjusted EBITDA Margin (%)	*9.3%*		*8.9%*		*0.5p.p.*	*9.2%*	*0.3p.p.*	*0.3p.p.*	*8.0%*		*7.4%*		*0.6p.p.*	*7.8%*	*0.4p.p.*	*0.4p.p.*

¹Before special items; ²Not allocated in segments and countries; ³In constant currencies as of the prior year.

Net revenue totaled R$401.9 million in 2Q19, +1.3% vs. 2Q18. The positive consolidated same store sales performance were offset by the negative impact of the net store closures of 27 restaurants, as shown in the section "Number of stores". We also note the R$5.6 million tax benefit in Brazil last year that helped to increase the comparison base.

Food cost totaled R$83.8 million in 2Q19, or R$81.7 million in constant currency, compared to R$84.5 million in 2Q18, representing a 40bps improvement YoY (as a % of sales).

Direct Labor cost totaled R$105.3 million, or R$102.2 million in constant currency, compared to R$103.7 million in 2Q18, representing a 10bps decrease YoY (as a % of sales).

Fuel cost totaled R$49.3M, a 9.7% increase compared to 2Q18.

Sales and Operating expenses came in at R$46.0 million or R$44.0 million in constant currency compared to R$45.6 million in 2Q18.

Rent expenses totaled R$40.6 million or R$39.2 million in constant currency, compared to R$39.5 million in 2Q18, mainly because of 26 restaurants net reduction in the year.

G&A and Holding expenses totaled R$21.4 million, or R$20.9 million in constant currency, compared to R$23.9 million in 2Q18.

Overall, in 2Q19, the adjusted EBITDA reached R$37.6 million, 7% up from 2Q18, and margin reached 9.3%, up by 40bps YoY.

ADJUSTED EBITDA AND ADJUSTED MARGIN

(R$ million)	2Q19	2Q18	HA (%)	2019	2018	HA (%)
NET INCOME (LOSS)	**3.5**	**2.6**	**36.6%**	**(1.3)**	**(3.8)**	**-66.4%**
(+) Income Taxes	3.3	6.8	-51.2%	3.1	12.0	-73.9%
(+) Net Financial Result	6.3	2.8	122.3%	12.7	3.3	280.6%
(+) D&A and Write-offs	18.7	19.6	-4.6%	38.0	38.3	-0.9%
(+) Amortization of Investments in Joint Venture	0.6	0.6	8.8%	1.2	1.1	12.3%
EBITDA	**32.4**	**32.3**	**0.2%**	**53.8**	**50.9**	**5.6%**
(+) Special Items	5.2	2.9	80.1%	7.2	5.4	33.3%
Adjusted EBITDA	**37.6**	**35.2**	**6.7%**	**61.0**	**56.3**	**8.3%**
EBITDA / Net Revenues	*8.1%*	*8.2%*		*7.0%*	*6.7%*	
Adjusted EBITDA / Net Revenues	*9.3%*	*8.9%*		*8.0%*	*7.4%*	

The Adjusted EBITDA in 2Q19 reached R$37.6 million, up 6.7% compared to 2Q18, with a margin of 9.3%, compared to 8.9% in 2Q18. The special items refer to the stock option plan provisioning and M&A expenses.

FINANCIAL RESULT, INCOME TAX AND NET INCOME

IMC had a net financial expense of R$6.3 million, vs. R$2.8 million in 2Q18, as result of the debenture issuance during 1Q19.

Income taxes (current and differed) totaled R$3.3 million, compared to R$6.8 million expenses in 2Q18.

Consequently we had a net income of R$3.5 million, compared to R$2.6 million in 2Q18.

SELECTED CASH FLOW INFORMATION

EBITDA Reconcilation to Operating Cash Flow (R$ Million)	2Q19	2Q18	Var. (%)	6M19	6M18	Var. (%)
Adjusted EBITDA	**37.6**	**35.2**	**6.7%**	**61.0**	**56.3**	**8.3%**
Special Items	(5.2)	(2.9)		(7.2)	(5.4)	
(+/-) Working Capital and Other Non-Cash Items	(4.4)	(14.9)		(22.0)	(25.7)	
Operating Cash Before Taxes and Interest	**28.0**	**17.4**	**60.7%**	**31.7**	**25.2**	**26.0%**
(-) Paid Taxes	(0.2)	(0.8)		(4.7)	(2.4)	
(-) Maintenance Capex	(8.2)	(3.7)		(11.0)	(6.7)	
Net Cash Generated by Operating Activities	**19.6**	**12.9**	**51.9%**	**16.0**	**16.1**	**-0.7%**
Operating Net Cash/EBITDA	**52.2%**	**36.7%**	**15.5 p.p.**	**26.2%**	**28.6%**	**-2.4 p.p.**

Operating cash flow in 2Q19 reached R$19.6 million (versus R$12.9 million in 2Q18) impacted by lower working capital needs in 2Q19 vs. last year with the conversion of tax credits in cash and lower contingencies disbursement. The higher Capex was mostly due to the Central Kitchen construction, improvements and refurbishments at our Road business in Brazil and in the US.

INVESTMENT ACTIVITIES

(R$ million)	2Q19	2Q18	HA (%)	6M19	6M18	HA (%)
Property and Equipment	(20.6)	(21.0)	-2.0%	(36.5)	(35.5)	2.8%
Additions to Intangible Assets	(0.9)	(0.5)	81.5%	(2.1)	(4.8)	-56.7%
(=) Total Invested (CAPEX)	**(21.5)**	**(21.5)**	**-0.1%**	**(38.6)**	**(40.3)**	**-4.2%**
Payment of Acquisitions	(1.6)	(1.6)	0.6%	(3.1)	(3.6)	-14.9%
Dividends Received	3.4	3.1	9.8%	5.6	5.0	12.9%
Other*	0.0	0.0		3.7	1.3	179.4%
Total Investments	**(19.7)**	**(20.0)**	**-1.5%**	**(32.3)**	**(37.5)**	**-14.0%**

CAPEX (in R$ million)	2Q19	2Q18	HA (%)	6M19	6M18	HA (%)
Expansion						
Brazilian Operations	**9.5**	**15.6**	**-39.0%**	**19.4**	**23.8**	**-18.4%**
Brazil - Air	1.1	1.4	-17.2%	2.8	1.8	57.3%
Brazil - Roads	2.4	8.9	-73.3%	3.7	12.0	-68.9%
Brazil - Malls	6.0	5.3	13.1%	12.9	10.0	28.6%
USA Operations	**0.9**	**1.5**	**-37.6%**	**4.9**	**4.3**	**13.0%**
Caribbean Operations	**0.0**	**0.2**	**-94.0%**	**0.3**	**4.6**	**-94.5%**
Holding	**2.7**	**0.5**	**411.8%**	**2.9**	**0.8**	**244.2%**
Total Expansion Investments	**13.2**	**17.9**	**-26.1%**	**27.4**	**33.6**	**-18.3%**
Maintenance						
Brazilian Operations	**4.3**	**1.3**	**232.5%**	**6.3**	**2.8**	**127.8%**
Brazil - Air	0.4	0.1	347.4%	0.8	0.1	735.2%
Brazil - Roads	2.6	0.2	1098.0%	3.8	0.3	1057.3%
Brazil - Malls	1.2	1.0	28.6%	1.7	2.4	-27.9%
USA Operations	**2.5**	**0.9**	**180.8%**	**3.0**	**1.2**	**141.6%**
Caribbean Operations	**1.5**	**0.4**	**314.1%**	**1.6**	**0.7**	**116.7%**
Holding	**0.0**	**1.2**	**-100.0%**	**0.1**	**1.9**	**-94.9%**
Total Maintenance Investments	**8.2**	**3.7**	**123.0%**	**11.0**	**6.7**	**64.9%**
Total CAPEX Investments	**21.4**	**21.5**	**-0.6%**	**38.5**	**40.3**	**-4.5%**

*Others related to the sale of Puerto Rico, Mexico and Dominican Republic operations.

CAPEX in 2Q19 was mainly impacted by stores' opening in the US, the refurbishment of Frango Assado's stores (Road) and Hospital Albert Einstein's Stores (Malls), which include stores' capacity increase.

NET DEBT

R$ million	2Q19	2Q18
Debt	373.1	169.5
Financing of past acquisitions	33.3	36.4
Total Debt	**406.4**	**205.9**
(-) Cash	**(226.1)**	**(183.6)**
Net Debt	**180.3**	**22.3**

Net debt position at the end of 2Q19 was of R$180.3 million, including cash, cash equivalents and short-term investments.

NUMBER OF STORES EVOLUTION

(end of period)	2Q19	2Q18	YoY Var. (%)	YoY Var. (#)
Brazil	**129**	**157**	**-17.8%**	**-28**
Air	*29*	*43*	*-32.6%*	*-14*
Roads	*25*	*25*	*0.0%*	*0*
Shopping Malls	*75*	*89*	*-15.7%*	*-14*
USA	**22**	**22**	**0.0%**	**0**
Caribbean	**44**	**43**	**2.3%**	**1**
Total Number of Stores	**195**	**222**	**-12.2%**	**-27**

At the end of 2Q19, the Company had 195 stores, a net reduction of 27 stores vs 2Q18, due to the closure of non-performing units at our Malls business and contract renegotiation with Guarulhos Airport at our Air business.

At the end of June, the company took the decision to review its store base and simplified the way we report. That said, we adjusted our store base without any impact in revenues and, for a matter of higher disclosure, we detail below the adjusted historical figures.

(End of Period)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Brazil	**184**	**177**	**175**	**167**	**162**	**157**	**149**	**147**	**145**	**129**
Airports	*57*	*52*	*51*	*47*	*47*	*43*	*32*	*31*	*31*	*29*
Shopping Mall	*101*	*100*	*99*	*95*	*90*	*89*	*92*	*91*	*89*	*75*
Road	*26*	*25*	*25*	*25*	*25*	*25*	*25*	*25*	*25*	*25*
Estados Unidos	**20**	**19**	**20**	**20**	**22**	**22**	**22**	**22**	**22**	**22**
Caribe	**48**	**46**	**46**	**44**	**43**	**43**	**42**	**43**	**43**	**44**
Total Number of Stores	**252**	**242**	**241**	**231**	**227**	**222**	**213**	**212**	**210**	**195**

CONSOLIDATED INCOME STATEMENT

(R$ thousand)	2Q19	2Q18	6M19	6M18
NET REVENUE	**401,900**	**396,673**	**764,292**	**759,494**
COST OF SALES AND SERVICES	**(271,971)**	**(267,675)**	**(526,257)**	**(522,124)**
GROSS PROFIT	**129,929**	**128,998**	**238,035**	**237,370**
OPERATING INCOME (EXPENSES)				
Commercial and operating expenses	(86,620)	(85,128)	(160,371)	(161,486)
General and administrative expenses	(28,214)	(27,162)	(53,606)	(53,221)
Depreciation and amortization	(7,062)	(6,945)	(14,210)	(13,787)
Other income (expenses)	1,600	(503)	(1,275)	(2,151)
Equity income result	3,501	2,950	6,020	4,812
Net financial expenses	(6,292)	(2,830)	(12,738)	(3,347)
EARNINGS BEFORE TAXES	**6,842**	**9,380**	**1,855**	**8,190**
Income Taxes	**(3,315)**	**(6,798)**	**(3,146)**	**(12,034)**
NET PROFIT (LOSS)	**3,527**	**2,582**	**(1,291)**	**(3,844)**

CONSOLIDATED BALANCE SHEET

(R$ thousand)	2Q19	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	226,096	268,561
Accounts receivable	77,112	78,907
Inventories	35,912	37,742
Derivatives	14	53
Other current assets	75,959	73,042
Total current assets	**415,093**	**458,305**
NONCURRENT ASSETS		
Deferred income taxes	9,727	9,863
Derivatives	4	40
Other noncurrent assets	55,508	57,257
Property and equipment	267,316	259,399
Intangible assets	842,086	853,618
Total noncurrent assets	**1,174,641**	**1,180,177**
TOTAL ASSETS	**1,589,734**	**1,638,482**
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade accounts payable	64,730	80,980
Loans, financing and acquisitions' payables	51,199	196,123
Salaries and payroll charges	51,348	55,676
Other current liabilities	43,164	43,575
Total current liabilities	**210,441**	**376,354**
NONCURRENT LIABILITIES		
Loans, financing and acquisitions' payables	355,222	138,295
Provision for labor, civil and tax disputes	12,799	12,900
Deferred income tax liability	71,893	71,575
Other noncurrent liabilities	20,901	24,140
Total noncurrent liabilities	**460,815**	**246,910**
EQUITY		
Capital and reserves	890,756	983,182
Accumulated losses	7,523	8,814
Other comprehensive income	20,199	23,222
Total equity	**918,478**	**1,015,218**
TOTAL LIABILITIES AND EQUITY	**1,589,734**	**1,638,482**

CASH FLOW STATEMENT

(R$ thousand)	2Q19	2Q18	6M19	6M18
CASH FLOW FROM OPERATING ACTIVITIES				
Loss for the quarter	3,527	2,582	(1,291)	(3,844)
Depreciation and amortization	18,657	19,566	37,970	38,298
Impairment of intangible assets (using)	(1,796)	(1,913)	(1,877)	(3,526)
Investiment amortization	611	562	1,200	1,069
Equity income result	(4,112)	(3,512)	(7,220)	(5,881)
Provision for labor, civil and tax disputes	2,468	1,942	3,918	3,970
Income taxes	3,315	6,798	3,146	12,034
Interest expenses	8,123	3,330	14,741	6,249
Effect of exchange rate changes	(246)	1,525	(270)	1,980
Disposal of property and equipment	2,994	1,058	3,136	3,043
Deferred Revenue, Rebates	(974)	-	(2,170)	-
Expenses in payments to employees based in stock plan	1,404	2,620	2,004	4,995
Others	(2,794)	(6,105)	343	(11,970)
Changes in operating assets and liabilities	(3,161)	(11,024)	(21,903)	(21,229)
Cash generated from operations	28,016	17,429	31,727	25,188
Income tax paid	(201)	(837)	(4,698)	(2,386)
Interest paid	(4,732)	(2,974)	(9,790)	(5,122)
Net cash generated by (used in) operating activities	**23,083**	**13,618**	**17,239**	**17,680**
CASH FLOW FROM INVESTING ACTIVITIES				
Payment of business acquisitions made in prior years	(1,560)	(1,551)	(3,060)	(3,597)
Dividends received	3,421	3,115	5,649	5,002
Sale of controlling interest in discontinued operations, net of cash	-	-	3,694	1,322
Additions to intangible assets	(920)	(507)	(2,066)	(4,766)
Additions to property and equipment	(20,602)	(21,027)	(36,506)	(35,504)
Net cash used in investing activities	**(19,661)**	**(19,970)**	**(32,289)**	**(37,543)**
CASH FLOW FROM FINANCING ACTIVITIES				
Capital contribuitions from minority interest	-	-	(100,000)	-
Shares in Treasury	2,425	210	5,569	449
New loans	-	-	238,710	-
Payment of loans	(8,770)	(16,737)	(168,622)	(24,190)
Net cash used in financing activities	**(8,220)**	**(17,398)**	**(26,218)**	**(24,612)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,109)	10,498	(1,197)	12,309
NET INCREASE (DECREASE) FOR THE PERIOD	**(5,907)**	**(13,252)**	**(42,465)**	**(32,166)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**232,003**	**164,674**	**268,561**	**183,588**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**226,096**	**151,422**	**226,096**	**151,422**

APPENDIX – 2Q19 and 6M19 Results under IFRS 16

(in R$ million)	Brazil 2Q19	Brazil % VA	USA 2Q19	USA % VA	Caribbean 2Q19	Caribbean % VA	Consolidated 2Q19	Consolidated % VA
Net Revenue	**216.4**	**100.0%**	**138.7**	**100.0%**	**46.8**	**100.0%**	**401.9**	**100.0%**
Restaurants & Others	156.4	72.3%	138.7	100.0%	46.8	100.0%	341.9	85.1%
Gas Stations	60.0	27.7%	0.0	0.0%	0.0	0.0%	60.0	14.9%
Cost of Sales and Services	**(170.9)**	**-79.0%**	**(79.1)**	**-57.0%**	**(21.8)**	**-46.6%**	**(271.8)**	**-67.6%**
Direct Labor	(56.1)	-25.9%	(40.9)	-29.5%	(8.3)	-17.8%	(105.3)	-26.2%
Food	(44.4)	-20.5%	(26.9)	-19.4%	(12.5)	-26.8%	(83.8)	-20.9%
Others	(13.3)	-6.2%	(7.6)	-5.5%	(0.2)	-0.5%	(21.2)	-5.3%
Fuel and Automotive Accessorie	(49.3)	-22.8%	0.0	0.0%	0.0	0.0%	(49.3)	-12.3%
Depreciation & Amortization	(7.8)	-3.6%	(3.7)	-2.6%	(0.7)	-1.6%	(12.2)	-3.0%
Gross Profit	**45.5**	**21.0%**	**59.6**	**43.0%**	**25.0**	**53.4%**	**130.1**	**32.4%**
Operating Expenses[1]	**(49.8)**	**-23.0%**	**(42.4)**	**-30.6%**	**(14.9)**	**-31.9%**	**(107.1)**	**-26.7%**
Selling and Operating	(13.9)	-6.4%	(25.6)	-18.5%	(6.5)	-13.9%	(46.0)	-11.5%
Rents of Stores	(8.2)	-3.8%	(10.9)	-7.9%	(1.4)	-3.0%	(20.5)	-5.1%
Store Pre-Openings	0.5	0.2%	(0.0)	0.0%	(0.1)	-0.3%	0.4	0.1%
Depreciation & Amortization	(14.2)	-6.5%	(4.4)	-3.1%	(5.5)	-11.8%	(24.0)	-6.0%
J.V. Investment Amortization	0.0	0.0%	(0.6)	-0.4%	0.0	0.0%	(0.6)	-0.2%
Equity income result	0.0	0.0%	4.1	3.0%	0.0	0.0%	4.1	1.0%
Other revenues (expenses)	1.2	0.5%	0.2	0.1%	0.3	0.7%	1.7	0.4%
General & Administative	(13.2)	-6.1%	(5.0)	-3.6%	(1.7)	-3.7%	(19.9)	-5.0%
Corporate (Holding)[2]	(2.1)	-1.0%	(0.2)	-0.1%	0.0	0.0%	(2.3)	-0.6%
(+) Depreciation & Amortization	21.9	10.1%	8.6	6.2%	6.3	13.4%	36.8	9.2%
Operating Income	**17.6**	**8.1%**	**25.8**	**18.6%**	**16.3**	**34.9%**	**59.8**	**14.9%**
Special Items - Other							(5.2)	-1.3%
EBIT	**(9.5)**	**-0.9%**	**17.2**	**-3.7%**	**10.1**	**18.3%**	**17.8**	**4.4%**
(+) D&A and Write-offs							36.8	9.2%
EBITDA							**54.6**	**13.6%**
(+) Special Items							5.2	1.3%
Adjusted EBITDA							**59.8**	**14.9%**

[1]Before special items; [2]Not allocated in segments

[1]Before special items; [2]Not allocated in segments

(in R$ million)	Brazil 6M19	Brazil % VA	USA 6M19	USA % VA	Caribbean 6M19	Caribbean % VA	Consolidated 6M19	Consolidated % VA
Net Revenue	**449.9**	**100.0%**	**220.8**	**100.0%**	**93.6**	**100.0%**	**764.3**	**100.0%**
Restaurants & Others	449.9	207.9%	220.8	159.2%	93.6	200.0%	764.3	190.2%
Cost of Sales and Services	**(349.2)**	**-161.3%**	**(132.9)**	**-95.8%**	**(43.7)**	**-93.3%**	**(525.8)**	**-130.8%**
Direct Labor	(114.7)	-53.0%	(69.8)	-50.3%	(16.8)	-35.8%	(201.3)	-50.1%
Food	(93.6)	-43.2%	(42.8)	-30.9%	(25.0)	-53.3%	(161.3)	-40.1%
Others	(26.9)	-12.4%	(12.5)	-9.0%	(0.5)	-1.0%	(39.9)	-9.9%
Fuel and Automotive Accessorie	(98.4)	-45.5%	0.0	0.0%	0.0	0.0%	(98.4)	-24.5%
Depreciation & Amortization	(15.6)	-7.2%	(7.9)	-5.7%	(1.5)	-3.1%	(24.9)	-6.2%
Gross Profit	**100.7**	**46.5%**	**87.9**	**63.4%**	**50.0**	**106.7%**	**238.5**	**59.4%**
Operating Expenses[1]	**(103.2)**	**-47.7%**	**(73.3)**	**-52.9%**	**(30.8)**	**-65.9%**	**(207.3)**	**-51.6%**
Selling and Operating	(27.8)	-12.8%	(43.7)	-31.5%	(12.8)	-27.3%	(84.2)	-21.0%
Rents of Stores	(17.0)	-7.8%	(16.3)	-11.7%	(3.0)	-6.5%	(36.3)	-9.0%
Store Pre-Openings	(0.2)	-0.1%	(0.0)	0.0%	(0.2)	-0.5%	(0.4)	-0.1%
Depreciation & Amortization	(28.5)	-13.2%	(8.4)	-6.0%	(10.9)	-23.4%	(47.8)	-11.9%
J.V. Investment Amortization	0.0	0.0%	(1.2)	-0.9%	0.0	0.0%	(1.2)	-0.3%
Equity income result	0.0	0.0%	7.2	5.2%	0.0	0.0%	7.2	1.8%
Other revenues (expenses)	0.3	0.2%	0.0	0.0%	0.7	1.4%	1.0	0.2%
General & Administative	(26.1)	-12.0%	(10.7)	-7.7%	(4.3)	-9.3%	(41.1)	-10.2%
Corporate (Holding)[2]	(4.0)	-1.9%	(0.3)	-0.2%	(0.2)	-0.3%	(4.5)	-1.1%
(+) Depreciation & Amortization	44.1	20.4%	17.4	12.6%	12.4	26.5%	73.9	18.4%
Operating Income	**41.6**	**19.2%**	**32.0**	**23.1%**	**31.5**	**67.3%**	**105.1**	**26.2%**
Special Items - Other							(7.3)	-1.8%
EBIT	**(9.7)**	**-0.9%**	**14.5**	**-3.7%**	**19.1**	**18.3%**	**24.0**	**6.0%**
(+) D&A and Write-offs							73.9	18.4%
EBITDA							**97.9**	**24.4%**
(+) Special Items							7.3	1.8%
Adjusted EBITDA							**105.1**	**26.2%**

[1]Before special items; [2]Not allocated in segments

Brazil				2Q19				
(in R$ million)	**Air**	**% VA**	**Road**	**% VA**	**Malls**	**% VA**	**2Q19**	**% VA**
Net Revenue	**49.2**	**100.0%**	**115.3**	**100.0%**	**51.8**	**100.0%**	**216.4**	**100.0%**
Restaurants & Others	49.2	100.0%	55.3	48.0%	51.8	100.0%	156.4	100.0%
Gas Stations	0.0	0.0%	60.0	52.0%	0.0	0.0%	60.0	38.4%
Cost of Sales and Services	**(34.1)**	**-69.2%**	**(97.3)**	**-84.4%**	**(39.5)**	**-76.2%**	**(170.9)**	**-109.3%**
Direct Labor	(16.9)	-34.4%	(22.1)	-19.2%	(17.1)	-33.0%	(56.1)	-35.9%
Food	(12.1)	-24.6%	(17.1)	-14.8%	(15.2)	-29.4%	(44.4)	-28.4%
Others	(3.2)	-6.5%	(5.5)	-4.7%	(4.6)	-8.9%	(13.3)	-8.5%
Fuel and Automotive Accessories	0.0	0.0%	(49.3)	-42.7%	0.0	0.0%	(49.3)	-31.5%
Depreciation & Amortization	(1.8)	-3.7%	(3.4)	-2.9%	(2.6)	-4.9%	(7.8)	-5.0%
Gross Profit	**15.2**	**30.8%**	**18.0**	**15.6%**	**12.3**	**23.8%**	**45.5**	**29.1%**
Operating Expenses[1]	**(13.8)**	**-28.0%**	**(9.4)**	**-8.2%**	**(11.3)**	**-21.8%**	**(49.8)**	**-31.9%**
Selling and Operating	(4.3)	-8.8%	(5.1)	-4.4%	(4.5)	-8.7%	(13.9)	-8.9%
Rents of Stores	(1.6)	-3.2%	(2.1)	-1.8%	(4.5)	-8.7%	(8.2)	-5.2%
Store Pre-Openings	(0.1)	-0.2%	0.8	0.7%	(0.1)	-0.3%	0.5	0.3%
Depreciation & Amortization	(8.0)	-16.2%	(2.7)	-2.3%	(3.4)	-6.6%	(14.2)	-9.0%
Other revenues (expenses)[2]	0.2	0.4%	(0.3)	-0.3%	1.3	2.5%	1.2	0.8%
General & Administative[2]							(13.2)	-8.4%
Corporate (Holding)[2]							(2.1)	-1.3%
(+) Depreciation & Amortization	9.8	20.0%	6.1	5.3%	6.0	11.6%	21.9	14.0%
Operating Income	**11.2**	**14.6%**	**14.7**	**12.7%**	**7.0**	**2.6%**	**17.6**	**11.2%**
Expansion Capex							9.5	6.1%
Maintenance Capex							4.3	2.7%
Total Capex							**13.8**	**8.8%**
Operating Inc. - Maintenance Capex[3]							**13.3**	**8.5%**

[1]Before special items; [2]Not allocated in segments; [3]Maintenance Capex vs. Op. Inc.

Brazil				6M19				
(in R$ million)	**Air**	**% VA**	**Road**	**% VA**	**Malls**	**% VA**	**2Q19**	**% VA**
Net Revenue	**102.1**	**100.0%**	**243.7**	**100.0%**	**104.1**	**100.0%**	**449.9**	**100.0%**
Restaurants & Others	102.1	207.4%	243.7	211.3%	104.1	200.8%	449.9	287.7%
Cost of Sales and Services	**(69.6)**	**-141.3%**	**(200.2)**	**-173.6%**	**(79.4)**	**-153.1%**	**(349.2)**	**-223.3%**
Direct Labor	(34.3)	-69.7%	(46.3)	-40.2%	(34.1)	-65.8%	(114.7)	-73.3%
Food	(25.0)	-50.9%	(37.6)	-32.6%	(30.9)	-59.7%	(93.6)	-59.8%
Others	(6.4)	-13.0%	(11.2)	-9.7%	(9.4)	-18.1%	(26.9)	-17.2%
Fuel and Automotive Accessories	0.0	0.0%	(98.4)	-85.3%	0.0	0.0%	(98.4)	-62.9%
Depreciation & Amortization	(3.8)	-7.7%	(6.8)	-5.9%	(5.0)	-9.6%	(15.6)	-10.0%
Gross Profit	**32.5**	**66.0%**	**43.5**	**37.7%**	**24.7**	**47.7%**	**100.7**	**64.4%**
Operating Expenses[1]	**(28.1)**	**-57.0%**	**(20.2)**	**-17.5%**	**(24.8)**	**-47.9%**	**(103.2)**	**-66.0%**
Selling and Operating	(8.6)	-17.4%	(10.4)	-9.0%	(8.9)	-17.1%	(27.8)	-17.7%
Rents of Stores	(3.5)	-7.1%	(4.7)	-4.1%	(8.7)	-16.9%	(17.0)	-10.8%
Store Pre-Openings	(0.1)	-0.2%	0.9	0.7%	(0.9)	-1.8%	(0.2)	-0.1%
Depreciation & Amortization	(15.9)	-32.3%	(5.5)	-4.8%	(7.1)	-13.7%	(28.5)	-18.2%
Other revenues (expenses)[2]	0.0	0.0%	(0.5)	-0.4%	0.8	1.6%	0.3	0.2%
General & Administative[2]							(26.1)	-16.7%
Corporate (Holding)[2]							(4.0)	-2.6%
(+) Depreciation & Amortization	19.7	40.0%	12.3	10.6%	12.1	23.3%	44.1	28.2%
Operating Income	**24.2**	**14.6%**	**35.6**	**30.8%**	**12.0**	**2.6%**	**41.6**	**26.6%**
Expansion Capex							12.2	7.8%
Maintenance Capex							4.3	2.7%
Total Capex							**16.5**	**10.5%**
Operating Inc. - Maintenance Capex[3]							**37.4**	**23.9%**

[1]Before special items; [2]Not allocated in segments; [3]Maintenance Capex vs. Op. Inc.

USA

(in R$ million)

	2Q19	% VA	6M19	% VA
Net Revenue	**138.7**	**100.0%**	**220.8**	**159.2%**
Restaurants & Others	138.7	100.0%	220.8	159.2%
Cost of Sales and Services	**(79.1)**	**-57.0%**	**(132.9)**	**-95.8%**
Direct Labor	(40.9)	-29.5%	(69.8)	-50.3%
Food	(26.9)	-19.4%	(42.8)	-30.9%
Others	(7.6)	-5.5%	(12.5)	-9.0%
Depreciation & Amortization	(3.7)	-2.6%	(7.9)	-5.7%
Gross Profit	**59.6**	**43.0%**	**87.9**	**63.4%**
Operating Expenses[1]	**(42.4)**	**-30.6%**	**(73.3)**	**-52.9%**
Selling and Operating	(25.6)	-18.5%	(43.7)	-31.5%
Rents of Stores	(10.9)	-7.9%	(16.3)	-11.7%
Depreciation & Amortization	(4.4)	-3.1%	(8.4)	-6.0%
J.V. Investment Amortization	(0.6)	-0.4%	(1.2)	-0.9%
Equity income result	4.1	3.0%	7.2	5.2%
Other revenues (expenses)	0.2	0.1%	0.0	0.0%
General & Administative	(5.0)	-3.6%	(10.7)	-7.7%
Corporate (Holding)[2]	(0.2)	-0.1%	(0.3)	-0.2%
(+) Depreciation & Amortization	8.6	6.2%	17.4	12.6%
EBITDA	**25.8**	**18.6%**	**32.0**	**23.1%**
Margin EBITDA (%)	*18.6%*		*14.5%*	
Operating Income	**25.8**	**18.6%**	**32.0**	**23.1%**
Expansion Capex	0.9	0.7%	4.9	0.0%
Maintenance Capex	2.5	1.8%	3.0	0.0%
Total Capex	**3.4**	**2.5%**	**7.9**	**0.0%**
Maintenance Capex[3]	**23.4**	**16.8%**	**29.0**	**23.1%**

[1]Before special items; [2]In constant currencies as of the prior year; [3]Maintenance Capex vs. Op. Inc.

Caribbean

(in R$ million)	2Q19	% VA	6M19	% VA
Net Revenue	**46.8**	**33.8%**	**93.6**	**67.5%**
Restaurants & Others	46.8	33.8%	93.6	67.5%
Cost of Sales and Services	**(21.8)**	**-15.7%**	**(43.7)**	**-95.8%**
Direct Labor	(8.3)	-6.0%	(16.8)	-50.3%
Food	(12.5)	-9.0%	(25.0)	-30.9%
Others	(0.2)	-0.2%	(0.5)	-9.0%
Depreciation & Amortization	(0.7)	-0.5%	(1.5)	-5.7%
Gross Profit	**25.0**	**18.0%**	**50.0**	**63.4%**
Operating Expenses[1]	**(14.9)**	**-10.8%**	**(30.8)**	**-52.9%**
Selling and Operating	(6.5)	-4.7%	(12.8)	-9.2%
Rents of Stores	(1.4)	-1.0%	(3.0)	-2.2%
Store Pre-Openings	(0.1)	-0.1%	(0.2)	-0.2%
Depreciation & Amortization	(5.5)	-4.0%	(10.9)	-7.9%
Other revenues (expenses)	0.3	0.2%	0.7	0.5%
General & Administative	(1.7)	-1.2%	(4.3)	-3.1%
Corporate (Holding)[2]	0.0	0.0%	(0.2)	-0.1%
(+) Depreciation & Amortization	6.3	4.5%	12.4	8.9%
EBITDA	**16.3**	**11.8%**	**31.5**	**22.7%**
Margin EBITDA (%)	*34.9%*		*33.7%*	
Operating Income	**16.3**	**11.8%**	**31.5**	**22.7%**
Expansion Capex	0.0	0.0%	0.3	0.0%
Maintenance Capex	1.5	1.1%	1.6	0.0%
Total Capex	**1.5**	**1.1%**	**1.9**	**0.0%**
Maintenance Capex[3]	**14.8**	**10.7%**	**29.6**	**22.7%**

[1]Before special items; [2]In constant currencies as of the prior year; [3]Maintenance Capex vs. Op. Inc.

Balance Sheet (R$ thousand)	2Q19
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	226,096
Accounts receivable	77,112
Inventories	35,912
Derivatives	14
Other current assets	75,959
Total current assets	**415,093**
NONCURRENT ASSETS	
Deferred income taxes	9,727
Derivatives	4
Other noncurrent assets	55,508
Property and equipment	267,316
Intangible assets	842,086
Right of use	361,987
Total noncurrent assets	**1,536,628**
TOTAL ASSETS	**1,951,721**
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Trade accounts payable	64,730
Loans, financing and acquisitions' payables	51,199
Salaries and payroll charges	51,348
Other current liabilities	43,164
Liabilities from Right of use	82,560
Total current liabilities	**293,001**
NONCURRENT LIABILITIES	
Loans, financing and acquisitions' payables	355,222
Provision for labor, civil and tax disputes	12,799
Deferred income tax liability	69,854
Other noncurrent liabilities	20,901
Liabilities from Right of use	287,444
Total noncurrent liabilities	**746,220**
EQUITY	
Capital and reserves	890,756
Accumulated losses	1,538
Other comprehensive income	20,206
Total equity	**912,500**
TOTAL LIABILITIES AND EQUITY	**1,951,721**

CASH FLOW (R$ thousand)	2Q19
CASH FLOW FROM OPERATING ACTIVITIES	
Loss for the quarter	(7,276)
Depreciation and amortization	37,970
Depreciation of right of use	34,751
Impairment of intangible assets (using)	(1,877)
Impairment of intangible assets (provision)	-
Investiment amortization	1,200
Equity income result	(7,220)
Provision for labor, civil and tax disputes	3,918
Income taxes	1,107
Interest expenses	14,741
Effect of exchange rate changes	(270)
Interest on lease	17,335
Disposal of property and equipment	3,136
Deferred Revenue, Rebates	(2,170)
Expenses in payments to employees based in stock plan	2,004
Others	343
Changes in operating assets and liabilities	(21,903)
Cash generated from operations	75,789
Income tax paid	(4,698)
Interest on lease paid	(7,863)
Interest paid	(9,790)
Net cash generated by (used in) operating activities	**53,438**
CASH FLOW FROM INVESTING ACTIVITIES	
Capital increase in subsidiaries	-
Payment of business acquisitions made in prior years	-
Additions to investments in subsidiaries	(3,060)
Dividends received	5,649
Sale of controlling interest in discontinued operations, net of cash	3,694
Additions to intangible assets	(2,066)
Additions to property and equipment	(36,506)
Net cash used in investing activities from continued operations	**(32,289)**
Net cash used in investing activities from discontinued operations	-
Net cash used in investing activities	**(32,289)**
CASH FLOW FROM FINANCING ACTIVITIES	
Capital Increase (Reduction)	(100,000)
Shares in Treasury	5,569
Dividends Paid	(1,875)
Right of use (“lease”)	(36,360)
New loans	238,710
Payment of loans	(168,622)
Net cash used in financing activities	**(62,578)**
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,036)
NET INCREASE (DECREASE) FOR THE PERIOD	**(42,465)**
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**268,561**
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**226,096**

APPENDIX - CURRENCY CONVERSION TABLE

	US$		COP	
	EoP	Average	EoP	Average
1Q16	3.559	3.857	0.001183	0.001201
2Q16	3.210	3.501	0.001149	0.001174
3Q16	3.246	3.246	0.001115	0.001102
4Q16	3.298	3.915	0.001116	0.001093
1Q17	3.168	3.145	0.001099	0.001078
2Q17	3.308	3.215	0.001086	0.001101
3Q17	3.168	3.190	0.001079	0.001082
4Q17	3.308	3.249	0.001109	0.001088
1Q18	3.324	3.247	0.001190	0.001137
2Q18	3.856	3.604	0.001320	0.001269
3Q18	4.004	3.954	0.001353	0.001337
4Q18	3.875	3.805	0.001194	0.001202
1Q19	3.897	3.772	0.001224	0.001204
2Q19	3.832	3.921	0.001195	0.001203

MANAGEMENT NOTE

There may be some minor differences between the financial information presented in the charts and graphs in this release and that in the Audited Consolidated Financial Statements due to rounding.

Any and all non-accounting information or information arising from non-accounting figures, in addition to comparable historical information, has not been reviewed by the independent auditors.

GLOSSARY

Net store openings: References to "net store openings", "net store closures" or similar expressions correspond to the sum of stores opened or reopened in a given period less the sum of the stores closed in the same period.

Company: International Meal Company Alimentação S.A. or IMCASA.

EBITDA and Adjusted EBITDA: The Company calculates EBITDA as net income, before income tax and social contribution tax, financial income (expenses) and depreciation and amortization.

Adjusted EBITDA reflects EBITDA, adjusted to exclude the effects of transactions deemed by management as being unrepresentative of the normal course of business and/or do not impact cash generation, such as provisions for store closures, corporate restructuring expenses, consulting expenses related to projects' implementation.

According to the accounting practices adopted in IFRS, EBITDA and the Adjusted EBITDA is not a measure of financial performance and should not be considered as an alternative to net income as an indicator of operating performance, as an alternative to operating cash flow, or as an indicator of liquidity.

Due to the fact that the calculation of EBITDA does not consider the income tax and social contribution tax, financial income (expense), depreciation and amortization, EBITDA is an indicator of the Company's overall financial performance, which is unaffected by changes in income tax and social contribution tax rates, fluctuations in interest rates or levels of depreciation and amortization.

Therefore, the Company believes that Adjusted EBITDA serves as a significant comparative tool to measure, periodically, its operating performance and to base certain decisions of an administrative nature. The Company believes that Adjusted EBITDA provides a better understanding of not only of its financial performance, but also its ability to pay interest and principal on its debt and to incur more debt to finance its capital expenditures and working capital.

However, because Adjusted EBITDA does not consider certain costs inherent in its business, which could, in turn, significantly affect earnings, such as interest, taxes, depreciation, capital expenditures and other related charges, EBITDA has limitations that affect its use as an indicator of the Company's profitability.

Master Franchise: an arrangement where a company allows one person or business the right to sell its products or services in a particular area or country. A master franchise typically involves control of the franchise rights for an entire geographical region.

Same-store sales (SSS): corresponds to the sales of stores that have been opened for more than eighteen months and have maintained operations in comparable periods, excluding stores that were temporarily closed. If a store is included in the calculation of comparable store sales for only a part of one of the periods compared, then this store will be included in the calculation of the corresponding portion of another period. Some of the reasons for the temporary closure of the Company's stores include renovation or remodeling, rebuilding, road construction and natural disasters. When there is a variation in the area of a store included in comparable store sales, said store is excluded from the comparable store sales. The variations in same-store sales is a measure used in the retail market as an indicator of the performance of the implemented business strategies and initiatives, and also represent the trends of the local economy and consumers. The Company's sales are recorded and analyzed based on the functional currency of each country where the Company operates. Therefore, as the Company's financial information is converted and demonstrated in reais (R$), Brazilian currency, using average exchange rates of the periods compared, the values of same-store sales may present gains or losses resulting from the exchange rate of the currency of the country where that same store is located. Same-store sales are not a measure of financial performance according to the accounting practices adopted in Brazil (BR GAAP) or IFRS. Same-store sales do not have a standardized meaning in the market, and the Company's definition may not be the same definition of same-store sales in used by other companies.

DISCLAIMER

This report contains forward-looking information. Such information does not refer to historical facts only, but reflect IMC's management's wishes and expectations. The words "anticipates", "wants", "expects", "forecasts", "intends", "plans", "predicts", "projects", "aims" and the like are intended to identify statements that necessarily involve known and unknown risks. Known risks include uncertainties not limited to the impact of price and product competitiveness, acceptance of products on the market, product transitions from the Company and its competitors, regulatory approval, currency, currency fluctuations, supply and production hurdles and changes in product sales, among other risks. This report also contains information prepared by the Company only for information and reference purposes; therefore, it has not been audited. This report is up-to-date, and IMC has no obligation to update it with new information and/or future events. There may some minor differences between the financial information presented in the charts and graphs in this release and that in the Audited Financial Statements due to rounding. Any and all non-accounting information or information arising from non-accounting figures, in addition to comparable historical information, has not been reviewed by the independent auditors.

A free translation from Portuguese into English of Independent Auditor's Report on Review of Quarterly Financial Information

Independent auditor's report on review of quarterly financial information

The Shareholders and Officers
International Meal Company Alimentação S.A.
São Paulo – SP – Brazil

Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of International Meal Company Alimentação S.A. ("Company") for the quarter ended June 30, 2019, comprising the statement of financial position as of June 30, 2019 and the related statements of income and comprehensive income for the three and six-month periods then ended, and of changes in equity and cash flows for the six-month period then ended, including other explanatory information.

Management is responsible for preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) – Interim Financial Reporting, and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the fair presentation of this information in conformity with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of the Quarterly Information Form (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of the review

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

Conclusion on the interim individual and consolidated financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above are not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added (SVA) for the six-month period ended June 30, 2019, prepared under Company's management responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information Form (ITR), and as supplementary information by the International Financial Reporting Standards (IFRS), which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, August 13, 2019.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Antonio Humberto Barros dos Santos
Accountant CRC-1SP161745/O-3

International Meal Company Alimentação S.A. and Subsidiaries

Balance sheets
June 30, 2019 and December 31, 2018
(Amounts in thousands of reais - R$)

		Parent		Consolidated	
	Note	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Assets					
Current assets					
Cash and cash equivalents	**8**	**112,797**	130,228	**226,096**	268,561
Trade receivables	**9**	**12,326**	14,711	**77,112**	78,907
Inventories	**10**	**2,087**	2,411	**35,912**	37,742
Taxes recoverable	**11**	**16,927**	18,808	**58,218**	61,658
Derivative financial instruments	**7.c)**	**-**	-	**14**	53
Prepaid expenses		**1,756**	1,491	**12,538**	5,278
Other current assets		**856**	786	**5,203**	6,106
Total current assets		**146,749**	168,435	**415,093**	458,305
Noncurrent assets					
Financial investments		**-**	-	**20**	20
Trade receivables	**9**	**1,677**	2,504	**3,034**	3,907
Derivative financial instruments	**7.c)**	**-**	-	**4**	40
Judicial deposits		**3,330**	2,854	**13,186**	12,070
Receivables from related parties	**29.b)**	**16,086**	20,215	**-**	-
Deferred income tax and social contribution	**20.a)**	**-**	-	**9,727**	9,863
Other noncurrent assets		**3,677**	3,703	**14,980**	17,006
Investments in subsidiaries and joint venture	**12**	**950,379**	942,933	**24,288**	24,254
Property, plant and equipment	**13**	**25,363**	23,668	**267,316**	259,399
Intangible assets	**14**	**122,294**	127,416	**842,086**	853,618
Right of use	**15**	**16,424**	-	**361,987**	-
Total noncurrent assets		**1,139,230**	1,123,293	**1,536,628**	1,180,177
Total assets		**1,285,979**	1,291,728	**1,951,721**	1,638,482

The accompanying notes are an integral part of this individual and consolidated interim financial information.

International Meal Company Alimentação S.A. and Subsidiaries

Balance sheets
June 30, 2019 and December 31, 2018
(Amounts in thousands of reais - R$)

	Note	Parent		Consolidated	
		6/30/2019	12/31/2018	6/30/2019	12/31/2018
Liabilities and equity					
Current liabilities					
Trade payables	16	**13,400**	14,847	**64,730**	80,980
Borrowings and debentures	17	**4,521**	149,397	**44,594**	189,595
Payroll and related taxes		**13,401**	12,779	**51,348**	55,676
Taxes payable		**643**	1,123	**14,939**	16,141
Deferred revenue		**856**	1,137	**8,005**	7,675
Installment payment of business acquisitions	18	**-**	-	**6,605**	6,528
Proposed dividends		**-**	1,875	**-**	1,875
Agreements and installment payment of labor suits		**415**	169	**1,080**	1,037
Right of use (“lease”)	15	**4,709**	-	**82,560**	-
Other current liabilities		**-**	-	**19,140**	16,847
Total current liabilities		**37,945**	181,327	**293,001**	376,354
Noncurrent liabilities					
Borrowings and debentures	17	**240,204**	-	**328,562**	108,113
Payables to related parties	29.c)	**50,289**	59,542	**-**	-
Agreements of labor suits		**101**	129	**101**	129
Provision for labor, civil and tax risks	19	**4,541**	4,804	**12,799**	12,900
Deferred revenue		**1,045**	1,368	**7,378**	9,707
Deferred income tax and social contribution	20.a)	**25,649**	28,048	**69,854**	71,575
Installment payment of business acquisitions	18	**-**	-	**26,660**	30,182
Right of use (“lease”)	15	**12,152**	-	**287,444**	-
Other noncurrent liabilities		**1,553**	1,292	**13,422**	14,304
Total noncurrent liabilities		**335,534**	95,183	**746,220**	246,910
Equity					
Capital	21	**776,281**	876,281	**776,281**	876,281
Capital reserve		**89,178**	83,608	**89,178**	83,608
Reserve for stock option plan	22	**25,297**	23,293	**25,297**	23,293
Earnings reserve		**8,814**	8,814	**8,814**	8,814
Retained earnings (accumulated losses)		**(7,276)**	-	**(7,276)**	-
Other comprehensive income (loss)		**20,206**	23,222	**20,206**	23,222
Total equity		**912,500**	1,015,218	**912,500**	1,015,218
Total liabilities and equity		**1,285,979**	1,291,728	**1,951,721**	1,638,482

The accompanying notes are an integral part of this individual and consolidated interim financial information.

International Meal Company Alimentação S.A. and Subsidiaries

Statements of profit or loss
Three- and six-month periods ended June 30, 2019 and 2018
(Amounts in thousands of reais - R$, except earnings (loss) per share)

	Note	Parent				Consolidated			
		4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018	4/1/2019 to 6/30/2019	1/1/2019 to 6/30/2019	4/1/2018 to 6/30/2018	1/1/2018 to 6/30/2018
Net revenue	23	**34,790**	**71,384**	42,065	85,699	**401,900**	**764,292**	396,673	759,494
Cost of sales and services	28	**(25,247)**	**(51,167)**	(28,411)	(58,255)	**(271,801)**	**(525,788)**	(267,675)	(522,124)
Gross profit		**9,543**	**20,217**	13,654	27,444	**130,099**	**238,504**	128,998	237,370
Operating income (expenses)									
Selling and operating expenses	24 and 28	**(4,486)**	**(9,247)**	(3,822)	(10,703)	**(66,502)**	**(120,517)**	(85,128)	(161,486)
General and administrative expenses	25 and 28	**(6,320)**	**(14,020)**	(6,688)	(12,882)	**(26,968)**	**(51,113)**	(27,162)	(53,221)
Depreciation and amortization		**(3,839)**	**(7,730)**	(3,015)	(5,963)	**(24,020)**	**(47,813)**	(6,945)	(13,787)
Other operating income (expenses), net	26	**606**	**(82)**	(471)	(1,130)	**1,698**	**(1,177)**	(503)	(2,151)
Share of profit (loss) of investees	12 and 28	**8,480**	**10,462**	6,885	5,348	**3,501**	**6,020**	2,950	4,812
Operating profit (loss) before finance income (expense) and income tax and social contribution		**3,984**	**(400)**	6,543	2,114	**17,808**	**23,904**	12,210	11,537
Finance income (expense), net	27	**(3,913)**	**(8,863)**	(1,472)	(1,418)	**(14,650)**	**(30,073)**	(2,830)	(3,347)
Profit (loss) before income tax and social contribution		**71**	**(9,263)**	5,071	696	**3,158**	**(6,169)**	9,380	8,190
Current income tax and social contribution	20.c)	**-**	**-**	-	(63)	**(3,389)**	**(4,375)**	(2,859)	(4,588)
Deferred income tax and social contribution	20.c)	**656**	**1,987**	(2,489)	(4,477)	**958**	**3,268**	(3,939)	(7,446)
Profit (loss) for the period		**727**	**(7,276)**	2,582	(3,844)	**727**	**(7,276)**	2,582	(3,844)
Earnings (loss) per share – R$									
Basic (cents per share)		**0.00452**	**(0.04524)**	0.01587	(0.02363)	**0.00452**	**(0.04524)**	0.01587	(0.02363)
Diluted (cents per share)		**0.00452**	**(0.04524)**	0.01588	(0.02363)	**0.00452**	**(0.04524)**	0.01588	(0.02363)

The accompanying notes are an integral part of this individual and consolidated interim financial information.

International Meal Company Alimentação S.A. and Subsidiaries

Statements of comprehensive income (loss)
Three- and six-month periods ended June 30, 2019 and 2018
(Amounts in thousands of reais - R$)

	Parent				Consolidated			
	4/1/2019 to 6/30/2019	**1/1/2019 to 6/30/2019**	**4/1/2018 to 6/30/2018**	**1/1/2018 to 6/30/2018**	**4/1/2019 to 6/30/2019**	**1/1/2019 to 6/30/2019**	**4/1/2018 to 6/30/2018**	**1/1/2018 to 6/30/2018**
Profit (Loss) for the period	**727**	**(7,276)**	2,582	(3,844)	**727**	**(7,276)**	2,582	(3,844)
Translation adjustments in the balance sheet of foreign subsidiaries	**(5,623)**	**(3,016)**	30,653	36,387	**(5,623)**	**(3,016)**	31,664	37,286
	(5,623)	**(3,016)**	30,653	36,387	**(5,623)**	**(3,016)**	31,664	37,286
Total comprehensive income for the period	**(4,896)**	**(10,292)**	33,235	32,543	**(4,896)**	**(10,292)**	34,246	33,442
Comprehensive income:								
Owners of the Company	**(4,896)**	**(10,292)**	33,235	32,543	**(4,896)**	**(10,292)**	33,235	32,543
Noncontrolling interests	**-**	**-**	-	-	**-**	**-**	1,011	899

The accompanying notes are an integral part of this individual and consolidated interim financial information.

International Meal Company Alimentação S.A. and Subsidiaries

Statements of changes in equity
Six-month periods ended June 30, 2019 and 2018
(Amounts in thousands of reais - R$)

		Capital reserve				Earnings reserve					
	Capital	**Capital reserve**	**Treasury shares**	**Total capital reserve**	**Reserve for stock option plan**	**Legal reserve**	**Earnings reserve**	**Total earnings reserve**	**Accumulated losses**	**Other comprehensive income (loss)**	**Total equity**
Balance as of December 31, 2018	876,281	134,759	(51,151)	83,608	23,293	578	8,236	8,814	-	23,222	1,015,218
Loss for the period	-	-	-	-	-	-	-	-	**(7,276)**	**-**	**(7,276)**
Translation adjustments in the balance sheet of foreign subsidiaries	-	-	-	-	-	-	-	-	**-**	**(3,016)**	**(3,016)**
Total comprehensive loss for the period		-	-	-	-	-	-	-	**(7,276)**	**(3,016)**	**(10,292)**
Capital reduction	**(100,000)**	-	-	-	-	-	-	-	-	-	**(100,000)**
Treasury shares sold	-	**(3,173)**	**8,743**	**5,570**	-	-	-	-	-	-	**5,570**
Stock option plan	-	-	-	-	**2,004**	-	-	-	-	-	**2,004**
Balance as of June 30, 2019	**776,281**	**131,586**	**(42,408)**	**89,178**	**25,297**	**578**	**8,236**	**8,814**	**(7,276)**	**20,206**	**912,500**

The accompanying notes are an integral part of this individual and consolidated interim financial information.

International Meal Company Alimentação S.A. and Subsidiaries

Statements of changes in equity--Continued
Six-month periods ended June 30, 2019 and 2018
(Amounts in thousands of reais - R$)

		Capital reserve				Earnings reserve							
	Capital	Capital reserve	Treasury shares	Total capital reserve	Reserve for stock option plan	Legal reserve	Earnings reserve	Total earnings reserve	Accumulated losses	Other comprehensive income (loss)	Equity attributable to owners of the Company	Noncontrolling interests	Total equity
Balance as of December 31, 2017	876,281	136,764	(20,714)	116,050	13,725	183	2,612	2,795	-	(12,549)	996,302	7,663	1,003,965
Loss for the period	-	-	-	-	-	-	-	-	(3,844)	-	(3,844)	-	(3,844)
Translation adjustment in the balance sheet of foreign subsidiaries	-	-	-	-	-	-	-	-	-	36,387	36,387	899	37,286
Total comprehensive loss for the period	-	-	-	-	-	-	-	-	(3,844)	36,387	32,543	899	33,442
Treasury shares sold	-	(720)	1,169	449	-	-	-	-	-	-	449	-	449
Stock option plan	-	-	-	-	4,995	-	-	-	-	-	4,995	-	4,995
Balance as of June 30, 2018	876,281	136,044	(19,545)	116,499	18,720	183	2,612	2,795	(3,844)	23,838	1,034,289	8,562	1,042,851

The accompanying notes are an integral part of this individual and consolidated interim financial information.

International Meal Company Alimentação S.A. and Subsidiaries

Statements of cash flows
Six-month periods ended June 30, 2019 and 2018
(Amounts in thousands of reais - R$)

		Parent		Consolidated	
	Note	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Cash flows from operating activities					
Loss for the period		**(7,276)**	(3,844)	**(7,276)**	(3,844)
Adjustments to reconcile loss for the period from continuing operations to net cash used in operating activities:					
Depreciation and amortization	**28**	**8,218**	8,465	**37,970**	38,298
Depreciation of right of use	**15**	**1,895**	-	**34,751**	-
Impairment of intangible assets (utilization)	**13 and 14**	**-**	(54)	**(1,877)**	(3,526)
Write-off of property, plant and equipment and intangible assets		**662**	1,180	**3,136**	3,043
Amortization of investment in joint venture	**28**	**-**	-	**1,200**	1,069
Share of profit (loss) of investees	**12**	**(10,462)**	(5,348)	**(7,220)**	(5,881)
Provision for (reversal of) labor, civil and tax risks	**19**	**1,027**	1,117	**3,918**	3,970
Income tax and social contribution	**20 c)**	**(1,987)**	4,540	**1,107**	12,034
Interest on borrowings	**27**	**8,442**	27	**13,865**	5,291
Interest on business acquisitions and on commercial rights	**27**	**-**	-	**876**	958
Interest on lease	**15**	**917**	-	**17,335**	-
Exchange gains (losses)	**27**	**(231)**	2,483	**(270)**	1,980
Share-based payment		**2,004**	4,995	**2,004**	4,995
Deferred revenue and discounts recognized		**(605)**	-	**(2,170)**	-
Several provisions and others		**3,004**	(7,533)	**343**	(11,970)
		5,608	6,028	**97,692**	46,417
Changes in operating assets and liabilities:					
Trade receivables		**3,306**	(770)	**1,962**	10,624
Inventories		**324**	1,037	**1,614**	5,730
Taxes recoverable		**3,875**	(3,918)	**9,963**	362
Prepaid expenses		**(266)**	(323)	**(7,341)**	(6,707)
Trade payables		**(5,783)**	(1,937)	**(20,111)**	(16,216)
Rebates and commercial agreements		**-**	(3,419)	**(986)**	(1,375)
Related parties		**(4,898)**	11,979	**-**	-
Payment of labor, civil and tax risks	**19**	**(1,072)**	(1,766)	**(4,021)**	(8,253)
Other assets and liabilities		**598**	(4,219)	**(2,983)**	(5,394)
Cash generated by operating activities		**1,692**	2,692	**75,789**	25,188
Income tax and social contribution paid		**(1,111)**	(63)	**(4,698)**	(2,386)
Interest paid on borrowings		**(3,605)**	(27)	**(9,204)**	(4,791)
Interest paid on right of use		**(438)**	-	**(7,863)**	-
Interest paid on business acquisitions and on commercial rights		**-**	-	**(586)**	(331)
Net cash provided by operating activities		**(3,462)**	2,602	**53,438**	17,680
Cash flows from investing activities					
Payment of business acquisitions made in prior years	**18**	**-**	-	**(3,060)**	(3,597)
Dividends received	**12**	**-**	-	**5,649**	5,002
Proceeds from sale of discontinued operation		**-**	-	**3,694**	1,322
Additions to intangible assets, net of balance payable in installments		**(838)**	(489)	**(2,066)**	(4,766)
Additions to property, plant and equipment, net of balance payable in installments		**(3,599)**	(2,414)	**(36,506)**	(35,504)
Net cash used in financing activities		**(4,437)**	(2,903)	**(32,289)**	(37,543)
Cash flow from financing activities					
Payment of dividends		**(1,875)**	(871)	**(1,875)**	(871)
Capital reduction	**21.a)**	**(100,000)**	-	**(100,000)**	-
Treasury shares sold		**5,569**	449	**5,569**	449
New borrowings, net of borrowing costs		**238,710**	-	**238,710**	-
Amortization of right of use		**(1,936)**	-	**(36,360)**	-
Repayment of borrowings		**(150,000)**	(75)	**(168,622)**	(24,190)
Net cash provided by (used in) financing activities		**(9,532)**	(497)	**(62,578)**	(24,612)
Effect of exchange rate changes on cash and cash equivalents		**-**	-	(1,036)	12,309
NET CHANGE IN THE PERIOD		**(17,431)**	(798)	**(42,465)**	(32,166)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		**130,228**	3,750	**268,561**	183,588
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**112,797**	2,952	**226,096**	151,422

The accompanying notes are an integral part of this individual and consolidated interim financial information.

International Meal Company Alimentação S.A. and Subsidiaries

Statements of value added
Six-month periods ended June 30, 2019 and 2018
(Amounts in thousands of reais - R$)

	Note	Parent		Consolidated	
		6/30/2019	6/30/2018	6/30/2019	6/30/2018
Revenues					
Sales of goods, products and services	23	**77,371**	90,630	**814,512**	802,994
Other revenues		**1,186**	1,183	**6,683**	3,917
Allowance for expected credit losses		**94**	133	**77**	151
		78,651	91,946	**821,272**	807,062
Inputs purchased from third parties					
Cost of sales and services	28	**(18,536)**	(22,896)	**(266,880)**	(265,463)
Materials, electric power, outside services and others		**(12,127)**	(12,345)	**(80,246)**	(83,737)
Others		**10,194**	9,550	**(18,791)**	(53,989)
		(20,469)	(25,691)	**(365,917)**	(403,189)
Gross value added		**58,812**	66,255	**455,355**	403,873
Depreciation and amortization	28	**(10,113)**	(8,465)	**(73,921)**	(39,367)
Value added created by the Company		**48,069**	57,790	**381,434**	364,506
Value added received in transfer					
Share of profit (loss) of investees	12	**10,462**	5,348	**7,220**	5,881
Exchange rate changes	27	**231**	(2,483)	**270**	(1,980)
Finance income	27	**2,998**	1,168	**4,758**	6,613
		13,691	4,033	**12,248**	10,514
Total value added for distribution		**61,760**	61,823	**393,682**	375,020
Value added distributed					
Personnel:					
Payroll and related taxes		**39,006**	43,803	**231,115**	235,276
Management fees		**8,540**	3,357	**8,540**	3,357
Share-based payment	30	**1,615**	3,938	**1,615**	3,938
	28	**49,161**	51,098	**241,270**	242,571
Taxes, fees and contributions:					
Taxes on sales	23	**6,767**	4,439	**32,322**	29,185
Income tax and social contribution	20.c)	**(1,987)**	4,540	**1,107**	12,035
		4,780	8,979	**33,429**	41,220
Lenders and lessors:					
Interest		**9,359**	27	**32,076**	6,249
Royalties		**-**	-	**12,009**	11,180
Rentals		**5,736**	5,563	**82,174**	77,644
		15,095	5,590	**126,259**	95,073
Shareholders:					
Profit (loss) for the period		**(7,276)**	(3,844)	**(7,276)**	(3,844)
		(7,276)	(3,844)	**(7,276)**	(3,844)
		61,760	61,823	**393,682**	375,020

The accompanying notes are an integral part of this individual and consolidated interim financial information.

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

1. General information

International Meal Company Alimentação S.A. ("Company"), headquartered at Avenida das Nações Unidas, 4.777, 12o andar, in the city of São Paulo, State of São Paulo, established in 1965, is a publicly-held company with shares traded on B3 S.A. - Brasil, Bolsa, Balcão ("B3") under the ticker symbol "MEAL3" and listed in the Novo Mercado (New Market) segment.

The Company and its subsidiaries ("Group") are engaged in the sale of food and beverages to restaurants, snack bars and coffee shops ("stores") and in the sale of food for airline catering services ("catering"). The Group also subleases stores and spaces for promotional and commercial purposes in its store chain, upon the sale of fuel, and provides general services related to these segments.

As of June 30, 2019, the Group has operations in Brazil, Panama, Colombia, and the United States of America.

2. Preparation and presentation of the interim financial information

The Company's individual and consolidated interim financial information has been prepared in accordance with CPC 21 (R1) – Demonstração intermediária and IAS 34 Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), and is presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR), identified as "Parent" and "Consolidated", respectively.

The individual and consolidated interim financial information has been prepared based on the historical cost, except for (i) certain financial instruments; and (ii) assets and liabilities arising from business combinations measured at their fair values, when applicable

As required by CVM Official Letter 03, of April 28, 2011, the following are the explanatory notes that were included in the latest annual financial statements (year ended December 31, 2018, disclosed on March 29, 2019), which, since there were no significant changes in the quarter, have not been fully included in this individual and consolidated interim financial information.

Explanatory notes not included in the interim financial information	Location of the full explanatory note in the annual financial statements for the year ended December 31, 2018
Investments – full note	Note 12
Payroll and related taxes — full note	Note 17
Installment payment of business acquisitions – full note	Note 18
Deferred revenue — full note	Note 20
Income tax and social contribution – full note	Note 21

3. Significant accounting policies

The accounting policies adopted in preparing this individual and consolidated interim financial information were the same as those adopted in preparing the individual and consolidated financial statements for the year ended December 31, 2018, disclosed on March 29, 2019, and accordingly, they should be read in conjunction. The accounting practices adopted in Brazil comprise the Brazilian Corporate Law and the pronouncements, guidelines and interpretations issued by the Accounting Pronouncements Committee (CPC) and approved by the Brazilian Securities and Exchange Commission (CVM), and in accordance with the International Financial Standards (IFRSs) issued by the International Accounting Standards Board (IASB).

3.1. Basis of consolidation

The consolidated interim financial information includes the interim financial information of the Company and its subsidiaries.

Control over an entity is achieved when the company has the power to govern the financial and operating policies of an entity so as to benefit from its activities.

When necessary, the subsidiaries' interim financial information is adjusted to conform their accounting policies to those set by the Group.

All intragroup transactions, balances, income and expenses were fully eliminated in the consolidated interim financial information.

In the Company´s individual interim financial information, investments in subsidiaries are accounted for under the equity method.

The investments disclosed in note 12 represent the same consolidated companies disclosed in the individual and consolidated financial statements for the year ended December 31, 2018, disclosed on March 29, 2019.

3.1. Functional and reporting currency

The financial statements of each subsidiary included in the consolidated interim financial information are prepared based on the functional currency of each entity. The functional currency of an entity is the currency of the primary economic environment in which it operates. The Company defines the functional currency of each of its subsidiaries analyzing which currency significantly influences the sales price of its products and services and the currency in which most of its operating and administrative costs is paid or incurred.

The interim financial information is presented in Reais (R$), which is the Group's reporting currency, and the translation adjustments are recognized in the statement of comprehensive income (loss) in line item "Translation adjustments in the balance sheet of foreign subsidiaries".

3. Significant accounting policies--Continued

3.2. Right of use ("lease")

Policy applicable before January 1, 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Policy applicable from January 1, 2019

At the inception of a contract, the Group assesses whether a contract is or contains a lease when assessing whether the contract transfers the right to control the use of an identified asset for a period of time in exchange for a consideration.

As lessee:

The Company recognizes a right of use asset and a right of use liability ("lease") at the date of commencement of the lease.

The right of use asset is initially measured at cost, which comprises the initial value of the right of use liability ("lease") adjusted for any lease payments made up to the commencement date, plus any initial direct costs incurred and an estimate of costs to disassemble, remove or restore the underlying asset, less any lease incentives received.

The right of use asset is subsequently depreciated by the straight-line method from the date of commencement to the end of the useful life of the right of use asset or the end of the lease term.

The right of use ("lease") liability is initially measured at the present value of the lease payments remaining on the agreement start date discounted by the incremental loan rate. Lease liabilities are subsequently measured at amortized cost using the effective interest method.

Lease payments are apportioned between finance expenses and reduction of the lease liability ("right of use") so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

The Group has opted for the exemption provided for in the standard and will not recognize right of use assets and lease liabilities for short term leases (12 months or less) and leases of low value assets (less than US$ 5,000).

3. Significant accounting policies--Continued

3.3. Right of use ("lease")--Continued

As lessor:

When the Group acts as a lessor, it determines at the beginning of the lease whether each lease is a finance lease or an operating lease.

In order to classify each lease, the Group makes a general assessment as to whether lease transfers substantially all the risks and rewards of ownership of the underlying asset. If this is the case, the lease is a finance lease; if not then it is an operating lease.

Contracts where the Group is the lessor were classified as operating leases and the Group recognized lease payments received as revenue on a straight-line basis over the lease term.

4. International financial reporting standards

The main new and revised standards, amendments and interpretations issued by the IASB and adopted by the CPC, and the standards issued and not yet effective are consistent with those adopted and disclosed in Note 4 to the individual and consolidated financial statements for the year ended December 31, 2018, disclosed on March 29, 2019, and accordingly, they should be read in conjunction.

4.1. Amendments to IFRS and to new interpretations that are mandatorily effective in the current year

IFRS 16/CPC 16 (R2) - Leases (effective for annual periods beginning on or after January 1, 2019).

It replaces the guidance in IAS 17 and determines essentially that lessees recognize in their liability the future payments and in their assets the right of use of the leased asset for virtually all lease agreements, thus finance and operating lease agreements now have the same accounting treatment, certain short-term or low-value agreements may be outside the scope of this new standard. The standard is effective beginning on January 1, 2019.

The Company adopted IFRS 16 on January 1, 2019 using a modified retrospective approach that results in the prospective application of the standard. The modified retrospective approach does not require the updating of accounting information of the prior period, and the effect of the initial application, if applicable, will be recognized cumulatively, as an adjustment to retained earnings at January 1, 2019.

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

4. International financial reporting standards-- Continued

4.1. Amendments to IFRS and to new interpretations that are mandatorily effective in the current year

IFRS 16/CPC 16 (R2) - Leases (effective for annual periods beginning on or after January 1, 2019).--Continued

On initial adoption, the Group used the following practical expedients permitted by the standard:

- The use of a single discount rate for a lease portfolio with reasonably similar characteristics;
- The accounting for leases with remaining agreement term of less than 12 months as from January 1, 2019 as short-term leases. The accounting for lease payments as expenses in the case of leases for which the underlying asset is of low value; and
- The use of past hindsight in the determination of the lease term, when the agreement contains options to extend or terminate the lease.

The term of the contracts in which the Company has a lease vary from 2 (two) to 25 (twenty five) years.

The impacts of the adoption of CPC 06 (R2)/IFRS 16 are presented below:

a) Impacts on the Balance Sheet

		Parent			Consolidated		
June 30, 2019		**As presented**	**Adjustments**	**Values without the adoption of CPC 06 (R2)/IFRS 16**	**As presented**	**Adjustments**	**Values without the adoption of CPC 06 (R2)/IFRS 16**
Assets							
Current assets		**146,749**	**-**	**146,749**	**415,093**	**-**	**415,093**
Noncurrent assets		**1,139,230**	**(10,733)**	**1,128.497**	**1,536,628**	**(361,987)**	**1,174,641**
Others		50,133	-	50,133	298,540	-	298,540
Deferred income tax and social contribution		-	-	-	9,727	-	9,727
Investments		950,379	5,691	956,070	24,288	-	24,288
Intangible		122,294	-	122,294	842,086	-	842,086
Right of use	(a)	16,424	(16,424)	-	361,987	(361,987)	-
Total assets		**1,285,979**	**(10,733)**	**1,275,246**	**1,951,721**	**(361,987)**	**1,589,734**
Liabilities							
Current liabilities		**37,945**	**(4,709)**	**33,236**	**293,001**	**(82,560)**	**210,441**
Others		33,236	-	33,236	210,441	-	210,441
Right of use (“lease”)	(a)	4,709	(4,709)	-	82,560	(82,560)	-
Noncurrent liabilities		**335,534**	**(12,002)**	**323,532**	**746,220**	**(285,405)**	**460,815**
Others		297,733	-	297,733	388,922	-	388,922
Deferred income tax and social contribution		25,649	150	25,799	69,854	2,039	71,893
Right of use (“lease”)	(a)	12,152	(12,152)	-	287,444	(287,444)	-
Equity		**912,500**	**5,978**	**918,478**	**912,500**	**5,978**	**918,478**
Others		919,776	(7)	919,769	919,776	(7)	919,769
Retained earnings (accumulated losses)	(b)	(7,276)	(5,985)	(1,291)	(7,276)	(5,985)	(1,291)
Total liabilities and equity		**1,285,979**	**(10,733)**	**1,275,246**	**1,951,721**	**(361,987)**	**1,589,734**

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

4. International financial reporting standards-- Continued

4.1. Amendments to IFRS and to new interpretations that are mandatorily effective in the current year

IFRS 16/CPC 16 (R2) - Leases (effective for annual periods beginning on or after January 1, 2019).--Continued

b) Impacts on the Statements of Profit or Loss

		Parent			Consolidated		
June 30, 2019		**As presented**	**Adjustments**	**Values without the adoption of CPC 06 (R2)/IFRS 16**	**As presented**	**Adjustments**	**Values without the adoption of CPC 06 (R2)/IFRS 16**
Net revenue		71,384	-	71,384	764,292	-	764,292
Cost of sales and services		(51,167)	(15)	(51,182)	(525,788)	(469)	(526,257)
Operating expenses		(9,247)	(1,361)	(10,608)	(120,517)	(39,854)	(160,371)
General and administrative expenses		(14,020)	(992)	(15,012)	(51,113)	(3,739)	(54,852)
Depreciation and amortization		(7,730)	1,895	(5,835)	(47,813)	34,751	(13,062)
Other operating income (expenses), net		(82)	-	(82)	(1,177)	-	(1,177)
Share of profit (loss) of investees		10,462	5,691	16,153	6,020	-	6,020
Finance income (expense), net		(8,863)	917	(7,946)	(30,073)	17,335	(12,738)
Income tax and social contribution		1,987	(150)	1,837	(1,107)	(2,039)	(3,146)
Loss for the period	(b)	**(7,276)**	**5,985**	**(1,291)**	**(7,276)**	**5,985**	**(1,291)**

c) Impacts on the Statements of Cash Flows

	Parent			Consolidated		
June 30, 2019	**As presented**	**Adjustments**	**Values without the adoption of CPC 06 (R2)/IFRS 16**	**As presented**	**Adjustments**	**Values without the adoption of CPC 06 (R2)/IFRS 16**
Cash flows from operating activities						
Loss for the period	(7,276)	5,985	(1,291)	(7,276)	5,985	(1,291)
Income tax and social contribution	(1,987)	150	(1,837)	1,107	2,039	3,146
Depreciation and amortization	8,218	-	8,218	37,970	-	37,970
Amortization of right of use (“lease”)	1,895	(1,895)	-	34,751	(34,751)	-
Interest on right of use (“lease”)	917	(917)	-	17,335	(17,335)	-
Share of profit (loss) of investees	(10,462)	(5,697)	(16,159)	(7,209)	-	(7,209)
Interest paid on right of use	(438)	438		(7,863)	7,863	-
Others	5,671	-	5,671	(16,937)	-	(16,937)
Net cash provided by (used for) operating activities	**(3,462)**	**(1,936)**	**(5,398)**	**51,878**	**(26,727)**	**15,679**
Net cash used in financing activities	**(4,437)**	-	**(4,437)**	**(30,729)**	**-**	**(30,729)**
Cash flow from financing activities						
Others	(7,596)	-	(7,596)	(26,218)	-	(26,218)
Payment of right of use (“lease”)	(1,936)	1,936	-	(36,360)	36,360	**-**
Net cash provided by financing activities	**(9,532)**	**1,936**	**(7,596)**	**(62,578)**	**36,360**	**(26,218)**
Effect of exchange rate changes on cash and cash equivalents	**-**	**-**	**-**	**(1,036)**	**(161)**	**(1.197)**
Decrease in cash and cash equivalents	**(17,431)**	**-**	**(17,431)**	**(42,465)**	**-**	**(42,465)**
At the beginning of the period	130,228	-	130,228	**268,561**	**-**	**268,561**
At the end of the period	112,797	-	112,797	**226,096**	**-**	**226,096**

4. International financial reporting standards-- Continued

4.1. Amendments to IFRS and to new interpretations that are mandatorily effective in the current year

IFRS 16/CPC 16 (R2) - Leases (effective for annual periods beginning on or after January 1, 2019).--Continued

(a) Refers to the recognition of leasehold assets and lease liabilities of lease agreements defined as leasing in accordance with IFRS 16/CPC 06 (R2). Note 15

(b) The adjustment presented refers to the impact on net profit from the adoption of the new standard that changes the accounting method of lease contracts classified as lease. Previously, the minimum contractual amount of rent was recognized as an expense and as of January 1, 2019 recognized as assets and liabilities adjusted to present value. Monthly, the value of the asset is depreciated according to the contractual term and the amount recognized under depreciation and amortization and the value of the liability is adjusted by the interest incurred and the amount recorded under the line item of financial expenses. The variable amount referring to the lease contracts remains recognized as operating expense.

5. Key estimates and judgments

The preparation of interim financial information requires the Company’s management to use certain accounting estimates and judgment in applying the accounting policies. The accounting estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors that are considered to be reasonable in the circumstances. Actual results may differ from those estimates. The effects resulting from the revision of accounting estimates are recognized in the period in which the review is made.

The key assumptions and estimates used for the individual and consolidated interim financial information for the six-month period ended June 30, 2019 are the same as those adopted in the individual and consolidated financial statements for the year ended December 31, 2018, disclosed on March 29, 2019.

6. Segment information

The information reported to the Group’s chief decision maker, for the purpose of capital allocation and segment performance evaluation, is more specifically focused on the categories of customer for each type of product and service. The main categories of customers for these products and services are restaurants in shopping malls, airports and highways. Each of these operating segments is managed separately, considering that each one of these product lines requires different resources, including marketing approaches. The Company’s main products consist of meals and related services.

The chief operating decision maker evaluates the performance of the operating segments based on the operating profit before depreciation and amortization, finance income (expense), income tax and social contribution.

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

6. Segment information--Continued

Therefore, the Group's reportable segments pursuant to CPC 22/IFRS 8 – Segment Reporting are as follows:

- Shopping malls: meals in restaurant chains and coffee shops located in shopping malls in Brazil and in the Caribbean.
- Airports: supply of meals in restaurants and coffee shops and for airline companies (catering) in Brazil and in the Caribbean.
- Highways: food courts in service stations and restaurant chains located along highways, and sale of vehicle fuel.
- United States of America: meals in restaurants in captive markets in the United States of America and consumables in the retail market.
- Others: comprise corporate costs not allocated directly to each of the business segments.

	Consolidated					
	Airports	**Shopping malls**	**Highways**	**United States of America**	**Others**	**Total**
June 30, 2019:						
Net revenue	**171,661**	**128,121**	**243,729**	**220,781**	**-**	**764,292**
Operating profit (loss) (*)	**46,167**	**3,954**	**26,667**	**32,298**	**(11,261)**	**97,825**
Depreciation and amortization	**(14,384)**	**(7,681)**	**(7.977)**	**(9,637)**	**(25)**	**(39,704)**
Amortization of right of use	**(12,970)**	**(9,169)**	**(4.284)**	**(7,794)**	**-**	**(34,217)**
Finance income (expense)	**(16,320)**	**(3,155)**	**(4.619)**	**(5,922)**	**(57)**	**(30,073)**
Income tax benefit (expense)	**404**	**(1,224)**	**(427)**	**140**	**-**	**(1,107)**

	Consolidated					
	Airports	**Shopping malls**	**Highways**	**United States of America**	**Others**	**Total**
June 30, 2018:						
Net revenue	188,378	138,235	228,792	204,089	-	759,494
Operating profit (loss) (*)	34,279	(8,075)	17,029	16,909	(9,238)	50,904
Depreciation and amortization	(13,797)	(7,452)	(7,805)	(10,275)	(38)	(39,367)
Finance income (expense)	(2,912)	2,620	(405)	(3,123)	473	(3,347)
Income tax benefit (expense)	(5,783)	(6,063)	(1,399)	1,211	-	(12,034)

(*) Excluding the effects of depreciation, amortization and amortization of right of use.

The reconciliation of operating profit, adjusted by profit before taxes, is as follows:

	Consolidated	
	6/30/2019	**6/30/2018**
Reconciliation of loss for the period:		
Operating profit from reportable segments, excluding the effects of depreciation and amortization	**109,086**	60,142
Operating loss from other segments, excluding the effects of depreciation and amortization	**(11,261)**	(9,238)
	97,825	50,904
Depreciation and amortization	**(39,704)**	(39,367)
Amortization of rith of use	**(34,217)**	-
Finance income (costs)	**(30,073)**	(3,347)
Income tax and social contribution	**(1,107)**	(12,034)
Loss for the period	**(7,276)**	(3,844)

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

6. Segment information--Continued

The Company's total assets by business segment are as follows:

	Consolidated	
	6/30/2019	12/31/2018
Shopping malls	**432,576**	368,172
Airports	**534,601**	464,777
Highways	**512,642**	427,338
United States of America	**468,286**	371,394
Subtotal	**1,948,105**	1,631,681
Assets not allocated to the segments	**3,616**	6,801
	1,951,721	1,638,482

a) Disclosures at the Company's level

Geographical information

The Group operates in the following main areas: Brazil, the Caribbean (Colombia and Panama), and the United States of America. Segment reporting on the Group's sales by geographic market based on the location of its customers, regardless of the origin of assets/services, is as follows:

	Consolidated	
	6/30/2019	6/30/2018
Net revenue:		
Brazil	**449,884**	465,326
The Caribbean	**93,627**	90,079
United States of America	**220,781**	204,089
	764,292	759,494

b) Information on major customers

The Group does not have customers or a group of customers under common control accounting for more than 10% of its revenue.

7. Financial instruments

a) Capital management

The Group's Management manages the Group's capital to ensure the continuity of the Group as a going concern and to maximize its funds to allow for investments in new stores, refurbishments, and redesign of existing stores, as well as the acquisition of other entities.

The Group's capital structure consists of financial liabilities with financial institutions, currency swap derivatives, cash and cash equivalents, and financial investments, including capital and retained earnings.

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

7. Financial instruments--Continued

a) Capital management--Continued

The Group can change its capital type and structure, depending on economic conditions, to optimize its financial leverage. In addition, Management periodically reviews the capital structure and its capacity to settle its liabilities taking the appropriate actions, when necessary, to balance the Group's debt and liquidity ratios.

b) Significant accounting policies

For details on the significant accounting policies and practices adopted, including the criteria used to recognize revenues and expenses for each class of financial assets and financial liabilities, see the individual and consolidated financial statements for the year ended December 31, 2018, disclosed on March 29, 2019.

c) Categories of financial instruments

Management considers that the carrying amounts of financial assets and liabilities recorded at amortized cost in the individual and consolidated interim financial information approximate their fair values, since these are short-term instruments or are instruments indexed to the variation of the CDI for the main financial assets, or indexed to the LIBOR interest rate for the main financial liabilities. The Group conducted swap derivative transactions, which are used only to mitigate the exposure to foreign currency fluctuations of certain borrowings, so that the balance of the capital structure is maintained. The main financial instruments are distributed as follows:

	Carrying amount and fair value			
	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Financial assets				
Trade receivables and receivables at amortized cost:				
Cash and cash equivalents	**112,797**	130,228	**226,096**	268,561
Financial investments (noncurrent)	**-**	-	**20**	20
Currency swap derivatives (item f)	**-**	-	**18**	93
Trade receivables	**14,003**	17,215	**80,146**	82,814
Receivables from related parties	**16,086**	20,215	**-**	-
	142,886	167,658	**306,280**	351,488

	Carrying amount and fair value			
	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Financial liabilities				
Financial liabilities recognized at amortized cost:				
Trade payables	**13,400**	14,847	**64,730**	80,980
Borrowings and debentures	**244,725**	149,397	**373,156**	297,708
Payables to related parties	**50,289**	59,542	**-**	-
Right of use ("lease")	**16,861**	-	**370,004**	-
Installment payment of business acquisitions	**-**	-	**33,265**	36,710
	325,275	223,786	**841,155**	415,398

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

7. **Financial instruments**--Continued

d) Liquidity

Liquidity management entails maintaining sufficient funds, such as cash, securities, and committed credit facilities, to manage the capacity to settle our obligations.

Management monitors the Group's liquidity level considering the expected cash flows against unused credit facilities.

The table below details the remaining contractual maturity of the Group's financial assets and financial liabilities, and the agreed repayment terms. The tables below were prepared using the undiscounted cash flows of the financial assets and financial liabilities based on the nearest date on which the Group can be required to make the related payment or collect its receivables. As interest flows are based on floating rates, the undiscounted amount obtained is based on the interest curves in the six-month period ended June 30, 2019. Accordingly, the disclosed balances do not match the balances stated in the balance sheets.

	Weighted average effective interest rate - %	Parent					
		Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 year s	More than 5 years	Total
June 30, 2019:							
Trade payables	-	(13,177)	(187)	(36)	-	-	(13,400)
Trade receivables	-	12,237	84	5	1,677	-	14,003
Borrowings and debentures	7.13%	-	(9,983)	(10,043)	(198,965)	(146,987)	(365,978)
Right of use ("lease")	11.99%	(440)	(1,319)	(3,516)	(12,703)	(906)	(18,884)

	Weighted average effective interest rate - %	Consolidated					
		Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 year s	More than 5 years	Total
June 30, 2019:							
Trade payables	-	(63,129)	(1,252)	(349)	-	-	(64,730)
Trade receivables	-	70,776	3,675	2,661	3,034	-	80,146
Derivative financial instrument of exchange swap (item f))	8.75%	-	-	15	5	-	20
Borrowings and debentures	6.85%	-	(12,945)	(33,775)	(331,582)	(146,987)	(525,289)
Right of use ("lease")	9.06%	(7,705)	(23,115)	(61,639)	(262,972)	(58,937)	(414,368)
Installment payment of business acquisitions	5.75%	(7)	(1,958)	(7,497)	(27,562)	-	(37,024)

e) Credit risk

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, which would result in financial losses for the Group. Group sales are basically made using various means of payment, especially credit and debit cards, which reduce significantly the risk of default. A portion of the catering segment sales is made to airlines, the creditworthiness of which is monitored. As a result of such management, expected losses are recorded in 'Allowance for expected credit losses', as described in note 9.

7. Financial instruments--Continued

e) Credit risk--Continued

The Group is also exposed to credit risks related to financial instruments contracted for the management of its business, which consist basically of cash and cash equivalents and short-term investments. Management believes that the credit risk of transactions with financial institutions is low, as these are considered by the market as prime banks.

f) Currency risk

As referred to in note 17, the Group has a US dollar-denominated loan plus a spread of 4.05% p.a., with a swap instrument classified in Level 2, contracted on the same date and with the same financial institution, exchanging 100% of this debt for the interbank deposit rate (CDI) plus spread of 3% per year.

As of June 30, 2019 and 2018, due to this financial instrument, the following results were obtained:

	6/30/2019	6/30/2018
Notional amount in thousands of US dollars - US$	**4,528**	4,528
Average contracting rate - real - R$	**3.87**	3.87
Notional amount in reais - R$	**17,510**	17,510
Long position (purchased)		
US dollar - US$ thousand plus interest of 4.05% per year	**18**	70
Short position (sold)		
CDI plus interest of 3% per year	**(16)**	31
Balances at the end of the period	**34**	101

g) Interest rate risk

The Group has loans and debt agreements denominated in U.S. dollars (US$), Colombian pesos (COP) and Brazilian reais (R$), indexed to LIBOR (long-term rate), Colombian Banking Reference Index - IBR and Interbank Deposit Rate - CDI. There is an inherent risk in these liabilities due to usual fluctuations of rates in the markets in which they were contracted.

The Group does not have any derivative contract to mitigate this risk since Management understands there is no significant risk of abrupt fluctuation of these interest rates.

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

7. **Financial instruments**--Continued

g) Interest rate risk--Continued

Sensitivity analysis

In order to conduct the sensitivity analysis of the interest rate charged on existing borrowings and other obligations, the Group uses, for a probable scenario, the market rate obtained on Brazilian stock exchanges, and considers a 25% and 50% increase in such rate for Scenarios I and II, respectively. The sensitivity analysis results for a twelve-month period are as follows:

	Consolidated		
	Probable	**Scenario I**	**Scenario II**
Swap (p.a.) - CDI plus interest from 1.75% to 3.1% per year	8.75%	10.19%	11.63%
Estimated charges	384	448	511
Debentures – CDI plus interest of 1.15% per year	7.13%	8.56%	10.00%
Estimated charges	18,208	21,881	25,555
180-day LIBOR plus interest from 3.40% to 4.05% per year	6.02%	6.60%	7.17%
Estimated charges	6,540	7,165	7,789
IBR (p.a.) plus interest of 3.70% per year	7.81%	8.84%	9.87%
Estimated charges	1,025	1,159	1,294

h) Debt-to-equity ratio

	Parent		**Consolidated**	
	6/30/2019	**12/31/2018**	**6/30/2019**	**12/31/2018**
Debt (i)	**244,725**	149,397	**373,156**	297,708
Derivative financial instrument of exchange swap	**-**	-	**(18)**	(93)
Installment payment of business acquisitions	**-**	-	**33,265**	36,710
Cash and cash equivalents and financial investments	**(112,797)**	(130,228)	**(226,096)**	(268,561)
Net debt (net assets)	**131,928**	19,169	**180,307**	65,764
Equity (ii)	**912,500**	1,015,218	**912,500**	1,015,218
Debt-to-equity ratio	**0.14**	0.02	**0.20**	0.07

(i) Debt is defined as short and long-term borrowings and debentures, as detailed in note 17.

(ii) Equity includes the Group’s total share capital and reserves, managed as capital.

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

8. Cash and cash equivalents

	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Cash	**219**	260	**5,384**	8,287
Banks	**5**	5	**82,149**	79,382
Financial investments	**112,573**	129,963	**138,563**	180,892
	112,797	130,228	**226,096**	268,561

Financial investments classified as cash and cash equivalents are broken down as follows:

Transactions	Average yield	Liquidity	Country	Parent 6/30/2019	Parent 12/31/2018
Bank deposit certificate	100% to 101.5% of CDI	Immediate	Brazil	**110,123**	127,290
Overnight deposits	30% to 60% of CDI	Immediate	Brazil	**2,053**	2,673
Others	80% to 100% of CDI	Immediate	Brazil	**397**	-
				112,573	129,963

Transactions	Average yield	Liquidity	Country	Consolidated 6/30/2019	Consolidated 12/31/2018
Bank deposit certificate	100.0% to 101.5% of CDI	Immediate	Brazil	**110,123**	152,103
Lease bill	100.2 to 101.5% of CDI	Immediate	Brazil	**20,484**	14,759
Overnight deposits	30% to 60% of CDI	Immediate	Brazil	**4,240**	5,886
Overnight deposits	7.41 % p.a.	Immediate	Colombia	**3,317**	4,074
Others	70% to 90% of CDI	Immediate	Brazil	**395**	4,070
				138,563	180,892

9. Trade receivables

	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Means of payment (credit and debit cards, and meal tickets)	**926**	1,042	**37,117**	38,603
Trade receivables	**13,728**	15,830	**35,556**	34,417
Rebates and commercial agreements	**2,996**	4,030	**11,236**	13,562
Others	**104**	157	**292**	363
	17,754	21,059	**84,201**	86,945
Allowance for expected credit losses	**(3,751)**	(3,844)	**(4,055)**	(4,131)
	14,003	17,215	**80,146**	82,814
Current	**12,326**	14,711	**77,112**	78,907
Non-current	**1,677**	2,504	**3,034**	3,907
	14,003	17,215	**80,146**	82,814

The balance of ‘Trade receivables’ before deduction of allowance for expected credit losses is denominated in the following local currencies of the countries where the Group operates:

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

9. **Trade receivables**--Continued

	Consolidated	
	6/30/2019	12/31/2018
In Brazilian reais - R$	**54,235**	64,076
In US dollars - US$ (*)	**13,653**	9,799
In Mexican pesos - MXN$ (*)	**1,202**	766
In Colombian pesos - COP$ (*)	**15,111**	12,304
	84,201	86,945

(*) The foreign currency-denominated balances refer to trade receivables from the corresponding countries of origin; therefore, there are no exchange rate changes between the recognized revenue and the related receivables disclosed in the statement of profit or loss.

The balance of 'Trade receivables' refers mainly to receivables from airlines.

Receivables are comprised of current and past-due receivables, as follows:

	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Current	**13,331**	16,777	**75,131**	79,539
Past due:				
Up to 30 days	**672**	2,201	**4,981**	5,091
31 to 60 days	**-**	1,352	**34**	1,478
61 to 90 days	**-**	632	**-**	691
Over 90 days	**3,751**	97	**4,055**	146
Allowance for expected credit losses	**(3,751)**	(3,844)	**(4,055)**	(4,131)
	14,003	17,215	**80,146**	82,814

(*) On December 10, 2018, the airline company OceanAir Linhas Aéreas ("Avianca Brasil") filed for in-court reorganization, which was accepted by the court on December 13, 2018. At that date, the Company had receivables from Avianca Brasil in the amount of R$ 3,748 in the parent and R$ 4,098 in the consolidated.

As described in Note 17, the Group pledged receivables from credit and debit card companies as collateral for loans and borrowings. As of June 30, 2019, the balance receivable related to this collateral is R$ 7,512 (R$ 10,155 as of December 31, 2018) in consolidated. The terms and conditions of this transaction include mainly pledging to banks as collateral current and future receivables originating from credit and debit card sales up to the debt limit. This collateral could be enforced by banks in case of default of a borrowing.

Allowance for expected credit losses

The variation of the allowance for expected credit losses is as follows:

	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
As at the beginning of the period/year	**(3,844)**	(138)	**(4,131)**	(859)
Additions	**(3)**	(3,958)	**(82)**	(4,384)
Reversals and write-offs	**96**	252	**178**	1,038
Exchange rate changes	**-**	-	**(20)**	74
As at the end of the period/year	**(3,751)**	(3,844)	**(4,055)**	(4,131)

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

9. Trade receivables—Continued

Rebates and commercial agreements

These amounts are set in contracts or agreements and comprise amounts relating to discounts based on sales volume, joint marketing programs and other similar programs.

The Group did not recognize any present value adjustment since all transactions are short term and it considers the effect of these adjustments immaterial when compared with the individual and consolidated interim financial information taken as a whole.

10. Inventories

	Parent		Consolidated	
	6/30/2019	**12/31/2018**	**6/30/2019**	**12/31/2018**
Food and beverages	**1,500**	1,910	**16,887**	20,023
Fuel and vehicle accessories	**-**	-	**4,888**	5,556
Nonfood products and souvenirs for resale	**-**	-	**9,962**	8,286
Supplies and fixtures	**587**	603	**5,235**	5,587
Provision for inventory losses	**-**	(102)	**(1,060)**	(1,710)
	2,087	2,411	**35,912**	37,742

As of June 30, 2019, the total cost of inventories sold disclosed in line item ‘Cost of sales and services’ was R$ 18,536 (R$ 22,896 as of June 30, 2018) in parent and R$ 266,880 (R$ 265,463 as of June 30, 2018) in consolidated (See Note 28).

11. Taxes recoverable

	Parent		Consolidated	
	6/30/2019	**12/31/2018**	**6/30/2019**	**12/31/2018**
Prepaid income tax and social contribution	**-**	-	**10,207**	10,835
Withholding income tax (IRRF) on financial investments	**6,558**	5,876	**8,005**	9,776
Taxes on revenue (PIS and COFINS)	**8,580**	12,817	**36,547**	40,592
National Institute of Social Security - INSS	**1,015**	-	**2,587**	-
Others	**774**	115	**872**	455
	16,927	18,808	**58,218**	61,658

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

12. Investments in subsidiaries

The list of the Company's subsidiaries and the variation in investments for the year ended December 31, 2018 are presented in the financial statements for the year then ended, disclosed on March 29, 2019.

Information on subsidiaries

Variation in investments in subsidiaries for the six-month period ended June 30, 2019 is as follows:

	Parent					
	Tob's	**Pimenta Verde and Niad**	**Gas stations**	**IMC USA**	**IMC The Caribbean**	**Total**
As at December 31, 2018	4,634	528,312	51,900	226,052	132,035	942,933
Share of profit (loss) of investees	**(47)**	**(13,156)**	**1,884**	**8,762**	**13,019**	**10,462**
Translation of foreign operations	**-**	**-**	**-**	**(2,962)**	**(54)**	**(3.016)**
As at June 30, 2019	**4,587**	**515,156**	**53,784**	**231,852**	**145,000**	**950,379**

The variation in investments in joint venture presented in the consolidated interim financial information is as follows:

	Margaritaville (Orlando)
As at December 31, 2018	24,254
Share of profit (loss) of investees (*)	**6,020**
Dividends received	**(5,649)**
Exchange differences on translation of foreign joint venture	**(337)**
As at June 30, 2019	**24,288**

(*) Share of profit (loss) of investees net of the amortization of investment in joint venture incurred in the six-month period ended June 30, 2019 amounting to R$ 1,200. The investment is amortized because the joint venture has finite duration.

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

13. Property, plant and equipment

The activity in property, plant and equipment for the year ended December 31, 2018 is presented in the financial statements for the year then ended, disclosed on March 29, 2019. The activity in the six-month period ended June 30, 2019 is as follows:

	Parent			
	Balance as of 12/31/2018	Additions (*)	Transfers, write-offs and others	Balance as of 6/30/2019
Cost				
Machinery and equipment	23,961	-	278	**24,239**
Furniture and fixtures	7,552	-	2	**7,554**
Leasehold rights	26,800	-	120	**26,920**
Computers, vehicles and other items	26,334	-	(661)	**25,673**
Works and construction in progress	807	4,925	(429)	**5,303**
Total cost	85,454	4,925	(690)	**89,689**
Depreciation				
Machinery and equipment	(17,481)	(858)	4	**(18,335)**
Furniture and fixtures	(6,140)	(332)	1	**(6,471)**
Leasehold rights	(16,262)	(814)	15	**(17,061)**
Computers, vehicles and other items	(21,903)	(974)	418	**(22,459)**
Total depreciation	(61,786)	(2,978)	438	**(64,326)**
Total, net	23,668	1,947	(252)	**25,363**

	Consolidated					
	Balance as of 12/31/2018	Uses	Additions (*)	Transfers, write-offs and others	Effects of exchange differences	Balance as of 6/30/2019
Cost						
Land and buildings	4,524	-	-	-	4	**4,528**
Machinery and equipment	188,268	-	1,040	(414)	(278)	**188,616**
Furniture and fixtures	81,561	-	-	313	(376)	**81,498**
Leasehold rights	339,352	-	1,941	(10,405)	(1,380)	**329,508**
Computers, vehicles and other items	74,794	-	2,192	(532)	(104)	**76,350**
Works and construction in progress	33,542	-	32,817	(17,837)	(85)	**48,437**
Total cost	722,041	-	37,990	(28,875)	(2,219)	**728,937**
Depreciation						
Land and buildings	(2,730)	-	(187)	-	-	**(2,917)**
Machinery and equipment	(134,903)	-	(7,667)	5,591	188	**(136,791)**
Furniture and fixtures	(65,087)	-	(3,765)	1,141	295	**(67,416)**
Leasehold rights	(192,599)	-	(13,728)	18,807	664	**(186,856)**
Computers, vehicles and other items	(62,078)	-	(3,709)	1,681	103	**(64,003)**
Total depreciation	(457,397)	-	(29,056)	27,220	1,250	**(457,983)**
Provision for impairment of assets						
Machinery and equipment	(1,761)	344	-	-	**-**	**(1,417)**
Furniture and fixtures	(95)	25	-	(36)	**-**	**(106)**
Leasehold rights	(2,346)	800	-	217	**-**	**(1,329)**
Computers, vehicles and other items	(1,043)	221	-	36	**-**	**(786)**
Total provision	(5,245)	1,390	-	217	**-**	**(3,638)**
Total, net	259,399	1,390	8,934	(1,438)	(969)	**267,316**

(*) The additions to property, plant and equipment presented in the statements of cash flows are net of the installments to be paid in the next few months. Thus, in the statements of cash flows, from the additions to property, plant and equipment in the six-month period ended June 30, 2019, the amount of R$ 1,326 was subtracted in parent and the amount of R$ 1,484 in the consolidated.

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

13. Property, plant and equipment--Continued

	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Net balances				
Land and buildings	**-**	-	**1,611**	1,794
Machinery and equipment	**5,904**	6,480	**50,408**	51,604
Furniture and fixtures	**1,083**	1,412	**13,976**	16,379
Leasehold rights	**9,859**	10,537	**141,323**	143,597
Computers, vehicles and other items	**3,214**	4,432	**11,561**	11,673
Works and construction in progress	**5,303**	807	**48,437**	34,352
	25,363	23,668	**267,316**	259,399

Depreciation charges are allocated as follows:

	Parent		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Allocated to cost of sales and services	**2,450**	2,808	**24,975**	25,734
Allocated to general and administrative expenses	**528**	557	**4,081**	3,749
Total depreciation expenses	**2,978**	3,365	**29,056**	29,483
PIS and COFINS credits on depreciation (*)	**(308)**	(306)	**(1,216)**	(1,223)
Total depreciation expenses, net of tax credits	**2,670**	3,059	**27,840**	28,260

(*) PIS and COFINS credits on items on property, plant and equipment allocated to operations.

14. Intangible assets

The activity in intangible assets for the year ended December 31, 2018 is presented in the financial statements for the year then ended, disclosed on March 29, 2019. The activity in the six-month period ended June 30, 2019 is as follows:

	Parent			
	Balance as of 12/31/2018	Additions (*)	Transfers, write-offs and others	Balance as of 6/30/2019
Cost:				
Goodwill	91,790	-	-	**91,790**
Software	19,955	-	1,331	**21,286**
Rights over trademarks	4,100	-	-	**4,100**
Commercial rights	30,748	-	-	**30,748**
Licensing rights	70,130	-	-	**70,130**
Leasehold rights	25,532	-	-	**25,532**
Intangibles in progress	942	838	(1,743)	**37**
Total cost	243,197	838	(412)	**243,623**
Amortization:				
Software	(15,826)	(591)	-	**(16,417)**
Commercial rights	(16,062)	(1,597)	-	**(17,659)**
Licensing rights	(58,818)	(2,371)	-	**(61,189)**
Leasehold rights	(23,227)	(989)	-	**(24,216)**
Total amortization	(113,933)	(5,548)	-	**(119,481)**
Provision for impairment of assets				
Rights over trademarks	(1,848)	-	-	**(1,848)**
Total, net	127,416	(4,710)	(412)	**122,294**

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

14. Intangible assets--Continued

	Consolidated					
	Balance as of 12/31/2018	**Additions (*)**	**Transfers, write-offs, and others**	**Uses**	**Effects of exchange differences**	**Balance as of 6/30/2019**
Cost						
Goodwill	696,870	-	-	-	(2,072)	**694,798**
Software	34,873	131	1,328	-	6	**36,338**
Rights over trademarks	66,322	-	0	-	17	**66,339**
Commercial rights	103,819	770	(2,249)	-	(43)	**102,297**
Licensing rights	115,012	327	(1,312)	-	(109)	**113,918**
Leasehold rights	28,072	-	(304)	-	(27)	**27,741**
Non-compete agreements	3,193	-	-	-	3	**3,196**
Intangibles in progress and other assets	1,656	838	(1,741)	-	1	**754**
Total cost	1,049,817	2,066	(4,278)	-	(2,224)	**1,045,381**
Amortization						
Software	(27,320)	(993)	163	-	1	**(28,149)**
Commercial rights	(51,082)	(4,258)	1,901	-	22	**(53,417)**
Licensing rights	(84,557)	(3,690)	623	-	53	**(87,571)**
Leasehold rights	(23,227)	(988)	-	-	-	**(24,215)**
Non-compete agreements	(2,034)	(161)	-	-	-	**(2,195)**
Intangibles in progress and other assets	(527)	(39)	-	-	-	**(566)**
Total amortization	(188,747)	(10,129)	2,687	-	76	**(196,113)**
Provision for impairment of assets						
Software	(503)	-	-	6	-	**(497)**
Rights over trademarks	(6,662)	-	(236)	236	-	**(6,662)**
Commercial rights	(34)	-	(217)	245	-	**(6)**
Licensing rights	(253)	-	236	-	-	**(17)**
Total provision	(7,452)	-	(217)	487	-	**(7,182)**
	853,618	(8,063)	(1,808)	487	(2,148)	**842,086**

	Parent		Consolidated	
	6/30/2019	**12/31/2018**	**6/30/2019**	**12/31/2018**
Net balances				
Goodwill (a)	**91,790**	91,790	**694,798**	696,870
Software	**4,869**	4,129	**7,692**	7,050
Rights over trademarks (b)	**2,252**	2,252	**59,677**	59,660
Commercial rights (c)	**13,089**	14,686	**48,874**	52,705
Licensing rights (d)	**8,941**	11,312	**26,330**	30,201
Leasehold rights (e)	**1,316**	2,305	**3,526**	4,845
Non-compete agreements	**-**	-	**1,001**	1,159
Intangibles in progress and other assets	**37**	942	**188**	1,128
	122,294	127,416	**842,086**	853,618

Amortization charges on other intangible assets are recognized in line item ‘General and administrative expenses’, in the statement of profit or loss.

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

14. Intangible assets--Continued

Main intangible assets

a) *Goodwill*

Allocation of goodwill to cash-generating units

Goodwill is allocated to each cash-generating unit, defined as follows:

- Shopping malls - Brazil: fast food in restaurant chains and coffee shops located in shopping malls in Brazil.
- Shopping malls - the Caribbean (Panama and Colombia): fast food in restaurant chains and coffee shops located in shopping malls in the Caribbean.
- Airports - Brazil: meals served in restaurants and coffee shops, and airline catering and
- Airports - the Caribbean (Panama and Colombia): meals served in restaurants and coffee shops, and airline catering and other related services in the Caribbean.
- Highways - Brazil: food courts in service stations and restaurant chains located along highways, and sale of vehicle fuel.
- United States of America: meals in restaurants in captive markets in the United States of America and consumables in the retail market.

The carrying amount of the goodwill was allocated to the following cash-generating units:

	Consolidated	
	6/30/2019	**12/31/2018**
Brazil:		
Shopping malls	**187,905**	187,905
Airports	**91,790**	91,790
Highways	**206,187**	206,187
	485,882	485,882
The Caribbean:		
Shopping malls	**1,039**	1,038
Airports	**19,909**	19,893
	20,948	20,931
United States of America	**187,968**	190,057
	694,798	696,870

b) *Rights over trademarks*

Refers to those trademarks identified in the acquisitions made. Including Viena, Frango Assado, Batata Inglesa, Brunella, Rede J&C Delicias (the Caribbean).

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

14. Intangible assets--Continued

Main intangible assets--Continued

c) *Commercial rights*

Refer to amounts paid to acquire commercial rights and/or acquired in business combinations.

d) *Licensing rights*

A portion of the price attributable to the acquisition of catering operations was allocated to the licenses and permits to operate airline-catering services and restaurants in certain airports.

e) *Leasehold rights*

Refers to the portion of the purchase price allocated to lease agreements entered into with airport authorities (leasehold rights) and/or airport managers for the lease of space in the airports to operate restaurants, snack bars, coffee shops, and other similar retail outlets.

Impairment testing for assets with indefinite useful lives

Assets with indefinite useful lives are tested for impairment annually or whenever there are indications that some of the cash-generating units might be impaired. Management concluded that as of June 30, 2019 there are no indications that any of the cash-generating units is impaired.

15. Right of use

The changes in the right-of-use assets and lease liabilities (“lease”) in the quarter ended June 30, 2019 are as follows:

a) Changes in the right-of-use asset

	Parent	Consolidated
Balance as of 12/31/2018	**-**	-
(+) Initial adoption – IFRS 16 / CPC 06 (R2)	17,106	405,398
Balance as of 1/1/2019	**17,106**	**405,398**
(-) Accumulated depreciation	(1,895)	(34,751)
(+) Additions	1,527	20,003
(-) Write-offs	(314)	(25,848)
(+) Exchange rate changes	-	(2,815)
Balance as of 6/30/2019	**16,424**	**361,987**

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

15. Right of use--Continued

b) Change in the right of use liability ("lease")

	Parent	Consolidated
Balance as of 12/31/2018	**-**	-
(+) Initial adoption – IFRS 16 / CPC 06 (R2)	17,106	405,398
Balance as of 1/1/2019	**17,106**	**405,398**
(+) Interest incurred	917	17,335
(-) Principal paid	(1,936)	(36,360)
(-) Interest paid	(438)	(7,863)
(+) Additions	1,527	20,003
(-) Write-offs	(314)	(25,848)
(+) Exchange rate changes	-	(2,661)
Balance as of 6/30/2019	**16,861**	**370,004**
Current	4,709	82,560
Noncurrent	12,152	287,444

c) Schedule of the right-of-use liabilities ("lease") recognized in non-current liabilities

Year	**Parent**	**Consolidated**
6 months of 2020	1,913	38,872
2021	3,373	69,239
2022	2,716	56,193
2023	2,263	43,787
2024	1,007	26,725
Over 5 years	880	52,628
	12,152	**287,444**

16. Trade payables

	Parent		**Consolidated**	
	6/30/2019	**12/31/2018**	**6/30/2019**	**12/31/2018**
Product suppliers	**6,294**	7,345	**39,367**	53,953
Service providers	**5,882**	7,088	**23,467**	25,487
Suppliers - others	**1,224**	414	**1,896**	1,540
	13,400	14,847	**64,730**	80,980

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

17. Borrowings and debentures

	Financial charges	Maturity	Parent 6/30/2019	Parent 12/31/2018	Consolidated 6/30/2019	Consolidated 12/31/2018
CCB international - Swap - Brazil (a)	CDI + spread of 3.1% p.a.	Quarterly up to 9/14/2020	**-**	-	**4,412**	6,221
Bank Credit Note - CCB – United States of America (b)	180-day LIBOR + spread of 4.05% p.a.	Semi-annual up to 9/21/2022	**-**	-	**53,936**	62,294
Bank Credit Note – CCB – The Caribbean (c)	180-day LIBOR (or IBR 6-months) + spread from 3.4% to 3.7% p.a.	Semi-annual up to 10/12/2022	**-**	-	**67,747**	77,558
Commercial promissory notes	CDI + spread of 2.50% p.a.	Single installment on 3/21/2019	**-**	149,397	**-**	149,397
Debentures 1st Series (d)	CDI + spread of 1.15% p.a.	Annual until 03/15/2024	**121,769**	-	**121,769**	-
Debentures 2nd Series (d)	CDI + spread of 1.60% p.a.	Annual until 3/15/2026	**122,956**	-	**122,956**	-
Others			**-**	-	**2,336**	2,238
			244,725	149,397	**373,156**	297,708

Classified as:

	Parent 6/30/2019	Parent 12/31/2018	Consolidated 6/30/2019	Consolidated 12/31/2018
Current:				
Foreign currency-denominated borrowings	**-**	-	**40,073**	40,198
Local currency-denominated borrowings (R$)	**4,521**	149,397	**4,521**	149,397
	4,521	149,397	**44,594**	189,595
Noncurrent:				
Foreign currency-denominated borrowings	**-**	-	**86,022**	105,875
Local currency-denominated borrowings (R$)	**240,204**	-	**242,540**	2,238
	240,204	-	**328,562**	108,113

Guarantees and commitments

(a) US-dollar denominated loan subject to 4.05% interest per year plus exchange fluctuation. This loan is backed by the co-obligated guarantors represented by certain subsidiaries of the Company, a swap collateral assignment and liens on debit and credit rights arising from sales made by the Company's subsidiaries using debit and credit cards. The agreement contains certain covenants that require the compliance with the net debt-to-EBITDA ratio and the debt service coverage ratio, annually calculated based on the financial statements. The Group conducts swap transactions to exchange US dollar-denominated payables at fixed interest rates for the Brazilian real (R$) pegged to 100% of the CDI plus spread of 3.1% per year. The Group conducts swap transactions with the same counterparty. These transactions are classified as derivatives, as described in Note 7.f.

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

17. Borrowings and debentures--Continued

Guarantees and commitments--Continued

(b) Borrowing repayable in 10 semiannual installments beginning March 2018 and collateralized by the Company and certain Company's subsidiaries. Under this borrowing agreement, the Group is required to comply with certain covenants on a consolidated basis. The financial ratios established in the agreement are evaluated semiannually by financial institutions and consist basically of net debt-to-EBITDA ratios. On June 30, 2019, the Group complied with these clauses.

(c) Borrowings payable in 10 semiannual installments beginning March 2018 and collateralized by certain Company's subsidiaries. The agreement contains certain covenants that require the compliance with the net debt-to-EBITDA ratio, the debt service coverage ratio and the total indebtedness, calculated based on the financial statements. On June 30, 2019, the Group complied with these clauses.

(d) The debentures of the first and second series will be entitled to interest of 100% of the accumulated variation of the average daily rates of DI – Interbank Deposits of one day, "over extrapurg", plus a spread (surcharge) of 1.15% per year, with maturity in 2024 for first series, and plus a spread of 1.60% per year, with maturity in 2026 for second series. The financial ratios established in the agreement are evaluated quarterly, pursuant to the distribution agreement, by financial institutions and consist basically of net debt-to-EBITDA ratios. On June 30, 2019, the Group complied with these clauses.

The maturities of the portion recorded in noncurrent liabilities are as follows:

	Consolidated
2020	**34,243**
2021	**34,243**
2022	**57,009**
2023	**40,341**
2024 and thereafter	**162,710**
	328,562

18. Installment payment of business acquisitions

	Consolidated	
	6/30/2019	**12/31/2018**
Business acquisitions in other countries (5.75% p.a.)	**33,265**	36,710
	33,265	36,710
Current	**6,605**	6,528
Noncurrent	**26,660**	30,182

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

18. Installment payment of business acquisitions--Continued

The maturities of the portion recorded in noncurrent liabilities are as follows:

	Consolidated
2020	**3,282**
2021	**6,852**
2022	**7,161**
2023 and thereafter	**9,365**
	26,660

19. Provision for labor, civil and tax risks

The Group is a party to labor and social security, civil and tax proceedings. The Group filed appeals against claims filed with courts. Judicial deposits were made when required by the authorities.

	Parent		Consolidated	
	6/30/2019	12/31/2018	6/30/2019	12/31/2018
Labor and social security (a)	**3,577**	3,880	**9,916**	10,956
Civil (b)	**964**	924	**2,849**	1,944
Tax (c)	**-**	-	**34**	-
	4,541	4,804	**12,799**	12,900

(a) Provision recognized to cover labor and social security risks arising from labor relationships established in the normal course of its businesses. As the Group is a defendant in labor lawsuits that have similar nature, that is, lawsuits with recurring content filed in general by plaintiffs who held certain positions and functions and that make claims based on common offenders, it is understood that the best estimate of the risk of loss (and consequently of the recognition of a provision) is the assessment of the historical performance based on actual losses on lawsuits of such nature. Based on the analyses performed by the Company, the historical losses of the last five (5) years were on average approximately 12% when compared with the amounts of the respective causes.

(b) The Group is a party to civil and various other lawsuits, such as, claim of economic imbalance or claims filed by suppliers/manufacturers, related to quality discounts. Management recognized a provision for lawsuits in which the risk of loss is considered probable, based on the opinion of the Company's legal counsel.

(c) The Group is exposed to risks related to challenges by tax authorities (federal, state and municipal) and, based on the opinion of its legal counsel, recognized a provision to cover probable losses for such risks.

The Group is a party to tax and civil lawsuits that, according to the opinion of its legal counsel, involve possible risk of losses amounting to R$ 73,975 in Parent and R$ 90,737 in Consolidated and, therefore, no provision for these lawsuits was recognized.

Among the main lawsuits classified as possible loss we highlight the infringement notices issued against the subsidiary Comercial Frango Assado (merged into Pimenta Verde in August 2017) in November 2012, relating to the requirement of PIS and COFINS tax credit for the period from January to December 2009. The amount involved is R$ 3,795. The lawsuit is under discussion at the administrative level.

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

19. Provision for labor, civil and tax risks--Continued

Among the main lawsuits classified as possible loss we highlight a civil lawsuit filed against International Meal Company Alimentação S.A. in December 2015, where the plaintiff alleges breach of contract and misappropriation of trade secrets. The amount involved is USD 17 million (R$ 65.7 million as of June 30, 2019). The lawsuit was filed at the Circuit Court of the 11th Judicial Circuit in and for Miami-Dade County, Florida, USA (comparing with the Brazilian jurisdiction it would mean a State Civil Court of First Instance). The Company has not yet been judicially notified in this case.

As of June 30, 2019, the Group has a total exposure related to labor lawsuits in the amount of R$ 29,432 (R$ 29,845 as of December 31, 2018) in parent and R$ 86,185 (R$ 89,602 as of December 31, 2018) in consolidated, and of this amount R$ 10,456 (R$ 16,020 as of December 31, 2018) refers to lawsuits for which the likelihood of loss was assessed as possible in Parent and R$ 31,630 (R$ 40,160 as of December 31, 2018) in consolidated.

The Group uses the average percentage of approximately 12% applied to the total amount of exposure when recognizing a provision.

The activity in the provision for risks in the periods is as follows:

	Parent			
	Labor and social security	**Tax**	**Civil**	**Total**
Balance as of December 31, 2017	3,082	-	724	3,806
Additions	1,064	53	-	1,117
Uses	(1,910)	(53)	-	(1,963)
Balance as of June 30, 2018	2,236	-	724	2,960
Balance as of December 31, 2018	3,880	-	924	4,804
Additions	**987**	**-**	**40**	**1,027**
Uses*	**(1,290)**	**-**	**-**	**(1,290)**
Balance as of June 30, 2019	**3,577**	**-**	**964**	**4,541**

	Consolidated			
	Labor and social security	**Tax**	**Civil**	**Total**
Balance as of December 31, 2017	10,181	298	2,060	12,539
Additions	3,864	53	178	4,095
Reversals	-	(125)	-	(125)
Uses of provisions for risks associated to discontinued operations	-	-	(560)	(560)
Uses	(6,441)	(204)	-	(6,645)
Exchange rate changes	-	-	102	102
Balance as of June 30, 2018	7,604	22	1,780	9,406
Balance as of December 31, 2018	10,956	-	1,944	12,900
Additions	**2,935**	**34**	**949**	**3,918**
Uses*	**(3,975)**	**-**	**(61)**	**(4,036)**
Exchange rate changes	**-**	**-**	**17**	**17**
Balance as of June 30, 2019	**9,916**	**34**	**2,849**	**12,799**

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

19. Provision for labor, civil and tax risks--Continued

(*) The uses of the provision for tax risks in the six-month period ended June 30, 2019 plus the use of the provision for agreements and installment payment of labor suits totaled R$1,072 in Parent and R$4,021 in consolidated.

Based on a decision issued by the Supreme Federal Court (STF) on March 15, 2017, of general repercussion, the ICMS (state VAT) must be excluded from the PIS and COFINS tax base. The Company filed a lawsuit in prior years claiming for the right to such exclusion, but paid normally the PIS and COFINS taxes and is therefore entitled to credit. The Company estimates that the PIS and COFINS credits related to this matter total approximately R$ 13 million, disregarding the effects of inflation adjustment.

20. Income tax and social contribution

a) Deferred income tax and social contribution

Deferred income tax and social contribution arise from recognized tax loss carryforwards and temporary differences. These tax credits are recorded in noncurrent assets and noncurrent liabilities, based on expected future earnings, as per the prevailing tax law.

As of June 30, 2019 and December 31, 2018, deferred income tax and social contribution is as follows:

	Parent	
	6/30/2019	**12/31/2018**
Tax loss carryforwards	**8,774**	6,645
Temporary differences:		
Provision for labor, civil and tax risks	**1,544**	1,633
Provision for disposal of assets	**-**	28
Deferred income tax liability on amortization of goodwill of companies acquired	**(40,768)**	(40,762)
Deferred tax liability arising from fair value allocation of business combinations	**(1,214)**	(1,555)
Accrued liabilities	**3,100**	3,614
Other temporary differences	**2,915**	2,349
	(25,649)	(28,048)
Assets	**-**	-
Liabilities	**(25,649)**	(28,048)

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

20. Income tax and social contribution--Continued

a) Deferred income tax and social contribution--Continued

	Consolidated	
	6/30/2019	**12/31/2018**
Tax loss carryforwards	**92,334**	95,385
Temporary differences:		
Provision for labor, civil and tax risks	**4,755**	4,138
Provision for disposal of assets	**1,414**	3,422
Accrued liabilities	**6,399**	8,824
Asset appreciation and difference between accounting and tax law depreciation rates	**20,951**	25,355
Deferred income tax liability on amortization of goodwill of companies acquired and merged and/or derived from fair value allocation of business combinations	**(188,888)**	(194,268)
Other temporary differences	**2,908**	(4,568)
	(60,127)	(61,712)
Assets	**9,727**	9,863
Liabilities	**(69,854)**	(71,575)
	(60,127)	(61,712)

In accordance with CPC 32, the Company, based on the expected generation of future taxable profits and based on a technical study approved by Management, recognizes the tax assets and liabilities on the deductible temporary differences and on the accumulated tax losses, which can be carried forward indefinitely and can be utilized up to the limit of 30% of the annual taxable profits. The carrying amount of the deferred tax asset and liability is reviewed quarterly and the projections are reviewed annually.

b) Realization of deferred income tax and social contribution

Based on the history of realization of assets and liabilities that gave rise to the balance of deferred income tax and social contribution, as well as the projected profit or loss for the next years, the realization schedule was estimated as follows:

	Parent	**Consolidated**
Year		
Up to 1 year	3,566	27,630
From 1 to 2 years	915	6,135
From 2 to 3 years	1,475	9,338
From 3 to 5 years	7,414	12,412
From 5 to 7 years	-	46,001
From 7 to 10 years	2,763	27,245
	16,133	128,761

As of June 30, 2019, the Group had tax loss carryforwards amounting to R$271,571 (R$280,544 as of December 31, 2018) for which it recognized deferred taxes and the amount of R$89,665 (R$60,787 as at December 31, 2018) for which no deferred taxes were recognized since until that date there were no projections of future taxable income to confirm their realization.

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

20. Income tax and social contribution--Continued

c) Reconciliation of income tax and social contribution at statutory and effective rates

	Parent	
	6/30/2019	**6/30/2018**
Profit (loss) before income tax and social contribution	**(9,263)**	696
Statutory tax rate	34%	34%
Income tax and social contribution at statutory rate	**3,149**	(237)
Adjustments made:		
Permanent differences (*)	**1,310**	(1,450)
Share of profit (loss) of investees	**3,557**	1,819
Deferred income tax credits on tax loss carryforwards not recognized	**(4,051)**	(4,511)
Other permanent differences	**(1,980)**	(161)
Income tax and social contribution	**1,987**	(4,540)
Current	**-**	(63)
Deferred	**1,987**	(4,477)
	1,987	(4,540)

	Consolidated	
	6/30/2019	**6/30/2018**
Profit (loss) before income tax and social contribution	**(6,169)**	8,190
Statutory tax rate	34%	34%
Income tax and social contribution at statutory rate	**2,097**	(2,785)
Adjustments made:		
Permanent differences (*)	**2,073**	(1,960)
Effect on differences of statutory tax rates of foreign subsidiaries	**1,630**	509
Deferred income tax credits on tax loss carryforwards not recognized	**(5,023)**	(8,466)
Others	**(1,884)**	668
Income tax and social contribution	**(1,107)**	(12,034)
Current	**(4,375)**	(4,588)
Deferred	**3,268**	(7,446)

(*) Include: (a) expenses on foreign subsidiaries' nondeductible depreciation or amortization expenses; (b) share of profit (loss) of investees expenses; (c) other nondeductible expenses; and (d) stock options.

21. Equity

a) Capital

The Company is authorized to increase capital by up to 40,584,077 common shares without par value.

As of June 30, 2019, the Company's capital comprises 166,531,600 shares that represent an amount of R$ 776,281 (R$ 876,281 as of December 31, 2018).

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

21. Equity--Continued

a) Capital--Continued

At the Extraordinary General Meeting held on October 4, 2018, the Company's Board of Directors approved the reduction of the Company's issued capital by R$ 100,000, without reduction in the number of shares, which was carried out on February 8, 2019.

b) Allocation of profit

A portion of 5% of the profit shall be deducted to recognize the legal reserve, which cannot exceed 20% of the capital.

Shareholders are entitled to a noncumulative annual dividend of at least 25% of the profit, in conformity with Article 202 of Law 6404/76.

The remaining balance, after deducting legal costs, shall be allocated as decided by the Annual Shareholders' Meeting, in conformity with applicable legislation.

In conformity with applicable legal provisions and as decided by the Annual Shareholders' Meeting, the Company may pay to its shareholders interest on capital which may be deducted from the mandatory minimum dividend.

As of December 31, 2018, Management proposed dividends to be distributed amounting to R$ 1,875, which correspond to 25% of the profit for the year after the recognition of the legal reserve.

c) Treasury shares

On September 18, 2018, the Company's Board of Directors approved the new "Program to Buy Back" shares effective until September 18, 2019 and for a volume of up to 13,000,000 (thirteen million) shares in order to increase the value generated for the shareholders.

The activity in treasury shares in the six-month period ended June 30, 2019 is as follows:

	Number of shares	Amount	Average price per share - R$
Balance as of December 31, 2018	8,557,600	51,151	5.98
(-) Stock options exercised	(1,462,000)	(8,743)	5.98
Balance as of June 30, 2019	**7,095,600**	**42,408**	**5.98**

21. Equity--Continued

d) Other comprehensive income (loss)

Refer to differences arising on translating foreign currency-denominated profit or loss calculated on the equity of foreign subsidiaries.

22. Share-based payment plan

Under the Stock Option Plan (“Stock Option Plan - 2015”), approved at the Extraordinary General Meeting held on April 30, 2015, the Company’s and its subsidiaries’ management and employees (“Beneficiaries”) are eligible to receive stock options for common shares issued by the Company (“Option”).

The granting of Options must meet the maximum limit of 8,326,580 common shares, corresponding to 5% of the Company’s capital.

The Stock Option Plan – 2015 is managed by the Company’s Board of Directors or, at its discretion, by the Compensation Committee (“Committee”), and, where applicable, its members will have full powers to, subject to the terms and conditions of the plan and, in the case of the Committee, the guidelines of the Company's Board of Directors, organize and manage the plan and the stock option agreements within its scope.

The Board of Directors or the Committee, where appropriate, will define: (a) the Beneficiaries; (b) the total number of Company’s shares subject to grant; (c) the division of grant in lots, if applicable; (d) the exercise price; (e) possible restrictions on the shares received through the exercise of the option; and (f) possible provisions on penalties, in conformity with the general guidelines set forth in the Plan, and will determine the terms and conditions of each option in a Stock Option Agreement (“Agreement”), to be entered into among the Company and each Beneficiary. The Agreement will define the number and class of shares which the Beneficiary will be entitled to acquire or subscribe upon exercise of the option and any other terms and conditions, in conformity with the general guidelines set forth in the Plan.

The exercise price is updated monthly by the fluctuation of the Extended Consumer Price Index (IPCA) or the variation of the General Market Price Index from Fundação Getúlio Vargas (IGP-M/FGV) from the grant date.

Subject to the condition of remaining in the Company, at every 12 months the Beneficiaries will acquire the right to exercise the percentage of vested options set out in each Agreement, within a maximum period of up to two years after the vesting period.

The options will be exercised through the issuance of new shares and/or disposal of treasury shares held by the Company, based on the option to be adopted by the Board of Directors or Committee.

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

22. Share-based payments--Continued

With characteristics similar to the Stock Option Plan - 2015, on October 27, 2017, the Board of Directors approved the Stock Options Plan - 2017 with option grants limited to 4,550,000 common shares, equivalent on that date to 2.73% of the Company's capital. Different from Stock Option Plan - 2015, under this plan, the beneficiaries may exercise the vested options within a maximum period of six months after the vesting period.

The position of the granted options outstanding as of June 30, 2019 is as follows:

	Number of shares					Exercise price [1]	
Exercise of grant	**Granted**	**Not exercised due to withdrawal [2]**	**Exercised**	**Outstanding**	**Fair value of the option [1]**	**On grant**	**Updated**
Stock Option Plan - 2015							
2015	2,700,000	(1,508,000)	(1,192,000)	-	4.75 [3]	-	-
2016	3,900,000	(1,067,000)	(2,633,000)	200,000	2.19	4.00	4.44
2017	4,050,000	(1,761,250)	(810,000)	1,478,750	3.22	6.28	7.10
2018	100,000	-	-	100,000	1.96	6.75	6.97
2019	350,000	-	-	350,000	4.13	6.00	6.00
	11,100,000	**(4,336,250)**	**(4,635,000)**	**2,128,750**			
Stock Option Plan - 2017							
2017	4,300,000	(720,000)	-	3,580,000	2.96	8.00	8.71
2018	900,000	-	-	900,000	1.94	6.97	7.28
	5,200,000	**(720,000)**	**-**	**4,480,000**			
	16,300,000	**(5,056,250)**	**(4,635,000)**	**6,608,750**			

(1) Amounts expressed in R$.

(2) As set out in the grant agreement, the beneficiaries who resigned and/or are terminated from the Company lose the right to exercise the non-vested options.

(3) Corresponds to the fair value of the stock option plan at the grant date, without the impact of the clauses amended in 2016.

(4) Exercise price set in amendment of March 24, 2016.

Changes in the six-month period ended June 30, 2019 in the options granted are as follows:

	Stock Option Plan - 2015	**Stock Option Plan - 2017**	**Total**
Number of options outstanding as of December 31, 2018	3,325,750	4,960,000	8,285,750
(+) Options granted in 2019	350,000	-	350,000
(-) Not exercised due to withdrawal/expired			
2018 grant	-	(10,000)	(10,000)
2017 grant	(85,000)	(470,000)	(555,000)
2016 grant	-	-	-
2015 grant	-	-	-
(-) Exercised			
2017 grant	(502,000)	-	(502,000)
2016 grant	(960,000)	-	(960,000)
2015 grant	-	-	-
Number of options outstanding as of June 30, 2019	**2,128,750**	**4,480,000**	**6,608,750**

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

22. Share-based payments--Continued

The fair value of the options was calculated on the grant date of each plan and based on the "Black & Scholes" pricing model. The effects were reflected in line item 'General and administrative expenses' in the statement of profit or loss, and in line item 'Reserve for stock option plan' in equity, as follows:

Exercise of grant	As of 6/30/2019	Amounts to be recorded in future periods (1)
Stock Option Plan - 2015		
2015	**5,659**	-
2016	**6,186**	26
2017	**6,534**	826
2018	**45**	151
2019	**51**	1,395
	18,475	2,398
Stock Option Plan - 2017		
2017	**6,396**	4,235
2018	**426**	1,319
	6,822	5,554
Total		
	25,297	7,952

(1) The weighted average of the remaining contractual period is of 25 months.

In determining the fair value of stock options, the following economic assumptions were used:

	Weighted average
Expected life of the option (1)	**3.9 years**
Volatility (2)	**41.9%**
Risk-free rate (3)	**5.1%**

(1) Represents the period in which it is believed that the options will be exercised and was determined based on the assumption that the beneficiaries will exercise their options within the limit of maturity;

(2) The estimated volatility took into consideration the weighing of the history of trading of Company shares;

(3) The Company used as risk-free interest rate the reference rate of BM&F available at the calculation date and with maturity equivalent to the option term.

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

23. Net revenue

	Parent		
Disaggregated revenue	Catering	Retail	Total
Gross revenue	**59,497**	**17,874**	**77,371**
Taxes on sales	**(5,451)**	**(1,316)**	**(6,767)**
Returns and rebates	**817**	**(37)**	**780**
Net revenue as of June 30, 2019	**54,863**	**16,521**	**71,384**
Gross revenue	70,924	19,706	90,630
Taxes on sales	(7,103)	2,664	(4,439)
Returns and rebates	(407)	(85)	(492)
Net revenue as of June 30, 2018	63,414	22,285	85,699

	Consolidated		
Disaggregated revenue	Catering	Retail	Total
Gross revenue	**89,803**	**724,709**	**814,512**
Taxes on sales	**(6,963)**	**(25,359)**	**(32,322)**
Returns and rebates	**817**	**(18,715)**	**(17,898)**
Net revenue as of June 30, 2019	**83,657**	**680,635**	**764,292**
Gross revenue	101,593	701,402	802,995
Taxes on sales	(11,420)	(17,765)	(29,185)
Returns and rebates	(408)	(13,908)	(14,316)
Net revenue as of June 30, 2018	89,765	669,729	759,494

24. Selling and operating expenses

	Parent		Consolidated	
	6/30/2019	**6/30/2018**	**6/30/2019**	**6/30/2018**
Payroll	**(3,551)**	(2,687)	**(6,311)**	(7,744)
Publicity and advertising	**(151)**	(258)	**(13,027)**	(13,939)
Variable rental expenses	**(3,222)**	(4,731)	**(36,283)**	(74,184)
Third party services	**(984)**	(1,426)	**(15,304)**	(18,259)
Credit and debit card fees	**(147)**	(120)	**(9,916)**	(9,375)
Royalties	**-**	-	**(12,009)**	(11,180)
Maintenance	**(26)**	(19)	**(8,197)**	(7,738)
Logistics	**(446)**	(538)	**(2,590)**	(2,252)
Communication infrastructure	**(165)**	(407)	**(1,516)**	(2,082)
Fees and charges	**(180)**	(168)	**(6,603)**	(5,878)
Other expenses	**(375)**	(349)	**(8,761)**	(8,855)
	(9,247)	(10,703)	**(120,517)**	(161,486)

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

25. General and administrative expenses

	Parent		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Payroll	**(18,711)**	(16,510)	**(31,169)**	(29,089)
Third party services	**(4,420)**	(3,652)	**(8,079)**	(8,372)
Travel expenses	**(378)**	(406)	**(1,346)**	(1,311)
Maintenance and utilities	**(1,014)**	(1,016)	**(1,766)**	(1,853)
Share-based payments	**(2,004)**	(4,995)	**(2,004)**	(4,995)
Store launchings	**-**	-	**(423)**	(3,429)
Expense recovery – apportionment among related parties	**17,104**	16,225	**-**	-
Expenses related to association agreement	**(3,079)**	-	**(3,079)**	-
Others	**(1,518)**	(2,528)	**(3,247)**	(4,172)
	(14,020)	(12,882)	**(51,113)**	(53,221)

26. Other operating income (expenses), net

	Parent		Consolidated	
	6/30/2019	6/30/2018	6/30/2019	6/30/2018
Other expenses:				
Loss on sale and/or write-off of PP&E	**(60)**	-	**(1,449)**	(59)
Provision for labor, civil and tax risks, net of reversals	**(1,027)**	(1,117)	**(3,918)**	(3,970)
Costs with closure of stores	**(3)**	(1,196)	**(1,386)**	(412)
Other expenses	**(178)**	-	**(1,107)**	(1,627)
	(1,268)	(2,313)	**(7,860)**	(6,068)
Other income:				
Rebates and commercial agreements	**233**	243	**1,256**	1,645
Sales of PP&E and commercial rights	**-**	-	**1,220**	10
Recovery of tax credits	**953**	738	**4,207**	1,827
Other revenues	**-**	202	**-**	435
	1,186	1,183	**6,683**	3,917
Total, net	**(82)**	(1,130)	**(1,177)**	(2,151)

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

27. Finance income (expense), net

	Parent		Consolidated	
	6/30/2019	**6/30/2018**	**6/30/2019**	**6/30/2018**
Finance income:				
Income from financial investments	**2,998**	-	**4,125**	1,736
Inflation adjustment gains	**-**	943	**-**	3,004
Exchange gains	**231**	-	**270**	-
Other finance income	**-**	225	**633**	1,873
	3,229	1,168	**5,028**	6,613
Finance expense:				
Interest on borrowings	**(8,442)**	(27)	**(13,865)**	(5,291)
Transaction cost amortization	**(2,036)**	-	**(2,036)**	-
Interest on business acquisitions	**-**	-	**(876)**	(958)
Exchange losses	**-**	(2,483)	**-**	(1,980)
Monetary losses	**(363)**	-	**(288)**	-
Interest on right of use (“lease”)	**(917)**	-	**(17,335)**	-
Inflation adjustment, interest and banking fees	**(244)**	-	**(701)**	(1,731)
Others	**(90)**	(76)	**-**	-
	(12,092)	(2,586)	**(35,101)**	(9,960)
Total, net	**(8,863)**	(1,418)	**(30,073)**	(3,347)

28. Expenses by nature

	Parent		Consolidated	
	6/30/2019	**6/30/2018**	**6/30/2019**	**6/30/2018**
Inventory costs	**(18,536)**	(22,896)	**(266,880)**	(265,463)
Personnel expenses	**(49,161)**	(51,098)	**(241,270)**	(242,571)
Selling expenses	**(151)**	(258)	**(13,027)**	(13,939)
Third party services	**(5,405)**	(5,078)	**(23,456)**	(26,747)
Operating expenses	**(10,507)**	(13,065)	**(109,769)**	(148,634)
Depreciation and amortization - Fixed and intangible assets	**(8,218)**	(8,465)	**(37,969)**	(38,298)
Depreciation of right of use	**(1,895)**	-	**(34,751)**	-
Expense recovery – related parties	**17,104**	16,225	**-**	-
Amortization of investment in joint venture	**-**	-	**(1,200)**	(1,069)
Share of profit (loss) of investees	**10,462**	5,348	**7,220**	5,881
Other expenses	**(5,395)**	(3,168)	**(18,109)**	(14,966)
	(71,702)	(82,455)	**(739,211)**	(745,806)
Classified as:				
Cost of sales and services	**(51,167)**	(58,255)	**(525,788)**	(522,124)
Selling and operating expenses	**(9,247)**	(10,703)	**(120,517)**	(161,486)
General and administrative expenses	**(14,020)**	(12,882)	**(51,113)**	(53,221)
Depreciation and amortization - Fixed and intangible assets	**(5,835)**	(5,963)	**(13,062)**	(13,787)
Depreciation of right of use	**(1,895)**	-	**(34,751)**	-
Share of profit (loss) of investees	**10,462**	5,348	**6,020**	4,812
	(71,702)	(82,455)	**(739,211)**	(745,806)

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

29. Related parties

The subsidiaries conduct intragroup purchases and apportion intragroup expenses, relating to services contracted, employees' salary and others, which have been fully eliminated in the preparation of the consolidated financial statements. Intragroup purchase transactions are carried out under conditions established between the parties. The transactions between the Company and its related parties are as follows:

a) Transactions recognized in the statement of profit or loss

	Parent	
	6/30/2019	6/30/2018
Sales transactions		
Viena Chain	**1,030**	1,029
Frango Assado	**82**	83
	1,112	1,112
Reimbursement of expenses		
Viena Chain	**14,807**	13,910
Frango Assado (Gas station)	**2,297**	2,315
	17,104	16,225

b) Assets

	Parent	
	6/30/2019	12/31/2018
Viena Chain	**12,902**	17,481
Frango Assado Chain	**3,184**	2,734
	16,086	20,215

c) Liabilities

	Parent	
	6/30/2019	12/31/2018
Tob's	**213**	751
Panama	**50,076**	58,791
	50,289	59,542

The guarantees provided by Group companies for own or related-party financing are disclosed in Note 17.

30. Compensation of key management personnel

For the three-month period ended June 30, 2019, key management compensation totaled R$ 10,155 (R$ 7,295 as of June 30, 2018) in Parent and Consolidated, out of which R$ 1,615 (R$ 3,938 as of June 30, 2018) related to the share-based payment plan. This amount was recorded in line item "General and administrative expenses". Management does not have post-retirement benefits or other short- and long-term benefits.

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

31. Insurance

The Group has an insurance policy that considers principally risk of concentration and its materiality, providing insurance coverage considered sufficient in light of the type of business and according to advice from insurance brokers.

As of June 30, 2019, insurance coverage is as follows:

	Consolidated
Civil liability	52,372
Sundry risks - inventories and property, plant and equipment	621,553
Vehicles	67,547
Others	5,970
	747,442

32. Earnings per share

Basic

Basic losses per share are calculated by dividing profit (loss) for the period by the weighted average number of common shares in the period.

Diluted

Diluted losses per share is calculated by adjusting the weighted average number of outstanding common shares, considering the conversion of all potential common shares that would result in dilution.

The table below shows the calculation of losses per share pursuant to CPC 41/IAS 33 - Earnings per Share:

	Parent and Consolidated	
	6/30/2019	**6/30/2018**
Basic and diluted numerator		
Profit for the period attributable to Company's shareholders used to calculate total basic and diluted loss per share	**(7,276)**	(3,844)
Outstanding shares:		
Basic and diluted denominator (thousands of shares)	**160,835**	162,663
Weighted average number of stock options granted	**-**	-
Weighted average number of available shares	**160,835**	162,663
Earnings (loss) per share Basic - R$	**(0.04524)**	(0.02363)
Earnings (loss) per share Diluted - R$	**(0.04524)**	(0.02363)

33. Events after the reporting period

On July 25, 2019, an Association Agreement was entered into between the Company and the Martins family, for the Company's merger of shares of MultiQSR Gestão de Restaurantes Ltda. (“MultiQSR”), indirect holder of master franchise rights for the Pizza Hut and KFC systems in Brazil.

MultiQSR, through its subsidiaries: (a) owns 11 Pizza Hut system restaurants in Brazil, and owns the exclusive right to operate and subfranchise Pizza Hut system restaurants in Brazil; (b) owns 20 KFC system restaurants in Brazil, and owns the exclusive right to operate and subfranchise KFC system restaurants in Brazil. In Brazil, MultiQSR-owned and sub-franchised restaurants amount to 187 Pizza Hut restaurants and 62 KFC restaurants.

Through the Merger, the Martins Family shall jointly receive 29,387,930 common shares issued by the Company, on that date, equivalent to 15% of the total common shares of the Company. This already considers the capital increase resulting from the Merger, when the family shall become the largest individual Company shareholder.

As a condition for the approval of the Merger with Yum!, owner of the KFC and Pizza Hut brands, the Martins Family shall transfer to Yum! on the date of the Merger, common Company-issued shares owned by it. This already considers the capital increase resulting from the Merger, equivalent to 2.08% of the Company´s total capital stock.

Also as a condition for the approval of the Merger with Yum!, the Martins Family and Yum! shall enter into two Shareholder´s Agreements, on the date of the Merger: (a) through the first, the Martins Family and Yum! undertake not to trade their Company-issued shares for the periods and under the terms and conditions set forth in such Agreement; and (b) through the second, the Martins Family and Yum! undertake to nominate candidates to the Company's Board of Directors and to exercise their voting rights at the Company's General Meetings held to elect members of the Board of Directors, in favor of those members.

A further condition for the Merger, and subject to approval at the General Meeting, a Company stock option plan for Company management shall be granted, comprising up to 4,325,000 shares, equivalent to 2.21% of the Company´s capital immediately after the implementation of the Merger, pursuant to the proposal to be presented by the Company's management.

The combination of IMC with Pizza Hut and KFC systems, if implemented, shall result in a unique food service company that, if considering 2018, would have billed more than R$ 1.8 billion in gross revenue (or approximately R$ 2.3 billion, when also considering franchisee billing), over 460 points of sale (including franchisees) (information not reviewed by the audit) and a portfolio of very strong and traditional brands such as: Frango Assado, Viena, KFC, Pizza Hut, Margaritaville, among others. The transaction thus represents the implementation of the Company's strategic objectives of continuing the process of retail food business expansion.

33. Events after the reporting period--Continued

The execution of the Merger is subject to (a) the holding of Company and MultiQSR General Meetings to approve the Merger and related matters, including the election of the new Company Board of Directors; (b) unappealable approval by the Brazil's Administrative Council for Economic Defense (CADE); (c) the signature by Yum! of the documents and agreements required for approval of the Merger with Yum! and the terms and conditions of the Company's performance as the exclusive master franchisor of the Pizza Hut and KFC system in Brazil, where the final minutes were approved by the Company's Board of Directors; and (d) other common conditions for this type of transaction.

The Company estimates that the costs and expenses for the realization of the Merger will be approximately R$ 20 million.

34. Authorization of the individual and consolidated interim financial information

The meeting of the Board of Directors held on August 13, 2019 approved and authorized for disclosure this individual and consolidated interim financial information.

Comments on the business projections

There are no comments to be reported

Other relevant information

There is no relevant information to be disclosure.

Opinion of the supervisory board or equivalent institute

Not applicable

Opinion of Executive Board on the Financial Statements

In accordance with section VI of article 25 of CVM Instruction 480, of December 7, 2009, the Board states that in the reviewed, discussed and agreed with the Company's Interim Financial Information Form (ITR), for the year end June 30, 2019.

São Paulo, August 13, 2019.

Newton Maia Salomão Alves
Chief Executive Officer

Maristela Aprecida do Nascimento
Chief Financial Officer

Opinion of Executive Board on Independent Auditor's Report

In accordance with section V of article 25 of CVM Instruction 480, of December 7, 2009, the Board states that in the reviewed, discussed and agreed with the Independent Auditors' Report on the Company's Interim Financial Information Form (ITR) , for the year end June 30, 2019.

São Paulo, August 13, 2019.

Newton Maia Salomão Alves
Chief Executive Officer

Maristela Aparecida do Nacimento
Chief Financial Officer