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# Company Information / Capital Breakdown

| Number of Shares (in thousands) | Current Quarter 3/31/2017 |
|---|---|
| **Paid-in Capital** | |
| Common | 66,086,346 |
| Preferred | 0 |
| Total | 66,086,346 |
| **Treasury Shares** | |
| Common | 0 |
| Preferred | 0 |
| Total | 0 |

## Parent Company Financial Statements / Balance Sheet – Assets

### (In thousands of R$)

| Code | Description | Current quarter 3/31/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 1 | Total Assets | 232,964 | 226,854 |
| 1.01 | Current Assets | 95,496 | 84,558 |
| 1.01.01 | Cash and Cash Equivalents | 22,036 | 26,052 |
| 1.01.01.01 | Cash and Banks | 1,028 | 1,281 |
| 1.01.01.02 | Short-term financial Investments | 21,008 | 24,771 |
| 1.01.02 | Financial Investments | 12,867 | 4,779 |
| 1.01.02.01 | Financial Investments at Fair Value | 12,867 | 4,779 |
| 1.01.03 | Accounts Receivable | 23,327 | 22,189 |
| 1.01.03.01 | Trade Receivables | 23,327 | 22,189 |
| 1.01.04 | Inventories | 23,143 | 18,958 |
| 1.01.06 | Recoverable Taxes | 7,079 | 6,542 |
| 1.01.08 | Other Current Assets | 7,044 | 6,038 |
| 1.01.08.03 | Other | 7,044 | 6,038 |
| 1.01.08.03.01 | Advances and Prepayments | 511 | 856 |
| 1.01.08.03.02 | Loans Granted | 2,477 | 2,521 |
| 1.01.08.03.03 | Prepaid Expenses | 1,390 | 876 |
| 1.01.08.03.04 | Other Assets | 2,666 | 1,785 |
| 1.02 | Non-Current Assets | 137,468 | 142,296 |
| 1.02.01 | Long-Term Assets | 41,600 | 44,580 |
| 1.02.01.03 | Accounts Receivable | 13,030 | 11,944 |
| 1.02.01.03.01 | Trade Receivables | 13,030 | 11,944 |
| 1.02.01.06 | Deferred Taxes | 13,869 | 13,796 |
| 1.02.01.06.01 | Deferred Income and Social Contribution Taxes | 13,869 | 13,796 |
| 1.02.01.09 | Other Non-Current Assets | 14,701 | 18,840 |
| 1.02.01.09.01 | Non-current Assets for Sale | 7,227 | 11,006 |
| 1.02.01.09.04 | Judicial Deposits | 3,450 | 3,212 |
| 1.02.01.09.05 | Loans Granted | 3,019 | 3,235 |
| 1.02.01.09.06 | Other Assets | 1,005 | 1,387 |
| 1.02.02 | Investments | 82 | 82 |
| 1.02.02.01 | Equity Interest | 82 | 82 |
| 1.02.02.01.04 | Other Equity Interest | 82 | 82 |
| 1.02.03 | Property, Plant and Equipment | 81,884 | 82,360 |
| 1.02.03.01 | Property, Plant and Equipment in Use | 81,884 | 82,360 |
| 1.02.04 | Intangible assets | 13,902 | 15,274 |
| 1.02.04.01 | Intangible Assets | 13,902 | 15,274 |

## Parent Company Financial Statements / Balance Sheet – Liabilities

### (In thousands of R$)

| Code | Description | Current quarter 3/31/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 2 | Total Liabilities | 232,964 | 226,854 |
| 2.01 | Current Liabilities | 43,699 | 39,092 |
| 2.01.01 | Payroll and Related Charges | 3,322 | 3,126 |
| 2.01.01.01 | Social Charges | 423 | 511 |
| 2.01.01.02 | Labor Liabilities | 2,899 | 2,615 |
| 2.01.02 | Trade Payables | 9,990 | 3,093 |
| 2.01.03 | Tax Liabilities | 2,280 | 2,917 |
| 2.01.03.01 | Federal Tax Liabilities | 1,517 | 1,899 |
| 2.01.03.02 | State Tax Liabilities | 757 | 1,010 |
| 2.01.03.03 | Municipal Tax Liabilities | 6 | 8 |
| 2.01.05 | Other Liabilities | 22,854 | 23,853 |
| 2.01.05.02 | Other | 22,854 | 23,853 |
| 2.01.05.02.04 | Advances from Clients | 16,170 | 16,016 |
| 2.01.05.02.05 | Other Current Liabilities | 3,637 | 3,484 |
| 2.01.05.02.06 | Provision for Unsecured Liability of Subsidiaries | 3,047 | 4,353 |
| 2.01.06 | Provisions | 5,253 | 6,103 |
| 2.01.06.02 | Other Provisions | 5,253 | 6,103 |
| 2.01.06.02.04 | Provision for Termination of Commercial Relationship with Reseller | 5,253 | 6,103 |
| 2.02 | Non-Current Liabilities | 13,883 | 13,533 |
| 2.02.02 | Other Liabilities | 569 | 602 |
| 2.02.02.02 | Other | 569 | 602 |
| 2.02.02.02.03 | Tax Liabilities | 569 | 602 |
| 2.02.04 | Provisions | 13,314 | 12,931 |
| 2.02.04.01 | Provisions for Tax, Social Security, Labor and Civil Liabilities | 13,314 | 12,931 |
| 2.03 | Equity | 175,382 | 174,229 |
| 2.03.01 | Paid-in Capital | 187,709 | 187,709 |
| 2.03.02 | Capital Reserves | -2,658 | -2,658 |
| 2.03.02.07 | Expenses with Share Issue | -2,658 | -2,658 |
| 2.03.05 | Retained Earnings/Accumulated Losses | -9,669 | -10,822 |

## Parent Company Financial Statements / Statement of Income

### (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 3.01 | Income from Sale of Goods and/or Services | 33,247 | 40,937 |
| 3.02 | Cost of Goods Sold and/or Services | -20,428 | -25,220 |
| 3.03 | Gross Profit | 12,819 | 15,717 |
| 3.04 | Operating Expenses/Income | -13,139 | -13,691 |
| 3.04.01 | Selling Expenses | -9,677 | -9,333 |
| 3.04.02 | General and Administrative Expenses | -5,759 | -4,981 |
| 3.04.04 | Other Operating Income | 1,452 | 897 |
| 3.04.05 | Other Operating Expenses | -461 | -71 |
| 3.04.06 | Equity Income (Loss) | 1,306 | -203 |
| 3.05 | Earnings Before Financial Result and Taxes | -320 | 2,026 |
| 3.06 | Financial Result | 1,400 | 2,577 |
| 3.06.01 | Financial Income | 2,023 | 3,110 |
| 3.06.02 | Financial Expenses | -623 | -533 |
| 3.07 | Earnings Before Income Taxes | 1,080 | 4,603 |
| 3.08 | Income and Social Contribution Taxes on Income | 73 | -996 |
| 3.08.01 | Current | 0 | -879 |
| 3.08.02 | Deferred | 73 | -117 |
| 3.09 | Net Income (Loss) from Continuing Operations | 1,153 | 3,607 |
| 3.11 | Net Income (Loss) for the Period | 1,153 | 3,607 |
| 3.99 | Earnings per Share - (R$/Share) | | |
| 3.99.01 | Basic Earnings per Share | | |
| 3.99.01.01 | Common | 0.01745 | 0.05458 |
| 3.99.02 | Diluted Earnings per Share | | |
| 3.99.02.01 | Common | 0.01745 | 0.05458 |

## Parent Company Financial Statements / Statement of Comprehensive Income

### (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 4.01 | Net Income for the Period | 1,153 | 3,607 |
| 4.03 | Comprehensive Income (Loss) for the Period | 1,153 | 3,607 |

## Parent Company Financial Statements / Statement of Cash Flows – Indirect Method

### (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 6.01 | Net Cash from Operating Activities | 4,711 | 17,328 |
| 6.01.01 | Cash Provided by Operations | 2,688 | 8,338 |
| 6.01.01.01 | Net Income before Income and Social Contribution Taxes | 1,080 | 4,603 |
| 6.01.01.02 | Depreciation and Amortization | 2,603 | 2,684 |
| 6.01.01.03 | Exchange Variation – Trade Receivables | 5 | 353 |
| 6.01.01.06 | Provision for Labor, Tax, Civil and Termination of Commercial Relationship Risks | 383 | 209 |
| 6.01.01.07 | Provision for Obsolescence | 104 | -18 |
| 6.01.01.08 | Allowance for Doubtful Accounts | -187 | 470 |
| 6.01.01.10 | Other Provisions | -899 | -177 |
| 6.01.01.14 | Disposal of Property, Plant and Equipment | 905 | 11 |
| 6.01.01.15 | Equity Income (Loss) | -1,306 | 203 |
| 6.01.02 | Changes in Assets and Liabilities | 2,023 | 8,990 |
| 6.01.02.01 | Accounts Receivable from Clients | -2,042 | 1,285 |
| 6.01.02.02 | Inventories | -4,289 | 3,074 |
| 6.01.02.03 | Taxes Recoverable | -188 | -897 |
| 6.01.02.05 | Loans Granted | 260 | 211 |
| 6.01.02.08 | Other Current and Non-Current Assets | -1,976 | -2,503 |
| 6.01.02.09 | Non-Current Assets Held for Sale | 3,779 | 474 |
| 6.01.02.14 | Trade Payables | 6,897 | 3,604 |
| 6.01.02.15 | Advances from Clients | 154 | -915 |
| 6.01.02.17 | Other Current and Non-Current Liabilities | -223 | 4,691 |
| 6.01.02.18 | Payment of Income and Social Contribution Taxes | -349 | -34 |
| 6.02 | Net Cash Provided By (Used In) Investment Activities | -8,727 | -1,056 |
| 6.02.01 | Financial Investments | -8,088 | -155 |
| 6.02.04 | Acquisition of Property, Plant and Equipment | -620 | -563 |
| 6.02.05 | Acquisition of Intangible Assets | -19 | -338 |
| 6.05 | Increase (Decrease) in Cash and Cash Equivalents | -4,016 | 16,272 |
| 6.05.01 | Cash and Cash Equivalents at the Beginning of the Period | 26,052 | 32,354 |
| 6.05.02 | Cash and Cash Equivalents at the End of the Period | 22,036 | 48,626 |

# Parent Company Financial Statements / Statement of Changes in Equity – 1/1/2017 to 3/31/2017

## (In thousands of R$)

| Code | Description | Paid-In Capital | Capital Reserves, Options Granted and Treasury Shares | Income Reserve | Retained Earnings | Other Comprehensive Income | Equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 187,709 | -2,658 | 0 | -10,822 | 0 | 174,229 |
| 5.03 | Adjusted Opening Balances | 187,709 | -2,658 | 0 | -10,822 | 0 | 174,229 |
| 5.05 | Total Comprehensive Income (Loss) | 0 | 0 | 0 | 1,153 | 0 | 1,153 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 1,153 | 0 | 1,153 |
| 5.07 | Closing Balances | 187,709 | -2,658 | 0 | -9,669 | 0 | 175,382 |

# Parent Company Financial Statements / Statement of Changes in Equity– 1/1/2016 to 3/31/2016

## (In thousands of R$)

| Code | Description | Paid-In Capital | Capital Reserves, Options Granted and Treasury Shares | Income Reserve | Retained Earnings | Other Comprehensive Income | Equity |
|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 187,709 | -2,658 | 13,442 | 0 | 0 | 198,493 |
| 5.03 | Adjusted Opening Balances | 187,709 | -2,658 | 13,442 | 0 | 0 | 198,493 |
| 5.05 | Total Comprehensive Income (Loss) | 0 | 0 | 0 | 3,607 | 0 | 3,607 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 3,607 | 0 | 3,607 |
| 5.07 | Closing Balances | 187,709 | -2,658 | 13,442 | 3,607 | 0 | 202,100 |

## Parent Company Financial Statements / Statement of Value Added

### (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 7.01 | Income | 46,329 | 55,785 |
| 7.01.01 | Sales of Goods, Products and Services | 45,412 | 55,482 |
| 7.01.02 | Other Income | 730 | 773 |
| 7.01.04 | Reversal of/Allowance for Doubtful Accounts | 187 | -470 |
| 7.02 | Inputs Acquired from Third Parties | -31,797 | -31,903 |
| 7.02.01 | Cost of Products Sold and Services Rendered | -20,580 | -23,014 |
| 7.02.02 | Supplies, Electricity, Outsourced Services and Others | -9,324 | -7,145 |
| 7.02.04 | Other | -1,893 | -1,744 |
| 7.03 | Gross Value Added | 14,532 | 23,882 |
| 7.04 | Retentions | -2,603 | -2,684 |
| 7.04.01 | Depreciation, Amortization and Depletion | -2,603 | -2,684 |
| 7.05 | Net Added Value Produced | 11,929 | 21,198 |
| 7.06 | Added Value from Transfers | 3,399 | 3,015 |
| 7.06.01 | Equity Income (Loss) | 1,306 | -203 |
| 7.06.02 | Financial Income | 2,093 | 3,218 |
| 7.07 | Total Value Added to Distribute | 15,328 | 24,213 |
| 7.08 | Distribution of Added Value | 15,328 | 24,213 |
| 7.08.01 | Personnel | 6,598 | 8,407 |
| 7.08.01.01 | Direct Compensation | 5,117 | 6,921 |
| 7.08.01.02 | Benefits | 758 | 788 |
| 7.08.01.03 | F.G.T.S. (Government Severance Fund) | 723 | 698 |
| 7.08.02 | Taxes, Fees and Contributions | 6,592 | 11,574 |
| 7.08.02.01 | Federal | 4,051 | 7,443 |
| 7.08.02.02 | State | 2,516 | 4,106 |
| 7.08.02.03 | Municipal | 25 | 25 |
| 7.08.03 | Remuneration of Loan Capital | 985 | 625 |
| 7.08.03.02 | Rentals | 422 | 445 |
| 7.08.03.03 | Other | 563 | 180 |
| 7.08.04 | Remuneration of Own Capital | 1,153 | 3,607 |
| 7.08.04.03 | Accumulated Losses/Retained Earnings in the Period | 1,153 | 3,607 |

## Consolidated Financial Statements / Balance Sheet – Assets

### (In thousands of R$)

| Code | Description | Current quarter 3/31/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 1 | Total Assets | 241,216 | 233,720 |
| 1.01 | Current Assets | 101,173 | 89,072 |
| 1.01.01 | Cash and cash equivalents | 22,097 | 27,832 |
| 1.01.01.01 | Cash and Banks | 382 | 2,822 |
| 1.01.01.02 | Short-term Financial Investments | 21,715 | 25,010 |
| 1.01.02 | Financial Investments | 12,867 | 4,779 |
| 1.01.02.01 | Financial Investments at Fair Value | 12,867 | 4,779 |
| 1.01.03 | Accounts Receivable | 26,075 | 21,903 |
| 1.01.03.01 | Trade Receivables | 26,075 | 21,903 |
| 1.01.04 | Inventories | 24,737 | 21,000 |
| 1.01.06 | Recoverable Taxes | 7,135 | 6,631 |
| 1.01.08 | Other Current Assets | 8,262 | 6,927 |
| 1.01.08.03 | Other | 8,262 | 6,927 |
| 1.01.08.03.01 | Advances and Prepayments | 569 | 982 |
| 1.01.08.03.02 | Loans Granted | 2,477 | 2,521 |
| 1.01.08.03.03 | Prepaid Expenses | 1,516 | 876 |
| 1.01.08.03.04 | Other Assets | 3,700 | 2,548 |
| 1.02 | Non-Current Assets | 140,043 | 144,648 |
| 1.02.01 | Long-Term Assets | 43,680 | 46,261 |
| 1.02.01.03 | Accounts Receivable | 13,030 | 11,944 |
| 1.02.01.03.01 | Trade Receivables | 13,030 | 11,944 |
| 1.02.01.06 | Deferred Taxes | 13,869 | 13,796 |
| 1.02.01.06.01 | Deferred Income and Social Contribution Taxes | 13,869 | 13,796 |
| 1.02.01.09 | Other Non-Current Assets | 16,781 | 20,521 |
| 1.02.01.09.01 | Non-current Assets for Sale | 7,227 | 11,006 |
| 1.02.01.09.04 | Judicial Deposits | 3,483 | 3,245 |
| 1.02.01.09.05 | Loans Granted | 3,019 | 3,235 |
| 1.02.01.09.06 | Other Assets | 3,052 | 3,035 |
| 1.02.02 | Investments | 82 | 82 |
| 1.02.03 | Property, Plant and Equipment | 82,371 | 83,014 |
| 1.02.03.01 | Property, Plant and Equipment in Use | 82,371 | 83,014 |
| 1.02.04 | Intangible assets | 13,910 | 15,291 |
| 1.02.04.01 | Intangible Assets | 13,910 | 15,291 |

## Consolidated Financial Statements / Balance Sheet – Liabilities

### (In thousands of R$)

| Code | Description | Current quarter 3/31/2017 | Previous year 12/31/2016 |
|---|---|---|---|
| 2 | Total Liabilities | 241,216 | 233,720 |
| 2.01 | Current Liabilities | 51,951 | 45,958 |
| 2.01.01 | Payroll and Related Charges | 3,919 | 3,827 |
| 2.01.01.01 | Social Charges | 500 | 652 |
| 2.01.01.02 | Labor Liabilities | 3,419 | 3,175 |
| 2.01.02 | Trade Payables | 10,293 | 3,343 |
| 2.01.03 | Tax Liabilities | 2,854 | 3,447 |
| 2.01.03.01 | Federal Tax Liabilities | 1,859 | 2,254 |
| 2.01.03.02 | State Tax Liabilities | 988 | 1,182 |
| 2.01.03.03 | Municipal Tax Liabilities | 7 | 11 |
| 2.01.05 | Other Liabilities | 29,632 | 29,238 |
| 2.01.05.02 | Other | 29,632 | 29,238 |
| 2.01.05.02.04 | Advances from Clients | 25,873 | 25,496 |
| 2.01.05.02.05 | Other Current Liabilities | 3,759 | 3,742 |
| 2.01.06 | Provisions | 5,253 | 6,103 |
| 2.01.06.02 | Other Provisions | 5,253 | 6,103 |
| 2.01.06.02.04 | Provision for Termination of Commercial Relationship with Reseller | 5,253 | 6,103 |
| 2.02 | Non-Current Liabilities | 13,883 | 13,533 |
| 2.02.02 | Other Liabilities | 569 | 602 |
| 2.02.04 | Provisions | 13,314 | 12,931 |
| 2.02.04.01 | Provisions for Tax, Social Security, Labor and Civil Liabilities | 13,314 | 12,931 |
| 2.03 | Consolidated Equity | 175,382 | 174,229 |
| 2.03.01 | Paid-in Capital | 187,709 | 187,709 |
| 2.03.02 | Capital Reserves | -2,658 | -2,658 |
| 2.03.02.07 | Expenses with Share Issue | -2,658 | -2,658 |
| 2.03.05 | Retained Earnings/Accumulated Losses | -9,669 | -10,822 |

## Consolidated Financial Statements / Statement of Income

### (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 3.01 | Income from Sale of Goods and/or Services | 37,720 | 44,856 |
| 3.02 | Cost of Goods Sold and/or Services | -21,070 | -24,863 |
| 3.03 | Gross Profit | 16,650 | 19,993 |
| 3.04 | Operating Expenses/Income | -16,856 | -18,074 |
| 3.04.01 | Selling Expenses | -12,745 | -13,957 |
| 3.04.02 | General and administrative expenses | -5,759 | -4,981 |
| 3.04.04 | Other Operating Income | 2,117 | 935 |
| 3.04.05 | Other Operating Expenses | -469 | -71 |
| 3.05 | Earnings Before Financial Result and Taxes | -206 | 1,919 |
| 3.06 | Financial Result | 1,412 | 2,586 |
| 3.06.01 | Financial Income | 2,056 | 3,158 |
| 3.06.02 | Financial Expenses | -644 | -572 |
| 3.07 | Earnings Before Income Taxes | 1,206 | 4,505 |
| 3.08 | Income and Social Contribution Taxes on Income | -53 | -898 |
| 3.08.01 | Current | -126 | -879 |
| 3.08.02 | Deferred | 73 | -19 |
| 3.09 | Net Income (Loss) from Continuing Operations | 1,153 | 3,607 |
| 3.11 | Consolidated Losses/Earnings in the Period | 1,153 | 3,607 |
| 3.11.01 | Attributable to Controlling Shareholders | 1,153 | 3,607 |
| 3.99 | Earnings per Share - (R$/Share) | | |
| 3.99.01 | Basic Earnings per Share | | |
| 3.99.01.01 | Common | 0.01745 | 0.05458 |
| 3.99.02 | Diluted Earnings per Share | | |
| 3.99.02.01 | Common | 0.01745 | 0.05458 |

## Consolidated Financial Statements/ Statement of Comprehensive Income

### (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 4.01 | Consolidated Net Income in the Period | 1,153 | 3,607 |
| 4.03 | Consolidated Comprehensive Income (Loss) in the Period | 1,153 | 3,607 |
| 4.03.01 | Attributable to Controlling Shareholders | 1,153 | 3,607 |

## Consolidated Financial Statements / Statement of Cash Flows – Indirect Method

### (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 6.01 | Net Cash from Operating Activities | 3,010 | 18,067 |
| 6.01.01 | Cash Provided by Operations | 5,470 | 8,141 |
| 6.01.01.01 | Net Income before Income and Social Contribution Taxes | 1,206 | 4,505 |
| 6.01.01.02 | Depreciation and Amortization | 2,650 | 2,726 |
| 6.01.01.03 | Exchange Variation – Trade Receivables | 5 | 353 |
| 6.01.01.06 | Provision for Labor, Tax, Civil and Termination of Commercial Relationship Risks | 383 | 209 |
| 6.01.01.07 | Provision for Obsolescence | 104 | -18 |
| 6.01.01.08 | Allowance for Doubtful Accounts | -174 | 532 |
| 6.01.01.10 | Other Provisions | -982 | -177 |
| 6.01.01.14 | Disposal of Property, Plant and Equipment | 2,278 | 11 |
| 6.01.02 | Changes in Assets and Liabilities | -2,460 | 9,926 |
| 6.01.02.01 | Accounts Receivable from Clients | -5,090 | 2,217 |
| 6.01.02.02 | Inventories | -3,220 | 3,224 |
| 6.01.02.03 | Taxes Recoverable | -168 | -901 |
| 6.01.02.05 | Loans Granted | 260 | 211 |
| 6.01.02.08 | Other Current and Non-Current Assets | -4,605 | -2,402 |
| 6.01.02.09 | Non-Current Assets Held for Sale | 3,779 | 474 |
| 6.01.02.14 | Trade Payables | 6,950 | 3,666 |
| 6.01.02.15 | Advances from Clients | 377 | -1,404 |
| 6.01.02.17 | Other Current and Non-Current Liabilities | -281 | 4,878 |
| 6.01.02.18 | Payment of Income and Social Contribution Taxes | -462 | -37 |
| 6.02 | Net Cash Provided By (Used In) Investment Activities | -8,745 | -1,063 |
| 6.02.01 | Financial Investments | -8,088 | -155 |
| 6.02.04 | Acquisition of Property, Plant and Equipment | -638 | -570 |
| 6.02.05 | Acquisition of Intangible Assets | -19 | -338 |
| 6.05 | Increase (Decrease) in Cash and Cash Equivalents | -5,735 | 17,004 |
| 6.05.01 | Cash and Cash Equivalents at the Beginning of the Period | 27,832 | 33,204 |
| 6.05.02 | Cash and Cash Equivalents at the End of the Period | 22,097 | 50,208 |

# Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2017 to 3/31/2017

## (In thousands of R$)

| Code | Description | Paid-In Capital | Capital Reserves, Options Granted and Treasury Shares | Income Reserve | Retained Earnings or Accumulated Losses | Other Comprehensive Income | Equity | Non-Controlling Interest | Consolidated Equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 187,709 | -2,658 | 0 | -10,822 | 0 | 174,229 | 0 | 174,229 |
| 5.03 | Adjusted Opening Balances | 187,709 | -2,658 | 0 | -10,822 | 0 | 174,229 | 0 | 174,229 |
| 5.05 | Total Comprehensive Income (Loss) | 0 | 0 | 0 | 1,153 | 0 | 1,153 | 0 | 1,153 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 1,153 | 0 | 1,153 | 0 | 1,153 |
| 5.07 | Closing Balances | 187,709 | -2,658 | 0 | -9,669 | 0 | 175,382 | 0 | 175,382 |

# Consolidated Financial Statements / Statement of Changes in Equity - 1/1/2016 to 3/31/2016

## (In thousands of R$)

| Code | Description | Paid-In Capital | Capital Reserves, Options Granted and Treasury Shares | Income Reserve | Retained Earnings or Accumulated Losses | Other Comprehensive Income | Equity | Non-Controlling Interest | Consolidated Equity |
|---|---|---|---|---|---|---|---|---|---|
| 5.01 | Opening Balances | 187,709 | -2,658 | 13,442 | 0 | 0 | 198,493 | 0 | 198,493 |
| 5.03 | Adjusted Opening Balances | 187,709 | -2,658 | 13,442 | 0 | 0 | 198,493 | 0 | 198,493 |
| 5.05 | Total Comprehensive Income (Loss) | 0 | 0 | 0 | 3,607 | 0 | 3,607 | 0 | 3,607 |
| 5.05.01 | Net Income for the Period | 0 | 0 | 0 | 3,607 | 0 | 3,607 | 0 | 3,607 |
| 5.07 | Closing Balances | 187,709 | -2,658 | 13,442 | 3,607 | 0 | 202,100 | 0 | 202,100 |

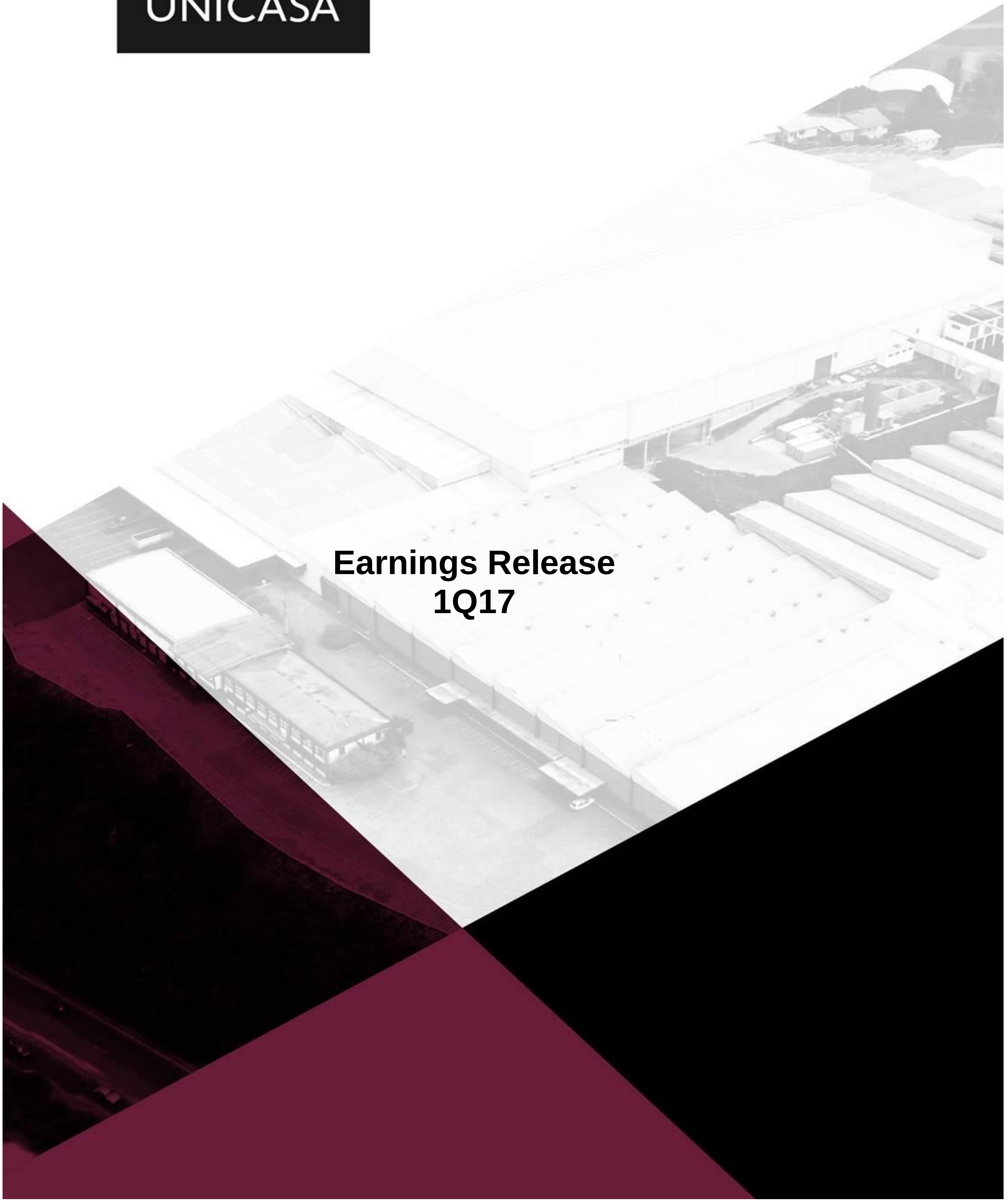
## Notes to the Financial Statements

# Consolidated Financial Statements / Statement of Value Added

## (In thousands of R$)

| Code | Description | Year-to-date 1/1/2017 to 3/31/2017 | Previous year 1/1/2016 to 3/31/2016 |
|---|---|---|---|
| 7.01 | Income | 53,380 | 61,471 |
| 7.01.01 | Sales of Goods, Products and Services | 51,819 | 61,192 |
| 7.01.02 | Other Income | 1,387 | 811 |
| 7.01.04 | Reversal of Allowance for Doubtful Accounts | 174 | -532 |
| 7.02 | Inputs acquired from third parties | -34,277 | -33,821 |
| 7.02.01 | Cost of Products Sold and Services Rendered | -21,691 | -23,040 |
| 7.02.02 | Supplies, Electricity, Outsourced Services and Others | -10,675 | -8,861 |
| 7.02.04 | Other | -1,911 | -1,920 |
| 7.03 | Gross Value Added | 19,103 | 27,650 |
| 7.04 | Retentions | -2,650 | -2,726 |
| 7.04.01 | Depreciation, Amortization and Depletion | -2,650 | -2,726 |
| 7.05 | Net Added Value Produced | 16,453 | 24,924 |
| 7.06 | Added Value from Transfers | 2,127 | 3,268 |
| 7.06.02 | Financial Income | 2,127 | 3,268 |
| 7.07 | Total Value Added to Distribute | 18,580 | 28,192 |
| 7.08 | Distribution of Added Value | 18,580 | 28,192 |
| 7.08.01 | Personnel | 7,697 | 10,329 |
| 7.08.01.01 | Direct Compensation | 6,014 | 8,536 |
| 7.08.01.02 | Benefits | 846 | 929 |
| 7.08.01.03 | F.G.T.S. (Government Severance Fund) | 837 | 864 |
| 7.08.02 | Taxes, Fees and Contributions | 8,255 | 13,006 |
| 7.08.02.01 | Federal | 5,022 | 8,210 |
| 7.08.02.02 | State | 3,186 | 4,749 |
| 7.08.02.03 | Municipal | 47 | 47 |
| 7.08.03 | Remuneration of Loan Capital | 1,475 | 1,250 |
| 7.08.03.02 | Rentals | 891 | 1,031 |
| 7.08.03.03 | Other | 584 | 219 |
| 7.08.04 | Remuneration of Own Capital | 1,153 | 3,607 |
| 7.08.04.03 | Accumulated Losses/Retained Earnings in the Period | 1,153 | 3,607 |

# Earnings Release
# 1Q17



## Comments on Performance

**Investor relations**

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*Bento Gonçalves, Rio Grande do Sul, May 11, 2017. Unicasa Indústria de Móveis S.A. (BM&FBovespa: UCAS3, Bloomberg: UCAS3:BZ, Reuters: UCAS3), one of the leading companies in Brazil's custom-made furniture industry and the only Brazilian publicly held company in the sector, announces today its results for the fourth quarter of 2016. 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 (including Unicasa Comércio de Móveis Ltda.), in thousands of Brazilian reais and in accordance with the International Financial Reporting Standards (IFRS).*

### *Period highlights*

- *Net cash of R$34.9 million, 36.2% lower than in the same period last year;*
- *Gross revenue ex-IPI of R$50.1 million, 15.3% lower than in the same period last year;*
- *Gross margin of 41.1%, down 0.5 p.p. from 1Q16.*

| Executive Summary | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Gross Revenue ex-IPI | 59,168 | 50,119 | -15.3% |
| **Net Revenue** | **44,856** | **37,720** | **-15.9%** |
| **Gross Income** | **19,993** | **16,650** | **-16.7%** |
| ***Gross Margin*** | ***44.6%*** | ***44.1%*** | ***-0.5 p.p.*** |
| Selling and Administrative Expenses | (18,938) | (18,504) | -2.3% |
| Other Revenues and Operating Expenses | 864 | 1,648 | +90.7% |
| **Operating Income** | **1,919** | **(206)** | **-110.7%** |
| ***Operating Margin*** | ***4.3%*** | ***-0.5%*** | ***-4.8 p.p.*** |
| Financial Income (Expenses) Net | 2,586 | 1,412 | -45.4% |
| **Operating Income before Income Tax and Social Contribution** | **4,505** | **1,206** | -73.2% |
| Income Tax and Social Contribution | (898) | (53) | -94.1% |
| **Net Profit** | **3,607** | **1,153** | -68.0% |
| ***Net Margin*** | ***8.0%*** | ***3.1%*** | ***-5.0 p.p.*** |
| EBITDA | 4,645 | 2,444 | -47.4% |
| ***EBITDA Margin*** | ***10.4%*** | ***6.5%*** | ***-3.9 p.p.*** |

*__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 to not materialize or cause actual results to differ materially from those expected and, therefore, are subject to change without prior notice.*

## Comments on Performance

### Sales Performance

The Unicasa Corporate and Export Markets segments are affected by significant oscillations due to the specific aspects of the projects sold in the period.

| Dell Anno and Favorita – Exclusive and Own Stores | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 31,839 | 27,855 | -12.5% |
| Number of Modules Sold (thousand units) | 83.9 | 74.6 | -11.1% |

| New and Casa Brasileira Exclusive Dealers | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 16,008 | 12,792 | -20.1% |
| Number of Modules Sold (thousand units) | 91.4 | 68.3 | -25.3% |

| Multibrands | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 7,165 | 5,516 | -23.0% |
| Number of Modules Sold (thousand units) | 43.9 | 34.1 | -22.3% |

| Unicasa Corporate | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 2,396 | 2,699 | +12.6% |
| Number of Modules Sold (thousand units) | 7.8 | 8.7 | +11.5% |

| Export Market | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 1,276 | 621 | -51.3% |
| Number of Modules Sold (thousand units) | 6.2 | 2.4 | -61.3% |

### Consolidated Indicators – Unicasa

| Unicasa Indústria de Móveis | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Gross Revenue, ex-IPI | 59,168 | 50,119 | -15.3% |
| Number of Modules Sold (thousand units) | 239.1 | 190.0 | -20.5% |

### Sales and Distribution Channels

| Period | 1Q16 | 2Q16 | 3Q16 | 4Q16 | 1Q17 | Δ |
|---|---|---|---|---|---|---|
| **Exclusive and Own Stores** | **463** | **448** | **433** | **410** | **367** | **(43)** |
| Dell Anno and Favorita | 190 | 184 | 182 | 172 | 157 | (15) |
| New and Casa Brasileira | 273 | 264 | 251 | 238 | 210 | (28) |
| **Multibrand** | **634** | **626** | **622** | **629** | **642** | **13** |
| New and Casa Brasileira Multibrand | 634 | 626 | 622 | 629 | 642 | 13 |

[1] Variation compared to 1Q16.

Average productivity per Dell Anno and Favorita store in 1Q17 was R$56.4, 4.8% higher than the R$53.9 in 1Q16, due to the closure of less productive operations. Average productivity in the quarter per New and Casa Brasileira store in 1Q17 was R$19.0, 2.1% lower than the R$19.4 in 1Q16.

## Comments on Performance

### FINANCIAL PERFORMANCE

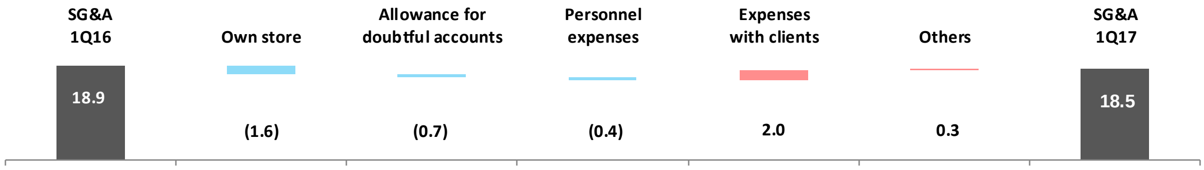
### Gross Profit and Gross Margin

Gross profit in the quarter was R$16.6 million. Gross margin fell 0.5 p.p., from 44.6% in 1Q16 to 44.1% this quarter. The reduction in gross margin is mainly related to the higher share of sales to customers with higher purchasing volume and lower base of dilution of fixed expenses.

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

| Selling General and Administrative Expenses | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| **Total** | **(18,938)** | **(18,504)** | **-2.3%** |
| **Selling Expenses** | **(13,957)** | **(12,745)** | **-8.7%** |
| % of Net Revenue | 31.1% | 33.8% | +2.7 p.p. |
| **Administrative Expenses** | **(4,981)** | **(5,759)** | **+15.6%** |
| % of Net Revenue | 11.1% | 15.3% | +4.2 p.p. |
| SG&A % of Net Revenue | 42.2% | 49.1% | +6.9 p.p. |

The following chart presents the evolution of Selling, General and Administrative Expenses in 1Q16 and 1Q17 (1):




(1)In million.

Expenses with own stores were R$1.6 million lower as a result of the decision to close down a few own stores, as reported in the 4Q16 earnings release.

Expenses with allowance for doubtful accounts were R$0.7 million lower in this quarter.

The reduction in personnel expenses is due to the restructuring carried out during the course of 2016.

Customer service expenses were R$2.0 million higher than in the first quarter of 2016. These expenses are related to servicing customers of closed stores and to freight, assembling, merchandise and lawsuits.

Other expenses were R$0.3 million higher than in 1Q16.

## Comments on Performance

### Other Operating Income and Expenses

Other operating income and expenses increased 90.7%, mainly due to the sale of trademark rights arising from the transactions involving own stores, as reported in the 4Q16 earnings release.

| Other Operating Income and Expenses | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| **Total** | **864** | **1,648** | **90.7%** |
| **Operating Expenses** | **(71)** | **(469)** | **560.6%** |
| **Operating Income** | **935** | **2,117** | **126.4%** |
| Bank Premium | 592 | 428 | -27.7% |
| Trademark Rights | - | 570 | n/a |
| Other Operating Income | 343 | 1,119 | 226.2% |
| **% of Net Revenue** | **1.9%** | **4.4%** | **2.5 p.p.** |

### Financial Result

Financial result decreased 45.4%, mainly due to: (i) the lower returns on financial investments resulting from the lower amount invested; (ii) the reduction in the reversal of adjustment to present value due to lower volume of credit granted to storeowners; (iii) lower interest receipts due to the reduction in credit negotiations with customers; and (iv) the increase in expenses related to the adjustment to present value.

| Financial Result | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| **Net Financial Result** | **2,586** | **1,412** | **-45.4%** |
| **Financial Expenses** | **(572)** | **(644)** | **12.6%** |
| **Financial Income** | **3,158** | **2,056** | **-34.9%** |

### EBITDA and EBITDA Margin

| EBITDA | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| **Net Income for the Period** | **3,607** | **1,153** | **-68.0%** |
| Income Tax and Social Contribution | 898 | 53 | -94.1% |
| Financial Result | (2,586) | (1,412) | -45.4% |
| **EBIT** | **1,919** | **(206)** | **-110.7%** |
| Depreciation and Amortization | 2,726 | 2,650 | -2.8% |
| **EBITDA** | **4,645** | **2,444** | **-47.4%** |
| ***EBITDA Margin*** | ***10.4%*** | ***6.5%*** | ***-3.9 p.p.*** |

## Comments on Performance

### Cash Flow

| Cash Flow | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Cash generated by operational activities | 18.067 | 3.010 | -83,3% |
| Cash generated by investment activities | (1.063) | (8.745) | +722,7% |
| Cash generated by financing activities | - | - | +0,0% |
| **Cash flow (burn)** | **17.004** | **(5.735)** | -133,7% |
| Financial Investments | 4.601 | 8.088 | +75,8% |
| **Cash flow and Financial Investments** | **21.605** | **2.353** | -89,1% |

The drop in cash generation is mainly due to the decline in revenues.

### Working capital

| Working Capital [1] | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| Average trade accounts receivable | 54,869 | 41,759 | -13,110 |
| *Average term for receipt of sales (days)* | *70* | *64* | *-7* |
| Average inventory | 29,394 | 25,363 | -4,031 |
| *Average term for inventory replenishment (days)* | *82* | *84* | *+2* |
| Average trade accounts payable | 28,397 | 25,863 | -2,535 |
| *Average term for payment of suppliers (days)* | *18* | *25* | *+7* |
| Average advances from customers | 33,124 | 26,903 | -6,222 |
| *Average term for advances from customers (days)* | *42* | *41* | *-1* |
| **Working capital** | **22,742** | **14,358** | -8,384 |

[1] Last twelve months

The company's working capital needs declined by R$8.4 million in the period, mainly due to the drop in revenue, which affects the lower volume of accounts receivable and inventory requirements.

### Net Cash

| Net Cash | 3/31/2016 | 3/31/2017 | Δ |
|---|---|---|---|
| Short Term Debt | - | - | n/a |
| Long Term Debt | - | - | n/a |
| **Gross Debt** | **-** | **-** | **n/a** |
| Cash and Cash Equivalents | 50,208 | 22,097 | -56.0% |
| Financial Investments | 4,601 | 12,867 | +179.7% |
| **Net Debt/(Cash Surplus)** | **(54,809)** | **(34,964)** | **-36.2%** |

The Company ended the quarter with 36.2% less cash than in the same period last year. This is mainly due to the decrease in revenue in the period.

## Comments on Performance

## Return on Invested Capital (ROIC)

The Company's net ROIC in the last twelve months (LTM) ending 1Q17 was -21.9%, down 24.9 p.p. from the same period last year.

| Return on Invested Capital (ROIC) | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| EBIT (LTM) | 5,517 | -32,893 | -696.2% |
| Average of Operating Assets | 158,612 | 147,242 | -7.2% |
| **ROIC** | **3.5%** | **-22.3%** | **-25.8 p.p.** |
| Effective IR + CSLL rate (LTM) | 15.7% | 1.8% | -13.9 p.p. |
| **ROIC, Net** | **3.0%** | **-21.9%** | **-24.9 p.p.** |

## Comments on Performance

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

| Income Statement | 1Q16 | 1Q17 | AV | AH |
|---|---|---|---|---|
| **Gross Revenue from Sales** | **61,723** | **52,235** | **138.5%** | **-15.4%** |
| Domestic Market | 60,447 | 51,614 | 136.8% | -14.6% |
| Dell Anno and Favorita | 33,108 | 28,905 | 76.6% | -12.7% |
| New and Casa Brasileira Exclusive Dealers | 16,803 | 13,423 | 35.6% | -20.1% |
| New and Casa Brasileira Multibrand | 7,521 | 5,793 | 15.4% | -23.0% |
| Unicasa Corporate | 2,511 | 2,833 | 7.5% | +12.8% |
| Other Revenues | 504 | 660 | 1.7% | +31.0% |
| Exports | 1,276 | 621 | 1.6% | -51.3% |
| Sales Deductions | (16,867) | (14,515) | -38.5% | -13.9% |
| **Net Revenue from Sales** | **44,856** | **37,720** | **100.0%** | **-15.9%** |
| Cost of Goods Sold | (24,863) | (21,070) | -55.9% | -15.3% |
| **Gross Profit** | **19,993** | **16,650** | **44.1%** | **-16.7%** |
| Selling Expenses | (13,957) | (12,745) | -33.8% | -8.7% |
| General and Administrative Expenses | (4,981) | (5,759) | -15.3% | +15.6% |
| Other Operating Income, Net | 864 | 1,648 | 4.4% | +90.7% |
| **Operating Income** | **1,919** | **(206)** | **-0.5%** | **-110.7%** |
| Financial Expenses | (572) | (644) | -1.7% | +12.6% |
| Financial Income | 3,158 | 2,056 | 5.5% | -34.9% |
| **Operating Income before Income Tax and Social Contribution** | **4,505** | **1,206** | **3.2%** | **-73.2%** |
| Income Tax and Social Contribution | (898) | (53) | -0.1% | -94.1% |
| Current | (879) | (126) | -0.3% | -85.7% |
| Deferred | (19) | 73 | 0.2% | -484.2% |
| **Net Income for the Period** | **3,607** | **1,153** | **3.1%** | **-68.0%** |
| Earnings per Share (R$) | 0.05 | 0.02 | 0.0% | -68.1% |

## Comments on Performance

### ANNEX II - Financial Statements – Balance Sheet – Consolidated

| Assets | 12/31/2016 | AV | 3/31/2017 | AV | Δ |
|---|---|---|---|---|---|
| **Current Assets** | **89,072** | **38.1%** | **101,173** | **41.9%** | **+13.6%** |
| Cash and Cash Equivalents | 27,832 | 11.9% | 22,097 | 9.2% | -20.6% |
| Restricted Marketable Securities | 4,779 | 2.0% | 12,867 | 5.3% | +169.2% |
| Trade Accounts Receivable | 21,903 | 9.4% | 26,075 | 10.8% | +19.0% |
| Inventories | 21,000 | 9.0% | 24,737 | 10.3% | +17.8% |
| Advances to Suppliers | 982 | 0.4% | 569 | 0.2% | -42.1% |
| Loans Granted | 2,521 | 1.1% | 2,477 | 1.0% | -1.7% |
| Prepaid Expenses | 876 | 0.4% | 1,516 | 0.6% | +73.1% |
| Recoverable Taxes | 6,631 | 2.8% | 7,135 | 3.0% | +7.6% |
| Other Assets | 2,548 | 1.1% | 3,700 | 1.5% | +45.2% |
| **Non-Current Assets** | **144,648** | **61.9%** | **140,043** | **58.1%** | **-3.2%** |
| Trade Accounts Receivable | 11,944 | 5.1% | 13,030 | 5.4% | +9.1% |
| Loans Granted | 3,235 | 1.4% | 3,019 | 1.3% | -6.7% |
| Assets Held for Sale | 11,006 | 4.7% | 7,227 | 3.0% | -34.3% |
| Deferred Income and Social Contribution Taxes | 13,796 | 5.9% | 13,869 | 5.7% | +0.5% |
| Judicial Deposits | 3,245 | 1.4% | 3,483 | 1.4% | +7.3% |
| Other Assets | 3,035 | 1.3% | 3,052 | 1.3% | +0.6% |
| Investments | 82 | 0.0% | 82 | 0.0% | +0.0% |
| Property, Plant and Equipment | 83,014 | 35.5% | 82,371 | 34.1% | -0.8% |
| Intangible Assets | 15,291 | 6.5% | 13,910 | 5.8% | -9.0% |
| **Total Assets** | **233,720** | **100%** | **241,216** | **100%** | **+3.2%** |

| Liabilities | 12/31/2016 | AV | 3/31/2017 | AV | Δ |
|---|---|---|---|---|---|
| **Current Liabilities** | **45,958** | **19.7%** | **51,951** | **21.5%** | **+13.0%** |
| Suppliers | 3,343 | 1.4% | 10,293 | 4.3% | +207.9% |
| Tax Liabilites | 3,447 | 1.5% | 2,854 | 1.2% | -17.2% |
| Payroll and Related Charges | 3,827 | 1.6% | 3,919 | 1.6% | +2.4% |
| Advances from Customers | 25,496 | 10.9% | 25,873 | 10.7% | +1.5% |
| Provisions | 6,103 | 2.6% | 5,253 | 2.2% | -13.9% |
| Other Liabilities | 3,742 | 1.6% | 3,759 | 1.6% | +0.5% |
| **Non-Current Liabilities** | **13,533** | **5.8%** | **13,883** | **5.8%** | **+2.6%** |
| Tax Liabilities | 602 | 0.3% | 569 | 0.2% | -5.5% |
| Provisions | 12,931 | 5.5% | 13,314 | 5.5% | +3.0% |
| **Shareholders' equity** | **174,229** | **74.5%** | **175,382** | **72.7%** | **+0.7%** |
| Capital Stock | 187,709 | 80.3% | 187,709 | 77.8% | +0.0% |
| Capital Reserve | (2,658) | -1.1% | (2,658) | -1.1% | +0.0% |
| Accumulated Loss | (10,822) | -4.6% | (9,669) | -4.0% | -10.7% |
| **Total Liabilities and Shareholders' Equity** | **233,720** | **100%** | **241,216** | **100%** | **+3.2%** |

## Comments on Performance

### ANNEX III – FINANCIAL STATEMENTS – CASH FLOW STATEMENT – CONSOLIDATED

| Cash Flow Statement | 1Q16 | 1Q17 | Δ |
|---|---|---|---|
| **Operating Income Before Income And Social Contribution Taxes** | **4,505** | **1,206** | **-73.2%** |
| **Adjustment to Reconcile the Net Income to Cash from Operating Activities:** | | | |
| Depreciation and Amortization | 2,726 | 2,650 | -2.8% |
| Foreign Exchange Variation | 353 | 5 | -98.6% |
| Provision for Litigation | 209 | 383 | +83.3% |
| Provision for Obsolescence | (18) | 104 | -677.8% |
| Allowance for Doubtful Accounts | 532 | (174) | -132.7% |
| Provison for PPR | (177) | (982) | +454.8% |
| Disposal of Property, Plant and Equipment | 11 | 2,278 | +20609.1% |
| **Cash Flows from Operating Activities** | **8,141** | **5,470** | **-32.8%** |
| **Changes in Assets and Liabilities** | | | |
| Trade Accounts Receivable | 2,217 | (5,090) | -329.6% |
| Inventories | 3,224 | (3,220) | -199.9% |
| Recoverable Taxes | (901) | (168) | -81.4% |
| Loans Granted | 211 | 260 | +23.2% |
| Other Current ou Non-Current Assets | (2,402) | (4,605) | +91.7% |
| Non-Current Assets Available for Sale | 474 | 3,779 | +697.3% |
| Suppliers | 3,666 | 6,950 | +89.6% |
| Advance from Customers | (1,404) | 377 | -126.9% |
| Other Current ou Non-Current Liabilities | 4,878 | (281) | -105.8% |
| Payment of Income and Social Contibution Taxes | (37) | (462) | +1148.6% |
| **Net Cash from Operating Activities** | **18,067** | **3,010** | **-83.3%** |
| **Cash Flows from Investing Activities** | | | |
| Financial Investments | (155) | (8,088) | +5118.1% |
| Property, Plant and Equipment | (570) | (638) | +11.9% |
| Intangible Assets | (338) | (19) | -94.4% |
| **Net Cash used in Investing Activities** | **(1,063)** | **(8,745)** | **+722.7%** |
| **Cash Flows (used in) from Financing Activities** | **-** | **-** | **n/a** |
| **Increase (Decrease) in Cash and Cash Equivalents** | **17,004** | **(5,735)** | **-133.7%** |
| **Changes in Cash and Cash Equivalents** | | | |
| At the Beginning of the Period | 33,204 | 27,832 | -16.2% |
| At the End of the Period | 50,208 | 22,097 | -56.0% |
| **Increase (Decrease) in Cash and Cash Equivalents** | **17,004** | **(5,735)** | **-133.7%** |

*[(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 26 to the Quarterly Information (ITR).*

## Comments on Performance

## ANNEX IV – GROSS REVENUE, GROSS REVENUE EX-IPI AND MODULES SOLD – CONSOLIDATED

| Receita Bruta de Vendas | 1T16 | 1T17 | 2T16 | 3T16 | 4T16 | 1S16 | 2S16 | 9M16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| **Receita Bruta de Vendas** | **61,723** | **52,235** | **65,160** | **64,979** | **64,116** | **126,883** | **129,095** | **191,862** | **255,978** |
| **Mercado Interno** | **60,447** | **51,614** | **63,775** | **63,633** | **62,836** | **124,222** | **126,470** | **187,855** | **250,691** |
| Dell Anno e Favorita - Exclusiva e Lojas Próprias | 33,108 | 28,905 | 31,626 | 33,295 | 36,383 | 64,734 | 69,678 | 98,029 | 134,412 |
| New e Casa Brasileira Revendas Exclusivas | 16,803 | 13,423 | 18,915 | 17,922 | 17,160 | 35,718 | 35,082 | 53,640 | 70,800 |
| New e Casa Brasileira Multimarca | 7,521 | 5,793 | 9,228 | 8,279 | 7,019 | 16,749 | 15,298 | 25,028 | 32,047 |
| Unicasa Corporate | 2,511 | 2,833 | 3,322 | 3,192 | 1,488 | 5,833 | 4,680 | 9,025 | 10,513 |
| Outras Receitas | 504 | 660 | 684 | 945 | 786 | 1,188 | 1,732 | 2,133 | 2,919 |
| **Mercado Externo** | **1,276** | **621** | **1,385** | **1,346** | **1,280** | **2,661** | **2,625** | **4,007** | **5,287** |

| Receita Bruta de Vendas Ex-IPI | 1T16 | 1T17 | 2T16 | 3T16 | 4T16 | 1S16 | 2S16 | 9M16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| **Receita Bruta de Vendas (menos IPI)** | **59,168** | **50,119** | **62,451** | **62,278** | **61,462** | **121,619** | **123,740** | **183,897** | **245,359** |
| **Mercado Interno** | **57,892** | **49,498** | **61,066** | **60,932** | **60,182** | **118,958** | **121,115** | **179,890** | **240,072** |
| Dell Anno e Favorita - Exclusiva e Lojas Próprias | 31,839 | 27,856 | 30,429 | 32,025 | 34,973 | 62,268 | 66,998 | 94,293 | 129,266 |
| New e Casa Brasileira Revendas Exclusivas | 16,008 | 12,792 | 18,020 | 17,071 | 16,351 | 34,028 | 33,422 | 51,099 | 67,450 |
| New e Casa Brasileira Multimarca | 7,165 | 5,516 | 8,790 | 7,884 | 6,684 | 15,955 | 14,568 | 23,839 | 30,523 |
| Unicasa Corporate | 2,396 | 2,699 | 3,165 | 3,040 | 1,418 | 5,561 | 4,458 | 8,601 | 10,019 |
| Outras Receitas | 484 | 635 | 662 | 912 | 756 | 1,146 | 1,669 | 2,058 | 2,814 |
| **Mercado Externo** | **1,276** | **621** | **1,385** | **1,346** | **1,280** | **2,661** | **2,625** | **4,007** | **5,287** |

| Módulos Vendidos (unidades) | 1T16 | 1T17 | 2T16 | 3T16 | 4T16 | 1S16 | 2S16 | 9M16 | 2016 |
|---|---|---|---|---|---|---|---|---|---|
| **Módulos Vendidos** | **239,072** | **190,073** | **272,787** | **249,949** | **239,330** | **511,859** | **489,279** | **761,808** | **1,001,138** |
| **Mercado Interno** | **232,888** | **187,637** | **266,184** | **242,777** | **233,841** | **499,072** | **476,618** | **741,849** | **975,690** |
| Dell Anno e Favorita - Exclusiva e Lojas Próprias | 83,947 | 74,640 | 82,038 | 93,264 | 97,035 | 165,985 | 190,299 | 259,249 | 356,284 |
| New e Casa Brasileira Revendas Exclusivas | 91,389 | 68,287 | 109,186 | 92,124 | 84,831 | 200,575 | 176,955 | 292,699 | 377,530 |
| New e Casa Brasileira Multimarca | 43,906 | 34,121 | 54,621 | 42,410 | 39,797 | 98,527 | 82,207 | 140,937 | 180,734 |
| Unicasa Corporate | 7,780 | 8,673 | 12,682 | 8,537 | 6,222 | 20,462 | 14,759 | 28,999 | 35,221 |
| Outras Receitas | 5,866 | 1,916 | 7,657 | 6,442 | 5,956 | 13,523 | 12,398 | 19,965 | 25,921 |
| **Mercado Externo** | **6,184** | **2,436** | **6,603** | **7,172** | **5,489** | **12,787** | **12,661** | **19,959** | **25,448** |

**Notes to the Financial Statements**

# 1. Operations

The corporate purpose of Unicasa Indústria de Móveis S.A. ("Company"), established in 1985, is to manufacture, sell, import and export products related to the wood, iron and aluminum furniture segment, kitchens, and other articles related to household and commercial furniture. The Company is a corporation, with registered office in the city of Bento Gonçalves, state of Rio Grande do Sul, and its shares are traded on the Novo Mercado segment of BM&FBovespa – Securities, Commodities and Futures Exchange, under ticker UCAS3, since April 27, 2012.

The Company has a vast chain of exclusive dealers and multibrand stores in Brazil and abroad, which sell products under the brands "Dell Anno", "Favorita", "New" and "Casa Brasileira."

The corporate purpose of Unicasa Comércio de Móveis Ltda. (subsidiary), included in the consolidated quarterly information, is the retail sale of customized furniture, with management of stores in São Paulo and Manaus.

The Management of the Company decided to reduce the number of own stores by transferring them to the direct management of authorized independent resellers. One store was sold in the first quarter of 2017 and four were sold in the last quarter of 2016 for a total of seven stores.

**Approval of quarterly accounting information**

The presentation of this quarterly accounting information was approved and authorized at the Board of Directors' Meeting held on May 11, 2017.

# 2. Summary of accounting policies

The interim parent company and consolidated accounting information for the quarter ended March 31, 2017 was prepared and is being presented in accordance with CPC 21 (R1) – Interim Reporting, issued by the Brazilian Accounting Pronouncements Committee ("CPC"), and IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board ("IASB"), in consonance with the standards issued by the Securities Commission of Brazil (CVM), applicable to the preparation of Quarterly Information (ITR). The interim accounting information was prepared by the Company to provide users with significant information presented in the reporting period and must be analyzed together with the complete financial statements for the fiscal year ended December 31, 2016 and the interim accounting information for the three-month period ended March 31, 2016.

The accounting policies, the use of certain accounting estimates, Management judgments and calculation methods adopted in this quarterly accounting information are the same as those adopted in the preparation of annual financial statements for the fiscal year ended December 31, 2016 and interim accounting information for the three-month period ended March 31, 2016.

## 2.1 IFRS pronouncements that have not yet come into effect at March 31, 2017

In the Management's opinion, no pronouncement, interpretation or guideline issued by CPC or IASB in the period will have a significant impact on interim parent company and consolidated financial statements of the Company.

**Notes to the Financial Statements**

# 3. Cash and cash equivalents

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2017 | 12/31/2016 | 3/31/2017 | 12/31/2016 |
| Cash and banks | **1,028** | 1,281 | **382** | 2,822 |
| Short-term investments – CDBs | **21,008** | 24,771 | **21,715** | 25,010 |
| | **22,036** | 26,052 | **22,097** | 27,832 |

Cash and cash equivalents do not have restrictions for use, have short-term original maturity, are highly liquid and easily convertible into a known cash amount and are subject to an insignificant risk of change in value.

Financial investments are made in prime banks (among the ten largest institutions in Brazil), whose yield is linked to the Interbank Deposit Certificate (CDI), at an average rate of 100.30% of the CDI on March 31, 2017 (101.16% on December 31, 2016).

# 4. Trade accounts receivable

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2017 | 12/31/2016 | 3/31/2017 | 12/31/2016 |
| **Domestic market** | | | | |
| Third parties | **54,617** | 51,991 | **59,154** | 53,949 |
| Related parties (Note 17) | **1,737** | 1,904 | **-** | - |
| **Foreign market** | | | | |
| Third parties | **1,289** | 1,730 | **1,289** | 1,730 |
| **Check receivables** | **6,719** | 7,090 | **6,856** | 7,651 |
| | **64,362** | 62,715 | **67,299** | 63,330 |
| (-) Allowance for doubtful accounts | **(27,457)** | (27,935) | **(27,646)** | (28,836) |
| (-) Present Value Adjustment (PVA) | **(548)** | (647) | **(548)** | (647) |
| | **36,357** | 34,133 | **39,105** | 33,847 |
| Current assets | **23,327** | 22,189 | **26,075** | 21,903 |
| Non-current assets | **13,030** | 11,944 | **13,030** | 11,944 |
| | **36,357** | 34,133 | **39,105** | 33,847 |

The amounts classified under non-current assets refer to novation of credits to clients of the chain. In general, such novation has a term of more than one year and the balances are adjusted for inflation, plus interest compatible with market practices.

Days sales outstanding, weighted by the average maturity of invoices, at March 31, 2017 and December 31, 2016, were 21 and 24 days, respectively.

The changes in allowance for loan losses are as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2017 | 12/31/2016 | 3/31/2017 | 12/31/2016 |
| Balance at beginning of period | **(27,935)** | (19,277) | **(28,836)** | (19,836) |
| Additions | **(512)** | (13,679) | **(550)** | (14,164) |
| Recovery / realizations | **699** | 2,708 | **724** | 2,841 |
| Write off due to losses | **291** | 2,313 | **1,016** | 2,323 |
| Balance at end of period | **(27,457)** | (27,935) | **(27,646)** | (28,836) |

**Notes to the Financial Statements**

## 4. Trade accounts receivable --Continued

At March 31, 2017 and December 31, 2016, the breakdown of trade accounts receivable by maturity is as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2017 | 12/31/2016 | 3/31/2017 | 12/31/2016 |
| Falling due | **38,056** | 35,983 | **40,706** | 35,610 |
| Overdue: | | | | |
| From 1 to 30 days | **1,812** | 2,844 | **1,831** | 2,864 |
| From 31 to 60 days | **1,653** | 1,525 | **1,672** | 1,557 |
| From 61 to 90 days | **1,100** | 1,106 | **1,132** | 1,142 |
| From 91 to 180 days | **2,542** | 2,336 | **2,596** | 2,428 |
| Over 181 days | **19,199** | 18,921 | **19,362** | 19,729 |
| | **64,362** | 62,715 | **67,299** | 63,330 |

The allowance for loan losses is based on the individual analysis of total trade accounts receivable overdue for more than 90 days, considering the clients' payment capacity, the current and prospective economic scenario, the evaluation of delinquency levels and guarantees received, as well as evaluation of renegotiations made. Specific cases not yet overdue, but with risk of loss in the Management's opinion, is also included in the allowance.

## 5. Inventories

Inventories are stated at cost or net realizable value, whichever is lower. Costs incurred to take each product to its current location and condition are recorded as follows:

(i) Raw materials – cost of acquisition according to average cost.
(ii) Finished products and products under production – cost of materials and direct labor and proportional portion of indirect general expenses based on the normal operating capacity.

The net realizable value corresponds to the sale price in the normal course of business, less estimated costs for conclusion and sale.

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2017 | 12/31/2016 | 3/31/2017 | 12/31/2016 |
| Finished products | **105** | 4 | **222** | 1,628 |
| Products under production | **2,621** | 2,106 | **2,621** | 2,106 |
| Goods for resale | **427** | 385 | **1,904** | 803 |
| Raw material | **18,379** | 15,302 | **18,379** | 15,302 |
| Advances to suppliers | **591** | 21 | **591** | 21 |
| Sundry materials | **1,498** | 1,514 | **1,498** | 1,514 |
| Provision for obsolescence | **(478)** | (374) | **(478)** | (374) |
| | **23,143** | 18,958 | **24,737** | 21,000 |

Provisions for low inventory turnover or obsolete inventories are constituted when deemed necessary by the Management. The changes in provision for obsolescence are as follows:

| | Parent Company and Consolidated | |
|---|---|---|
| | 3/31/2017 | 12/31/2016 |
| Balance at beginning of period | **(374)** | (600) |
| Additions | **(262)** | (636) |
| Recoveries / realizations | **158** | 862 |
| Balance at end of period | **(478)** | (374) |

# 6. Assets held for sale

At March 31, 2017, assets held for sale totaling R$7,227 (R$11,006 at December 31, 2016) are largely composed of land, apartments and other real estate received from debt renegotiations with clients and are available for immediate sale. The Company engaged specialized brokers to sell these properties and believes these will materialize over the coming years. Assets are held at their book value, which are lower than their fair values, less selling expenses.

# 7. Loans granted

| | Parent Company and Consolidated | |
|---|---|---|
| | **3/31/2017** | **12/31/2016** |
| Loans granted | **5,500** | 5,780 |
| (-) Present value adjustment (PVA) | **(4)** | (24) |
| | **5,496** | 5,756 |
| Current assets | **2,477** | 2,521 |
| Non-current assets | **3,019** | 3,235 |
| | **5,496** | 5,756 |

These refer to loans granted by the Company to clients to finance the expansion of the network of authorized resellers and exclusive stores. Loans bear average interest of 17.75% p.a. (17.85% in 2016). As guarantee for these operations, the Company has letters of guarantee of partners of stores and first-degree mortgage guarantees.

# 8. Other assets

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2017** | **12/31/2016** | **3/31/2017** | **12/31/2016** |
| Other current assets: | | | | |
| Advances and prepayments | **511** | 856 | **569** | 982 |
| Prepaid expenses | **1,390** | 876 | **1,516** | 876 |
| Sundry debtors (*) | **2,666** | 1,785 | **2,666** | 1,785 |
| Other accounts receivable – sale of own stores (**) | **-** | - | **1,034** | 763 |
| | **4,567** | 3,517 | **5,785** | 4,406 |
| Other non-current assets: | | | | |
| Other accounts receivable – sale of own stores (**) | **805** | 1,070 | **2,852** | 2,718 |
| Other | **200** | 317 | **200** | 317 |
| | **1,005** | 1,387 | **3,052** | 3,035 |

(*) Refer mainly to the expenses with cooperative advertising receivable from resellers for marketing campaigns.
(**) Refer to receivables from third parties for the sale of part of its own stores held by its subsidiary Unicasa Comércio Ltda., as mentioned in Note 1. Total sale amount was R$3,886 and the balance will be received in monthly installments. This transaction is covered by collateral according to the term established in agreements. Installments will be received as follows:

| Year | R$ |
|---|---|
| 2017 | **711** |
| 2018 | **1,119** |
| 2019 | **1,156** |
| 2020 | **711** |
| 2020 onwards | **189** |
| | **3,886** |

**Notes to the Financial Statements**

# 9. Investments

The investment in subsidiary is valued based on the equity income method, according to CPC 18 (R2). The main balances of the subsidiary are:

| | Unicasa Comércio de Móveis Ltda. | |
|---|---|---|
| | **3/31/2017** | **12/31/2016** |
| Current assets | **7,304** | 6,728 |
| Non-current assets | **2,575** | 2,352 |
| Liabilities | **12,646** | 13,069 |
| Shareholders' equity | **(2,767)** | (3,989) |
| Capital stock | **15,600** | 15,600 |

| | Unicasa Comércio de Móveis Ltda, | |
|---|---|---|
| | **3/31/2017** | **12/31/2016** |
| Net revenue | **6,818** | 26,946 |
| Loss for the year – subsidiary | **1,222** | (7,961) |
| % Ownership interest | **99.99%** | 99.99% |
| Equity income (loss) | **1,222** | (7,961) |
| Effect of unrealized income | **84** | (7) |
| Total equity income (loss) | **1,306** | (7,968) |

The changes in investments in subsidiary are as follows:

| | Parent Company | |
|---|---|---|
| | **3/31/2017** | **12/31/2016** |
| Balance at beginning of period | **(4,353)** | 1,615 |
| Capital payment | **-** | 2,000 |
| Equity income (loss) | **1,306** | (7,968) |
| Investment balance (unsecured liability) at end of period | **(3,047)** | (4,353) |

**Notes to the Financial Statements**

# 10. Property, plant and equipment

These are registered at acquisition or construction cost. Depreciation of assets is calculated using the straight-line method at depreciation rates and take into consideration the estimated useful lives of these assets. The depreciation methods, useful lives and residual values are reviewed at the end of the fiscal year and any adjustments are recognized as changes in accounting estimates. Property, plant and equipment are net of PIS/COFINS and ICMS credits and the contra entry is recorded as recoverable taxes. A property, plant and equipment item is written off when sold or when no future economic benefit is expected from its use or sale. Gain or loss from the write-off of an asset, calculated as the difference between net sale value and book value of the asset, is included in the statement of operations for the fiscal year in which the asset was written off.

Residual value and useful life of assets and the depreciation methods are periodically reviewed and prospectively adjusted, as applicable. Property, plant and equipment is broken down as follows:

Parent Company

| Cost of property, plant and equipment | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances at 12/31/2016 | 2,285 | 21,575 | 7,547 | 5,553 | 97,307 | 95 | 2,412 | 3,683 | 916 | 4,127 | 145,500 |
| **Acquisitions** | **-** | **-** | **-** | **-** | **59** | **-** | **73** | **83** | **400** | **5** | **620** |
| **Write-offs** | **-** | **-** | **(183)** | **-** | **(66)** | **-** | **(47)** | **(323)** | **-** | **-** | **(619)** |
| **Sale of own stores** | **-** | **-** | **515** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **515** |
| **Transfers** | **-** | **-** | **-** | **2** | **662** | **-** | **2** | **26** | **(442)** | **(250)** | **-** |
| **Balances at 3/31/2017** | **2,285** | **21,575** | **7,879** | **5,555** | **97,962** | **95** | **2,440** | **3,469** | **874** | **3,882** | **146,016** |

| Accumulated depreciation | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances at 12/31/2016 | - | (6,172) | (2,578) | (1,886) | (48,819) | (52) | (1,377) | (2,256) | - | - | (63,140) |
| **Depreciation** | **-** | **(59)** | **(184)** | **(75)** | **(978)** | **(1)** | **(32)** | **(83)** | **-** | **-** | **(1,412)** |
| **Write-off** | **-** | **-** | **19** | **-** | **32** | **-** | **46** | **323** | **-** | **-** | **420** |
| **Balances at 3/31/2017** | **-** | **(6,231)** | **(2,743)** | **(1,961)** | **(49,765)** | **(53)** | **(1,363)** | **(2,016)** | **-** | **-** | **(64,132)** |

| Property, plant and equipment, net | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances at12/31/2016 | 2,285 | 15,403 | 4,969 | 3,667 | 48,488 | 43 | 1,035 | 1,427 | 916 | 4,127 | 82,360 |
| **Balances at 3/31/2017** | **2,285** | **15,344** | **5,136** | **3,594** | **48,197** | **42** | **1,077** | **1,453** | **874** | **3,882** | **81,884** |

Consolidated

| Cost of property, plant and equipment | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances at 12/31/2016 | 2,285 | 21,575 | 7,847 | 5,583 | 97,351 | 95 | 2,908 | 3,977 | 916 | 4,127 | 146,664 |
| **Acquisitions** | **-** | **-** | **-** | **-** | **59** | **-** | **84** | **90** | **400** | **5** | **638** |
| **Write-off** | **-** | **-** | **(1,020)** | **(106)** | **(87)** | **-** | **(584)** | **(571)** | **-** | **-** | **(2,368)** |
| **Sale of own stores (*)** | **-** | **-** | **1,052** | **100** | **17** | **-** | **417** | **155** | **-** | **-** | **1,741** |
| **Transfers** | **-** | **-** | **-** | **2** | **662** | **-** | **2** | **26** | **(442)** | **(250)** | **-** |
| **Balances at 3/31/2017** | **2,285** | **21,575** | **7,879** | **5,579** | **98,002** | **95** | **2,827** | **3,677** | **874** | **3,882** | **146,675** |

| Accumulated depreciation | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances at 12/31/2016 | - | (6,172) | (2,766) | (1,900) | (48,856) | (52) | (1,536) | (2,368) | - | - | (63,650) |
| **Depreciation** | **-** | **(59)** | **(197)** | **(76)** | **(978)** | **(1)** | **(51)** | **(96)** | **-** | **-** | **(1,458)** |
| **Write-off** | **-** | **-** | **220** | **8** | **36** | **-** | **144** | **396** | **-** | **-** | **804** |
| **Balances at 3/31/2017** | **-** | **(6,231)** | **(2,743)** | **(1,968)** | **(49,798)** | **(53)** | **(1,443)** | **(2,068)** | **-** | **-** | **(64,304)** |

| Property, plant and equipment, net | Land | Buildings | Improvements | Facilities | Machinery and equipment | Vehicles | Furniture and fixtures | IT equipment | Construction in progress | Advances | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Balances at 12/31/2016 | 2,285 | 15,403 | 5,081 | 3,683 | 48,495 | 43 | 1,372 | 1,609 | 916 | 4,127 | 83,014 |
| **Balances at 3/31/2017** | **2,285** | **15,344** | **5,136** | **3,611** | **48,204** | **42** | **1,384** | **1,609** | **874** | **3,882** | **82,371** |
| | | | | | | | | | | | |
| **Average useful life – in years** | - | 77.98 | 22.47 | 21.79 | 18.76 | 16.58 | 15.63 | 7.63 | - | - | |

(*) Write-off of assets related to transaction of sale of own stores, according to Note 1.

**Notes to the Financial Statements**

# 11. Intangible assets

Intangible assets with a defined life are measured at cost, less amortization accrued over the economic useful life and evaluated for impairment whenever there is indication of loss of economic value of the asset. The amortization period and method for an intangible asset with defined life are reviewed at least at the end of each fiscal year. The amortization of these intangible assets is recognized in the statement of operations as an expense consistent with the use of the asset.

**Parent Company**

| | Software | Trademarks and patents | Commercial goodwill | Total |
|---|---|---|---|---|
| Balances at 12/31/2016 | 1.617 | 56 | 13.601 | 15.274 |
| Acquisitions | **19** | **-** | **-** | **19** |
| Write-offs and Other (*) | **-** | **-** | **(200)** | **(200)** |
| Amortization | **(104)** | **(3)** | **(1.084)** | **(1.191)** |
| Balances at 3/31/2017 | **1.532** | **53** | **12.317** | **13.902** |

**Consolidated**

| | Software | Trademarks and patents | Commercial goodwill | Total |
|---|---|---|---|---|
| Balances at 12/31/2016 | 1.634 | 56 | 13.601 | 15.291 |
| Acquisitions | **19** | **-** | **-** | **19** |
| Write-offs and Other (*) | **(8)** | **-** | **(200)** | **(208)** |
| Amortization | **(105)** | **(3)** | **(1.084)** | **(1.192)** |
| Balances at 3/31/2017 | **1.540** | **53** | **12.317** | **13.910** |
| | | | | |
| Average useful life in years | **6,50** | **12,88** | **7,57** | |

(*) Represents the write-off of commercial goodwill due to closure and sale of own stores, as mentioned in Note 1.

Research and development

Since research and development costs of the Company's new products do not meet the capitalization criteria, they were recognized in Parent Company and Consolidated profit or loss for the year, at March 31, 2017, in the amount of R$320 (R$ 1,581 at December 31, 2016).

**Notes to the Financial Statements**

# 12. Income and social contribution taxes

Income and social contribution taxes are calculated based on the tax rate in effect. Current and deferred taxes are recognized in profit or loss for the year, except for transactions recognized directly in comprehensive income, for which taxes are also recognized in comprehensive income.

The recognition of deferred taxes is based on the temporary differences between the book value and the tax value of assets and liabilities, on tax losses calculated and the negative calculation basis for social contribution on income, as their realization is deemed probable as a corresponding entry to future taxable income. Deferred tax assets and liabilities are offset if there is a legal right to offset current tax assets and liabilities, and are related to taxes levied by the same tax authority on the same entity subject to taxation.

**Reconciliation of tax expense with official tax rates**

The reconciliation of tax expense with the result of the multiplication of taxable income with the local tax rate in the years ended March 31, 2017 and 2016 is as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2017** | **3/31/2016** | **3/31/2017** | **3/31/2016** |
| Profit before taxes | **1,080** | 4,603 | **1,206** | 4,505 |
| Income tax (25%) and social contribution (9%) at nominal rate | **(367)** | (1,565) | **(411)** | (1,531) |
| Adjustments for presentation of effective rate: | | | | |
| Interest on equity | **-** | 721 | **-** | 721 |
| Equity income (loss) | **445** | (69) | **-** | - |
| Reversal of tax credits – subsidiary | **-** | - | **489** | - |
| Non-deductible expenses | **-** | - | **-** | - |
| Prior-year deferred taxes | **130** | - | **130** | - |
| Other permanent exclusions/additions | **(135)** | (83) | **(261)** | (88) |
| Total income and social contribution taxes: | **73** | (996) | **(53)** | (898) |
| Current income and social contribution tax expense | **-** | (879) | **(126)** | (879) |
| Deferred income and social contribution taxes related to: | | | | |
| Recording and reversal of temporary differences | **(922)** | (117) | **(922)** | (96) |
| Recording and reversal in tax loss | **995** | - | **995** | 77 |
| | **73** | (996) | **(53)** | (898) |
| Effective rate | **-7%** | 22% | **4%** | 20% |

**Notes to the Financial Statements**

# 12. Income and Social Contribution Taxes--Continued

## Deferred income tax and social contribution

The breakdown of deferred income and social contribution taxes is as follows:

| | Parent Company | | | | Consolidated | | | |
|---|---|---|---|---|---|---|---|---|
| | Balance sheet | | P&L | | Balance sheet | | P&L | |
| | 3/31/17 | 12/31/16 | 3/31/17 | 3/31/16 | 3/31/17 | 12/31/16 | 3/31/17 | 3/31/16 |
| **On temporary differences:** | | | | | | | | |
| **Assets** | | | | | | | | |
| Allowance for doubtful accounts | **9.335** | 9.498 | **(163)** | (94) | **9.335** | 9.498 | **(163)** | (73) |
| Provision for obsolete inventories | **163** | 127 | **36** | (6) | **163** | 127 | **36** | (6) |
| Provisions for losses with sureties | **1.351** | 1.351 | **-** | - | **1.351** | 1.351 | **-** | - |
| Provision for labor, tax, civil and termination of commercial relationship risks | **6.313** | 6.471 | **(158)** | (220) | **6.313** | 6.471 | **(158)** | (220) |
| Present value adjustment (PVA) | **278** | 228 | **50** | (78) | **278** | 228 | **50** | (78) |
| Other provisions and temporary differences | **783** | 1.182 | **(399)** | 879 | **783** | 1.182 | **(399)** | 879 |
| | **18.223** | 18.857 | **(634)** | 481 | **18.223** | 18.857 | **(634)** | 502 |
| **Liabilities** | | | | | | | | |
| Tax and corporate depreciation difference | **(7.328)** | (7.040) | **(288)** | (598) | **(7.328)** | (7.040) | **(288)** | (598) |
| | **10.895** | 11.817 | **(922)** | (117) | **10.895** | 11.817 | **(922)** | (96) |
| **On tax loss carryforwards** | **2.974** | 1.979 | **995** | - | **2.974** | 1.979 | **995** | 77 |
| Total | **13.869** | 13.796 | **73** | (117) | **13.869** | 13.796 | **73** | (19) |

Management estimates that deferred tax assets arising from temporary differences will be realized as projected contingencies, losses and obligations are realized.

At March 31, 2017, the subsidiary Unicasa Comércio de Móveis Ltda. has balance of R$18,473 related to accumulated balance of negative base for calculation of social contribution and R$189 arising from temporary differences for which the corresponding deferred taxes were not recognized.

# 13. Provisions

### a) Provision for labor, tax and civil risks

A provision is recognized, in view of a past event, if the Company has a legal or constructive obligation that may be reliably estimated, and it is probable that an economic resource be required to settle the obligation.

The Company is a defendant in certain labor, tax and civil lawsuits. The estimated loss was provisioned based on the opinion of its legal counsel, in an amount considered sufficient by the Management to cover probable losses that may arise from unfavorable court decisions. The provision is broken down as follows:

| | Parent Company and Consolidated | |
|---|---|---|
| | 3/31/2017 | 12/31/2016 |
| Provision for labor risks | **2,195** | 1,667 |
| Provision for tax risks | **2,220** | 2,247 |
| Provision for civil risks | **8,899** | 9,017 |
| | **13,314** | 12,931 |

**Notes to the Financial Statements**

# 13. Provisions**--Continued**

**a) Provision for labor, tax and civil risks--**continued

Labor – the Company is party to labor lawsuits basically related to overtime and hazard pay, among others.

Tax – the Company is party to tax lawsuits basically related to import tax and INSS.

Civil – the Company is party to civil lawsuits involving store owners and end consumers, in which the Company may be considered jointly and severally liable.

On March 31, 2017, civil and labor lawsuits classified as possible loss totaled R$11,858 and R$3,470, respectively. There are no tax lawsuits with the risk of possible loss.
The changes in provision for labor, tax and civil risks are as follows:

| | Parent Company and Consolidated | |
|---|---|---|
| | **3/31/2017** | **12/31/2016** |
| Balance at beginning of period | **12,931** | 6,643 |
| Additions | **3,457** | 15,196 |
| Recoveries / realizations | **(3,074)** | (8,908) |
| Balance at end of period | **13,314** | 12,931 |

b) Judicial deposits

The Company maintains judicial deposits linked to several tax, labor and civil lawsuits, as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2017** | **12/31/2016** | **3/31/2017** | **12/31/2016** |
| Labor judicial deposits | **895** | 896 | **895** | 896 |
| Tax judicial deposits | **536** | 538 | **536** | 538 |
| Civil judicial deposits | **2,019** | 1,778 | **2,052** | 1,811 |
| | **3,450** | 3,212 | **3,483** | 3,245 |

**c) Provision for termination of commercial relation with reseller**

According to material fact disclosed to the market on November 28, 2014, the Company decided to terminate its commercial relation with one of its largest chain store owners operating in the São Paulo region. Based on a technical study prepared by the Management, the Company recorded provision to cover obligations assumed on orders taken from consumers that were pending delivery and assembling on the date of said termination. The changes in the provision are as follows:

| | Parent Company and Consolidated | |
|---|---|---|
| | **3/31/2017** | **12/31/2016** |
| Balance at beginning of period | **6,103** | 9,474 |
| Additions | **-** | - |
| Realizations | **(850)** | (3,371) |
| Balance at end of period | **5,253** | 6,103 |

**Notes to the Financial Statements**

# 14. Shareholder' equity

## a) Capital stock

The capital stock of the Company is R$187,709 at March 31, 2017 and December 31, 2016, divided into 66,086,364 registered common shares without par value.

## b) Reserves and retained earnings

Capital reserve

Capital reserve is derived from distribution costs, attributed to the Company, of the primary share offering, in the amount of R$4,027 (R$2,658 net of tax effects).

Legal reserve

It is recorded in compliance with the Brazilian Corporation Law and the Bylaws at a ratio of 5% of net income calculated at each fiscal year up to the limit of 20% of capital stock. At March 31, 2017, the entire net income from the period was absorbed by prior-year losses, so a legal reserve was not recorded.

## c) Earnings per share

At March 31, 2017 and 2016, Company's basic and diluted earnings per share were equal, given that there are no potential dilutive shares.

| | Parent Company and Consolidated | |
|---|---|---|
| | **3/31/2017** | **3/31/2016** |
| Net Income for the period | **1,153** | 3,607 |
| Weighted average of shares issued (in thousands) | **66,086** | 66,086 |
| Earnings per share – basic and diluted (R$) | **0.01745** | 0.05458 |

# 15. Other operating revenues

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2017** | **3/31/2016** | **3/31/2017** | **3/31/2016** |
| Bank premium (*) | **428** | 592 | **428** | 592 |
| Exploration right of brands | **570** | - | **570** | - |
| Gain from sale of property, plant and equipment | **321** | 64 | **869** | 64 |
| Other operating revenues | **133** | 241 | **250** | 279 |
| **Other operating revenues** | **1,452** | 897 | **2,117** | 935 |

(*) Refers to amounts received from financial institution by volume of financing conducted made the network of stores served by the Company, with the other assets account being the contra entry.

**Notes to the Financial Statements**

# 16. Financial income (expense)

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | 3/31/2017 | 3/31/2016 | 3/31/2017 | 3/31/2016 |
| **Financial expenses** | | | | |
| IOF charge and bank fees | **(70)** | (104) | **(89)** | (138) |
| Exchange variation expenses | **(105)** | (368) | **(105)** | (368) |
| Present value adjustment (PVA) | **(317)** | (24) | **(317)** | (24) |
| Discounts granted | **(103)** | (34) | **(103)** | (38) |
| Other financial expenses | **(28)** | (3) | **(30)** | (4) |
| | **(623)** | (533) | **(644)** | (572) |
| **Financial income** | | | | |
| Interest income | **468** | 834 | **486** | 847 |
| Yield from short-term investments | **812** | 1,228 | **827** | 1,263 |
| Exchange variation income | **58** | 189 | **58** | 189 |
| Present value adjustment (PVA) | **528** | 708 | **528** | 708 |
| Other financial income | **157** | 151 | **157** | 151 |
| | **2,023** | 3,110 | **2,056** | 3,158 |
| **Net financial result** | **1,400** | 2,577 | **1,412** | 2,586 |

# 17. Transactions and balances with related parties

During the period ended March 31, 2017 and fiscal year ended December 31, 2016, the Company conducted the following transactions with related parties:

| | Parent Company | | Parent Company | | Consolidated | |
|---|---|---|---|---|---|---|
| | Current Assets | | Sales revenue | | Sales revenue | |
| | 3/31/17 | 12/31/16 | 3/31/17 | 3/31/16 | 3/31/17 | 3/31/16 |
| Accounts receivable from sales: | | | | | | |
| Unicasa Comércio de Móveis Ltda. | **1,737** | 1,904 | **2,345** | 2,620 | **-** | - |
| Telasul S.A. | **-** | - | **-** | 32 | **-** | 32 |
| | **1,737** | 1,904 | **2,345** | 2,652 | **-** | 32 |

The transactions involving the Company and its subsidiary Unicasa Comércio de Móveis Ltda. refer to sale of finished products (corporate furniture, modular furniture, among others) for the purpose of resale to end consumers. The transactions are conducted as agreed by the parties under normal market conditions and with average payment term of 60 days.

There were no guarantees granted or received in relation to any accounts receivable or payable involving related parties. All balances will be settled in domestic currency.

**Management Compensation**

The Company paid its managers (Statutory Board of Executive Officers, Board of Directors and Audit Board) compensation in the amount of R$365 in the period ended March 31, 2017 (R$494 at March 31, 2016).The Company does not offer to its key personnel compensation benefits in the following categories: (i) post-employment benefits; (ii) long-term benefit; (iii) employment termination benefit; and (iv) share-based compensation.

**Notes to the Financial Statements**

# 18. Net revenue from sales

Net revenue from sales are broken down as follows:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2017** | **3/31/2016** | **3/31/2017** | **3/31/2016** |
| Gross revenue from sales | **45,810** | 56,013 | **52,235** | 61,723 |
| IPI on sales | **(2,116)** | (2,555) | **(2,116)** | (2,555) |
| ICMS tax replacement (ST) on sales | **-** | (1) | **-** | (1) |
| Gross revenue from sales ( - ) IPI and ICMS ST on sales | **43,694** | 53,457 | **50,119** | 59,167 |
| ICMS on sales | **(5,019)** | (5,902) | **(5,920)** | (6,713) |
| Other taxes on sales (PIS/COFINS/CPRB) | **(5,030)** | (6,087) | **(6,063)** | (7,067) |
| Sales returns | **(40)** | (78) | **(58)** | (78) |
| Present value adjustment (PVA) | **(358)** | (453) | **(358)** | (453) |
| | **33,247** | 40,937 | **37,720** | 44,856 |

# 19. Expenses by nature

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2017** | **3/31/2016** | **3/31/2017** | **3/31/2016** |
| **Expenses by function** | | | | |
| Cost of goods sold and/or services | **(20,428)** | (25,220) | **(21,070)** | (24,863) |
| Selling expenses | **(9,677)** | (9,333) | **(12,745)** | (13,957) |
| Administrative expenses | **(5,759)** | (4,981) | **(5,759)** | (4,981) |
| | **(35,864)** | (39,534) | **(39,574)** | (43,801) |
| **Expenses by nature** | | | | |
| Personnel expenses | **(7,576)** | (9,600) | **(8,817)** | (11,646) |
| Input expenses | **(14,617)** | (18,564) | **(15,297)** | (18,242) |
| Depreciation and amortization expenses | **(2,603)** | (2,684) | **(2,650)** | (2,726) |
| Third-party service expenses | **(3,823)** | (3,285) | **(4,855)** | (4,615) |
| Advertising expenses | **(1,079)** | (729) | **(1,086)** | (903) |
| Expenses with commissions | **(240)** | (289) | **(240)** | (289) |
| Reversal/(Expense) with provisions | **599** | (484) | **669** | (546) |
| Expenses with civil lawsuits | **(2,359)** | (1,332) | **(2,370)** | (1,332) |
| Travel expenses | **(744)** | (882) | **(791)** | (954) |
| Electric power expenses | **(529)** | (486) | **(554)** | (541) |
| Other expenses | **(2,893)** | (1,199) | **(3,583)** | (2,007) |
| | **(35,864)** | (39,534) | **(39,574)** | (43,801) |

# 20. Purposes and policies for financial risk management

The Company maintains transactions with financial instruments, whose risks are managed by of financial position strategies and exposure limit systems, all registered in equity accounts, which aim to cover its operational requirements.

## a) Financial instruments – fair value

The Company's main financial instruments, as well as the methods and assumptions to determine fair value are described below:

- **Cash and cash equivalents** – directly result from operations and are presented at market value, which is equivalent to their book value on the balance sheet date.

- **Short-term investments –** directly result from operations and their book values informed in the balance sheet are the same as their fair value because their yield rates are based on the Interbank deposit Certificate (CDI).

- **Trade accounts receivable and payable** – directly result from operations and are measured at amortized cost and recorded at their original value less allowance for losses and present value adjustment when applicable. The book value approximates the fair value in view of the short settlement term for these operations.

- **Loans granted** – These are classified as financial assets not measured at fair value and are recorded at amortized cost method in accordance with contractual terms, net of present value adjustment. This definition was adopted because the amounts are not held for negotiation and, in the Management’s opinion, reflect the more relevant accounting information. The fair values of these loans granted differ from their book values because these are financial instruments with fixed rates that differ from current market rates.

- **Other financial liabilities** – These are classified as financial liabilities not measured at fair value and are recorded at amortized cost method in accordance with contractual terms. This definition was adopted because the amounts are not held for trading and, in the Management’s opinion, reflect the more relevant accounting information.

**Notes to the Financial Statements**

# 20. Purposes and policies for financial risk management--Continued

## a) Financial instruments – fair value--Continued

All transactions with financial instruments are recognized in the Company's interim accounting information. The outstanding balances at March 31, 2017 and December 31, 2016, as well as their fair value, are shown in the table below:

| | Book value | | | | Fair value | | | |
|---|---|---|---|---|---|---|---|---|
| | Parent Company | | Consolidated | | Parent Company | | Consolidated | |
| | 3/31/17 | 12/31/16 | 3/31/17 | 12/31/16 | 3/31/17 | 12/31/16 | 3/31/17 | 12/31/16 |
| **Assets** | | | | | | | | |
| **Loans and receivables** | | | | | | | | |
| Cash and cash equivalents | **22,036** | 26,052 | **22,097** | 27,832 | **22,036** | 26,052 | **22,097** | 27,832 |
| Short-term investments | **12,867** | 4,779 | **12,867** | 4,779 | **12,867** | 4,779 | **12,867** | 4,779 |
| Trade accounts receivable | **36,357** | 34,133 | **39,105** | 33,847 | **36,357** | 34,133 | **39,105** | 33,847 |
| Loans granted | **5,496** | 5,756 | **5,496** | 5,756 | **5,809** | 5,897 | **5,809** | 5,897 |
| **Liabilities** | | | | | | | | |
| **Other financial liabilities** | | | | | | | | |
| Trade accounts payable | **(9,990)** | (3,093) | **(10,293)** | (3,343) | **(9,990)** | (3,093) | **(10,293)** | (3,343) |
| **Net financial instruments** | **66,766** | **67,627** | **69,272** | **68,871** | **67,079** | **67,768** | **69,585** | **69,012** |

To determine the fair value of its financial instruments, the Company adopted the technique of evaluating observable prices ("Level 2").

## b) Risk management

The Company is exposed to market risk (including interest rate, exchange rates and commodity prices), credit and liquidity. The financial instruments affected by these risks include short-term investments classified as cash equivalents, accounts receivable, and loans granted to clients.

Risk management activities follow the Company's risk management policy, under the management of its executive officers. The management of these risks is based on the control policy, which establishes techniques for continuous follow-up, measurement and monitoring of exposure.

The Company does not conduct operations with derivative instruments or any other type of operation for speculative purposes.

- **Market risk**

  Market risk is the risk that the fair value of future cash flows of a financial instrument fluctuates due to variations in market prices. Market prices encompass three types of risk: interest rate, exchange, and price, which could be of a commodity, among others. Financial instruments affected by market risks include loans receivable and borrowings payable and trade accounts payable.

### I. Interest rate risk

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

The Company's main exposure is loans receivable. The Company has neither conducted loan operations or their payments, nor registered previous balances in the reporting periods. The Company uses shareholder's equity to finance its operating and investing activities and dividend payment. Thus, this risk is mitigated in the Company's transactions.

# 20. Purposes and policies for financial risk management--Continued

## b) Risk management--Continued

- **Market risk**--Continued

### II. Exchange risks

The Company's results are susceptible to variations arising from the effects of exchange rate volatility on foreign currency transactions, basically in export operations. The Company adjusts its structure of costs and selling prices in order to assimilate exchange oscillations. At December 31, 2016, the Company records accounts receivable from exports equivalent to USD 407 and does not record balances payable in foreign currency.

Sensitivity to exchange rates

In order to verify the sensitivity of indexes of assets and liabilities in foreign currency, two different scenarios were defined to analyze the sensitivity on exchange rate oscillations. This analysis considers depreciation of exchange rate by 25% and 50% over the exchange rate of R$3.17, on March 31, 2017. This analysis identifies possible impacts on total accounts receivable – export market at that date, which totaled R$1,289. These scenarios envisage a reduction in accounts receivable to R$967 and R$645, respectively, with negative effects on profit before taxation of R$322 and R$644. These assumptions were defined based on the Management's expectations for variations in the exchange rate on the maturity dates of respective agreements subject to these risks.

### III. Commodity price risk

This risk is related to the possibility of oscillation in prices of raw materials and other inputs used in the production process. Since the Company uses commodities as raw material (MDF and MDP boards), its cost of goods sold may be affected by changes in the prices of these materials. To minimize this risk, the Company permanently monitors price oscillations and, as applicable, builds strategic inventories to maintain its business activities. The Company has been successful in adopting this policy.

- **Credit risk**

This risk arises from the possibility of the Company incurring losses due to delinquency of other parties or financial institutions depositing resources or of financial investments. To mitigate these risks, the Company adopts the practice of analyzing financial and equity conditions of its counterparties, as well as defining credit limits and monitoring permanently their outstanding positions. With regard to financial institutions, the Company only carries out operations with low-risk institutions, as evaluated by its Management. For trade accounts receivable, the Company has not recorded allowance for loan losses yet, as mentioned in Note 4.

**Notes to the Financial Statements**

# 20. Purposes and policies for financial risk management--Continued

## b) Risk management--Continued

- **Credit risk**--Continued

Accounts receivable

Risk of credit to client is managed by the financial department and is subject to specific procedures, controls and policies established by the Company. Credit limits are established for all clients based on internal rating criteria. The evaluation of quality of the client's credit is based on an extensive internal credit rating system. Outstanding receivables from clients are frequently monitored. At March 31, 2017, the Company had 27 clients (28 clients at December 31, 2016), representing 50.65% (50.60% at December 31, 2016) of all receivables due. The Company has security interest and monitors its exposure. These clients operate with several stores in Brazil. No client individually represents more than 10% of the sales.

The need for a provision for impairment is analyzed every reporting period for the main clients. In addition, a huge number of accounts receivable with smaller balances is grouped into homogeneous groups and, in these cases, the need for recording a provision for losses is evaluated collectively. Allowance for loan losses is constituted at an amount considered sufficient by Management to cover losses in recovering credits and is based on criteria such as balances of clients with delinquency risk.

Financial instruments and bank deposits

Credit risk on balances with banks and financial institutions is managed by the Company's financial department and monitored by executive officers. Surplus funds are invested only in prime financial institutions authorized by the Board of Executive Officers. The amounts invested are monitored in order to minimize risk concentration and thus mitigate financial loss in case of potential bankruptcy of the other party.

- Liquidity risk

Liquidity risk consists of the possibility of the Company not having sufficient funds to fulfill its commitments due to the diversity of currencies and liquidity terms of its rights and obligations.

The Company's liquidity and cash flow control is daily monitored by the financial department to ensure that the operating cash generation and previous funding, whenever necessary, will be sufficient to maintain its commitments on schedule, not generating liquidity risks to the Company. The consolidated financial liability at March 31, 2017 consisted of trade payables, amounting to R$10,260, falling due in up to three months, and R$33, falling due from three months to one year. Accordingly, the Company does not have future interest.

**Notes to the Financial Statements**

# 20. Purposes and policies for financial risk management--Continued

## c) Capital stock management

The Company manages its capital structure and adjusts it considering the changes in economic conditions. The capital structure or financial risk arises from choosing between shareholders' equity (capital injections and retained earnings) and loan capital to finance its operations. To mitigate liquidity risks and optimize the weighted average cost of capital, the Company permanently monitors the levels of debt in accordance with market standards. There were no changes in purposes, policies or processes during the period ended March 31, 2017 and the fiscal year ended December 31, 2016.

The main purpose of the Company's capital management is to ensure that it maintains a strong credit rating and a capital ratio free of problems in order to support business and maximize value to shareholders.

The Company includes in net debt loans and financing and trade accounts payable, less cash and cash equivalents and short-term investments, as shown below:

| | Parent Company | | Consolidated | |
|---|---|---|---|---|
| | **3/31/2017** | **12/31/2016** | **3/31/2017** | **12/31/2016** |
| Trade accounts payable | **9,990** | 3,093 | **10,293** | 3,343 |
| (-) Cash and cash equivalents | **(22,036)** | (26,052) | **(22,097)** | (27,832) |
| (-) Short-term financial investments | **(12,867)** | (4,779) | **(12,867)** | (4,779) |
| Net debt | **(24,913)** | (27,738) | **(24,671)** | (29,268) |
| Shareholder' equity | **175,382** | 174,229 | **175,382** | 174,229 |
| Shareholders' equity and net debt | **150,469** | 146,491 | **150,711** | 144,961 |

# 21. Insurance

The Company has the policy of contracting insurance at amounts considered sufficient by the Management to cover possible losses on its assets and/or liabilities. The main insurance categories are shown below:

| | Coverage period | | |
|---|---|---|---|
| **Coverage** | **From** | **To** | **Amount insured** |
| **Fire, gale and electric damages** | | | |
| Machinery, equipment and buildings | 2017 | 2018 | 149,000 |
| Inventories | 2017 | 2018 | 21,000 |
| **Loss of profits** | 2017 | 2018 | 20,400 |
| **General civil liability** | 2017 | 2018 | 8,500 |
| **Civil liability for management** | 2017 | 2018 | 11,500 |

**Notes to the Financial Statements**

# 22. Information by segment

The Company's operations involve the manufacturing and sale of customized furniture. Despite targeting several client segments, the Company's products are not controlled and managed by the Management as independent segments, and the Company's results are managed, monitored and evaluated in an integrated manner as one sole operating segment.

Gross revenue is shown below, broken down by brand and sales channel:

| | Consolidated | |
|---|---|---|
| | **3/31/2017** | **3/31/2016** |
| Domestic market | | |
| Dell Anno and Favorita - exclusive and own stores | **28,905** | 33,108 |
| New and Casa Brasileira – exclusive stores | **13,423** | 16,803 |
| New and Casa Brasileira – multibrand | **5,793** | 7,521 |
| Unicasa Corporate | **2,833** | 2,511 |
| Other revenues | **660** | 504 |
| | **51,614** | 60,447 |
| Export market | **621** | 1,276 |
| Total gross revenue from sales | **52,235** | 61,723 |

Revenue from export market is not shown separately by geographical area given that it represents, at March 31, 2017, 1% of gross revenue (2% at March 31, 2016).

# 23. Commitments with operating lease – lease of stores

At March 31, 2017, the Company had lease agreements with third parties, which the Management analyzed and concluded that they fit the classification of operating lease. Payments of operating lease are recognized as expense in the statement of income on a straight-line basis during the term of the lease agreement.

The consolidated minimum future payments of operating leases that cannot be canceled, up to one year, totaled R$714, and over one to five years, R$720.

Average monthly rental expense paid totaled R$56 at March 31, 2017 and R$173 at December 31, 2016. These lease agreements are valid for four to five years, subject to financial charges linked to the variation of IGPM per year, as specified in each agreement.

Rentals are settled within the current month, with no balance payable at the end of the period and the fiscal year.

A significant portion of some rentals is linked to revenue from stores, with a minimum estimated amount. In addition, the contractual grace period is not significant for meeting the straight-line estimate of expenses.

**Reports and Declarations / Independent Auditor's Report – Unqualified Opinion**

## Report on the quarterly financial information (ITR) review

To the Shareholders, Directors and Managers of
UNICASA Indústria de Móveis S.A.
Porto Alegre, RS

## Introduction

We have reviewed the separate and consolidated interim financial information of UNICASA Indústria de Móveis S.A. ("Company"), identified as Parent Company and Consolidated, respectively, included in the Quarterly Financial Information Form (ITR) referring to the quarter ended March 31, 2017, comprising the separate and consolidated balance sheet as of March 31, 2017 and the respective separate and consolidated statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including a summary of critical accounting policies and other notes.

The Management is responsible for the preparation and fair presentation of these separate and consolidated interim financial information in accordance with Technical Pronouncement CPC 21 (R1) – Interim financial statements, and with International standard IAS 34 – Interim Financial Reporting, as issued by the International Accounting Standards Board (IASB), and presented in a manner consistent with the rules of the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information. 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 the Brazilian and International Standards on interim financial information (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 separate and consolidated 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 Financial Information Form (ITR) described above are not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Quarterly Financial Information – ITR and presented in a manner consistent with the rules issued by the Brazilian Securities and Exchange Commission (CVM)

**Reports and Declarations / Independent Auditor's Report – Unqualified Opinion**

## Other matters

### Interim separate and consolidated statements of value added

We also reviewed the interim separate and consolidated statements of value added (DVA), for the three-month period ended on March 31, 2017, prepared under management's responsibility, for which the disclosure in the interim information is required in accordance with the rules issued by the Brazilian Securities and Exchange Commission applicable to the preparation of Quarterly Financial Information and considered additional information for IFRS which does not require this disclosure. These interim statements were submitted to the same review procedures previously described and, based on our review, nothing has come to our attention that would lead us to believe that they have not been fairly stated, in all its material respects, in accordance with the individual and consolidated Quarterly Financial Information taken as whole.

### Review of amounts corresponding to current and previous years

The amounts corresponding to the individual and consolidated interim financial information of UNICASA Indústria de Móveis S.A. for the three-month period ended on March 31, 2016, presented for comparison purposes, were reviewed by other independent auditors, who issued a report on May 5, 2016, without any change.

The amounts corresponding to the individual and consolidated interim financial statements of UNICASA Indústria de Móveis S.A. for the fiscal year ended on December 31, 2016, presented for comparison purposes, were reviewed by other independent auditors, who issued a report on March 9, 2017, without any change.

Porto Alegre, May 11, 2017.
BDO RCS Auditores Independentes SS
CRC RS 005519-F

Paulo Sérgio Tufani
Accountant CRC 1 SP 124504/O-9–S-RS

## Reports and Declarations / Management Declaration on Financial Statements

In compliance with item VI, Article 25 of CVM Instruction 480 of December 7, 2009, the Management declares that it reviewed, discussed and agreed with the Quarterly Information (Parent Company and Consolidated) of the Company for the first quarter of 2017.

Bento Gonçalves, May 11, 2017.

Frank Zietolie
Chief Executive Officer

Kelly Zietolie
Executive Vice President

Gustavo Dall Onder
Chief Financial and Investor Relations Officer

## Reports and Declarations / Management Declaration on Independent Auditors Report

In compliance with item VI, Article 25 of CVM Instruction 480 of December 7, 2009, the Management declares that it reviewed, discussed and agreed with the content and opinion contained in the report of Independent Auditors on the Quarterly Information (Parent Company and Consolidated) of the Company for the first quarter of 2017, issued on this date.

Bento Gonçalves, May 11, 2017.

Frank Zietolie
Chief Executive Officer

Kelly Zietolie
Executive Vice President

Gustavo Dall Onder
Chief Financial and Investor Relations Officer