# Contents

# Company information / capital breakdown

| Number of shares (Units) | Current quarter 03/31/2014 |
|---|---|
| **Paid-in capital** | |
| **Common shares** | 66,086,364 |
| **Preferred shares** | 0 |
| **Total** | 66,086,364 |
| **Treasury stock** | |
| **Common shares** | 0 |
| **Preferred shares** | 0 |
| **Total** | 0 |

## Company information / Cash proceeds

| Event | Approval | Proceeds | Beginning of payment | Type of share | Class of share | Earnings per share (Reais / share) |
|---|---|---|---|---|---|---|
| General shareholders' meeting | 04/30/2014 | Interest on equity | 05/29/2014 | Common | | 0.08911 |

## Individual interim financial statements / balance sheet – assets

## (In thousands of reais)

| Account code | Account description | Current quarter 03/31/2014 | Prior year 12/31/2013 |
|---|---|---|---|
| 1 | Total assets | 261,729 | 249,997 |
| 1.01 | Current assets | 120,942 | 111,428 |
| 1.01.01 | Cash and cash equivalents | 19,969 | 11,316 |
| 1.01.01.01 | Cash and banks | 2,203 | 396 |
| 1.01.01.02 | Short-term investments | 17,766 | 10,920 |
| 1.01.03 | Accounts receivable | 62,141 | 64,308 |
| 1.01.03.01 | Trade accounts receivable | 62,141 | 64,308 |
| 1.01.04 | Inventories | 22,540 | 21,875 |
| 1.01.06 | Taxes recoverable | 4,160 | 6,220 |
| 1.01.07 | Prepaid expenses | 5,187 | 2,361 |
| 1.01.08 | Other current assets | 6,945 | 5,348 |
| 1.01.08.03 | Other | 6,945 | 5,348 |
| 1.01.08.03.01 | Advances and prepayments | 1,013 | 1,449 |
| 1.01.08.03.02 | Loans granted | 1,492 | 1,287 |
| 1.01.08.03.03 | Other assets | 4,440 | 2,612 |
| 1.02 | Noncurrent assets | 140,787 | 138,569 |
| 1.02.01 | Long-term receivables | 38,593 | 36,549 |
| 1.02.01.03 | Accounts receivable | 9,144 | 9,369 |
| 1.02.01.03.01 | Trade accounts receivable | 9,144 | 9,369 |
| 1.02.01.06 | Deferred taxes | 7,342 | 6,489 |
| 1.02.01.06.01 | Deferred income and social contribution taxes | 7,342 | 6,489 |
| 1.02.01.07 | Prepaid expenses | 0 | 88 |
| 1.02.01.09 | Other noncurrent assets | 22,107 | 20,603 |
| 1.02.01.09.01 | Noncurrent assets for sale | 12,133 | 12,668 |
| 1.02.01.09.03 | Taxes recoverable | 12 | 18 |
| 1.02.01.09.04 | Judicial deposits | 3,749 | 3,555 |
| 1.02.01.09.05 | Loans granted | 4,257 | 2,387 |
| 1.02.01.09.06 | Other assets | 1,956 | 1,975 |
| 1.02.02 | Investments | 733 | 784 |
| 1.02.03 | Property, plant and equipment | 80,877 | 80,119 |
| 1.02.03.01 | Property, plant and equipment in use | 80,877 | 80,119 |
| 1.02.04 | Intangible assets | 20,584 | 21,117 |
| 1.02.04.01 | Intangible assets | 20,584 | 21,117 |

## Individual interim financial statements / balance sheet – liabilities and equity

## (In thousands of reais)

| Account code | Account description | Current quarter 03/31/2014 | Prior year 12/31/2013 |
|---|---|---|---|
| 2 | Total liabilities and equity | 261,729 | 249,997 |
| 2.01 | Current liabilities | 46,497 | 39,538 |
| 2.01.01 | Social and labor liabilities | 5,299 | 4,826 |
| 2.01.01.01 | Social liabilities | 597 | 698 |
| 2.01.01.02 | Labor liabilities | 4,702 | 4,128 |
| 2.01.02 | Trade accounts payable | 11,670 | 6,245 |
| 2.01.03 | Tax liabilities | 3,683 | 4,196 |
| 2.01.03.01 | Federal tax liabilities | 2,149 | 2,869 |
| 2.01.03.01.01 | Income and social contribution taxes payable | 66 | 0 |
| 2.01.03.01.02 | Other tax and federal liabilities | 2,083 | 2,869 |
| 2.01.03.02 | State tax liabilities | 1,532 | 1,326 |
| 2.01.03.03 | Local tax liabilities | 2 | 1 |
| 2.01.04 | Loans and financing | 279 | 557 |
| 2.01.04.01 | Loans and financing | 279 | 557 |
| 2.01.04.01.01 | Local currency | 279 | 557 |
| 2.01.05 | Other liabilities | 25,566 | 23,714 |
| 2.01.05.02 | Other | 25,566 | 23,714 |
| 2.01.05.02.01 | Dividend and IOE payable | 5,889 | 5,889 |
| 2.01.05.02.04 | Advance from customers | 19,228 | 16,840 |
| 2.01.05.02.05 | Other current liabilities | 449 | 985 |
| 2.02 | Noncurrent liabilities | 5,250 | 5,156 |
| 2.02.04 | Provisions | 5,250 | 5,156 |
| 2.02.04.01 | Tax, social security, labor and civil provisions | 5,250 | 5,156 |
| 2.03 | Equity | 209,982 | 205,303 |
| 2.03.01 | Paid-in capital | 187,709 | 187,709 |
| 2.03.02 | Capital reserves | -2,658 | -2,658 |
| 2.03.02.07 | Share issue expenses | -2,658 | -2,658 |
| 2.03.04 | Income reserves | 20,252 | 20,252 |
| 2.03.04.01 | Legal reserve | 8,734 | 8,734 |
| 2.03.04.02 | Statutory reserve | 11,518 | 11,518 |
| 2.03.05 | Retained earnings/accumulated losses | 4,679 | 0 |

## Individual interim financial statements / statement of income

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 3.01 | Revenue from sales | 52,780 | 55,058 |
| 3.02 | Cost of sales | -32,287 | -32,737 |
| 3.03 | Gross profit | 20,493 | 22,321 |
| 3.04 | Operating income/expenses | -16,406 | -16,915 |
| 3.04.01 | Selling expenses | -11,592 | -13,670 |
| 3.04.02 | General and administrative expenses | -3,970 | -3,705 |
| 3.04.04 | Other operating income | 807 | 940 |
| 3.04.06 | Equity pickup | -1,651 | -480 |
| 3.05 | Income before financial income/expenses and taxes | 4,087 | 5,406 |
| 3.06 | Financial income (expenses) | 2,038 | 2,849 |
| 3.06.01 | Financial income | 2,555 | 3,276 |
| 3.06.02 | Financial expenses | -517 | -427 |
| 3.07 | Income before income taxes | 6,125 | 8,255 |
| 3.08 | Income and social contribution taxes | -1,446 | -2,030 |
| 3.08.01 | Current | -2,299 | -2,954 |
| 3.08.02 | Deferred | 853 | 924 |
| 3.09 | Net income from continued operations | 4,679 | 6,225 |
| 3.11 | Income/loss for the period | 4,679 | 6,225 |
| 3.99 | Earnings per share - (reais / share) | | |
| 3.99.01 | Basic earnings per share | | |
| 3.99.01.01 | Common shares (ON) | 0.07080 | 0.09420 |
| 3.99.02 | Diluted earnings per share | | |
| 3.99.02.01 | Common shares (ON) | 0.07080 | 0.09420 |

## Individual interim financial statements / statement of comprehensive income

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 4.01 | Net income for the period | 4,679 | 6,225 |
| 4.03 | Comprehensive income for the period | 4,679 | 6,225 |

## Individual interim financial statements / statement of cash flows – indirect method

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 6.01 | Net cash - operating activities | 12,664 | 13,776 |
| 6.01.01 | Cash generated by operations | 10,653 | 12,572 |
| 6.01.01.01 | Income before income and social contribution taxes | 6,125 | 8,255 |
| 6.01.01.02 | Depreciation and amortization | 1,759 | 2,174 |
| 6.01.01.03 | Foreign exchange variation – trade accounts receivable | 128 | 11 |
| 6.01.01.04 | Foreign exchange variation – trade accounts payable | 0 | -53 |
| 6.01.01.05 | Provision for labor, tax and civil claims | 94 | 494 |
| 6.01.01.06 | Interest appropriation | 9 | 120 |
| 6.01.01.07 | Provision for obsolescence | 93 | -91 |
| 6.01.01.08 | Allowance for doubtful accounts | 654 | 1,071 |
| 6.01.01.10 | Disposal of property, plant and equipment | 140 | 111 |
| 6.01.01.11 | Equity pickup | 1,651 | 480 |
| 6.01.02 | Changes in assets and liabilities | 2,011 | 1,204 |
| 6.01.02.01 | Trade accounts receivable | 1,610 | 2,518 |
| 6.01.02.02 | Inventories | -758 | -2,239 |
| 6.01.02.03 | Taxes recoverable | -233 | 2,919 |
| 6.01.02.05 | Loans granted | -2,075 | -58 |
| 6.01.02.06 | Prepaid expenses | -2,738 | -4,609 |
| 6.01.02.07 | Judicial deposits | -194 | -304 |
| 6.01.02.08 | Other current and noncurrent assets | -1,373 | -770 |
| 6.01.02.09 | Noncurrent assets held for sale | 535 | 0 |
| 6.01.02.14 | Trade accounts payable | 5,425 | 1,850 |
| 6.01.02.15 | Advance from customers | 2,388 | 3,060 |
| 6.01.02.16 | Tax liabilities | -513 | 363 |
| 6.01.02.17 | Other current and noncurrent liabilities | -63 | 343 |
| 6.01.02.18 | Payment of income and social contribution taxes | 0 | -1,869 |
| 6.02 | Net cash - investing activities | -3,724 | -2,448 |
| 6.02.01 | In investments | -1,600 | -500 |
| 6.02.02 | In property, plant and equipment | -2,001 | -1,762 |
| 6.02.03 | In intangible assets | -123 | -186 |
| 6.03 | Net cash - financing activities | -287 | -311 |
| 6.03.04 | Repayment of loans | -287 | -311 |
| 6.05 | Increase (decrease) in cash and cash equivalents | 8,653 | 11,017 |
| 6.05.01 | Cash and cash equivalents at beginning of period | 11,316 | 28,719 |
| 6.05.02 | Cash and cash equivalents at end of period | 19,969 | 39,736 |

## Individual interim financial statements / statement of changes in equity (SCE) - 01/01/2014 to 03/31/2014

## (In thousands of reais)

| Account code | Account description | Paid-in capital | Capital reserve, Stock options granted and treasury shares | Income reserves | Retained earnings (accumulated losses) | Other comprehensive income | Equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 187,709 | -2,658 | 20,252 | 0 | 0 | 205,303 |
| 5.03 | Adjusted opening balances | 187,709 | -2,658 | 20,252 | 0 | 0 | 205,303 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 4,679 | 0 | 4,679 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 4,679 | 0 | 4,679 |
| 5.07 | Closing balances | 187,709 | -2,658 | 20,252 | 4,679 | 0 | 209,982 |

# Individual interim financial statements / statement of changes in equity (SCE) - 01/01/2013 to 03/31/2013

## (thousands or reais)

| Account code | Account description | Paid-in capital | Capital reserve, Stock options granted and treasury shares | Income reserves | Retained earnings (accumulated losses) | Other comprehensive income | Equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 187,709 | -2,658 | 37,079 | 0 | 0 | 222,130 |
| 5.03 | Adjusted opening balances | 187,709 | -2,658 | 37,079 | 0 | 0 | 222,130 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 6,225 | 0 | 6,225 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 6,225 | 0 | 6,225 |
| 5.07 | Closing balances | 187,709 | -2,658 | 37,079 | 6,225 | 0 | 228,355 |

## Individual interim financial statements / statement of value added

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 7.01 | Revenues | 70,409 | 71,353 |
| 7.01.01 | Sales of goods, products and services | 70,095 | 71,507 |
| 7.01.02 | Other revenues | 968 | 917 |
| 7.01.04 | (Reversal of) allowance for doubtful accounts | -654 | -1,071 |
| 7.02 | Inputs acquired from third parties | -43,205 | -44,641 |
| 7.02.01 | Cost of sales | -32,879 | -33,490 |
| 7.02.02 | Materials, energy, third-party services and other expenses | -8,268 | -9,128 |
| 7.02.04 | Other | -2,058 | -2,023 |
| 7.03 | Gross value added | 27,204 | 26,712 |
| 7.04 | Retentions | -1,759 | -2,174 |
| 7.04.01 | Depreciation, amortization and depletion | -1,759 | -2,174 |
| 7.05 | Net value added generated | 25,445 | 24,538 |
| 7.06 | Value added received in transfer | 904 | 2,796 |
| 7.06.01 | Equity pickup | -1,651 | -480 |
| 7.06.02 | Financial income | 2,555 | 3,276 |
| 7.07 | Total value added to be distributed | 26,349 | 27,334 |
| 7.08 | Distribution of value added | 26,349 | 27,334 |
| 7.08.01 | Personnel | 8,964 | 8,644 |
| 7.08.01.01 | Direct compensation | 7,593 | 7,351 |
| 7.08.01.02 | Benefits | 765 | 920 |
| 7.08.01.03 | Unemployment compensation fund (FGTS) | 606 | 373 |
| 7.08.02 | Taxes, charges and contributions | 11,605 | 10,939 |
| 7.08.02.01 | Federal | 7,110 | 6,605 |
| 7.08.02.02 | State | 4,479 | 4,287 |
| 7.08.02.03 | Local | 16 | 47 |
| 7.08.03 | Debt remuneration | 1,101 | 1,526 |
| 7.08.03.01 | Interest | 9 | 120 |
| 7.08.03.02 | Rental | 712 | 1,057 |
| 7.08.03.03 | Other | 380 | 349 |
| 7.08.04 | Equity remuneration | 4,679 | 6,225 |
| 7.08.04.03 | Retained earnings/accumulated losses for the period | 4,679 | 6,225 |

## Consolidated interim financial statements / balance sheets – assets

## (In thousands of reais)

| Account code | Account description | Current quarter 03/31/2014 | Prior year 12/31/2013 |
|---|---|---|---|
| 1 | Total assets | 269,872 | 256,886 |
| 1.01 | Current assets | 124,154 | 114,385 |
| 1.01.01 | Cash and cash equivalents | 20,973 | 11,629 |
| 1.01.01.01 | Cash and banks | 3,207 | 709 |
| 1.01.01.02 | Short-term investments | 17,766 | 10,920 |
| 1.01.03 | Accounts receivable | 62,636 | 65,342 |
| 1.01.03.01 | Trade accounts receivable | 62,636 | 65,342 |
| 1.01.04 | Inventories | 24,129 | 23,304 |
| 1.01.06 | Taxes recoverable | 4,173 | 6,230 |
| 1.01.07 | Prepaid expenses | 5,219 | 2,386 |
| 1.01.08 | Other current assets | 7,024 | 5,494 |
| 1.01.08.03 | Other | 7,024 | 5,494 |
| 1.01.08.03.01 | Advances and prepayments | 1,087 | 1,559 |
| 1.01.08.03.02 | Loans granted | 1,492 | 1,287 |
| 1.01.08.03.03 | Other assets | 4,445 | 2,648 |
| 1.02 | Noncurrent assets | 145,718 | 142,501 |
| 1.02.01 | Long-term receivables | 42,416 | 39,541 |
| 1.02.01.03 | Accounts receivable | 9,144 | 9,369 |
| 1.02.01.03.01 | Trade accounts receivable | 9,144 | 9,369 |
| 1.02.01.06 | Deferred taxes | 11,165 | 9,481 |
| 1.02.01.06.01 | Deferred income and social contribution taxes | 11,165 | 9,481 |
| 1.02.01.07 | Prepaid expenses | 0 | 88 |
| 1.02.01.09 | Other noncurrent assets | 22,107 | 20,603 |
| 1.02.01.09.01 | Noncurrent assets for sale | 12,133 | 12,668 |
| 1.02.01.09.03 | Taxes recoverable | 12 | 18 |
| 1.02.01.09.04 | Judicial deposits | 3,749 | 3,555 |
| 1.02.01.09.05 | Loans granted | 4,257 | 2,387 |
| 1.02.01.09.06 | Other assets | 1,956 | 1,975 |
| 1.02.02 | Investments | 82 | 82 |
| 1.02.03 | Fixed assets | 82,631 | 81,758 |
| 1.02.03.01 | Property, plant and equipment in use | 82,631 | 81,758 |
| 1.02.04 | Intangible assets | 20,589 | 21,120 |
| 1.02.04.01 | Intangible assets | 20,589 | 21,120 |

## Consolidated interim financial statements / balance sheets – liabilities and equity

## (In thousands of reais)

| Account code | Account description | Current quarter 03/31/2014 | Prior year 12/31/2013 |
|---|---|---|---|
| 2 | Total liabilities and equity | 269,872 | 256,886 |
| 2.01 | Current liabilities | 54,640 | 46,427 |
| 2.01.01 | Social and labor liabilities | 6,706 | 5,983 |
| 2.01.01.01 | Social liabilities | 757 | 908 |
| 2.01.01.02 | Labor liabilities | 5,949 | 5,075 |
| 2.01.02 | Trade accounts payable | 11,734 | 6,311 |
| 2.01.03 | Tax liabilities | 4,045 | 4,636 |
| 2.01.03.01 | Federal tax liabilities | 2,422 | 3,175 |
| 2.01.03.01.01 | Income and social contribution taxes payable | 66 | 0 |
| 2.01.03.01.02 | Other tax and federal liabilities | 2,356 | 3,175 |
| 2.01.03.02 | State tax liabilities | 1,620 | 1,458 |
| 2.01.03.03 | Local tax liabilities | 3 | 3 |
| 2.01.04 | Loans and financing | 279 | 557 |
| 2.01.04.01 | Loans and financing | 279 | 557 |
| 2.01.04.01.01 | Local currency | 279 | 557 |
| 2.01.05 | Other liabilities | 31,876 | 28,940 |
| 2.01.05.02 | Other | 31,876 | 28,940 |
| 2.01.05.02.01 | Dividend and IOE payable | 5,889 | 5,889 |
| 2.01.05.02.04 | Advance from customers | 25,520 | 22,037 |
| 2.01.05.02.05 | Other current liabilities | 467 | 1,014 |
| 2.02 | Noncurrent liabilities | 5,250 | 5,156 |
| 2.02.04 | Provisions | 5,250 | 5,156 |
| 2.02.04.01 | Tax, social security, labor and civil provisions | 5,250 | 5,156 |
| 2.03 | Consolidated equity | 209,982 | 205,303 |
| 2.03.01 | Paid-in capital | 187,709 | 187,709 |
| 2.03.02 | Capital reserves | -2,658 | -2,658 |
| 2.03.02.07 | Share issue expenses | -2,658 | -2,658 |
| 2.03.04 | Income reserves | 20,252 | 20,252 |
| 2.03.04.01 | Legal reserve | 8,734 | 8,734 |
| 2.03.04.02 | Statutory reserve | 11,518 | 11,518 |
| 2.03.05 | Retained earnings/accumulated losses | 4,679 | 0 |

## Consolidated interim financial statements / statement of income

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 3.01 | Revenue from sales | 54,223 | 54,981 |
| 3.02 | Cost of sales | -31,818 | -32,680 |
| 3.03 | Gross profit | 22,405 | 22,301 |
| 3.04 | Operating income/expenses | -19,105 | -17,149 |
| 3.04.01 | Selling expenses | -15,792 | -14,024 |
| 3.04.02 | General and administrative expenses | -4,236 | -4,078 |
| 3.04.04 | Other operating income | 923 | 953 |
| 3.05 | Income before financial income/expenses and taxes | 3,300 | 5,152 |
| 3.06 | Financial income (expenses) | 1,994 | 2,849 |
| 3.06.01 | Financial income | 2,560 | 3,276 |
| 3.06.02 | Financial expenses | -566 | -427 |
| 3.07 | Income before income taxes | 5,294 | 8,001 |
| 3.08 | Income and social contribution taxes | -615 | -1,776 |
| 3.08.01 | Current | -2,299 | -2,947 |
| 3.08.02 | Deferred | 1,684 | 1,171 |
| 3.09 | Net income from continued operations | 4,679 | 6,225 |
| 3.11 | Consolidated retained earnings/accumulated losses for the period | 4,679 | 6,225 |
| 3.11.01 | Attributed to controlling shareholders | 4,679 | 6,225 |
| 3.99 | Earnings per share - (reais / share) | | |
| 3.99.01 | Basic earnings per share | | |
| 3.99.01.01 | Common shares (ON) | 0.07080 | 0.09420 |
| 3.99.02 | Diluted earnings per share | | |
| 3.99.02.01 | Common shares (ON) | 0.07080 | 0.09420 |

# Consolidated interim financial statements / statement of comprehensive income

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 4.01 | Consolidated net income for the period | 4,679 | 6,225 |
| 4.03 | Consolidated comprehensive income for the period | 4,679 | 6,225 |
| 4.03.01 | Attributed to controlling shareholders | 4,679 | 6,225 |

## Consolidated interim financial statements / statement of cash flows – indirect method

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 6.01 | Net cash - operating activities | 11,907 | 13,676 |
| 6.01.01 | Cash generated by operations | 8,206 | 11,838 |
| 6.01.01.01 | Income before income and social contribution taxes | 5,294 | 8,001 |
| 6.01.01.02 | Depreciation and amortization | 1,794 | 2,174 |
| 6.01.01.03 | Foreign exchange variation – trade accounts receivable | 128 | 11 |
| 6.01.01.04 | Foreign exchange variation – trade accounts payable | 0 | -53 |
| 6.01.01.05 | Interest appropriation | 9 | 120 |
| 6.01.01.06 | Provision for labor, tax and civil claims | 94 | 494 |
| 6.01.01.07 | Provision for obsolescence | 93 | -91 |
| 6.01.01.08 | Allowance for doubtful accounts | 654 | 1,071 |
| 6.01.01.10 | Disposal of property, plant and equipment | 140 | 111 |
| 6.01.02 | Changes in assets and liabilities | 3,701 | 1,838 |
| 6.01.02.01 | Trade accounts receivable | 2,149 | 2,714 |
| 6.01.02.02 | Inventories | -918 | -2,296 |
| 6.01.02.03 | Taxes recoverable | -236 | 2,919 |
| 6.01.02.05 | Loans granted | -2,075 | -58 |
| 6.01.02.06 | Prepaid expenses | -2,745 | -4,609 |
| 6.01.02.07 | Judicial deposits | -194 | -304 |
| 6.01.02.08 | Other current and noncurrent assets | -1,306 | -800 |
| 6.01.02.09 | Noncurrent assets held for sale | 535 | 0 |
| 6.01.02.14 | Trade accounts payable | 5,423 | 1,976 |
| 6.01.02.15 | Advance from customers | 3,483 | 3,060 |
| 6.01.02.16 | Tax liabilities | -591 | 364 |
| 6.01.02.17 | Other current and noncurrent liabilities | 176 | 741 |
| 6.01.02.18 | Payment of income and social contribution taxes | 0 | -1,869 |
| 6.02 | Net cash - investing activities | -2,276 | -2,230 |
| 6.02.02 | In property, plant and equipment | -2,151 | -2,044 |
| 6.02.03 | In intangible assets | -125 | -186 |
| 6.03 | Net cash - financing activities | -287 | -311 |
| 6.03.04 | Repayment of loans | -287 | -311 |
| 6.05 | Increase (decrease) in cash and cash equivalents | 9,344 | 11,135 |
| 6.05.01 | Cash and cash equivalents at beginning of period | 11,629 | 28,719 |
| 6.05.02 | Cash and cash equivalents at end of period | 20,973 | 39,854 |

# Consolidated interim financial statements / statement of changes in equity (SCE) - 01/01/2014 to 03/31/2014

## (In thousands of reais)

| Account code | Account description | Paid-in capital | Capital reserve, Stock options granted and treasury shares | Income reserves | Retained earnings (accumulated losses) | Other comprehensive income | Equity | Non-controlling interest | Consolidated equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 187,709 | -2,658 | 20,252 | 0 | 0 | 205,303 | 0 | 205,303 |
| 5.03 | Adjusted opening balances | 187,709 | -2,658 | 20,252 | 0 | 0 | 205,303 | 0 | 205,303 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 4,679 | 0 | 4,679 | 0 | 4,679 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 4,679 | 0 | 4,679 | 0 | 4,679 |
| 5.07 | Closing balances | 187,709 | -2,658 | 20,252 | 4,679 | 0 | 209,982 | 0 | 209,982 |

# Consolidated interim financial statements / statement of changes in equity (SCE) - 01/01/2013 to 03/31/2013

## (In thousands of reais)

| Account code | Account description | Paid-in capital | Capital reserve, Stock options granted and treasury shares | Income reserves | Retained earnings (accumulated losses) | Other comprehensive income | Equity | Non-controlling interest | Consolidated equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening balances | 187,709 | -2,658 | 37,079 | 0 | 0 | 222,130 | 0 | 222,130 |
| 5.03 | Adjusted opening balances | 187,709 | -2,658 | 37,079 | 0 | 0 | 222,130 | 0 | 222,130 |
| 5.05 | Total comprehensive income | 0 | 0 | 0 | 6,225 | 0 | 6,225 | 0 | 6,225 |
| 5.05.01 | Net income for the period | 0 | 0 | 0 | 6,225 | 0 | 6,225 | 0 | 6,225 |
| 5.07 | Closing balances | 187,709 | -2,658 | 37,079 | 6,225 | 0 | 228,355 | 0 | 228,355 |

## Consolidated interim financial statements / Statement of value added

## (In thousands of reais)

| Account code | Account description | Accumulated in current year 01/01/2014 to 03/31/2014 | Accumulated in prior year 01/01/2013 to 03/31/2013 |
|---|---|---|---|
| 7.01 | Revenues | 72,808 | 71,266 |
| 7.01.01 | Sales of goods, products and services | 72,378 | 71,407 |
| 7.01.02 | Other revenues | 1,084 | 930 |
| 7.01.04 | (Reversal of) allowance for doubtful accounts | -654 | -1,071 |
| 7.02 | Inputs acquired from third parties | -44,046 | -44,714 |
| 7.02.01 | Cost of sales | -32,725 | -33,455 |
| 7.02.02 | Materials, energy, third-party services and other expenses | -9,211 | -9,236 |
| 7.02.04 | Other | -2,110 | -2,023 |
| 7.03 | Gross value added | 28,762 | 26,552 |
| 7.04 | Retentions | -1,794 | -2,174 |
| 7.04.01 | Depreciation, amortization and depletion | -1,794 | -2,174 |
| 7.05 | Net value added generated | 26,968 | 24,378 |
| 7.06 | Value added received in transfer | 2,560 | 3,276 |
| 7.06.02 | Financial income | 2,560 | 3,276 |
| 7.07 | Total value added to be distributed | 29,528 | 27,654 |
| 7.08 | Distribution of value added | 29,528 | 27,654 |
| 7.08.01 | Personnel | 11,591 | 9,106 |
| 7.08.01.01 | Direct compensation | 9,861 | 7,770 |
| 7.08.01.02 | Benefits | 928 | 930 |
| 7.08.01.03 | Unemployment compensation fund (FGTS) | 802 | 406 |
| 7.08.02 | Taxes, charges and contributions | 11,460 | 10,762 |
| 7.08.02.01 | Federal | 6,685 | 6,450 |
| 7.08.02.02 | State | 4,748 | 4,263 |
| 7.08.02.03 | Local | 27 | 49 |
| 7.08.03 | Debt remuneration | 1,798 | 1,561 |
| 7.08.03.01 | Interest | 9 | 120 |
| 7.08.03.02 | Rental | 1,360 | 1,092 |
| 7.08.03.03 | Other | 429 | 349 |
| 7.08.04 | Equity remuneration | 4,679 | 6,225 |
| 7.08.04.03 | Retained earnings/accumulated losses for the period | 4,679 | 6,225 |



# UNICASA
Móveis

## EARNINGS RELEASE 1Q14

Dell Anno favorita new CASA BRASILEIRA Telasul MODULADOS UNICASA CORPORATE

UCAS3 NOVO MERCADO BM&FBOVESPA

Índice de Ações com Governança Corporativa Diferenciada IGC

Índice de Ações com Tag Along Diferenciado ITAG

Market data as of May 07th, 2014
Stock price: R$4.40
Market capitalization: R$290,780,001.60

1Q14 Conference Call
Conference call in Portuguese with simultaneous translation into English:

May, 8th, 2014

Wednesday, 11:00 a.m.
(Brasília time)

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*Disclaimer*

*The forward-looking statements in this document related to the business prospects, projections of operating and financial results and growth prospects of Unicasa are merely estimates and as such are based exclusively on Management's expectations for the future of the business. These expectations depend substantially on market conditions, the performance of the Brazilian economy, industry and international markets, and are subject to known and unknown risks and uncertainties, which can cause such expectations not to materialize or cause actual results to differ materially from those expected and, therefore, are subject to change without prior notice.*

*Bento Gonçalves (RS), May 7th, 2014. Unicasa Móveis S.A. (BM&FBOVESPA: UCAS3), one of the leading companies in Brazil's customized furniture industry, with a presence in all states and products in all income segments sold under the brands Dell Anno, Favorita, New, Telasul, Casa Brasileira and Unicasa Corporate, announces today its results for the first quarter (1Q14). Except where stated otherwise, all variations and comparisons are in relation to the same period of the previous year. The following financial and operating information, except where stated otherwise, is presented with consolidated data (with Unicasa Comércio de Móveis Ltda), in thousands of Brazilian reais and in accordance with the International Financial Reporting Standards (IFRS).*

*Period highlights*

- *Net revenue of R$54.2 million in 1Q14;*
- *Net income of R$4.7 million in 1Q14, 8.6% of sales;*
- *Dell Anno and Favorita income increased 8.4%;*
- *Gross margin increased 0,7 p.p., reaching 41.3% in 1Q14.*

*Consolidated highlights*

| Executive Summary | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Net Revenue | 54.981 | 54.223 | -1,4% |
| Gross Income | 22.301 | 22.405 | 0,5% |
| *Gross Margin* | *40,6%* | *41,3%* | *0,7 p.p.* |
| Operating Income | 5.152 | 3.300 | -35,9% |
| *Operating Margin* | *9,4%* | *6,1%* | *-3,3 p.p.* |
| Net profit | 6.225 | 4.679 | -24,8% |
| *Net Margin* | *11,3%* | *8,6%* | *-2,7 p.p.* |
| *EBITDA* | 7.326 | 5.094 | -30,5% |
| *EBITDA Margin* | *13,3%* | *9,4%* | *-3,9 p.p.* |

## SALES AND DISTRIBUTION CHANNELS

Continuing the process of repositioning of the Dell Anno and Favorita brands, we reduced the dealer network by 60 stores in 1Q14. This repositioning involves replacement or shutdown of stores located in markets with poor response to the brands' proposition and with low revenue and profit generation for the Company.

Our multibrand dealer channel ended 1Q14 with 2,852 stores, of which 650 were New and Casa Brasileira multibrand stores, and 2,202 were retail chain stores selling the Telasul Modulados brand.

The exclusive dealer network ended 1Q14 with 744 stores, of which 321 were Dell Anno and Favorita stores, and 423 were New and Casa Brasileira Franchise stores.

Below is the breakdown of our distribution network by brand and channel:

| Period | 2013 | 1Q14 | Δ |
|---|---|---|---|
| Exclusive and Own Stores | 832 | 744 | (88) |
| Dell Anno and Favorita | 381 | 321 | (60) |
| New and Casa Brasileira | 451 | 423 | (28) |
| Multibrand | 2,852 | 2,852 | - |
| New and Casa Brasileira Multibrand | 650 | 650 | - |
| Telasul Modulados | 2,202 | 2,202 | - |

## SALES PERFORMANCE

### Gross Revenue ex-IPI

Revenue information by brand is presented based on gross revenue excluding the IPI federal value-added tax (Gross Revenue ex-IPI) from the comparison base, since this method improves the comparability of sales information by brand. The rate of IPI tax was reduced from 5% to 0% from March 26, 2012 to January 31, 2013, after which it was raised to 2.5% as from February 1, to 3% as from July 1, to 3.5% as from October 1, and to 4% as from January 1, 2014, with the return of a 5% rate expected on July 1, 2014. Information on gross revenue, gross revenue ex-IPI and modules sold is available in Attachment IV to this report.

### Dell Anno and Favorita

| Dell Anno and Favorita – Exclusive and Own Stores | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 35,782 | 38,799 | 8.4% |
| Number of Modules Sold (thousand units) | 118.7 | 113.0 | -4.8% |
| Average Unit Price (R$) | 301.4 | 343.4 | 13.9% |

The Dell Anno and Favorita brands registered growth of 8.4% in Gross Revenue ex-IPI, a reduction of 4.8% in modules sold and an increase of 13.9% in average unit price compared to 1Q13. The increase in the average price of module sold is mainly due to the improved sales mix.

Continuing the trend observed in 4Q13, revenue from own stores is increasing its share of the Dell Anno brand sales portfolio.

### New and Casa Brasileira

| New and Casa Brasileira Exclusive Dealers | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 20.793 | 19.741 | -5,1% |
| Number of Modules Sold (thousand units) | 110,2 | 99,1 | -10,1% |
| Average Unit Price (R$) | 188,7 | 199,2 | 5,6% |

| Multibrands | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 8.339 | 7.835 | -6,0% |
| Number of Modules Sold (thousand units) | 52,7 | 48,3 | -8,3% |
| Average Unit Price (R$) | 158,2 | 162,2 | 2,5% |

Gross revenue ex-IPI from the Exclusive channels of the New brand and the franchise stores of the Casa Brasileira brand decreased by 5.1% compared to 1Q13, with modules sold decreasing 10.1% and the average unit price increasing 5.6% compared to 1Q13.

The Multibrand channel (New, Casa Brasileira and other) recorded a decrease in Gross Revenue ex-IPI of 6.0% in 1Q14, while the number of modules sold fell 8.3% in 1Q14 and average unit price increased 2.5% in 1Q14 mainly due to the mix sales.

### Telasul Modulados

The performance of the Telasul Modulados brand was marked by reductions of 60.1% in Gross Revenue ex-IPI, 54.5% in sales volume and 12.4% in average price.

| Telasul Modulados | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 3,209 | 1,280 | -60.1% |
| Number of Modules Sold (thousand units) | 26.8 | 12.2 | -54.5% |
| Average Unit Price (R$) | 119.7 | 104.9 | -12.4% |

### Unicasa Corporate

This segment registered growth in Gross Revenue ex-IPI of 52.6%, with sales volume growing 45.7% and average unit price increasing 4.7%.

| Unicasa Corporate | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 812 | 1,239 | 52.6% |
| Number of Modules Sold (thousand units) | 3.5 | 5.1 | 45.7% |
| Average Unit Price (R$) | 232.0 | 242.9 | 4.7% |

### Other Revenues

Other revenues are derived from sales to employees, suppliers, freight operators and other.

| Other Revenues | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 1,282 | 813 | -36.6% |
| Number of Modules Sold (thousand units) | 10.6 | 9.9 | -6.6% |
| Average Unit Price (R$) | 120.9 | 82.1 | -32.1% |

### Export Market

Exports registered growth of 33.2% in revenue, a decreasing of 12.9% in sales volume and an increasing of 53.0% in the average price.

| Export Market | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 997 | 1,328 | 33.2% |
| Number of Modules Sold (thousand units) | 12.4 | 10.8 | -12.9% |
| Average Unit Price (R$) | 80.4 | 123.0 | 53.0% |

Consolidated Indicators - Unicasa

| Unicasa Indústria de Móveis | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 71,214 | 71,035 | -0.3% |
| Number of Modules Sold (thousand units) | 334.9 | 298.4 | -10.9% |
| Average Unit Price (R$) | 212.6 | 238.1 | 12.0% |

| Domestic Market | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 70,217 | 69,707 | -0.7% |
| Number of Modules Sold (thousand units) | 322.5 | 287.6 | -10.8% |
| Average Unit Price (R$) | 217.7 | 242.4 | 11.3% |

| Export Market | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 997 | 1,328 | 33.2% |
| Number of Modules Sold (thousand units) | 12.4 | 10.8 | -12.9% |
| Average Unit Price (R$) | 80.4 | 123.0 | 53.0% |

## FINANCIAL PERFORMANCE

| Executive Summary | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Net Revenue | 54,981 | 54,223 | -1.4% |
| Gross Income | 22,301 | 22,405 | 0.5% |
| *Gross Margin* | *40.6%* | *41.3%* | *0.7 p.p.* |
| Operating Income | 5,152 | 3,300 | -35.9% |
| *Operating Margin* | *9.4%* | *6.1%* | *-3.3 p.p.* |
| Net profit | 6,225 | 4,679 | -24.8% |
| *Net Margim* | *11.3%* | *8.6%* | *-2.7 p.p.* |
| *EBITDA* | 7,326 | 5,094 | -30.5% |
| *EBITDA Margin* | *13.3%* | *9.4%* | *-3.9 p.p.* |

### Net Revenue

The Company's net revenue decreased by 1.4% in 1Q14 compared to 1Q13. The reduction in revenue was mainly due to the performance of New and Casa Brasileira Brand on the Exclusive and Franchise channel.

### Cost of Goods Sold (COGS)

Cost of goods sold decreased R$0.9 million in the quarter, from R$32.7 million in 1Q13 to R$31.8 million in 1Q14. This decrease was mainly due to: (i) the lower general production expenses due to the decline in sales volume; and (ii) the lower depreciation expense on account of the revision in the useful life of property, plant and equipment. Consequently, the decrease in sales volume reduced the base for the dilution of fixed expenses and contributed to the increase in the unit cost of module sold, from R$97.58 to R$106.63.

## Gross Profit and Gross Margin

Gross profit in the quarter was R$22.4 million, with gross margin of 41.3%. Margin increased 0.7 p.p., from 40.6% in 1Q13 to 41.7% this quarter. Apart from the factors that influenced the decrease in the cost of goods sold, own store sales significantly impacted gross margin, since margin from it is higher.

## Selling, General and Administrative Expenses (SG&A)

Selling expenses, general and administrative expenses were R$ 20.0 million in 1Q14, 10.6% higher than 1Q13, representing 36.9% of net revenue, an increase of 4.0 pp over 1Q13.

| Selling General and Administrative Expenses | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Total | (18,102) | (20,028) | 10.6% |
| Selling Expenses | (14,024) | (15,792) | 12.6% |
| % of Net Revenue | 25.5% | 29.1% | 3.6 p.p. |
| Administrative Expenses | (4,078) | (4,236) | 3.9% |
| % of Net Revenue | 7.4% | 7.8% | 0.4 p.p. |
| SG&A % of Net Revenue | 32.9% | 36.9% | 4.0 p.p. |

Expenses with Own Stores and the Service Center increased R$2.2 million in the quarter, led mainly by variable expenses which accounted R$1.3 million.

Expenses with clients decreased by R$0.4 million from 1Q13. These expenses are related to the expenses with services rendered to final consumers at the closed stores.

Expenses with amortization and depreciation increased by R$0.6 million due to the amortization of commercial points.

Expenses with provisions decreased by R$0.5 million compared to 1Q13, mainly due to the lower allowance for doubtful accounts recorded in this quarter.

The following chart presents the reconciliation of Selling, General and Administrative Expenses in 1Q13 and 1Q14[1]:


[1] In million.

## Other Operating Income and Expenses

Other operating income and expenses remains almost stable in relation to 1Q13, reducing 3.1%.

| Other Operating Income and Expenses | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Total | 953 | 923 | -3.1% |
| Operating Expenses | (4) | (190) | 4650.0% |
| Operating Income | 957 | 1,113 | 16.3% |
| Bank Premium | 649 | 709 | 9.2% |
| Other Operating Income | 308 | 404 | 31.2% |
| % of Net Revenue | 1.7% | 1.7% | 0.0 p.p. |

## Net Financial Result

The net financial result decreased 30.0% compared to 1Q13, mainly due to the lower adjusted present value recognition in this quarter. The net financial result is presented below:

| Financial Result | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Net Financial Result | 2,849 | 1,994 | -30.0% |
| Financial Expenses | (427) | (566) | 32.6% |
| IOF charge and bank fees | (146) | (225) | 54.1% |
| Loans and financing expenses | (120) | (9) | -92.5% |
| Exchange variation expenses | (29) | (169) | 482.8% |
| Present value adjustment - AVP | (112) | (115) | 2.7% |
| Other financial expenses | (20) | (48) | 140.0% |
| Financial Income | 3,276 | 2,560 | -21.9% |
| Interest income | 582 | 489 | -16.0% |
| Discounts | 43 | 57 | 32.6% |
| Yield from short-term investments | 505 | 243 | -51.9% |
| Exchange variation income | 4 | 123 | 2975.0% |
| Present value adjustment - AVP | 2,032 | 1,581 | -22.2% |
| Other financial income | 110 | 67 | -39.1% |

## Net Income

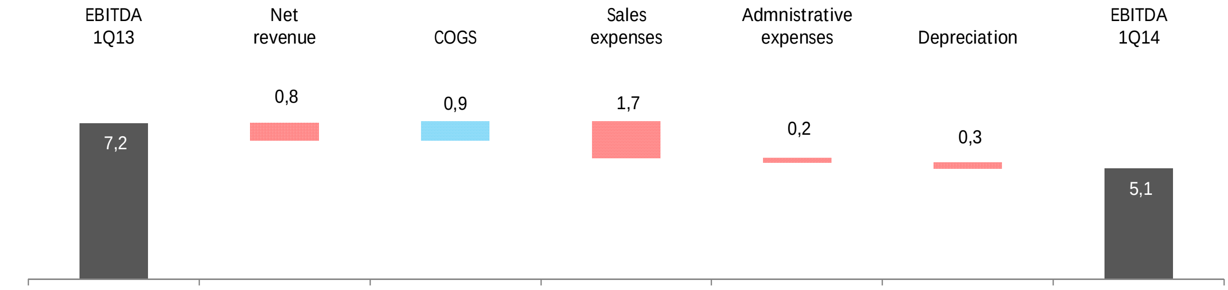
Net income declined by 24.8% from 1Q13, mainly due to the higher own store and serve center expenses.

## EBITDA and EBITDA Margin

EBITDA decreased by 3.9 p.p., from R$7.2 million in 1Q13 to R$5.1 million in 1Q14. EBITDA margin was 9.4% in this quarter. The decline is explained by the same reasons that affected net income.

| EBITDA | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Net Income for the Period | 6.225 | 4.679 | -24,8% |
| (-) Income Tax and Social Contribution | (1.776) | (615) | -65,4% |
| (-) Financial Result | 2.849 | 1.994 | -30,0% |
| EBIT | 5.152 | 3.300 | -35,9% |
| (-) Depreciation and Amortization | (2.174) | (1.794) | -17,5% |
| EBITDA | 7.326 | 5.094 | -30,5% |
| *EBITDA Margin* | *13,3%* | *9,4%* | *-3,9 p.p.* |

The chart below shows the reconciliation in EBITDA between 1Q13 and 1Q14 [(1)]:




(1) In million.

## Net Cash

On March 31, 2014, the Company held a cash balance of R$20.6 million, or 39.8% lower than in the same period last year due to the reduction in financial debt, CAPEX and payments over the Refis tax amnesty program on the period.

| Net Cash | 3/31/2013 | 3/31/2014 | Δ |
|---|---|---|---|
| Short Term Debt | 5,215 | 279 | -94.7% |
| Long Term Debt | 279 | - | -100.0% |
| Gross Debt | 5,494 | 279 | -94.9% |
| Cash and Cash Equivalents | 39,854 | 20,973 | -47.4% |
| Net Debt | (34,360) | (20,694) | -39.8% |

## Return on Invested Capital (ROIC)

The Company's net ROIC in the last twelve months (LTM) to 1Q14 was 5.7%, down 7.0 p.p. from the same period last year.

| Return on Invested Capital (ROIC) | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| EBIT (LTM) | 33,704 | 12,006 | -64.4% |
| Average of Operating Assets | 209,453 | 199,593 | -4.7% |
| ROIC | 16.1% | 6.0% | -10.1 p.p. |
| Effective IR + CSLL rate (LTM) | 21.1% | 4.3% | -16.8 p.p. |
| ROIC, Net | 12.7% | 5.7% | -7.0 p.p. |

## ANNEX I – FINANCIAL STATEMENTS – INCOME STATEMENT - CONSOLIDATED

| Income Statement | 1Q13 | VA | 1Q14 | VA | Δ |
|---|---|---|---|---|---|
| Gross Revenue from Sales | 72,480 | 132% | 73,695 | 136% | 1.7% |
| Domestic Market | 71,483 | 130% | 72,367 | 133% | 1.2% |
| Dell Anno and Favorita | 36,443 | 66% | 40,244 | 74% | 10.4% |
| New and Casa Brasileira Exclusive Dealers | 21,159 | 38% | 20,517 | 38% | -3.0% |
| New and Casa Brasileira Multibrand | 8,487 | 15% | 8,149 | 15% | -4.0% |
| Telasul Magazine | 3,267 | 6% | 1,326 | 2% | -59.4% |
| Unicasa Corporate | 822 | 1% | 1,287 | 2% | 56.6% |
| Other Revenues | 1,305 | 2% | 844 | 2% | -35.3% |
| Exports | 997 | 2% | 1,328 | 2% | 33.2% |
| Sales Deductions | (17,499) | -32% | (19,472) | -36% | 11.3% |
| Net Revenue from Sales | 54,981 | 100% | 54,223 | 100% | -1.4% |
| Cost of Goods Sold | (32,680) | -59% | (31,818) | -59% | -2.6% |
| Gross Profit | 22,301 | 41% | 22,405 | 41% | 0.5% |
| Selling Expenses | (14,024) | -26% | (15,792) | -29% | 12.6% |
| General and Administrative Expenses | (4,078) | -7% | (4,236) | -8% | 3.9% |
| Other Operating Income, Net | 953 | 2% | 923 | 2% | -3.1% |
| Income Before Financial (Expenses) Income | 5,152 | 9% | 3,300 | 6% | -35.9% |
| Financial Expenses | (427) | -1% | (566) | -1% | 32.6% |
| Financial Income | 3,276 | 6% | 2,560 | 5% | -21.9% |
| Operating Income before Income Tax and Social Contribution | 8,001 | 15% | 5,294 | 10% | -33.8% |
| Income Tax and Social Contribution | (1,776) | -3% | (615) | -1% | -65.4% |
| Current | (2,947) | -5% | (2,299) | -4% | -22.0% |
| Deferred | 1,171 | 2% | 1,684 | 3% | 43.8% |
| Net Income for the Period | 6,225 | 11% | 4,679 | 9% | -24.8% |
| Earnings per Share (R$) | 0.09 | - | 0.07 | - | -22.2% |

## ANNEX II - FINANCIAL STATEMENTS – BALANCE SHEET - CONSOLIDATED

| Assets | 12/31/2013 | 3/31/2014 | Δ |
|---|---|---|---|
| Current Assets | 114,385 | 124,154 | 8.5% |
| Cash and Cash Equivalents | 11,629 | 20,973 | 80.4% |
| Trade Accounts Receivable | 65,342 | 62,636 | -4.1% |
| Inventories | 23,304 | 24,129 | 3.5% |
| Advances to Suppliers | 1,559 | 1,087 | -30.3% |
| Loans Granted | 1,287 | 1,492 | 15.9% |
| Prepaid Expenses | 2,386 | 5,219 | 118.7% |
| Recoverable Taxes | 6,230 | 4,173 | -33.0% |
| Other Assets | 2,648 | 4,445 | 67.9% |
| Non-Current Assets | 142,501 | 145,718 | 2.3% |
| Trade Accounts Receivable | 9,369 | 9,144 | -2.4% |
| Loans Granted | 2,387 | 4,257 | 78.3% |
| Assets Held for Sale | 12,668 | 12,133 | -4.2% |
| Deferred Income and Social Contribution Taxes | 9,481 | 11,165 | 17.8% |
| Recoverable Taxes | 18 | 12 | -33.3% |
| Prepaid Expenses | 88 | - | -100.0% |
| Judicial Deposits | 3,555 | 3,749 | 5.5% |
| Other Assets | 1,975 | 1,956 | -1.0% |
| Investments | 82 | 82 | 0.0% |
| Property, Plant and Equipment | 81,758 | 82,631 | 1.1% |
| Intangible Assets | 21,120 | 20,589 | -2.5% |
| Total Assets | 256,886 | 269,872 | 5.1% |

| Liabilities | 12/31/2013 | 3/31/2014 | Δ |
|---|---|---|---|
| Current Liabilities | 46,427 | 54,640 | 17.7% |
| Loans and Financing | 557 | 279 | -49.9% |
| Suppliers | 6,311 | 11,734 | 85.9% |
| Tax Liabilites | 4,636 | 4,045 | -12.7% |
| Dividends and interest on Equity Payable | 5,889 | 5,889 | 0.0% |
| Payroll and Related Charges | 5,983 | 6,706 | 12.1% |
| Advances from Customers | 22,037 | 25,520 | 15.8% |
| Other Liabilities | 1,014 | 467 | -53.9% |
| Non-Current Liabilities | 5,156 | 5,250 | 1.8% |
| Provision | 5,156 | 5,250 | 1.8% |
| Shareholders' equity | 205,303 | 209,982 | 2.3% |
| Capital Stock | 187,709 | 187,709 | 0.0% |
| Capital Reserve | (2,658) | (2,658) | 0.0% |
| Retained Profits Reserve | 20,252 | 20,252 | 0.0% |
| Profit Accumulated | - | 4,679 | 0.0% |
| Total Liabilities and Shareholders' Equity | 256,886 | 269,872 | 5.1% |

## ANNEX III – FINANCIAL STATEMENTS – CASH FLOW STATEMENT – CONSOLIDATED[1]

| Cash Flow Statement | 1Q13 | 1Q14 | Δ |
|---|---|---|---|
| Operating Income Before Income And Social Contribution Taxes | 8,001 | 5,294 | -33.8% |
| Adjustment to Reconcile the Net Income to Cash from Operating Activities: | | | |
| Depreciation and Amortization | 2,174 | 1,794 | -17.5% |
| Foreign Exchange Variation | (42) | 128 | -404.8% |
| Interest Apropriation | 120 | 9 | -92.5% |
| Provision for Litigation | 494 | 94 | -81.0% |
| Provision for Obsolescence | (91) | 93 | -202.2% |
| Allowance for Doubtful Accounts | 1,071 | 654 | -38.9% |
| Disposal of Property, Plant and Equipment | 111 | 140 | 26.1% |
| Cash Flows from Operating Activities | 11,838 | 8,206 | -30.7% |
| Changes in Assets and Liabilities | | | |
| Trade Accounts Receivable | 2,714 | 2,149 | -20.8% |
| Inventories | (2,296) | (918) | -60.0% |
| Recoverable Taxes | 2,919 | (236) | -108.1% |
| Restricted Short -Term Investiments | - | - | 0.0% |
| Loans Granted | (58) | (2,075) | 3477.6% |
| Prepaid Expenses | (4,609) | (2,745) | -40.4% |
| Judicial Deposits | (304) | (194) | -36.2% |
| Other Current ou Non-Current Assets | (800) | (1,306) | 63.3% |
| Non-Current Assets Available for Sale | - | 535 | 0.0% |
| Suppliers | 1,976 | 5,423 | 174.4% |
| Advance from Customers | 3,060 | 3,483 | 13.8% |
| Tax Liabilities | 364 | (591) | -262.4% |
| Other Current ou Non-Current Liabilities | 741 | 176 | -76.2% |
| Payment of Income and Social Contibution Taxes | (1,869) | - | -100.0% |
| Net Cash from Operating Activities | 13,676 | 11,907 | -12.9% |
| Cash Flows from Investing Activities | | | |
| Property, Plant and Equipment | (2,044) | (2,151) | 5.2% |
| Intangible Assets | (186) | (125) | -32.8% |
| Net Cash used in Investing Activities | (2,230) | (2,276) | 2.1% |
| Cash Flows from Financing Activities | | | |
| Loan and Interest Payments | (311) | (287) | -7.7% |
| Cash Flows (used in) from Financing Activities | (311) | (287) | -7.7% |
| Increase (Decrease) in Cash and Cash Equivalents | 11,135 | 9,344 | -16.1% |
| Changes in Cash and Cash Equivalents | | | |
| At the Beginning of the Period | 28,719 | 11,629 | -59.5% |
| At the End of the Period | 39,854 | 20,973 | -47.4% |
| Increase (Decrease) in Cash and Cash Equivalents | 11,135 | 9,344 | -16.1% |

*[1]The Statement of Cash Flow was prepared by the indirect method and is shown in accordance with CPC 3 – Statement of Cash Flows, Issued by Brazil's Accounting Pronouncements Committee (CPC). Transactions that do not affect cash are described in Note 27 to the Quarterly Information (ITR) on June 30th, 2013.*

## ANNEX IV – Gross Revenue, Gross Revenue ex-IPI and Modules Sold – Consolidated

| Gross Revenue | 1Q13 | 1Q14 | 2Q13 | 3Q13 | 4Q13 | 1S13 | 9M13 | 2013 |
|---|---|---|---|---|---|---|---|---|
| Total Gross Revenue | 72,480 | 73,695 | 84,241 | 85,764 | 102,162 | 156,721 | 242,485 | 344,647 |
| Domestic Market | 71,483 | 72,367 | 82,825 | 81,259 | 100,110 | 154,308 | 235,567 | 335,677 |
| Dell Anno and Favorita - Exclusive Dealers and Own Stores | 36,443 | 40,244 | 41,569 | 43,141 | 56,086 | 78,012 | 121,153 | 177,239 |
| New and Casa Brasileira Exclusive Dealers | 21,159 | 20,517 | 24,474 | 23,263 | 26,053 | 45,633 | 68,896 | 94,949 |
| New and Casa Brasileira Multibrand | 8,487 | 8,149 | 9,575 | 9,957 | 10,094 | 18,062 | 28,019 | 38,113 |
| Telasul Modular | 3,267 | 1,326 | 4,501 | 2,548 | 4,021 | 7,768 | 10,316 | 14,337 |
| Unicasa Corporate | 822 | 1,287 | 1,160 | 997 | 2,343 | 1,982 | 2,979 | 5,322 |
| Other Revenues | 1,305 | 844 | 1,546 | 1,353 | 1,513 | 2,851 | 4,204 | 5,717 |
| Export Market | 997 | 1,328 | 1,416 | 4,505 | 2,052 | 2,413 | 6,918 | 8,970 |

| Gross Revenue from Sales Ex-IPI | 1Q13 | 1Q14 | 2Q13 | 3Q13 | 4Q13 | 1S13 | 9M13 | 2013 |
|---|---|---|---|---|---|---|---|---|
| Total Gross Revenue | 71,214 | 71,035 | 82,237 | 83,413 | 98,871 | 153,451 | 236,864 | 335,735 |
| Domestic Market | 70,217 | 69,707 | 80,821 | 78,908 | 96,819 | 151,038 | 229,946 | 326,765 |
| Dell Anno and Favorita - Exclusive Dealers and Own Stores | 35,782 | 38,799 | 40,562 | 41,859 | 54,293 | 76,344 | 118,203 | 172,496 |
| New and Casa Brasileira Exclusive Dealers | 20,793 | 19,741 | 23,886 | 22,598 | 25,188 | 44,679 | 67,277 | 92,465 |
| New and Casa Brasileira Multibrand | 8,339 | 7,835 | 9,341 | 9,663 | 9,750 | 17,680 | 27,343 | 37,093 |
| Telasul Modular | 3,209 | 1,280 | 4,393 | 2,473 | 3,870 | 7,602 | 10,075 | 13,945 |
| Unicasa Corporate | 812 | 1,239 | 1,745 | 969 | 2,267 | 2,557 | 3,526 | 5,793 |
| Other Revenues | 1,282 | 813 | 894 | 1,346 | 1,451 | 2,176 | 3,522 | 4,973 |
| Export Market | 997 | 1,328 | 1,416 | 4,505 | 2,052 | 2,413 | 6,918 | 8,970 |

| Modules Sold (Units) | 1Q13 | 1Q14 | 2Q13 | 3Q13 | 4Q13 | 1S13 | 9M13 | 2013 |
|---|---|---|---|---|---|---|---|---|
| Total Gross Revenue | 334,924 | 298,418 | 379,980 | 434,609 | 422,609 | 714,904 | 1,149,513 | 1,572,122 |
| Domestic Market | 322,513 | 287,616 | 368,367 | 350,148 | 406,525 | 690,880 | 1,041,028 | 1,447,553 |
| Dell Anno and Favorita - Exclusive Dealers and Own Stores | 118,665 | 113,027 | 130,811 | 133,132 | 161,388 | 249,476 | 382,608 | 543,996 |
| New and Casa Brasileira Exclusive Dealers | 110,189 | 99,133 | 121,807 | 116,931 | 125,190 | 231,996 | 348,927 | 474,117 |
| New and Casa Brasileira Multibrand | 52,726 | 48,259 | 57,428 | 60,864 | 61,798 | 110,154 | 171,018 | 232,816 |
| Telasul Modular | 26,839 | 12,248 | 37,713 | 19,359 | 36,113 | 64,552 | 83,911 | 120,024 |
| Unicasa Corporate | 3,518 | 5,094 | 3,284 | 5,027 | 7,839 | 6,802 | 11,829 | 19,668 |
| Other Revenues | 10,576 | 9,855 | 17,324 | 14,835 | 14,197 | 27,900 | 42,735 | 56,932 |
| Export Market | 12,411 | 10,802 | 11,613 | 84,461 | 16,084 | 24,024 | 108,485 | 124,569 |

**Notes to quarterly information**

# 1. Operations

Unicasa Indústria de Móveis S.A. (the “Company”) was established in 1985 and is primarily engaged in the manufacturing, sale, import and export of furniture made from wood, iron, steel and aluminum, kitchen furniture and other commercial and residential furniture items.

The Company is a publicly-held corporation, headquartered in the city of Bento Gonçalves, state of Rio Grande do Sul. Its shares have been traded in the New Market segment of Brazilian Securities, Commodities and Futures Exchange (BM&FBovespa S.A.), under the stock ticker symbol UCAS3 since April 27, 2012.

The Company has a broad chain of exclusive retailers and multi-brand stores in Brazil and abroad selling products of the following brands: “Dell Anno”, “Favorita”, “New”, “Telasul Madeira”, “Telasul Planejados” and “Casa Brasileira.”

The Company’s modern manufacturing plant has state-of-the-art technology, developing, manufacturing, distributing and selling furniture and other products for all types of residential and commercial environments, reaching all consumption segments.

Due to its characteristics, the furniture sector may undergo fluctuation in terms of sales volume over the year, with a higher level of sales expected in the second half of each year. The Company’s operations in the opinion of its management are not affected to the extent it would require disclosure or additional information in accompanying notes.

The Company’s subsidiary included in the consolidated interim financial statements is the following:

Unicasa Comércio de Móveis Ltda.

Established on October 8, 2012, Unicasa Comércio de Móveis Ltda., is engaged in the retail sale of planned furniture, and has active stores established in the cities of São Paulo and Manaus. Unicasa Comércio de Móveis Ltda. started up its activities in April 2013.

# 2. Summary of significant accounting practices

The individual interim financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise rules established by the Brazilian Securities and Exchange Commission (“CVM”) and pronouncements, interpretations and guidelines issued by the Brazilian Accounting Standards Board (“CPC”), which includes CPC 21 (R1) – Interim Financial Reporting, and the International Financial Reporting Standards (“IFRS”), issued by the International Accounting Standards Board (“IASB”), which includes IAS 34 – Interim Financial Reporting. The interim financial statements were prepared by the Company in order to keep users abreast of the significant information presented for the period and shall be analyzed in conjunction with the full financial statements for the year ended December 31, 2013.

The practices and calculation methods adopted in this quarterly information are the same adopted for the preparation of the annual financial statements for the period ended December 31, 2013, described in Note 2 to those financial statements.

The Company’s quarterly information for the period ended March 31, 2014 was authorized in the Executive Board meeting held on April 22, 2014.

### 2.1 IFRS standards not yet effective as of March 31, 2014

No pronouncement, standard, interpretation or guideline that may materially affect the Company’s individual and consolidated interim financial statements was issued by CPC or IASB.

## 3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's quarterly information requires that management make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, as of the quarterly information reporting date. Nevertheless, uncertainty associated with those estimates and assumptions could lead to results that would require significant adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

Key estimates and assumptions related to future estimate uncertainty sources and other significant estimate uncertainty sources as of the balance sheet date, involving material risk of a significant adjustment to book value of assets and liabilities for the following financial period, are pointed out below:

***Provisions for tax, civil and labor claims:*** Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted to take into consideration changes in circumstances, such as applicable statute barring period, conclusion of tax audits or additional exposures identified based on new matters or court decisions.

***Impairment of Non-Financial Asset:*** Impairment loss exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of fair value less cost to sell and value in use. The calculation of fair value less cost to sell is based on information available on transactions for sale of similar assets or market prices less additional costs to dispose of the asset. The calculation of value in use is based on the discounted cash flow model. Cash flows arise from the budget from the next five years and do not include reorganization activities to which the Company has not yet committed or significant future investments that will improve the asset base of the cash-generating unit under test. The recoverable amount is sensitive to the discount rate used in the discounted cash flow method, as well as expected future cash receipts and growth rate used for extrapolation purposes.

***Taxes:*** There are uncertainties related to the interpretation of complex tax regulations and to the amount and time of future taxable profits. Given the nature and complexity of existing contractual instruments, differences between taxable profit and assumptions adopted, or future changes in such assumptions, could require future adjustments to tax income or expenses already recorded. The Company set up provisions, based on applicable estimates, for possible consequences of audits conducted by tax authorities with jurisdiction over it. The amount of these provisions is based on various factors, such as past tax audit experience and different interpretations of tax regulations by the taxable entity and by the relevant tax authority. These different interpretations may arise in a wide variety of matters, depending on the conditions prevailing in the respective domicile of the Company.

Settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the quarterly information due to the uncertainties underlying their estimate process. The Company reviews its estimates and assumptions at least on a quarterly basis.

## 4. Cash and cash equivalents

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 12/31/2013 | 03/31/2014 | 12/31/2013 |
| Cash and banks | **2,203** | 396 | **3,207** | 709 |
| Short-term investments | | | | |
| Bank deposit certificates (CDB) | **17,766** | 10,920 | **17,766** | 10,920 |
| | **19,969** | 11,316 | **20,973** | 11,629 |

Short-term investments are current, highly-liquid and readily convertible in a known cash amount, and are subject to an insignificant risk of change in their value.

Short-term investments are made in first-tier banks (among top 10 institutions in Brazil), and earnings are pegged to the Interbank Deposit Certificate (CDI) (approximately 101.6% of CDI).

## 5. Trade accounts receivable

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 12/31/2013 | 03/31/2014 | 12/31/2013 |
| **Local market** | | | | |
| third parties | **73,278** | 72,819 | **74,455** | 74,755 |
| related parties (Note 21) | **962** | 1,002 | **154** | 20 |
| **Foreign market** | | | | |
| third parties | **1,252** | 3,985 | **1,252** | 3,985 |
| **Checks receivable** | **9,712** | 9,488 | **9,838** | 9,568 |
| | **85,204** | 87,294 | **85,699** | 88,328 |
| (-) Allowance for doubtful accounts | **(12,380)** | (11,726) | **(12,380)** | (11,726) |
| (-) Present value adjustment (PVA) | **(1,539)** | (1,891) | **(1,539)** | (1,891) |
| | **71,285** | 73,677 | **71,780** | 74,711 |
| Current assets | **62,141** | 64,308 | **62,636** | 65,342 |
| Noncurrent assets | **9,144** | 9,369 | **9,144** | 9,369 |
| | **71,285** | 73,677 | **71,780** | 74,711 |

As of March 31, 2014 and December 31, 2013, average receipt terms were 49 and 45 days, respectively.

Changes in allowance for doubtful accounts are as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 12/31/2013 | 03/31/2014 | 12/31/2013 |
| Opening balance | **(11,726)** | (8,306) | **(11,726)** | (8,306) |
| Additions | **(812)** | (4,255) | **(812)** | (4,255) |
| Recovery / realizations | **138** | 624 | **138** | 624 |
| Write-off due to bad debts | **20** | 211 | **20** | 211 |
| Closing balance | **(12,380)** | (11,726) | **(12,380)** | (11,726) |

As of March 31, 2014 and December 31, 2013, the aging list of trade accounts receivable is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 12/31/2013 | 03/31/2014 | 12/31/2013 |
| Falling due | **58,861** | 63,717 | **58,895** | 63,405 |
| Overdue: | | | | |
| From 1 to 30 days | **3,162** | 3,906 | **3,318** | 4,293 |
| From 31 to 60 days | **2,019** | 1,974 | **2,069** | 2,310 |
| From 61 to 90 days | **2,162** | 1,275 | **2,236** | 1,663 |
| From 91 to 180 days | **3,891** | 2,920 | **3,994** | 3,115 |
| Over 181 days | **15,109** | 13,502 | **15,187** | 13,542 |
| | **85,204** | 87,294 | **85,699** | 88,328 |

## 6. Inventories

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Finished products | **132** | 86 | **1,702** | 1,473 |
| Work in progress | **3,553** | 3,224 | **3,553** | 3,224 |
| Resale goods | **434** | 314 | **453** | 356 |
| Raw materials | **15,085** | 14,804 | **15,085** | 14,804 |
| Packing materials | **133** | 277 | **133** | 277 |
| Intermediate materials | **2,282** | 2,026 | **2,282** | 2,026 |
| Advances to suppliers | **149** | 256 | **149** | 256 |
| Sundry materials | **1,211** | 1,234 | **1,211** | 1,234 |
| Provision for obsolescence | **(439)** | (346) | **(439)** | (346) |
| | **22,540** | 21,875 | **24,129** | 23,304 |

Changes in provision for obsolescence are as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Opening balance | **(346)** | (373) | **(346)** | (373) |
| Additions | **(377)** | (912) | **(377)** | (912) |
| Recovery / realizations | **284** | 939 | **284** | 939 |
| Closing balance | **(439)** | (346) | **(439)** | (346) |

## 7. Noncurrent assets held for sale

As of March 31, 2014, the R$ 12,133 balance (R$12,668 as of December 31, 2013) mainly comprised land, apartments and other real estate properties received in debt negotiations with customers and are available for immediate sale. The Company has an agreement with specialist brokers for sale of real estate properties and believes in the possibility of selling such assets over the following years. Assets are carried at their carrying amounts, and do not exceed their fair values, less cost to sell.

## 8. Loans granted

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Loans granted | **5,957** | 4,045 | **5,957** | 4,045 |
| (-) Present value adjustment (PVA) | **(208)** | (371) | **(208)** | (371) |
| | **5,749** | 3,674 | **5,749** | 3,674 |
| | | | | |
| Current assets | **1,492** | 1,287 | **1,492** | 1,287 |
| Noncurrent assets | **4,257** | 2,387 | **4,257** | 2,387 |
| | **5,749** | 3,674 | **5,749** | 3,674 |

These refer to loans granted by the Company to customers, with the purpose of financing the expansion of authorized and exclusive retailers' chain stores. The loans bear average interest of 9.69% p.a. The Company has letters of credit from the store partners, as well as first degree mortgage guarantees, as collaterals for the loans granted.

# 9. Investments

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Unicasa Comércio de Móveis Ltda. | **651** | 702 | **-** | - |
| Other investments | **82** | 82 | **82** | 82 |
| | **733** | 784 | **82** | 82 |

Subsidiary's significant balances are as follows:

| | Unicasa Comércio de Móveis Ltda. | |
|---|---|---|
| | **03/31/2014** | **12/31/2013** |
| Current assets | **4,150** | 4,247 |
| Noncurrent assets | **5,582** | 4,634 |
| Current liabilities | **8,755** | 7,890 |
| Equity | **977** | 991 |
| Capital | **8,400** | 6,800 |

| | Unicasa Comércio de Móveis Ltda. | |
|---|---|---|
| | **03/31/2014** | **03/31/2013** |
| Net revenue | **3,342** | - |
| Net loss for the period | **(1,614)** | (480) |
| Interest (%) | **99.99%** | 99.99% |
| Investment (**) | **977** | 20 |
| Equity pickup (*) | **(1,651)** | (480) |

* Less unrealized income in inventories related to related-party transactions conducted in the 1Q2014, amounting to R$37 (R$0 as of March 31, 2013).
** Including unrealized income in inventories of subsidiary Unicasa Comércio de Móveis Ltda. amounting to R$326.

Changes in investments are as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Opening balance | **784** | 404 | **82** | 404 |
| Capital payment | **-** | 100 | **-** | - |
| Future capital contribution | **1,600** | 6,700 | **-** | - |
| Equity pickup | **(1,651)** | (6,098) | **-** | - |
| Transfer to intangible assets | **-** | (322) | **-** | (322) |
| Closing balance | **733** | 784 | **82** | 82 |

**Notes to quarterly information**

# 10. Property, plant and equipment

**Company**

| PP&E cost | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances as of December 31, 2013 | 1,378 | 20,435 | 6,192 | 4,726 | 85,575 | 120 | 2,483 | 4,806 | 597 | 5,436 | 131,748 |
| Acquisitions | - | - | 2 | 31 | 60 | - | 2 | 28 | 392 | 1,486 | 2,001 |
| Write-offs | - | - | - | - | (580) | - | (18) | - | - | - | (598) |
| Transfers | - | - | - | - | 3 | - | - | - | 30 | (33) | - |
| **Balances as of March 31, 2014** | **1,378** | **20,435** | **6,194** | **4,757** | **85,058** | **120** | **2,467** | **4,834** | **1,019** | **6,889** | **133,151** |

| Accumulated depreciation | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances as of December 31, 2013 | - | (5,485) | (816) | (1,068) | (39,561) | (62) | (1,118) | (3,519) | - | - | (51,629) |
| Depreciation | - | (54) | (84) | (65) | (794) | (1) | (42) | (63) | - | - | (1,103) |
| Write-offs | - | - | - | - | 442 | - | 16 | - | - | - | 458 |
| **Balances as of March 31, 2014** | **-** | **(5,539)** | **(900)** | **(1,133)** | **(39,913)** | **(63)** | **(1,144)** | **(3,582)** | **-** | **-** | **(52,274)** |

| PP&E, net | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances as of December 31, 2013 | 1,378 | 14,950 | 5,376 | 3,658 | 46,014 | 58 | 1,365 | 1,287 | 597 | 5,436 | 80,119 |
| **Balances as of March 31, 2014** | **1,378** | **14,896** | **5,294** | **3,624** | **45,145** | **57** | **1,323** | **1,252** | **1,019** | **6,889** | **80,877** |

**Consolidated**

| PP&E cost | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances as of December 31, 2013 | 1,378 | 20,435 | 6,452 | 4,796 | 85,596 | 120 | 3,143 | 5,042 | 597 | 5,877 | 133,436 |
| Acquisitions | - | - | 2 | 34 | 64 | - | 45 | 39 | 392 | 1,575 | 2,151 |
| Write-offs | - | - | - | - | (580) | - | (18) | - | - | - | (598) |
| Transfers | - | - | 529 | - | 3 | - | 1 | - | 30 | (563) | - |
| **Balances as of March 31, 2014** | **1,378** | **20,435** | **6,983** | **4,830** | **85,083** | **120** | **3,171** | **5,081** | **1,019** | **6,889** | **134,989** |

| Accumulated depreciation | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances as of December 31, 2013 | - | (5,485) | (827) | (1,071) | (39,561) | (62) | (1,140) | (3,532) | - | - | (51,678) |
| Depreciation | - | (54) | (97) | (66) | (794) | (1) | (55) | (71) | - | - | (1,138) |
| Write-offs | - | - | - | - | 442 | - | 16 | - | - | - | 458 |
| **Balances as of March 31, 2014** | **-** | **(5,539)** | **(924)** | **(1,137)** | **(39,913)** | **(63)** | **(1,179)** | **(3,603)** | **-** | **-** | **(52,358)** |

| PP&E, net | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances as of December 31, 2013 | 1,378 | 14,950 | 5,625 | 3,725 | 46,035 | 58 | 2,003 | 1,510 | 597 | 5,877 | 81,758 |
| **Balances as of March 31, 2014** | **1,378** | **14,896** | **6,059** | **3,693** | **45,170** | **57** | **1,992** | **1,478** | **1,019** | **6,889** | **82,631** |

Cash disbursements with the acquisition of PP&E are as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **03/31/2013** | **03/31/2014** | **03/31/2013** |
| Acquisitions made and settled for the period | **2,001** | 1,854 | **2,151** | 2,136 |
| Acquisitions of PP&E in installments, made in the previous period and settled in the current period | **-** | 181 | **-** | 181 |
| Non-cash effect of exchange variation on settlement of acquisitions in installments | **-** | (53) | **-** | (53) |
| Acquisitions that do not affect cash (Note 27) | **-** | (220) | **-** | (220) |
| | **2,001** | 1,762 | **2,151** | 2,044 |

## 10. Property, plant and equipment (Continued)

Depreciation is calculated on a straight-line basis over the asset estimated useful life. In its annual process to review the useful lives of its PP&E, conducted in September 2013, the Company engaged a company specialized in valuations. As a result of the valuation made by the engaged company, the weighted average useful lives (in years) of PP&E classes are as follows:

| | 03/31/2014 | 03/31/2013 |
|---|---|---|
| Buildings | 77.99 | 25 |
| Improvements | 37.83 | 25 |
| Facilities | 21.10 | 10 |
| Machinery and equipment | 18.69 | 10 |
| Vehicles | 16.43 | 5 |
| Furniture and fixtures | 15.18 | 10 |
| IT equipment | 7.44 | 5 |

This change resulted in the decrease of depreciation expenses for the 1Q2014 by R$954 vis-à-vis depreciation expenses for the 1Q2013.

## 11. Intangible assets

**Company**

| | Software | Trademarks and patents | Store use rights | Total |
|---|---|---|---|---|
| Balances as of December 31, 2013 | 937 | 90 | 20,090 | 21,117 |
| Acquisitions | **123** | **-** | **-** | **123** |
| Amortization | **(80)** | **(3)** | **(573)** | **(656)** |
| Balances as of March 31, 2014 | **980** | **87** | **19,517** | **20,584** |

**Consolidated**

| | Software | Trademarks and patents | Store use rights | Total |
|---|---|---|---|---|
| Balances as of December 31, 2013 | 940 | 90 | 20,090 | 21,120 |
| Acquisitions | **125** | **-** | **-** | **125** |
| Amortization | **(80)** | **(3)** | **(573)** | **(656)** |
| Balances as of March 31, 2014 | **985** | **87** | **19,517** | **20,589** |

The Company carries intangible assets at acquisition cost.

Amortization is recognized in the income statement under the straight-line method over the estimated useful lives of the intangible assets. Based on the last annual intangible asset useful life review procedure, conducted in September 2013, the Company changed the weighted average useful lives (in years) of its intangible assets, as follows:

| | 03/31/2014 | 03/31/2013 |
|---|---|---|
| Software | 5,78 | 5 |
| Trademarks and patents | 12,88 | 10 |
| Store use rights | 9,26 | Indefinite |

This change resulted in an increase in amortization expenses in the 1Q2014 by R$597 vis-à-vis amortization expenses in the 1Q2013. This analysis comprises amortization of intangible assets acquired between these periods.

## 11. Intangible assets (Continued)

Store use rights

This refers to amounts paid by the Company for the acquisition of store use rights, which are amortized over the agreement effective term. Amortization is carried as depreciation and amortization in income statement for the year.

Based on annual going-concern value useful life review procedure, and as a result of more experience with store management, the Company management concluded that the useful lives of these intangible assets are directly related to the terms agreed in the lease agreement of buildings for which the Company acquired such going-concern values.

Research and development

Expenses with research and development of new products of the Company were not carried in P&L for the period, as they do not meet the capitalization criteria.

## 12. Other assets

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Recovery of expenses (a) | **3,951** | 2,157 | **3,956** | 2,193 |
| Credits recoverable (b) | **4,212** | 4,233 | **4,212** | 4,233 |
| Other (c) | **701** | 665 | **701** | 665 |
| (-) Provision for losses with credits recoverable (b) | **(2,468)** | (2,468) | **(2,468)** | (2,468) |
| Total | **6,396** | 4,587 | **6,401** | 4,623 |
| | | | | |
| Current assets | **4,440** | 2,612 | **4,445** | 2,648 |
| Noncurrent assets | **1,956** | 1,975 | **1,956** | 1,975 |
| | **6,396** | 4,587 | **6,401** | 4,623 |

(a) Refers mostly to expenses incurred by the Company in marketing campaigns, to be reimbursed by the exclusive retailer in an average period of six months.
(b) Refers to receivables from exclusive resellers from surety provided in the past and agreements entered into. The net balance receivable, after provisions, as of March 31, 2014 is R$1,744.
(c) Substantially comprises amounts receivable from financial institutions, as mentioned in Note 19.

## 13. Loans and financing

| | Interest rate | Maturity | Company and Consolidated | |
|---|---|---|---|---|
| | | | **03/31/2014** | **12/31/2013** |
| **Financing of PP&E** | | | | |
| Banco Votorantim | 9% p.a. | 06/15/2014 | **279** | 557 |
| | | | | |
| Current liabilities | | | **279** | 557 |

The Company's controlling shareholders provided collateral signatures to loans and financing. Loans and financing taken out by the Company have no covenants.

# 14. Trade accounts payable

Breakdown of trade accounts payable as of March 31, 2014 and December 31, 2013 is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Inputs from | | | | |
| third parties | **10,018** | 4,482 | **10,038** | 4,498 |
| related parties (Note 21) | **116** | - | **116** | - |
| Sundry materials | **402** | 561 | **415** | 567 |
| Services | **1,134** | 1,202 | **1,165** | 1,246 |
| | **11,670** | 6,245 | **11,734** | 6,311 |

# 15. Income and social contribution taxes

## Provisional Executive Order No. 627 (MP 627) and Brazilian Internal Revenue service (RFB) Revenue Procedure No. 1397 (IN RFB 1397)

In 2013, the Company prepared a study of the potential effects from the application of MP No. 627 and IN No. 1397 and concluded that there will not be significant effects on its operations, based on the best interpretation of the current wording of the MP. A possible signing into law of MP No. 627 may result in a change in the Company's conclusion. The Company is evaluating the early adoption of MP 627 for fiscal year 2014, and is awaiting its definition.

## Amounts posted to profit or loss

Breakdown of income and social contribution tax expenses for the periods ended March 31, 2014 and 2013 is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **03/31/2013** | **03/31/2014** | **03/31/2013** |
| **Current income and social contribution taxes:** | | | | |
| Current income and social contribution tax expenses | **(2,299)** | (2,954) | **(2,299)** | (2,947) |
| **Deferred income and social contribution taxes:** | | | | |
| Related to temporary differences establishment and reversal | **853** | 924 | **1,684** | 1,171 |
| **Income and social contribution tax expenses in the income statement** | **(1,446)** | (2,030) | **(615)** | (1,776) |

# 15. Income and social contribution taxes (Continued)

## Reconciliation of tax expenses to official rates

Reconciliation of tax expenses to the book profit multiplied by local tax rates for the periods ended March 31, 2014 and 2013 is as follows:

| | Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | 03/31/2014 | | 03/31/2013 | | 03/31/2014 | | 03/31/2013 | |
| | IR | CS | IR | CS | IR | CS | IR | CS |
| Income before taxes | **6,125** | **6,125** | 8,255 | 8,255 | **5,294** | **5,294** | 8,001 | 8,001 |
| IR (25%) and CS (9%) at statutory rate | **(1,531)** | **(551)** | (2,064) | (743) | **(1,324)** | **(476)** | (2,000) | (720) |
| Adjustments to effective rate statement: | | | | | | | | |
| Interest on equity | **627** | **226** | 679 | 244 | **627** | **226** | 679 | 244 |
| Tax incentives (technological innovation) | **240** | **86** | - | - | **240** | **86** | - | - |
| Equity pickup | **(413)** | **(149)** | (120) | (43) | **-** | **-** | - | - |
| Other additions/exclusions | **2** | **(1)** | (13) | (4) | **(8)** | **(4)** | (10) | (3) |
| IRPJ-deduction tax incentives (Worker's Meal Program - PAT) | **12** | **-** | 28 | - | **12** | **-** | 28 | - |
| Income surtax | **6** | **-** | 6 | - | **6** | **-** | 6 | - |
| Amount posted to profit or loss | **(1,057)** | **(389)** | (1,484) | (546) | **(447)** | **(168)** | (1,297) | (479) |
| Total IR and CS | **(1,446)** | | (2,030) | | **(615)** | | (1,776) | |
| Effective rate | **17%** | **6%** | 18% | 7% | **8%** | **3%** | 16% | 6% |

## Deferred income and social contribution taxes

Breakdown of deferred income and social contribution taxes is as follows:

| | Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance sheets | | Incomes statement | | Balance sheets | | Incomes statement | |
| | 03/31/14 | 12/31/13 | 03/31/14 | 03/31/13 | 03/31/14 | 12/31/13 | 03/31/14 | 03/31/13 |
| Allowance for doubtful accounts | **4,209** | 3,987 | **222** | 364 | **4,209** | 3,987 | **222** | 364 |
| Provision for adjustment of obsolete inventory items | **149** | 118 | **31** | (32) | **149** | 118 | **31** | (32) |
| Provision for losses on sureties | **839** | 839 | **-** | - | **839** | 839 | **-** | - |
| Provision for tax, civil and labor claims | **1,785** | 1,753 | **32** | 168 | **1,785** | 1,753 | **32** | 168 |
| Tax losses | **-** | - | **-** | - | **3,823** | 2,992 | **831** | 247 |
| Present value adjustment (PVA) | **594** | 769 | **(175)** | (476) | **594** | 769 | **(175)** | (476) |
| Difference between tax and corporate depreciation | **(1,744)** | (1,194) | **(550)** | - | **(1,744)** | (1,194) | **(550)** | - |
| Adjustment to make expected IRPJ and CSLL expenses linear | **1,179** | - | **1,179** | 923 | **1,179** | - | **1,179** | 923 |
| Other provisions and temporary differences | **331** | 217 | **114** | (23) | **331** | 217 | **114** | (23) |
| | **7,342** | 6,489 | **853** | 924 | **11,165** | 9,481 | **1,684** | 1,171 |

# 15. Income and social contribution taxes (Continued)

## Tax credits

The studies and projections made by Company management indicate that positive results shall be generated in the future at an amount that would allow the future offset of tax credits in the following years:

| | Company | Consolidated |
|---|---|---|
| | **2014** | **2014** |
| 2014 | **2,961** | **2,961** |
| 2015 | **1,281** | **1,381** |
| 2016 | **488** | **751** |
| 2017 | **423** | **774** |
| More than 2017 | **2,189** | **5,298** |
| Total | **7,342** | **11,165** |

# 16. Provision for labor, tax and civil contingencies

## I) Provisions

The Company is defendant in certain labor, tax and civil claims. A provision was set up for the loss estimated based on the opinion of the Company's legal advisers, at an amount considered sufficient to cover probable losses that may occur should unfavorable court decisions be awarded.

At March 31, 2014 and December 31, 2013, the provision is broken down as follows:

| | Company and Consolidated | |
|---|---|---|
| | **03/31/2014** | **12/31/2013** |
| Provision for labor claims | **1,442** | 1,391 |
| Provision for tax claims | **1,149** | 1,144 |
| Provision for civil claims | **2,659** | 2,621 |
| | **5,250** | 5,156 |

Labor claims – the Company is party to labor proceedings essentially seeking overtime pay, and health and risk exposure premiums, among others.

Tax claims – the Company is party to tax proceedings essentially referring to the Import Duty and Social Security Contribution Tax (INSS).

Civil claims – the Company is party to civil proceedings involving retailers and end consumers, in which the Company is jointly liable.

Based on the opinion of its legal advisers and the history of outcomes of these claims, management believes that the accrued amounts are sufficient to cover probable losses.

As of March 31, 2014, civil, labor and tax claims whose likelihood of an unfavorable outcome was rated as possible totaled R$14,379, R$2,393 and R$395, respectively.

# 16. Provision for labor, tax and civil claims (Continued)

## I) Provisions (Continued)

Changes in provision for contingencies are as follows:

| | Company and Consolidated | |
|---|---|---|
| | 03/31/2014 | 12/31/2013 |
| Opening balance | **5,156** | 5,165 |
| Additions | **1,139** | 5,660 |
| Recovery / realizations | **(1,045)** | (5,669) |
| Closing balance | **5,250** | 5,156 |

## II) Judicial deposits

The Company has judicial deposits related to various tax, labor and civil claims, as follows:

| | Company and Consolidated | |
|---|---|---|
| | 03/31/2014 | 12/31/2013 |
| Judicial deposits - labor | **401** | 416 |
| Judicial deposits – tax | **716** | 716 |
| Judicial deposits – civil | **2,632** | 2,423 |
| | **3,749** | 3,555 |

# 17. Equity

**a) <u>Capital</u>**

As of March 31, 2013 and December 31, 2013, Company's capital amounted to R$187,709, which comprised 66,086,364 common registered shares with no par value.

**b) <u>Retained profit reserve</u>**

<u>Capital reserve</u>

Distribution costs, attributed to the Company, arising from the initial public offering totaled, R$4,027 (R$2,658 net of tax effects).

<u>Legal reserve</u>

It is set up in compliance with Brazilian Corporation Law and the Company's bylaw, based on 5% of net income for each period, limited to 20% of capital.

<u>Expansion reserve</u>

Based on the capital budget, Company management proposed deliberation in the Special and General Shareholders' Meeting, to be held on April 30, 2014, of the Income Reserve supplement for Expansion amounting to R$6,521, totaling R$ 11,518, as provided for in article 34, item (e) of the Company's bylaw, in order to cover part of the expansion plan investments. Pursuant to article 199 of Law No. 6404/76, balance in this reserve may not exceed Company's capital.

# 17. Equity (Continued)

## c) Dividend and interest on equity

Dividend

According to the Company's bylaw, mandatory minimum dividend is computed based on 25% of adjusted net income for the period, after reserves set forth in Law are set up. The Company may include interest on equity in the mandatory minimum dividend account.

Dividend and interest on equity paid

In Board Meeting held on December 23, 2013, directors approved management dividend payment proposal, amounting to R$ 6,502 (R$0.09840000 per share) as interest on equity (R$5,889 net of withholding income taxes), based on the Long-term Interest Rate (TJLP), calculated on Company's equity through December 31, 2013. On such interest, income tax was withheld at source at the rate of 15%, except for shareholders that proved to be tax exempt or tax immune, or shareholders domiciled in countries or jurisdictions where legislation establishes a different rate.

# 18. Earnings per share

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

There is no difference between calculating basic and diluted earnings per share, given the inexistence of potential diluted shares. The following chart presents share and income statement data used to calculate basic and diluted earnings per share:

| | Company and Consolidated | |
|---|---|---|
| | 03/31/2014 | 03/31/2013 |
| Net income for the period | **4,679** | 6,225 |
| Weighted average number of shares issued (in thousands) | **66,086** | 66,086 |
| Earnings per share – basic and diluted (R$) | **0.07** | 0.09 |

There were no transactions involving common or potential common shares between the balance sheet date and the date this quarterly information was issued.

# 19. Other operating income, net

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 03/31/2013 | 03/31/2014 | 03/31/2013 |
| **Operating expenses** | | | | |
| Valuation allowance for assets held for sale | **(190)** | - | **(190)** | - |
| Loss on disposal of PP&E | **-** | (4) | **-** | (4) |
| | **(190)** | (4) | **(190)** | (4) |
| **Operating income** | | | | |
| Gain on disposal of PP&E | **164** | - | **164** | - |
| Bank premium* | **709** | 649 | **709** | 649 |
| Other operating income | **124** | 295 | **240** | 308 |
| | **997** | 944 | **1,113** | 957 |
| **Other operating income, net** | **807** | 940 | **923** | 953 |

* Refers to amounts received from financial institutions based on the volume of financing contracted through the chain of stores served by the Company, recorded against other assets.

# 20. Financial income (expenses), net

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 03/31/2013 | 03/31/2014 | 03/31/2013 |
| **Financial expenses** | | | | |
| Expenses with IOF and bank fees | **(181)** | (146) | **(225)** | (146) |
| Loans and financing expenses | **(9)** | (120) | **(9)** | (120) |
| Foreign exchange losses | **(169)** | (29) | **(169)** | (29) |
| Present value adjustment (PVA) | **(115)** | (112) | **(115)** | (112) |
| Discounts granted | **(16)** | (5) | **(18)** | (5) |
| Other financial expenses | **(27)** | (15) | **(30)** | (15) |
| | **(517)** | (427) | **(566)** | (427) |
| **Financial income** | | | | |
| Interest received | **488** | 582 | **489** | 582 |
| Discounts obtained | **53** | 43 | **57** | 43 |
| Short-term investment yields | **243** | 505 | **243** | 505 |
| Foreign exchange gains | **123** | 4 | **123** | 4 |
| Present value adjustment (PVA) | **1,581** | 2,032 | **1,581** | 2,032 |
| Other financial income | **67** | 110 | **67** | 110 |
| | **2,555** | 3,276 | **2,560** | 3,276 |
| **Financial income (expenses), net** | **2,038** | 2,849 | **1,994** | 2,849 |

# 21. Related-party balances and transactions

For the periods ended March 31, 2014 and December 31, 2013, the Company conducted the following transactions with its related parties:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 12/31/2013 | 03/31/2014 | 12/31/2013 |
| **Current assets** | | | | |
| Accounts receivable | | | | |
| Unicasa Comércio de Móveis Ltda. | **808** | 982 | **-** | - |
| Telasul S.A. | **154** | 20 | **154** | 20 |
| **Total assets** | **962** | 1,002 | **154** | 20 |
| | | | | |
| **Current liabilities** | | | | |
| Trade accounts payable | | | | |
| Telasul S.A. | **116** | - | **116** | - |
| **Total liabilities** | **116** | - | **116** | - |
| | | | | |
| **Income statements** | **03/31/2014** | **03/31/2013** | **03/31/2014** | **03/31/2013** |
| Sales | | | | |
| Other related parties (*) | **16** | 8 | **16** | 8 |
| Unicasa Comércio de Móveis Ltda. | **1,890** | 100 | **-** | - |
| Telasul S.A. | **225** | 123 | **225** | 123 |
| | **2,131** | 231 | **241** | 131 |
| Purchases | | | | |
| Telasul S.A. | **2,566** | 2,532 | **2,566** | 2,563 |
| | **2,566** | 2,532 | **2,566** | 2,563 |

(*) Operations with shareholders

Operations involving the Company and its related party Telasul S.A. refer to purchase of inputs (aluminum doors, aluminum profiles and metal accessories) used in the production process for manufacturing of modular furniture. Unicasa also sells various finished products to Telasul S.A. (office furniture, modular furniture, among others). Transactions are conducted at market price with average purchase and sale terms of 13 and 28 days, respectively.

## 21. Related-party balances and transactions (Continued)

Operations involving the Company and its subsidiary Unicasa Comércio de Móveis Ltda. refer to sales of finished products (corporate furniture, modular furniture, among others) for resale to end consumers. Transactions are conducted at market price with average payment term of thirty days.

The Company has one aircraft lease. Expenses with this lease agreement totaled R$52 for the period ended March 31, 2014 (R$453 as of March 31, 2013), and were fully reimbursed by the shareholders for using the equipment.

**Company's transaction terms and conditions**

Telasul S.A. is controlled by the Company's controlling shareholders. Outstanding balances at period end are not guaranteed, and will be settled in cash within similar terms adopted for third-party operations.

Unicasa Comércio de Móveis Ltda. is a subsidiary of the Company. Outstanding balances at period end are not guaranteed, and will be settled in cash within the average terms described above.

No guarantees were provided or received in relation to any related-party receivables or payables.

**Key management personnel compensation**

The Company paid its management members (Executive Board and Board of Directors) compensation amounting to R$548 for the period ended March 31, 2014 (R$668 as of March 31, 2013).

The Company does not provide its key personnel with compensation benefits in the following categories: (i) post-employment benefit, (ii) long-term benefit, (iii) dismissal compensation and (iv) share-based payment.

## 22. Net sales revenue

Breakdown of net revenue from sales is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **03/31/2013** | **03/31/2014** | **03/31/2013** |
| Gross sales revenue | **71,411** | 72,580 | **73,695** | 72,480 |
| IPI on sales | **(2,660)** | (1,268) | **(2,660)** | (1,266) |
| ICMS tax substitution (ST) on sales | **(3)** | (2) | **(3)** | (2) |
| Gross revenue from sales ( - ) IPI and ICMS ST on sales | **68,748** | 71,310 | **71,032** | 71,212 |
| ICMS on sales | **(7,806)** | (7,996) | **(8,216)** | (7,984) |
| Other taxes on sales (PIS/COFINS/INSS) | **(6,846)** | (7,183) | **(7,276)** | (7,174) |
| Sales returns | **(366)** | (553) | **(367)** | (553) |
| Present value adjustment | **(950)** | (520) | **(950)** | (520) |
| | **52,780** | 55,058 | **54,223** | 54,981 |

# 23. Expenses by nature

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **03/31/2013** | **03/31/2014** | **03/31/2013** |
| **Expenses by type** | | | | |
| Cost of sales | **(32,287)** | (32,737) | **(31,818)** | (32,680) |
| Selling expenses | **(11,592)** | (13,670) | **(15,792)** | (14,024) |
| Administrative expenses | **(3,970)** | (3,705) | **(4,236)** | (4,078) |
| | **(47,849)** | (50,112) | **(51,846)** | (50,782) |
| **Expenses by nature** | | | | |
| Personnel expenses | **(9,620)** | (9,232) | **(12,418)** | (9,821) |
| Expenses with inputs | **(25,218)** | (25,643) | **(24,784)** | (25,586) |
| Depreciation and amortization expenses | **(1,759)** | (2,174) | **(1,794)** | (2,174) |
| Expenses with third-party services | **(2,738)** | (3,424) | **(3,377)** | (3,478) |
| Advertising expenses | **(2,115)** | (1,945) | **(2,141)** | (1,945) |
| Commission expenses | **(501)** | (687) | **(501)** | (687) |
| Expenses with provisions | **(841)** | (1,474) | **(841)** | (1,474) |
| Other expenses | **(5,057)** | (5,533) | **(5,990)** | (5,617) |
| | **(47,849)** | (50,112) | **(51,846)** | (50,782) |

# 24. Financial risk management policies and objectives

The Company maintains financial instrument transactions, whose risks are managed through financial position strategies and system of exposure limit thereof, all recorded in balance sheet accounts, which are held to meet operating needs.

**a) <u>Fair value of financial instruments</u>**

As of March 31, 2014 and December 31, 2013, significant financial instruments, as well as the methods and assumptions adopted in determining fair value, are as follows:

- **Cash and cash equivalents** – These arise directly from the Company's operations and are presented at market value, which corresponds to the carrying amount as of the balance sheet date.

- **Trade accounts receivable –** These arise directly from the Company's operations, are measured at amortized cost, and recorded at their original values, net of valuation allowance and adjusted to present value when applicable. The carrying amount approximates fair value, given the short-term settlement of these transactions.

- **Loans granted** – These are classified as financial assets not measured at fair value and are recorded using the amortized cost method in accordance with contractual conditions, net of present value adjustment. This definition was adopted because the amounts are not held for trading, and, according to management's understanding, this reflects the most significant accounting information. The fair values of loans granted differ from their carrying amounts, for they are financial instruments with fixed interest rates that differ from current observable market rates.

# 24. Financial risk management policies and objectives

**a) Fair value of financial instruments** (Continued)

- **Other financial liabilities** – These are classified as financial liabilities not measured at fair value under the amortized cost, in accordance with contractual conditions. This definition was adopted because the amounts are not held for trading, and, according to management's understanding, this reflects the most significant accounting information. The fair values of financing agreements differ from their carrying amounts, for they are financial instruments with fixed interest rates that differ from current observable market rates.

All financial instrument operations are recorded in the Company's quarterly information. Outstanding balances as of March 31, 2014 and December 31, 2013, as well as their fair values, are as follows:

**Carrying amount**

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 12/31/2013 | 03/31/2014 | 12/31/2013 |
| **Assets** | | | | |
| **Loans and receivables** | | | | |
| Cash and cash equivalents | **19,969** | 11,316 | **20,973** | 11,629 |
| Trade accounts receivable | **71,285** | 73,677 | **71,780** | 74,711 |
| Loans granted | **5,749** | 3,674 | **5,749** | 3,674 |
| **Liabilities** | | | | |
| **Other financial liabilities** | | | | |
| Trade accounts payable | **(11,670)** | (6,245) | **(11,734)** | (6,311) |
| Loans and financing | **(279)** | (557) | **(279)** | (557) |

**Fair value**

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 12/31/2013 | 03/31/2014 | 12/31/2013 |
| **Assets** | | | | |
| **Loans and receivables** | | | | |
| Cash and cash equivalents | **19,969** | 11,316 | **20,973** | 11,629 |
| Trade accounts receivable | **71,285** | 73,677 | **71,780** | 74,711 |
| Loans granted | **5,707** | 3,612 | **5,707** | 3,612 |
| **Liabilities** | | | | |
| **Other financial liabilities** | | | | |
| Trade accounts payable | **(11,670)** | (6,245) | **(11,734)** | (6,311) |
| Loans and financing | **(278)** | (554) | **(278)** | (554) |

In order to determine the fair value of its financial instruments, the Company adopted the observable price valuation technique ("Level 2").

**b) Risk management**

Key financial liabilities of the Company are trade accounts payable and loans and financing. Such financial liabilities mainly aim to raise funds for the Company's operations. The Company's financial assets mainly comprise cash and cash equivalents, trade accounts receivable and loans granted to customers, which are obtained directly from its transactions.

The Company is exposed to market risk (including interest rate risk, currency risk, and commodity price risk), credit risk and liquidity risk. Financial instruments affected by risks include loans and financing, short-term investments classified as cash and cash equivalents, trade accounts receivable, and loans granted to customers.

# 24. Financial risk management policies and objectives (Continued)

**b) <u>Risk management</u>** (Continued)

Risk management activities follow the Company's risk management policy, managed by its officers. These risks are managed based on control policy, which establishes exposure ongoing monitoring and measurement techniques. The Company does not carry out transactions with derivative instruments or any other type of transaction for speculative purposes.

- **<u>Market risk</u>**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: interest rate risk, currency risk and price risk which may be commodity price, among others. Financial instruments affected by market risk include loans receivable, loans payable and trade accounts payable.

- **<u>Interest rate risk</u>**

Interest rate risk is the risk that fair value of future cash flows of a financial instrument floats due to market interest rate variations. The Company’s exposure to changes in market interest risk mainly refers to non-current obligations subject to variable interest rates.

The Company manages its interest rate risk by maintaining a balanced portfolio between loans receivable and payable subject to fixed and floating rates. In order to mitigate these risks, the Company makes it a practice to spread fund raising in terms of fixed and floating rates, and permanent analysis of financial institution risks.

- **<u>Currency risks</u>**

Company’s income statement are subject to variation, due to volatility effects of foreign exchange rate on transactions pegged to foreign currencies, basically in product export transactions. The Company has been successful in adjusting its cost structure and its sales prices so as to absorb foreign exchange rate fluctuation. As of March 31, 2014, the Company's balance of trade accounts receivable from sales to the foreign market totaled USD 554 thousand.

<u>Foreign currency sensitivity</u>

In order to check sensitivity of indexes of assets and liabilities in foreign currency to which the Company was exposed as of March 31, 2014, three different scenarios were defined, and a sensitivity analysis was prepared considering foreign exchange rate fluctuations.

In the following table the three scenarios have been considered, with the probable scenario being adopted by the Company. These scenarios have been defined based on management’s expectation for exchange rate variations on maturity dates of the corresponding contracts exposed to these risks.

# 24. Financial risk management policies and objectives (Continued)

**b) Risk management** (Continued)

Foreign currency sensitivity (Continued)

In addition to this scenario, we present two more scenarios, with 25% and 50% deterioration of the risk variable then considered.

| Transaction | Currency | Probable scenario (carrying amount) | Scenario A | Scenario B |
|---|---|---|---|---|
| **Exchange rate decrease** | | | | |
| Trade accounts receivable in foreign currency | R$ | 1,252 | 939 | 626 |
| Rate deterioration: | | | | |
| Exchange rate reference: | | | | |
| Dollar | | 2.26 | 1.70 | 1.13 |
| **Effect on pre-tax income** | R$ | | **(313)** | **(626)** |

- **Commodity price risk**

This risk is related to the likelihood of floating in the price of raw materials and other inputs used in the production process. Because it uses commodities, such as raw material (MDF boards), the Company may have its cost of sales account affected by changes in these materials prices. In order to minimize this risk, the Company monitors price fluctuations on an ongoing basis, and establishes strategic inventories to maintain its business activities, as applicable. The Company has been successful in adopting this policy.

- **Credit risk**

This risk arises from the Company's likelihood of recording losses from default of its counterparts or financial institutions depositary of funds or investments. In order to mitigate these risks, the Company makes it a practice to review the financial position of its counterparts, define credit limits and monitor, on an ongoing basis, outstanding positions. As far as financial institutions are concerned, the Company only carries out transactions with low-risk financial institutions, based on management's assessment. The Company also set up an allowance for doubtful accounts for trade accounts receivables, as mentioned in Note 5.

Accounts receivable

Customers' credit risk is managed by the finance department, and is subject to the risk-related procedures, controls and policies established by the Company. Credit limits are established for every customer based on internal classification criteria. Customers' credit quality is assessed based on an internal extensive credit classification system. Outstanding trade accounts receivable are monitored on a regular basis. As of March 31, 2014, the Company had approximately 19 customers (13 customers as of December 31, 2013) accounting for 50.29% (50.41% as of December 31, 2013) of all receivables. The Company holds security interests and monitors its exposure. These customers operate with various stores in Brazil, including a department store. There are no customers that individually account for more than 10% of sales.

## 24. Financial risk management policies and objectives (Continued)

**b) Risk management** (Continued)

- **Credit risk** (Continued)

  Accounts receivable (Continued)

  The need for a provision for impairment loss is individually reviewed at each reporting date for major customers. In addition, a number of trade accounts receivable with minor balances are grouped in homogeneous groups and, in these cases, the need to set up an allowance for doubtful accounts is assessed collectively.

  Financial instruments and bank deposits

  Credit risk of financial institution and bank balances is managed by the Company's finance department and is monitored by executive management. Surplus funds are only invested in financial institutions authorized by Executive Management, solely first-tier institutions. Invested amounts are monitored in order to minimize risk concentration and, accordingly, mitigate financial loss in case of a potential counterpart bankruptcy.

- **Liquidity risk**

  The liquidity risk consists in the Company's occasionally not having sufficient funds to meet its commitments, given the different currencies and settlement terms of its rights and obligations.

  The Company's cash flows and liquidity control are monitored on a daily basis by the Company's finance function, so as to ensure that cash operating generation and previous fund raising, as necessary, are sufficient to maintain its payment schedule, thus not generating liquidity risk for the Company.

  The aging list of financial liabilities as of March 31, 2014, based on contractual payments and projected interest, is as follows:

| **As of March 31, 2014** | **Up to 3 months** | **3 to 12 months** | **Total** |
|---|---|---|---|
| Loans and financing | 282 | - | 282 |
| Trade accounts payable | 11,653 | 17 | 11,670 |
| | **11,935** | **17** | **11,952** |

The Company does not have derivative financial instruments outstanding as of March 31, 2014 and December 31, 2013, and took out no instruments of this type over the periods then ended.

**c) Capital management**

The Company's capital management mainly aims to ensure that it maintains a strong credit classification and trouble-free capital in order to support business and leverage shareholder value.

# 24. Financial risk management policies and objectives (Continued)

**c) Capital management** (Continued)

The Company manages capital structure and adjusts it by considering changes in economic conditions. Capital structure or financial risk arises from the choice between own capital (capital contribution and retained profit) and third-party capital used by the Company to finance its operations. In order to mitigate liquidity risks and leverage the weighted average cost of capital, the Company permanently monitors its debt-to-equity levels in accordance with market standards. There were no changes as to objectives, policies or processes over the periods ended March 31, 2014 and December 31, 2013.

The Company's net debt includes loans, financing and trade accounts payable, less cash and cash equivalents and noncurrent investments, as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | **03/31/2014** | **12/31/2013** | **03/31/2014** | **12/31/2013** |
| Loans and financing | **279** | 557 | **279** | 557 |
| Trade accounts payable | **11,670** | 6,245 | **11,734** | 6,311 |
| (-) Cash and cash equivalents | **(19,969)** | (11,316) | **(20,973)** | (11,629) |
| Net Debt | **(8,020)** | (4,514) | **(8,960)** | (4,761) |
| Equity | **209,982** | 205,303 | **209,982** | 205,303 |
| Equity and net debt | **201,962** | 200,789 | **201,022** | 200,542 |

# 25. Insurance

The Company has insurance coverage considered sufficient by management to cover risks, if any, to its assets and/or liabilities. Key insurance categories are stated below:

| | Insurance term | | |
|---|---|---|---|
| **Coverage** | **From** | **To** | **Insured amount** |
| **Fire, windstorm and electrical damage** | | | |
| Machinery and equipment | 2013 | 2014 | 100,500 |
| Inventories | 2013 | 2014 | 21,827 |
| Buildings | 2013 | 2014 | 36,000 |
| **Loss of profit** | 2013 | 2014 | 17,712 |
| **Civil liability – management members** | 2013 | 2014 | 10,000 |

# 26. Segment information

The Company only manufactures and sells (modular and planned) furniture. The Company's products, although sold to various end consumers, are not controlled or managed by the management as independent segments; accordingly, the Company's profit or loss is managed, monitored and assessed as a single operating segment.

Gross sales revenue in the domestic and foreign markets is as follows:

| | Company | | Consolidated | |
|---|---|---|---|---|
| **Gross sales revenue** | **03/31/2014** | **03/31/2013** | **03/31/2014** | **03/31/2013** |
| Domestic market | **70,083** | 71,583 | **72,367** | 71,483 |
| Foreign market | **1,328** | 997 | **1,328** | 997 |
| | **71,411** | 72,580 | **73,695** | 72,480 |

Revenue from the domestic market is not stated separately by geographic area, as it accounts for 1.8% of gross revenue as of March 31, 2014 (1.4% as of March 31, 2013).

## 27. Transactions that do not affect cash

The cash flow statements were prepared under the indirect method and are presented in accordance with accounting pronouncement CPC 03 – Statement of Cash Flows, issued by CPC.

Transactions that do not affect cash for the period were:

| | Company | | Consolidated | |
|---|---|---|---|---|
| | 03/31/2014 | 03/31/2013 | 03/31/2014 | 03/31/2013 |
| Transfer of investment sale outlet to intangible assets | - | (322) | - | (322) |
| Acquisition of sale outlets and PP&E with credits receivable from shop owners | | | | |
| Accounts receivable | - | (3,211) | - | (3,211) |
| Store use rights – Intangible assets (Note 11) | - | 2,991 | - | 2,991 |
| Property, plant and equipment (Note 10) | - | 220 | - | 220 |

## 28. Operating lease – Lease of stores

As of March 31, 2014, the Company had lease agreements entered into with third parties, agreements of which the Company analyzed and concluded to fall under the classification of operating lease agreement.

Mandatory minimum operating lease payments are as follows:

| | Minimum payments in 2014 (consolidated) |
|---|---|
| Up to one year | 1,609 |
| Over one year and up to five years | 3,911 |

The average monthly lease expenses paid is R$157 (R$154 in 2013). These lease agreements mature between four to five years, subject to financial charges related to the General Price Index – Market (IGPM) variation p.a., as specified in each contract.

Lease amounts are settled within the current month, leaving no outstanding balance payable at period end.

A substantial portion of some lease amounts is linked to shops turnover, and a minimum amount is established. Additionally, the contractual grace period is not representative for purposes of compliance with the expected linear expenses.

**A free translation from Portuguese into English of Independent Auditor's Review Report on interim financial information in accordance with Brazilian and International Standards on Review Engagements**

## INDEPENDENT AUDITOR'S REVIEW REPORT ON QUARTERLY INFORMATION

The Shareholders, Board of Directors and Officers
**Unicasa Indústria de Móveis S.A.**
Bento Gonçalves - RS

### Introduction

We have reviewed the accompanying individual and consolidated interim financial information, contained in the Quarterly Information Form (ITR) of Unicasa Indústria de Móveis S.A. ("Company") for the quarter ended March 31, 2014, comprising the balance sheet as of March 31, 2014, and the related statements of income, comprehensive income, changes in equity and cash flows for the three-month quarter then ended, including the explanatory notes.

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

### Scope of review

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

### Conclusion on the individual interim financial information

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

**Conclusion on the consolidated interim financial information**

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

**Other matters**

**Statements of value added**

We have also reviewed the individual and consolidated interim statement of value added (SVA) for the three-month period ended March 31, 2014, prepared under the responsibility of the Company's management and whose presentation in the interim financial information is required by rules issued by Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR), and as supplementary information under IFRS, which do not require SVA presentation. These statements were submitted to the same review procedures previously described and, based on our review, we are not aware of any fact that causes us to believe that they are not fairly prepared, in all material respects, in relation to the overall accompanying interim individual and consolidated interim financial information.

Porto Alegre, May 5, 2014

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6/F/RS

Américo F. Ferreira Neto
Accountant CRC-1SP192685/O-9

**Declaration of the Directors on the Financial Statements**

Pursuant to section IV of article 25 of CVM Instruction No. 480, of December 7, 2009, the Board states that reviewed, discussed and agreed with the Company's Financial Statements for the first quarter of 2014, authorizing its conclusion today.

Bento Gonçalves, April 22, 2014.

Frank Zietolie
President Director

Kelly Zietolie
Vice President Director

Paulo Eduardo Junqueira de Arantes Filho
CFO and Investor Relations

Thiago Proença Baisch
Commercial Director

**Declaration of the directors on the Independent Auditor's Review Report on quarterly information**

Pursuant to section V of article 25 of CVM Instruction No. 480, of December 7, 2009, the Board states that it has reviewed and discussed the content and opinion expressed in the Independent Auditor's Report on the quarterly information for the first quarter of 2014, issued on May 5, 2014.

Bento Gonçalves, May 6, 2014.

Frank Zietolie
President Director

Kelly Zietolie
Vice President Director

Paulo Eduardo Junqueira de Arantes Filho
CFO and Investor Relations

Thiago Proença Baisch
Commercial Director