UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of
The Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): July 18, 2018 (May 4, 2018)

Live Nation Entertainment, Inc.

(Exact name of registrant as specified in its charter)

Delaware	001-32601	20-3247759
(State or other jurisdiction of incorporation)	(Commission File No.)	(I.R.S. Employer Identification No.)

9348 Civic Center Drive Beverly Hills, California	90210
(Address of principal executive offices)	(Zip Code)

(310) 867-7000
Registrant's telephone number, including area code:

Not Applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Explanatory Note

On May 10, 2018, Live Nation Entertainment, Inc. (the "Company") filed with the Securities and Exchange Commission a Current Report on Form 8-K (the "Original Form 8-K") in connection with the completion of the previously announced acquisition, through an indirect, wholly-owned subsidiary of the Company, of 50% of the outstanding share capital of Rock City S.A., a company incorporated in Brazil ("Rock City"). This Current Report on Form 8-K/A ("Amendment No. 1") amends Item 9.01 of the Original Form 8-K to include the audited financial statements and unaudited pro forma financial information required in connection therewith. The audited financial statements and unaudited pro forma information are filed as an exhibit hereto.

Except for the filing of the audited financial statements and pro forma financial information, Amendment No. 1 does not modify or update other disclosures in, or exhibits to, the Original Form 8-K.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The audited consolidated financial statements of Rock City and subsidiaries as of and for the years ended December 31, 2017 and 2016 and the related notes to the consolidated financial statements, together with the Independent Auditors' Report on the Consolidated Financial Statements are filed as Exhibit 99.1 to this Current Report on Form 8-K/A and incorporated by reference herein.

The unaudited consolidated financial statements of Rock City and subsidiaries as of March 31, 2018 and for the three months ended March 31, 2018 and 2017 and the related notes to the consolidated financial statements are filed as Exhibit 99.2 to this Current Report on Form 8-K/A and are incorporated by reference herein.

(b) Pro Forma Financial Information.

The unaudited pro forma consolidated balance sheet of the Company as of March 31, 2018, and the unaudited pro forma consolidated statements of operations of the Company for the year ended December 31, 2017 and the three months ended March 31, 2018, giving effect to the acquisition of a non-controlling 50% interest in Rock City, are filed as Exhibit 99.3 to this Current Report on Form 8-K/A and are incorporated by reference herein.

(d) Exhibits.

The information in the Exhibit Index of this Current Report on Form 8-K/A is incorporated into this Item 9.01(d) by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Live Nation Entertainment, Inc.

By: /s/ Brian Capo

Brian Capo

Senior Vice President and
Chief Accounting Officer

July 18, 2018

EXHIBIT INDEX

Exhibit No.	Description
2.1	Share Subscription Agreement and Other Covenants entered into as of May 1, 2018, by and among Live Nation Entertainment, Inc., Live Nation International Holdings B.V., Rock City, S.A., and Roberto Medina and certain other shareholders of Rock City, S.A. (incorporated by reference to Exhibit 2.1 of Live Nation Entertainment, Inc.'s Current Report on Form 8-K filed May 10, 2018).
23.1	Consent of KPMG LLP
99.1	Audited consolidated financial statements of Rock City, S.A. and subsidiaries for the years ended December 31, 2017 and 2016.
99.2	Unaudited consolidated financial statements of Rock City, S.A. and subsidiaries for the three months ended March 31, 2018 and 2017.
99.3	Unaudited pro forma consolidated balance sheet as of March 31, 2018 and unaudited pro forma consolidated statements of operations for the year ended December 31, 2017 and the three months ended March 31, 2018.

EXHIBIT 23.1

Consent of Independent Auditors

The Board of Directors
Rock City S.A.

We consent to the incorporation by reference in the registration statements (No. 333-190459) on Form S-3, and (Nos. 333-175139, 333-164507, 333-164494, 333-164302, 333-157664, 333-149901, 333-132949, and 333-206294) on Form S-8 of Live Nation Entertainment, Inc., of our report dated July 18, 2018 with respect to the consolidated balance sheets of Rock City S.A. as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), stockholders' equity, and cash flows for each of the years then ended, and the related notes, which report appears in the Form 8-K/A of Live Nation Entertainment, Inc. dated July 18, 2018.

/s/ KPMG Auditores Independentes
KPMG Auditores Independentes

Rio de Janeiro, Brazil

July 18, 2018

EXHIBIT 99.1

Rock City S.A. and subsidiaries

Consolidated Financial Statements as of and
for the Years ended December 31, 2017 and 2016

Content

KPMG Auditores Independentes
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Report of independent registered public accounting firm

To the Shareholders and Board of Directors

Rock City S.A.

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Rock City S.A. (the Company), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive income (loss), changes in shareholders' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Rock City S.A. and its subsidiaries as of December 31, 2017 and 2016, the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Rio de Janeiro, Brazil

July 18, 2018

/s/ KPMG Auditores Independentes
KPMG Auditores Independentes

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais)

ASSETS	December 31, 2017	December 31, 2016
CURRENT ASSETS		
Cash and cash equivalents (note 4)	8,856	8,466
Restricted cash (note 18)	—	7
Accounts receivable (note 5)	12,634	8,297
Recoverable non-income taxes (note 6)	621	1,088
Recoverable income taxes (note 7)	1,279	434
Advances to suppliers	261	476
Prepaid expenses (note 8)	10,592	7,944
Deferred tax assets (note 16.2)	—	12,670
Deferred service tax	53	802
Derivative financial instruments	69	—
Other accounts receivable	664	413
	35,029	40,597
NON-CURRENT ASSETS		
Prepaid expenses (note 8)	172	62
Deferred tax assets (note 16.2)	3,323	2,230
Related parties receivable (note 19)	186	203
Other financial assets	45	27
Equity method investments (note 9)	35	35
Property, plant & equipment, net (note 10)	21,363	15,681
Intangible assets, net (note 11)	162,714	162,747
	187,838	180,985
TOTAL ASSETS	222,867	221,582

(continued)

The explanatory notes are an integral part of these consolidated financial statements.

ROCK CITY S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais)

LIABILITIES	December 31, 2017	December 31, 2016
CURRENT LIABILITIES		
Suppliers (note 12)	13,727	3,652
Loans and financing (note 13)	15,487	34,292
Loans and financing – related parties (note 19)	113	12,065
Derivative financial instruments (note 25.2)	171	8,335
Income tax and social contribution	—	597
Other taxes payable (note 14)	756	889
Tax financing (note 15)	3,513	—
Deferred revenue (note 17)	7,203	35,229
Dividends payable	3,765	3,765
Advances from customers	261	1
Tax incentives (note 18)	210	101
Other accounts payable	1,526	1,735
	46,732	100,661
NON-CURRENT LIABILITIES		
Other liabilities – related parties (note 19)	30	25
Deferred revenue (note 17)	2,259	—
Tax financing program (note 15)	13,761	—
Deferred tax liabilities (note 16.2)	6,912	9,579
Other provisions	1,193	—
	24,155	9,604
SHAREHOLDERS' EQUITY (note 20)		
Subscribed capital	27,554	27,554
Capital reserve	53,000	53,000
Accumulated other comprehensive loss	(1,345)	(609)
Retained earnings	80,045	46,039
Attributable equity to controlling shareholders	159,254	125,984
Noncontrolling interest	(7,274)	(14,667)
Total shareholders' equity	151,980	111,317
Total liability and shareholders' equity	222,867	221,582

The explanatory notes are an integral part of these consolidated financial statements.

ROCK CITY S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais)

	Year ended December 31,	
	2017	2016
Net revenues (note 21)	294,454	83,290
Operating expenses:		
Direct operating expenses (note 22)	(206,046)	(74,788)
Selling, general and administrative expenses (note 23)	(14,437)	(22,957)
Impairment of assets (note 11)	—	(81,349)
	(220,483)	(179,094)
Operating profit (loss) before other finance (expenses) and income taxes	73,971	(95,804)
Finance income (expenses)		
Finance expenses (note 24)	(23,941)	(32,891)
Finance income (note 24)	15,622	15,051
	(8,319)	(17,840)
Profit (loss) before income taxes	65,652	(113,644)
Income tax (expense) benefit, including social contribution (note 16)		
Current	(14,696)	(567)
Deferred	(9,272)	10,225
	(23,968)	9,658
Net income (loss) for the year	41,684	(103,986)
Attributable to controlling shareholders	34,006	(98,916)
Attributable to noncontrolling interests	7,678	(5,070)

The explanatory notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais)

	Year ended December 31,	
	2017	2016
Net income (loss) for the year	41,684	(103,986)
Other comprehensive income (loss) for the year:		
Cumulative translation adjustments	(1,021)	4,343
	(1,021)	4,343
Total comprehensive income (loss) for the year	40,663	(99,643)
Comprehensive net income (loss) attributable to:		
Controlling shareholders	33,270	(96,642)
Noncontrolling interests	7,393	(3,001)
	40,663	(99,643)

The explanatory notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais)

	Subscribed capital	Capital reserve	Accumulated other comprehensive loss	Retained earnings	Equity attributable to controlling shareholders	Noncontrolling interest	Total shareholders' equity
Balance as of January 1, 2016	27,554	53,000	(2,883)	144,955	222,626	(11,666)	210,960
Loss for the year	—	—	—	(98,916)	(98,916)	(5,070)	(103,986)
Cumulative translation adjustments	—	—	2,274	—	2,274	2,069	4,343
Balance as of December 31, 2016	27,554	53,000	(609)	46,039	125,984	(14,667)	111,317
Net income for the year	—	—	—	34,006	34,006	7,678	41,684
Cumulative translation adjustments	—	—	(736)	—	(736)	(285)	(1,021)
Balance as of December 31, 2017	27,554	53,000	(1,345)	80,045	159,254	(7,274)	151,980

The explanatory notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In thousands of Brazilian Reais)

	2017	2016
Cash flows from operating activities		
Net income (loss) for the year	41,684	(103,986)
Reconciling items to income (loss) for the year:		
Depreciation and amortization	2,387	2,840
Impairment of assets	—	81,349
Deferred tax expense (benefit)	9,272	(10,225)
Derivative financial instruments (NDF)	7,583	8,335
Interest and foreign exchange variation	813	5,574
Write-off of intangible assets	—	11
Provisions	1,193	67
Pis and Cofins litigation to be paid in installments	(1,207)	—
Changes in assets and liabilities		
(Increase) / decrease in assets		
Restricted cash	7	359
Accounts receivable	(4,337)	(1,438)
Recoverable non-income taxes	(754)	(285)
Advances to suppliers	201	877
Prepaid expenses	(2,758)	(6,117)
Deferred service tax	749	(802)
Other financial assets	(32)	745
Other assets	(227)	113
Increase / (decrease) in liabilities		
Suppliers	10,075	(6,773)
Other taxes payable	(133)	1,374
Income tax payable	(592)	—
Advances from customers	260	(479)
Deferred revenue	(25,767)	24,159
Taxes financing	14,157	—
Tax incentives	109	(2,209)
Derivative financial instruments (NDF)	(11,343)	—
Other liabilities	(91)	(689)
Net cash flows provided by (used in) operating activities	41,249	(7,200)
Cash flow from investing activities		
Acquisition of property, plant & equipment	(8,570)	(354)
Net cash flows (used in) investing activities	(8,570)	(354)
Cash flows from financing activities		
Derivative financial instruments (Swap)	(4,451)	—
Proceeds from loans and financing – third parties	15,042	31,020
Proceeds from loans and financing – related parties	—	10,550
Repayment of loans and financing – third parties	(32,626)	(32,281)
Repayment of loans and financing – related parties	(10,065)	(36)
Net cash flows (used in) provided by financing activities	(32,100)	9,253
Effect of exchange variation on cash and cash equivalents	(189)	(652)
Net increase in cash and cash equivalents for the year	390	1,047
Cash and cash equivalents at the beginning of the year	8,466	7,419
Cash and cash equivalents at the end of the year	8,856	8,466
Net increase in cash and cash equivalents for the year	390	1,047
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	3,596	2,953
Income taxes	14,691	47

The explanatory notes are an integral part of these consolidated financial statements.

1. OPERATIONS

Rock City S.A. ("Rock City" or "the Company") is a non-public company, established in Rio de Janeiro, State of Rio de Janeiro, Brazil. The Company was incorporated on September 12, 2013, under the corporate name of A.H.O.S.P.E. Empreendimentos e Participações S.A., which was subsequently changed to Rock City S.A. on December 13, 2013. The Company's operations commenced on February 10, 2014, acquisition date of its subsidiary Rock World S.A. ("Rock World"). The operations of subsidiaries and equity method investments are described in Note 3.d.

The Company's business purpose, through its subsidiaries, is: (i) promotion, performance and organization of events open to the general public, which main attraction is music and may include, secondary attractions of various kinds, social activities and commercialization of food and other products, as well as services in general, carried out throughout several days and involving musical attractions, musicians or bands, in Brazil or abroad, under the name Rock in Rio (Festival Rock in Rio); (ii) creation and marketing of the cultural and artistic content related to the Rock in Rio festivals and/or the use of the Rock in Rio brands; (iii) licensing and/or transfer of rights to use the Rock in Rio brand and other brands related to it; (iv) management of loyalty program that uses the Rock in Rio brand (Rock in Rio Club); and (v) marketing campaigns related to the festivals and to the Rock in Rio brands.

The results of operations during the years 2016 and 2017 are mainly related to the Rock in Rio festivals held in Lisboa (Portugal) in May and June 2016 and in Rio de Janeiro (Brazil) in September 2017, respectively. In addition, the Company entered into transactions related to the promotion of Rock in Rio festivals to be held in Lisboa during June 2018, as well as the festival to be held on Rio de Janeiro (Brazil) in 2019.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The accompanying consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and include the accounts of the Company and its subsidiaries.

U.S. GAAP differs in certain respects from International Financial Reporting Standards (IFRS), as issued by International Financial Reporting Standards Board (IASB) and accounting practices adopted in Brazil, applied by the Company in its statutory financial statements prepared to comply with the Brazilian Corporate Law and used as basis for profit distribution.

b) Measurement basis

The consolidated financial statements were prepared based on the historical cost, except for financial instruments measured at fair value, such as derivatives.

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires that the Company make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the year they are revised and in any future periods which may be affected. Given the uncertainties inherent in the estimation process and the use of judgments, actual amounts of settlement of transactions may differ significantly from the amounts recorded in the consolidated financial statements.

The consolidated financial statements include, therefore, estimates of the useful lives and recoverable amount of long-lived assets, with respect to the need and the amount of provisions for contingencies, the valuation allowance of deferred tax assets, evaluation of impairment of assets (including accounts receivable) and fair value valuation of derivative financial instruments. Significant estimates and assumptions related to financial instruments used in preparing these consolidated financial statements are presented in Note 25.

d) Functional and reporting currency

The consolidated financial statements are presented in Brazilian Reais ("R$"), the Company's functional currency. The functional currency of an entity is the currency of the primary economic environment where it operates. By defining the functional currency of each subsidiary, Management considered which currency significantly influences the sales price of its products and services and the currency in which most of the costs is paid or incurred. The subsidiaries in Europe use the Euro as their functional currency and the subsidiaries in the United States of America use the U.S. dollar ("US$") as their functional currency.

e) Seasonality

Due to the seasonal nature of performance of the festivals, the Company experiences higher revenue in the periods when the festivals occur. The Company's seasonality also results in higher balances in cash and cash equivalents, trade accounts receivable, prepaid expenses, accounts payable to suppliers and deferred revenue for the Company at different times in the year. The list of festivals promoted in 2017 and 2016 and scheduled for the next year is presented in Note 1.

f) Subsequent events

Events subsequent to December 31, 2017 were evaluated until the issuance of the consolidated financial statements, which occurred on July 18, 2018.

2.1. Significant accounting policies

The accounting policies described below have been consistently applied to all years presented in these consolidated financial statements:

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries listed in Note 3 in which the Company directly has either a majority of the equity of the subsidiary or otherwise has controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation.

b) Translation of balances denominated in foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency of the entity in which transaction is being held, using the exchange rate in effect on the date of the corresponding balance sheets. Exchange rate gains and losses resulting from the translation of these assets and liabilities from the date of the transactions to the end of the period are recognized as finance income or expenses in the statements of operations.

As of December 31, 2017, US$ 1 was equivalent to R$ 3.3080 (R$ 3.2591 as of December 31, 2016) and EUR 1 was equivalent to R$ 3.9693 (R$ 3.4384 as of December 31, 2016).

(i) Subsidiaries abroad

Assets and liabilities of foreign operations are translated from their functional currency (Euro or U.S. dollar) into Brazilian reais (Company's functional currency) at the exchange rates as of the reporting dates. Revenues and expenses of foreign operations are translated into Brazilian reais based on the average exchange rate.

Foreign currency differences from the translation into the presentation currency are recognized in other comprehensive income (loss) and presented in shareholders' equity in accumulated other comprehensive income (loss). However, if the subsidiary is not a wholly owned, the corresponding portion of the translation difference is attributable to non-controlling interests.

c) Cash and cash equivalents

Cash and cash equivalents include cash, checking account balances and financial investments with original maturities of 90 days or less and with insignificant risk of change in market value.

d) Restricted cash

The balance of restricted cash is comprised by amounts received from tax incentives and not yet disbursed, deposited and held in an escrow account or a financial investment, each related to a specific project, with a financial institution determined by each public agency. These funds can only be used in the specific project to which they were intended.

e) Accounts receivable

The balance of accounts receivable is comprised primarily of receivables relating to sponsorship contracts signed and tickets sold. Receivables are recognized at amortized cost, less impairment losses on these receivables, which are calculated based on the historical experience and detailed assessment of the collectability of accounts receivable.

f) Prepaid expenses

Mainly related to amounts disbursed in advance, being allocated to the statements of operations as the corresponding events occur (i.e. artist fees, event production, commission on ticket sales, etc.). Management reviews the carrying amount of these assets periodically to determine and measure impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

g) Property, plant & equipment, net

Fixed assets items are recorded at historical acquisition or construction cost, less corresponding accumulated depreciation calculated using the straight-line method based on the assets estimated useful lives, as mentioned in Note 10.

Expenses incurred in repairs, renovations or replacement of parts of fixed asset items when they represent an increase in the fixed asset item's efficiency, productivity and/or useful life, are added to the Property, plant & equipment. In such cases, the cost and corresponding accumulated depreciation of the replaced items are written off.

The Company reviews indication of impairment triggers of property, plant & equipment items at least annually (or when there are indicators to perform a review in an earlier date) to identify evidence that indicate the need to change prior estimates. This evidence can include economic events, changes in business or technology, or the way the item is being used, among other factors. When evidence is identified and the net carrying amount exceeds the recoverable amount, an impairment charge is recorded.

h) Equity method investments

In the consolidated financial statements, the Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

i) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

j) Impairment of long lived assets

Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

k) Income taxes

Deferred taxes are recognized for operating loss carryforwards and temporary differences between the amounts of the assets and liabilities presented on the balance sheet and the corresponding income tax bases, applying the corresponding tax rate enacted for the period when the Company expected that each difference will reverse, and are presented net of any valuation allowance. Deferred taxes are classified as current or non-current on the balance sheet for the period ended December 31 2016, prior to the adoption of ASU 2015-17.

The Company reassesses annually the amounts of deferred tax assets, in order to conclude whether they are expected to be realizable, considering the expected generation of future taxable income approved by Company's management.

(i) Brazilian income tax and social contribution tax

For companies in Brazil, income tax and social contribution are calculated based on income (loss) for the year, adjusted to arrive at taxable income by additions and exclusions established in the current legislation. To calculate the income tax a 15 percent rate is applied, plus an additional 10 percent on taxable income exceeding R$ 240, while for social contribution on income a 9 percent rate is levied on taxable income, resulting in a combined rate of 34 percent.

In Brazil, the annual tax returns are subject to review and assessment by the tax authorities for five years after period when the tax return is filed.

(ii) Corporate Income Tax (IRC) - Europe

For companies in Europe (Portugal and Spain), income tax is determined taking into account the provisions of the Corporate Income Tax Code on the Legal Entities' Income. Payment of Corporate Income Tax is made on the basis of self-liquidation statements, which are subject to reviews, corrections and possible adjustments by the tax authorities during the period of four years counting from the year they refer to, except when there are tax losses, tax benefits might have been granted or there are ongoing inspections, claims or challenges, where, depending on the circumstances, the periods are extended or suspended.

In the calculation of deferred tax assets relating to income tax losses in Portugal and Spain, are being considered the income tax rates of 21 and 25 percent, respectively, and the maximum recoverable term permitted by these jurisdictions. For the deductible or taxable temporary differences, the same tax rates mentioned above are being considered for those companies.

(iii) Income taxes in the United States of America

Income tax expense represents the amount of income tax the Company has recognized based on the Company's current year activity. In the current year, the Company had a loss that is currently not more-likely-than-not to be realized. Therefore there is no income tax benefit recognized.

During 2016 and 2017, the United States imposes a system of progressive tax rates on income, with federal income tax rates ranging from 15 percent to 35 percent of net taxable income. The incremental rate of 35 percent is not used until net taxable income reaches US$ 10 million. The U.S. federal income tax rate is 21 percent for 2018 and subsequent years. The losses calculated by the Company in one fiscal year can be offset against profits calculated in subsequent years. If the profit calculated exceeds the accumulated losses, the tax will be calculated on the net profit, after offsetting the losses from previous years.

(iv) Uncertainty in income taxes

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50 percent likely of being realized.

(v) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for operating loss carryforwards and for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their respective tax bases, and are presented net of valuation allowance.

The Company reassesses the amounts recorded for deferred tax assets at each reporting date in order to conclude whether it is more likely than not that they are realizable, taking into account the estimated generation of future taxable income approved by Management. Deferred tax assets are reduced by a valuation allowance to the amount more likely than not to be realized.

l) Revenue recognition

Revenue is measured at the fair value of the received or receivable consideration, net of trade discounts. Revenue is recognized when: (i) significant risks and rewards have been transferred to the buyer; (ii) it is likely that the financial economic benefits will flow to the Company; (iii) associated costs and possible return of goods can be reliably estimated; (iv) there is no ongoing involvement with the goods sold; and (v) the amount of revenue can

be reliably measured. If it is likely that discounts will be granted and the amount can be reliably measured, then the discount is recognized as a reduction of revenues as sales are being recognized.
Revenues from tickets sold, which have their origin in the sale of tickets online or at the point of sale, are recognized upon the delivery of services, i.e., when the festival occur.

Revenues from sponsorship contracts are recognized on completion and/or delivery of each of the most significant benefits from the contract, i.e., when the festival occur.

Revenues from tickets sold and sponsorships before the event are recorded as deferred revenues within liabilities.

In addition to the revenues described above, Company has other revenues such as licensing and loyalty program named Rock in Rio Club, that are deferred as liability and recognized when the festivals occur.

m) Direct operating expenses

Direct operating expenses include artist performance fees and travel expenses, technical production, show-specific marketing and advertising expenses, show-related production expenses, depreciation and other costs related to producing the events. These expenses are primarily variable in nature.

n) Selling, general and administrative expenses

Selling, general and administrative expenses include salaries and wages related to employees, legal, consulting and other professional fees, rent, depreciation of administrative fixed assets and other expenses.

o) Finance income (expenses)

Other finance income comprises primarily the gains on financial investments, increase in fair value of financial assets and gains on monetary and/or exchange rate variations on financial assets and liabilities.

Other finance expenses comprise primarily interest, monetary and exchange variation losses on financial assets and liabilities, decrease in fair value of financial assets and impairment losses on financial assets.

p) Other current and noncurrent assets and liabilities

An asset is recognized on the balance sheet when it is likely that future economic benefits will be generated for the Company and its cost or amount can be reliably measured.

A liability is recognized on the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is likely that an economic outflow of funds will be required to settle it. Provisions are recorded based on the best estimate of the risks involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next twelve months. Otherwise they are classified as noncurrent.

q) Financial instruments

Financial instruments, as defined in the FASB Accounting Standards Codification, consist of cash, and contracts that both (i) impose on one entity a contractual obligation to deliver cash or another financial instrument to a second entity, or to exchange other financial instruments on potentially unfavorable terms with the second entity, and (ii) conveys to that second entity a contractual right (a) to receive cash or another financial instrument from the first entity, or (b) to exchange other financial instruments on potentially favorable terms with the first entity.

Derivative financial instruments, as defined in the FASB Accounting Standards Codification, consist of financial instruments or other contracts that contain a notional amount and one or more underlying (e.g. interest rate, security price or other variable), require no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. Derivative financial instruments were measured at fair value and recorded as assets or liabilities. Fair value represents the price at which the property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

Financial instruments are only recognized from the date on which the Company becomes party to the contractual provisions of the financial instruments. They are initially recorded at fair value plus transaction costs that are directly attributable to the acquisition, except for financial assets and liabilities classified at fair value through profit or loss, where such costs are directly recorded in the statement of operations for the year. They are subsequently measured at each balance sheet date in accordance with the rules established for each type of financial assets and liabilities classification.

Unsecured bank overdrafts which have to be paid when required and are an integral part of the Company's cash management are excluded from cash and cash equivalents for purposes of the statement of cash flows and presented as a loan.

r) Fair value of financial instruments

The Company values its assets and liabilities using the methods of fair value as described in ASC 820, Fair Value Measurements and Disclosures. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of the assets and liabilities are presented in Note 25.2.

s) Lease contracts

Leases are classified as capital leases whenever the terms of lease transfer substantially all the risks and benefits of the property to the lessee, with the other leases being classified as operating leases. This classification is made at inception of the lease and is not revised unless the lease agreement is modified. Payments made on operating leases are recorded in statement of operations on a straight-line basis over the lease term.

t) Tax incentives

Government grants, which are related to cash incentives to support cultural activities promoted by the Company, are recognized in the statements of operations when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in the statement of operations on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are recorded as a reduction of the corresponding costs of services rendered.

u) Recent accounting standards updates

During 2017, several accounting standards updates were in effect. The Company and its subsidiaries are not listed entities, therefore the standards listed below are being implemented with a one year deferral option. The adoption of the updates did not result in any significant changes in the consolidated financial information.

In May 2014 (with posterior changes and amendments through Accounting Standards Updates - ASU), the Financial Accounting Standards Board ("FASB") issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under US GAAP. The amendments in this Update create Topic 606. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the guidance effective date by one year, but will allow early adoption as of the original adoption date. This new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, and can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. The Company will adopt this standard on January 1, 2019, and it is currently assessing which implementation method it will apply and the impact its adoption will have on its financial position and results of operations.

In November 2015, the FASB has issued Accounting Standards Update (ASU) No. 2015-17, "Balance Sheet Classification of Deferred Taxes," Under the ASU, organizations that present a classified balance sheet are required to classify all deferred taxes as noncurrent assets or noncurrent liabilities. For public business entities, the ASU is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. For all other entities, the ASU is effective for annual periods beginning after December 15, 2017, and interim periods within annual periods beginning after December 15, 2018. The Company adopted the ASU prospectively and reclassify all the deferred taxes balances disclosed in current assets as non-current assets for the year ended December 31, 2017.

In February 2016, the FASB has issued Accounting Standards Update (ASU) No. 2016-02. The amendments in this Update create Topic 842, Leases, and supersede the leases requirements in Topic 840, Leases. Topic 842 specifies the accounting for leases. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, for public business entities. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in this Update is permitted for all entities. The Company has not yet assessed the financial impact of this new pronouncement on its financial position and results of operations, which will require that a lease obligation (see disclosure of lease transactions in note 27) to be recognized in the balance sheet.

In November 2016, The FASB has issued ASU 2016-18 - Statement of Cash Flows (Topic 230): Restricted Cash. The amendments in this Update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The amendments in this Update apply to all entities that have restricted cash or restricted cash equivalents and are required to present a statement of cash flows under Topic 230. The amendments in this Update are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. For all other entities, the amendments are effective for fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019. When adopted, this ASU will require the Company the inclusion of changes in restricted cash (please refer to the amounts presented in note 18) in the presentation of changes in cash flows.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350)—Simplifying the Test for Goodwill Impairment*. ASU 2017-04 simplifies the accounting for goodwill impairments by eliminating the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test referenced in Accounting Standards Codification 350, *Intangibles - Goodwill and Other* ("ASC 350"). As a result, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit's fair value. However, the impairment loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2019, including any interim impairment tests within those annual periods, with early application permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. On January 2017, the Company elected to early adopt ASU 2017-04, and the adoption had no impact on the consolidated financial statements. The Company will perform future goodwill impairment tests according to ASU 2017-04.

3. CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PROCEDURES

a) Subsidiaries

The subsidiaries' financial information is included in the consolidated financial statements from the date that control commences until the date that control ceases to exist. The subsidiaries' accounting policies are in line with the policies adopted by the Company.

(In thousands of Brazilian Reais)

The consolidated financial statements include the financial information of Rock City S.A. and the following subsidiaries:

Subsidiary	Percentage of interest 2017	2016
Direct subsidiary		
Rock World S.A. (Brazil)	80%	80%
Indirect subsidiaries		
Better World – Comunicação, Publicidade e Entretenimento, S.A. (Portugal) (1)	80%	80%
Rock In Rio Madrid S.A. (Spain) (2)	48%	48%
Better World, Sociedad Unipessoal, SL (Spain) (3)	80%	80%
Rock in Rio USA, Inc. (United States) (1)	80%	80%
Rock World USA LLC (United States) (4)	48%	48%

(1) Wholly-owned subsidiaries of Rock World S.A.
(2) Direct subsidiary (60%) of Better World – Comunicação Publicidade e Entretenimento, S.A.
(3) Wholly-owned subsidiary of Better World – Comunicação Publicidade e Entretenimento, S.A.
(4) Direct subsidiary (60%) of Rock in Rio USA, Inc.

b) Intercompany balance and transactions

Intercompany balances and transactions, and any unrealized income and expenses deriving from intragroup transactions, are eliminated when preparing the consolidated financial statements. Unrealized gains arising from transactions with investees recorded using the equity accounting method are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way that unrealized gains are eliminated, but only to the extent that there is no evidence of impairment loss.

c) Equity method investments

Equity method investments are those entities in which the Company, directly or indirectly, has significant influence but no control or joint control over the financial and operating policies. Significant influence generally occurs when the Company, directly or indirectly, holds between 20% and 50% of the entity's voting power.

The consolidated financial statements include the Company's share in the income or loss for the period and other comprehensive income (loss) of the investee, after making adjustments to align the investee's accounting policies with those of the Company, as from the date on which significant influence begins existing up to the date that significant influence ceases to exist.

When the Company's share of losses of an investee exceeds its interest in that entity, the carrying amount of the investment recorded by the equity accounting method is reduced to nil and recognition of additional losses is discontinued, except when the Company has legal or constructive obligations or has made payments on behalf of the investee, in which case, a provision for loss on investments is established.

(In thousands of Brazilian Reais)

As of December 31, 2017 and 2016, the Company has the following equity method investments:

	Percentage of interest	
Equity method investee	2017	2016
Rock Official Comércio de Roupas Ltda. (Brazil)	50%	50%

d) Operation of subsidiaries and equity method investments

In 2012 Rock World became the holder of 100% of the shares of Better World, a Portuguese company, incorporated in 2003, engaged in the promotion, production and performance of music and arts shows and alike, not limited to the production of live events.

Also in 2012, Rock World acquired 50% of the shares of Rock Official Comercio de Roupas Ltda, which has the purpose of developing and selling official products of the "Rock in Rio" brand.

In February 3, 2014, the Company founded a wholly-owned subsidiary in the United States of America, Rock in Rio USA, Inc. (a Delaware Corporation), which purpose is the promotion editions of Rock in Rio events in that country, the first one held in Las Vegas (Nevada) in May 2015. In March 25, 2014 an indirect subsidiary was founded, Rock World USA, LLC, which is 60% owned by Rock in Rio USA, Inc., and has the purpose of promoting the Rock in Rio event in Las Vegas.

The amounts and changes in the equity method investments during the year are presented in Note 9.

4. CASH AND CASH EQUIVALENTS

As of December 31, 2017 and 2016 the balance of cash and cash equivalents is comprised as follows:

	2017	2016
Cash	124	80
Bank deposits	7,400	3,913
Financial investments	1,332	4,473
	8,856	8,466

Financial investments consist of investments in fixed income investment funds with high liquidity. The interest on these investments are substantially based on the percentage change of the Brazilian Interbank Deposit Certificate (CDI) and are immediately convertible into cash.

(In thousands of Brazilian Reais)

5. ACCOUNTS RECEIVABLE

As of December 31, 2017 and 2016 the balance of accounts receivable is as follows:

	2017	2016
Tickets to receive payment installment credit card	4,446	—
Sponsorships receivable	7,887	7,815
Other accounts receivable from customers	347	528
	12,680	8,343
(-) Allowance for doubtful accounts	(46)	(46)
	12,634	8,297

The allowance for doubtful accounts is based on the analysis of the loss history monitored by management and is recorded in an amount considered sufficient to cover probable losses on the realization of accounts receivable.

Changes in the allowance for doubtful accounts in the year were as follows:

	2017	2016
Opening balance	(46)	—
Provision recorded during the year	—	(46)
	(46)	(46)

The aging of these receivables is as follows:

	2017	2016
Due	5,147	4,134
Past due:		
Up to 30 days	312	271
From 31 to 60 days	4,226	364
From 61 to 90 days	85	1,568
Over 90 days	2,910	2,006
	12,680	8,343

(In thousands of Brazilian Reais)

6. RECOVERABLE NON-INCOME TAXES

As of December 31, 2017 and 2016 the balance of recoverable non-income taxes is as follows:

	2017	2016
COFINS - Contribution for Social Security Financing (a)	165	637
PIS - Social Integration Program (a)	135	145
Other recoverable non-income taxes	321	306
	621	1,088

(a) The balances of PIS and COFINS are related to credits measured on the non-cumulative method over cost of services and other inputs.

7. RECOVERABLE INCOME TAXES

As of December 31, 2017 and 2016 the balance of recoverable income taxes is as follows:

	2017	2016
Withholding income tax over financial investments	—	52
Withholding and prepaid income tax and social contribution (a)	30	382
Income tax recoverable - Portugal	575	—
Income tax recoverable – Brazil	534	—
Social contribution on income recoverable – Brazil	140	—
	1,279	434

(a) The income tax and social contribution recoverable relate to advance payments made during the year for amounts greater than the income tax and social contribution calculated for the year and withholding income taxes.

(In thousands of Brazilian Reais)

8. PREPAID EXPENSES

Refer primarily to amounts paid in advance and allocated to the statement of operations at the time the event occurs. As of December 31, 2017 and 2016, the balance is composed as follows:

	2017	2016
Artists fees	7,054	3,863
Professional services	524	2,969
Event production	—	854
Specialized services	1,897	—
Commission on ticket sales	971	—
Other	318	320
	10,764	8,006
Classified as:		
Current	10,592	7,944
Non-current	172	62
	10,764	8,006

9. EQUITY METHOD INVESTMENTS

Below is summarized information about the equity method investments of the Company:

9.1. Investments breakdown

	Shareholders' Equity (Deficit)		Investment balance	
	2017	2016	2017	2016
Rock Official (a)	(411)	(282)	35	35
Total			35	35

(a) The investment balance of Rock Official includes an amount of R$ 35 related to the goodwill on acquisition of this interest.

9.2. Summarized financial information of equity method investments

	December 31, 2017			
	Assets	Liabilities	Shareholders' deficit	(Loss) for the year
Rock Official	79	490	(411)	(129)

(In thousands of Brazilian Reais)

	December 31, 2016			
	Assets	Liabilities	Shareholders' equity	Net income for the year
Rock Official	80	362	(282)	(121)

9.3. Changes in equity method investments for the period

	Balance as of December 31, 2016	Income from equity method investments	Distribution of dividends	Balance as of December 31, 2017
Rock Official	35	—	—	35
	35	—	—	35

	Balance as of December 31, 2014	Income from equity method investments	Distribution of dividends	Balance as of December 31, 2017
Rock Official	36	(1)	—	35
	36	(1)	—	35

10. PROPERTY, PLANT & EQUIPMENT, NET

The Company's fixed assets are comprised as follows:

a) Property, plant & equipment breakdown

	Annual Depreciation rate	2017 Cost	2017 Accumulated depreciation	2017 Net	2016 Cost	2016 Accumulated depreciation	2016 Net
Furniture and fixtures	10-12%	1,585	(1,071)	514	1,488	(864)	624
Machinery and equipment	10%	12,319	(2,896)	9,423	10,879	(1,709)	9,170
Electronic equipment	12-25%	2,631	(1,948)	683	2,410	(1,549)	861
Facilities	10%	62	(31)	31	62	(25)	37
Transport equipment	25%	489	(489)	-	440	(440)	—
Leasehold improvements	20%	9,490	(2,166)	7,324	2,056	(1,392)	664
Containers	10%	3,625	(1,016)	2,609	3,571	(641)	2,930
Scenography	5%	1,164	(646)	518	1,147	(407)	740
Other	10%	668	(424)	244	648	(293)	355
Construction in progress		17	-	17	300	-	300
		32,050	(10,687)	21,363	23,001	(7,320)	15,681

The improvements on third party properties are depreciated during the term of the related lease contracts.

(In thousands of Brazilian Reais)

b) Changes in historical cost

	Balance as of Dec 31, 2016	Additions	Translation adjustments	Balance as of Dec 31, 2017
Furniture and fixtures	1,488	5	92	1,585
Machinery and equipment	10,879	1,372	68	12,319
Electronic equipment	2,410	50	171	2,631
Facilities	62	—	—	62
Transport equipment	440	—	49	489
Leasehold improvements	2,056	7,426	8	9,490
Containers	3,571	—	54	3,625
Scenography	1,147	—	17	1,164
Other	648	—	20	668
Construction in progress	300	(283)	—	17
	23,001	8,570	479	32,050

	Balance as of Jan 1, 2016	Additions	Translation adjustments	Balance as of Dec 31, 2016
Furniture and fixtures	1,678	—	(190)	1,488
Machinery and equipment	11,783	—	(904)	10,879
Electronic equipment	2,876	—	(466)	2,410
Facilities	62	—	—	62
Transport equipment	544	—	(104)	440
Leasehold improvements	2,110	54	(108)	2,056
Containers	4,279	—	(708)	3,571
Scenography	1,374	—	(227)	1,147
Other	779	—	(131)	648
Construction in progress	—	300	—	300
	25,485	354	(2,838)	23,001

The depreciation expense was R$ 2,387 for the year ended December 31, 2017 (R$ 2,840 for the year ended December 31, 2016).

The Company assessed and did not identify impairment indicators for any period presented. Company's management understands that the recovery of funds invested in the acquisition of fixed assets is probable through future cash flows from its use in the operations.

(In thousands of Brazilian Reais)

11. INTANGIBLE ASSETS, NET

	2017	2016
"Rock in Rio" trademark acquired in a business combination	28,174	28,174
Goodwill – Rock World acquisition	134,343	134,343
Others	197	230
	162,714	162,747

	Balance as of Jan 1, 2016	Impairment recognized	Other changes	Balance as of Dec 31, 2016	Other changes	Balance as of Dec 31, 2017
Trademark	28,174	—	—	28,174	—	28,174
Goodwill	215,692	(81,349)	—	134,343	—	134,343
Other	249	—	(19)	230	(33)	197
	244,115	(81,349)	(19)	162,747	(33)	162,714

The recoverable amount of the Rock World reporting unit (where the goodwill was allocated) was determined based on the discounted future cash flows to be generated by the continuous use of this reporting unit. At December 31, 2016, the carrying amount of this reporting unit was greater than its recoverable amount of R$ 137,384 and therefore, an impairment loss of R$ 81,349 was recognized. The impairment loss was allocated to the goodwill, as shown below. At December 31, 2017, the carrying amount of the reporting unit is lower than its recoverable amount and, therefore, there was no recognition of new impairment by the Company.

	2017	2016
Goodwill - Rock World acquisition	215,692	215,692
"Rock in Rio" trademark acquired in a business combination	28,174	28,174
Investment (Provision for losses on investments)	6,414	(25,133)
Impairment recognized in previous years	(81,349)	—
Asset group carrying amounts	168,931	218,733
Fair value amounts based on future cash flows	230,748	137,384
Impairment of assets recognized in that year	—	(81,349)

The main assumptions used in estimating the value in use are presented as follows

	2017	2016
Discount rate	16.9%	16.0%
Projected EBITDA growth rate	20.7%	37.0%
Growth rate in perpetuity	4.0%	4.6%

(In thousands of Brazilian Reais)

The discount rate is an after-tax rate based on 10-year government bonds issued in the relevant market and in the same currency as the projected cash flows, adjusted by a risk premium that reflects the additional risks of equity investments and the specific risks of the reporting unit.

Six years of cash flows were included in the discounted cash flow model, based on management's best estimate, in which understands reasonable to consider the occurrence of six festivals, three of them to be held in Lisboa (Portugal) and the remaining three in Rio de Janeiro (Brazil). A perpetuity growth rate was determined by the lower of the nominal gross domestic product (GDP) of the countries where the reporting unit operates and the long-term compound annual growth rate of EBITDA (earnings before interest, taxes, depreciation and amortization) projected by the Company.

Projected EBITDA is based on expectations of future results, taking into account past experience, adjusted for expected revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past few years, the estimated sales volume and the price increase for the next six years.

The analysis of the recoverable amount of the "Rock in Rio" trademark was determined based on the discounted future cash flows applying a royalty discount rate. Benchmark comparable licenses were considered to determine the royalty discount rate. At December 31, 2017, the recoverable amount was greater than the carrying amount of R$ 28,174 and, therefore, no impairment loss was recognized.

The discount rate is an after-tax rate based on 10-year government bonds issued in the relevant market and in the same currency as the projected cash flows for six years (and IPCA index was considered for the subsequent years), adjusted by a risk premium of 1% that reflects the additional risk.

12. SUPPLIERS

As of December 31, 2017 and 2016 the aging of accounts payable to suppliers is as follows:

	2017	2016
Due	8,355	727
Past due:		
Up to 30 days	1,158	840
From 31 to 60 days	139	7
From 61 to 90 days	786	65
Over 90 days	3,289	2,013
	13,727	3,652

(In thousands of Brazilian Reais)

13. LOANS AND FINANCING

As of December 31, 2017 and 2016 the balance of loans and financing is as follows:

Financial institution	Interest per year	Due date	Amount in foreign currency	Amount in R$ 2017	Amount in R$ 2016
Itau/Unibanco	Floating	Overdraft	n.a	—	5,021
Itau/Unibanco	7.0%	April 2018	US$3,082	10,325	—
BTG Pactual	Floating	September 2018	n.a	5,162	—
Itau/Unibanco	8.3%	March 2017	US$5,691	—	19,494
BTG Pactual	7.9%	March 2017	US$3,000	—	9,777
				15,487	34,292

All loans and financing obligations of the Company and its subsidiaries are converted into the presentation currency (Real) when received in other currencies

On loans with Itaú/Unibanco, two shareholders of the Company appear as joint debtors (guarantors).

14. OTHER TAXES PAYABLE

The balance of other taxes payable as of December 31, 2017 and 2016 is comprised as follows:

	2017	2016
Withholding income tax	145	59
Social security contributions	62	45
COFINS - Contribution for Social Security Financing	387	20
PIS - Social Integration Program	77	2
Service tax	3	717
Other	82	46
	756	889

15. TAX FINANCING

In 2017, the Company financed the PIS and Cofins taxes on revenues related to the 2017 Rock in Rio, which will be paid in 60 monthly installments starting January 2018, and will include interest equivalent to the Brazilian basic interest rate (SELIC).

(In thousands of Brazilian Reais)

16. INCOME TAXES, INCLUDING SOCIAL CONTRIBUTION

16.1 Reconciliation of income taxes

The reconciliation of income taxes expense recognized in the statements of operations for the years ended December 31, 2017 and 2016 is as follows:

	2017	2016
Profit (loss) before income taxes	65,652	(113,644)
Nominal rate	34%	34%
Income taxes (expense) benefit at nominal rate	(22,322)	38,639
Effect of different rates of foreign subsidiaries	(494)	106
Adjustments to obtain effective rate:		
Non-deductible expenses	(1,134)	—
Impairment of goodwill	—	(27,659)
Effect of decrease in USA tax rate	(10,891)	
Valuation allowance	9,975	(830)
Others	898	(598)
Income tax (expense) benefit for the year	(23,968)	9,658
Current	(14,696)	(567)
Deferred	(9,272)	10,225
Effective income tax rate for the year	37%	8%

For the years ended December 31, 2017 and 2016, profit (loss) from continuing operations before income taxes consists of the following:

	2017	2016
Brazilian operations	72,811	(113,288)
Foreign operations	(7,159)	(356)
	65,652	(113,644)

(In thousands of Brazilian Reais)

Income tax income (expense) attributable to profit (loss) from continuing operations consists of:

	Year ended December 31, 2017		
	Current	Deferred	Total
Federal – Brazil	(14,565)	(10,003)	(24,568)
Foreign jurisdictions	(131)	731	600
	(14,696)	(9,272)	(23,968)

	Year ended December 31, 2016		
	Current	Deferred	Total
Federal – Brazil	—	10,615	10,615
Foreign jurisdictions	(567)	(390)	(957)
	(567)	10,225	9,658

Each year the Company and subsidiaries file income tax returns. We are open to income tax examinations until the applicable statute of limitations expire. The statute of limitations has expired for periods ending before 2013 in Brazil, Spain and Portugal and for periods ending before 2015 in the United States. Positions challenged by the taxing authorities may be settled or appealed by the Company.

(In thousands of Brazilian Reais)

16.2 Composition of deferred tax assets and liabilities

The composition of deferred tax assets and liabilities balance as of December 31, 2017 and 2016 is as follows:

	2017	2016
Deferred tax assets		
Tax loss carryforwards:		
Rock World S.A. (Brazil) (a)	1,549	7,757
Better World S.A. (Portugal)	3,323	2,230
Rock in Rio USA, Inc. (United States)	16,336	26,319
Rock in Rio Madrid (Spain)	10,511	10,503
Temporary differences:		
Deferred revenue	—	1,138
Derivative financial instruments	—	2,834
Others	1,118	941
Total gross deferred tax assets	32,837	51,722
Less valuation allowance	(26,847)	(36,822)
Net deferred tax assets	5,990	14,900
Deferred tax liabilities		
Temporary differences:		
Intangible assets (a)	9,579	9,579
Deferred tax liabilities	9,579	9,579
Total net deferred tax assets classified as:		
Current	—	12,670
Non-current	3,323	2,230
	3,323	14,900
Total net deferred tax liabilities classified as:		
Current	—	—
Non-current	6,912	9,579
	6,912	9,579

(a) These assets were presented in the balance sheet net of deferred tax liabilities, since Rock World S.A. (Brazil) is the beneficial owner of the intangible assets. The deferred tax liabilities amount R$ 9,579 in 2017 and in 2016. Therefore, the net amount of the deferred tax was a liability of R$ 6,912 in 2017 and R$ 9,579 in 2016 as presented in the table above.

The valuation allowance was primarily related to United States and Spanish federal net operating loss carryforwards that, in the judgment of management, are not more-likely-than-not to be realized. The net change in the total valuation allowance was a decrease of R$ 9,975 in 2017 and an increase of R$ 830 in 2016. The reduction on valuation allowance in 2017 was due to the decrease in the U.S. tax rate from 35% to 21%, enacted in 2017 and effective at the beginning of 2018. The Company recognized a deferred tax benefit of R$ 5,702 in 2016 in Rock World S.A. and R$ 1,093 in 2017 for the increase of net operating losses in

(In thousands of Brazilian Reais)

Better World S.A., as the Company and subsidiaries expect to generate sufficient future taxable profits against which these tax assets could be offset.

The Company recognized the deferred tax liability in a business combination since part of the acquisition price was allocated to an intangible asset with indefinite useful life, the brand of the Rock in Rio festival. This deferred tax liability was recognized considering the difference of the accounting and tax bases. This deferred tax liability will only be consumed in case of recognition of any impairment of the Rock in Rio brand since this intangible asset has an indefinite useful life and, consequently, is not amortized.

In assessing the realizability of deferred tax assets, which relates to Portugal and Brazil, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers projected future taxable income. In order to fully realize the deferred tax asset, the Company will need to generate future taxable income of approximately R$ 13,292 in Portugal and R$ 7,844 in Brazil. Taxable income (loss) in Portugal for the years ended December 31, 2017 and 2016 was R$ (4,132) and R$ 2,272, respectively. Taxable income (loss) in Brazil for the year ended December 31, 2017 was R$ 42,838 and R$ (28,406) in 2016. Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, management believes it is more-likely-than-not that the Company will realize the benefits of these deductible differences, net of the existing valuation allowances as of December 31, 2017. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.The amounts of deferred tax assets are presented as current assets based on their expected realization.

As of December 31, 2017, the Company has net operating loss carryforwards for Brazilian (R$ 4,556), U.S. (R$ 77,790), Spanish (R$ 42,044) and Portuguese (R$ 15,824) for federal income tax purposes, which are available to offset future federal taxable income, if any. In Spain, they will expire beginning in 2024, while in Portugal they will expire beginning in 2025, in the United States they will expire beginning in 2036 and in Brazil they do not have an expiration date.

The Company does not have a liability for unrecognized tax benefits nor a liability for interest and penalties for an underpayment of income taxes.

17. DEFERRED REVENUE

The Company recognizes revenues from ticket sales from the Rock in Rio festivals, as well as its respective sponsorship and other revenues, at the time of the corresponding festival.

The balance of deferred revenue as of December 31, 2017 and 2016 is as follows:

	2017	2016
Sponsorships	1,776	19,192
Ticket sales	6,627	14,491
Other revenue – Licensing and Rock in Rio Club	1,059	1,546
	9,462	35,229
Classified as:		
Current	7,203	35,229
Non-current	2,259	—

(In thousands of Brazilian Reais)

The deferred revenue balances as of December 31, 2017 were related to the revenue from ticket sales and sponsorships of the Rock in Rio festival to be held in Lisboa (Portugal) during June 2018 and will be recorded as revenue in the statements of operation when this event occurs.

18. TAX INCENTIVES

The Company is entitled to raise funds, which must be invested in cultural projects conducted by the Company, as follows:

- Rio de Janeiro State incentive by the State Culture Secretariat (Decree No. 44,013 of January 2, 2013 and Decree No. 44,133 of March 22, 2013), and

- Rio de Janeiro municipal incentive by the Municipal Culture Secretariat (Law No. 5.553, of January 14, 2013)

The amounts received by the Company are deposited and held in a checking account or a financial investment, each related to a specific project, with a financial institution determined by each public agency. Such amounts are presented as "Restricted cash" in these consolidated financial statements.

The contra-entry of the amounts received is also recorded in a specific account for each project in current liabilities and is represented by the Company's obligation to use those resources in the execution of the approved projects. Payments for expenses incurred in each project are debited from this account. Any amounts not used are returned to the corresponding public agencies.

The difference presented between the balance of the specific account in current liabilities and the restricted cash relates to the project costs, paid using the parent company's cash to be reimbursed in the future using the resources obtained from tax incentives.

The recording of these incentives is temporary, with no impact on the statements of operations.

As of December 31, 2017 and 2016 the balances related to tax incentives are as follows:

	2017	2016
Restricted cash	—	7
	—	7
Tax incentives	210	101
	210	101

19. RELATED PARTIES

The main transactions with related parties refer to the rendering of technical and operational support services for the performance of the events. Amounts with related parties are presented in the following line items of the statements of operations and balance sheet:

	Statement of operations	
	2017	2016
Direct operating expenses:		
Rock Official	15	—

(In thousands of Brazilian Reais)

	Balance sheet	
	2017	2016
Receivables from related parties:		
Rock Official	15	15
Rock World LLC.	64	50
Live Nation	56	52
Better World SGPS	—	51
SFX Entretenimento	51	35
Payables to related parties:		
Better World SGPS	—	25
Others	30	—
Loans and financing:		
Better World SGPS	—	155
River Side Investimentos	—	5,740
Others	113	6,170

The compensation of key management personnel related to wages compensation was R$ 467 in the year ended December 31, 2017 (R$ 266 in the year ended December 31, 2016).

20. SHAREHOLDERS' EQUITY

a) Capital

As of December 31, 2017, the Capital is represented by 6,909,750 common shares, all of them nominative and without par value.

b) Dividends distribution

As per the Company's Corporate Bylaws, by resolution of the general meeting, the Company can declare the payment of dividends on net income for the year or in an interim period, adjusted in accordance with Article 202 of Brazilian Law No. 6,404/76. For the year ended December 31, 2017, the shareholders agreed not to receive dividends.

c) Retained earnings

	2017	2016
Opening balance	46,039	144,955
Net income (loss) for the year – controlling shareholders'	34,006	(98,916)
	80,045	46,039

(In thousands of Brazilian Reais)

d) Accumulated other comprehensive loss

The changes in accumulated other comprehensive loss by nature is as follows:

	Foreign currency translation adjustments	
	2017	2016
Opening balance	(609)	(2,883)
Cumulative translation adjustments for the year	(736)	2,274
	(1,345)	(609)

Cumulative translation adjustments

Include translation differences to Brazilian reais from the subsidiaries' financial statements with functional currency (Euro and U.S. dollar) different from the parent company.

21. REVENUES

	2017	2016
Sponsorship	76,147	43,560
Ticket sales	245,306	29,912
Others	15,690	10,786
(-) Taxes on sales	(42,689)	(968)
Net revenue	294,454	83,290

(In thousands of Brazilian Reais)

22. DIRECT OPERATING EXPENSES

	2017	2016
Artists' fees	(92,776)	(32,831)
Marketing	(13,518)	(7,836)
Specialized professional services	(11,638)	(3,206)
Sales costs	(10,862)	(597)
Associations (Copyright — ECAD)	(9,611)	(1,490)
Infrastructure	(9,580)	(695)
Equipment rental	(9,578)	(1,744)
Professional services	(7,583)	(4,115)
Accommodation and travel tickets	(5,905)	(1,961)
"Cidade do Rock" (City of Rock) rent	(5,750)	—
Rock in Rio staff	(5,551)	—
Security	(4,544)	(1,798)
Scenography costs	(4,494)	(3,864)
Food and drinks	(4,147)	(1,906)
Vehicles rental and parking	(2,309)	(127)
Maintenance	(1,463)	(113)
Social projects	(1,210)	(492)
Materials	(1,118)	(3,029)
Depreciation	(633)	(606)
Freight	(587)	(227)
Communication actions	(530)	(3,765)
Legal services	(313)	(55)
Other costs	(2,346)	(4,331)
	(206,046)	(74,788)

(In thousands of Brazilian Reais)

23. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	2017	2016
Personnel expenses	(5,074)	(6,099)
Administrative expenses	(2,758)	(2,735)
Third-party services	(2,893)	(9,865)
Depreciation	(2,387)	(2,235)
Taxes and fees	(115)	(1,408)
Others	(1,172)	(367)
Selling expenses	(38)	(248)
Total selling, general and administrative expenses	(14,437)	(22,957)

24. FINANCE INCOME (EXPENSES)

	2017	2016
Finance income		
Interest on financial investments	2,252	325
Gains on derivative financial instruments	6,180	2,666
Exchange rate variation income	5,674	10,099
Other finance income	1,516	1,961
	15,622	15,051
Finance expenses		
IOF – Tax on financial transactions	(737)	(390)
Interest on loans	(2,492)	(7,447)
Bank expenses	(80)	(58)
Losses on derivative financial instruments	(13,640)	(11,001)
Exchange rate variation losses	(3,496)	(13,220)
Interest and fines over tax financing	(3,117)	-
Other finance expenses	(379)	(775)
	(23,941)	(32,891)
	(8,319)	(17,840)

25. FINANCIAL INSTRUMENTS

25.1. Derivative financial instruments

The Company and its subsidiaries have as policy of contracting operations, including derivatives, aiming at mitigating the risks inherent to their operations, especially those related to expenditures on the production of the events.

(In thousands of Brazilian Reais)

Non-deliverable forwards

Non-Deliverable Forward (NDF) operations are contracted aiming at mitigating the risks of variation in the U.S. dollar against the Brazilian Real in relation to the costs of producing the Rock in Rio event in Rio de Janeiro, all NDF operations contracted by the Company were settled in 2017. During the year ended December 31, 2017, the Company recorded a loss in the amount of R$ 6,244 (a loss of R$ 5,099 for the year ended December 31, 2016).

Swaps

These swap operations aim to offset the exchange risk arising from borrowings denominated in foreign currency (U.S. dollars), changing the net financial effect of these transactions into local currency (Brazilian real) and interest rates, having equal amounts and interest rates and maturities on the same dates of corresponding loans and are taken from the same financial institution as the loans.

2017 Bank	Start date	Maturity date	Notional amount	Gain / (Loss) in R$
Itau	October 27, 2017	April 27, 2018	US$ 3,082 / R$ 10,000	47

2016 Bank	Start date	Maturity date	Notional amount	Gain / (Loss) in R$
Itau	May 17, 2016	March 23, 2017	US$ 5,691 / R$ 19,920	(3,236)

25.2. Management of financial risks

The Company is exposed to risks arising from financial instruments related to its operations As of December 31, 2017 and 2016, Management assessed that the Company is exposed to the following risks:

- Credit risk;
- Exchange rate risk;
- Liquidity risk; and
- Market risk;

(In thousands of Brazilian Reais)

The Company's risk management strategy is set by the senior management jointly with the Board of Directors. The executive board is responsible for overseeing the management of those risks. Risk policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The fair value of financial assets and financial liabilities, together with the carrying amounts shown in the consolidated financial statements, are as follows:

	December 31, 2017		December 31, 2016	
	Carrying amount	Fair Value	Carrying amount	Fair value
ASSETS				
Not measured at fair value:				
Cash and cash equivalents	8,856	8,856	8,466	8,466
Restricted cash	—	—	7	7
Accounts receivable	12,634	12,634	8,297	8,297
Other accounts receivable	664	664	413	413
Other accounts receivable – related parties	186	186	203	203
Other financial assets	45	45	27	27
Measured at fair value:				
Derivative financial instruments	69	69	—	—
LIABILITIES				
Not measured at fair value:				
Suppliers	13,727	13,727	3,652	3,652
Other liabilities – related parties	30	30	25	25
Loans and financing	15,487	15,487	34,292	34,292
Loans and financing – related parties	113	113	12,065	12,065
Advances from customers	261	261	1	1
Other accounts payable	1,526	1,526	1,735	1,735
Measured at fair value:				
Derivative financial instruments	171	171	8,335	8,335

Considering the short-term maturity of the loans, the carrying amount is a reasonable approximation of fair value.

The fair values of the financial assets and financial liabilities above have been determined based on Level 2 inputs from similar instruments available in the market. There were no transfers between levels 1, 2 and 3 during the year.

The tables below shows the main financial risks the Company is exposed to, the risk management strategies used and their effects in the consolidated financial statements.

The Company also has a risk related to the geographical concentration of its operations in Brazil, Europe (Portugal and Spain) and United States of America, being subject to negative effects of the economic and political forces within these markets/geographic areas. The amount of net assets located in Europe and United States of America are disclosed in item b) "Exchange rate risk" below.

(In thousands of Brazilian Reais)

a) Credit risk

Credit risk is the risk that the Company may incur losses from the failure of a customer, or a counterparty to a financial instrument, to comply with their contractual obligations. Financial instruments that expose the Company to credit risk are related to balances of cash and cash equivalents, restricted cash, accounts receivable, derivative financial instruments and other financial assets. In order to mitigate this risk, the Company only makes deposits and financial investments in financial institutions with recognized liquidity, upon the Management's determination. Credit risk related to the balances of trade receivables is managed through careful selection of clients, mostly nationally and internationally reputed companies. Management constantly monitors client balances and evaluates, at each reporting date, the need to record estimated losses. Historically, the default rate observed is virtually nil. The carrying value of financial assets represents the Company's maximum exposure to credit risk. As of December 31, 2017 and 2016 the maximum exposure presented the following amounts:

	2017	2016
Cash and cash equivalents	8,856	8,466
Restricted cash	—	7
Accounts receivable	12,634	8,297
Other accounts receivable	664	413
Other accounts receivable – related parties	186	203
Other financial assets	—	27
	22,340	17,413

The credit risk in accounts receivable is generally not diversified due to the limited number of sponsors and ticket sellers that the Company works with. Due to the seasonal operations of the Company and its subsidiaries, the concentration of accounts receivable also is variable on each balance sheet date. The following table represents a breakdown of the concentrations in relation to the total accounts receivable at each balance sheet date:

Percentage of main accounts receivable from sponsorship balances:	2017	2016
Sponsor A	8%	—%
Sponsor B	6%	0%
Sponsor C	2%	28%
Sponsor D	—%	19%
Sponsor E	—%	17%

b) Exchange rate risk

Exchange rate risk arises from the possibility of variations in exchange rates, which affect the reported amounts of assets and liabilities in foreign currency and, thus, revenues and expenses.

The Company is exposed to fluctuations in the exchange rate, deriving from the acquisition of equipment and services abroad, of the balances with related parties based in Europe and United States of America, investment in overseas subsidiaries and the balances of loans and financing contracted by those subsidiaries.

(In thousands of Brazilian Reais)

Management has the practice of contracting derivatives aiming at hedging itself from changes in exchange rates arising from the products and services purchased from abroad, as detailed in note 25.1 above.

As of December 31, 2017 and 2016, the Company and its subsidiaries have the following foreign currency balances recorded on the balance sheet (amounts below are presented in Brazilian reais):

	Carrying amount	
	2017	2016
Cash and cash equivalents	2,935	1,232
Accounts receivable	5,378	2,487
Recoverable non-income taxes	728	555
Prepaid expenses	10,587	—
Other accounts receivable – related parties	524	152
Other accounts receivable	650	277
Deferred taxes	3,324	2,230
Other financial assets	59	47
Property, plant & equipment	7,850	9,291
Intangibles	7	6
Suppliers	(9,608)	(2,950)
Loans and financing	(15,487)	(29,271)
Loans and financing – related parties	—	(155)
Deferred revenue	(7,203)	—
Derivative financial instruments	(171)	(8,335)
Taxes and social contributions	(152)	(688)
Other accounts payable	(1,087)	(1,472)
Other liabilities – related parties	(30)	—
Other provisions	(1,194)	—
Net exposure	(2,890)	(26,594)

(In thousands of Brazilian Reais)

c) Liquidity risk

The financial department has mechanisms to timely forecast and control cash flow projections, in order to ensure that the Company has full capacity to meet its obligations. For that, the Group's levels of indebtedness are constantly monitored. Below are presented the contractual maturities of financial liabilities at the date of the financial statements. These amounts are presented gross and undiscounted and include contractual interest payments:

	Contractual maturities		
	6 months or less	6 to 12 months	Total
Non derivative financial liabilities:			
Suppliers	8,354	5,373	13,727
Suppliers – related parties	30	—	30
Loans and financing – related parties	113	—	113
Loans and financing	15,487	—	15,487
Other accounts payable	1,526	—	1,526
	25,510	5,373	30,883
Derivative financial liabilities			
Swaps	47	—	47
Total	25,557	5,373	30,930

d) Interest rate risk

The Company has no significant assets subject to changes in interest rates. The interest rate risk arises from loans and financing transactions contracted by its subsidiaries which do not bring interest rate risks once the rates for the most significant transactions are preset. See Note 13.

26. LEGAL CONTINGENCIES

During the normal course of business, the Company is occasionally involved with claims and litigation. Provisions are established in connection with such matters when a loss is probable and the amount of such loss can be reasonably estimated. As of December 31, 2017 and 2016, no provisions were recorded. No provisions are established for losses which are only reasonably possible. The Company is involved in various claims and legal actions amounting to R$ 4,418 as of December 31, 2017 (R$ 1,352 as of December 31, 2016) for which no provision was recorded because the chance of loss is considered at least a reasonable possibility by the Company. The determination of probability and the estimation of the actual amount of any such loss are inherently unpredictable, and it is therefore possible that the eventual outcome of such claims and litigation could be different from the amount presented above. Based upon the Company's experience, current information and applicable law, it does not believe it is reasonably possible that any proceedings or possible related claims will have a material effect on its consolidated financial statements.

On December 14, 2017, the Company was assessed by the Municipal Treasury of Rio de Janeiro, seeking, in summary, the collection of tax on services - ISS on the importation of services, of which the musicians contracted abroad for the period of 2012 to 2016. The amount of the principal of the tax assessment notice is R$ 6,688, and according to the assessment by the Company, with the assistance of its legal advisors, the portion with a possible probability of loss is an estimated value of 10 percent of the total amount of the tax assessment notice, plus fines and interest, amounting to R$ 1,516. The remaining of the discussion was considered as a remote probability of loss.

Additionally, as of December 31, 2017, the Company was involved in labor and civil lawsuits in progress and is discussing these issues in both the administrative and judicial areas. Proceedings for possible losses arising from these processes are estimated and updated by the Company, with the assistance of its legal advisors. The increase in civil lawsuits in 2017 resulted from the cancellation of the presentation, shortly before the festival, of one of the main attractions of the Rock in Rio festival held in Rio de Janeiro in 2017.

27. OPERATING LEASES

The Company leases its office facilities in Rio de Janeiro under an operating lease agreement without purchase option, which expires in January 2022 and with a monthly rental payment of R$ 47. The lease payment is adjusted annually based on the variation of a Brazilian inflation index (IGP-M).

The Company also has a rental agreement signed in February 2017, with the Rio Mais Concessionaire, which owns the properties that currently make up the Olympic Park in Rio de Janeiro, where the 2017 Rock in Rio festival was held and also the 2019 event will be held. The agreement provides for that in the future, in the event that the concessionaire agrees, in its sole discretion, with the renewal of the conditions to be subsequently adjusted for the realization of 2021 Rock in Rio. This agreement provides that the Company pays the minimum rent of R$ 3,500, for each of the editions of Rock in Rio, and the amount of variable rent due to the amount of tickets sold for each of the scheduled editions.

28. SUBSEQUENT EVENTS

Acquisition of shares by Live Nation

On May 4, 2018, Live Nation Entertainment, Inc. ("Live Nation"), through Live Nation International Holdings B.V., an indirect, wholly-owned subsidiary of Live Nation incorporated in the Netherlands ("LNIH"), completed an acquisition of 50% of the outstanding share capital of the Company, pursuant to a Share Subscription Agreement and Other Covenants entered into as of May 1, 2018 (the "Subscription Agreement"), by and among the Company, Live Nation, LNIH, and Medina and Chulam family members (collectively, the "Founding Shareholders").

LNIH made a capital increase in the Company pursuant to the Subscription Agreement, and contributed an additional capital of the Company to finance the repayment of certain indebtedness of its subsidiary Rock World S.A. In addition, under the terms of the Subscription Agreement, Live Nation paid the Founding Shareholders an amount in exchange for the right to acquire an additional 1% of the outstanding shares of the Company for nominal consideration and thereby become its controlling shareholder, with such option exercisable (i) during the 60-day period beginning 120 days prior to the Rock in Rio festival event in Rio de Janeiro, Brazil to be held in 2019, (ii) during the 60-day period commencing on January 1, 2020 and (iii) thereafter from time to time upon the occurrence of certain triggering events. Live Nation also made a one-time payment to the Founding Shareholders concurrently with the closing of the transactions contemplated by the Subscription Agreement as an advance against certain contingent payments that will become payable to the Founding Shareholders in 2020, 2021 or 2022 in the event that either the Founding Shareholders elect to sell their remaining shares of the Company to Live Nation, or Live Nation elects to acquire such shares.

Game Experience joint-venture

On April 21, 2018, Rock World formed with CCXP Eventos Ltda. a new joint-venture called Game Experience Eventos Ltda. (each investor will have 50% of shares of this entity). The purpose of this entity is to organize and promote events related to games and e-sports. The first event to be promoted by Game Experience will be the Game XP event in the Olympic Park of Rio de Janeiro, in September 2018.

Net profit allocation and capital increase

On May 4, 2018, the shareholders have approved the allocation of the net profit of the Company, in the amount of R$32,238, to the following reserves: (i) R$1,611 to the legal reserve; and (ii) R$30,626 to the reserve for realizable profits. On this same date were approved the issuance of 4,272,559 new ordinary shares, a capital increase of R$ 29,930 and the increase in profit reserves amounting R$ 121,244 made by Company's shareholders, including Live Nation International Holdings B.V., holder of 3,863,717 ordinary shares of the Company since May 4, 2018.

EXHIBIT 99.2

Rock City S.A. and subsidiaries

Unaudited Interim Consolidated Financial Statements as of March 31, 2018 and for the three-month period ended March 31, 2018

Content

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2018 AND DECEMBER 31, 2017
(In thousands of Brazilian Reais)

ASSETS	**March 31, 2018**	**December 31, 2017**
	(Unaudited)	
CURRENT ASSETS		
Cash and cash equivalents (note 4)	21,178	8,856
Accounts receivable (note 5)	7,180	12,634
Recoverable non-income taxes (note 6)	979	621
Recoverable income taxes (note 7)	674	1,279
Advances to suppliers	368	261
Prepaid expenses (note 8)	14,611	10,592
Deferred service tax	55	53
Derative financial instruments	-	69
Other accounts receivable	777	664
	45,822	35,029
NON-CURRENT ASSETS		
Prepaid expenses (note 8)	1,070	172
Deferred tax assets	4,608	3,323
Related parties receivable (note 18)	177	186
Other financial assets	70	45
Advance for future capital increase	495	—
Equity method investments (note 9)	35	35
Property, plant & equipment (note 10)	20,467	21,363
Intangible assets, net (note 11)	162,707	162,714
	189,629	187,838
TOTAL ASSETS	235,451	222,867

(continued)

The explanatory notes are an integral part of these unaudited interim consolidated financial statements.

ROCK CITY S.A. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2018 AND DECEMBER 31, 2017
(In thousands of Brazilian Reais)

LIABILITIES	**March 31, 2018** (Unaudited)	**December 31, 2017**
CURRENT LIABILITIES		
Suppliers	8,933	13,727
Loans and financing (note 12)	15,715	15,487
Loans and financing – related parties (note 18)	112	113
Derivative financial instruments (note 22.1)	121	171
Other taxes payable (note 13)	2,258	756
Tax financing (note 14)	3,513	3,513
Deferred revenue (note 16)	24,060	7,203
Dividends payable	3,765	3,765
Advances from customers	3,144	261
Tax incentives (note 17)	210	210
Other accounts payable	1,885	1,526
	63,716	46,732
NON-CURRENT LIABILITIES		
Other liabilities – related parties (note 18)	30	30
Deferred revenue (note 16)	2,295	2,259
Tax financing (note 14)	12,883	13,761
Deferred tax liabilities	6,935	6,912
Other provisions	1,229	1,193
	23,372	24,155
SHAREHOLDERS' EQUITY (note 19)		
Subscribed capital	27,554	27,554
Capital reserve	53,000	53,000
Accumulated other comprehensive loss	(1,569)	(1,345)
Retained earnings	77,547	80,045
Attributable equity to controlling shareholders	156,532	159,254
Noncontrolling interest	(8,169)	(7,274)
Total shareholders' equity	148,363	151,980
Total liability and shareholders' equity	235,451	222,867

The explanatory notes are an integral part of these unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017
(In thousands of Brazilian Reais)

	Three-month period ended March 31,	
	2018	**2017**
	(Unaudited)	(Unaudited)
Net revenues (note 20)	2,558	842
Operating expenses:		
Direct operating expenses	(1,982)	(2,016)
Selling, general and administrative expenses (note 21)	(4,477)	(3,201)
	(6,459)	(5,217)
Operating loss before other finance (expenses) and income taxes	(3,901)	(4,375)
Finance income (expenses)		
Finance expenses (note 22)	(3,386)	(10,392)
Finance income (note 22)	2,860	5,444
	(526)	(4,948)
Loss before income taxes	(4,427)	(9,323)
Income tax (expense) benefit, including social contribution (note 15)		
Current	(36)	(16)
Deferred	1,162	2,131
	1,126	2,115
Loss for the period	(3,301)	(7,208)
Attributable to controlling shareholders	(2,498)	(5,487)
Attributable to noncontrolling interests	(803)	(1,721)

The explanatory notes are an integral part of these unaudited interim consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017
(In thousands of Brazilian Reais)

	Three-month period ended March 31,	
	2018	**2017**
	(Unaudited)	(Unaudited)
Loss for the period	(3,301)	(7,208)
Other comprehensive income (loss) for the period:		
Cumulative translation adjustments	(316)	511
	(316)	511
Total comprehensive (loss) for the period	(3,617)	(6,697)
Comprehensive (loss) attributable to:		
Controlling shareholders	(2,722)	(5,256)
Noncontrolling interests	(895)	(1,441)
	(3,617)	(6,697)

The explanatory notes are an integral part of these unaudited interim consolidated financial statements.

ROCK CITY S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017
(In thousands of Brazilian Reais)

	Subscribed capital	Capital reserve	Accumulated other comprehensive loss	Retained earnings	Equity attributable to controlling shareholders	Noncontrolling interest	Total shareholders' equity equity
Balance as of December 31, 2016	27,554	53,000	(609)	46,039	125,984	(14,667)	111,317
Loss for the period	—	—	—	(5,487)	(5,487)	(1,721)	(7,208)
Cumulative translation adjustments	—	—	231	—	231	280	511
Balance as of March 31, 2017 (Unaudited)	27,554	53,000	(378)	40,552	120,728	(16,108)	104,620
Balance as of December 31, 2017	27,554	53,000	(1,345)	80,045	159,254	(7,274)	151,980
Loss for the period	—	—	—	(2,498)	(2,498)	(803)	(3,301)
Cumulative translation adjustments	—	—	(224)	—	(224)	(92)	(316)
Balance as of March 31, 2018 (Unaudited)	27,554	53,000	(1,569)	77,547	156,532	(8,169)	148,363

The explanatory notes are an integral part of these unaudited interim consolidated financial statements.

ROCK CITY S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017
(In thousands of Brazilian Reais)

	Three-month period ended March 31,	
	2018	**2017**
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Loss for the period	(3,301)	(7,208)
Reconciling items to loss for the period:		
Depreciation and amortization	988	648
Deferred tax expenses	(2,040)	(2,131)
Derivative financial instruments (NDF)	(74)	4,413
Interest and foreign exchange variation	(74)	(1,192)
Changes in assets and liabilities		
(Increase) / decrease in assets		
Restricted cash	—	7
Accounts receivable	5,454	(4,862)
Recoverable non-income taxes	247	(1,199)
Advances to suppliers	(107)	186
Prepaid expenses	(4,917)	(9,022)
Deferred service tax	(2)	(1,659)
Other financial assets	44	(4)
Other assets	(104)	(303)
Increase / (decrease) in liabilities		
Suppliers	(4,794)	1,638
Other taxes payable	1,502	212
Income tax payable	—	(597)
Advances from customers	2,883	—
Deferred revenue	16,893	51,647
Tax incentives	—	(53)
Other liabilities	380	812
Net cash flows provided by operating activities	12,978	31,333
Cash flow from investing activities		
Acquisition of property, plant & equipment	(84)	(1,317)
Advance made for capital increase	(495)	—
Net cash flows used in investing activities	(579)	(1,317)
Cash flows from financing activities		
Derivative financial instruments (SWAP)		(4,499)
Settlement of loans and financing	—	(29,569)
Net cash flows used in financing activities	—	(34,068)
Effect of exchange variation on cash and cash equivalents	(77)	(20)
Net increase (decrease) in cash and cash equivalents for the period	12,322	(4,072)
Cash and cash equivalents at the beginning of the period	8,856	8,467
Cash and cash equivalents at the end of the period	21,178	4,395
Net increase (decrease) in cash and cash equivalents for the period	12,322	(4,072)
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Interest	14	1,269
Income taxes	878	—

The explanatory notes are an integral part of these unaudited interim consolidated financial statements.

1. OPERATIONS

Rock City S.A. ("Rock City" or "the Company") is a non-public company, established in Rio de Janeiro, State of Rio de Janeiro, Brazil. The Company was incorporated on September 12, 2013, under the corporate name of A.H.O.S.P.E. Empreendimentos e Participações S.A., which was subsequently changed to Rock City S.A. on December 13, 2013. The Company's operations commenced on February 10, 2014, acquisition date of its subsidiary Rock World S.A. ("Rock World"). The operations of subsidiaries and equity method investments are described in Note 3.d.

The Company's business purpose, through its subsidiaries, is: (i) promotion, performance and organization of events open to the general public, which main attraction is music and may include, secondary attractions of various kinds, social activities and commercialization of food and other products, as well as services in general, carried out throughout several days and involving musical attractions, musicians or bands, in Brazil or abroad, under the name Rock in Rio (Festival Rock in Rio); (ii) creation and marketing of the cultural and artistic content related to the Rock in Rio festivals and/or the use of the Rock in Rio brands; (iii) licensing and/or transfer of rights to use the Rock in Rio brand and other brands related to it; (iv) management of loyalty program that uses the Rock in Rio brand (Rock in Rio Club); and (v) marketing campaigns related to the festivals and to the Rock in Rio brands.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The accompanying consolidated financial statements of the Company have been prepared in accordance with U.S. generally accepted accounting principles (U.S. GAAP) and include the accounts of the Company and its subsidiaries.

U.S. GAAP differs in certain respects from International Financial Reporting Standards (IFRS), as issued by International Financial Reporting Standards Board (IASB) and accounting practices adopted in Brazil, applied by the Company in its statutory financial statements prepared to comply with the Brazilian Corporate Law and used as basis for profit distribution.

b) Measurement basis

The consolidated financial statements were prepared based on the historical cost, except for financial instruments measured at fair value, such as derivatives.

c) Use of estimates and judgments

The preparation of the consolidated financial statements requires that the Company make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenues and expenses. These estimates and assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period they are revised and in any future periods which may be affected. Given the uncertainties inherent in the estimation process and the use of judgments, actual amounts of settlement of transactions may differ significantly from the amounts recorded in the consolidated financial statements.

The consolidated financial statements include, therefore, estimates of the useful lives and recoverable amount of long-lived assets, with respect to the need and the amount of provisions for contingencies, the valuation allowance of deferred tax assets, evaluation of impairment of assets (including accounts receivable) and fair value valuation of derivative financial instruments. Significant estimates and assumptions related to financial instruments used in preparing these consolidated financial statements are presented in Note 23.

d) Functional and reporting currency

The consolidated financial statements are presented in Brazilian Reais ("R$"), the Company's functional currency. The functional currency of an entity is the currency of the primary economic environment where it operates. By defining the functional currency of each subsidiary, Management considered which currency significantly influences the sales price of its products and services and the currency in which most of the costs is paid or incurred. The subsidiaries in Europe use the Euro as their functional currency and the subsidiaries in the United States of America use the U.S. dollar ("US$") as their functional currency.

e) Seasonality

Due to the seasonal nature of performance of the festivals, the Company experiences higher revenue in the periods when the festivals occur. The Company's seasonality also results in higher balances in cash and cash equivalents, trade accounts receivable, prepaid expenses, accounts payable to suppliers and deferred revenue for the Company at different times in the year.

f) Subsequent events

Events subsequent to March 31, 2018 were evaluated until the issuance of the unaudited interim consolidated financial statements were authorized by management occurred on July 18, 2018.

2.1. Significant accounting policies

The accounting policies described below have been consistently applied to all periods presented in these consolidated financial statements:

a) Principles of consolidation

The consolidated financial statements include the accounts of the Company and all subsidiaries listed in Note 3 in which the Company directly has either a majority of the equity of the subsidiary or otherwise has controlling financial interest. All significant intercompany balances and transactions have been eliminated in consolidation.

b) Translation of balances denominated in foreign currency

Monetary assets and liabilities denominated in foreign currency are translated into the functional currency of the entity in which transaction is being held, using the exchange rate in effect on the date of the corresponding balance sheets. Exchange rate gains and losses resulting from the translation of these assets and liabilities from the date of the transactions to the end of the period are recognized as finance income or expenses in the statements of operations.

As of March 31, 2018, US$ 1 was equivalent to R$ 3.3238 (R$ 3.3080 as of December 31, 2017 and R$ 3.1684 as of March 31, 2017) and EUR 1 was equivalent to R$ 4.0850 (R$ 3.9693 as of December 31, 2017 and R$ 3.3896 as of March 31, 2017).

(i) Subsidiaries abroad

Assets and liabilities of foreign operations are translated from their functional currency (Euro or U.S. dollar) into Brazilian reais (Company's functional currency) at the exchange rates as of the reporting dates. Revenues and expenses of foreign operations are translated into Brazilian reais based on the average exchange rate.

Foreign currency differences from the translation into the presentation currency are recognized in other comprehensive income (loss) and presented in shareholders' deficit in accumulated other comprehensive income (loss). However, if the subsidiary is not a wholly owned, the corresponding portion of the translation difference is attributable to non-controlling interests.

c) Cash and cash equivalents

Cash and cash equivalents include cash, checking account balances and financial investments with original maturities of 90 days or less and with insignificant risk of change in market value.

d) Restricted cash

The balance of restricted cash is comprised by amounts received from tax incentives and not yet disbursed, deposited and held in an escrow account or a financial investment, each related to a specific project, with a financial institution determined by each public agency. These funds can only be used in the specific project to which they were intended.

e) Accounts receivable

The balance of accounts receivable is comprised primarily of receivables relating to sponsorship contracts signed and tickets sold. Receivables are recognized at amortized cost, less impairment losses on these receivables, which are calculated based on the historical experience and detailed assessment of the collectability of accounts receivable.

f) Prepaid expenses

Mainly related to amounts disbursed in advance, being allocated to the statements of operations as the corresponding events occur (i.e. artist fees, event production, commission on ticket sales, etc.). Management reviews the carrying amount of these assets periodically to determine and measure impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

g) Property, plant & equipment, net

Fixed assets items are recorded at historical acquisition or construction cost, less corresponding accumulated depreciation calculated using the straight-line method based on the assets estimated useful lives, as mentioned in Note 10.

Expenses incurred in repairs, renovations or replacement of parts of fixed asset items when they represent an increase in the fixed asset item's efficiency, productivity and/or useful life, are added to the property, plant & equipment. In such cases, the cost and corresponding accumulated depreciation of the replaced items are written off.

The Company reviews indication of impairment triggers of property, plant & equipment items at least annually (or when there are indicators to perform a review in an earlier date) to identify evidence that indicate the need to change prior estimates. This evidence can include economic events, changes in business or technology, or the way the item is being used, among other factors. When evidence is identified and the net carrying amount exceeds the recoverable amount, an impairment charge is recorded.

h) Equity method investments

In the consolidated financial statements, the Company accounts for investments over which it has significant influence but not a controlling financial interest using the equity method of accounting.

i) Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

j) Impairment of long lived assets

Long-lived assets, such as property, plant, and equipment, and purchased intangible assets subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset or asset group be tested for possible impairment, the Company first compares undiscounted cash flows expected to be generated by that asset or asset group to its carrying amount. If the carrying amount of the long-lived asset or asset group is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market values and third-party independent appraisals, as considered necessary.

k) Income taxes

Deferred taxes are recognized for operating loss carryforwards and temporary differences between the amounts of the assets and liabilities presented on the balance sheet and the corresponding income tax bases, applying the corresponding tax rate enacted for the period when the Company expected that each difference will reverse, and are presented net of any valuation allowance. Deferred taxes are classified as non-current on the balance sheet.

The Company reassesses annually the amounts of deferred tax assets, in order to conclude whether they are expected to be realizable, considering the expected generation of future taxable income approved by Company's management.

(i) Brazilian income tax and social contribution tax

For companies in Brazil, income tax and social contribution are calculated based on income (loss) for the year, adjusted to arrive at taxable income by additions and exclusions established in the current legislation. To calculate the income tax a 15 percent rate is applied, plus an additional 10 percent on taxable income exceeding R$ 240, while for social contribution on income a 9 percent rate is levied on taxable income, resulting in a combined rate of 34 percent.

In Brazil, the annual tax returns are subject to review and assessment by the tax authorities for five years after period when the tax return is filed.

(ii) Corporate Income Tax (IRC) - Europe

For companies in Europe (Portugal and Spain), income tax is determined taking into account the provisions of the Corporate Income Tax Code on the Legal Entities' Income. Payment of Corporate Income Tax is made on the basis of self-liquidation statements, which are subject to reviews, corrections and possible adjustments by the tax authorities during the period of four years counting from the year they refer to, except when there are tax losses, tax benefits might have been granted or there are ongoing inspections, claims or challenges, where, depending on the circumstances, the periods are extended or suspended.

In the calculation of deferred tax assets relating to income tax losses in Portugal and Spain, are being considered the income tax rates of 21 and 25 percent, respectively, and the maximum recoverable term permitted by these jurisdictions. For the deductible or taxable temporary differences, the same tax rates mentioned above are being considered for those companies.

(iii) Income taxes in the United States of America

Income tax expense represents the amount of income tax the Company has recognized based on the Company's current year activity. In the current year, the Company had a loss that is currently not more-likely-than-not to be realized. Therefore there is no income tax benefit recognized.

During 2016 and 2017, the United States imposes a system of progressive tax rates on income, with federal income tax rates ranging from 15 percent to 35 percent of net taxable income. The incremental rate of 35 percent is not used until net taxable income reaches US$ 10 million. The U.S. federal income tax rate is 21 percent for 2018 and subsequent years. The losses calculated by the Company in one fiscal year can be offset against profits calculated in subsequent years. If the profit calculated exceeds the accumulated losses, the tax will be calculated on the net profit, after offsetting the losses from previous years.

(iv) Uncertainty in income taxes

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50 percent likely of being realized.

(v) Deferred tax assets and liabilities

Deferred tax assets and liabilities are recognized for operating loss carryforwards and for temporary differences between the carrying amounts of assets and liabilities in the balance sheet and their respective tax bases, and are presented net of valuation allowance.

The Company reassesses the amounts recorded for deferred tax assets at each reporting date in order to conclude whether it is more likely than not that they are realizable, taking into account the estimated generation of future taxable income approved by Management. Deferred tax assets are reduced by a valuation allowance to the amount more likely than not to be realized.

l) Revenue recognition

Revenue is measured at the fair value of the received or receivable consideration, net of trade discounts. Revenue is recognized when: (i) significant risks and rewards have been transferred to the buyer; (ii) it is likely that the financial economic benefits will flow to the Company; (iii) associated costs and possible return of goods can be reliably estimated; (iv) there is no ongoing involvement with the goods sold; and (v) the amount of revenue can be reliably measured. If it is likely that discounts will be granted and the amount can be reliably measured, then the discount is recognized as a reduction of revenues as sales are being recognized.

Revenues from tickets sold, which have their origin in the sale of tickets online or at the point of sale, are recognized upon the delivery of services, i.e., when the festival occur.

Revenues from sponsorship contracts are recognized on completion and/or delivery of each of the most significant benefits from the contract, i.e., when the festival occur.

Revenues from tickets sold and sponsorships before the event are recorded as deferred revenues within liabilities.

In addition to the revenues described above, Company has other revenues such as licensing and loyalty program named Rock in Rio Club, that are deferred as liability and recognized when the festivals occur.

m) Direct operating expenses

Direct operating expenses include artist performance fees and travel expenses, technical production, show-specific marketing and advertising expenses, show-related production expenses, depreciation and other costs related to producing the events. These expenses are primarily variable in nature.

n) Selling, general and administrative expenses

Selling, general and administrative expenses include salaries and wages related to employees, legal, consulting and other professional fees, rent, depreciation of administrative fixed assets and other expenses.

o) Finance income (expenses)

Other finance income comprises primarily the gains on financial investments, increase in fair value of financial assets and gains on monetary and/or exchange rate variations on financial assets and liabilities.

Other finance expenses comprise primarily interest, monetary and exchange variation losses on financial assets and liabilities, decrease in fair value of financial assets and impairment losses on financial assets.

p) Other current and noncurrent assets and liabilities

An asset is recognized on the balance sheet when it is likely that future economic benefits will be generated for the Company and its cost or amount can be reliably measured.

A liability is recognized on the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is likely that an economic outflow of funds will be required to settle it. Provisions are recorded based on the best estimate of the risks involved.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next twelve months. Otherwise they are classified as noncurrent.

q) Financial instruments

Financial instruments, as defined in the FASB Accounting Standards Codification, consist of cash, and contracts that both (i) impose on one entity a contractual obligation to deliver cash or another financial instrument to a second entity, or to exchange other financial instruments on potentially unfavorable terms with the second entity, and (ii) conveys to that second entity a contractual right (a) to receive cash or another financial instrument from the first entity, or (b) to exchange other financial instruments on potentially favorable terms with the first entity.

Derivative financial instruments, as defined in the FASB Accounting Standards Codification, consist of financial instruments or other contracts that contain a notional amount and one or more underlying (e.g. interest rate, security price or other variable), require no initial net investment and permit net settlement. Derivative financial instruments may be free-standing or embedded in other financial instruments. Derivative financial instruments were measured at fair value and recorded as assets or liabilities. Fair value represents the price at which the property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller acting at arm's length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.

Financial instruments are only recognized from the date on which the Company becomes party to the contractual provisions of the financial instruments. They are initially recorded at fair value plus transaction costs that are directly attributable to the acquisition, except for financial assets and liabilities classified at fair value through profit or loss, where such costs are directly recorded in the statement of operations for the period. They are subsequently measured at each balance sheet date in accordance with the rules established for each type of financial assets and liabilities classification.

Unsecured bank overdrafts which have to be paid when required and are an integral part of the Company's cash management are excluded from cash and cash equivalents for purposes of the statement of cash flows and presented as a loan.

r) Fair value of financial instruments

The Company values its assets and liabilities using the methods of fair value as described in ASC 820, Fair Value Measurements and Disclosures. ASC 820 establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 - inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.

Level 2 - inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value of the assets and liabilities are presented in Note 23.2.

s) Lease contracts

Leases are classified as capital leases whenever the terms of lease transfer substantially all the risks and benefits of the property to the lessee, with the other leases being classified as operating leases. This classification is made at inception of the lease and is not revised unless the lease agreement is modified. Payments made on operating leases are recorded in statement of operations on a straight-line basis over the lease term.

t) Tax incentives

Government grants, which are related to cash incentives to support cultural activities promoted by the Company, are recognized in the statements of operations when there is reasonable assurance that the Company will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in the statement of operations on a systematic basis over the periods in which the Company recognizes as expenses the related costs for which the grants are intended to compensate and are recorded as a reduction of the corresponding costs of services rendered.

u) Recent accounting standards updates

During 2017, several accounting standards updates were in effect. The Company and its subsidiaries are not listed entities, therefore the standards listed below are being implemented with a one year deferral option. The adoption of the updates did not result in any significant changes in the consolidated financial information.

In May 2014 (with posterior changes and amendments through Accounting Standards Updates - ASU), the Financial Accounting Standards Board (“FASB”) issued a comprehensive new revenue recognition standard that will supersede nearly all existing revenue recognition guidance under US GAAP. The amendments in this Update create Topic 606. The new standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In July 2015, the FASB deferred the guidance effective date by one year, but will allow early adoption as of the original adoption date. This new guidance is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, and can be adopted either retrospectively to each prior reporting period presented or as a cumulative-effect adjustment as of the date of adoption. The Company will adopt this standard on January 1, 2019, and it is currently assessing which implementation method it will apply and the impact its adoption will have on its financial position and results of operations.

In February 2016, the FASB has issued Accounting Standards Update (ASU) No. 2016-02. The amendments in this Update create Topic 842, Leases, and supersede the leases requirements in Topic 840, Leases. Topic 842 specifies the accounting for leases. The objective of Topic 842 is to establish the principles that lessees and lessors shall apply to report useful information to users of financial statements about the amount, timing, and uncertainty of cash flows arising from a lease. The main difference between previous GAAP and Topic 842 is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The amendments in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years, for public business entities. For all other entities, the amendments in this Update are effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in this Update is permitted for all entities. The Company did not assess the financial impact of this new pronouncement, which will require that a lease obligation (see disclosure of lease transactions in note 25) to be recognized in the balance sheet.

(In thousands of Brazilian Reais)

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350)—Simplifying the Test for Goodwill Impairment*. ASU 2017-04 simplifies the accounting for goodwill impairments by eliminating the requirement to compare the implied fair value of goodwill with its carrying amount as part of step two of the goodwill impairment test referenced in Accounting Standards Codification 350, *Intangibles - Goodwill and Other* (“ASC 350”). As a result, an entity should perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount. An impairment charge should be recognized for the amount by which the carrying amount exceeds the reporting unit’s fair value. However, the impairment loss recognized should not exceed the total amount of goodwill allocated to that reporting unit. ASU 2017-04 is effective for annual reporting periods beginning after December 15, 2019, including any interim impairment tests within those annual periods, with early application permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. On January 2017, the Company elected to early adopt ASU 2017-04, and the adoption had no impact on our consolidated financial statements. The Company will perform future goodwill impairment tests according to ASU 2017-04.

3. CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATION PROCEDURES

a) Subsidiaries

The subsidiaries’ financial information is included in the consolidated financial statements from the date that control commences until the date that control ceases to exist. The subsidiaries’ accounting policies are in line with the policies adopted by the Company.

The consolidated financial statements include the financial information of Rock City S.A. and the following subsidiaries:

	Percentage of interest	
Subsidiary	March 2018	March 2017
Direct subsidiary		
Rock World S.A. (Brazil)	80%	80%
Indirect subsidiaries		
Better World – Comunicação, Publicidade e Entretenimento, S.A. (Portugal) (1)	80%	80%
Rock In Rio Madrid S.A. (Spain) (2)	48%	48%
Better World, Sociedad Unipessoal, SL (Spain) (3)	80%	80%
Rock in Rio USA, Inc. (United States) (1)	80%	80%
Rock World USA LLC (United States) (4)	48%	48%

(1) Wholly-owned subsidiaries of Rock World S.A.

(In thousands of Brazilian Reais)

(2) Direct subsidiary (60%) of Better World – Comunicação Publicidade e Entretenimento, S.A.
(3) Wholly-owned subsidiary of Better World – Comunicação Publicidade e Entretenimento, S.A.
(4) Direct subsidiary (60%) of Rock in Rio USA, Inc.

b) Intercompany balance and transactions

Intercompany balances and transactions, and any unrealized income and expenses deriving from intragroup transactions, are eliminated when preparing the consolidated financial statements. Unrealized gains arising from transactions with investees recorded using the equity accounting method are eliminated against the investment to the extent of the Company's interest in the investee. Unrealized losses are eliminated in the same way that unrealized gains are eliminated, but only to the extent that there is no evidence of impairment loss.

c) Equity method investments

Equity method investments are those entities in which the Company, directly or indirectly, has significant influence but no control or joint control over the financial and operating policies. Significant influence generally occurs when the Company, directly or indirectly, holds between 20% and 50% of the entity's voting power.

The consolidated financial statements include the Company's share in the income or loss for the period and other comprehensive income (loss) of the investee, after making adjustments to align the investee's accounting policies with those of the Company, as from the date on which significant influence begins existing up to the date that significant influence ceases to exist.

When the Company's share of losses of an investee exceeds its interest in that entity, the carrying amount of the investment recorded by the equity accounting method is reduced to nil and recognition of additional losses is discontinued, except when the Company has legal or constructive obligations or has made payments on behalf of the investee, in which case, a provision for loss on investments is established.

As of March 31, 2018 and 2017, the Company has the following equity method investments:

	Percentage of interest	
Equity method investee	March 31, 2018	March 31, 2017
Rock Official Comércio de Roupas Ltda. (Brazil)	50%	50%

d) Operation of subsidiaries and equity method investments

In 2012 Rock World became the holder of 100% of the shares of Better World, a Portuguese company, incorporated in 2003, engaged in the promotion, production and performance of music and arts shows and alike, not limited to the production of live events.

Also in 2012, Rock World acquired 50% of the shares of Rock Official Comercio de Roupas Ltda., which has the purpose of developing and selling official products of the "Rock in Rio" brand.

In February 3, 2014, the Company founded a wholly-owned subsidiary in the United States of America, Rock in Rio USA, Inc. (a Delaware Corporation), which purpose is the promotion editions of Rock in Rio events in that country, the first one held in Las Vegas (Nevada) in May 2015. In March 25, 2014 an indirect subsidiary was founded, Rock World USA, LLC, which is 60% owned by Rock in Rio USA, Inc., and has the purpose of promoting the Rock in Rio event in Las Vegas.

The amounts in the equity method investments during the year are presented in Note 9.

(In thousands of Brazilian Reais)

4. CASH AND CASH EQUIVALENTS

As of March 31, 2018 and December 31, 2017, the balance of cash and cash equivalents is comprised as follows:

	March 31, 2018	**December 31, 2017**
Cash	93	124
Bank deposits	19,877	7,400
Financial investments	1,208	1,332
	21,178	8,856

Financial investments consist of investments in fixed income investment funds with high liquidity. These investments are remunerated substantially based on the percentage change of the Brazilian Interbank Deposit Certificate (CDI) and are immediately convertible into cash.

5. ACCOUNTS RECEIVABLE

As of March 31, 2018 and December 31, 2017, the balance of accounts receivable is as follows:

	March 31, 2018	**December 31, 2017**
Tickets to receive payment installment credit card	2,181	4,446
Sponsorships receivable	3,883	7,887
Other accounts receivable from customers	1,162	347
	7,226	12,680
(-) Allowance for doubtful accounts	(46)	(46)
	7,180	12,634

The allowance for doubtful accounts is based on the analysis of the loss history monitored by management and is recorded in an amount considered sufficient to cover probable losses on the realization of accounts receivable.

Changes in the allowance for doubtful accounts in the period were as follows:

	Three-month period ended March 31,	
	2018	2017
Opening balance	(46)	(46)
Provision recorded during the period	-	-
	(46)	(46)

(In thousands of Brazilian Reais)

The aging of these receivables is as follows:

	March 31, 2018	December 31, 2017
Due	989	5,147
Past due:		
Up to 30 days	2,559	312
From 31 to 60 days	1,746	4,226
From 61 to 90 days	608	85
Over 90 days	1,324	2,910
	7,226	12,680

6. RECOVERABLE NON-INCOME TAXES

As of March 31, 2018 and December 31, 2017, the balance of recoverable taxes is as follows:

	March 31, 2018	December 31, 2017
COFINS - Contribution for Social Security Financing (a)	154	165
PIS - Social Integration Program (a)	40	135
Other recoverable non-income taxes	785	321
	979	621

(a) The balances of PIS and COFINS are related to credits measured on the non-cumulative method over cost of services and other inputs.

7. RECOVERABLE INCOME TAXES

As of March 31, 2018 and December 31, 2017 the balance of recoverable income taxes is as follows:

	March 31, 2018	December 31, 2017
Withholding and prepaid income tax and social contribution (a)	—	30
Income tax recoverable – Portugal	—	575
Income tax recoverable – Brazil	534	534
Social contribution on income recoverable – Brazil	140	140
	674	1,279

(a) The income tax and social contribution recoverable relate to advance payments made during the year for amounts greater than the income tax and social contribution calculated for the year and withholding income taxes.

(In thousands of Brazilian Reais)

8. PREPAID EXPENSES

Refer primarily to amounts paid in advance and allocated to the statement of operations at the time the event occurs. As of March 31, 2018 and December 31, 2017, the balance is composed as follows:

	March 31, 2018	**December 31, 2017**
Artists fees	8,251	7,054
Professional services	1,817	524
Event production	3,157	—
Specialized services	971	1,897
Comission on ticket sales	420	971
Other	1,065	318
	15,681	10,764
Classified as:		
Current	14,611	10,592
Non-current	1,070	172
	15,681	10,764

9. EQUITY METHOD INVESTMENTS

Below is summarized information about the equity method investments of the Company:

9.1. Investments breakdown

	Shareholders' Equity (Deficit)		Investment balance	
	March 31, 2018	December 31, 2017	March 31, 2018	December 31, 2017
Rock Official (a)	(1,386)	(411)	35	35
Total			35	35

(a) The investment balance of Rock Official includes an amount of R$ 35 related to the goodwill on acquisition of this interest.

9.2. Summarized financial information of equity method investments

	March 31, 2018			
	Assets	Liabilities	Shareholders' deficit	(Loss) for the year
Rock Official	70	1,456	(1,386)	(975)

(In thousands of Brazilian Reais)

	December 31, 2017			
	Assets	Liabilities	Shareholders' equity	Net income for the year
Rock Official	79	490	(411)	(129)

10. PROPERTY, PLANT & EQUIPMENT, NET

The Company's fixed assets are comprised as follows:

a) Property, plant & equipment breakdown

	Annual Depreciation rate	March 31, 2018			December 31, 2017		
		Cost	Accumulated depreciation	Net	Cost	Accumulated depreciation	Net
Furniture and fixtures	10-12%	1,605	(1,119)	486	1,585	(1,071)	514
Machinery and equipment	10%	12,341	(3,211)	9,130	12,319	(2,896)	9,423
Electronic equipment	12-25%	2,671	(2,050)	621	2,631	(1,948)	683
Facilities	10%	62	(33)	29	62	(31)	31
Transport equipment	25%	499	(499)	-	489	(489)	-
Leasehold improvements	20%	9,511	(2,570)	6,941	9,490	(2,166)	7,324
Containers	10%	3,642	(1,113)	2,529	3,625	(1,016)	2,609
Scenography	5%	1,170	(708)	462	1,164	(646)	518
Other	10%	674	(458)	216	668	(424)	244
Construction in progress		53	—	53	17	—	17
		32,228	(11,761)	20,467	32,050	(10,687)	21,363

The improvements on third party properties are depreciated during the term of the related lease contracts.

b) Changes in historical cost

	Balance as of Dec 31, 2017	**Additions**	**Translation adjustments**	**Balance as of Mar 31, 2018**
Furniture and fixtures	1,585	—	20	1,605
Machinery and equipment	12,319	—	22	12,341
Electronic equipment	2,631	—	40	2,671
Facilities	62	—	—	62
Transport equipment	489	—	10	499
Leasehold improvements	9,490	17	4	9,511
Containers	3,625	—	17	3,642
Scenography	1,164	—	6	1,170
Other	668	—	6	674
Construction in progress	17	35	1	53
	32,050	52	126	32,228

(In thousands of Brazilian Reais)

	Balance as of Dec 31, 2016	Additions	Translation adjustments	Balance as of Dec 31, 2017
Furniture and fixtures	1,488	5	92	1,585
Machinery and equipment	10,879	1,372	68	12,319
Electronic equipment	2,410	50	171	2,631
Facilities	62	—	—	62
Transport equipment	440	—	49	489
Leasehold improvements	2,056	7,426	8	9,490
Containers	3,571	—	54	3,625
Scenography	1,147	—	17	1,164
Other	648	—	20	668
Construction in progress	300	(283)	—	17
	23,001	8,570	479	32,050

The depreciation expense was R$ 988 for the three-month period ended March 31, 2018 (R$ 640 for the three-month period ended March 31, 2017).

The Company assessed and did not identify impairment indicators for any period presented. Company's management understands that the recovery of funds invested in the acquisition of fixed assets is probable through future cash flows from its use in the operations.

11. INTANGIBLE ASSETS, NET

	March 31, 2018	December 31, 2017
"Rock in Rio" trademark acquired in a business combination	28,174	28,174
Goodwill – Rock World acquisition	134,343	134,343
Others	190	197
	162,707	162,714

	Balance as of Dec 31, 2016	Other changes	Balance as of Dec 31, 2017	Other changes	Balance as of Mar 31, 2018
Trademark	28,174	—	28,174	—	28,174
Goodwill	134,343	—	134,343	—	134,343
Other	230	(33)	197	(7)	190
	162,747	(33)	162,714	(7)	162,707

(In thousands of Brazilian Reais)

12. LOANS AND FINANCING

As of March 31, 2018 and December 31, 2017 the balance of loans and financing is as follows:

Financial institution	Interest per year	Due date	Amount in foreign currency	Amount in R$ March 31, 2018	Amount in R$ December 31, 2017
Itau/Unibanco	7.0%	April 2018	US$3,082	10,553	10,325
BTG Pactual	Floating	September 2018	n.a	5,162	5,162
				15,715	15,487

All loans and financing obligations of the Company and its subsidiaries are converted into the presentation currency (Real) when received in other currencies

On loans with Itaú/Unibanco, two shareholders of the Company appear as joint debtors (guarantors).

13. OTHER TAXES PAYABLE

The balance of taxes payable as of March 31, 2018 and December 31, 2017 is comprised as follows:

	March 31, 2018	December 31, 2017
Withholding income tax	117	145
Social security contributions	167	62
COFINS - Contribution for Social Security Financing	314	387
PIS - Social Integration Program	61	77
Service tax	54	3
IVA	1,509	—
Other	36	82
	2,258	756

14. TAX FINANCING

In 2017, the Company financed the PIS and Cofins taxes on revenues related to the 2017 Rock in Rio, which will be paid in 60 monthly installments starting January 2018, and will include interest equivalent to the Brazilian basic interest rate (SELIC).

(In thousands of Brazilian Reais)

15. INCOME TAXES, INCLUDING SOCIAL CONTRIBUTION

The reconciliation of income taxes expense recognized in the statements of operations for the three-month period ended March 31, 2018 and 2017 is as follows:

	Three-month period ended March 31, 2018	2017
Loss before income tax and social contribution	(4,427)	(9,323)
Nominal rate	34%	34%
Income tax and social contribution at nominal rate	1,505	3,170
Effect of different rates of foreign subsidiaries	1,023	(747)
Adjustments to obtain effective rate:		
Non-deductible expenses	(69)	(61)
Valuation allowance	(1,322)	(1,151)
Others	(11)	904
Income tax and social contribution for the period	1,126	2,115
Current	(36)	(16)
Deferred	1,162	2,131
Effective income tax rate for the period	25%	23%

For the three-month period ended March 31, 2018 and 2017, (loss) from continuing operations before taxes consists of the following:

	Three-month period ended March 31, 2018	2017
Brazilian operations	(3,347)	(7,796)
Foreign operations	(1,080)	(1,527)
	(4,427)	(9,323)

Income tax income attributable to (loss) from continuing operations consists of:

	Three-month period ended March 31, 2018 Current	Deferred	Total
Federal – Brazil	—	1,096	1,096
Foreign jurisdictions	(36)	66	30
	(36)	1,162	1,126

(In thousands of Brazilian Reais)

	Three-month period ended March 31, 2017		
	Current	**Deferred**	**Total**
Federal – Brazil	—	2,075	2,075
Foreign jurisdictions	(16)	56	40
	(16)	2,131	2,115

Each year the Company and subsidiaries file income tax returns. We are open to income tax examinations until the applicable statute of limitations expire. The statute of limitations has expired for periods ending before 2013 in Brazil, Spain and Portugal and for periods ending before 2015 in the United States. Positions challenged by the taxing authorities may be settled or appealed by the Company.

16. DEFERRED REVENUE

The Company recognizes revenues from ticket sales from the Rock in Rio festivals, as well as its respective sponsorship and other revenues, at the time of the corresponding festival.

The balance of deferred revenue as of March 31, 2018 and December 31, 2017 is as follows:

	March 31, 2018	**December 31, 2017**
Sponsorships	7,386	1,776
Ticket sales	17,372	6,627
Other revenue – Licensing and Rock in Rio Club	1,597	1,059
	26,355	9,462
Classified as:		
Current	24,060	7,203
Non-current	2,295	2,259
	26,355	9,462

The deferred revenue balances as of December 31, 2017 were related to the revenue from ticket sales and sponsorships of the Rock in Rio festival to be held in Lisboa (Portugal) during June 2018 and will be recorded as revenue in the statements of operation when this event occurs.

17. TAX INCENTIVES

The Company is entitled to raise funds, which must be invested in cultural projects conducted by the Company, as follows:

- Rio de Janeiro State incentive by the State Culture Secretariat (Decree No. 44,013 of January 2, 2013 and Decree No. 44,133 of March 22, 2013), and

- Rio de Janeiro municipal incentive by the Municipal Culture Secretariat (Law No. 5.553, of January 14, 2013)

The amounts received by the Company are deposited and held in a checking account or a financial investment, each related to a specific project, with a financial institution determined by each public agency. Such amounts are presented as “Restricted cash” in these consolidated financial statements.

(In thousands of Brazilian Reais)

The contra-entry of the amounts received is also recorded in a specific account for each project in current liabilities and is represented by the Company's obligation to use those resources in the execution of the approved projects. Payments for expenses incurred in each project are debited from this account. Any amounts not used are returned to the corresponding public agencies.

The difference presented between the balance of the specific account in current liabilities and the restricted cash relates to the project costs, paid using the parent company's cash to be reimbursed in the future using the resources obtained from tax incentives.

The recording of these incentives is temporary, with no impact on the statements of operations.

As of March 31, 2018 and December 31, 2017 the balances related to tax incentives are as follows:

	March 31, 2018	December 31, 2017
Tax incentives	210	210
	210	210

18. RELATED PARTIES

The main transactions with related parties refer to the rendering of technical and operational support services for the performance of the events. Amounts with related parties are presented in the following line items of the balance sheet:

	Balance sheet	
	March 31, 2018	December 31, 2017
Receivables from related parties:		
Rock Official	—	15
Rock World LLC.	66	64
Live Nation	57	56
SFX Entretenimento	54	51
Payables to related parties:		
Others	30	30
Loans and financing:		
Others	112	113

The compensation of key management personnel related to wages compensation was R$ 117 in the three-month period ended March 31, 2018 (R$ 117 in the three-month period ended March 31, 2017).

19. SHAREHOLDERS' EQUITY

a) Capital

As of March 31, 2018, the Capital is represented by 6,909,750 common shares, all of them nominative and without par value.

b) Dividends distribution

(In thousands of Brazilian Reais)

As per the Company's Corporate Bylaws, by resolution of the general meeting, the Company can declare the payment of dividends on net income for the year or in an interim period, adjusted in accordance with Article 202 of Brazilian Law No. 6,404/76.

c) Accumulated other comprehensive (loss)

Cumulative translation adjustments

Include translation differences to Brazilian reais from the subsidiaries' financial statements with functional currency (Euro and U.S. dollar) different from the parent company.

20. REVENUES

	Three-month period ended March 31,	
	2018	**2017**
Sponsorship	29	118
Ticket sales	—	338
Licensing	308	423
Production services	1,456	—
Others	984	—
(-) Taxes on sales	(219)	(37)
Net revenue	2,558	842

21. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	Three-month period ended March 31,	
	2018	**2017**
Personnel expenses	(1,757)	(1,007)
Administrative expenses	(605)	(798)
Third-party services	(1,121)	(688)
Depreciation	(988)	(647)
Taxes and fees	(6)	(61)
	(4,477)	(3,201)

(In thousands of Brazilian Reais)

22. FINANCE INCOME (EXPENSES)

	Three-month period ended March 31, 2018	Three-month period ended March 31, 2017
Finance income		
Interest on financial investments	24	259
Gains on derivative financial instruments	—	3,334
Exchange rate variation income	2,203	1,408
Other finance income	633	443
	2,860	5,444
Finance expenses		
IOF – Tax on financial transactions	(3)	(140)
Interest on loans	(925)	(1,195)
Bank expenses	(3)	(3)
Losses on derivative financial instruments	(121)	(7,747)
Exchange rate variation losses	(1,807)	(1,302)
Interest and fines over taxes refinancing	(14)	-
Other finance expenses	(513)	(5)
	(3,386)	(10,392)
	(526)	(4,948)

23. FINANCIAL INSTRUMENTS

23.1. Derivative financial instruments

The Company and its subsidiaries have as policy of contracting operations, including derivatives, aiming at mitigating the risks inherent to their operations, especially those related to expenditures on the production of the events.

Non-deliverable forwards

Non-Deliverable Forward (NDF) operations are contracted aiming at mitigating the risks of variation in the U.S. dollar against the Brazilian Real in relation to the costs of producing the Rock in Rio event in Rio de Janeiro all NDF operations contracted by the Company were settled in 2017.

Swaps

These swap operations aim to offset the exchange risk arising from borrowings denominated in foreign currency (U.S. dollars), changing the net financial effect of these transactions into local currency (Brazilian real) and interest rates, having equal amounts and interest rates and maturities on the same dates of corresponding loans and are taken from the same financial institution as the loans.

(In thousands of Brazilian Reais)

March 31, 2018				
Bank	Start date	Maturity date	Notional amount	Gain / (Loss) in R$
Itau	October 27, 2017	April 27, 2018	US$ 3,082 / R$ 10,000	(121)

December 31, 2017				
Bank	Start date	Maturity date	Notional amount	Gain / (Loss) in R$
Itau	October 27, 2017	April 27, 2018	US$ 3,082 / R$ 10,000	47

23.2. Management of financial risks

The Company is exposed to risks arising from financial instruments related to its operations As of March 31, 2018 and December 31, 2017, Management assessed that the Company is exposed to the following risks:

- Credit risk;
- Exchange rate risk;
- Liquidity risk; and
- Market risk;

(In thousands of Brazilian Reais)

The Company's risk management strategy is set by the senior management jointly with the Board of Directors. The executive board is responsible for overseeing the management of those risks. Risk policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The fair value of financial assets and financial liabilities, together with the carrying amounts shown in the consolidated financial statements, are as follows:

	March 31, 2018		December 31, 2017	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair value**
ASSETS				
Not measured at fair value:				
Cash and cash equivalents	21,178	21,178	8,856	8,856
Accounts receivable	7,180	7,180	12,634	12,634
Other accounts receivable	777	777	664	664
Other accounts receivable – related parties	177	177	186	186
Other financial assets	70	70	45	45
Measured at fair value:				
Derivative financial instruments	—	—	69	69
LIABILITIES				
Not measured at fair value:				
Suppliers	8,933	8,933	13,727	13,727
Other liabilities – related parties	30	30	30	30
Loans and financing	15,715	15,715	15,487	15,487
Loans and financing – related parties	112	112	113	113
Advances from customers	3,144	3,144	261	261
Other accounts payable	1,885	1,885	1,526	1,526
Measured at fair value:				
Derivative financial instruments	121	121	171	171

Considering the short-term maturity of the loans, the carrying amount is a reasonable approximation of fair value.

The fair values of the financial assets and financial liabilities above have been determined based on Level 2 inputs from similar instruments available in the market. There were no transfers between levels 1, 2 and 3 during the period.

The tables below shows the main financial risks the Company is exposed to, the risk management strategies used and their effects in the consolidated financial statements.

The Company also has a risk related to the geographical concentration of its operations in Brazil, Europe (Portugal and Spain) and United States of America, being subject to negative effects of the economic and political forces within these markets/geographic areas. The amount of net assets located in Europe and United States of America are disclosed in item b) "Exchange rate risk" below.

(In thousands of Brazilian Reais)

a) Credit risk

Credit risk is the risk that the Company may incur losses from the failure of a customer, or a counterparty to a financial instrument, to comply with their contractual obligations. Financial instruments that expose the Company to credit risk are related to balances of cash and cash equivalents, restricted cash, accounts receivable, derivative financial instruments and other financial assets. In order to mitigate this risk, the Company only makes deposits and financial investments in financial institutions with recognized liquidity, upon the Management's determination. Credit risk related to the balances of trade receivables is managed through careful selection of clients, mostly nationally and internationally reputed companies. Management constantly monitors client balances and evaluates, at each reporting date, the need to record estimated losses. Historically, the default rate observed is virtually nil. The carrying value of financial assets represents the Company's maximum exposure to credit risk. As of March 31, 2018 and December 31, 2017 the maximum exposure presented the following amounts:

	March 31, 2018	**December 31, 2017**
Cash and cash equivalents	21,178	8,856
Accounts receivable	7,180	12,634
Other accounts receivable	777	664
Other accounts receivable – related parties	177	186
	29,312	22,340

The credit risk in accounts receivable is generally not diversified due to the limited number of sponsors and ticket sellers that the Company works with. Due to the seasonal operations of the Company and its subsidiaries, the concentration of accounts receivable also is variable on each balance sheet date.

b) Exchange rate risk

Exchange rate risk arises from the possibility of variations in exchange rates, which affect the reported amounts of assets and liabilities in foreign currency and, thus, revenues and expenses.

The Company is exposed to fluctuations in the exchange rate, deriving from the acquisition of equipment and services abroad, of the balances with related parties based in Europe and United States of America, investment in overseas subsidiaries and the balances of loans and financing contracted by those subsidiaries.

Management has the practice of contracting derivatives aiming at hedging itself from changes in exchange rates arising from the products and services purchased from abroad, as detailed in note 23.1 above.

(In thousands of Brazilian Reais)

As of March 31, 2018 and December 31, 2017, the Company and its subsidiaries have the following foreign currency balances recorded on the balance sheet (amounts below are presented in Brazilian reais):

	Carrying amount	
	March 31, 2018	**December 31, 2017**
Cash and cash equivalents	15,013	2,935
Accounts receivable	4,933	5,378
Recoverable non-income taxes	384	728
Prepaid expenses	14,559	10,587
Other accounts receivable – related parties	123	524
Other accounts receivable	758	650
Deferred taxes	3,489	3,324
Other financial assets	62	59
Property, plant & equipment	7,491	7,850
Intangibles	7	7
Suppliers	(7,193)	(9,608)
Loans and financing	(15,715)	(15,487)
Deferred revenue	(24,060)	(7,203)
Derivative financial instruments	(121)	(171)
Taxes and social contributions	(1,600)	(152)
Other accounts payable	(1,319)	(1,087)
Other liabilities – related parties	(30)	(30)
Other provisions	(1,229)	(1,194)
Net exposure	(4,448)	(2,890)

c) Liquidity risk

The financial department has mechanisms to timely forecast and control cash flow projections, in order to ensure that the Company has full capacity to meet its obligations. For that, the Group's levels of indebtedness are constantly monitored.

d) Interest rate risk

The Company has no significant assets subject to changes in interest rates. The interest rate risk arises from loans and financing transactions contracted by its subsidiaries which do not bring interest rate risks once the rates for the most significant transactions are preset. See Note 12.

24. LEGAL CONTINGENCIES

During the normal course of business, the Company is occasionally involved with claims and litigation. Provisions are established in connection with such matters when a loss is probable and the amount of such loss can be reasonably estimated. As of March 31, 2018 and December 31, 2017, no provisions were recorded. No provisions are established for losses which are only reasonably possible. The Company has currently discussions amounting to R$ 4,418 as of March 31, 2018 for which no provision was recorded because the chance of loss is considered possible by the Company. The determination of probability and the estimation of the actual amount of any such loss are inherently unpredictable, and it is therefore possible that the eventual outcome of such claims and litigation could be different of the amount presented above. Based upon the Company's experience, current information and applicable law, it does not believe it is reasonably possible that any proceedings or possible related claims will have a material effect on its consolidated financial statements.

On December 14, 2017, the Company was assessed by the Municipal Treasury of Rio de Janeiro, seeking, in summary, the collection of tax on services - ISS on the importation of services, of which the musicians contracted abroad for the period of 2012 to 2016. The amount of the principal of the tax assessment notice is R$ 6,688, and according to the assessment by the Company, with the assistance of its legal advisors, the portion with a possible probability of loss is an estimated value of 10 percent of the total amount of the tax assessment notice, plus fines and interest, amounting to R$ 1,516. The remaining of the discussion was considered as a remote probability of loss.

Additionally, as of December 31, 2017, the Company was involved in labor and civil lawsuits in progress and is discussing these issues in both the administrative and judicial areas. Proceedings for possible losses arising from these processes are estimated and updated by the Company, with the assistance of its legal advisors. The increase in civil lawsuits in 2017 resulted from the cancellation of the presentation, shortly before the festival, of one of the main attractions of the Rock in Rio festival held in Rio de Janeiro in 2017

25. OPERATING LEASES

The Company leases its office facilities in Rio de Janeiro under an operating lease agreement without purchase option, which expires in January 2022 and with a monthly rental payment of R$ 47. The lease payment is adjusted annually based on the variation of a Brazilian inflation index (IGP-M).

The Company also has a rental agreement with the Rio Mais Concessionaire, signed in February 2017, which owns the properties that currently make up the Olympic Park in Rio de Janeiro, where the 2017 Rock in Rio festival was held and also the 2019 event will be held. The agreement provides for that in the future, in the event that the concessionaire agrees, in its sole discretion, with the renewal of the conditions to be subsequently adjusted for the realization of 2021 Rock in Rio. This agreement provides that the Company pays the minimum rent of R$ 3,500, for each of the editions of Rock in Rio, and the amount of variable rent due to the amount of tickets sold for each of the scheduled editions.

26. SUBSEQUENT EVENTS

Acquisition of shares by Live Nation

On May 4, 2018, Live Nation Entertainment, Inc. ("Live Nation"), through Live Nation International Holdings B.V., an indirect, wholly-owned subsidiary of Live Nation incorporated in the Netherlands ("LNIH"), completed an acquisition of 50% of the outstanding share capital of the Company, pursuant to a Share Subscription Agreement and Other Covenants entered into as of May 1, 2018 (the "Subscription Agreement"), by and among the Company, Live Nation, LNIH, and Medina and Chulam family members (collectively, the "Founding Shareholders").

LNIH made a capital increase in the Company pursuant to the Subscription Agreement, and contributed an additional capital of the Company to finance the repayment of certain indebtedness of its subsidiary Rock World S.A. In addition, under the terms of the Subscription Agreement, Live Nation paid the Founding Shareholders an amount in exchange for the right to acquire an additional 1% of the outstanding shares of the Company for nominal consideration and thereby become its controlling shareholder, with such option exercisable (i) during the 60-day period beginning 120 days prior to the Rock in Rio festival event in Rio de Janeiro, Brazil to be held in 2019, (ii) during the 60-day period commencing on January 1, 2020 and (iii) thereafter from time to time upon the occurrence of certain triggering events. Live Nation also made a one-time payment to the Founding Shareholders concurrently with the closing of the transactions contemplated by the Subscription Agreement as an advance against certain contingent payments that will become payable to the Founding Shareholders in 2020, 2021 or 2022 in the event that either the Founding Shareholders elect to sell their remaining shares of the Company to Live Nation, or Live Nation elects to acquire such shares.

Game Experience joint-venture

On April 21, 2018, Rock World formed with CCXP Eventos Ltda. a new joint-venture called Game Experience Eventos Ltda. (each investor will have 50% of shares of this entity). The purpose of this entity is to organize and promote events related to games and e-sports. The first event to be promoted by Game Experience will be the Game XP event in the Olympic Park of Rio de Janeiro, in September 2018.

Net profit allocation and capital increase

On May 4, 2018, the shareholders have approved the allocation of the net profit of the Company, in the amount of R$32,238, to the following reserves: (i) R$1,611 to the legal reserve; and (ii) R$30,626 to the reserve for realizable profits. On this same date were approved the issuance of 4,272,559 new ordinary shares, a capital increase of R$ 29,930 and the increase in profit reserves amounting R$ 121,244 made by company's shareholders, including Live Nation International Holdings B.V., holder of 3,863,717 ordinary shares of the Company since May 4, 2018.

EXHIBIT 99.3

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

On May 4, 2018, Live Nation Entertainment, Inc. (the "Company" or "Live Nation"), through an indirect, wholly-owned subsidiary of the Company, completed its previously announced acquisition of 50% of the outstanding share capital of Rock City S.A., a company incorporated in Brazil ("Rock City"), pursuant to a Share Subscription Agreement and Other Covenants entered into as of May 1, 2018 (the "Transaction"). The Company has accounted for the Transaction as an equity method investment.

The Company paid $34.8 million for the acquired shares and contributed $4.1 million to the capital of Rock City to finance the repayment of certain indebtedness of a subsidiary. The Company made an additional payment of $0.6 million to settle foreign currency exchange differences related to the share purchase price. In addition, the Company paid $0.2 million for the right to acquire an additional 1% of the outstanding shares of Rock City from Roberto Medina and certain other shareholders of Rock City (collectively, the "Founding Shareholders") for nominal consideration and thereby become its controlling shareholder, with such option exercisable (i) during the 60-day period beginning 120 days prior to the Rock in Rio festival event in Rio de Janeiro, Brazil to be held in 2019, (ii) during the 60-day period commencing on January 1, 2020 and (iii) thereafter from time to time upon the occurrence of certain triggering events. The Company also made a one-time payment of $5.0 million to the Founding Shareholders as an advance against certain contingent payments in the event that either the Founding Shareholders elect to sell their remaining shares of Rock City to the Company, or the Company elects to acquire such shares. All payments have been recorded as other long-term assets.

The unaudited pro forma consolidated balance sheet as of March 31, 2018 includes the historical unaudited consolidated balance sheet of Live Nation and gives effect to the Transaction as if it had been completed on March 31, 2018. The unaudited pro forma consolidated statements of operations for the three months ended March 31, 2018 and for the year ended December 31, 2017, include the historical unaudited consolidated statement of operations for the three months ended March 31, 2018 and the historical audited consolidated statement of operations for the year ended December 31, 2017, respectively, for Live Nation and gives effect to the Transaction as if it had been completed on January 1, 2017. The historical consolidated financial statement information has been adjusted to give pro forma effect to events that are (i) directly attributable to the Transaction, (ii) factually supportable and (iii) with respect to the statement of operations, expected to have a continuing impact on the consolidated results. In addition, the unaudited pro forma consolidated statement of operations for the year ended December 31, 2017 includes pro forma adjustments to reflect the impact of the Company's January 1, 2018 adoption of the new revenue recognition standard issued by the Financial Accounting Standards Board ("FASB") in May 2014.

The following unaudited pro forma consolidated financial statements are presented for illustrative purposes only and are not necessarily indicative of the financial condition or results of operations of future periods or the financial condition or results of operations that actually would have been realized had the acquisition been completed during the periods presented or the results that the Company will experience after the acquisition.

The unaudited pro forma consolidated financial statements should be read in conjunction with Live Nation's historical consolidated financial statements and accompanying notes in the Annual Report on Form 10-K, as of and for the year ended December 31, 2017, and its Quarterly Report on Form 10-Q, as of and for the three months ended March 31, 2018 along with Rock City's historical consolidated financial statements and accompany notes as of and for the year ended December 31, 2017 included as Exhibit 99.1 in this Current Report on Form 8-K/A and as of and for the three months ended March 31, 2018 included as Exhibit 99.2 in this Current Report on Form 8-K/A.

LIVE NATION ENTERTAINMENT, INC.
UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET
March 31, 2018

	Live Nation Historical	Pro Forma Adjustments	Notes	Pro Forma Consolidated
		(in thousands)		
ASSETS				
Current assets				
Cash and cash equivalents	$ 2,942,407	$ (44,663)	(a)	$ 2,897,744
Accounts receivable, less allowance of $31,429	783,807	—		783,807
Prepaid expenses	867,936	—		867,936
Restricted cash	6,376	—		6,376
Other current assets	44,164	—		44,164
Total Current assets	4,644,690	(44,663)		4,600,027
Property, plant and equipment				
Land, buildings and improvements	960,379	—		960,379
Computer equipment and capitalized software	672,828	—		672,828
Furniture and other equipment	314,419	—		314,419
Construction in progress	105,248	—		105,248
	2,052,874	—		2,052,874
Less accumulated depreciation	1,165,973	—		1,165,973
	886,901	—		886,901
Intangible assets				
Definite-lived intangible assets, net	759,326	—		759,326
Indefinite-lived intangible assets	369,140	—		369,140
Goodwill	1,772,671	—		1,772,671
Other long-term assets	684,820	44,663	(a)	729,483
Total assets	$ 9,117,548	$ —		$ 9,117,548
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable, client accounts	$ 1,121,424	$ —		$ 1,121,424
Accounts payable	79,411	—		79,411
Accrued expenses	1,020,621	—		1,020,621
Deferred revenue	2,039,018	—		2,039,018
Current portion of long-term debt, net	119,414	—		119,414
Other current liabilities	58,825	—		58,825
Total current liabilities	4,438,713	—		4,438,713
Long-term debt, net	2,747,399	—		2,747,399
Deferred income taxes	138,517	—		138,517
Other long-term liabilities	155,998	—		155,998
Commitments and contingent liabilities				
Redeemable noncontrolling interests	264,700	—		264,700
Stockholders’ equity				
Common stock	2,076	—		2,076
Additional paid-in capital	2,348,118	—		2,348,118
Accumulated deficit	(1,113,378)	—		(1,113,378)
Costs of shares held in treasury	(6,865)	—		(6,865)
Accumulated other comprehensive loss	(92,280)	—		(92,280)
Total Live Nation stockholders’ equity	1,137,671	—		1,137,671
Noncontrolling interests	234,550	—		234,550
Total equity	1,372,221	—		1,372,221
Total liabilities and equity	$ 9,117,548	$ —		$ 9,117,548

See Notes to Unaudited Pro Forma Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.
UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS
For the Year Ended December 31, 2017

	Live Nation Historical	Pro Forma Adjustments	Notes	Pro Forma Consolidated
	(in thousands except share and per share data)			
Revenue	$ 10,337,448	$ (650,226)	(b)	$ 9,687,222
Operating expenses:				—
Direct operating expenses	7,748,791	(566,893)	(b)	7,181,898
Selling, general and administrative expenses	1,907,723	(762)	(c)	1,906,961
Depreciation and amortization	455,534	(83,333)	(b)	372,201
Gain on disposal of operating assets	(969)	—		(969)
Corporate expenses	134,972	—		134,972
Operating income	91,397	762		92,159
Interest expense	106,722	—		106,722
Loss on extinguishment of debt	1,048	—		1,048
Interest income	(5,717)	—		(5,717)
Equity in earnings of nonconsolidated affiliates	(1,161)	(5,332)	(d)	(6,493)
Other income, net	(115)	—		(115)
Income (loss) before income taxes	(9,380)	6,094		(3,286)
Income tax benefit	(17,154)	—	(e)	(17,154)
Net income	7,774	6,094		13,868
Net income attributable to noncontrolling interests	13,789	—		13,789
Net income (loss) attributable to common stockholders of Live Nation	$ (6,015)	$ 6,094		$ 79
Basic and diluted net loss per common share available to common stockholders of Live Nation	$ (0.48)			$ (0.45)
Weighted average common share outstanding:				
Basic and diluted	204,923,740			204,923,740

Reconciliation to net loss available to common stockholders of Live Nation:				
Net income (loss) attributable to common stockholders of Live Nation	$ (6,015)	$ 6,094		$ 79
Accretion of redeemable noncontrolling interests	(91,631)	—		(91,631)
Basic and diluted net loss available to common stockholders of Live Nation	$ (97,646)	$ 6,094		$ (91,552)

See Notes to Unaudited Pro Forma Consolidated Financial Statements

LIVE NATION ENTERTAINMENT, INC.

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS

For the Three Months Ended March 31, 2018

	Live Nation Historical	Pro Forma Adjustments	Notes	Pro Forma Consolidated
	(in thousands except share and per share data)			
Revenue	$ 1,482,384	$ —		$ 1,482,384
Operating expenses:				
Direct operating expenses	932,084	—		932,084
Selling, general and administrative expenses	434,611	(35)	(c)	434,576
Depreciation and amortization	87,871	—		87,871
Loss on disposal of operating assets	38	—		38
Corporate expenses	33,810	—		33,810
Operating income (loss)	(6,030)	35		(5,995)
Interest expense	29,741	—		29,741
Loss on extinguishment of debt	2,943	—		2,943
Interest income	(1,183)	—		(1,183)
Equity in loss (earnings) of nonconsolidated affiliates	(3,715)	385	(d)	(3,330)
Other expense, net	328			328
Loss before income taxes	(34,144)	(350)		(34,494)
Income tax expense	6,884	—	(e)	6,884
Net loss	(41,028)	(350)		(41,378)
Net loss attributable to noncontrolling interests	(7,122)	—		(7,122)
Net loss attributable to common stockholders of Live Nation	$ (33,906)	$ (350)		$ (34,256)
Basic and diluted net loss per common share available to common stockholders of Live Nation	$ (0.24)			$ (0.24)
Weighted average common share outstanding:				
Basic and diluted	206,728,167			206,728,167

Reconciliation to net loss available to common stockholders of Live Nation:				
Net loss attributable to common stockholders of Live Nation	$ (33,906)	$ (350)		$ (34,256)
Accretion of redeemable noncontrolling interests	(16,385)	—		(16,385)
Basic and diluted net loss available to common stockholders of Live Nation	$ (50,291)	$ (350)		$ (50,641)

See Notes to Unaudited Pro Forma Consolidated Financial Statements

NOTES TO UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1—BASIS OF PRO FORMA PRESENTATION

The accompanying unaudited pro forma consolidated financial statements were prepared from Live Nation's and Rock City's historical financial statements. The unaudited pro forma consolidated balance sheet as of March 31, 2018 gives effect to the Transaction as if it had been completed on March 31, 2018. The unaudited pro forma consolidated statements of operations for the three months ended March 31, 2018 and the year ended December 31, 2017 give effect to the Transaction as if it had been completed on January 1, 2017. The Company has accounted for the Transaction as an equity method investment.

Effective January 1, 2018, the Company adopted the new revenue recognition accounting guidance that was issued by the FASB in May 2014 and has applied it retrospectively to each period presented in its financial statements. The pro forma adjustments to the unaudited pro forma consolidated statement of operations for the year ended December 31, 2017 include the impact of adoption of this guidance to the Company's results of operations for 2017.

NOTE 2—PRO FORMA ADJUSTMENTS

(a) Adjustment reflects the cash paid by Live Nation in connection with the Transaction. The cash paid was classified as other long-term assets.

		(in millions)
Share purchase price	$	34.8
Capital contribution for Rock City's subsidiary debt reduction		4.1
Share purchase price foreign currency exchange settlement		0.6
Right to acquire additional 1% interest in Rock City		0.2
Advance to Founding Shareholders for potential future acquisition of remaining shares		5.0
Total cash paid	$	44.7

The Company is in the process of gathering information and performing valuation analysis to determine if there is a difference between the cost of the Company's investment and its share of the net assets of Rock City. For purposes of these pro forma financial statements, the Company has not made an assumption as to a difference in basis.

(b) Adjustment reflects the impact to the Company's consolidated statement of operations for the year ended December 31, 2017 related to the January 1, 2018 adoption of the new revenue guidance issued by the FASB in May 2014.

(c) Adjustment reflects the elimination of nonrecurring transaction costs incurred during the respective periods presented that are directly related to the Transaction.

(d) Adjustment reflects the Company's equity in the loss (earnings) of Rock City for the respective periods presented. The historical financial information of Rock City was prepared in accordance with Generally Accepted Accounting Principles and presented in Brazilian Reais. The historical statements of operations of Rock City were translated from Brazilian Reais to the United States dollar using the following average exchange rates for the applicable periods.

	1 Reais / Dollar
Year ended December 31, 2017	0.31361
Three months ended March 31, 2018	0.30831

(e) The pro forma adjustments have no effect on the Company's current or deferred income tax expense (benefit) for the year ended December 31, 2017 and the three months ended March 31, 2018. For both periods presented, the equity in (earnings) loss is recorded net of income tax expense or benefit recognized directly by Rock City. The Company records income tax expense from equity investments when it receives a distribution. The pro forma adjustments do not include the assumption of a distribution from Rock City during the periods presented as any distribution is not directly related to the Transaction.