UNICASA

Management Report
2015

BOARD OF DIRECTORS

Alexandre Grendene Bartelle
Chairman

Juvenil Antônio Zietolie
Vice Chairman

Frank Zietolie
Director

Aymar Ferreira de Almeida Júnior
Director

Daniel Ferreira Maia de Freitas
Independent Director

BOARD

Frank Zietolie
President, Financial and Investor Relations Officer

Kelly Zietolie
Vice President

Thiago Proença Baisch
Commercial Officer

FISCAL COUNCIL

Maria Tereza Casagrande
Chairwoman of the Audit Board

Carlos Osvaldo Pereira Hoff
Audit Board Member

Thiago Costa Jacinto
Audit Board Independent Member

Ivanir Moro
Acountant
CRC/RS-053351/O-7

To the Shareholders,

In compliance with applicable laws and Bylaws of the company, the Management of **Unicasa Indústria de Móveis S.A.** hereby presentes the **Management Report** and the **Financial Statements** prepared according to the *International Financial Reporting Standards* (IFRS) issued by *International Accounting Standards Board* (IASB), the generally accepted accounting principles in Brazil and the rules issued by the *Securities and Exchange Comission of Brazil* (CVM). The Company adopted all the standars, revisions of standards and interpretations issued by IASB and which are effective for the Financial Statements ended on December 31, 2015.

MESSAGE FROM THE MANAGEMENT

Dear shareholders, in 2015 we saw a deterioration in the macroeconomic scenario in Brazil, with rising interest and unemployment rates, worsening consumer and business confidence, credit restrictions and a macroeconomic downturn. This adverse scenario put pressure on our retailers to review their operational structure, forcing some of them to exit the market. Thus, although we inaugurated stores in all of our brands, especially Casa Brasileira, the net balance was store closures.

On the other hand, our own store operation is maturing as planned, consolidating the framework of good practices that we disseminate across our dealer network. The operation has been accomplishing one of its key operating goals, which is repositioning the Dell Anno brand in São Paulo, proof of this are the satisfaction indices achieved in consumer evaluation sites, which are the best in our history.

This year, we also faced an increase in the tax burden. We started the year with the end of the IPI tax incentive, which returned to its rate of 5%; starting from August 2015, PIS and Cofins taxes were levied on financial income at the rate of 4.65%; in December, the INSS rate on revenue increased from 1.0% to 2.5%; and for 2016, the ICMS rate in the state of Rio Grande do Sul was raised to 18%.

Nonetheless, we delivered consistently higher quarterly results than in 2014. We rolled out strategies that enabled us to increase profitability, which offset the effects of higher tax rates and the macroeconomic scenario. We closed the year with a solid cash balance, which enabled us to distribute R$7.5 million in dividends, to be approved by the Shareholders Meeting.

We therefore remain convinced that the strategies we adopted in our operation were right and helped prepare us for these adverse economic times, as we constantly strive to deliver higher profitability to shareholders.

EXECUTIVE SUMMARY

Executive Summary	2014	2015	Δ
Net Revenue	243,521	222,652	-8.6%
Gross Income	101,113	103,221	+2.1%
Gross Margin	***41.5%***	***46.4%***	***+4.9 p.p.***
Operating Income	-14,413	8,013	+22,426
Operating Margin	***-5.9%***	***3.6%***	***+9.5 p.p.***
Net profit	-2,408	13,105	+15,513
Net Margin	***-1.0%***	***5.9%***	***+6.9 p.p.***
EBITDA	-5,291	18,696	+23,987
EBITDA Margin	***-2.2%***	***8.4%***	***+10.6 p.p.***

SALES PERFORMANCE

Revenues per brand are shown in the form of Gross Revenue after excluding IPI tax from the comparison basis (Gross Revenue ex-IPI) to eliminate possible differences in the tax rate. IPI rate in fiscal year 2015 is 5%, as against 4% in 2014.

In the brands Dell Anno e Favorita, the maturation of own stores and revenue growth in same store sales partially offset the reduction in revenue derived from the termination of the business relationship with one of our biggest dealers, which was informed in the material fact notice dated November 28, 2014.

The segments Unicasa Corporate and Export Markets are affected by significant fluctuation due to particularities of the projects sold in the period. The Export Markets segment is also impacted by exchange variation.

Brands/Channels	2014	2015	Δ
Dell Anno e and Favorita – Exclusive and Own Stores			
Gross Revenues ex-IPI	170,901	155,193	-9.2%
Number of Modules Sold (thousand units)	498.7	410.0	-17.8%
New and Casa Brasileira Exclusive Dealers			
Gross Revenues ex-IPI	86,724	80,728	-6.9%
Number of Modules Sold (thousand units)	438.9	415.4	-5.4%
Multibrands			
Gross Revenues ex-IPI	37,266	32,832	-11.9%
Number of Modules Sold (thousand units)	230.6	195.3	-15.3%
Unicasa Corporate			
Receita Bruta ex-IPI	8,049	6,345	-21.2%
Número de Módulos Vendidos (mil un.)	26.9	24.8	-7.8%
Export Market			
Gross Revenues ex-IPI	6,948	9,087	+30.8%
Number of Modules Sold (thousand units)	50.5	37.8	-25.1%

Consolidated Indicators - Unicasa

Unicasa Indústria de Móveis	2014	2015	Δ
Gross Revenue ex-IPI	316,638	287,167	-9.3%
Number of Modules Sold (thousand units)	1,364.4	1,114.2	-18.3%

SALES AND DISTRIBUTION CHANNELS

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

Period	4Q14	1Q15	2Q15	3Q15	4Q15	Δ
Exclusive and Own Stores	**634**	**619**	**574**	**522**	**480**	**(42)**
Dell Anno and Favorita	272	253	233	217	204	(13)
New and Casa Brasileira	362	366	341	305	276	(29)
Multibrand	**697**	**696**	**718**	**669**	**639**	**(30)**
New and Casa Brasileira Multibrand	697	696	718	669	639	(30)

(1) Variation compared to 3Q15.

FINANCIAL PERFORMANCE

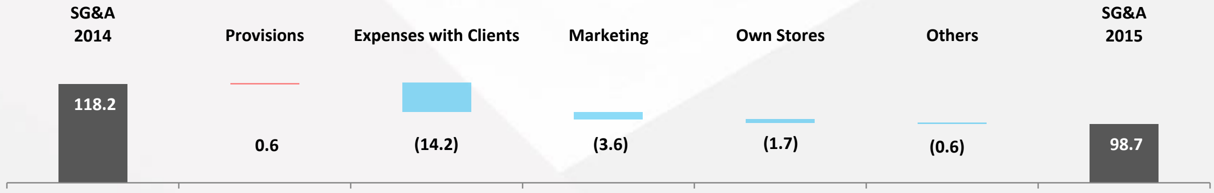
Gross Profit and Gross Margin

Gross Profit of the year was R$103.2 million. Gross margin increased 4.9 p.p. from 2014, from 41.5% to 46.4%. Margin increase is mainly due to the share of revenue from own stores, which have higher margins, and to internal improvements in the plant, which enabled better utilization of materials and cost reduction.

Selling, General and Administrative Expenses (SG&A)

Selling General and Administrative Expenses	2014	2015	Δ
Total	**(118,210)**	**(98,739)**	**-16.5%**
Selling Expenses	**(100,073)**	**(78,266)**	**-21.8%**
% of Net Revenue	41.1%	35.2%	-5.9 p.p.
Administrative Expenses	**(18,137)**	**(20,473)**	**+12.9%**
% of Net Revenue	7.4%	9.2%	+1.8 p.p.
SG&A % of Net Revenue	48.5%	44.4%	-4.1 p.p.

The following chart presents the reconciliation of Selling, General and Administrative Expenses in 2014 x 2015(1):



(1)In Million.

Provision expenses came to R$0.6 million higher than in 2014 mainly due to the higher allowance for doubtful accounts in 2015.

Expenses with clients are related to serving final consumers at the stores closed, which declined due to the higher base in 2014 caused by the booking of a provision for customer orders, as per the material fact notice published on November 28, 2014. Expenses with clients, net of the provision, increased R$2.2 million in the year.

In 2015, marketing expenses decreased due to the restructuring carried out in this type of expense.

Expenses with Own Stores decreased R$1.7 million, although revenues from Own Stores increased by around 11% in the period. The reduction is due to adjustments to fixed and non-recurring expenses recorded in 2014.

Other expenses decreased in 2015, mainly due to the discontinuation of the Telasul Modulados brand, reflecting the lower freight and personnel expenses, as well as contractual bonus.

EBITDA and EBITDA Margin

EBITDA	2014	2015	Δ
Net Income for the Period	**(2,408)**	**13,105**	**+15,513**
Income Tax and Social Contribution	(7,091)	2,951	+10,042
Financial Result	(4,914)	(8,043)	+63.7%
EBIT	**(14,413)**	**8,013**	**+22,426**
Depreciation and Amortization	9,122	10,683	+17.1%
EBITDA	**(5,291)**	**18,696**	**+23.987**
EBITDA Margin	***-2.2%***	***8.4%***	***+10.6 p.p.***

Net Cash

Net Cash	12/31/2014	12/31/2015	Δ
Short Term Debt	-	-	n/a
Long Term Debt	-	-	n/a
Gross Debt	**-**	**-**	**n/a**
Cash and Cash Equivalents	27,879	33,204	+19.1%
Financial Investments	-	4,446	n/a
Net Debt/(Cash Surplus)	**(27,879)**	**(37,650)**	**+35.0%**

Return on Invested Capital (ROIC)

Return on Invested Capital (ROIC)	4Q14	4Q15	Δ
EBIT (LTM)	-14,413	8,013	+22,426
Average of Operating Assets	187,100	170,848	-8.7%
ROIC	**-7.7%**	**4.7%**	**+12.4 p.p.**
Effective IR + CSLL rate (LTM)	74.6%	18.4%	-56.2 p.p.
ROIC, Net	**-2.0%**	**3.8%**	**+5.8 p.p.**

ALLOCATION OF NET INCOME AND INTEREST ON EQUITY

The proposal for distribution of net income related to fiscal year 2015 will result in a payout of 60.2% of adjusted net income, to be approved in the upcoming Annual Shareholders Meeting.

The Bylaws of the Company determine the distribution of 25% of net income adjusted by the deductions and additions set forth in Article 202, Items II and III of Brazilian Corporations Law, to be distributed to shareholders as mandatory dividends.

Pursuant to the dividend policy, the Management may decide on a higher distribution percentage than envisaged in the Bylaws after taking into consideration the availability of funds and investment requirements. At a meeting held on December 11, 2015, the Board of Directors declared the distribution of interest on equity for fiscal year 2015 in the gross amount of seven million, five hundred thousand, eight hundred two reais and thirty-one centavos (R$7,500,802.31), corresponding to R$ 0.113500000 per share, and in the net amount of six million, seven hundred seventy-four thousand, thirty-six reais and twenty-eight centavos (R$6,774,036.28), corresponding to R$0.102502784 per share. The proposed payment date is May 25, 2016.

At the meeting, the Directors also approved the allocation of net income from fiscal year 2015, to be submitted to the upcoming Annual Shareholders Meeting for approval, as detailed below:

Proposal dor dividend distribution	2015 in reais
Net Income for the period	**13,104,746.87**
Legal Reserve (5%)	(655,237.34)
Adjust Net Income	**12,449,509.53**
Proposed Distribution	
Interest on capital	7,500,802.31
Retention of profits to statutory reserve	4,948,707.22
Total	**12,449,509.53**

CAPITAL BUDGET

The Company Management, pursuant to Normative Instruction 480/09 of December 7, 2009, published by the Securities and Exchange Commission of Brazil (CVM), hereby submits the capital budget to support the retention of profits through Investment Reserve, in accordance with article 34 of the Bylaws of the Company and article 196 of Federal Law 6,404/76.

The business projections and outlook presented in the proposed capital budget involve risks, uncertainties and assumptions, and therefore depend on circumstances that may or may not occur.

The conditions of the general economy and the industry and other operational factors could affect the projected amounts for the allocation to fixed assets.

To ensure the financial feasibility of the investments planned for the Company's expansion plan, Management proposes the retention of 38.27% of net income for fiscal year 2015, in the amount of R$5,061 thousand, bringing the aggregate balance of the Profit Reserve for Investment and Expansion on December 31, 2015 to R$5,061 thousand.

Sources of Finance	R$ mil
Retained Profits in Profits Reserve for Investment and Expansion	4.949
Total Sources of Finance	**4.949**
Capital Expenditures Budget – Investment of Resources	**Forecast**
Property, Plant and Equipment	
Machinery and Equipment	(2.647)
Equipment and IT programs	(1.217)
Others	(1.085)
Total of Capital Expenditure	**(4.949)**

The reserve hereby constituted may be used, at the Company's discretion, to carry out a share buyback plan, considering the funds available in accordance with CVM Normative Instruction 567/15 of September 17, 2015.

HUMAN RESOURCES

Unicasa ended 2015 with 766 employees, a 14% reduction from the 2014 headcount of 892 employees.

ADMINISTRATIVE EVENTS

In November 2015, Mr. Daniel Ferreira Maia de Freitas was elected to the position of Director, to hold office until the next Shareholders Meeting, as per the minutes of the 29th Board of Directors Meeting held on November 12, 2015.

SUSTAINABILITY

Protecting the planet means taking care of everyone's home. Aware of that, Unicasa spares no efforts to make furniture through sustainable practices that help conserve the environment:

- We recycle the water used at our factory to reduce the amount of this resource taken from nature;

- Byproducts from our manufacturing process such as sawdust and wood, are repurposed by other sectors of the economy like local brick factories and ranchers;

- We use LPG instead of diesel oil and;

- All off the wood furniture used in our furniture is certified and comes from managed renewable forests.

CAPITAL MARKETS

At the close of fiscal year 2015, Unicasa's market capitalization was R$113.6 million, based on the Company's stock price of R$1.72. In 2015, Unicasa stock registered 14,000 trades, for an average of 57 daily trades, and a financial volume of around R$38.9 million, for an average daily trading volume of R$158,000.

Unicasa's UCAS3 stock is listed in the Novo Mercado segment of the São Paulo Stock Exchange (BM&FBovespa), which consists of companies with the highest corporate governance standards. Unicasa's capital is divided into 66,086,364 shares, with a free float of 43.3%. The book value per share at the end of 2015 was R$3.00.

INDEPENDENT AUDITORS

In compliance with Article 2 of CVM Instuction 381/03, the Company informs that Ernst & Young Auditores Independentes S.S. (“EY”) was engaged by the Company in the following services:

- Full audit conducted in accordance with Brazilian and international audit standards of the parent company and consolidated financial statements of the Company, prepared in accordance with the accounting practices adopted in Brazil (parent company and consolidated) and with IFRS (consolidated), for the fiscal year ended December 31, 2015, and the review of the Company’s Interim Quarterly Financial Information of March 31, June 30, and September 30, 2015, for total fees of R$251,759.00. Date of contract: April 24, 2015, duration until: April 23, 2016;

- Additional fees related to audit, R$22,000.00, corresponding to 7.9% of the fees for auditing the financial statements;

- Tax advisory services in reviewing tax procedures, with fees exclusively based on hours actually worked, multiplied by the average rate of R$250.00, with total fees in 2015 of R$4,800.00, corresponding to 1.7% of the fees for auditing the financial statements. Date of hiring: 05/20/2015, deadline: 05/19/2016;

The Company’s policy in hiring any services unrelated to the external audit from the independent auditor is based on principles that preserve the independence of the auditor, which are: (a) auditors should not audit their own work; (b) auditors should not perform managerial functions at their client; and (c) auditors should not promote the interests of their client. The Company declares that it has received a letter from Ernst & Young on the services it provided to the Company stating that they do not compromise the principle of independence of Ernst & Young in relation to the external audit services rendered to the Company.

STATEMENT BY EXECUTIVE OFFICERS

In compliance with Article 25 of CVM Instruction 480, of December 7, 2009, the Executive Board declares that it has reviewed, discussed and agreed with the opinion expressed in the Independent Auditor’s Report on the Financial Statements and with the Financial Statements related to the fiscal year ended December 31, 2015.

ACKNOWLEDGMENT

We would like to thank our employees for their commitment, our shareholders for their support, our suppliers for their efforts and our retailers and consumers for their trust.

AUDIT BOARD REPORT

The Audit Board of Unicasa Indústria de Móveis S.A., in compliance with the applicable laws and the Bylaws, examined the Management Report and the Individual Financial Statements of the Company (parent company), prepared in accordance with the accounting practices adopted in Brazil, and the Consolidated Financial Statements, prepared in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), all of which related to the fiscal year ended December 31, 2015 and approved by the Board of Directors of the Company on March 17, 2016. Based on its own examination, and also considering the unqualified report issued by Ernst & Young Auditores Independentes S.S. on March 17, 2016, as well as the information and clarifications received throughout the fiscal year, hereby recommends the submission of said documents to the Annual Shareholders' Meeting.

Financial Statements

Unicasa Indústria de Móveis S.A.

December 31, 2015 and 2014
with Independent auditor's report

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Financial statements

December 31, 2015 and 2014

Contents

Financial statements

A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

Independent auditor's report on financial statements

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

We have audited the accompanying individual and consolidated financial statements of Unicasa Indústria de Móveis S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as at December 31, 2015, and the related statement of operations, statement of comprehensive income (loss), statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the Company's financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting practices used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Unicasa Indústria de Móveis S.A. as at December 31, 2015, its individual and consolidated financial performance and cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the individual and consolidated statement of value added (SVA) for the year ended December 31, 2015, prepared under management's responsibility, whose presentation is required by the Brazilian Corporation Law for publicly-held companies and as supplemental information under IFRS, which do not require SVA presentation. These statements have been subject to the same audit procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Porto Alegre, March 17, 2016.

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

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

A free translation from Portuguese into English of Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS), issued by International Accounting Standards Board – IASB

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Balance sheets
December 31, 2015 and 2014
(In thousands of reais)

		Company		Consolidated	
	Note	2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	3	**32,354**	27,215	**33,204**	27,879
Trade accounts receivable	4	**34,620**	44,971	**36,005**	46,918
Inventories	5	**23,717**	20,667	**25,946**	22,688
Loans granted	7	**3,838**	2,918	**3,838**	2,918
Taxes recoverable		**6,660**	6,415	**6,794**	6,428
Other assets		**3,541**	2,913	**3,778**	3,053
Total current assets		**104,730**	105,099	**109,565**	109,884
Noncurrent assets					
Long-term receivables					
Noncurrent investments		**4,446**	-	**4,446**	-
Trade accounts receivable	4	**18,018**	12,867	**18,018**	12,867
Loans granted	7	**1,960**	3,209	**1,960**	3,209
Assets held for sale	6	**6,949**	9,063	**6,949**	9,063
Deferred income and social contribution taxes	11	**9,058**	11,264	**15,113**	17,186
Judicial deposits	12.b	**4,877**	3,953	**4,891**	3,967
Other assets		**345**	549	**345**	549
		45,653	40,905	**51,722**	46,841
Investments					
In subsidiary	8	**1,615**	625	**-**	-
Other investments		**82**	82	**82**	82
Property, plant and equipment	9	**81,551**	83,041	**83,277**	84,903
Intangible assets	10	**23,167**	28,268	**23,170**	28,272
		106,415	112,016	**106,529**	113,257
Total noncurrent assets		**152,068**	152,921	**158,251**	160,098
Total assets		**256,798**	258,020	**267,816**	269,982

	Note	Company 2015	Company 2014	Consolidated 2015	Consolidated 2014
Liabilities and equity					
Current liabilities					
Trade accounts payable		**2,093**	4,056	**2,204**	4,133
Tax obligations		**3,344**	4,986	**3,823**	5,613
Interest on equity payable	13.c	**6,774**	9,069	**6,774**	9,069
Salaries and social charges		**3,689**	4,640	**4,693**	6,050
Advances from customers		**24,212**	19,367	**33,608**	29,202
Provisions	12.c	**9,474**	16,398	**9,474**	16,398
Other current liabilities		**2,076**	497	**2,104**	510
Total current liabilities		**51,662**	59,013	**62,680**	70,975
Noncurrent liabilities					
Provisions	12.a	**6,643**	6,118	**6,643**	6,118
Total noncurrent liabilities		**6,643**	6,118	**6,643**	6,118
Equity	13				
Capital		**187,709**	187,709	**187,709**	187,709
Capital reserve		**(2,658)**	(2,658)	**(2,658)**	(2,658)
Income reserves		**13,442**	7,838	**13,442**	7,838
Total equity		**198,493**	192,889	**198,493**	192,889
Total liabilities and equity		**256,798**	258,020	**267,816**	269,982

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of operations
Years ended December 31, 2015 and 2014
(In thousands of reais, except earnings (loss) per share)

		Company		Consolidated	
	Note	2015	2014	2015	2014
Net sales revenue	17	**204,719**	232,947	**222,652**	243,521
Cost of sales		**(120,255)**	(143,567)	**(119,431)**	(142,408)
Gross profit		**84,464**	89,380	**103,221**	101,113
Operating income (expenses)					
Selling expenses		**(59,352)**	(80,308)	**(78,266)**	(100,073)
Administrative expenses		**(20,473)**	(17,430)	**(20,473)**	(18,137)
Other operating income	14	**5,422**	3,719	**5,516**	3,895
Other operating expenses		**(1,985)**	(1,211)	**(1,985)**	(1,211)
Equity pickup	8	**(10)**	(5,877)	**-**	-
		(76,398)	(101,107)	**(95,208)**	(115,526)
Income (loss) before financial income (expenses)		**8,066**	(11,727)	**8,013**	(14,413)
Financial income (expenses), net					
Financial expenses	15	**(3,786)**	(4,072)	**(3,958)**	(4,345)
Financial income	15	**11,800**	9,230	**12,001**	9,259
		8,014	5,158	**8,043**	4,914
Income (loss) before income and social contribution taxes		**16,080**	(6,569)	**16,056**	(9,499)
Income and social contribution taxes	11				
Current		**(769)**	(614)	**(878)**	(614)
Deferred		**(2,206)**	4,775	**(2,073)**	7,705
		(2,975)	4,161	**(2,951)**	7,091
Net income (loss) for the year		**13,105**	(2,408)	**13,105**	(2,408)
Net earnings (loss) per share - basic and diluted	13.d	**0.1983**	(0.0364)	**0.1983**	(0.0364)

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of comprehensive income (loss)
Years ended December 31, 2015 and 2014
(In thousands of reais)

	Company		Consolidated	
	2015	2014	2015	2014
Net income (loss) for the year	**13,105**	(2,408)	**13,105**	(2,408)
Total comprehensive income (loss) for the year	**13,105**	(2,408)	**13,105**	(2,408)

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of changes in equity
Years ended December 31, 2015 and 2014
(In thousands of reais)

	Note	Capital	Capital reserve	Income reserves: Legal reserve	Income reserves: Reserve for expansion	Retained earnings (accumulated losses)	Total
Balances at December 31, 2013		187,709	(2,658)	8,734	11,518	-	205,303
Loss for the year		-	-	-	-	(2,408)	(2,408)
Reversal of reserves (Note 14.b)		-	-	(896)	(11,518)	12,414	-
Interest on equity		-	-	-	-	(10,006)	(10,006)
Balances at December 31, 2014		187,709	(2,658)	7,838	-	-	192,889
Net income for the year		**-**	**-**	**-**	**-**	**13,105**	**13,105**
Allocation of income:							
Legal reserve	13.b	**-**	**-**	**655**	**-**	**(655)**	**-**
Retained profits	13.b	**-**	**-**	**-**	**4,949**	**(4,949)**	**-**
Interest on equity	13.c	**-**	**-**	**-**	**-**	**(7,501)**	**(7,501)**
Balances at December 31, 2015		**187,709**	**(2,658)**	**8,493**	**4,949**	**-**	**198,493**

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Cash flow statements
Years ended December 31, 2015 and 2014
(In thousands of reais)

	Company		Consolidated	
	2015	2014	2015	2014
Cash flow from operating activities:				
Income (loss) before income and social contribution taxes	**16,080**	(6,569)	**16,056**	(9,499)
Adjustment to reconcile net income to cash and cash equivalents:				
Depreciation and amortization	**10,516**	8,969	**10,683**	9,122
Foreign exchange variation - customers	**(95)**	(43)	**(95)**	(43)
Interest appropriation	**-**	12	**-**	12
Provision for risks - tax, labor, civil and end of business relationship	**1,826**	17,360	**1,826**	17,360
Provision for obsolescence	**(46)**	300	**(46)**	300
Allowance for doubtful accounts	**9,496**	7,624	**10,116**	7,624
Provision for losses on sureties	**-**	1,507	**-**	1,507
Provision for profit sharing	**177**	-	**177**	-
Write-offs of PP&E	**51**	398	**201**	398
Equity pickup	**10**	5,877	**-**	-
	38,015	35,435	**38,918**	26,781
Changes in assets and liabilities:				
Trade accounts receivable	**(4,201)**	(2,283)	**(4,259)**	(3,196)
Inventories	**(3,004)**	908	**(3,212)**	316
Taxes recoverable	**(577)**	(215)	**(604)**	(218)
Loans granted	**329**	(2,453)	**329**	(2,453)
Other current and noncurrent assets	**(1,348)**	2,911	**(1,445)**	2,928
Noncurrent assets held for sale	**2,114**	2,221	**2,114**	2,221
Trade accounts payable	**(1,963)**	(2,189)	**(1,929)**	(2,178)
Advances from customers	**4,845**	2,527	**4,406**	7,165
Other current and noncurrent liabilities	**(9,416)**	(821)	**(9,955)**	(397)
Payment of income and social contribution taxes	**(1,164)**	(591)	**(1,367)**	(591)
Net cash flow provided by operating activities	**23,630**	35,450	**22,996**	30,378
Cash flow from investing activities:				
In noncurrent investments	**(4,446)**	-	**(4,446)**	-
In investments	**(1,000)**	(5,800)	**-**	-
In PP&E	**(3,690)**	(6,554)	**(3,870)**	(6,929)
In intangible assets	**(286)**	(739)	**(286)**	(741)
Net cash flow used in investing activities	**(9,422)**	(13,093)	**(8,602)**	(7,670)
Cash flow from financing activities:				
Loan repayments	**-**	(569)	**-**	(569)
Payment of interest on equity	**(9,069)**	(5,889)	**(9,069)**	(5,889)
Net cash flow used in financing activities	**(9,069)**	(6,458)	**(9,069)**	(6,458)
Increase in cash and cash equivalents	**5,139**	15,899	**5,325**	16,250
Statement of changes in cash and cash equivalents				
At beginning of year	**27,215**	11,316	**27,879**	11,629
At end of year	**32,354**	27,215	**33,204**	27,879
Increase in cash and cash equivalents	**5,139**	15,899	**5,325**	16,250
Noncash transactions				
Transfer of advances and prepayments to intangible assets	**-**	(222)	**-**	(222)
Transfer of properties held for sale to property, plant and equipment	**-**	(1,384)	**-**	(1,384)
Acquisition of sale outlets and PP&E with credits receivable from shop owners				
Accounts receivable	**-**	(10,541)	**-**	(10,541)
Goodwill – Intangible assets	**-**	10,763	**-**	10,763
Property, plant and equipment	**-**	1,384	**-**	1,384

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of value added
Years ended December 31, 2015 and 2014
(In thousands of reais)

	Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Revenue from product sale, net of returns and adjustment to present value	**271,174**	307,805	**296,395**	323,406
Other revenues	**4,680**	2,475	**4,770**	2,651
Allowance for doubtful accounts	**(9,496)**	(7,624)	**(10,116)**	(7,624)
	266,358	302,656	**291,049**	318,433
Inputs acquired from third parties				
Cost of products and goods sold	**(119,457)**	(146,842)	**(120,533)**	(147,304)
Materials, energy and third-party services	**(45,487)**	(42,570)	**(51,930)**	(47,594)
Other	**(4,058)**	(26,851)	**(4,166)**	(27,091)
	(169,002)	(216,263)	**(176,629)**	(221,989)
Gross value added	**97,356**	86,393	**114,420**	96,444
Depreciation and amortization	**(10,516)**	(8,969)	**(10,683)**	(9,122)
Gross value added generated by the Company	**86,840**	77,424	**103,737**	87,322
Value added received in transfer				
Equity pickup	**(10)**	(5,877)	**-**	-
Financial income	**11,984**	9,230	**12,191**	9,259
	11,974	3,353	**12,191**	9,259
Total unpaid value added	**98,814**	80,777	**115,928**	96,581
Personnel				
Direct compensation	**30,308**	30,887	**37,439**	40,700
Benefits	**3,544**	3,332	**4,108**	4,022
Unemployment Compensation Fund (FGTS)	**3,126**	2,774	**3,823**	3,683
	36,978	36,993	**45,370**	48,405
Taxes, fees and contributions				
Federal	**26,359**	20,104	**29,458**	19,398
State	**16,776**	19,492	**19,418**	21,216
Municipal	**139**	100	**227**	196
	43,274	39,696	**49,103**	40,810
Debt remuneration				
Rent	**1,758**	2,574	**4,479**	5,579
Interest	**-**	12	**-**	12
Other	**3,699**	3,910	**3,871**	4,183
	5,457	6,496	**8,350**	9,774
Equity remuneration				
Dividends and interest on equity	**7,501**	10,006	**7,501**	10,006
Retained profits/loss for the year	**5,604**	(12,414)	**5,604**	(12,414)
	13,105	(2,408)	**13,105**	(2,408)
Total value added distributed	**98,814**	80,777	**115,928**	96,581

See accompanying notes.

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1. Operations

Unicasa Indústria de Móveis S.A. (the "Company") was established in 1985 and is primarily engaged in manufacturing, sale, importing and exporting furniture made of wood, iron, steel and aluminum, kitchen furniture and other commercial and residential furniture items. The Company is a publicly-held Company, headquartered in the city of Bento Gonçalves, state of Rio Grande do Sul. Its shares have been traded in the Novo Mercado 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 and Casa Brasileira.

Unicasa Comércio de Móveis Ltda. (subsidiary), included in the consolidated financial statements, was established on October 8, 2012 and started operations in April 2013. This subsidiary is engaged in the retail sale of planned furniture, with stores in operation in the city of São Paulo and Manaus.

Approval of the financial statements

Presentation of the annual financial statements was approved and authorized at an Executive Board meeting held on March 17, 2016.

2. Summary of significant accounting practices

2.1 Basis for preparation and presentation of financial statements

The Company's financial statements comprise:

Consolidated financial statements

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), implemented in Brazil by means of the Brazilian FASB (CPC) and its technical interpretations (ICPC) and guidance (OCPC), approved by the Brazilian Securities Commission (CVM).

Company's individual financial statements

The Company's individual financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise provisions set forth in the Brazilian Corporation Law (Law No. 6404/76), as amended by laws No. 11638/07 and No. 11941/09, and accounting pronouncements, interpretations and guidance issued by the CPC and approved by the CVM, as well as with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC).

The Company reviewed and adopted all standards, revised standards and interpretations issued by IASB and the Brazilian FASB that are effective for financial statements for the years ended December 31, 2015 and 2014.

In preparing these financial statements, the Company used the same accounting policies and calculation methods used in the individual and consolidated financial statements as of December 31, 2014.

2. Summary of significant accounting practices (Continued)

2.1 Basis for preparation and presentation of financial statements (Continued)

The financial statements were prepared on a historical cost basis, except for certain assets and liabilities, such as financial instruments, that have been measured at fair value.

The preparation of the financial statements requires the use of certain accounting estimates and also the exercise of judgment by Company management in the process of application of its accounting practices. The settlement of transactions involving these estimates may result in amounts significantly different from those reported in the financial statements due to uncertainties inherent in the estimate process. The Company reviews its estimates and assumptions periodically, at least on an annual basis.

Information on areas involving critical judgments regarding the accounting practices adopted that affect the amounts reported in these individual and consolidated financial statements and information on uncertainties, assumptions and estimates is included in the following notes: 11 – Income and social contribution taxes, 12 – Provisions and 19 – Financial risk management objectives and policies.

The accounting practices adopted by the Company and its subsidiary are described in specific explanatory notes, related to each one of the topics presented; to those applicable, generally, in different aspects of the financial statements and considerations on use of estimates and judgments are presented in this section.

Company management believes that all information appropriate and relevant to the financial statements have been disclosed, corresponding to the information used internally by management. Also worth noting, accounting practices considered immaterial have not been included in the financial statements.

2.2 Basis for consolidation

Subsidiary Unicasa Comércio de Móveis Ltda. has been fully consolidated as from its establishment date. The financial statements of the subsidiary are prepared for the same reporting period as that of the Company, using consistent accounting practices. All intercompany balances, revenues and expenses as well as unrealized gains and losses on intercompany transactions are eliminated in full.

2.3 Functional currency and translation of foreign currency-denominated balances

The financial statements are presented in reais (R$), which is the Company's functional currency. Foreign currency transactions are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated using the exchange rate prevailing at the balance sheet date. All currency translation differences are recognized in P&L.

2.4 Impairment of non-financial assets

Management periodically reviews the net book value of assets in order to evaluate events or changes in economic, operating or technological circumstances that may indicate deterioration or impairment. When such evidence is found and the net book value exceeds the recoverable amount, a provision for impairment is set up to adjust the net book value to the recoverable amount.

2. Summary of significant accounting practices (Continued)

2.4 2.7. Impairment of non-financial assets (Continued)

At December 31, 2015 and 2014, no impairment risks were identified; accordingly, no provision for impairment losses was required.

2.5. Financial instruments

Initial recognition and measurement

Financial instruments are initially measured at fair value plus transaction costs directly attributable to their acquisition or issue, except for financial assets and liabilities classified as measured at fair value through profit or loss, when such costs are charged directly to P&L.

The major financial assets recognized by the Company are: cash and cash equivalents, trade accounts receivable and loans granted to customers. These assets were classified under loans and receivables.

Major financial liabilities are: trade accounts payable and other accounts payable. These instruments are classified as loans and financing and measured at amortized cost.

Subsequent measurement

Subsequent measurements of financial instruments occur at each balance sheet date according to their classification into the following categories of financial assets or liabilities: fair value through profit or loss, held-to-maturity investments, loans and receivables and other financial liabilities. The Company's financial assets and liabilities were classified into the following categories:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments which, however, are not traded in an active market. After their initial recognition, these financial assets are carried at amortized cost using the effective interest rate method, less impairment. The amortized cost is measured by taking into consideration any discount or premium on acquisition and fees or costs incurred. Effective-interest amortization is recorded as financial income in the statement of operations. Impairment losses are recognized as financial expenses.

Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortized cost, under the effective interest rate method. Gains and losses are recognized in the P&L when liabilities are derecognized, and through the amortization process by the effective interest rate method.

2. Summary of significant accounting practices (Continued)

2.6 New standards, amendments and interpretations of standards

New or revised standards first-time adopted in 2015

The Company and its subsidiary understand that amendments and revisions to standards issued by IASB effective from January 1, 2015 did not have any significant impacts on their financial statements.

New standards or revised standards effective from January 1, 2016

IFRS 9 – Financial Instruments (Effective date from January 1, 2018): Its ultimate purpose is to replace IAS 39. Significant changes expected are: (i) all financial assets must be initially measured at fair value; (ii) the standard divides all financial assets into two classifications: amortized cost and fair value; and (iii) the concept of embedded derivatives no longer exists.

IFRS 15 Revenue from Contracts with Customers (Effective from January 1, 2018): Its main purpose is to provide clear steps for revenue recognition and streamline the process of preparation of financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization (Effective from January 1, 2016): The depreciation and amortization method must be based on the economic benefits that are consumed through the use of the asset.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities – Applying the Consolidation Exception (Effective from January 1, 2016): Among other clarifications, it is established that a non-investment entity will be able to retain, when applying the equity method, the fair value measurement through P&L used by its investments.

Amendment to IAS 1 (Effective from January 1, 2016): It has the purpose to emphasize that the financial information must be objective and easily understandable.

IFRS 16 Leases (Effective from January 1, 2019): The IASB issued IFRS 16, which establishes principles for the recognition, measurement, presentation and disclosure of leases, replacing IAS 17 – Leases and related interpretations.

The CPC has not yet issued its respective pronouncements and amendments related to the new and revised IFRSs above. Considering the commitment of the CPC and the CVM to keeping the set of standards up-to-date as amendments are made by the IASB, these standards and amendments are expected to be issued by the CPC and approved by the CVM until the date their application becomes mandatory.

In management's opinion, there are no other standards and interpretations issued and not yet adopted that may have significant impact on the net income or equity disclosed by the Company.

3. Cash and cash equivalents

	Company		Consolidated	
	2015	2014	2015	2014
Cash and banks	**1,103**	1,258	**1,494**	1,678
Short-term investments - CDBs	**31,251**	25,957	**31,710**	26,201
	32,354	27,215	**33,204**	27,879

Cash and cash equivalent balances are not subject to use restrictions. These are highly liquid short-term investments, readily convertible into a known cash amount and subject to insignificant risk of change in their value.

Short-term investments are made with first tier banks (Brazil's ten largest bank institutions), earnings of which are pegged to Interbank Deposit Certificate (CDI) at an average rate of 101.7% of the CDI at December 31, 2015 (101.5% at December 31, 2014).

4. Trade accounts receivable

	Company		Consolidated	
	2015	2014	2015	2014
Domestic market				
third parties	**61,494**	62,635	**63,548**	64,555
related parties (Note 16)	**643**	403	**-**	23
Foreign market				
third parties	**3,113**	2,112	**3,113**	2,112
Checks receivable	**7,826**	7,677	**8,359**	8,084
	73,076	72,827	**75,020**	74,774
(-) Allowance for doubtful accounts	**(19,277)**	(13,541)	**(19,836)**	(13,541)
(-) Adjusted present value - APV	**(1,161)**	(1,448)	**(1,161)**	(1,448)
	52,638	57,838	**54,023**	59,785
Current assets	**34,620**	44,971	**36,005**	46,918
Noncurrent assets	**18,018**	12,867	**18,018**	12,867
	52,638	57,838	**54,023**	59,785

Amounts classified under noncurrent assets refer to credit renegotiations with clients of the chain. These renegotiations are usually effective for over one year and balances are monetarily restated, plus interest rates compatible with those observable in the market.

At December 31, 2015 and 2014, days' sales outstanding weighted by the average invoice maturity term were 25 and 36 days, respectively.

Changes in the allowance for doubtful accounts are stated as follows:

	Company		Consolidated	
	2015	2014	2015	2014
Balance at beginning of year	**(13,541)**	(11,726)	**(13,541)**	(11,726)
Additions	**(10,506)**	(8,897)	**(11,229)**	(8,897)
Recovery/realization	**1,010**	1,273	**1,113**	1,273
Write-off due to bad debts	**3,760**	5,809	**3,821**	5,809
Balance at end of year	**(19,277)**	(13,541)	**(19,836)**	(13,541)

4. Trade accounts receivable (Continued)

At December 31, 2015 and 2014, the aging list of trade accounts receivable is as follows:

	Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Falling due	**44,995**	49,415	**46,006**	50,595
Overdue:				
From 1 to 30 days	**3,199**	2,642	**3,438**	3,006
From 31 to 60 days	**1,569**	1,379	**1,705**	1,500
From 61 to 90 days	**1,069**	1,576	**1,277**	1,632
From 91 to 180 days	**4,942**	3,813	**5,029**	3,940
More than 181 days	**17,302**	14,002	**17,565**	14,101
	73,076	72,827	**75,020**	74,774

5. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Costs incurred in bringing each product to its current location and conditions are accounted as follows:

(i) Raw materials - purchase cost on average cost.
(ii) Finished products and work-in-process - cost of direct materials and labor and proportional indirect overhead based on normal operating capacity.

Net realizable value corresponds to the selling price in the ordinary course of business, less estimated costs of completion and estimated costs for the performance of the sale.

	Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Finished products	**33**	12	**1,703**	1,842
Work in process	**1,762**	2,259	**1,762**	2,259
Goods for resale	**259**	313	**818**	504
Raw materials	**20,031**	17,095	**20,031**	17,095
Advances to suppliers	**729**	244	**729**	244
Sundry materials	**1,503**	1,390	**1,503**	1,390
Provision for obsolescence	**(600)**	(646)	**(600)**	(646)
	23,717	20,667	**25,946**	22,688

Provisions for slow-moving or obsolete inventories are established when deemed necessary by management. Changes in the provision for obsolescence are as follows:

	Company and Consolidated	
	2015	**2014**
Balance at beginning of year	**(646)**	(346)
Additions	**(723)**	(1,275)
Recovery/realization	**769**	975
Balance at end of year	**(600)**	(646)

6. Assets held for sale

At December 31, 2015, the balance of R$6,949 (R$9,063 at December 31, 2014) comprises mostly plots of land, apartments and other real estate properties received in debt negotiations with customers and are available for immediate sale. The Company hired brokers with expertise in the sale of real estate properties to promote the sales of these assets and it believes they may be sold in the short term. The assets are held at their book values, being lower than their fair values, and deducted of selling expenses.

7. Loans granted

	Company and Consolidated	
	2015	2014
Loans granted	**5,885**	6,327
(-) Adjusted present value - APV	**(87)**	(200)
	5,798	6,127
Current assets	**3,838**	2,918
Noncurrent assets	**1,960**	3,209
	5,798	6,127

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 9.21% p.a. (6.65% in 2014). The Company has letters of credit from store partners as well as first-degree mortgage guarantees as collaterals for the loans granted.

8. Investments

Investments in subsidiary are assessed based on the equity method in accordance with CPC 18 (R2). The main balances of the subsidiary are:

	Unicasa Comércio de Móveis Ltda.	
	2015	2014
Current assets	**5,781**	5,556
Noncurrent assets	**7,798**	7,802
Liabilities and equity	**11,607**	12,320
Equity	**1,972**	1,038
Capital	**13,600**	12,600
Net revenue	**29,803**	19,950
Loss for the year	**(66)**	(5,753)
% - Ownership interest	**99.99%**	99.99%
Equity pickup	**(66)**	(5,753)
Effect of unrealized income	**56**	(124)
Total equity pickup	**(10)**	(5,877)

Changes in investments in subsidiary are as follows:

	Company	
	2015	2014
Balance at beginning of year	**625**	702
Future capital contribution	**300**	-
Capital payment	**700**	5,800
Equity pickup	**(10)**	(5,877)
Balance at end of year	**1,615**	625

9. Property, plant and equipment

These are stated at acquisition or construction cost. Depreciation of assets is calculated by the straight line method at depreciation rates and takes into consideration the estimated useful lives of assets. Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjustments, if any, are recognized as a change in accounting estimates. PP&E is stated net of Contribution Tax on Gross Revenue for Social Integration Program (PIS), Contribution Tax on Gross Revenue for Social Security Financing (COFINS) and State VAT (ICMS) and the matching entry recorded as taxes recoverable. An item of PP&E is derecognized on disposal or when no future economic benefit is expected from its use or sale. Gains or losses, if any, arising therefrom (calculated as the difference between net disposal proceeds and the carrying amount of the asset) are included in P&L for the year when the asset is derecognized.

The net book value and useful lives of the assets, as well as their depreciation methods, are periodically reviewed and prospectively adjusted whenever necessary. Balance breakdown is as follows:

Company

PP&E cost	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
2014 balances	2,285	21,530	7,324	4,857	92,806	120	2,485	5,248	1,185	188	138,028
Acquisitions	**-**	**27**	**56**	**99**	**336**	**-**	**8**	**112**	**1,415**	**1,637**	**3,690**
Write-offs	**-**	**-**	**-**	**-**	**(137)**	**-**	**(13)**	**(564)**	**-**	**-**	**(714)**
Transfers	**-**	**-**	**7**	**201**	**3,178**	**-**	**-**	**-**	**(1,571)**	**(1,815)**	**-**
2015 balances	**2,285**	**21,557**	**7,387**	**5,157**	**96,183**	**120**	**2,480**	**4,796**	**1,029**	**10**	**141,004**

Accumulated depreciation	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
2014 balances	-	(5,706)	(1,339)	(1,326)	(41,712)	(66)	(1,252)	(3,586)	-	-	(54,987)
Depreciation	**-**	**(233)**	**(605)**	**(269)**	**(3,575)**	**(5)**	**(130)**	**(312)**	**-**	**-**	**(5,129)**
Write-offs	**-**	**-**	**-**	**-**	**96**	**-**	**13**	**554**	**-**	**-**	**663**
2015 balances	**-**	**(5,939)**	**(1,944)**	**(1,595)**	**(45,191)**	**(71)**	**(1,369)**	**(3,344)**	**-**	**-**	**(59,453)**

PP&E, net	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
2014 balances	2,285	15,824	5,985	3,531	51,094	54	1,233	1,662	1,185	188	83,041
2015 balances	**2,285**	**15,618**	**5,443**	**3,562**	**50,992**	**49**	**1,111**	**1,452**	**1,029**	**10**	**81,551**

Consolidated

PP&E cost	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
2014 balances	2,285	21,530	8,113	4,948	92,831	120	3,331	5,559	1,185	189	140,091
Acquisitions	**-**	**27**	**56**	**185**	**338**	**-**	**10**	**202**	**1,415**	**1,637**	**3,870**
Write-offs	**-**	**-**	**-**	**(33)**	**(137)**	**-**	**(126)**	**(607)**	**-**	**-**	**(903)**
Transfers	**-**	**-**	**7**	**201**	**3,178**	**-**	**-**	**-**	**(1,571)**	**(1,815)**	**-**
2015 balances	**2,285**	**21,557**	**8,176**	**5,301**	**96,210**	**120**	**3,215**	**5,154**	**1,029**	**11**	**143,058**

Accumulated depreciation	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
2014 balances	-	(5,706)	(1,408)	(1,333)	(41,713)	(66)	(1,328)	(3,634)	-	-	(55,188)
Depreciation	**-**	**(233)**	**(664)**	**(274)**	**(3,576)**	**(5)**	**(187)**	**(356)**	**-**	**-**	**(5,295)**
Write-offs	**-**	**-**	**-**	**4**	**96**	**-**	**37**	**565**	**-**	**-**	**702**
2015 balances	**-**	**(5,939)**	**(2,072)**	**(1,603)**	**(45,193)**	**(71)**	**(1,478)**	**(3,425)**	**-**	**-**	**(59,781)**

PP&E, net	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
2014 balances	2,285	15,824	6,705	3,615	51,118	54	2,003	1,925	1,185	189	84,903
2015 balances	**2,285**	**15,618**	**6,104**	**3,698**	**51,017**	**49**	**1,737**	**1,729**	**1,029**	**11**	**83,277**
Average useful life - in years	-	77.98	22.47	21.79	18.76	16.58	15.63	7.63	-	-	

10. Intangible assets

Finite-lived intangible assets are amortized over their economic useful lives and tested for impairment whenever there is any indication of impairment loss. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the each financial year-end. The amortization charges on finite-lived intangible assets are recognized in P&L in the expense category consistent with the use of the intangible asset.

Company

	Software	Trademarks and patents	Goodwill	Total
2014 balances	1,373	78	26,817	28,268
Acquisitions	**286**	**-**	**-**	**286**
Amortization	**(314)**	**(11)**	**(5,062)**	**(5,387)**
2015 balances	**1,345**	**67**	**21,755**	**23,167**

Consolidated

	Software	Trademarks and patents	Goodwill	Total
2014 balances	1,377	78	26,817	28,272
Acquisitions	**286**	**-**	**-**	**286**
Amortization	**(315)**	**(11)**	**(5,062)**	**(5,388)**
2015 balances	**1,348**	**67**	**21,755**	**23,170**
Average useful life - in years	**6.50**	**12.88**	**7.57**	

Research and Development (R&D)

Research and development expenditures in connection with the Company's new products did not meet the capitalization criteria, therefore they were recognized in P&L, Company and Consolidated, at December 31, 2015 in the amount of R$1,142 (R$2,446 at December 31, 2014).

11. Income and social contribution taxes

Income and social contribution taxes are calculated at the effective tax rates. Current and deferred taxes are recognized in P&L for the year, except for transactions recognized directly to comprehensive income, for which tax is also recognized in comprehensive income.

Deferred taxes arise from temporary differences between the tax bases of the assets and liabilities and their book value, as well as from tax losses computed, and are recognized to the extent it is probable that taxable profits will be available against which they may be realized. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and current tax assets, and they relate to income taxes levied by the same taxing authority on the same taxed entity.

11. Income and social contribution taxes (Continued)

Reconciliation of income tax expenses to statutory rates

The reconciliation between tax expenses and the result of book income multiplied by local tax rate for the years ended December 31, 2015 and 2014 is as follows:

	Company		Consolidated	
	2015	2014	2015	2014
Income (loss) before taxes	**16,080**	(6,569)	**16,056**	(9,499)
Income and social contribution taxes at statutory rate of 25% and 9%, respectively	**(5,467)**	2,233	**(5,459)**	3,230
Adjustments to effective tax rate:				
Interest on equity	**2,550**	3,402	**2,550**	3,402
Tax incentive (technological innovation)	**-**	499	**-**	499
Equity pickup	**(3)**	(1,998)	**-**	-
Other exclusions/additions	**(55)**	25	**(42)**	(40)
Total income and social contribution taxes	**(2,975)**	4,161	**(2,951)**	7,091
Current income and social contribution tax expenses	**(769)**	(614)	**(878)**	(614)
Deferred income and social contribution taxes:				
Recording and reversal of temporary differences	**(2,206)**	4,775	**(2,016)**	4,775
Recording and reversal of tax losses	**-**	-	**(57)**	2,930
	(2,975)	4,161	**(2,951)**	7,091
Effective rate (%)	**19%**	-63%	**18%**	-75%

Deferred income and social contribution taxes

Breakdown of deferred income and social contribution taxes is described below:

	Company				Consolidated			
	Balance sheet		P&L		Balance sheet		P&L	
	2015	2014	2015	2014	2015	2014	2015	2014
On temporary differences:								
Asset								
Allowance for doubtful accounts	**6,554**	4,603	**1,951**	616	**6,744**	4,603	**2,141**	616
Provision for obsolete inventories	**204**	220	**(16)**	102	**204**	220	**(16)**	102
Provision for losses on sureties	**1,351**	1,351	**-**	502	**1,351**	1,351	**-**	512
Provision for risks – tax, labor, civil and end of business relationship	**5,480**	7,656	**(2,176)**	5,903	**5,480**	7,656	**(2,176)**	5,903
Adjusted present value - APV	**424**	560	**(136)**	(209)	**424**	560	**(136)**	(209)
Other temporary provisions and differences	**721**	277	**444**	60	**721**	277	**444**	60
	14,734	14,667	**67**	6,984	**14,924**	14,667	**257**	6,984
Liability								
Difference between tax and corporate depreciation	**(5,676)**	(3,403)	**(2,273)**	(2,209)	**(5,676)**	(3,403)	**(2,273)**	(2,209)
	9,058	11,264	**(2,206)**	4,775	**9,248**	11,264	**(2,016)**	4,775
On tax loss base	**-**	-	**-**	-	**5,865**	5,922	**(57)**	2,930
Total	**9,058**	11,264	**(2,206)**	4,775	**15,113**	17,186	**(2,073)**	7,705

11. Income and social contribution taxes (Continued)

Deferred income and social contribution taxes (Continued)

Projections show that the balance of income and social contribution tax assets recorded at December 31, 2015 will be absorbed by taxable profits estimated for the next 10 years, as under:

	Company	Consolidated
2016	**7,862**	**8,154**
2017	**3,938**	**4,291**
2018	**1,136**	**1,527**
2019	**-**	**416**
From 2019 onwards	**1,798**	**6,401**
Total	**14,734**	**20,789**

12. Provisions

a) Provisions for tax, labor and civil risks

A provision is recognized if, as a result of a past event, the Company has a legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The Company figures as defendant in certain tax, labor and civil proceedings. The provision for contingencies was set up based on the legal counsel's opinion, in an amount deemed sufficient to cover probable losses arising from unfavorable court decisions. The provision for contingencies breaks down as follows:

	Company and Consolidated	
	2015	2014
Provision for labor risks	**2,084**	1,911
Provision for tax risks	**1,199**	1,169
Provision for civil risks	**3,360**	3,038
	6,643	6,118

Labor – these refer to lawsuits essentially seeking overtime pay, and health and risk exposure premiums, among others.

Tax – the Company is party to several tax proceedings, mostly related to tax on import and Social Security Tax (INSS).

Civil – these refer to proceedings involving retailers and end consumers in which the Company is a jointly liable party.

At December 31, 2015, civil proceedings with losses rated as possible totaled R$19,145, while labor and tax claims totaled R$4,117 and R$1,031, respectively. Changes in provision for tax, labor and civil risks are as follows:

	Company and Consolidated	
	2015	2014
Balance at beginning of year	**6,118**	5,156
Additions	**4,575**	4,954
Recovery/realization	**(4,050)**	(3,992)
Balance at end of year	**6,643**	6,118

12. Provisions (Continued)

b) Judicial deposits

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

	Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Judicial deposits - labor	**871**	640	**871**	640
Judicial deposits - tax	**716**	716	**716**	716
Judicial deposits - civil	**3,290**	2,597	**3,304**	2,611
	4,877	3,953	**4,891**	3,967

c) Provision for end of business relationship with a retailer

According to the material fact published on November 28, 2014, the Company decided to discontinue the business relationship with one of its biggest retailers from the chain in São Paulo. Based on a technical study conducted by management, the Company recorded a provision to cover obligations with customer orders related to products pending shipment and assembly at the date of end of business relationship. Changes in such provision are as follows:

	Company and Consolidated	
	2015	**2014**
Balance at beginning of year	**16,398**	-
Additions	**1,301**	17,390
Realization	**(8,225)**	(992)
Balance at end of year	**9,474**	16,398

13. Equity

a) Capital

At December 31, 2015 and 2014, capital amounts to R$ 187,709 and is divided into 66,086,364 common registered no-par-value shares.

b) Reserves and retained profits

Capital reserve

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

Legal reserve

Legal reserve is set up under the Brazilian Corporation Law at 5% of net income for each year, up to 20% of the capital.

Reserve for expansion

This reserve is intended to ensure there are funds available for investments in property, plant and equipment, increasing working capital and chain expansion plans. It is calculated on the balance of adjusted net income after mandatory minimum dividend, and will be capped at an amount which, when added to the legal reserve, shall not exceed total capital.

13. Equity (Continued)

c) Dividends and interest on equity

In accordance with the Company's by law, the minimum mandatory dividend is calculated at 25% of the adjusted net income for the year after statutory reserves provided for in law are recorded. The Board of Director's meeting held on December 11, 2015 approved the proposal for distribution of interest on equity amounting to R$7,501 (R$0.1135 per share) (R$6,774 net of withholding income tax effects), based on Brazilian Long-term Interest Rate (TJLP), calculated on the Company's equity up to December 31, 2015. The date for payment proposed by management is May 25, 2016, to be approved by the General Meeting to be held on April 28, 2016. Withholding income tax at 15% was paid on such interest amount, except for shareholders confirmedly tax exempt/immune, or shareholders domiciled in countries or jurisdictions for which legislation establishes a different tax rate. The mandatory minimum dividend was calculated as follows:

	2015
Net income for the year	13,105
Legal reserve (5%)	(655)
Adjusted net income	12,450
Mandatory minimum dividend (25%)	3,112
Dividend proposed	
Interest on equity	7,501
Withholding income tax (IRRF)	(727)
Total dividend proposed	6,774
Dividend distributed in excess of minimum dividend	3,662
Dividend in excess of minimum dividend per share	0.0554

d) Earnings (loss) per share

At December 31, 2015 and 2014, there is no difference between the calculation of basic and diluted earnings per share, since there are no potentially dilutive shares.

	Company and Consolidated	
	2015	2014
Net income (loss) for the year	**13,105**	(2,408)
Weighted average of shares issued (in thousands)	**66,086**	66,086
Earnings (loss) per share - basic and diluted (R$)	**0.1983**	(0.0364)

14. Other operating income

	Company		Consolidated	
	2015	2014	2015	2014
Bank premium (*)	**2,636**	2,885	**2,636**	2,885
Trademark rights	**1,924**	50	**1,924**	50
Gains on disposal of PP&E items	**61**	177	**73**	177
Other operating income	**801**	607	**883**	783
Other operating income	**5,422**	3,719	**5,516**	3,895

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

15. Financial income (expenses), net

	Company		Consolidated	
	2015	2014	2015	2014
Financial expenses				
Tax on Financial Transactions (IOF) and banking fees	**(471)**	(617)	**(636)**	(819)
Exchange loss	**(214)**	(520)	**(214)**	(520)
Adjusted present value - APV	**(602)**	(436)	**(602)**	(436)
Discounts granted	**(2,480)**	(2,418)	**(2,482)**	(2,470)
Other financial expenses	**(19)**	(81)	**(24)**	(100)
	(3,786)	(4,072)	**(3,958)**	(4,345)
Financial income				
Interest received	**2,564**	2,086	**2,573**	2,088
Short-term investment yield	**3,702**	1,766	**3,892**	1,785
Exchange gains	**1,365**	557	**1,365**	557
Adjusted present value - APV	**3,469**	4,340	**3,469**	4,340
Other financial income	**700**	481	**702**	489
	11,800	9,230	**12,001**	9,259
Financial income (expenses), net	**8,014**	5,158	**8,043**	4,914

16. Balances and transactions with related parties

For the years ended December 31, 2015 and 2014, the Company carried out the following transactions with related parties:

	Company		Consolidated		Company		Consolidated	
	Current assets		Current assets		Sales revenue		Sales revenue	
	2015	2014	2015	2014	2015	2014	2015	2014
Other receivables from sales:								
Unicasa Comércio de Móveis Ltda.	**643**	380	**-**	-	**11,870**	10,154	**-**	-
Telasul S.A.	**-**	23	**-**	23	**165**	637	**165**	637
Total assets	**643**	403	**-**	23	**12,035**	10,791	**165**	637

	Company		Consolidated		Company		Consolidated	
	Current liabilities		Current liabilities		Expenses		Expenses	
	2015	2014	2015	2014	2015	2014	2015	2014
Suppliers:								
Telasul S.A.	**-**	124	**-**	124	**-**	11,213	**-**	11,213
Total liabilities	**-**	124	**-**	124	**-**	11,213	**-**	11,213

In 2015, the Company discontinued its transactions with related party Telasul S.A., entity controlled by the Company's controlling shareholders. These transactions referred to purchases of inputs (aluminum doors, aluminum profiles and metal accessories) used in the production process for manufacturing modular furniture. Unicasa's sales to Telasul refer to finished products (mostly modular furniture) and scrap wood pieces. These transactions are carried out under conditions agreed to by the parties, and average days sales outstanding is 14 days.

Transactions involving the Company and subsidiary Unicasa Comércio de Móveis Ltda. refer to purchases of finished products (office furniture, modular furniture, among others) for purposes of resale to end consumers. These transactions are carried out under conditions agreed to by the parties, and average days sales outstanding is 60 days.

No guarantees were provided or received in relation to any accounts receivable or payable involving related parties. All balances will be settled in legal tender.

16. Balances and transactions with related parties (Continued)

The Company terminated an aircraft lease arrangement in 2014. In 2015, expenses incurred by the Company to return the aircraft totaled R$3,137, and were fully reimbursed by the shareholders.

Management compensation

The Company paid its managing officers (Statutory Officers, Board of Directors and Fiscal Council) compensation of R$1,768 in the year ended December 31, 2015 (R$1,802 at December 31, 2014). The Company does not provide its key personnel with the following compensation benefits: (i) post-employment benefit, (ii) long-term benefit, (iii) termination benefits and (iv) share-based payment.

17. Net sales revenue

Sales revenue is recognized when:

- Significant risks and rewards of ownership of the goods have been transferred to the buyer;
- It is probable that future economic benefits will flow to the entity; and
- Revenue, the associate cost of sales and possible sales returns can be reliably measured.

Sales revenues, under normal conditions, are subject to the following taxes and contributions, at the following statutory rates:

	Rates
State Value Added Tax (ICMS)	7.00% to 19.00%
Federal VAT (IPI) (*)	5.00%
Contribution Tax on Gross Revenue for Social Security Financing (COFINS)	7.60%
Contribution Tax on Gross Revenue for Social Integration Program (PIS)	1.65%
Social Security Tax on Gross Revenue (CPRB) (**)	1.00% or 2.5%

* In 2014, by operation of Decrees Nos. 8.169 and 8.280, the Federal Government set a reduced IPI rate of 4%. In 2015, the regular IPI rate of 5% provided for in Decree No. 7.660/2011and amendments thereto prevailed.
** Effective from January 1, 2015, the tax rate increased from1% to 2.5% pursuant to law No. 13.
161/2015.

These charges are stated as sales deductions in the statement of operations. Net sales revenue is broken down as follows:

	Company		Consolidated	
	2015	2014	2015	2014
Gross sales revenue	**274,223**	312,629	**299,515**	328,241
IPI on sales	**(12,348)**	(11,600)	**(12,348)**	(11,600)
ICMS tax substitution on sales	**(6)**	(8)	**(6)**	(8)
Gross sales revenue (-) IPI and tax substitution on sales	**261,869**	301,021	**287,161**	316,633
ICMS on sales	**(28,201)**	(33,380)	**(31,628)**	(35,813)
Other sales taxes (PIS/COFINS/CPRB)	**(25,900)**	(29,870)	**(29,761)**	(32,464)
Sales returns	**(583)**	(1,533)	**(654)**	(1,544)
Present value adjustment	**(2,466)**	(3,291)	**(2,466)**	(3,291)
	204,719	232,947	**222,652**	243,521

18. Expenses by nature

	Company		Consolidated	
	2015	**2014**	**2015**	**2014**
Expenses by function				
Cost of sales and services	**(120,255)**	(143,567)	**(119,431)**	(142,408)
Selling expenses	**(59,352)**	(80,308)	**(78,266)**	(100,073)
Administrative expenses	**(20,473)**	(17,430)	**(20,473)**	(18,137)
	(200,080)	(241,305)	**(218,170)**	(260,618)
Expenses by nature				
Personnel expenses	**(40,111)**	(39,994)	**(49,043)**	(52,142)
Expenses with inputs	**(91,599)**	(114,222)	**(90,888)**	(113,205)
Depreciation and amortization expenses	**(10,516)**	(8,969)	**(10,683)**	(9,122)
Expenses with third party-services	**(15,562)**	(11,797)	**(20,531)**	(15,467)
Advertising expenses	**(6,974)**	(11,168)	**(7,327)**	(11,339)
Commission expenses	**(1,639)**	(2,281)	**(1,646)**	(2,293)
Provision expenses	**(11,453)**	(26,791)	**(12,073)**	(26,791)
Other expenses	**(22,226)**	(26,083)	**(25,979)**	(30,259)
	(200,080)	(241,305)	**(218,170)**	(260,618)

19. Financial risk management objectives and policies

The Company engages in transactions with financial instruments whose risks are managed by financial position strategies and related exposure limit systems, recorded in balance sheet accounts, intended to meet the operating needs.

a) Financial instruments - Fair value

At December 31, 2015 and 2014, key financial instruments as well as the methods and assumptions adopted in determining fair value are described below:

- **Cash and cash equivalents** – These arise directly from transactions and are presented at market value, which corresponds to the book value at balance sheet date.

- **Short-term investments** – These arise directly from transactions, and the book value carried in the balance sheet is identical to their fair value since their interest rates are based on the CDI variation.

- **Trade accounts receivable** – These arise directly from transactions, measured at amortized cost and recorded at their original value, less provision for losses and adjusted present value, when applicable. The book value approximates fair value due to the short-term settlement of these transactions.

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

- **Other financial liabilities –** These are classified as financial liabilities not measured at fair value and are recorded under the amortized cost method according to contractual conditions. This definition was adopted because the values are not held for trading, which, according to management's understanding, reflects the most significant accounting information.

19. Financial risk management objectives and policies (Continued)

a) Financial instruments – Fair value (Continued)

All transactions involving financial instruments are recognized in the Company's financial statements. The following chart shows outstanding balances at December 31, 2015 and 2014, as well as their fair value:

	Book value				Fair value			
	Company		Consolidated		Company		Consolidated	
	2015	2014	2015	2014	2015	2014	2014	2014
Assets								
Loans and receivables								
Cash and cash equivalents	**32,354**	27,215	**33,204**	27,879	**32,354**	27,215	**33,204**	27,879
Short-term investments	**4,446**	-	**4,446**	-	**4,446**	-	**4,446**	-
Trade accounts receivable	**52,638**	57,838	**54,023**	59,785	**52,638**	57,838	**54,023**	59,785
Loans granted	**5,798**	6,127	**5,798**	6,127	**5,800**	6,076	**5,800**	6,076
Liabilities								
Other financial liabilities								
Trade accounts payable	**(2,093)**	(4,056)	**(2,204)**	(4,133)	**(2,093)**	(4,056)	**(2,204)**	(4,133)

The Company adopted the technique of evaluation of observable prices ("Level 2") to determine the fair value of its financial instruments.

b) Risk management

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 short-term investments classified as cash and cash equivalents, trade accounts receivable, and loans granted to customers.

Risk management activities are consistent with the Company's risk management policy and are managed by its directors. These risks are managed based on the 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.

- **Market risk**

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

I. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows from a financial instrument may fluctuate due to changes in market interest rates. The Company's exposure to risk of changes in market interest rates refers mainly to long-term obligations subject to variable interest rates.

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

19. Financial risk management objectives and policies (Continued)

b) Risk management (Continued)

- **Market risk** (Continued)

ii. Currency risk

Company's P&L is subject to variation, due to the effects of exchange rate fluctuations on transactions pegged to foreign currencies, basically in the export of finished products. The Company adjusts its cost structure and sales prices so as to absorb foreign exchange rate fluctuation. At December 31, 2015, the Company's trade accounts receivable from foreign market sales totaled USD 798 thousand and there are no trade accounts payable in foreign currency.

Foreign currency sensitivity

Foreign currency sensitivity analyses and two different scenarios were established to check the price index sensitivity of assets and liabilities in foreign currency. Breakdown of this analysis comprises the deterioration of 25% and 50% in the exchange rate in relation to the rate of R$3.90 at 2015 yearend, which would impact total accounts receivable from foreign market sales, totaling R$ 3,113 at December 31, 2015. According to these scenarios, the accounts receivable balance would decrease to R$2,335 and R$1,557, respectively, with adverse effects on pre-tax income amounting to R$778 and R$1,556. These scenarios were defined based on management's expectation regarding the effects of foreign currency rate fluctuations at the maturity dates of the respective contracts subject to such risk.

III. 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 and MDP boards), the Company may have its cost of sales affected by price changes of these materials. To minimize this risk, the Company monitors on an ongoing basis, price fluctuations 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 possibility of the Company incurring losses arising out of default of their counterparties or financial institutions where they have money or financial investments. 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. In relation to the financial institutions, the Company carries out transactions only with low-risk financial institutions, based on management's assessment. As mentioned in Note 4, an allowance for doubtful accounts is set up for trade accounts receivables.

19. Financial risk management objectives and policies (Continued)

b) Risk management (Continued)

- **Credit risk** (Continued)

Accounts receivable

Customer credit risk is managed by the financial department, and is subject to the procedures, controls and policies established by the Company in relation to this risk. Credit limits are set for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating scorecard. Outstanding receivables from customers are regularly monitored. At December 31, 2015, the Company had approximately 19 customers (24 customers at December 31, 2014) accounting for 50.03% (50.77% at December 31, 2014) of all outstanding receivables. The Company holds security interest items and monitors its exposure. These customers operate with various stores in Brazil. There are no customers that individually account for more than 10% of sales.

The need for a provision for impairment loss is individually analyzed at each reporting date, individually for major customers. Furthermore, a large number of trade accounts receivable with lower balances is grouped into homogenous groups and, in such cases, the need to record a provision for impairment loss is analyzed collectively. The allowance for doubtful accounts was set up through individual analyses of receivables from default-risk customers at an amount deemed sufficient by management to cover any losses on collection thereof.

Financial instruments and bank deposits

The credit risk of bank and financial institution balances is managed by the Company's financial department and monitored by the Company's Executive Board. Surplus funds are invested only in first tier financial institutions authorized by the Executive Board. The amounts invested are monitored to minimize the concentration of risks and, as such, mitigate the financial loss in the event of bankruptcy of counterparty.

- **Liquidity risk**

Liquidity risk consists of the possibility that the Company will not have sufficient funds to honor its commitments given the different currencies and maturities of its rights and obligations.

Cash flow and liquidity control of the Company is monitored daily by the Company financial area so as to ensure cash generation from operating activities and preliminary fund raising, when needed, are sufficient to cover its scheduled commitments, thereby not exposing the Company to liquidity risk. The profile of consolidated financial liabilities at December 31, 2015 comprises trade accounts payable amounting to R$2,204, maturing within three months. The Company has no future interest rate contracts.

19. Financial risk management objectives and policies (Continued)

c) Capital management

The Company manages its capital structure and makes adjustments considering changes in economic conditions. The capital structure or financial risk derives from the Company's choice between equity (capital contributions and retained profits) and debt to finance its operations. To mitigate liquidity risks and optimize weighted average cost of capital, the Company permanently monitors its debt levels in relation to market standards. There were no changes in terms of risk management objectives, policies or processes in the years ended December 31, 2015 and December 31, 2014.

The primary objective of the Company's capital risk management is to ensure that it maintains a strong credit rating and a sound capital ratio in order to support is business and maximize shareholder value.

The Company's net debt includes loans and financing and trade accounts payable, less cash and cash equivalents and restricted short-term investments not immediately redeemable, as stated below:

	Company		Consolidated	
	2015	2014	2015	2014
Trade accounts payable	**2,093**	4,056	**2,204**	4,133
(-) Cash and cash equivalents	**(32,354)**	(27,215)	**(33,204)**	(27,879)
(-) Restricted short-term investments not immediately redeemable	**(4,446)**	-	**(4,446)**	-
Net debt	**(34,707)**	(23,159)	**(35,446)**	(23,746)
Equity	**198,493**	192,889	**198,493**	192,889
Equity and net debt	**163,786**	169,730	**163,047**	169,143

20. Insurance

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

	Effective term		
Coverage	**From**	**To**	**Amount insured**
Fire, windstorm and electrical damage			
Machinery, equipment and buildings	2015	2016	142,800
Inventories	2015	2016	21,000
Loss of profits	2015	2016	21,360
General civil liability	2015	2016	5,727
D&O liability insurance	2015	2016	10,000

21. Segment information

The Company's operations involve production and sale of planned furniture. The Company's products, although sold to various end consumers, are not controlled and managed by management as independent segments; accordingly, the Company's profit or loss is managed, monitored and assessed in an integrated manner as a single operating segment.

Gross sales revenue, segregated by brand and sales channel, is represented below:

	Consolidated	
	2015	**2014**
Domestic market		
Dell Anno and Favorita – exclusive retailers and own stores	**161,503**	177,028
New and Casa Brasileira – exclusive retailers	**84,737**	90,143
New and Casa Brasileira – multi-brand stores	**34,471**	38,758
Telasul Modulados	**-**	3,243
Unicasa Corporate	**6,619**	8,364
Other revenue	**3,098**	3,757
	290,428	321,293
Foreign market	**9,087**	6,948
Total gross sales revenue	**299,515**	328,241

Revenue from foreign market is not segregated by geographic area since it represents 3% of the consolidated gross revenue at December 31, 2015 (2% at December 31, 2014).

22. Operating lease agreements – store lease

At December 31, 2015, the Company had entered into lease agreements with third parties. Such agreements were reviewed by management who concluded that they could be classified as operating lease agreements. Operating lease payments are recognized as an expense in the statement of operations on a straight-line basis over the lease term.

Noncancellable future minimum lease payments, consolidated, total R$2,009 (within 1 year) and R$3,459 (above 1 year and within 5 years).

The average monthly expense with lease payments is R$175 in 2015 (R$226 in 2014). The effective terms of the referred to lease agreements range between 4 and 5 years, subject to financial charges based on the annual IGPM variation, as specified in each agreement.

Lease payments are settled within the current month, with no outstanding balance payable at the end of the year.

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