26,434,546 COMMON SHARES

UNICASA
Móveis

Unicasa Indústria de Móveis S.A.

(incorporated in the Federative Republic of Brazil)

Offer Price: R$14.00 per Common Share

We, Unicasa Indústria de Móveis S.A. are offering 9,136,364 and the selling shareholders named herein are offering 17,298,182 of our common shares to the public in Brazil, certain qualified institutional buyers (QIBs) (as defined in Rule 144A promulgated under the United States Securities Act of 1933, as amended, or the Securities Act), in the United States, and institutional and other investors elsewhere outside the United States and Brazil that are not U.S. persons (as defined in Regulation S promulgated under the Securities Act, or Regulation S).

We have registered this offering with the Brazilian Securities Commission (*Comissão de Valores Mobiliários* or CVM). No public market currently exists for the common shares. We have applied to list the common shares on the *Novo Mercado* segment of the São Paulo Stock Exchange (*BM&FBOVESPA S.A. – Bolsa de Valores, Mercadorias e Futuros*, or the BM&FBOVESPA), under the symbol "UCAS3." The ISIN number for the common shares is BRUCASACNOR1.

Investing in our common shares involves risks. See "Risk Factors" beginning on page 17.

The selling shareholders have granted to Banco Itaú BBA S.A. an option, exercisable upon notification to Banco BTG Pactual S.A. – Cayman Branch and Banco Santander (Brasil) S.A., to place up to an additional 3,965,181 common shares at the initial offering price, representing up to 15.0% of the common shares initially offered hereby, to cover over-allotments, if any, for a period of up to 30 days from the day our common shares begin trading on the BM&FBOVESPA S.A., or the over-allotment option.

The common shares have not been and will not be registered under the Securities Act or under any U.S. state securities laws. Accordingly, the common shares are being offered in the United States only to QIBs and outside the United States and Brazil to institutional and other investors that are not U.S. persons in reliance upon Regulation S, pursuant to exemptions from registration provided under the Securities Act. See "Transfer Restrictions" for a description of restrictions on transfers of the common shares. Neither the United States Securities and Exchange Commission, or the SEC, the CVM nor any other securities authority has approved or disapproved the offering of the common shares or determined that this offering memorandum (or the Portuguese language prospectus and reference form used in connection with the offering of the common shares in Brazil) is accurate or complete. Any representation to the contrary is a criminal offense.

You may purchase the common shares if you comply with the registration requirements of CVM Instruction No. 325, dated January 27, 2000, as amended, and Resolution No. 2,689, dated January 26, 2000, as amended, of the National Monetary Council (*Conselho Monetário Nacional*, or CMN). For a description on how to comply with these registration requirements, see "Market Information."

Payment for the common shares must be made in *reais* through the Central Depository BM&FBOVESPA *(Central Depositária BM&FBOVESPA*), formerly the Brazilian Settlement and Custodial Company (*Companhia Brasileira de Liquidação e Custódia*). It is expected that the common shares will be delivered through the Central Depository BM&FBOVESPA on or about May 2, 2012.

Joint International Agents and Joint Bookrunners

Global Coordinator	Global Coordinator	
BTG Pactual	**Itaú BBA**	**Santander**

Co-Manager

XP Investimentos

The date of this offering memorandum is April 25, 2012.

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You should only rely on the information contained in this offering memorandum. Neither we, the selling shareholders, the Brazilian underwriters (as defined herein), the agents (as defined herein) appointed by the Brazilian underwriters to facilitate the placement of common shares outside Brazil nor the co-manager (as defined herein) have authorized anyone to provide you with information that is different from or additional to the information contained in this offering memorandum. If anyone provides you with different or additional information, you should not rely on it. The common shares are being offered, this offering memorandum is being used and offers to buy are being sought, only in jurisdictions where offers and sales are permitted. You should assume that the information in this offering memorandum is accurate only as of the date on the front cover of this offering memorandum, regardless of the time of delivery of this offering memorandum or any sale of the common shares. Our business, financial condition, results of operations and prospects may change after the date on the front cover of this offering memorandum. Neither we, the selling shareholders, the Brazilian underwriters, the agents nor the co-manager are making an offer to sell the common shares in any jurisdiction where the offer or sale is not permitted.

This offering memorandum is highly confidential, and we have prepared it for use solely in connection with the proposed offering of the common shares outside Brazil. This offering memorandum is personal to the offeree to whom it has been delivered by the Brazilian underwriters or the agents and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise to acquire the common shares. Distribution of this offering memorandum to any person other than the offeree is unauthorized, and any disclosure of any of its contents without our prior written consent is prohibited. Each offeree, by accepting delivery of this offering memorandum, agrees to the foregoing and agrees to make no photocopies of this offering memorandum, in whole or in part.

This offering memorandum does not constitute an offer to sell or a solicitation of an offer to buy the common shares by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this offering memorandum and the offer or sale of the common shares in certain jurisdictions is restricted by law. This offering memorandum may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorized or is unlawful.

We and the selling shareholders are relying on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. Accordingly, the common shares offered through this offering memorandum are subject to restrictions on transferability and resale and may not be transferred or resold in the United States, except as permitted under the Securities Act and applicable U.S. state securities laws pursuant to registration or an applicable exemption. By purchasing the common shares, you will be deemed to have made the acknowledgements, representations and warranties and agreements described in “Transfer Restrictions.” You should be aware that you may be required to bear the financial risks of this investment for an indefinite period of time. In making an investment decision, you must rely on your own examination of our business and the terms of this offering, including the merits and risks involved.

You must comply with all applicable laws and regulations in force in any jurisdiction in which you purchase, offer or sell the common shares or possess or distribute this offering memorandum and must obtain any consent, approval or permission required for your purchase, offer or sale of the common shares under the laws and regulations in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales, and neither we, the selling shareholders, the Brazilian underwriters, the agents nor the co-manager will have any responsibility therefor.

We, the selling shareholders, the Brazilian underwriters, the agents and the co-manager reserve the right to reject any offer to purchase, in whole or in part, and for any reason, the common shares offered hereby. We, the selling shareholders, the Brazilian underwriters, the agents and the co-manager also reserve the right to sell or place less than all of the common shares offered hereby.

This offering memorandum has been prepared on the basis that any offer of the common shares in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State") will be made pursuant to an exemption under the Prospectus Directive from the requirement to publish a prospectus for offers of the common shares. Accordingly, any person making or intending to make an offer in that Relevant Member State of the common shares which are the subject of the offer contemplated in this offering memorandum may only do so in circumstances in which no obligation arises for us, the selling shareholders or any of the Brazilian underwriters, agents or co-manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither we, the selling shareholders nor the Brazilian underwriters, agents or co-manager have authorized, nor do they authorize, the making of any offer of the common shares in circumstances in which an obligation arises for us, the selling shareholders nor the Brazilian underwriters, agents or co-manager to publish or supplement a prospectus for such offer. The expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

This offering memorandum does not constitute an offer of common shares to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the common shares. Consequently this document is being distributed only to, and is directed at (a) persons who are outside the United Kingdom (b) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (c) high net worth entities falling within article 49(2) of the Order, and other persons to whom it may be lawfully be communicated (all such persons together being referred to as "relevant persons"). In addition, this communication is, in any event only directed at persons who are "qualified investors" pursuant to the Prospectus Directive (2003/71/EC). Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons into whose possession this offering memorandum may come are required by us, the selling shareholders, the Brazilian underwriters, agents and the co-manager to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the common shares and the distribution of this offering memorandum and other offering material relating to the common shares is set out under "Transfer Restrictions."

No representation or warranty, express or implied, is made by the Brazilian underwriters, the agents or the co-manager as to the accuracy or completeness of any of the information set out in this offering memorandum, and nothing contained herein is or shall be relied upon as a promise or representation by the Brazilian underwriters, the agents or the co-manager, whether as to the past or to the future.

This offering is being made in Brazil by a prospectus and reference form in Portuguese dated the same date as this offering memorandum. The Brazilian prospectus and reference form, which have been filed with the CVM, are in a format different from that of this offering memorandum and contain certain information generally not included in documents such as this one. This offering is made in the United States and elsewhere outside Brazil solely on the basis of the information contained in this offering memorandum. You should take this into account when making a decision to invest in our common shares.

In connection with this placement, Banco Itaú BBA S.A., or Itaú BBA, acting through Itaú Corretora de Valores S.A., may for a period of up to 30 days from, and including, the date of commencement of trading of the common shares on the BM&FBOVESPA, over-allot or effect transactions on the BM&FBOVESPA with a view to supporting the market price of the common shares at a level higher than that which might otherwise prevail. However, neither Itaú BBA nor Itaú Corretora de Valores S.A. is obligated to take any action to stabilize such market price. Such stabilizing, if commenced, may be discontinued at any time and must be brought to an end after a limited period. The stabilizing shall be in compliance with all applicable laws, regulations and rules. See "Plan of Distribution."

Unless otherwise indicated, all information in this offering memorandum assumes no exercise of the over-allotment option.

We and the selling shareholders are not, and the Brazilian underwriters, the agents and the co-manager are not, making any representation to any purchaser of the securities regarding the legality of an investment in the securities by the purchaser under any legal investment or similar laws or regulations. You should not consider any information in this offering memorandum to be legal, business or tax advice. You should consult your own attorney, business advisor and tax advisor for legal, business and tax advice regarding an investment in the securities.

NOTICE TO INVESTORS

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to the tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the offering.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA 421-B") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A in connection with resales of the common shares, we are required to furnish upon request of a holder of a common share or of a prospective purchaser designated by such holder of a common share the information required to be delivered under Rule 144A(d)(4) if, at the time of the request, we are neither a reporting company under Section 13 or Section 15(d) of the Securities Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder.

CONTENTS

In this offering memorandum:

- "Unicasa," "we," "us" and "our company" refer to Unicasa Indústria de Móveis S.A., a corporation (*sociedade por ações*) incorporated under the laws of Brazil, except where the context requires otherwise.
- According to IBGE's (as defined below) classification system, Brazilian income brackets, and references thereto, are as follows:
  - "Class A" or the "Upper Income Bracket," for which total household income is over R$6,745 per month;
  - "Class B" or the "Middle-to-Upper Income Bracket," for which total household income is between R$5,174 and R$6,745 per month;
  - "Class C" or the "Middle Income Bracket," for which total household income is between R$1,200 and R$5,174 per month;
  - "Class D" or the "Lower-to-Middle Income Bracket," for which total household income is between R$725 and R$1,200 per month; and
  - "Class E" or the "Lower Income Bracket," for which total household income is less than R$725 per month.
- "agents" refers to BTG Pactual US Capital LLC, Itau BBA USA Securities, Inc. and Santander Investment Securities Inc., who will act as agents on behalf of the Brazilian underwriters in connection with the placement of the common shares sold to investors outside Brazil.
- "Brazilian Corporations Law" refers to Law No. 6,404 from December 15, 1976, as amended.
- "Brazil" refers to the Federative Republic of Brazil.
- "Brazilian government" refers to the federal government of Brazil.
- "Brazilian underwriters" refers collectively to Banco BTG Pactual S.A. – Cayman Branch, Itaú BBA and Banco Santander (Brasil) S.A.
- "Central Bank" refers to the Central Bank of Brazil.
- "common shares" refers to the common shares of Unicasa, except where the context requires otherwise.
- "co-manager" refers to XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.
- "controlling shareholders" refers to Alexandre Grendene Bartelle, Juvenil Antônio Zietolie and Frank Zietolie, Kelly Zietolie, Emilia Angela Saretta Zietolie and Nely Rosa Celso Schenato.
- "customized furniture and fixtures" refers to home or office furnishings built into interior spaces, such as kitchen cabinets, closets, desks, entertainment centers, laundry rooms, bathroom fixtures and similar items.
- "Dealers" refers to Exclusive Dealers and Multibrand Sales Points, all of which are independently owned and operated.
- "end customers" refers to the individuals and companies that purchase our products for use in their homes or businesses.

- "Exclusive Dealers" refers to exclusive dealership stores authorized to sell furniture and fixtures exclusively from one of our brands (Dell Anno, Favorita or New) and required to comply with our policies relating to location and signage.

- "FGV" refers to *Fundação Getúlio Vargas*.

- "IBGE" refers to the Brazilian Institute of Geography and Statistics.

- "INPI" refers to the Brazilian National Institute of Intellectual Property (*Instituto Nacional de Propriedade Industrial*).

- "Module" refers to a unit of furniture consisting of an average eight compatible parts that we sell, including, for example, shelves, tops, sides, etc.

- "Multibrand Sales Points" refers to multibrand stores, such as department stores and large retail chains, that sell products from our New and Telasul brands, in addition to products of other companies and which are not subject to our policies relating to location or signage.

- "*real*," "*reais*" or "R$" refers to the Brazilian real, the official currency of Brazil.

- "Repositioning" refers to the strategic realignment process we conducted with respect to our brands described in "Summary."

- "U.S.$," "USD" or "$" refers to the United States Dollar, the official currency of the United States of America.

Unless otherwise stated, all financial figures included in this offering memorandum are expressed in *reais*.

FORWARD-LOOKING STATEMENTS

This offering memorandum contains statements that constitute forward-looking statements. These statements appear in a number of places in this offering memorandum, principally in "Summary," "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Industry Overview" and "Business," included elsewhere in this offering memorandum. Our estimates and forward-looking statements are primarily based on current expectations and projections about future events and financial trends that affect, or may affect, our business, financial condition, results of operations and prospects. In addition to the items discussed in other sections of this offering memorandum, there are many significant risks, uncertainties and assumptions that might cause our business, financial condition, results of operations, liquidity and prospects to differ materially from those set out in our estimates and forward-looking statements, including matters such as:

- our ability to successfully implement our growth strategy and business plan;
- the ability of Dealers to continue to operate their stores at the locations they currently operate;
- the ability of Dealers to identify appropriate locations and negotiate acceptable lease agreements for new stores and extend current lease agreements at acceptable terms and conditions;
- increases in the cost of commodities and raw materials for our products or other operational costs in our industry;
- our ability to win competing projects for corporate projects focused on the hotel and real estate development industries;
- our ability to make any necessary future investments;
- our ability to maintain operational expenses at reasonable levels;
- our ability to respond to new technology requirements in the areas we operate;
- our ability to obtain financing in sufficient amounts and on acceptable terms;
- our ability to comply with environmental laws and regulations;
- failure to obtain, or loss of, environmental permits and other required licenses;
- changes in governmental regulations that affect us and interpretations of those rules, particularly regarding environmental issues;
- general, commercial and political conditions in Brazil and the world;
- the effects of interruptions of our business, disasters or pandemics in our industry;
- military operations, acts of terrorism, wars and embargoes;
- regulation of employee safety and disputes involving our employees;
- cost and availability of appropriate insurance coverage;
- inflation, deflation, currency fluctuations, reductions in income levels or wages and fluctuations in interest rates and the impact of these factors in the industry in which we operate;
- reduced foreign investment in Brazil; and

- other risk factors as set out in "Summary," "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Risk Management."

The words "believe," "could," "may," "estimate," "continue," "potential," "anticipate," "intend," "expect," "will," "should" and "plan," among others, are intended to identify forward-looking statements. Forward-looking statements speak only as of the date they were made and none of us, the selling shareholders, the Brazilian underwriters, the agents or the co-manager undertake to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

In light of these risks and uncertainties, the forward-looking information, events and circumstances discussed in this offering memorandum might not occur. Forward-looking statements are not guarantees of future performance and involve risks and uncertainties. As a result, prospective investors should not make an investment decision based on the forward-looking statements contained in this offering memorandum.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Statements

The financial information included in this offering memorandum with respect to us is based on, and should be read in conjunction with, our financial statements as of and for the years ended December 31, 2011, 2010 and 2009 and the notes thereto, which we refer to as our financial statements, which are included elsewhere in this offering memorandum. Our financial statements were prepared in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and accounting practices adopted in Brazil, or Brazilian GAAP, which consist of the policies set out in the Brazilian Corporations Law No. 6,404 from December 15, 1976, as amended, or the Brazilian Corporations Law, and the pronouncements, guidance, and interpretations issued by the Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*, or CPC), and approved by the Federal Accounting Council (*Conselho Federal de Contabilidade,* or CFC), and by the CVM.

Market Information

This offering memorandum contains information, including statistical and other information relating to the industry in which we operate, obtained from reports prepared by independent consultants, governmental agencies and general publications of FGV, IBGE, IEMI, IPC Marketing and *Parente Varejo e Pesquisa*.

We consider these entities and agencies to be reliable sources. Although there is no reason to believe that the information from these sources is not correct in all material aspects, none of us, the selling shareholders, the Brazilian underwriters, the co-manager or the agents have independently verified it. Governmental publications and market sources, including those referred to above, generally state that their information was obtained from recognized and reliable sources, but the accuracy and completeness of that information is not guaranteed. We, the selling shareholders, the Brazilian underwriters, the co-manager and the agents cannot guarantee the accuracy of such information. In addition, data compiled internally and our estimates were not subject to verification by an independent source.

Rounding

Some percentages and other amounts included in this offering memorandum were rounded for ease of presentation. Accordingly, the total results shown in some tables included elsewhere in this offering memorandum may not correspond to the exact arithmetic sum of the figures that precede them.

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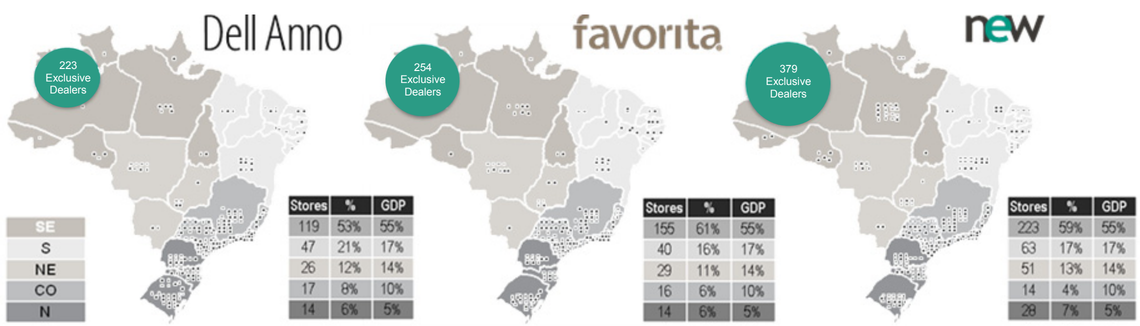
SUMMARY

This summary highlights information contained elsewhere in this offering memorandum. It does not contain all of the information that an investor should consider before making a decision to invest in our common shares. For further information on our activities and this offering, this Summary must be read together with the detailed information included in the other sections of this offering memorandum, in particular the information included in "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business" and our audited financial statements and notes thereto included elsewhere in this offering memorandum.

Overview

We are one of the largest companies in the customized furniture and fixtures market in Brazil, in terms of gross revenue, according to the July 2011 "*Melhores & Maiores*" ("Best and Largest") edition of *Exame* magazine. We sell customized furniture and fixtures in every Brazilian state, through our four well-known and complementary brands: Dell Anno, Favorita, New, and Telasul, serving Classes A (Upper Income Bracket), B (Middle-to-Upper Income Bracket), C (Middle Income Bracket) and D (Lower-to-Middle Income Bracket), respectively. We have a wide distribution network, which as of December 31, 2011, consisted of 886 Exclusive Dealers with 209,435 m² of retail floor-space, 3,199 parking spaces at our stores and 8,254 employees, across 315 cities. We are also present in 1,776 Multibrand Sales Points in Brazil and 17 points of sale outside of Brazil, which include Exclusive Dealers and Multibrand Sales Points. In 2011, we sold 1.70 million furniture and fixture Modules, which contributed to net revenue from sales of R$294.7 million, EBITDA of R$80.4 million and net income of R$57.8 million. For the three-year period ended December 31, 2011, our net revenue from sales, EBITDA and net income had compound annual growth rates (CAGR) of 14.5%, 28.4%, and 24.8%, respectively. The graphic below shows the approximate regional distribution of our Exclusive Dealers as of December 31, 2011 (other than for our Telasul brand):



We believe that the combination of our portfolio of well-known brands, our penetration into the upper, middle and upper lower income brackets, our wide distribution network and our manufacturing facility with high production efficiency and cutting-edge technologies have allowed us to achieve profitable growth and to reach a return on invested capital (ROIC) of 31.2% in 2011. We believe that this has also allowed us to strategically position ourselves in the Brazilian furniture and fixtures market, which in 2011 had an estimated consumption potential of R$41.7 billion, according to IPC Marketing.

With more than 27 years in the market, we have an extensive line of customized solutions in designing furniture and fixtures for residential and commercial real estate, including kitchens, bedrooms, closets, entertainment centers, laundry rooms and bathrooms, among others, in addition to offering complete solutions for office and children's spaces. In addition, we created a business division called Unicasa Corporate in 2010 in order to meet the demands of real estate developers, hotels and construction companies, which we believe will benefit from the recent and expected growth of the Brazilian real estate market and from new investments planned for the 2014 World Cup and the 2016 Olympic Games.

We invest heavily in marketing campaigns for our brands, using fashion models, celebrities, designers and renowned architects, to obtain high visibility in the interior design, architecture and fashion industries and with our target customers. Each of our brands complements the others by reaching different groups of customers, and they are known for their quality among customers and throughout the interior design market. Our brands are:

- ***Dell Anno***: Our premium line, intended for the upper and upper-middle income brackets, Dell Anno offers products with greater added value, contemporary design and minimalist concepts, differentiated through its identification with the fashion world.

- ***Favorita***: Established as an intermediary brand in terms of price and target customers, Favorita is intended for the upper-middle and middle income brackets. Our marketing strategy is to associate this brand with complete and versatile solutions, so that it is recognized for excellence in terms of price and quality.

As of December 31, 2011, we had 477 Exclusive Dealers of Dell Anno and Favorita brands with 142,948 m² of retail floor-space and 5,558 employees, spread across 231 cities in all Brazilian states. The Exclusive Dealers of the Dell Anno brand have an average of 383 m^2 of retail floor-space per store, while the Exclusive Dealers of Favorita have an average of 226 m² of retail floor-space per store.

- ***New***: Intended mainly for the middle and lower-middle income brackets. New is targeted at the intelligent, practical use of space, style and competitive pricing. Started in January 2009 in order to benefit from Brazil's growing consumption, New has proven to be a successful concept and was sold in 379 Exclusive Dealers and 222 Multibrand Sales Points as of December 31, 2011. The Exclusive Dealers of the New brand had 66,487 m² of retail floor-space, 2,696 employees and a presence in 234 cities and each Brazilian state as of December 31, 2011. The Exclusive Dealers have an average of 175 m^2 of retail floor-space per store.

- ***Telasul***: Our "entry brand," targeted mainly at the lower-middle and lower income brackets, Telasul is sold to both the "ready made" furniture market through Multibrand Sales Points, and the customized furniture market, through both Exclusive Dealers and Multibrand Sales Points, thus reaching a wide customer base. As of December 31, 2011, Telasul was sold in 30 Exclusive Dealers and 1,530 Multibrand Sales Points.

Our products are developed by a team of in-house architects, designers and engineers, organized into specific creation and development groups for each brand. These professionals are responsible for interpreting national and international market trends in design, fashion and architecture and incorporating them into our annual portfolios.

Our factories feature state-of-the-art technology and a versatile production model, which allows us to manufacture products only after they have been ordered and to deliver them quickly (within an average of 10 days per order), making it possible to maintain low inventory levels of finished products.

Through an integrated sales system, all the Exclusive Dealers and the Multibrand Sales Points that sell customized furniture under New and Telasul brands receive updates of all news regarding our product portfolio. Additionally, each Exclusive Dealer is designed according to a specific and standardized aesthetic, defined and managed by our in-house architects. This standardization consists of façade studies, architectural plans, use of visual media and environment disposition, so as to enhance the customer's sales experience. Our strategy is to locate stores at highly trafficked and visible locations. In addition to the physical layout of each new store, we carry out feasibility studies based on economic and demographic factors, as well as the profile of the Dealer who will represent us.

Customer service, including post-sale, is an essential part of our business model. Therefore, in order to prepare our employees and Dealers, we provide Exclusive Dealers with access to the Unicasa Corporate University (*Universidade Corporativa Unicasa*), through which we provide training support, ranging from product orientation and development to the assembly of Modules, post-sale services, personnel management and business administration. We have trained more than 6,300 Dealers and employees in the Unicasa Corporate University since 2007. Additionally, we implemented the Trainee Unicasa Program in 2007, which has established itself as a successful model of corporate teaching, often covered by leading national publications, such as *Exame* and *Você S.A.* magazines, and the *Folha de São Paulo, Zero Hora, Jornal do Comércio* and *Correio do Povo* newspapers.

Improvement Measures

Our management has undertaken measures to improve our influence over certain operational aspects of our Exclusive Dealers and Multibrand Sales Points and to increase our profitability. These measures can be separated into three distinct phases: (i) repositioning our brands; (ii) enhancing control over points of sale; and (iii) improving our sales channels, which are discussed in "Business—Improvement Measures."

Repositioning Our Brands

The Dell Anno and Favorita brands were created in 1985 and 2003, respectively. In 2007, we began repositioning Dell Anno, in order to increase its perceived value and subsequently increase its price point. This process, which we refer to as the Repositioning, is still ongoing and was carried over to Favorita as well in 2009. The key components to the Dell Anno and Favorita Repositionings are described below.

Changes in communication and marketing strategies

- Dell Anno: In 2007 we updated the brand's logo and since then we have linked this brand image to the fashion world by using well-known Brazilian fashion models in advertising campaigns.

- Favorita: In 2009 we updated the brand's logo and since then we have linked this brand image to the television world by using leading Brazilian *novela* (soap opera) actresses in advertising campaigns.

Product line review

In 2007, we revised the entire Dell Anno product line to include new and exclusive products, with better materials and a wider range of accessories and finishings. Since then, we have launched new product lines each year. In 2011, we launched a new product line with exclusive finishings through an agreement with a renowned Brazilian stylist.

Review of Exclusive Dealers

A key component of our business is the ongoing Repositioning of Exclusive Dealers, through which we evaluate the following criteria:

- *Size and Location*: We maintain our Dell Anno brand in a given store to the extent that the store's size and location are appropriate for the brand, taking into consideration the store's historical performance. In case the size and location do not suit the brand, we consider substituting the Favorita or New brands instead in that location. Between 2009 and 2011, we changed approximately 40 stores from Dell Anno or Favorita to New based on this type of review.

- *Exclusive Dealers*: In general, we look for young Exclusive Dealers with management experience, capital and exclusive dedication to our business. The Exclusive Dealer's profile must meet the prerequisites of each brand. A Dell Anno Exclusive Dealer, for example, must be capable of developing a relationship with local architects, holding business and social events that promote the store and brand, as well as relating to the community.

- *Stores*: Since 2007, all stores working with Dell Anno and Favorita have undergone façade and showroom renovation, so as to conform to the new aesthetic and product patterns.

We are particularly focused on the fit of Exclusive Dealers with the locations they operate and the brands they sell. If an Exclusive Dealer or location does not meet our criteria with respect to the relevant brands, we take one of the following actions:

- Adequate Exclusive Dealer and adequate location: renovate the store to meet our new customer standards;
- Inadequate Exclusive Dealer and adequate location: move the Exclusive Dealer to, or newly open, a more appropriate location (if another brand would suit the dealer) or end our relationship with the Exclusive Dealer and keep the location operating with another better suited Exclusive Dealer;
- Inadequate location and adequate Exclusive Dealer: either change the store to a more appropriate brand (if that brand would suit the dealer) or close the store and move the Exclusive Dealer to a different location; or
- Inadequate Exclusive Dealer and inadequate location: close the store and end our relationship with the Exclusive Dealer.

The Repositioning process has had the following main effects on our performance over the three years ended December 31, 2011: (i) decreased revenue from some brands, due to the rebuilding of or construction at stores; (ii) increased trade accounts receivable and loans granted, from the funding of store remodeling, transfer of sales points between different Exclusive Dealers and Exclusive Dealers' acquisitions of new sales points considered more appropriate for our brands' strategies; and (iii) reduction in the number of stores used for calculating same-store sales.

Between 2009 and 2011, we repositioned approximately 230 Dell Anno and Favorita Exclusive Dealers by changing location, replacing the Exclusive Dealer, closing the Exclusive Dealer or turning it into an Exclusive Dealer selling products from our New brand. Over this period, we closed 47 stores and opened approximately 250 New stores, 40 of which arose from Dell Anno and Favorita brand changes. Such changes were, in part, funded by us, whether by extending loans to the Exclusive Dealers or extending the term of trade accounts receivables related to the sales of our products.

The brand New has not been repositioned. Given that its stores started opening in 2009, its marketing, products, pricing and positioning strategies were already aligned with our repositioning strategy. The Telasul brand has also not been repositioned.

Same Store Sales

In order to analyze the same-store sales growth with respect to Exclusive Dealers, we use sales at stores that have been in operation since the beginning of 2009.

The same-store sales growth calculations below do not take into consideration all of our stores, but only a group of them that meet criteria set by our management. The chart below shows growth rates of same-store sales to Dealers, in terms of per store gross revenues, and the corresponding portions of our total gross revenue of the stores analyzed for the periods indicated.

	2010		2011	
	2009	**2010**	**2010**	**2011**
	(in %)			
Favorita and Dell Anno				
Growth of same store sales to Exclusive Dealers	–	13.5	–	6.5
Portion of total gross revenue of the stores analyzed over two years	24.6	25.4	30.9	35.2
New				
Growth of same store sales to Dealers	–	26.4	–	34.8
Portion of total gross revenue of the stores analyzed over two years	3.0	1.0	34.4	30.3

* We do not analyze same store sales for our Telasul brand, given that its products are sold primarily through Multibrand Sales Points.

Opening New Stores

According to a study by the *Parente Varejo e Pesquisa* consulting firm in February 2012, there is a potential market size of 457 stores for the New brand and 109 stores for the Favorita and Dell Anno brands. The study was based on statistical data from the IBGE, among others, taking into consideration: (i) 634 Brazilian cities, each with more than 50,000 inhabitants; (ii) income distribution in each city; and (iii) the estimated size of each city's furniture and fixtures market; and considering the positioning, revenue and market share of our Dell Anno, Favorita and New stores in each city.

Key Financial and Operating Data

The following chart shows key financial and operating data as of and for the years ended December 31, 2011, 2010 and 2009:

	As of and for the years ended December 31,			Compound annual growth rate(6)
	2011	2010	2009	
	(in thousands of R$, except as otherwise indicated)			(in %)
Gross revenue from sales	402,355	392,223	313,394	13.3
Net revenue from sales	294,677	288,345	224,958	14.5
Number of modules sold	1,705,306	1,798,364	1,527,363	5.7
EBITDA(1)	80,444	72,919	48,808	28.4
EBITDA margin (in %)(2)	27.3	25.3	21.7	12.1
Net income	57,792	53,086	37,122	24.8
Net margin (in %)(3)	19.6	18.4	16.5	9.0
ROIC (in %)(4)	31.2	36.0	28.2	5.2
Indebtedness – short term	1,115	557	7,386	(61.1)
Indebtedness – long term	5,688	3,904	5,018	6.5
Number of Exclusive Dealers	886	841	745	9.1
Number of Multibrand Sales Points(5)	1,776	334	313	138.2

(1) We define EBITDA as net income before financial expenses and financial income, income tax and social contribution and depreciation and amortization. EBITDA is not an accounting measure calculated under Brazilian GAAP or IFRS and does not represent the cash flow of the periods presented, and should not be considered a substitute for net income or cash flow as an indicator of our operational performance or liquidity. Additionally, EBITDA does not have a standardized meaning and our definition of EBITDA may not be comparable to those used by other companies. We understand that EBITDA is frequently used by capital markets analysts, investors and other parties interested in reviewing our operational performance, as well as in comparing to other companies' operational performance. EBITDA presents limitations that may impair its use as a profitability measure, since it does not consider certain costs arising from our businesses, which could significantly affect our profits, such as financial expenses, taxes, depreciation, capital expenditures and other related charges. For more information and a reconciliation of our net income to EBITDA see "Selected Financial Information – Other Financial and Operating Information."
(2) EBITDA divided by net revenue from sales.
(3) Net income divided by net revenue from sales.
(4) Return on invested capital (ROIC) calculated as EBIT (earnings before financial income, income tax and social contribution), minus expenses from income tax and social contribution and divided by the average of the current and previous periods' sums of fixed assets and invested capital. ROIC is not a measure of financial performance pursuant to Brazilian GAAP or IFRS, and it should not be considered an alternative to net income, an operational performance indicator, an alternative to cash-flows or a liquidity indicator.
(5) The increase in the number of Multibrand Sales Points from 2010 to 2011 was due to the intensification of our efforts for opening Telasul's sales channels.
(6) The compound annual growth rate (CAGR) for the period from 2009 to 2011.

The following chart presents our gross revenue from sales and number of Modules sold, according to brand, and of our business division, Unicasa Corporate, for the years ended December 31, 2011, 2010 and 2009.

	Years ended December 31,					
	2011		2010		2009	
	(in thousands of R$)	Modules sold	(in thousands of R$)	Modules sold	(in thousands of R$)	Modules sold
Gross revenue from sales	**402,355**	**1,705,306**	**392,223**	**1,798,364**	**313,394**	**1,527,363**
Domestic Market	**395,361**	**1,614,895**	**386,464**	**1,737,873**	**309,297**	**1,491,485**
Dell Anno and Favorita	244,567	812,691	263,553	946,361	244,766	970,161
New	110,710	537,320	76,334	409,743	22,121	130,780
Exclusive New	91,959	445,942	60,149	320,027	15,908	91,019
Multibrand New	18,751	91,377	16,184	89,716	6,212	39,762
Telasul	30,010	221,021	40,284	346,619	38,213	360,534
Unicasa Corporate	6,043	25,947	2,559	12,307	632	3,404
Other revenues	4,031	17,917	3,734	22,842	3,565	26,606
International Market	**6,994**	**90,411**	**5,759**	**60,491**	**4,097**	**35,878**

Competitive Strengths

We believe our main competitive strengths are:

Leadership in the Brazilian furniture and fixture market, and a portfolio of well-known and complementary brands in which we make significant investments in marketing.

We are one of the largest companies in the customized furniture and fixtures market in Brazil, in terms of gross revenue, according to the July 2011 "*Melhores & Maiores*" ("Best and Largest") edition of *Exame* magazine. Our brands Dell Anno, Favorita, New and Telasul are well-known in the national market and we believe they are purchased by nearly all income brackets without significant cannibalization. With such varied profiles, we significantly invest in marketing campaigns for our brands, including campaigns involving fashion models, celebrities, architects and designers seeking to increase our brands' credibility in the worlds of design, architecture and fashion, along with the respective audiences they tend to reach. Furthermore, in 2011 and 2012 we frequently presented our brands and products in tradeshows and exhibits around the country, such as Movelsul, Movelpar, Casa Brasil and Casa Cor. Moreover, we are one of the sponsors of the 2011 Milan Furniture Fair in Italy. We believe that our brands are the foundation of our development and profitability.

Broad distribution network delivering products throughout Brazil and abroad.

We have developed a solid network of authorized distributors, strategically located, standardized and suited to each of our brands. With a presence in each Brazilian state, as of December 31, 2011, our distribution network consisted of 886 Exclusive Dealers and 1,776 Multibrand Sales Points in Brazil, as well as 17 Exclusive Dealers and Multibrand Sales Points abroad, located in the following countries: Paraguay, Uruguay, Martinique, Angola, Costa Rica, Chile, Colombia, Mexico, Argentina, Peru, Guatemala, the United Arab Emirates and the Dominican Republic. The extension of our distribution network, as well as varied customers and markets, allows us to obtain knowledge about each market and its peculiarities, strengthening our brands and their ranges.

Product development and innovative design at a state-of-the-art and highly efficient manufacturing facility.

Our research and development team stays current with market trends, continually assessing indicators in the areas of aesthetics, functionality, fashion and behavior, in order to regularly launch new collections with innovative designs. In the period from 2007 to 2010, we were named as one of the 50 most innovative companies in the southern region of Brazil by the magazine *Amanhã/RS*. The advanced technology used at our manufacturing facility helps us to quickly launch new products and provide quality workmanship on a large scale. Furthermore, the modern equipment used at our facility allows us to work with a product line that offers multiple options in surface finishing, without impairing economies of scale. This provides us a competitive advantage, since we can develop more comprehensive product lines, in terms of surface finishings offered, at a lower cost.

Ability to identify and react to growth opportunities in the industry on a timely basis.

Our industry has benefited from growing consumption, credit and income throughout Brazil, as well as the boom in the Brazilian real estate market. We believe we are well-positioned to seize these market opportunities, as we have adapted our structure following these recent economic changes, so as to be able to promptly react to prospective opportunities. For instance, in 2009, as middle-class consumption began to grow, we created the New brand, focused on customers in this income bracket. Similarly, in 2010, with the rapid growth of the real estate market, in terms of residential, commercial, hotel development and construction in general, as well as Brazil being awarded the World Cup and Olympic Games, we created a corporate department, Unicasa Corporate, to provide customized services to our customers in this business.

Consistent growth with profitability and strong cash flow.

We have demonstrated consistent economic growth over the last three years. From 2009 to 2011, our gross revenue from sales grew with a compound annual growth rate of 13.3% from R$313.39 million to R$402.35 million. As a result of our efficient production and distribution models, we were able to expand our operations and increase profitability. Between 2009 and 2011, our EBITDA margin increased from 21.7% to 27.3%. Furthermore, we have not invested significant capital (other than in production facilities), we maintain a low inventory of finished products (our products are made to order), we have short sales deadlines and low investment in property and equipment (when considering the company's entire supply and distribution chains, the manufacturing plant and related equipment are the main property and equipment the company holds), which has allowed us to grow while generating cash flow. In addition, we estimate that our manufacturing facility's production capacity may be expanded by approximately 40% without significant additional investment, which reduces our need for short- and medium-term capital investment without compromising our business plan for the next three years. We believe our business model provides us with potential to grow with strong cash flow, resulting in high rates of ROIC, which totaled 31.2%, 36.0% and 28.2% for 2011, 2010 and 2009, respectively.

Human resource policies focused on results and the customer.

Our business relies upon a sales model that begins with the development of a project, followed by product assembly and continuing through the moment of sale and the post-sale services. We are aware of the importance of motivated sales personnel committed to the principles of each of our brands and to providing good service to customers and specific professionals in the area (such as architects and designers). In 2007 we implemented Unicasa Corporate University, a pioneering initiative designed to train our employees, Exclusive Dealers and their teams, and to guarantee support and disseminate best practices for each step of the business process. This initiative has provided us with an improved performance from the better results obtained by our employees and Dealers, as well as preserving our image and increasing the value of our brands.

Management with ample experience in the sector and a high degree of professionalism.

Some of our founding shareholders that are members of our board of directors and executive officers have been active in the furniture business for over 20 years. In addition, our management team is focused on results, continuously improving management's practices and increasing returns on investment for our shareholders. Our management and executive team has been the foundation of our consistent results and the growth of our company throughout our development providing us with the ability to quickly develop new business lines. Furthermore, to increase the motivation and commitment of our managers to obtain better results and create value for our shareholders, we intend to implement a stock option plan in the second half of 2012.

Strategies

We intend to use the following strategies to achieve our expansion and growth plans. We have historically generated and will strive in the future to generate sufficient cash flow to cover our expansion and growth plans, which always involve the possibility of using cash generated by our activities to enhance our growth. For more information regarding risks related to these strategies and plans, see "Risk Factors."

Expand our network of Exclusive Dealers in Brazil and increase sales through existing Dealers.

We intend to expand our network of Exclusive Dealers and continue increasing our income, profitability and visibility. We also plan to expand the number of Exclusive Dealers of the New and Telasul brands, focused on the Middle Income Bracket, in order to capture a portion of the furniture consumption by the growing Middle Income Bracket (approximately 49.3 million Brazilians entered the upper- and middle-income brackets from the lower-income bracket between 2003 and 2011, according to the study "The Bright Side of the Poor" published by FGV). To do so, we will continue to implement our strategy of location analysis when opening stores, which allowed us to open more than 370 Exclusive Dealers of our New brand in less than three years. We have begun to replicate this model for the Telasul brand.

Benefit from growth opportunities.

We plan to intensify our efforts to create growth opportunities by investing in the training of Exclusive Dealers to make them more efficient so as to strengthen the positioning of our brands, encourage the implementation of improvements, increase investment in team training and business management and, where necessary, seek new strategies for our stores. We have also created the Unicasa Corporate University, a training support structure for Exclusive Dealers and employees. We also make funds available to Exclusive Dealers, which usually is an easier, more convenient and less bureaucratic way for them to obtain financing, compared to loans from financial institutions. To find new growth opportunities, we may also invest in stores by acquiring existing stores or opening new ones.

Obtain greater economies of scale and operational efficiency through an increase in sales.

We plan to achieve growth and to consolidate our leadership position in the customized furniture and fixture industry by improving our operational efficiency. We expect maintaining our sales growth and continually investing in technology will allow us to eliminate intermediary inventory. For example, we invested R$25.4 million in new machinery and equipment, particularly for robotic equipment from Germany, which is expected to be fully operational in June 2012. We plan to obtain additional economies of scale and operational efficiency, which will help dilute fixed costs, increase our negotiating power with our suppliers, improve productivity and optimize our manufacturing capacity.

Continuously increase our range of innovative products offered.

We believe that we are among the most innovative companies in the Brazilian customized furniture and fixture industry, having won, for four consecutive years from 2007 to 2010, the annual "Champions of Innovation" (*Campeãs da Inovação*) award, from the magazine Amanhã/RS, awarded to the 50 most innovative companies in the southern region that invest in resources and labor for improvements in the supply chain. We believe that regular innovation is an important element for the image of our brands, our competitiveness and our growth. Additionally, we believe that we are known for our focus on research and development and will continue to manage our product mix in order to anticipate trends and surprise our customers. We believe there are many opportunities to continue developing new products in other areas of the customized furniture and fixture sector. We recently launched the children's and office lines as a way to implement our strategy of product diversification.

Increase sales by our corporate business.

We believe the span of our network of Dealers, combined with our logistics structure, production capacity and flexibility, places us in a privileged position to capture significant benefits due to the growth of the corporate business, resulting from the significant real estate market growth in Brazil that is expected as a result of the 2014 World Cup and the 2016 Olympic Games. We plan to keep expanding our business relationships with corporations such as hotels and construction companies, which will allow us to leverage our sales in this business.

History of the company

Our company was incorporated in September 1985 in the city of Bento Gonçalves in the state of Rio Grande do Sul by the companies Grendene S.A., Telasul S.A. and Pozza S.A. – Indústria e Comércio, under the name Premier Móveis Ltda., which was changed in the same year to Dell Anno Móveis Ltda. Initially, we only manufactured kitchen furniture.

During the 1990s, we sought to expand our activities by investing in new product lines and by diversifying our distribution channels, which consisted of our own stores and Multibrand Sales Points.

Between 1987 and 2003 we underwent several corporate reorganizations that changed the equity interests of our shareholders. As a result of these processes, our shareholders from Pozza S.A. – Indústria e Comércio and Grendene S.A. transferred the totality of their shares to Mr. Alexandre Grendene Bartelle and Mr. Pedro Grendene Bartelle. Shareholders Pedro Grendene Bartelle and Telasul S.A. transferred their equity interests to certain members of the Zietolie family and to Mr. Alexandre Grendene Bartelle, who came to directly and indirectly hold 79.66% of our common shares.

In 2003, we created the brand Favorita, which initially focused its sales on only Multibrand Sales Points. That year, we also changed our corporate name to Única Indústria de Móveis Ltda., turning Dell Anno into our main brand, sold only through Exclusive Dealers.

In 2004, we became a corporation (*sociedade por ações*) and changed our corporate name to Única Indústria de Móveis S.A.

Continuing with our business expansion, in 2007 through the brand use licensing agreement we executed with Telasul S.A., we obtained the non-exclusive right to use the Telasul brand, whose product profile included servicing large retail chains focused on customers in the lower income bracket. In the same year we also created the Unicasa Corporate University for the training of Exclusive Dealers and employees, as well as initiating deployment of our trainee program.

From 2007 to 2009, our brands Dell Anno and Favorita underwent a repositioning process in order to improve awareness of the brands and their respective products. In 2009, this repositioning resulted in the creation of the New brand, focused on increasing sales to the Brazilian middle class, completing our brand portfolio.

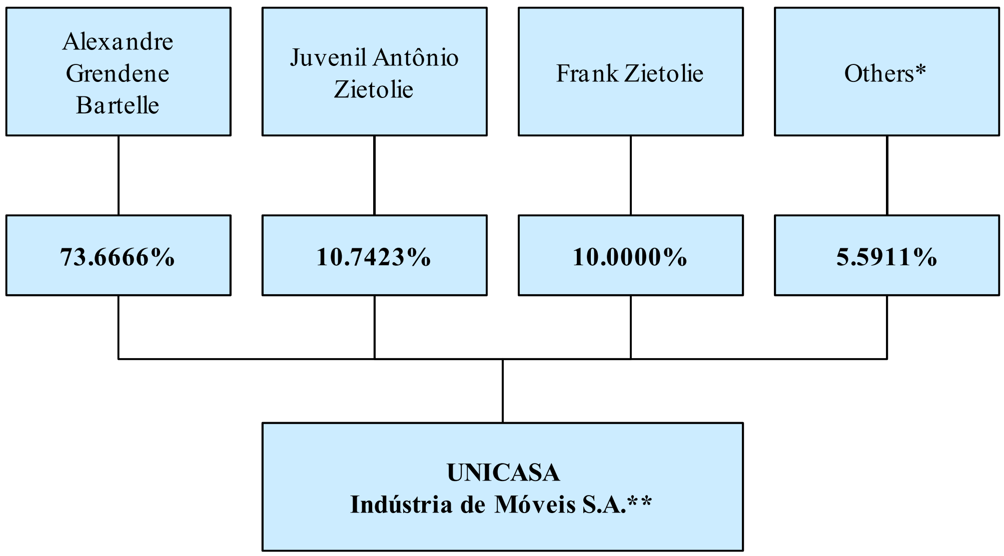
In 2009, we changed our corporate name to Unicasa Indústria de Móveis S.A. In 2010, we created Unicasa Corporate, a business division focused on business relationships in the construction and hotel industry, to capitalize on the expansion of that market and the opportunities arising from investments in Brazil for the 2014 World Cup and the 2016 Olympic Games.

Also in 2010, Mr. Alexandre Grendene Bartelle, transferred to Mr. Frank Zietolie 329,994 common shares representing 6.0% of our total capital stock. In the same period, Mr. Juvenil Antônio Zietolie transferred to Frank Zietolie 37,803 common shares representing 0.69% of our total capital stock. As a result from these transfers, Mr. Alexandre Grendene Bartelle holds, as of the date of this offering, 73.66% of our capital stock while Mr. Juvenil Antônio Zietolie and Frank Zietolie hold 10.74% and 10.00% of our capital stock, respectively.

The year 2011 was marked by our business relationship with stylist Reinaldo Lourenço and by the international presence of the Dell Anno brand at the Milan Furniture Fair, where we sponsored an exhibition of architecture and design. Also in 2011, we invested in just-in-time production technologies and the differentiation of our products: 45º beveled finishings were launched and the Dell Anno and Favorita brands were complemented with the office and children’s lines. We ended 2011 with 2,662 Exclusive Dealers and Multibrand Sales Points in Brazil and 17 stores and Multibrand Sales Points abroad exporting our products to 13 countries (Paraguay, Uruguay, Martinique, Angola, Costa Rica, Chile, Colombia, Mexico, Argentina, Peru, Guatemala, the United Arab Emirates and the Dominican Republic).

In the beginning of 2012, we primarily focused on strengthening the link that our Dell Anno brand image has to style and fashion by sponsoring the São Paulo Fashion Week. We have also focused the communication strategy of our New brand with the middle-income bracket by sponsoring Big Brother Brasil 2012, and scheduling advertisements to air throughout 2012 on the popular television show *Caldeirão do Huck*, among others.

Our shareholder structure prior to completion of this offering is as follows:



* Kelly Zietolie, Emilia Angela Saretta Zietolie and Nely Rosa Celso Schenato hold shares in the amounts of 2.7805%, 1.4772% and 1.3334%, of our total capital stock, respectively.

** We do not have any subsidiaries.

Recent Events

Capital Increase

On February 27, 2012, our shareholders approved a capital increase in the amount of R$30.1 million, without the issuance of new shares from the capitalization of our earnings reserve. As a result, our capital stock increased from R$29.7 million to R$59.8 million.

Dividend Distribution

Our management proposed the distribution of retained earnings totaling R$111.6 million and undistributed profits with respect to that year, totaling R$48.5 million, as additional dividends, for a total amount payable of R$160.1 million. At the ordinary and extraordinary shareholders' meetings that approved our financial statements as of and for the year ended December 31, 2011 on February 24, 2012, as ratified on February 27, 2012, our shareholders approved a dividend distribution of R$130.0 million and an increase in our capital stock through a capitalization of R$30.1 million. Dividends are to be paid by the end of 2012. Only shareholders holding our common shares as of February 24, 2012 will have the right to receive these dividends on a pro rata basis. Since February 24, 2012, our common shares, including those offered in this offering, have been traded ex-dividend.

Formation of our Board of Directors and Execution of Shareholders' Agreement

On February 27, 2012, our board of directors was formed. On March 12, 2012, our controlling shareholders entered into a shareholders' agreement. See "Management" and "Principal and Selling Shareholders—Shareholders' Agreement" for further information.

Stock Split

At the extraordinary general shareholders' meeting held on March 30, 2012, our shareholders agreed to a stock split of our common shares, in the proportion of 10.4 new common shares for each one common share, with no changes to our capital stock of R$59.8 million, divided into 56,950,000 common shares. The new common shares, without par value, issued as a result of the split are entitled to all benefits, including payments of dividends and any capital that may be distributed by us, on the same terms as the original common shares.

Corporate Information

Our headquarters are located in RSC 470, Km 212, 930 São Vendelino, CEP 95700-000 in the city of Bento Gonçalves in the State of Rio Grande do Sul, Brazil. Our general phone number is +55 54 3455–4444. The phone number and email address of our Investors Relations Department are: +55 54 3455–4425 and dri@unicasamoveis.com.br, and our website is www.unicasamoveis.com.br. Information presented on our website is not incorporated by reference herein and does not constitute any part of this offering memorandum.

THE OFFERING

The following summary contains basic information about this offering. The summary is not intended to be complete. You should read the full text and more specified details contained elsewhere in this offering memorandum. For more information concerning the common shares, see "Description of Capital Stock."

Issuer	Unicasa Indústria de Móveis S.A.
Selling Shareholders	Alexandre Grendene Bartelle, Juvenil Antônio Zietolie, Kelly Zietolie, Emilia Angela Saretta Zietolie and Nely Rosa Celso Schenatto.
Brazilian Underwriters	Banco BTG Pactual S.A. – Cayman Branch, Banco Itaú BBA S.A. and Banco Santander (Brasil) S.A.
Agents...	BTG Pactual US Capital LLC, Itau BBA USA Securities Inc. and Santander Investment Securities Inc.
Co-Manager..	XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.
Shares Offered	The offering consists of a primary offering of 9,136,364 common shares and a secondary offering of 17,298,182 common shares: • to the public in Brazil pursuant to a public offering registered with the CVM; • to QIBs in the United States pursuant to exemptions from the registration requirements of the Securities Act under Section 4 thereof; and • to institutional and other investors outside the United States that are not U.S. persons, in reliance upon Regulation S.
Over-allotment Option.........................	We and the selling shareholders have granted to Banco Itaú BBA S.A. an option exercisable upon notification to Banco BTG Pactual S.A. – Cayman Branch and Banco Santander (Brasil) S.A., to place an aggregate of 3,965,181 additional common shares, at the offering price, representing 15.0% of the common shares initially offered hereby, to cover over-allotments, if any, for a period of up to 30 days from, and including, the date of commencement of trading of the common shares on the BM&FBOVESPA.
Offering Price	R$14.00 per common share.
Capital Stock	Our capital stock immediately prior to this offering consists of 56,950,000 common shares. Immediately following the offering, our capital stock will be R$187.7 million, divided into 66,086,364 common shares, assuming no exercise of the over-allotment option. For further information regarding the rights accompanying the common shares, see "Description of Capital Stock."

Use of Proceeds	We estimate that the net proceeds will be R$124.3 million from the primary offering, assuming no exercise of the over-allotment option and after deducting estimated offering expenses payable by us. The selling shareholders will pay all underwriting commissions due in connection with this offering. We intend to use the net proceeds from the primary offering to pay dividends to our shareholders (prior to completion of this offering), in the amount of R$124.3 million. See “Use of Proceeds.” We will not receive any proceeds from the sale of the common shares in the secondary offering by the selling shareholders.
Lock-up Agreements	We, the selling shareholders and our directors and officers have agreed with the Brazilian underwriters, the agents and the co-manager for a period of 180 days after the date of the final offering memorandum used to sell our common shares, subject to certain exceptions, not to make any such issue, offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Itau BBA USA Securities, Inc., BTG Pactual US Capital LLC, Santander Investment Securities Inc. and XP Securities, LLC. In addition, we, the selling shareholders and our directors and officers agree that we, without the prior written consent of the agents, will not, during the 180 days after the date of the final offering memorandum, make any demand for or exercise any right with respect to, the registration of any common shares or any security convertible into or exercisable or exchangeable for the common shares. In addition, under the *Novo Mercado* Corporate Governance Rules, our directors and officers may not sell or offer to sell the common shares or securities traded on futures markets or other assets backed by the common shares during a period of six months following the date the common shares begin trading on the *Novo Mercado* segment of the BM&FBOVESPA. Upon the termination of the initial period of six months mentioned above, our directors and officers may only sell, offer or dispose of up to 40% of our respective holdings of the common shares during the following six-month period.
Transfer Restrictions	The common shares have not been registered under the Securities Act and are subject to U.S. restrictions on transfer and resale, as described in “Transfer Restrictions.” Transfers of the common shares, including by or between residents of jurisdictions outside Brazil, may be effected only in Brazil. See “Transfer Restrictions.”
Voting Rights	Each common share entitles its holder to one vote at any annual or extraordinary shareholders’ meeting. See “Description of Capital Stock—Shareholder Rights.”

Tag-Along Rights	Pursuant to the Brazilian Corporations Law, holders of the common shares are entitled to be included in a public tender offer in the event that there is a transfer of control of our company through one or more transactions. See “Description of Capital Stock—Shareholder Rights.” For restrictions that may affect the exercise of tag-along rights, please see “Transfer Restrictions.”
Dividends	Our bylaws require us to pay a minimum mandatory dividend to our shareholders of 25.0% of our annual adjusted net income, as calculated under the Brazilian Corporations Law, unless our board of directors recommends against distributing dividends due to our financial condition. Dividends may be paid in the form of interest on shareholders’ equity. See “Dividends and Dividend Policy.”
Trading, Settlement and Clearance	Payment for the common shares will be required to be made in *reais* in Brazil through the facility of the Central Depository BM&FBOVESPA and we expect to deliver the common shares in Brazil through the facility of the Central Depository BM&FBOVESPA on or about May 2, 2012. Trades in the common shares on the BM&FBOVESPA will settle through the Central Depository BM&FBOVESPA.
Listing	Our common shares are listed on the *Novo Mercado* segment of the BM&FBOVESPA under the symbol “UCAS3.”
Risk Factors	An investment in the common shares involves risks. See “Risk Factors” and the other information included in this offering memorandum for a discussion of factors you should consider before deciding to invest in our common shares.
Taxation	Dividend distributions with respect to the common shares are not currently subject to withholding of Brazilian income tax. However, payments of interest on shareholders’ equity (in lieu of dividends) are subject to withholding of Brazilian income tax. For certain Brazilian and U.S. tax consequences with respect to U.S. holders of the common shares, see “Taxation.”

SUMMARY FINANCIAL AND OPERATING INFORMATION

The tables below present summary financial and operating data as of and for the periods indicated. You should read the information below in conjunction with our audited financial statements and notes thereto beginning on page F-1 of this offering memorandum, as well as the sections entitled "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering memorandum.

The following selected financial information related to our balance sheets and statements of income has been derived from our audited financial statements as of and for the years ended December 31, 2011, 2010 and 2009, included elsewhere in this offering memorandum. Our financial statements were prepared in accordance with Brazilian GAAP and IFRS.

This offering memorandum includes translations of various *real* amounts into U.S. dollars at a specified rate solely for your convenience. You should not construe these translations as representations by us that the *real* amount actually represents U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated the *real* amounts as of and for the year ended December 31, 2011 using a rate of R$1.88 to U.S.$1.00, the exchange rate as of December 31, 2011. See "Exchange Rate Information."

Statement of Income

	Years ended December 31,			
	2011	**2011**	**2010**	**2009**
	(in thousands of U.S.$)	**(in thousands of R$)**		
Net revenue from sales	156,743	294,677	288,345	224,958
Cost of products sold	(89,783)	(168,792)	(172,634)	(140,930)
Gross profit	66,960	125,885	115,711	84,028
Operating income (expenses)	(27,929)	(52,507)	(48,516)	(40,306)
Income before financial (expenses) income	39,031	73,378	67,195	43,722
Financial (expenses) income	4,254	7,998	8,390	8,381
Operating income before income and social contribution taxes	43,285	81,376	75,585	52,103
Income and social contribution taxes	(12,545)	(23,584)	(22,499)	(14,981)
Net income	**30,740**	**57,792**	**53,086**	**37,122**

Balance Sheet

	As of December 31,			
	2011	**2011**	**2010**	**2009**
	(in thousands of U.S.$)	**(in thousands of R$)**		
Current assets	66,993	125,946	145,744	109,903
Non-current assets	70,348	132,255	64,080	59,559
Total assets	**137,341**	**258,201**	**209,824**	**169,462**
Current liabilities	28,352	53,301	44,048	39,458
Non-current liabilities	4,873	9,161	6,174	6,140
Shareholders' Equity				
Capital stock	15,797	29,699	29,699	29,699
Income reserves	3,159	5,939	129,903	94,165
Additional proposed dividends	85,160	160,101	–	–
Total shareholders' equity	**104,116**	**195,739**	**159,602**	**123,864**
Total liabilities and shareholders' equity	**137,341**	**258,201**	**209,824**	**169,462**

Other Financial and Operating Information

	As of and for the years ended December 31,			Compound annual growth rate(6)
	2011	2010	2009	
	(in thousands of R$, except as otherwise indicated)			(in %)
Gross revenue from sales	402,355	392,223	313,394	13.3
Net revenue from sales	294,677	288,345	224,958	14.5
Number of modules sold	1,705,306	1,798,364	1,527,363	5.7
EBITDA(1)	80,444	72,919	48,808	28.4
EBITDA margin (in %)(2)	27.3	25.3	21.7	12.1
Net income	57,792	53,086	37,122	24.8
Net margin (in %)(3)	19.6	18.4	16.5	9.0
ROIC (in %)(5)	31.2	36.0	28.2	5.2
Indebtedness – short term	1,115	557	7,386	(61.1)
Indebtedness – long term	5,688	3,904	5,018	6.5
Number of Exclusive Dealers	886	841	745	9.1
Number of Multibrand Sales Points(4)	1,776	334	313	138.2

(1) We define EBITDA as net income before financial expenses and financial income, income tax and social contribution and depreciation and amortization. EBITDA is not an accounting measure calculated under Brazilian GAAP or IFRS and does not represent the cash-flow of the periods presented, and should not be considered a substitute for net income or cash-flow as an indicator of our operational performance or liquidity. Additionally, EBITDA does not have a standardized meaning and our definition of EBITDA may not be comparable to those used by other companies. We understand that EBITDA is frequently used by capital markets analysts, investors and other parties interested in reviewing our operational performance, as well as in comparing to other companies' operational performance. EBITDA presents limitations that may impair its use as a profitability measure, since it does not consider certain costs arising from our businesses, which could significantly affect our profits, such as financial expenses, taxes, depreciation, capital expenditures and other related charges. For more information and a reconciliation of our net income to EBITDA see "Selected Financial Information—Other Financial and Operating Information."

(2) EBITDA divided by net revenue from sales.

(3) Net income divided by net revenue from sales.

(4) The increase in the number of Multibrand Sales Points from 2010 to 2011 was due to the intensification of our efforts for opening Telasul's sales channels.

(5) Return on invested capital (ROIC) calculated as EBIT (earnings before financial income, income tax and social contribution), minus expenses from income tax and social contribution and divided by the average of the current and previous periods' sums of fixed assets and invested capital. ROIC is not a measure of financial performance pursuant to Brazilian GAAP or IFRS, and it should not be considered an alternative to net income, an operational performance indicator, an alternative to cash-flows or a liquidity indicator.

(6) The compound annual growth rate (CAGR) for the period from 2009 to 2011.

RISK FACTORS

Investing in our common shares involves a high degree of risk. You should carefully consider the risks described below and all of the information contained in this offering memorandum before making an investment decision regarding our common shares. Our business, financial condition, operating results, liquidity, and prospects may be adversely affected by any of these risks, among others. The market price of our common shares could decline due to the occurrence of any of these risks or other factors, and you may lose all or part of your investment. Additional risks and uncertainties of which we are currently not aware or that we now consider immaterial may also materially and adversely affect our business, financial condition, operating results, liquidity, prospects and the market price of our common shares, in which case you could lose all or part of your investment in our common shares.

Risks Relating to our Business and the Customized Furniture and Fixture Industry

If we fail to maintain the value of our brands, our sales could be adversely affected.

The success of our business depends mostly on the value of the brands through which we sell our products. The Dell Anno, Favorita, New and Telasul brands and their respective images in the market are essential for our business and our growth strategy. Our ability to maintain, promote and position our brands will depend significantly on the outcomes of our marketing efforts and on our ability to maintain the market position of our brands as high value products. Our brands may be adversely affected if we fail to achieve these goals or if our image is impacted by negative publicity. For example, if the Dealers do not comply with our quality standards, the reputation of our brands may be adversely affected. In addition, if new products are launched and do not succeed, there may be a change in the perceived value of our brands, which may negatively impact our sales, increase our costs and/or expenses and, consequently, negatively affect our financial and operating results.

We may not be successful in attracting new Dealers.

One of our main growth strategies is attracting new Dealers, given that we have identified greater potential to expand the number of Multibrand Sales Points for our New and Telasul brands. Our ability to attract new Dealers depends on many factors that are not under our control, such as (i) our competitors' growth; (ii) difficulty in locating appropriate locations for opening new stores, as well as competition for such locations; (iii) availability of qualified labor; and (iv) economic and market issues that may affect the demand for our products. If we do not succeed in attracting new Dealers, our expansion plans may be adversely impacted.

The Dealers that sell our products may not maintain their current sales averages, which may adversely impact our current sales margins and volumes, as well as our results.

The average sales margins and volumes of the Dealers through which our products are sold may decrease due to several factors, including: (i) our competitors' products; (ii) lack of demand for our products; (iii) quality of services offered to our customers; (iv) Exclusive Dealers' difficulty in finding adequate locations for opening new stores; and (v) other market changes. If our current sales margins and volumes are adversely impacted by these factors, our results may also be adversely impacted.

The Dealers selling our products may not be successful in renewing their lease agreements. In addition, we may be unsuccessful in renewing our contracts with such Dealers.

The success of our brands depends largely on the locations of the Dealers through which our products are sold, especially Exclusive Dealers. Most Exclusive Dealers, which are responsible for the largest portion of our sales and, consequently, our revenue, are strategically located at points that we believe to be of high visibility. If (i) we fail to renew our one-year dealership agreements with such Dealers; (ii) such Dealers fail to renew their lease agreements on reasonable terms; or (iii) such Dealers are forced to relocate their stores to locations without the same visibility, the sales of our products could decrease and, therefore, negatively impact our results.

Our manufacturing plants are located at a single manufacturing facility on which we are entirely dependent.

Our products are manufactured at a plant located at a single manufacturing facility in the city of Bento Gonçalves, State of Rio Grande do Sul, Brazil. Any significant interruption in the operations of our manufacturing facility due to any natural disaster, fire, accident, system failure, shutdown, strikes or interruptions caused by our employees or closure due to a lack of municipal or fire department licensing or other cause would delay or negatively impact our production capacity and could halt or interrupt our sales. Additionally, our administrative center is located in a building inside our manufacturing facility. Any events affecting our manufacturing facility and, eventually, our administrative center, such as a natural disaster or accident, may adversely impact our operations and consequently our results.

The market for customized furniture and fixtures is sensitive to decreases in consumer purchasing power and availability of consumer credit, unfavorable economic cycles and other macroeconomic factors.

The market for customized furniture and fixtures is subject to downturns resulting from factors beyond our control that could lead to decreased demand for our products. Such factors include negative trends in consumer purchasing power, availability of credit and consumer income, inflation, recession, interest rates, sales tax rates, salaries, and employment and consumer confidence levels. Accordingly, the success of our business is dependent on these macroeconomic factors in the markets in which we operate. This also means that an economic crisis or recession could cause a disproportionate effect on our customers' demand for our products and therefore an adverse affect on our business, financial condition and operating results.

In addition, particularly because our products are "high-ticket" items that require a comparatively significant investment by our end customers, we expect the demand for our products to continue to be tied to the increasing income of the Brazilian population, the growth of other economic segments, including the development of the real estate industry and government incentive programs, such as *Minha Casa, Minha Vida* (My House, My Life), as well as any uptick in the Brazilian economy due to the upcoming FIFA World Cup in 2014 and Olympic Games in 2016. If these factors do not experience anticipated levels of growth, our revenue and operating results may be adversely affected. See also "Risks Relating to Brazil—The Brazilian government exercises significant influence over the Brazilian economy, which along with Brazilian political and economic conditions, could adversely affect us" for further discussion regarding the effect of macroeconomic factors on our business.

We may be adversely affected by the performance of the Dealers through which our products are sold if they fail to comply with our quality standards.

We rely on independent Dealers to sell our products and offer post-sale services according to our quality standards. We cannot ensure that they will maintain the same quality standards we deem to be adequate. If the Dealers that sell our products fail to meet our customers' expectations with regard to the quality of their stores and services (including post-sales services), the image of our brands and, consequently, our sales, may be adversely affected.

Additionally, we cannot guarantee that the Dealers that sell our products will be able to hire, retain and employ people with the specialized qualifications and experience required to assemble our customized furniture and fixtures. If this occurs, the performance and quality of services rendered to assemble our products may be unsatisfactory and adversely affect our brands, sales and results.

We may not efficiently respond to changes in market trends for customized furniture and fixtures.

We compete with many brands of customized furniture and fixtures with respect to (i) price; (ii) quality; (iii) trends; (iv) customer service; and (v) store locations. We believe that offering distinctive products and customer satisfaction are key challenges for our business. Customer preferences and market trends for customized furniture and fixtures are volatile and change rapidly.

Our sales success depends on our ability to anticipate and respond to changes and trends in the market for customized furniture and fixtures. If we fail to adapt our products to market expectations, our sales and margins may be adversely affected. Any failure to anticipate, identify or respond to trends and changes in the market may adversely affect the acceptance of our products at Dealers' stores, adversely impacting our business and the image of our brands.

We are exposed to default risks of end customers.

We operate in the industry for customized furniture and fixtures and frequently sell our products to Dealers and end customers in installments. Adverse factors affecting macroeconomic conditions, such as decreases in economic activity, currency devaluations, inflation and increases in domestic interest and/or unemployment rates may increase Dealers' and end customers' default rates, which may adversely affect our business, financial condition and our operating results.

In addition, on occasion, Dealers sell our products for scheduled future deliveries and receive up-front payments without immediately passing on to us either payment or production orders. In most cases, Dealers pass on these payments and orders closer to the scheduled delivery and assembly dates. If the Dealers that sell our products do not pass on to us cash payments and/or orders they receive from end customers, we may be liable for the delivery and assembly of products for which we have not received payment or sufficient advance notice of such order. This may have a significant adverse effect on the perception of our brands and could result in potential legal proceedings against us.

Further, our operating results and financial condition may be adversely affected if demand for consumer credit decreases, if the Brazilian government restricts consumer credit or if end customers' ability to pay is hindered due to any eventual credit restrictions. See also "— We are subject to the credit risks of the Dealers that we finance" for a discussion of additional credit risks of the Dealers that sell our products.

Additionally, currently a significant portion of the purchases of our products made by end customers are financed by a single financial institution. If our agreement with this institution terminates and we cannot find a replacement, it may reduce the amount of credit available to our end customers, which may adversely affect our results. See "Business—Material Contracts" for more information.

The market for customized furniture and fixtures in Brazil is highly and increasingly competitive.

The market for customized furniture and fixtures in Brazil is highly competitive. There is competition affecting all aspects of our business, including types of products, number of stores, advertising, prices, quality of products, services, store locations, reputation, and availability of consumer credit, among others. Our competitors are both regional and national. If we do not compete effectively, our market share, operating results and financial condition may be negatively affected.

If we lose any of our key executives, our performance may be adversely affected.

Our performance depends on the efforts and capabilities of our key executives, including our president, who are responsible for making most of the key decisions that guide our business. If we lose any of our executives, our business, our financial and operating results could be adversely affected.

Additionally, if any of our executives leave our company for any reason, we would need to attract new highly qualified professionals as replacements. If we fail to attract or retain qualified professionals to manage and expand our operations, we may not be able to conduct our business successfully and, consequently, our results may be adversely affected.

If we fail to retain and hire specialized labor and train our employees, our operations and expansion potential may be affected.

Our business success and our expansion strategy depend on our capacity to hire, retain and employ professionals with specialized skills who have the necessary competence and experience in our various operations.

We compete with other producers of customized furniture and fixtures to attract qualified professionals and we cannot guarantee that we will be able to attract qualified professionals in the required time or in a sufficient number to support our expansion. Additionally, we may have difficulties in retaining professionals, which could adversely affect our operations and the expansion potential for our business.

Problems with our information technology systems or a failure to maintain our information technology system up-to-date, could adversely impact our manufacturing process and our operations.

Our operations depend on our information technology systems to manage our resources and the manufacturing of our products. A significant portion of our production process is performed by machines controlled by computer systems specifically designed for this purpose and operate with little or no human interaction. The management of and security issues related to our information systems, together with potential instability or failure to maintain our information technology system up-to-date, could cause temporary interruptions of the system's functionality, including eventual interruptions of our production. If we are not able to perform updates or timely repairs and any interruption becomes extended, our manufacturing process and our operations may be significantly impaired, adversely affecting our financial and operating results.

We and the Dealers that sell our products may be held responsible for damage or alleged damages to customers or third parties from our manufactured products, which could adversely affect our results.

In Brazil, consumer protection laws are strict and extremely favorable to customers. Under applicable Brazilian law, we are strictly liable for any defect in products we manufacture, regardless of fault. Furthermore, consumer protection laws impute to us the burden of proof against the customer's claim, which places us at a disadvantage for relevant legal proceedings. Consumer protection lawsuits may involve individual claimants or class actions and, with respect to class actions, may be filed by state or federal authorities through direct or indirect public administration agencies tasked with protecting consumer rights or through customer right protection organizations, including the Public Ministry and the Consumer Protection and Orientation Program (PROCON). Judgments against us involving, individually or collectively, significant amounts in any such lawsuit may adversely affect our financial results and conditions. In addition, any such rulings against us could adversely affect our image and the image of our brands, consequently affecting our sales.

There are risks that our insurance policies do not cover.

Our insurance policies do not cover certain risks (such as war, acts of God and *force majeure* or interruption of certain activities). Upon the occurrence of any such event that is not covered by our insurance, we may be adversely affected. In addition, we cannot ensure that, even in case of losses covered by our policies, the insurance reimbursement will be enough to cover all damages incurred from such loss, including labor accidents, death or disability or loss of profits from losses at our factories. In case our insurance policies do not cover certain losses or do not sufficiently reimburse to fully cover any damages suffered or lost profits, our financial results and condition may be negatively affected. In addition, we do not have insurance coverage for civil claims by our customers, which could have an adverse impact on us if we are held legally liable for indemnifications of third parties.

Investigations and legal and administrative proceedings may adversely affect us.

In the normal course of business, we are subject to investigations, audits, suits and administrative proceedings with respect to civil, tax, pension, environmental, corporate and consumer rights matters, among others. As of December 31, 2011, we have R$17.0 million in potential liabilities under legal proceedings, with a provision for contingencies for labor, tax and civil claims totaling R$3.4 million. Depending on the nature of the investigation or the legal or administrative proceeding filed against us, we could be adversely affected. In addition, we are periodically investigated by various regulatory authorities, including tax, labor, social security, environmental and health. We cannot guarantee that these authorities will not institute claims against us, including as a result of the interpretation of accounting, social security and tax provisions or contingencies, or that these investigations will not result in administrative proceedings or thereafter in legal proceedings, nor can we predict the outcomes of any such possible administrative or legal proceeding. Decisions against us in a significant portion of the proceedings we are party to may cause a significant adverse impact on our operating results. In addition, to the extent such proceedings cover our alleged acts of negligence, our involvement in such actions, regardless of the result, could impact our reputation in the market and negatively impact our brands. For more information about our current relevant legal proceedings, see items "Business—Legal and Administrative Proceedings."

If we fail to legally protect any of our brands, our activities, our financial condition and our operating results could be adversely affected.

We believe that our brands have significant value and play a considerable role in our business. Currently, our Dell Anno and Favorita brands are registered with the INPI and our New brand is in the process of being registered. In addition, through an agreement with Telasul S.A., we have obtained the non-exclusive right to use the Telasul brand. We cannot guaranty that the ownership rights of our brands will not be infringed or that our ongoing applications for registration will be approved by the INPI, or that third parties will not attempt to seek legal nullification of our registered brands. Also, if ownership of our brands is legally contested and if a court rules against us with respect to their use or validity, we could be prohibited from using them. Any of these factors may decrease the value of our brands and cause an adverse material impact in our activities, financial condition and operating results.

Specifically with regards to the registration of our New brand, which is under INPI analysis, we cannot ensure that the registration will be approved or, if approved, that it will be approved for exclusive use (given that it is a commonly used name). If this registration is not granted or if it is granted without exclusivity, we cannot ensure that other companies will not use similar brands in the market, including in the same segment of our activities.

We may not be able to fully implement our growth strategy.

Our ability to implement the main initiatives of our growth strategy depends on a series of factors, including our ability to:

- protect our brands;
- expand and qualify the base of Dealers that sell our products in Brazil and increase sales, with a focus on increasing our productivity and operational efficiency;
- continuously increase our supply of innovative products;
- evaluate complementary strategic acquisition opportunities for our business; and
- increase sales by our corporate business.

We cannot guarantee that any of these goals will be fully or successfully achieved. Any inability to implement our main growth initiatives may adversely impact our activities, our financial condition and our operating results.

The removal or reduction of tax benefits or the increase in existing taxes or the creation of new taxes applicable to our business may adversely impact our company.

In the past, the Brazilian government has removed and reduced tax benefits, increased tax rates, created new taxes and changed tax regimes frequently. If this occurs again, we could be adversely affected as we may not be able to pass on any tax increases to the Dealers that sell our products.

In addition, cost increases arising from taxes that are passed on to Dealers may increase the final price to our end customers and reduce the demand for our products or impact our margins and profitability, causing an adverse impact on our results.

Further, the granting of tax benefits to our competitors, including those in other states, could adversely impact the competition and product prices we have adopted.

If we fail to acquire raw materials or if we fail to acquire them at acceptable prices or on acceptable terms, our production, sales and financial condition could be negatively affected.

We order raw materials for manufacturing our products through purchase orders and do not have long-term agreements with our suppliers, which can create uncertainties regarding the terms and conditions of our future purchases. If we fail to maintain favorable relationships with our suppliers or if we are not able to obtain enough high-quality raw materials at reasonable commercial terms, our business and operating results may be negatively affected. In addition, our main raw materials are subject to price fluctuations that may cause adverse effects on our business, financial condition and operating results. Raw material prices are affected by many factors over which we have little or no control, such as climate, international and domestic economic conditions, transportation and processing costs, regulations and government policies and global demand, among others. We may not be able to pass on to the Dealers that sell our products, in a timely manner or in the necessary volume, increases in costs for raw materials related to the manufacturing of our products. Any of these may result in a decrease in sales and/or margins, adversely affecting our operating results and financial condition.

We may be required to indemnify Dealers' expenses if their operations are unsuccessful.

The success of the Dealers that sell our products depends on many factors outside of our control, in particular, market and economy factors that can impact the demand for our products. The Dealers that sell our products make many investments to comply with our standards with respect to each store's visual identity, architectural design and hiring and training of qualified professionals, including architects, builders and salespeople. If the Dealers that sell our products do not succeed, they may file lawsuits or arbitration proceedings against us to make us liable for their unsuccessful operations. If we are required to indemnify any Dealers for their expenses, our remaining Dealers may be encouraged to file additional similar lawsuits against us and we may be adversely affected.

We are subject to the credit risks of the Dealers that we finance.

We finance some Dealers and/or act as guarantors for financings they obtain from financial institutions. Such financings are usually intended to provide resources for deployment, expansion and improvements to the stores as well as for changing sales points into more strategic locations, according to our managers. As of December 31, 2011, we had loans granted in the amount of R$11.6 million outstanding from Dealers with respect to these financings and we were guarantors for R$4.8 million in financings obtained by Dealers from financial institutions and we had non-current trade accounts receivable in the amount of R$33.0 million, as described in "Management's Discussion and Analysis—Gross revenues from sales—Domestic Market." Accordingly, we are subject to credit risks customarily associated with the granting of this type of financing, which includes the risk of default on the payment of the principal amount and interest. If Dealers fail to comply with their financial obligations to us and/or financial institutions, our results may be adversely affected. See also "— We are exposed to default risks of end customers" for a discussion of additional default risks of Dealers.

Our management and board of directors are strongly influenced by our controlling shareholders.

Our management and board of directors are strongly influenced by our controlling shareholders, who guide various aspects of our business. Death or removal of certain of our controlling shareholders who are part of our senior management may adversely affect us as their influence will no longer be present in the management of our company, who have good existing relationships among them, employees and our main suppliers. Thus, we may also face succession issues in the future, which can adversely affect our operating results and financial condition. See "Principal and Selling Shareholders—Shareholders Agreement" for more information regarding our shareholders' agreement, pursuant to which relevant controlling shareholders have agreed to vote as a single block for board resolutions.

As a result of their participation in any stock option plan that we approve, the interests of our executive officers and employees may be overly tied to our stock price.

We intend to approve a stock option plan after this offering in accordance with the terms of Article 168, Clause 3 of the Brazilian Corporations Law, which, if implemented, could award our executive officers and employees with stock options for our common shares at a lower price than the market price. This could lead the interests of such persons to be excessively tied to the value of our common shares, particularly when short-term vesting periods apply, causing them to seek increases in the short-term market prices of our common shares, as opposed to long-term profits that our shareholders may be seeking from their investments.

The proceeds from the primary offering will not be allocated to our expansion and growth plans, as they will be used mostly to pay dividends and interest on shareholders' equity to our shareholders (prior to completion of this offering), which could delay or prevent the growth and expansion of our business.

The proceeds from the primary offering will be used mostly to pay dividends and interest on shareholders' equity to our shareholders (prior to completion of this offering). Accordingly, our expansion and growth plans will not benefit from the proceeds of the primary offering. If we cannot generate enough cash through our operations or obtain funds from other sources for the implementation of our expansion and growth plans, the expansion and growth of our business may be adversely affected.

Risks Relating to Brazil

The Brazilian government exercises significant influence over the Brazilian economy, which along with Brazilian political and economic conditions, could adversely affect us.

The Brazilian government frequently exercises significant influence over the Brazilian economy and occasionally makes significant changes in policies and regulations. The Brazilian government's actions to control inflation and other policies and regulations have often involved, among other measures, increases in interest rates, changes in tax policies, price controls, currency devaluations, capital controls and limits on imports. We cannot predict changes in Brazilian government and regulations, and such policies and regulations are beyond our control. Our business, financial condition and operating results may be adversely affected by changes in policies or regulations at the federal, state or municipal levels involving or affecting factors such as:

- interest rates;
- foreign exchange controls and restrictions on remittances abroad;
- monetary policy;
- exchange rates volatility;
- changes in labor rules;
- inflation;
- liquidity of domestic capital and lending markets;
- expansion and contraction of the Brazilian economy;
- fiscal policy and changes in tax laws;
- import and export controls;
- fiscal policy and changes in tax laws;

- economic and social instability; and
- other political, diplomatic, social and economic developments in or affecting Brazil.

Uncertainty over whether the Brazilian government will implement changes in policies or regulations affecting these and other factors may create instability in the Brazilian economy and increase the volatility of the Brazilian securities markets, which may have an adverse effect on us and the trading price of our common shares. See also "Risks Relating to our Business and the Industry for Customized Furniture and Fixtures—The market for customized furniture and fixtures is sensitive to decreases in consumer purchasing power, consumer credit and unfavorable economic cycles, as well as other macroeconomic growth factors" for further discussion regarding the effect of macroeconomic factors on our business.

Government efforts to combat inflation may hinder the growth of the Brazilian economy and could harm our business.

In the past, Brazil has experienced extremely high inflation rates and has therefore enacted monetary policies designed to combat inflation that have had adverse effects on the Brazilian economy. In 2009, 2010 and 2011, annual inflation rates in Brazil were -1.72%, 10.78% and 5.1%, respectively, according to the General Market Price Index (IGP-M) and 4.31%, 5.76% and 6.5%, respectively, according to the National Consumer Price Index (IPCA). Inflation and the Brazilian government's measures to fight it, mainly implemented through the Brazilian Central Bank, have had and may have significant effects on the Brazilian economy and our business. Tight monetary policies with high interest rates may restrict Brazil's growth and the availability of credit. Conversely, more lenient government and Brazilian Central Bank policies and interest rate decreases may trigger increases in inflation, and consequently, volatility and the need for sudden and significant interest rate increases, which could negatively affect our business. In addition, if Brazil experiences high inflation in the future, we may not be able to pass on to customers all or part of such increase to adequately offset the effects of inflation on our cost structure, which may adversely affect our operating margins. Furthermore, the values of our debt and other obligations as adjusted for inflation would increase proportionally, which could adversely affect our financial condition and operating results, if we are not able to pass on all or part of such increase to our customers.

Exchange rate instability may have an adverse effect on us.

As a result of inflationary pressures, the Brazilian currency has been devalued periodically in the past in relation to the U.S. dollar and other foreign currencies. The Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluations, periodic mini-devaluations (during which the frequency of adjustments has ranged from daily to monthly), floating exchange rate systems, exchange controls, and dual exchange rate markets. From time to time, there have been significant fluctuations in the exchange rate between the Brazilian currency and the U.S. dollar and other currencies. For example, the *real* depreciated against the U.S. dollar by 15.7% in 2001 and 34.3% in 2002. Although the *real* appreciated 13.4%, 9.5%, and 20.7% against the U.S. dollar in 2005, 2006, and 2007, respectively, in 2008, it depreciated 24.2% against the U.S. dollar. During 2009 and 2010, the *real* appreciated against the U.S. dollar by 34.2% and 4.5%, respectively. As of December 31, 2009, 2010 and 2011, the U.S. dollar-*real* exchange rate was R$1.7412, R$1.6662 and R$1.8758 to U.S.$1.00, respectively, and as of April 3, 2012, the exchange rate was R$1.8256 to U.S.$1.00. There can be no assurance that the *real* will not depreciate or be devalued against the U.S. dollar again.

Depreciation of the *real* against the U.S. dollar could create inflationary pressures in Brazil and cause increases in interest rates, which could negatively affect the growth of the Brazilian economy as a whole and harm our financial condition and results of operations.

Developments and the perception of risk in other countries, particularly in other emerging market countries and the United States and the European Union, may adversely affect the market price of Brazilian securities, including our common shares.

The market value of Brazilian securities is affected by economic and market conditions in other countries, particularly in other emerging market countries, in the United States and in the European Union. Although economic conditions in other countries may differ significantly from economic conditions in Brazil, investors' reactions to developments in other countries may have an adverse effect on the market value of Brazilian securities. Crises in emerging market countries, in the United States and in the European Union may diminish investor interest in the securities of Brazilian issuers, including our common shares. Share prices on the BM&FBOVESPA, for example, are historically affected by interest-rate fluctuations in the United States as well as by variations of major U.S. stock indexes. This could adversely affect the trading price of our common shares and could also make it more difficult for us to gain access to the capital markets and finance our operations in the future on acceptable terms or at all.

The global financial crisis that began during the second half of 2008 has had significant consequences, including in Brazil (*e.g.*, stock and credit market volatility, unavailability of credit, higher interest rates, general economic slowdown, volatile exchange rates and inflationary pressure, among others), and may influence the market price of our common shares.

Risks Relating to Our Common Shares and the Offering

There is currently no public market for our common shares, we cannot assure an active and liquid trading market for our common shares will develop, and the volatility and the lack of liquidity of the Brazilian stock market may substantially limit the ability of investors to sell their common shares at the time and price they prefer.

There is currently no public market for our common shares and there can be no assurance that an active and liquid public trading market for our common shares will develop or that, even if a market develops, it will be sufficiently liquid. Active, liquid trading markets generally result in lower price volatility and more efficient purchases and sales of common shares.

Investment in Brazilian securities such as our common shares often involve a greater risk than investing in securities of issuers in other countries and are generally considered more speculative in nature. The Brazilian securities market is substantially smaller, less liquid, more volatile, and more concentrated than major international securities markets. As of December 31, 2011, the BM&FBOVESPA had a market capitalization of R$2.3 trillion and a daily average trading volume of R$6.5 billion. The top 10 stocks in terms of trading volume accounted for approximately 47.2% of all common shares traded on the BM&FBOVESPA in 2011. These market characteristics may substantially limit the capacity of holders of our common shares to sell them at the price and time of their preference, which may have an adverse effect on the market price of our common shares.

In addition, the price of common shares sold in an offering is frequently subject to volatility for a period of time following the offering. The market price of our common shares could vary significantly as a result of a number of factors, some of which are beyond our control. Prior to this offering, there has been no public market for our common shares. If an active trading market does not develop or is not maintained, the liquidity and trading price of our common shares could be significantly impaired.

The interests of our controlling shareholders may conflict with the interests of our investors.

Immediately following this offering, our controlling shareholders will have a controlling group with powers to, among others:

- elect a majority of the members of our board of directors and, therefore, our executive officers, set our administrative policies and exert complete control over us; and

- determine the result of decisions that require shareholder approval, including transactions with related parties, corporate reorganizations, and acquisitions and divestitures of assets and dividends.

Our controlling shareholders' interests may be different from the interests of our other shareholders and we may consequently take actions that our management and other shareholders do not consider beneficial to them or that could adversely affect us.

While our controlling shareholders hold the majority of our common shares, they will have the power to decide most of the issues related to us, and such decisions may not coincide with the interests of other investors.

See "Principal and Selling Shareholders—Shareholders' Agreement" for more information about our shareholders' agreement.

Investors in the offering will suffer immediate dilution of the book value of their investments.

We expect the price per share in this offering to exceed the book value per share of our capital stock. Therefore, investors purchasing our common shares sold through the offering will pay a price per share higher than the total amount of our assets, less the total amount of our liabilities, divided by the total number of common shares, resulting in the immediate and substantial dilution of the equity value of their investments in us. For additional information regarding potential dilution, see "Dilution."

The investors in our common shares could suffer additional dilution in the future as a result of our stock-option plan.

After this offering, we intend to approve and implement a stock-option plan. The specific conditions for the granting and exercise of options to the beneficiaries of any such plan will be set out in stock-option agreements between us and each of the beneficiaries. Any granting and exercise of options by beneficiaries under any such plan may result in additional dilution for our shareholders in the future.

Substantial sales of our common shares after the offering may cause a decrease in the price of our common shares.

We, the shareholders and our directors and officers have agreed, subject to certain exceptions, not to issue, transfer or grant any option to purchase, or grant any rights in, for a period of 180 days following the pricing date of this offering, any of our common shares, or any securities convertible into, or exchangeable or exercisable for, any equity securities issued by us. For more information regarding these agreements, see "Plan of Distribution—Lock-up Agreements and other Restrictions."

After this 180-day period, the controlling shareholders (as interpreted by the BM&FBOVESPA) and our directors and officers will, for another period of six months, be prevented from selling and/or offering more than 40% of our common shares (or derivatives linked to those common shares), held by them immediately after the offering. For more information regarding this restriction see "Offering."

After the restriction periods described above end, the relevant common shares will be available for issuance or sale, as the case may be. The issuance or sale, or the perception of the possibility of an issuance or sale, of a substantial number of our common shares could impair the market price of our common shares.

The participation in the offering of institutional investors that are related parties and involved in the bookbuilding process could have adversely impacted the offering price of our common shares and the investment in our common shares by institutional investors that are related parties could decrease the liquidity of our common shares in the secondary market.

The price per share was established after the completion of the bookbuilding process. Institutional investors that are related parties may participate in the bookbuilding process, in the amount of up to 15% of the common shares initially offered. The participation of institutional investors that are related parties in the bookbuilding process may have adversely impacted the price per share and may decrease the liquidity of our common shares in the secondary market. Investing in our common shares is not recommended for short-term investors and/or investors averse to liquidity risks. Companies within the agents' economic groups may sell common shares as hedging instruments using derivatives for their clients. Such transactions may affect the demand for our common shares and the price per share. As a result, the price per share during the offering could be different from the market price following the offering.

The owners of our common shares may not receive dividends or interest on shareholders' equity.

In accordance with our bylaws, we must pay our shareholders a minimum of 25.0% of our annual net income, calculated and adjusted pursuant to the terms of the Brazilian Corporations Law, in the form of dividends or interest on shareholders' equity. However, we may capitalize our net income, use it to offset losses or retain it in accordance with the Brazilian Corporations Law, which may result in net income not being available to pay dividends or interest on shareholders' equity. In addition, the Brazilian Corporations Law permits us to suspend the mandatory distribution of dividends for fiscal years in which our Board of Directors decide, and inform shareholders at a shareholders meeting, that a distribution would be inconsistent with our financial condition. For any of these reasons, holders of our common shares may not receive dividends or interest on shareholders' equity.

We may need additional funds and may issue additional common shares instead of incurring indebtedness, which could result in a dilution of investors' interests in our common shares.

We may need to raise additional capital and may opt to obtain such capital through the public or private debt, equity or convertible debt markets. Our bylaws allow our board of directors to issue common shares to increase our capital stock up to an amount of R$500 million without the need for specific approval by our shareholders. In addition, our shareholders may vote to issue additional common shares beyond this limit. Capital increases to obtain additional funds may, pursuant to the Brazilian Corporations Law, exclude shareholders from exercising preemptive rights, thereby diluting their percentage participations in our common shares. For additional information regarding potential dilution, see "Dilution."

A U.S. holder of our common shares may be unable to exercise preemptive rights or tag-along rights relating to our common shares.

U.S. holders of our common shares may not be able to exercise the preemptive rights or tag-along rights relating to our common shares unless a registration statement under the U.S. Securities Act of 1933, as amended, is effective with respect to those rights, or an exemption from the registration requirements of the Securities Act is available. We are not obligated to file a registration statement with respect to our common shares relating to these rights and we cannot assure you that we will file any such registration statement. Unless we file a registration statement or an exemption from registration is available, a holder may receive only the net proceeds from the sale of his or her preemptive rights and tag-along rights or, if these rights cannot be sold, they will lapse and the holder will receive no value for them.

USE OF PROCEEDS

Based on the price per share set forth on the cover page of this offering memorandum, we estimate that the net proceeds of the primary offering of our common shares will be approximately R$124.3 million, after deducting estimated offering expenses payable by us, without considering the exercise of the over-allotment option. The selling shareholders will pay all underwriting commissions due in connection with this offering. For further information on commissions and costs of the offering, see "The Offering."

We intended to use the net proceeds from the primary offering (i) to pay dividends in the amount of R$130.0 million and interest on shareholders' equity in the amount of R$7.9 million to our shareholders (prior to completion of this offering); and (ii) for general corporate purposes. Considering that the net proceeds we received from the primary offering were below our estimates, we will give priority to the payment of dividends to our shareholders (prior to completion of this offering) over the payment of interest on shareholders' equity to our shareholders (prior to completion of this offering), with the proceeds from the primary offering, and the application of the funds to general corporate purposes, as mentioned in the preliminary offering memorandum, in accordance with the percentages set forth below:

Use	**Allocated approximate percentage of net proceeds from the offering**
Payment of dividends to our shareholders (prior to completion of this offering)	100%
Payment of interest on shareholders' equity to our shareholders (prior to completion of this offering)	0%
General corporate purposes	0%
Total	**100%**

Notwithstanding the above, our actual use of proceeds from the primary offering will be influenced by market trends and the factors described in "Forward-Looking Statements." The future behavior of relevant markets cannot be predicted and, therefore, the estimated allocations of proceeds from the primary offering are subject to change, along with the investment opportunities we identify and acceptable return rates for potential acquisitions. If such investments are not completed, funds will be allocated to low-risk investments offered by first-tier financial institutions or investments in public securities. If we need additional funds, we may issue more equity and/or contract lines of credit with financial institutions.

For more information regarding the impact of net proceeds we receive from the primary offering on our financial situation, see "Capitalization."

We will not receive any proceeds from the sale of the common shares in the secondary offering by the selling shareholders.

EXCHANGE RATE INFORMATION

The Brazilian foreign exchange system allows the purchase and sale of foreign currency and the international transfer of *reais* by any person or legal entity, regardless of the amount, subject to certain regulatory procedures.

Since 1999, the Central Bank has allowed the *real*/U.S. dollar exchange rate to float freely, and since then the *real*/U.S. dollar exchange rate has fluctuated considerably. In the past, the Brazilian government has implemented various economic plans and utilized a number of exchange rate policies, including sudden devaluation, periodic mini-devaluation during which the frequency of adjustments ranged from a daily to a monthly basis, floating exchange rate systems, exchange controls and dual exchange rate markets. We cannot predict whether the Central Bank or the Brazilian government will continue to let the *real* float freely or intervene in the exchange rate market by returning to a currency band system or otherwise. The *real* may depreciate or appreciate substantially against the U.S. dollar. Exchange rate fluctuations may affect the U.S. dollar equivalent of the market price of our common shares on the BM&FBOVESPA, as well as the U.S. dollar value of any distributions we make with respect to our common shares, which will be made in *reais*, adversely affecting our financial condition.

The *real* depreciated against the U.S. dollar by 18.7% in 2001 and 52.3% in 2002. Although the *real* appreciated 11.8%, 8.7% and 17.2% against the U.S. dollar in 2005, 2006 and 2007, respectively, in 2008, it depreciated 32.0% against the U.S. dollar. During 2009 and 2010, the *real* appreciated against the U.S. dollar by 34.2% and 4.5%, respectively. As of December 31, 2009, 2010 and 2011, the U.S. dollar-*real* exchange rate was R$1.7412, R$1.6662 and R$1.8758 to U.S.$1.00, respectively, and as of April 3, 2012, the exchange rate was R$1.8256 to U.S.$1.00.

The following tables provide information on the selling exchange rate, expressed in *reais* per U.S. dollar (R$/U.S.$) for the periods indicated, as reported by the Central Bank.

	Selling rates of *reais* per U.S.$1.00			
For the year Ended December 31,	**Period-end**	**Average(1)**	**High**	**Low**
		(*reais* per U.S. dollar)		
2007	1.7713	1.9479	2.1556	1.7325
2008	2.3370	1.8346	2.5004	1.5593
2009	1.7412	1.9976	2.4218	1.7024
2010	1.6662	1.7593	1.8811	1.6554
2011	1.8758	1.6741	1.9016	1.5345
2012 (through April 25, 2012)	1.8807	1.7869	1.8867	1.7024

(1) Daily rate calculated as the accumulated monthly average up to the date of calculation.
Source: Central Bank.

	Selling rates of *reais* per U.S.$1.00			
Month	**Period-end**	**Average(1)**	**High**	**Low**
		(*reais* per U.S. dollar)		
October 2011	1.6885	1.7726	1.8856	1.6885
November 2011	1.8109	1.7905	1.8937	1.7270
December 2011	1.8758	1.8369	1.8758	1.7830
January 2012	1.7390	1.7897	1.8683	1.7389
February 2012	1.7024	1.7184	1.7376	1.7024
March 2012	1.8221	1.7953	1.8334	1.7152
April 2012 (through April 25, 2012)	1.8807	1.8490	1.8867	1.8256

(1) Daily rate calculated as the accumulated monthly average up to the date of calculation.
Source: Central Bank.

Exchange rate information

Brazilian law provides that, whenever there is a serious imbalance in Brazil's balance of payments or when there are credible reasons that a significant imbalance may occur, temporary restrictions may be imposed on remittances of foreign capital abroad. We cannot assure you that such measures will not be taken by the Brazilian government in the future.

We have translated some of the *real* amounts contained in this offering memorandum into U.S. dollars. The exchange rate used to translate these amounts was the PTAX-800 selling exchange rate of R$1.88 to U.S.$1.00 as of December 31, 2011. PTAX-800 is the average of all rates traded on the commercial market during the day as calculated by the Central Bank, at market close. It is generally used in Brazil as the official exchange rate for financial transactions. The U.S. dollar equivalent information presented in this offering memorandum is provided solely for the convenience of the readers of this offering memorandum and should not be construed as implying that the *reais* amounts represent, or could have been or could be converted into, U.S. dollars at that rate or at any other rate.

CAPITALIZATION

The following table sets forth our loans and financing and shareholders' equity and total capitalization as of December 31, 2011 on an actual basis (i) adjusted to reflect the distribution of dividends in the amount of R$130.0 million, approved at the ordinary and extraordinary shareholders meetings held on February 24, 2012, and ratified on February 27, 2012; and (ii) as further adjusted by this offering to reflect the net proceeds from the issuance of our common shares in the primary offering of approximately R$124.3 million after deducting estimated offering expenses payable by us, without considering the exercise of the over-allotment option. For more information regarding our capital increase and dividend distribution, see "Summary – Recent Events."

The table below is based on data extracted from our financial statements as of December 31, 2011. The table below should be read together with the information set forth in "Selected Financial Information," as well as together with our financial statements and the accompanying explanatory notes included elsewhere in this offering memorandum.

	As of December 31, 2011		
	Actual	**As adjusted(1)**	**As further adjusted(2)**
		(in millions of R$)	
Current loans and financing	1.1	1.1	1.1
Non-current loans and financing	5.7	5.7	5.7
Total loans and financing	**6.8**	**6.8**	**6.8**
Shareholders' equity	**195.7**	**65.7**	**190.0**
Total capitalization(3)	**202.5**	**72.5**	**196.8**

(1) Adjusted to reflect the distribution of dividends in the amount of R$130.0 million.
(2) Further adjusted to reflect the receipt of estimated net proceeds from this primary offering, based on the offering price set forth on the cover page of this offering memorandum.
(3) For the purpose of this offering memorandum, corresponds to the sum of total loans and financing and shareholders' equity.

DILUTION

Investors participating in this offering will suffer an immediate dilution of their investment, calculated by the difference between the price per share paid by them at the time of this offering and our equity value per share immediately after this offering.

As of December 31, 2011, our shareholders' equity value was R$195.7 million. The book value per share at the same date, was R$35.59. Considering the distribution of dividends in the amount of R$130.0 million, approved at the Ordinary and Extraordinary Shareholders Meeting held on February 24, 2012, and ratified on February 27, 2012, and the stock split on March 30, 2012, the amount of our shareholders' equity adjusted by the distribution of dividends and the stock split would be R$65.7 million and the book value per share would be R$1.15 per share. For more information regarding our capital increase, dividend distribution and stock split, see "Summary – Recent Events."

Considering (i) the distribution of dividends in the amount of R$130.0 million, approved at the general and extraordinary shareholders meetings held on February 24, 2012, and ratified on February 27, 2012, and the stock split on March 30, 2012; (ii) the subscription of common shares in the primary offering, at the price per share of R$14.00, without considering the exercise of the over-allotment option; and (iii) deducting expenses payable by us in connection with this offering, our shareholders' equity as of December 31, 2011, would be approximately R$190.0 million, representing R$2.88 per share.

Considering the price of R$14.00 per share, this offering would represent an immediate increase of our book value per share corresponding to R$1.73 per share to shareholders (prior to completion of this offering), and an immediate dilution in book value of R$11.12 per share to new investors within the offering. This dilution represents the difference between the price of each share subscribed/acquired by new investors and the book value per share immediately after the offering.

The following table illustrates this dilution per share:

	As of December 31, 2011	
	(in *reais*, except as otherwise indicated)	**(in U.S.$, except as otherwise indicated)(1)**
Issue price per share(2)	14.00	7.45
Book value per share as of December 31, 2011	35.59	18.93
Book value per share as of December 31, 2011, adjusted to reflect (i) the distribution of dividends and (ii) the stock split(3)	1.15	0.61
Book value per share as of December 31, 2011, adjusted to reflect (i) the distribution of dividends; (ii) the stock split; and (iii) this offering	2.88	1.53
Increase in book value per share attributed to shareholders (prior to completion of this offering)	1.73	0.92
Dilution per share for new investors	11.12	5.92
Percentage of dilution per share for new investors(4)	**79.4%**	**79.4%**

(1) Solely for the convenience of the reader, *real* amounts as of December 31, 2011 have been translated into U.S. dollars at the selling exchange rate as reported by the Central Bank on December 31, 2011, of R$1.88 to U.S.$1.00. The U.S. dollar equivalent information should not be construed to imply that the *real* amounts represent, or could have been or could be converted into, U.S. dollars at such rates or at any other rate.

(2) Price per share indicated on the cover page of this offering memorandum.

(3) Adjusted to reflect the distribution of dividends in the amount of R$130.0 million and the stock split on March 30, 2012.

(4) The percentage of dilution per share to new investors is calculated by dividing the dilution per share to new investors by the issue price per share.

Within this offering, our shareholders (prior to completion of this offering) who chose not to subscribe to the proportional amount of common shares that would allow them to keep their current interest in our capital stock will suffer an immediate dilution without considering the exercise of the over-allotment option, considering the primary offering going from an approximate equity interest of 100% to approximately 60.0%. For additional information please refer to “The Offering.”

Stock Option Plan

In addition, we plan to submit to our shareholders for approval, at least six months after the realization of this offering, a stock option plan for options to purchase up to 5% of our capital stock. If the plan is approved, we could issue shares at prices lower than the market or book value of those shares.

MARKET INFORMATION

Overview

Prior to this offering, there was no organized market for our common shares. After completion of this offering, the principal market for our common shares will be the BM&FBOVESPA.

On March 30, 2012 we entered into the *Novo Mercado* Participation Agreement with the BM&FBOVESPA, which is effective on the date that the initial distribution of our common shares is announced and obligates us to comply with the BM&FBOVESPA's corporate governance requirements as a condition to listing our common shares on the *Novo Mercado* segment. On the first trading day following the execution of our listing agreement, our common shares will be traded on the BM&FBOVESPA under the symbol "UCAS3." We do not have any other securities outstanding apart from our common shares.

Trading on the BM&FBOVESPA

In 2000, Bolsa de Valores de São Paulo was reorganized through the execution of memoranda of understanding by the Brazilian stock exchanges and assured all of the shares traded in Brazil. In 2007, Bolsa de Valores de São Paulo underwent a corporate reorganization, by which, among other things, the shares issued by it were transferred to BOVESPA Holding S.A. and Bolsa de Valores de São Paulo S.A. — BVSP. The operations of BOVESPA Holding S.A. and Bolsa de Mercadorias e Futuros — BM&F S.A. were subsequently integrated, resulting in the creation of BM&FBOVESPA. In late 2008, Bolsa de Valores de São Paulo — BVSP and Companhia Brasileira de Liquidação e Custódia were merged into BM&FBOVESPA, which currently concentrates all trading activities of shares and commodities in Brazil. Trading on the exchange is conducted by authorized members. Trading sessions take place every business day, from 10:00 a.m. to 5:00 p.m. or from 11:00 a.m. to 6:00 p.m. during daylight savings time in Brazil, on an electronic trading system called Megabolsa. Trading is also conducted between 5:45 p.m. and 7:00 p.m., or between 6:45 p.m. and 7:30 p.m. during daylight savings time in Brazil, in an after-market system connected to both traditional broker dealers and brokerage firms operating on the Internet. Trading on the after market is subject to regulatory limits on price volatility and on the volume of shares transacted through Internet brokers.

When shareholders trade shares on the BM&FBOVESPA, the trade is settled in three business days after the trade date, and no adjustments for inflation are made. The seller is ordinarily required to deliver the shares to the exchange on the second business day following the trade date. Delivery of, and payment for, shares are made through facilities in the BM&FBOVESPA.

To contain excessive volatility of the BM&FBOVESPA index, the exchange uses a "circuit breaker" system by which trading sessions may be suspended for a period of 30 minutes or one hour whenever the BM&FBOVESPA index falls more than 10.0% or 15.0%, respectively, in relation to the closing index levels of the previous trading session.

When investors trade shares on the BM&FBOVESPA, the trade is settled in three business days after the trade date, without adjustments to the purchase price. The seller is ordinarily required to deliver the shares to the exchange on the third business day following the trade date. Delivery of and payment for shares are made through the facilities of an independent clearing house, the BM&FBOVESPA, which handles the multilateral central counterparty settlement of both financial obligations and transactions involving securities. According to the regulations of the BM&FBOVESPA, financial settlement is carried out through the Central Bank's transfer of funds system and the transactions involving the sale and purchase of shares are settled through the BM&FBOVESPA custody system. All deliveries against final payment are irrevocable.

Regulation of Brazilian Securities Markets

The Brazilian securities market is regulated by the CVM which has regulatory authority over the stock exchanges and securities markets, as well as the CMN and the Central Bank, which have, among other powers, regulatory authority over brokerage firms and regulatory authority over foreign investment and foreign exchange transactions. The Brazilian securities markets are generally governed by Law No. 6,385 of

December 7, 1976, or the Brazilian Securities Exchange Law, and the Brazilian Corporations Law, as well as by rules and regulations issued by the CVM, the CMN and the Central Bank. These laws and regulations include, among other things, providing for disclosure requirements applicable to issuers of publicly traded securities, criminal sanctions for insider trading and price manipulation, protections for minority shareholders, and procedures for licensing and supervising brokerage firms.

Under the Brazilian Corporations Law, a company is required to be a publicly held company (*companhia aberta*) before listing its common shares. All publicly held companies are registered with the CVM and are subject, *inter alia*, to periodic reporting requirements and prompt disclosure of material facts. A company registered with the CVM may trade its securities either on the BM&FBOVESPA or on the Brazilian over-the-counter market. The shares of a listed company may also be traded privately, subject to several limitations.

The over-the-counter market is divided into two categories: (i) organized over-the-counter market, in which the transactions are supervised by self-regulating entities authorized by the CVM; and (ii) non-organized over-the-counter market, in which the transactions are not supervised by self-regulating entities authorized by the CVM. In either case, transactions are directly traded among persons, outside of the stock exchange market, through a financial institution authorized by the CVM. The institution must be registered with the CVM (and in the relevant over-the-counter market), but there is no need for a special license to trade securities of a publicly held company on the over-the-counter market.

To be listed on the BM&FBOVESPA, a company must apply for registration with the BM&FBOVESPA and the CVM.

The trading of securities on the BM&FBOVESPA may be suspended at the request of a company in anticipation of a material announcement. Trading may also be suspended on the initiative of the BM&FBOVESPA or the CVM based on or due to a belief that a company has provided inadequate information regarding a significant event or has provided inadequate responses to inquiries by the CVM or the BM&FBOVESPA, among other reasons.

Corporate Governance Practices and the *Novo Mercado*

In 2000, the BM&FBOVESPA introduced three special listing segments, known as Level 1, Level 2 and the *Novo Mercado*, aimed at fostering a secondary market for securities issued by Brazilian companies with securities listed on the BM&FBOVESPA by prompting such companies to follow good corporate governance practices. The listing segments were designed for the trading of shares issued by companies voluntarily undertaking to abide by corporate governance practices and disclosure requirements in addition to those already imposed by applicable Brazilian law.

These rules generally increase shareholders' rights and enhance the quality of information provided to shareholders. To become a Level 1 company, in addition to the obligations imposed by applicable law, the issuer must agree to: (i) ensure that shares of the issuer representing at least 25.0% of its total capital are effectively available for trading; (ii) adopt offering procedures that favor widespread ownership of shares whenever making a public offering; (iii) comply with minimum quarterly disclosure standards; (iv) follow stricter disclosure policies with respect to transactions made by controlling shareholders, members of its board of directors and its executive officers involving securities issued by the issuer; (v) submit any existing shareholders' agreement and stock option plans to the BM&FBOVESPA; and (vi) make a schedule of corporate events available to shareholders.

To become a Level 2 company, in addition to the obligations imposed by applicable law, an issuer must agree to: (i) comply with all of the listing requirements for Level 1 companies; (ii) grant tag-along rights for all shareholders in connection with a transfer of control of the company offering (a) the same price paid per share of the controlling block of shares for each common share and (b) 80% of the price paid per share of the controlling block for each preferred share; (iii) grant voting rights to holders of preferred shares in connection with certain corporate restructurings and related-party transactions, such as (a) any transformation of the company into another corporate form; (b) any merger, consolidation or spin-off of the company; (c) approval of any transactions between the company and its controlling shareholder or parties related to the controlling shareholder; (d) approval of any valuation of assets to be delivered to the company in payment for shares issued in a capital increase; (e) appointment of an expert to ascertain the fair value of the company in connection with any deregistration and delisting tender offer from Level 2; and (f) any changes to these voting rights, which will prevail as long as the adhesion contract to the Level 2 regulation with the BM&FBOVESPA is in effect; (iv) have a board of directors consisting of at least five members out of which a minimum of 20% of the directors must be independent and limit the term of all members to two years; (v) prepare annual financial statements (*Demonstrações Financeiras Padronizadas,* or DFP), in English, including cash flow statements in accordance with international accounting standards, such as U.S. GAAP or IFRS; (vi) conduct a tender offer by the company's controlling shareholder if it elects to delist from the Level 2 segment (the minimum price of the shares to be offered will be the economic value determined by an independent specialized firm with requisite experience); and (vii) adhere exclusively to the Market Arbitration Chamber for resolution of disputes between the company and its investors.

To be listed on the *Novo Mercado*, an issuer must meet all of the requirements for Level 1 and Level 2 companies and, in addition, the issuer must: (i) issue only common shares; and (ii) grant tag-along rights for all shareholders in connection with a transfer of control of the company, offering to the minority shareholders the same price paid per share of the controlling block.

Investment in Our Common Shares by Non-residents of Brazil

Foreign investors must register their investment in common shares under Law No. 4,131 or CMN Resolution No. 2,689 and CVM Instruction No. 325. CMN Resolution No. 2,689 affords favorable tax treatment to foreign investors who are not residents in a tax haven jurisdiction, as defined by Brazilian tax laws (please refer to the section "Taxation—Tax on Foreign Exchange Transactions (IOF/Exchange)" for further discussion on the concept of tax haven under Brazilian law).

Under CMN Resolution No. 2,689, foreign investors may invest in almost all financial assets and engage in almost all transactions available in the Brazilian financial and capital markets, provided that certain requirements are met. In accordance with CMN Resolution No. 2,689, the definition of foreign investor includes individuals, companies, mutual funds and other collective investment entities domiciled or headquartered abroad. Under CMN Resolution No. 2,689, a foreign investor must: (i) appoint at least one representative in Brazil, with powers to perform actions relating to its investment; (ii) appoint an authorized custodian in Brazil for its investment, which must be a financial institution duly authorized by the Central Bank or the CVM; (iii) through its representative, register as a foreign investor with the CVM; and (iv) register its foreign investment with the Central Bank.

In addition, an investor operating under the provisions of CMN Resolution No. 2,689 must be registered with the Brazilian internal revenue service pursuant to its Normative Ruling No. 1,183/11.

Securities and other financial assets held by non-Brazilian investors pursuant to CMN Resolution No. 2,689 must be registered or maintained in deposit accounts or under the custody of an entity duly licensed by the Central Bank or the CVM. In addition, securities trading is restricted to transactions carried out in the stock exchanges or through organized over-the-counter markets licensed by the CVM, except for transfers resulting from a corporate restructuring, or occurring upon the death of an investor by operation of law or will.

In October 2010, the Brazilian government increased the IOF/Exchange Tax. See "Taxation—Tax on Foreign Exchange Transactions (IOF/Exchange)."

The *Novo Mercado*

The *Novo Mercado* is a special stock market listing segment of the BM&FBOVESPA exclusively intended for companies meeting certain requirements and agreeing to adhere to differentiated corporate governance rules. The items below summarize the key points of the *Novo Mercado* that are applicable to us:

- we may not issue or maintain preferred or founder's shares;
- we must have a public float of at least 25.0% of our capital stock;
- in the event of a change of control, either through a single transaction or through successive transactions, the same price conditions and terms offered to the prospective controlling shareholders must be extended to minority shareholders in a tender offer (tag-along rights);
- the board of directors should be composed of at least five members, of which at least 20.0% should be independent directors elected during the shareholders' meeting for a term of up to two years, with re-election permitted;
- before taking office, new members of the board of directors and the board of executive officers are required to execute an instrument of consent through which they agree to comply with the listing rules of the *Novo Mercado*, the Market Arbitration Chamber, the *Novo Mercado* listing agreement, the Sanctions Regulation and the Arbitration Regulations;
- prepare, in English, the full financial statements, accompanied by management reports and the opinion or special review report from the independent auditors, as applicable according to local laws. Under the listing rules of the *Novo Mercado*, we are required to adopt these criteria after the first release of our financial statements following the commencement of trading of our common shares on the *Novo Mercado*;
- send to the BM&FBOVESPA and disclose by December 10 of each year a schedule of corporate events for the following year. Any further changes in connection with such scheduled events must be informed to the BM&FBOVESPA and disclosed at least within five days prior to the occurrence of the altered event;
- if we delist from the *Novo Mercado* or become a privately held company, the controlling shareholders must make a tender offer for the purchase of our common shares held by other shareholders at a price per share at least equal to such shares' economic value, according to a valuation report prepared by a specialized and independent company of recognized experience. If this occurs, we also must comply with requirements of the Brazilian Corporations Law; and
- we, our shareholders, our officers, our directors and members of our fiscal council (if established) must commit to resolve, by means of arbitration, any and all disputes or controversies which may arise relating to or resulting from the application, validity, effectiveness, interpretation, violation and respective effects of the provisions of the Brazilian Corporations Law, our bylaws, the rules and regulations of the CMN, the Central Bank, and the CVM, as well as other rules and regulations applicable to the Brazilian capital markets, in addition the listing rules of the *Novo Mercado*, the *Novo Mercado* listing agreement, Sanctions Regulations and Arbitration Regulations.

SELECTED FINANCIAL INFORMATION

The tables below present summary financial and operating data as of and for the periods indicated. You should read the information below in conjunction with our audited financial statements and notes thereto beginning on page F-1 of this offering memorandum, as well as the sections entitled "Presentation of Financial and Other Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this offering memorandum.

The following selected financial information related to our balance sheets and statements of income has been derived from our audited financial statements as of and for the years ended December 31, 2011, 2010 and 2009, included elsewhere in this offering memorandum. Our financial statements were prepared in accordance with Brazilian GAAP and IFRS.

This offering memorandum includes translations of various *real* amounts into U.S. dollars at a specified rate solely for your convenience. You should not construe these translations as representations by us that the *real* amount actually represents U.S. dollar amounts or could be converted into U.S. dollars at the rate indicated. Unless otherwise indicated, we have translated the *real* amounts for the year ended December 31, 2011 using a rate of R$1.88 to U.S.$1.00, the exchange rate as of December 31, 2011. See "Exchange Rate Information."

Statement of Income

	Years ended December 31,			
	2011	**2011**	**2010**	**2009**
	(in thousands of U.S.$)	**(in thousands of R$)**		
Net revenue from sales	156,743	294,677	288,345	224,958
Cost of products sold	(89,783)	(168,792)	(172,634)	(140,930)
Gross profit	66,960	125,885	115,711	84,028
Operating income (expenses)				
Selling expenses	(22,459)	(42,223)	(40,220)	(33,658)
Administrative expenses	(8,925)	(16,780)	(13,367)	(10,585)
Other operating income, net	3,455	6,496	5,071	3,937
Income before financial (expenses) income	39,031	73,378	67,195	43,722
Financial expenses	(1,407)	(2,645)	(1,375)	(1,715)
Financial income	5,661	10,643	9,765	10,096
Operating income before income and social contribution taxes	43,285	81,376	75,585	52,103
Income and social contribution taxes				
Current	(13,408)	(25,207)	(23,337)	(14,960)
Deferred	863	1,623	838	(21)
Net income	**30,740**	**57,792**	**53,086**	**37,122**

Balance Sheet

	As of December 31,			
	2011	2011	2010	2009
Assets	(in thousands of U.S.$)	(in thousands of R$)		
Current assets				
Cash and cash equivalents	6,453	12,131	20,621	17,844
Restricted marketable securities	172	323	–	–
Trade accounts receivable	41,401	77,833	86,289	64,285
Inventories	11,779	22,144	23,729	17,480
Advances to suppliers	379	712	727	715
Loans granted	1,874	3,524	8,908	5,362
Prepaid expenses	3,018	5,674	3,550	2,774
Recoverable taxes	802	1,508	47	494
Other current assets	1,115	2,097	1,873	949
Total current assets	**66,993**	**125,946**	**145,744**	**109,903**
Non-current assets				
Restricted marketable securities	–	–	290	1,843
Trade accounts receivable	17,565	33,022	–	–
Loans granted	4,310	8,102	1,871	2,698
Assets held for sale	3,591	6,751	5,867	3,055
Deferred income and social contribution taxes	2,355	4,428	2,805	1,967
Recoverable taxes	23	43	51	59
Prepaid expenses	280	526	19	64
Judicial deposits	755	1,419	598	176
Other non-current assets	338	636	73	65
	29,216	54,927	11,574	9,927
Investments	374	704	404	404
Property, plant and equipment	40,422	75,994	51,430	48,535
Intangible assets	335	630	672	693
	41,132	77,328	52,506	49,632
Total non-current assets	**70,348**	**132,255**	**64,080**	**59,559**
Total assets	**137,341**	**258,201**	**209,824**	**169,462**
Liabilities and shareholders' equity				
Current liabilities				
Loans and financing	593	1,115	557	7,386
Suppliers	4,481	8,425	5,684	4,962
Tax liabilities	8,497	15,974	15,515	8,757
Interest on shareholders' equity payable	4,205	7,905	5,780	3,234
Salaries and social charges	2,423	4,556	3,623	2,792
Advances from customers	7,590	14,269	11,904	11,256
Other current liabilities	562	1,057	985	1,071
Total current liabilities	**28,352**	**53,301**	**44,048**	**39,458**
Non-current liabilities				
Loans and financing	3,025	5,688	3,904	5,018
Tax liabilities	45	84	142	198
Provision for contingencies	1,803	3,389	2,128	924
Total non-current liabilities	**4,873**	**9,161**	**6,174**	**6,140**
Shareholders' Equity				
Capital stock	15,797	29,699	29,699	29,699
Income reserves	3,159	5,939	129,903	94,165
Additional proposed dividends	85,160	160,101	–	–
Total shareholders' equity	**104,116**	**195,739**	**159,602**	**123,864**
Total liabilities and shareholders' equity	**137,341**	**258,201**	**209,824**	**169,462**

Other Financial and Operating Information

	As of and for the years ended December 31,			Compound annual growth rate(6)
	2011	2010	2009	
	(in thousands of R$, except as otherwise indicated)			(in %)
Gross revenue from sales	402,355	392,223	313,394	13.3
Net revenue from sales	294,677	288,345	224,958	14.5
Number of modules sold	1,705,306	1,798,364	1,527,363	5.7
EBITDA(1)	80,444	72,919	48,808	28.4
EBITDA margin (in %)(2)	27.3	25.3	21.7	12.1
Net income	57,792	53,086	37,122	24.8
Net margin (in %)(3)	19.6	18.4	16.5	9.0
ROIC (in %)(4)	31.2	36.0	28.2	5.2
Indebtedness – short term	1,115	557	7,386	(61.1)
Indebtedness – long term	5,688	3,904	5,018	6.5
Number of Exclusive Dealers	886	841	745	9.1
Number of Multibrand Sales Points(5)	1,776	334	313	138.2

(1) We define EBITDA as net income before financial expenses and financial income, income tax and social contribution and depreciation and amortization. EBITDA is not an accounting measure calculated under Brazilian GAAP or IFRS and does not represent the cash-flow of the periods presented, and should not be considered a substitute for net income or cash-flow as an indicator of our operational performance or liquidity. Additionally, EBITDA does not have a standardized meaning and our definition of EBITDA may not be comparable to those used by other companies. We understand that EBITDA is frequently used by capital markets analysts, investors and other parties interested in reviewing our operational performance, as well as in comparing to other companies' operational performance. EBITDA presents limitations that may impair its use as a profitability measure, since it does not consider certain costs arising from our businesses, which could significantly affect our profits, such as financial expenses, taxes, depreciation, capital expenditures and other related charges.

The following chart shows our reconciliation of our net income to EBITDA for the years ended December 31, 2011, 2010 and 2009:

	Year ended December 31,		
EBITDA	2011	2010	2009
	(in thousands of R$, except as otherwise indicated)		
Net income	**57,792**	**53,086**	**37,122**
Financial expenses	2,645	1,375	1,715
Financial income	(10,643)	(9,765)	(10,096)
Income tax and social contribution	23,584	22,499	14,981
Depreciation and amortization	7,066	5,724	5,086
EBITDA	**80,444**	**72,919**	**48,808**
Net revenue from sales	**294,677**	**288,345**	**224,958**
EBITDA margin(2)	**27.3%**	**25.3%**	**21.7%**

(2) EBITDA divided by net revenue from sales.
(3) Net income divided by net revenue from sales.
(4) Return on invested capital (ROIC) calculated as EBIT (earnings before financial income, income tax and social contribution), minus expenses from income tax and social contribution and divided by the average of the current and previous periods' sums of fixed assets and invested capital. ROIC is not a measure of financial performance pursuant to Brazilian GAAP or IFRS, and it should not be considered an alternative to net income, an operational performance indicator, an alternative to cash-flows or a liquidity indicator.
(5) The increase in the number of Multibrand Sales Points from 2010 to 2011 was due to the intensification of our efforts for opening Telasul's sales channels.
(6) The compound annual growth rate (CAGR) for the period from 2009 to 2011.

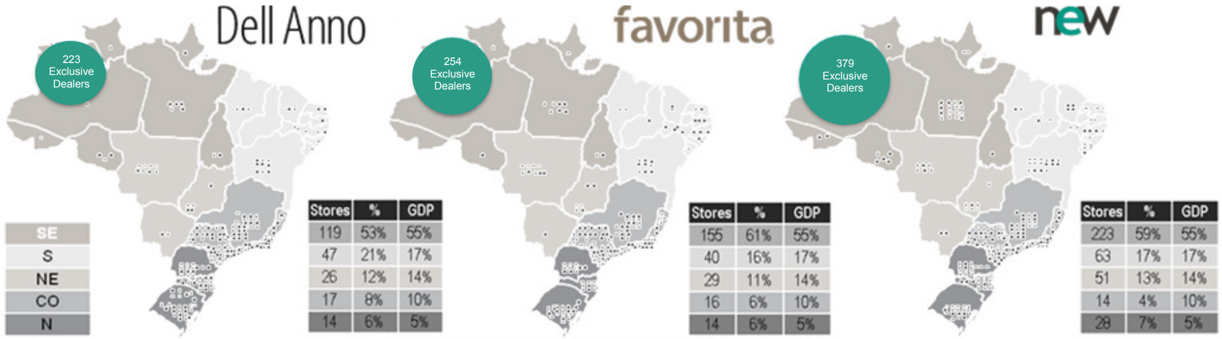
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion contains an analysis of our results of operations for the years ended December 31, 2011, 2010 and 2009. The following discussion should be read in conjunction with our audited financial statements and the notes thereto included elsewhere in this offering memorandum, as well as "Forward-Looking Statements," "Presentation of Financial and Other Information," "Selected Financial and Operating Information," and other financial data appearing elsewhere in this offering memorandum.

Our financial statements have been prepared in accordance with Brazilian GAAP and IFRS. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those discussed in these forward-looking statements due to various factors, including those set forth in "Forward-Looking Statements" and "Risk Factors."

Overview

We are one of the largest companies in the customized furniture and fixtures market in Brazil, in terms of gross revenue, according to the July 2011 "*Melhores & Maiores*" ("Best and Largest") edition of *Exame* magazine. We sell customized furniture and fixtures in every Brazilian state, through our four well-known and complementary brands: Dell Anno, Favorita, New, and Telasul, serving Classes A (Upper Income Bracket), B (Middle-to-Upper Income Bracket), C (Middle Income Bracket) and D (Lower-to-Middle Income Bracket), respectively. We have a wide distribution network, which as of December 31, 2011, consisted of 886 Exclusive Dealers with 209,435 m² of retail floor-space, 3,199 parking spaces at our stores and 8,254 employees, across 315 cities. We are also present in 1,776 Multibrand Sales Points in Brazil and 17 points of sale outside of Brazil, which include Exclusive Dealers and Multibrand Sales Points. In 2011, we sold 1.7 million furniture and fixture Modules, which contributed to net revenue from sales of R$294.7 million, EBITDA of R$80.4 million and net income of R$57.8 million. For the three-year period ended December 31, 2011, our net revenue from sales, EBITDA and net income had compound annual growth rates (CAGR) of 14.5%, 28.4%, and 24.8%, respectively. The graphic below shows the approximate regional distribution of our Exclusive Dealers as of December 31, 2011 (other than for our Telasul brand):



We believe that the combination of our portfolio of well-known brands, our penetration into the upper, middle and upper lower income brackets, our wide distribution network and our manufacturing facility with high production efficiency and cutting-edge technologies have allowed us to achieve profitable growth and to reach a return on invested capital (ROIC) of 31.2% in 2011. We believe that this has also allowed us to strategically position ourselves in the Brazilian furniture and fixtures market, which in 2011 had an estimated consumption potential of R$41.7 billion, according to IPC Marketing.

With more than 27 years in the market, we have an extensive line of customized solutions in designing furniture and fixtures for residential and commercial real estate, including kitchens, bedrooms, closets, entertainment centers, laundry rooms and bathrooms, among others, in addition to offering complete solutions for office and children's spaces. In addition, we created a business division called Unicasa Corporate in 2010 in order to meet the demands of real estate developers, hotels and construction companies, which we believe will benefit from the recent and expected growth of the Brazilian real estate market and from new investments planned for the 2014 World Cup and the 2016 Olympic Games.

We invest heavily in marketing campaigns for our brands, using fashion models, celebrities, designers and renowned architects, to obtain high visibility in the interior design, architecture and fashion industries and with our target customers. Each of our brands complements the others by reaching different groups of customers, and they are known for their quality among customers and throughout the interior design market. Our brands are:

- ***Dell Anno***: Our premium line, intended for the upper and upper-middle income brackets, Dell Anno offers products with greater added value, contemporary design and minimalist concepts, differentiated through its identification with the fashion world.

- ***Favorita***: Established as an intermediary brand in terms of price and target customers, Favorita is intended for the upper-middle and middle income brackets. Our marketing strategy is to associate this brand with complete and versatile solutions, so that it is recognized for excellence in terms of price and quality.

As of December 31, 2011, we had 477 Exclusive Dealers of Dell Anno and Favorita brands with 142,948 m² of retail floor-space and 5,558 employees, spread across 231 cities in all Brazilian states. The Exclusive Dealers of the Dell Anno brand have an average of 383 m^2 of retail floor-space per store, while the Exclusive Dealers of Favorita have an average of 226 m² of retail floor-space per store.

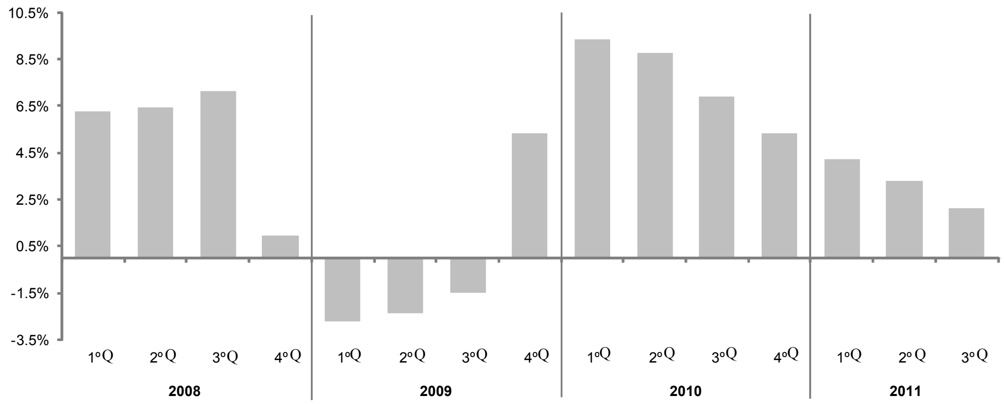
- ***New***: Intended mainly for the middle and lower-middle income brackets. New is targeted at the intelligent, practical use of space, style and competitive pricing. Started in January 2009 in order to benefit from Brazil's growing consumption, New has proven to be a successful concept and was sold in 379 Exclusive Dealers and 222 Multibrand Sales Points as of December 31, 2011. The Exclusive Dealers of the New brand had 66,487 m² of retail floor-space, 2,696 employees and a presence in 234 cities and each Brazilian state as of December 31, 2011. The Exclusive Dealers have an average of 175 m^2 of retail floor-space per store.

- ***Telasul***: Our "entry brand," targeted mainly at the lower-middle and lower income brackets, Telasul is sold to both the "ready made" furniture market through Multibrand Sales Points, and the customized furniture market, through both Exclusive Dealers and Multibrand Sales Points, thus reaching a wide customer base. As of December 31, 2011, Telasul was sold in 30 Exclusive Dealers and 1,530 Multibrand Sales Points.

Macroeconomic Scenario

The Brazilian economy has become the largest economy in Latin America (with approximately 45% of the region's gross domestic product, or GDP) and the sixth largest economy in the world in 2011, according to data forecasts from the International Monetary Fund. As a consequence of continued economic growth during the last several years as opposed to a concurrent downturn in worldwide growth, in 2010 Brazil's GDP not only achieved relatively greater growth than most developed countries, increasing 7.5% compared to 2009, but Brazil also became globally positioned as one of the countries to have most quickly recovered from the effects of the financial crisis that began in 2008. However in 2011, despite a positive domestic macroeconomic scenario, Brazil's GDP grew at only 2.7%, notably lower than in 2010. This was a result of macroeconomic policies adopted by the Brazilian government in December 2011, including monetary tightening through increases in base interest rates, as well as due to the deterioration of the global economy.

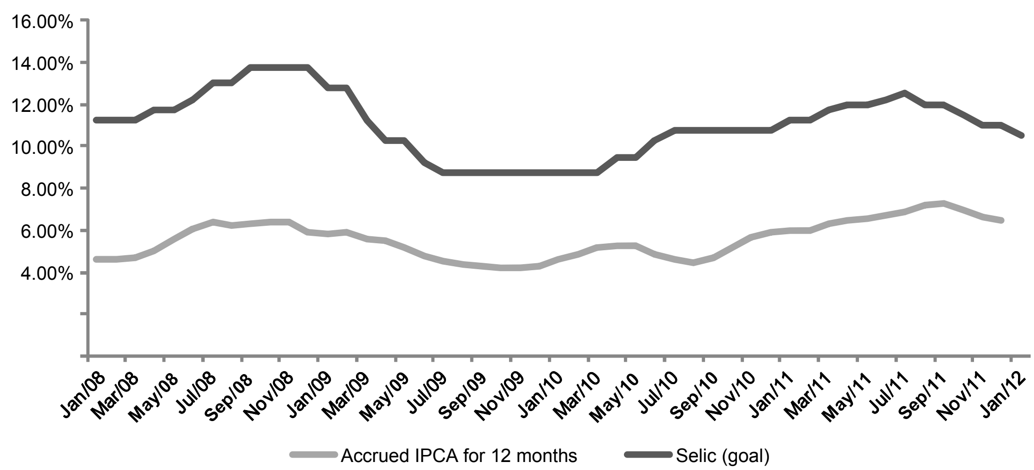
Quarterly variations in year over year GDP growth rates (%)



Source: IBGE.

In 2011, the Ministry of Finance and Central Bank adopted tax and monetary policies aimed at encouraging a dynamic economy and domestic growth. Among the tax policies recently adopted, are tax relief measures that will affect a broad range of sectors, including manufacturing and construction companies listed on stock exchanges and general consumer spending. These include reducing the IOF from 3.0% to 2.5% with respect to credit for individuals and increase the property value amount from R$75,000 to R$85,000, over which the rate of 1.0% of the Special Tax Regime (RET) applies. In terms of monetary policy, the Central Bank decreased the base interest rate.

Base interest rate development (Selic) and inflation (IPCA)

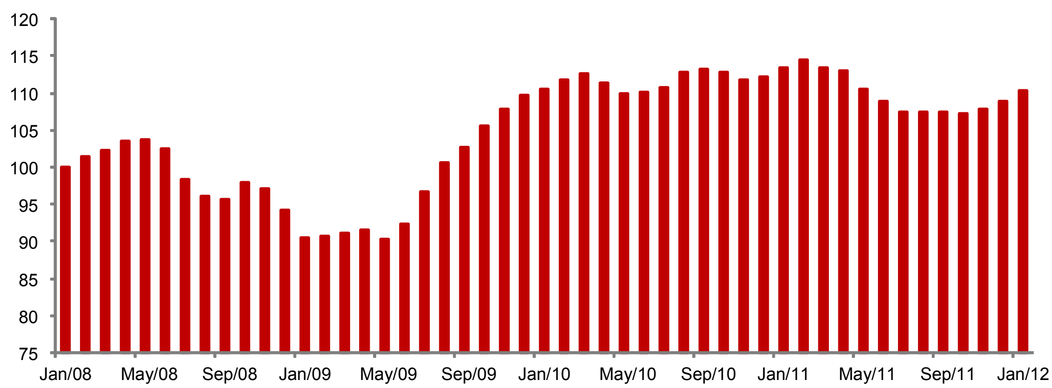


Source: Central Bank.

Analysis by the Applied Economy Research Institute (IPEA) indicates that the economy's main growth driver was total consumption, responsible for 1.9% of GDP growth in the third quarter of 2011, driven mainly by household consumption, which grew more than 4.0% during recent years, increasing 6.1% in 2007, 5.7% in 2008, 4.4% in 2009 and 6.9% in 2010. In 2011, household consumption continued to grow and contributed to the thirtieth consecutive quarter of economic growth, responsible for 1.7% of GDP growth.

As credit and average income both increased, and in light of a positive labor market environment, household consumption has a positive outlook for 2012 despite increased inflation. This can be demonstrated by the customer confidence index, which can influence future consumption and investment decisions, including retail inventories.

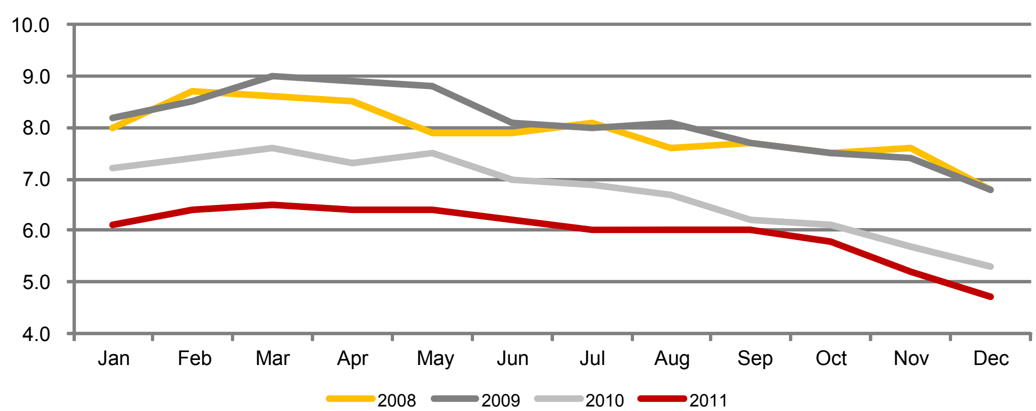
Consumer confidence levels (three-month averages)



Source: Fecomércio SP.

We believe that the outlook for the labor market in Brazil remains positive for 2012, despite a decrease in economic growth. Data from the IBGE indicates that Brazilian metropolitan regions are experiencing their lowest levels of unemployment since this indicator was created in March 2002.

Unemployment Rate (in %)

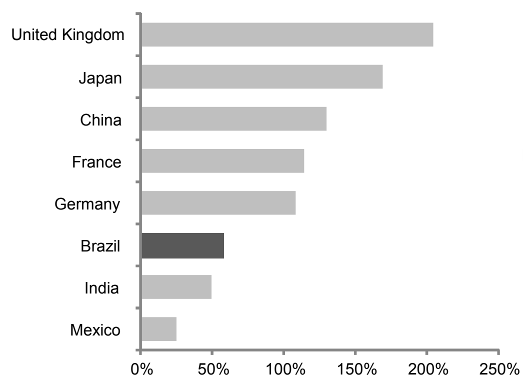


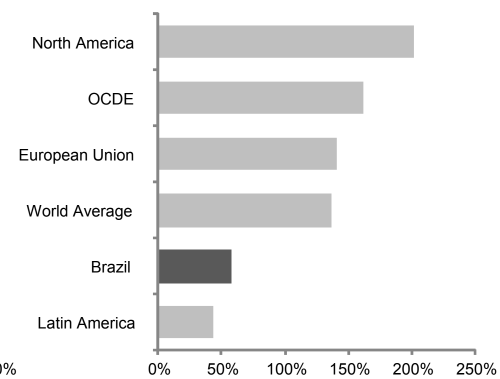
Source IBGE—Unemployment Rate, 30-day reference, individuals ten years or older, by metropolitan region.

In addition to lower unemployment rates, the Brazilian economy has also demonstrated improvement in the quality of employment by increasing formal employment and wages. Studies from the IPEA show that the rate of formally employed individuals increased from 46% in March 2002 to 54% in October 2010, with an actual average income growth of 8.6% for the same period, both driving household consumption and supporting economic growth.

Another key factor for economic growth in Brazil is the availability of credit. As a result of the improvement in Brazil's macroeconomic situation, the reduction in base interest rates and stabilization of inflation, credit availability in Brazil has significantly increased from 31% of GDP in 2002 to 57% in 2010 according to data from the World Bank. However, despite this growth, credit in Brazil still accounts for a smaller proportion of the economy when compared to other countries as shown in the charts below.

Credit participation in the private sector compared to GDP in 2010

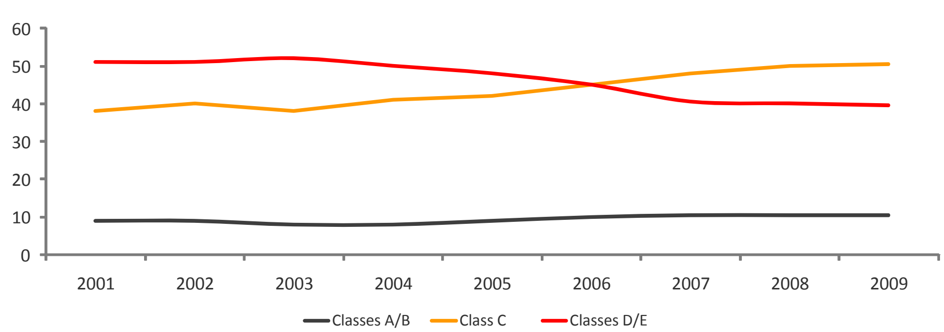




Source: World Bank.

Income distribution in Brazil has also been positively influenced by recent economic stability and improvements in employment, income and credit, as reflected in the expansion of the middle income bracket due to upward migration from the lower income bracket, according to data from the IBGE. According to information from the FGV Social Politics Center, approximately 29 million individuals from the lower income bracket moved up to the middle income bracket between 2003 and 2009, which proportionally grew more than the other brackets (2.5%) to 95.4 million people, representing 50.5% of the population.

Economic Brackets Evolution (in %)



Source: IBGE.

Changes in the national macroeconomic environment, particularly inflation, and short-term and long-term interest rate and exchange rate policies, may affect our operational results. For the years ended December 31, 2011, 2010 and 2009, our revenues were mainly affected by (i) an increase in our sales volume for all of our products; (ii) a general increase in the average price of products sold; (iii) the launch of our brand "New" in 2009, focused on the middle income bracket with the opening of 276 new sales points that year; and (iv) the Repositioning of our brands. Inflation does not directly materially affect our sales revenue although it may indirectly, as discussed below. Exchange rates did not have a significant effect on our gross revenue from sales, given that our gross revenue from sales from the international market represented 1.7%, 1.5% and 1.3% of our gross revenue from sales in 2011, 2010 and 2009, respectively.

Changes in inflation and interest rates in Brazil may indirectly influence our results, as they affect disposable income, the pace of the economic activity and investment in the economy. The greater availability of credit, with longer terms and lower interest rates, tends to positively impact our customers. Changes in inflation may affect our costs and expenses, given that many services and inputs we use are adjusted pursuant to inflation-linked indexes, such as the General Market Price Index (IGP-M) and the Amplified Consumer Price Index (IPCA), as are some personnel expenses (salaries, charges and benefits). Our net availability of cash and cash equivalents may be reduced by changes in inflation and in interest rates, as we use these to make investments in financial instruments linked directly and indirectly to inflation (Interbank Deposit Certificates, or CDIs), among others.

Nevertheless, there have been no significant net variations in our financial and operating results attributable to inflation, changes in the prices of our main inputs, foreign exchange rates or interest rates, because as part of our business model, we pass such cost increases to our customers, to the extent demand for our products and the purchasing power of our customers allow. Until now, demand for our products and the purchasing power of our customers has been sufficient to offset any negative impacts resulting from the foregoing factors. On balance, inflation only affects our results to the extent that it affects customers' disposable income for purchasing our products.

Critical Accounting Policies

The preparation of our financial statements requires us to make judgments and estimates and to adopt some premises that affect the values of revenues, expenses, assets and liabilities, as well as the disclosure of contingent liabilities. Changes related to these judgments and estimates could lead to a significant adjustment to the book value of the affected asset or liabilities in future periods.

Provisions for contingencies

We assess the probability of loss by evaluating available evidence, the legal analysis, the available jurisprudence, the most recent court decisions and their relevance to the legal system, as well as the opinions of external counsels. Provisions are reviewed and adjusted to take into account changes in circumstances, such as the statute of limitations, conclusions of tax reviews or additional exposures identified based on new court decisions.

Impairment of non-financial assets

Impairment loss occurs when the book value of an asset or cash generating unit exceeds its recoverable value (defined as the higher of the fair value minus costs to sell or the value in use). The calculation of fair value minus costs to sell is based on available information from sales transactions of similar assets or market prices minus additional costs to sell. The calculation of the value in use is based on the discounted cash flow model. Cash flows are those budgeted for the next five years and do not include restructuring activity to which we have not yet committed, or significant future investments that could improve the asset underlying the cash generating unit subject to the impairment test. The recoverable value is sensitive to the discount rate used under the discounted cash flow method, as well as to expected future cash receipts and to the growth rate used in the estimate.

Taxes

Interpreting complex tax regulations and the value and time of future taxable income is subject to inherent uncertainties. Given the long-term nature and the complexity of existing contractual instruments, differences between the taxable income and the assumptions adopted or future changes in our underlying assumptions, could require future adjustments to tax income or expenses already recorded. We record provisions, based on applicable estimates, for possible consequences of audits by the tax authorities of the jurisdictions in which we operate. The value of these provisions is based on several factors, such as experience from previous tax audits, the differing interpretations of tax regulations by the taxable entity and the responsible tax authority. These differences in interpretation may arise with respect to a wide range of subjects, depending on conditions in the respective jurisdiction.

The settlement of transactions involving these estimates may result in values significantly different from those recorded in our financial statements due to inaccuracies inherent in the process of determining them. We review estimates and assumptions on a quarterly basis.

Principal Components of Our Statement of Income

Although our products target various types of customers, our operations are not controlled or managed as independent segments. Our management supervises, monitors and evaluates all of our operations as a single operating segment.

Gross revenue from sales

Gross revenue from sales consists of our sales of customized and modular furniture of our Dell Anno, Favorita, New and Telasul brands by Exclusive Dealers and Multibrand Sales Points, both in the domestic and international markets. Sales revenue from products is recognized to the extent that it is likely that economic benefits will be generated for us and when the significant risks and benefits arising from the ownership of the products are transferred to the buyer. Revenue is not recognized if there is significant uncertainty as to whether it will be realized.

Sales in the domestic market correspond to the sales of our products in Brazil. Sales in the international market correspond to sales of our products abroad in the following countries: Paraguay, Uruguay, Martinique, Angola, Costa Rica, Chile, Colombia, Mexico, Argentina, Peru, Guatemala, the United Arab Emirates and the Dominican Republic.

Cost of products sold

The cost of products sold consists of (i) costs of inputs (raw materials, intermediary materials and packaging); (ii) direct and indirect labor costs; (iii) depreciation of our manufacturing facility assets; and (iv) manufacturing overhead (maintenance, electricity and others).

Deductions from sales

Taxes on sales

Taxes on sales such as the Contribution for Social Integration Program (PIS), at a rate of 1.65%, and the Contribution for Social Security Financing (COFINS), at a rate of 7.6%, are charged on gross revenue from sales in the domestic market. In addition, a Value-Added Tax on Sales and Services (ICMS) is also charged, at rates ranging from 7% to 17% depending on the state to which the product is destined, as well as Tax on Industrialized Products (IPI) at rates ranging from 5% to 10%. PIS, COFINS, ICMS and IPI are not charged on our revenue from sales in the international market.

Sales returns

Sales are returned when our customers decide to return products, in whole or in part, and when products are damaged or different than ordered. Refunds arising from sales returns are granted as credits to the customer's credit line or credit card or discounted from future orders. Historically, returned sales and refunds have not materially affected our results of operations, corresponding to 1.0%, 2.1% and 1.5% of our gross revenue from sales for the years ended December 31, 2011, 2010 and 2009, respectively.

Present value adjustment

Assets and liabilities in the short-term and long-term are adjusted to their present value, when the effect is considered relevant to the overall financial information considered as a whole. As of December 31, 2011, 2010 and 2009, only trade accounts receivable and loans granted to Exclusive Dealers were considered relevant and adjusted to their present value. The adjustment to present value is calculated based on the SELIC rate applied to our products' average sales terms, which reflect the term and risk of the respective asset.

Operating expenses and income

Selling expenses

Selling expenses mainly consist of (i) advertising, marketing, fairs and exhibitions designed to give greater exposure to our products, attract customers and influence opinion makers; (ii) sales personnel expenses; (iii) other general expenses such as travel and accommodations, and shipments to replace damaged products; (iv) third-party services such as shipping for sales of our products, design advice and furniture assembly services; and (v) sales commissions for our independent sales representatives.

Administrative expenses

Administrative expenses consist of (i) salaries and labor charges for our administrative staff; (ii) third-party services such as legal services, external auditors and other consulting services, IT expenses and maintenance of management and control systems; (iii) other general expenses, such as: indemnification to dealers and end customers, and provisions for losses; and (iv) depreciation and amortization.

Other operating income, net

Our other operating income, net, mainly consist of (i) fees we receive under the Financing Arrangement (see "Business—Material Contracts" for a description of this arrangement); (ii) recovery of operating expenses from training sessions given to the Dealers; and (iii) Value-Added Tax on Sales and Services (ICMS) tax credits or the shipments of our products.

Financial expenses

Our financial expenses include mainly expenses associated with the Tax on Financial Transactions (IOF), bank fees, interest on loans and financing, foreign exchange losses and adjustments to present value calculated on installments receivable from customers and loans granted.

Financial income

Our financial income mainly includes interest charged on trade accounts receivable at an average rate of 7.75% per annum for late payments, foreign exchange gains and interest income from cash equivalents and marketable securities, in addition to adjustments to present value calculated on short- and long-term assets.

Income tax and social contribution

Current income tax and social contribution

Current income tax and social contribution for the current year are calculated based on the rates of 15.0%, plus an additional 10% on taxable profit exceeding R$0.24 million for income tax and 9.0% on taxable profit for social contribution.

Deferred income tax and social contribution

Deferred income tax and social contribution is recorded to reflect the effect of future taxes calculated on temporary differences between the tax basis and the book value.

Year ended December 31, 2011 compared to year ended December 31, 2010

The table below sets forth the components of our statements of income for the years ended December 31, 2011 and 2010:

	Years ended December 31,		
	2011	**2010**	**Variation 2011/2010**
	(in thousands of R$, except percentages)		
Gross revenue from sales	**402,355**	**392,223**	**2.6%**
Domestic market	395,361	386,464	2.3%
International market	6,994	5,759	21.4%
Deductions from sales	(107,678)	(103,878)	3.7%
Net revenue from sales	**294,677**	**288,345**	**2.2%**
Cost of products sold	(168,792)	(172,634)	(2.2)%
Gross profit	**125,885**	**115,711**	**8.8%**
Selling expenses	(42,223)	(40,220)	5.0%
Administrative expenses	(16,780)	(13,367)	25.5%
Other operational income, net	6,496	5,071	28.1%
Income before financial (expenses) income	**73,378**	**67,195**	**9.2%**
Financial expenses	(2,645)	(1,375)	92.4%
Financial income	10,643	9,765	9.0%
Operating income before income and social contribution taxes	**81,376**	**75,585**	**7.7%**
Income and social contribution taxes			
Current	(25,207)	(23,337)	8.0%
Deferred	1,623	838	93.7%
Net income	**57,792**	**53,086**	**8.9%**

Gross revenue from sales

Our gross revenue from sales in the domestic and international markets reached R$402.4 million in 2011, which represented an increase of 2.6%, or R$10.2 million, compared to R$392.2 million in 2010.

Our gross revenue from sales growth was due to an increase in sales of 2.3% in the domestic market and 21.4% in the international market, as explained below. Gross revenue from the domestic market represented 98.3% of our gross revenue from sales, while gross revenue from the international market represented 1.7% of our gross revenue from sales in 2011.

Domestic market

Our gross revenue from sales in the domestic market reached R$395.4 million in 2011, which represented an increase of 2.3%, or R$8.9 million, compared to R$386.5 million in 2010. In 2011, we sold 1,614,895 Modules in the domestic market, which represented a decrease of 7.1%, or 122,978 Modules, compared to the 1,737,873

Modules we sold in 2010. This decrease in sales volume was offset by the average value of each Module sold in the domestic market was R$244.8 in 2011, representing an increase of 10.1% compared to R$222.4 in 2010.

In 2011, some events affected our sales performance in the domestic market, where we saw lower growth due to the effects of the Repositioning of Dell Anno and Favorita, combined with Brazil's weak economic performance in the second semester of 2011. The Repositioning of Dell Anno and Favorita was achieved by renegotiating 126 agreements executed with Exclusive Dealers, and consisted of, among other initiatives, transfers of Multibrand Sales Points, rebuilding of stores and the acquisition of new sales points. It also resulted in an increase in our trade accounts receivable, classified as non-current assets, with a balance of R$33.0 million as of December 31, 2011. For more information on the Repositioning, please see "Business—Repositioning Our Brands."

International market

Our gross revenue from sales from the international market reached R$7.0 million in 2011, which represented an increase of 21.4%, or R$1.2 million, compared to R$5.8 million in 2010. This increase was mainly due to an increase in the volume of Modules sold, which increased to 90,411 Modules in 2011, representing an increase of 49.5%, or 29,920 Modules, compared to the 60,491 Modules sold in 2010; as partially offset by a decrease of 18.7% in the average sale price, which totaled R$1.1 million in decreased sales revenue.

Deductions from sales

Deductions from sales reached R$107.7 million in 2011, which represented an increase of 3.7%, or R$3.8 million, compared to R$103.9 million in 2010, as explained below.

Taxes on sales

Taxes on sales includes: (i) the Value-Added Tax on Sales and Services (ICMS), (ii) Contribution for the Social Integration Program (PIS), and (iii) Contribution for Social Security Financing (COFINS).

These taxes reached R$79.7 million in 2011, which represented an increase of 2.2%, or R$1.7 million, compared to R$78.0 million in 2010, corresponding to 19.8% and 19.9% of our gross revenue from sales for 2011 and 2010, respectively. The tax increase of 2.2% in 2011, in comparison with in 2010, was in line with the 2.6% gross revenue from sales growth seen in the domestic market in 2010.

Tax on industrialized products (IPI)

The Industrialized Products Tax (IPI) on our sales reached R$18.5 million in 2011, which represented an increase of 32.3%, or R$4.5 million, compared to R$14.0 million in 2010, corresponding to 4.7% and 3.6% of our gross revenue from sales for 2011 and 2010, respectively. The increase in the IPI on gross revenues in 2011, in comparison with 2010, was mainly due to the reduction of the IPI tax rate to 0% (zero percent) as a result of a program designed to encourage the furniture industry, implemented by the Brazilian government through Decree No. 7,016, dated November 26, 2009, which was only in force from November 27, 2009 to March 31, 2010. As a result, in 2010, our sales were only subject to the IPI tax for nine months, and in 2011, our sales were subject to the IPI tax for the entire year.

Sales returns

Sales returns reached R$4.1 million in 2011, which represented a decrease of 51.7%, or R$4.3 million, compared to R$8.4 million in 2010, corresponding to 1.0% and 2.1% of our gross revenue from sales for 2011 and 2010, respectively. This decrease was mainly due to improvements in the production and sales processes and our logistics system. Additionally, we had a high number of returns in 2010, when the Brazilian government reduced the IPI tax rate to 0%, through Decree No. 7,016, dated November 26, 2005. As a result, some end customers returned the products purchased during the first days of the implementation of the law, because they were initially purchased at a higher price. These products were re-invoiced without causing us losses.

Present value adjustment

The present value adjustment was R$5.3 million in 2011, which represented an increase of 54.3%, or R$1.8 million, compared to R$3.5 million in 2010. This increase was mainly due to (i) an increase of 2.3%, or R$8.9 million, in gross revenue from sales from the domestic market compared to 2010, which represented an increase of R$0.2 million; (ii) an increase in the average term of accounts receivable, from 34 to 45 days, which represented an increase of R$1.3 million, given that we implemented more aggressive sales practices in 2011 by increasing the term of our sales; and (iii) an increase in the variation of the index (SELIC rate) we used for the present value adjustments, which was higher for 2011 than for 2010, representing an increase of R$0.5 million. The present value adjustment represented 1.3% and 0.9% of our gross revenue from sales in 2011 and 2010, respectively.

Net revenue from sales

Due to the factors described above, our net revenue from sales reached R$294.7 million in 2011, which represented an increase of 2.2%, or R$6.4 million, compared to R$288.3 million in 2010.

Cost of products sold

The cost of products sold reached R$168.8 million in 2011, which represented a decrease of 2.2%, or R$3.8 million, compared to R$172.6 million in 2010.

The cost of products sold in 2011 represented 57.3% of net revenue from sales, while in 2010 it represented 59.9%. The R$3.8 million reduction in the cost of products sold compared to 2010, was mainly due to the decrease in the total volume of Modules sold in 2011 (1,705,306), compared to 2010 (1,798,364), representing a 5.2% decrease, which resulted from a reduction in input and raw material consumption of R$9.5 million. This cost reduction was partially offset by (i) a cost increase for employees totaling R$3.9 million, due to an 8.0% salary increase pursuant to our collective bargaining agreement, slightly above inflation, as well as an increase in the number of employees, as a result of our hiring an additional 69 persons; and (ii) an increase in depreciation expenses totaling R$1.2 million, as a result of investments in new equipment and machinery. The cost of products sold per module sold in 2011 was R$99.0, an increase of 3.1% as compared to R$96.0 in 2010.

Gross profit

Due to the factors described above, and particularly our gross revenue from sales growth of 2.6% in 2011 as compared to 2010, and with the decrease in the cost of products sold, our gross profit reached R$125.9 million in 2011, which represented an increase of 8.8%, or R$10.2 million, compared to R$115.7 million in 2010. Our gross margin increased to 42.7% in 2011, compared to 40.1% in 2010.

Operating income (expenses)

Our net operating expenses reached R$52.5 million in 2011, which represented an increase of 8.2%, or R$4.0 million, compared to R$48.5 million in 2010, corresponding to 17.8% and 16.8% of our net revenue from sales in 2011 and 2010, respectively. The increase in expenses was mainly due to the changes described below.

Selling expenses

Our selling expenses reached R$42.2 million in 2011, which represented an increase of 5.0%, or R$2.0 million, compared to R$40.2 million in 2010, corresponding to 14.3% and 13.9% of our net revenue from sales in 2011 and 2010, respectively. The increase in expenses was mainly due to (i) a 27.3%, or R$3.0 million, increase in advertising and marketing expenses; (ii) a 57.6%, or R$3.2 million, increase in salary expenses and charges, resulting from 31 additional employees being hired by our sales division in order to increase sales revenue and the number of authorized stores, which was partially offset by: (a) a decrease in expenses related to third-party services, including consulting firms and other selling expenses totaling R$3.3 million, representing a reduction of 16.0%, as we had non-recurring expenses in 2010, which was later reduced in 2011, related to the Repositioning of the Dell Anno and Favorita brands and the expansion of stores under the New brand; and (b) a 27.8%, or R$1.0 million, reduction in expenses related to sales commissions in independent sales representatives, as a result of the reduction of sales in Multibrand Sales Points.

Administrative expenses

Our administrative expenses reached R$16.8 million in 2011, which represented an increase of 25.5%, or R$3.4 million, compared to R$13.4 million in 2010. This increase in expenses was mainly due to (i) an increase in salary expenses and charges, considering an 8.0% salary increase pursuant to our collective bargaining agreement, slightly above inflation, as well as the hiring of 12 additional employees for administrative roles, totaling R$1.6 million; (ii) an increase in expenses from third-party advising and consulting services, as well as tax expenses and travel expenses within the administrative sector totaling R$1.1 million; and (iii) an increase in expenses for indemnifying Dealers and customers (required by the Consumer Protection Agency, or PROCON) for products with manufacturing defects, and assembly and project errors totaling R$1.8 million, partially offset by a reduction of R$1.3 million for the reversal of accounting provisions. Our administrative expenses corresponded to 5.7% and 4.6% of our net revenue from sales for 2011 and 2010, respectively.

Other operating income, net

Our other operating income, net reached R$6.5 million in 2011, which represented an increase of 28.1%, or R$1.4 million, compared to R$5.1 million in 2010, representing 2.2% and 1.8% of our net revenue from sales, respectively. This increase was mainly due to the growth of fees from the Financing Arrangement (see "Business—Material Contracts" for more information).

Income before financial (expenses) income

Income before financial (expenses) income reached R$73.4 million in 2011, which represented an increase of 9.2%, or R$6.2 million, compared to R$67.2 million in 2010, corresponding, in 2011 and 2010, to 24.9% and 23.3% of our net revenue from sales, respectively, as described below.

Financial expenses

Our financial expenses reached R$2.6 million in 2011, which represented an increase of 92.4%, or R$1.2 million, compared to R$1.4 million in 2010. This increase was mainly due to (i) a recognition of the present value adjustment on the loan agreements executed with the Exclusive Dealers in 2011, totaling R$1.3 million; (ii) an increase in expenses with IOF, bank fees and foreign exchange rate changes totaling R$0.3 million, despite (iii) a reduction of bank financing expenses totaling R$0.4 million.

Financial income

Our financial income reached R$10.6 million in 2011, which represented an increase of 9.0%, or R$0.8 million, compared to R$9.8 million in 2010. This variation was due to (i) an increase of R$0.9 million in foreign exchange gain; and (ii) an increase in financial investment revenues and discounts obtained from suppliers, totaling R$0.3 million, despite a R$0.2 million reduction in the adjustment to present value on trade accounts receivable.

Operating income before income and social contribution taxes

Due to the changes described above, our operating income before income and social contribution taxes reached R$81.4 million in 2011, which represented an increase of 7.7%, or R$5.8 million, compared to R$75.6 million in 2010, corresponding to 27.6% and 26.2% of our net revenue from sales in 2011 and 2010, respectively.

Current income and social contribution taxes

Our expenses from current income and social contribution taxes reached R$25.2 million in 2011, which represented an increase of 8.0%, or R$1.9 million, compared to R$23.3 million in 2010, which was proportional to the variation of 7.7% in our income before income and social contribution taxes.

Deferred income and social contribution taxes

Our credits from deferred income and social contribution taxes reached R$1.6 million in 2011, which represented an increase of 93.7%, or R$0.8 million, compared to a revenue of R$0.8 million in 2010. This was due to an increase in provisions for labor, civil and tax matters and doubtful accounts in 2011.

Net income

Due to the factors described above, our net income reached R$57.8 million in 2011, which represented an increase of 8.9%, or R$4.7 million, compared to R$53.1 million in 2010, corresponding to a net margin of 19.6% and 18.4% of our net revenue from sales in 2011 and 2010, respectively.

Year ended December 31, 2010 compared to year ended December 31, 2009

The table below sets forth components of our statements of income for the years ended December 31, 2010 and 2009.

	Year ended December 31,		
	2010	2009	Variation 2010/2009
	(in thousands of R$)		
Gross revenue from sales	**392,223**	**313,394**	**25.2%**
Domestic market	386,464	309,297	24.9%
International market	5,759	4,097	40.6%
Deductions from sales	(103,878)	(88,436)	17.5%
Net revenue from sales	**288,345**	**224,958**	**28.2%**
Cost of products sold	(172,634)	(140,930)	22.5%
Gross profit	**115,711**	**84,028**	**37.7%**
Selling expenses	(40,220)	(33,658)	19.5%
Administrative expenses	(13,367)	(10,585)	26.3%
Other operating income, net	5,071	3,937	28.8%
Income before financial (expenses) income	**67,195**	**43,722**	**53.7%**
Financial expenses	(1,375)	(1,715)	(19.8)%
Financial income	9,765	10,096	(3.3)%
Operating income before income and social contribution taxes	**75,585**	**52,103**	**45.1%**
Income and social contribution taxes			
Current	(23,337)	(14,960)	56.0%
Deferred	838	(21)	N/A
Net income	**53,086**	**37,122**	**43.0%**

Gross revenue from sales

Our gross revenue from sales for the domestic and international markets totaled R$392.2 million in 2010, which represented an increase of 25.2%, or R$78.8 million, compared to R$313.4 million in 2009.

Gross revenue from sales growth was due to a sales increase of 24.9% for the domestic market and 40.6% for the international market, as explained below. Gross revenue from the domestic market represented 98.5% and gross revenue from the international market represented 1.5% of our gross revenue from sales in 2010, while they represented 98.7% and 1.3% in 2009, respectively.

Domestic market

Our gross revenue from sales from the domestic market reached R$386.5 million in 2010, which represented an increase of 24.9%, or R$77.2 million, compared to R$309.3 million in 2009. In 2010, we sold 1,737,873 modules to the domestic market, which represented an increase of 16.5%, or 246,388 modules, compared to the 1,491,485 modules we sold in 2009. The average value of each module sold in the domestic market was R$222.4 in 2010, which represented an increase of 7.2%, compared to R$207.4 in 2009.

In 2010, the following events contributed to growth in our sales performance (i) the opening of 117 sales points for the Dell Anno, Favorita, New and Telasul brands, including Exclusive Dealers and Multibrand Sales Points and (ii) the important role of products sold under the New brand, which was launched in 2009 and gained significant market traction in 2010, reaching R$76.3 million in 2010, compared to R$22.1 million in 2009.

International market

Our gross revenue from sales in the international market reached R$5.7 million in 2010, which represented an increase of 40.6%, or R$1.6 million, compared to R$4.1 million in 2009. Our revenue growth was mainly due to an increase of R$2.3 million in the volume of modules sold, which increased to 60,491 in 2010, representing an increase of 68.6%, or 24,613 modules, compared to the 35,878 modules exported in 2009. This was partially offset by a 16.6% reduction in the average sale price, which was R$95.21 in 2010, compared to R$114.20 in 2009. The reduction in the average sale price was influenced by an 11.9% decrease in the average value of the U.S. dollar compared to the *real* in 2010.

Deductions from sales

Deductions from sales reached R$103.9 million in 2010, which represented an increase of 17.5%, or R$15.5 million, compared to R$88.4 million in 2009, as described below.

Taxes on sales

Taxes on sales reached R$78.0 million in 2010, which represented an increase of 25.1%, or R$15.6 million, compared to R$62.4 million in 2009, corresponding to 19.9% in 2010 and 2009 of our gross revenue from sales. The 25.1% increase in tax in 2010, compared to 2009, was in line with the 25.2% gross revenue from sales growth for the same period.

Tax on industrialized products (IPI)

Tax on Industrialized Products (IPI) on sales reached R$14.0 million in 2010, which represented a decrease of 4.9%, or R$0.7 million, compared to R$14.7 million in 2009 corresponding to 3.6% and 4.7% of our gross revenue from sales in 2010 and 2009, respectively. The decrease in 2010, in the amount of IPI on the gross revenue from sales, was mainly due to the reduction of the tax to 0% under a program to support the furniture industry, implemented by the Brazilian Government through Decree No. 7,016, dated November 26, 2009, which was only in force from November 27, 2009 to March 31, 2010.

Sales returns

Sales returns reached R$8.4 million in 2010, which represented an increase of 78.3%, or R$3.7 million, compared to R$4.7 million in 2009, corresponding to 2.1% and 1.5% of our gross revenue from sales in 2010 and 2009, respectively. The increase of returned sales is mainly due to the reduction of the IPI tax rate to 0%, under a program to support the furniture industry, implemented by the Brazilian government through Decree No. 7,016, dated November 26, 2009. As a result, some end customers returned purchased products during the days following the implementation of the law, because they were initially purchased at a higher price. These goods were re-invoiced without causing losses for us.

Present value adjustment

The present value adjustment was R$3.5 million in 2010, which represented a decrease of 47.8%, or R$3.1 million, compared to the R$6.6 million in 2009, corresponding to 0.9% and 2.1% of our gross revenue from sales in 2011 and 2010, respectively. This decrease was mainly due to the fact that we based the interest rate used for calculating the present value adjustment in 2009, which was based on management's estimates, while in 2010 we began referring to the average interest rate of the financial market, as provided by ANBIMA/SELIC, which better reflects the financial cost of our transactions.

Net revenue from sales

Due to the factors described above, our net revenue from sales reached R$288.3 million in 2010, which represented an increase of 28.2%, or R$63.3 million, compared to R$225.0 million in 2009.

Cost of products sold

Cost of products sold reached R$172.6 million in 2010, which represented an increase of 22.5%, or R$31.7 million, compared to R$140.9 million in 2009. Cost of products sold in 2010 represented 59.9% of net revenue from sales, compared to 62.6% in 2009. The 22.5% increase of cost of products sold was less than the 28.2% increase in net revenue growth.

The R$31.7 million increase in the cost of products sold was mainly due to (i) an increase in raw material consumption totaling R$26.8 million; (ii) a labor cost increase of R$3.3 million, given a 5.8% salary increase pursuant to our collective bargaining agreement, in line with inflation, as well as the hiring of an additional 87 employees; and (iii) an increase in manufacturing costs and depreciation totaling R$1.6 million.

Gross profit

Due to the factors described above, our gross profit reached R$115.7 million in 2010, which represented an increase of 37.7%, or R$31.7 million, compared to R$84.0 million in 2009. Our gross margin increased to 40.1% in 2010, compared to 37.4% in 2009.

Operating income (expenses)

Our net operating expenses reached R$48.5 million in 2010, which represented an increase of 20.4%, or R$8.2 million, compared to R$40.3 million in 2009, corresponding to 16.8% and 17.9% of our net revenue from sales in 2010 and 2009, respectively. The increase in expenses was mainly due to the changes described below:

Selling expenses

Our selling expenses reached R$40.2 million in 2010, which represented an increase of 19.5%, or R$6.5 million, compared to R$33.7 million in 2009, corresponding to 13.9% and 15.0% of our net revenue from sales in 2010 and 2009, respectively. This increase was mainly due to (i) a 20.6%, or R$1.9 million, increase in advertising and marketing expenses; (ii) a 25.0%, or R$1.4 million, increase in expenses from third-party services (such as shipping and consulting); (iii) an increase of 20.5%, or R$0.6 million, in expenses from sales commissions; (iv) an increase of R$1.4 million in provisions for doubtful accounts, in light of an increase in trade accounts receivable to R$86.3 million on December 31, 2010, from R$64.3 million on December 31, 2009, as well as an increase in the number of end customers during the period; and (v) an increase in expenses for replacement products, due to manufacturing defects and project and assembly error, totaling R$1.6 million. The increases were partially offset by a 3.0% reduction, corresponding to R$0.3 million in 2010, in other expenses with sales, compared to 2009.

Administrative expenses

Our administrative expenses reached R$13.4 million in 2010, which represented an increase of 26.3%, or R$2.8 million, compared to R$10.6 million in 2009. This increase in expenses was mainly due to (i) an increase in salary expenses and charges, considering a 5.8% salary increase through the collective bargaining agreement, in line with inflation, as well as a realignment of functions and the hiring of 60 employees for the administrative sector, totaling R$0.9 million; (ii) an increase in expenses from third-party consultants, administrative travel expenses and legal publications totaling R$0.4 million; and (iii) an increase in the provision for labor claims totaling R$1.2 million. Our administrative expenses corresponded to 4.6% and 4.7% of our net revenue from sales in 2010 and 2009, respectively.

Other operating income, net

Our other operating income, net reached R$5.1 million in 2010, which represented an increase of 28.8%, or R$1.2 million, compared to R$3.9 million in 2009, representing 1.8% of net revenue from sales in each of these years. This increase was mainly due to our recovery, totaling R$1.1 million, of marketing and advertising expenses, reimbursed by the Exclusive Dealers.

Income before financial (expenses) income

Income before financial (expenses) income reached R$67.2 million in 2010, which represented an increase of 53.7%, or R$23.5 million, compared to R$43.7 million in 2009, corresponding to 23.3% and 19.4% of our net revenue from sales in 2010 and 2009, respectively.

Financial expenses

Our financial expenses reached R$1.4 million in 2010, which represented a decrease of 19.8%, or R$0.3 million, compared to R$1.7 million in 2009. This decrease was mainly due to reduced expenses with respect to foreign exchange variations, arising from accounts receivable from foreign customers totaling R$0.3 million.

Financial income

Our financial income reached R$9.8 million in 2010, which represented a decrease of 3.3%, or R$0.3 million, compared to R$10.1 million in 2009. This variation was mainly due to an increase in (i) interest on trade accounts receivable, totaling R$1.3 million; and (ii) financial investment income totaling R$0.8 million. These increases were offset by the reduction of R$2.4 million in present value adjustments.

Operating income before income and social contribution taxes

Due to the factors described above, our operating income before income and social contribution taxes reached R$75.6 million in 2010, which represented an increase of 45.1%, or R$23.5 million, compared to R$52.1 million in 2009, corresponding, in 2010 and 2009, to 26.2% and 23.2% of our net revenue from sales, respectively.

Current income and social contribution taxes

Our current expenses for income and social contribution taxes reached R$23.3 million in 2010, which represented an increase of 56.0%, or R$8.3 million, compared to R$15.0 million in 2009. The increase in income tax and social contribution expenses was due to the 45.1% increase in our operating income before income and social contribution taxes.

Deferred income and social contribution taxes

Our credits from deferred income and social contribution taxes reached R$0.8 million in 2010, which represented an increase of R$0.8 million, compared to an expense of R$0.02 million in 2009. This was due to an increase in provisions for labor, civil and tax claims and doubtful accounts in 2010, such provisions being temporarily non-deductible.

Net income

Due to the factors described above, our net income reached R$53.1 million in 2010, which represented an increase of 43.0%, or R$16.0 million, compared to R$37.1 million in 2009, corresponding, for 2010 and 2009, to a net margin of 18.4% and 16.5% of our net revenue from sales, respectively.

Liquidity and Capital Resources

Overview

Our liquidity and cash flow control is monitored by our financial department to ensure that cash generated from operations and financings, when necessary, will be sufficient to pay our obligations.

Cash flows

The table below shows our cash flows for the years ended December 31, 2011, 2010 and 2009.

	For the year ended December 31				
	2011	2010	2009	Variation 2011/2010 (%)	Variation 2010/2009 (%)
	(in thousands of R$)				
Cash generated by the operating activities	37,829	33,175	31,513	14.0%	5.3%
Cash used for investing activities	(30,319)	(8,673)	(9,990)	249.6%	(13.2)%
Cash used for financing activities	(16,000)	(21,725)	(6,881)	(26.4)%	215.7%
Increase (decrease) in cash and cash equivalents	(8,490)	2,777	14,642	(405.7)%	(81.0)%

Cash and cash equivalents

Cash and cash equivalents totaled R$12.1 million as of December 31, 2011, representing a decrease of R$8.5 million, or 41.2%, compared to R$20.6 million as of December 31, 2010, and a reduction of R$5.7 million, or 32.0%, compared to R$17.8 million as of December 31, 2009. These reductions were mainly due to cash used for investing and financing activities, which was partially offset by the net cash generated by our operating activities.

Net cash generated by operating activities

In 2011, 2010 and 2009, our net cash generated by operating activities totaled R$37.8 million, R$33.2 million and R$31.5 million, respectively. These increases in the operating activities were mainly due to our operating results for the respective periods.

Cash used for investing activities

In 2011, we used cash for investing activities in the amount of R$30.3 million, mainly to acquire machinery and equipment for our manufacturing facility; representing an increase of R$21.6 million, or 249.6%, compared to R$8.7 million in 2010, and a decrease of R$1.3 million, or 13.2%, compared to R$10.0 million in 2009, due to lower investments in property, plant and equipment in that year.

In 2011, 2010 and 2009, our net cash used for investing activities was R$30.3 million, R$8.7 million and R$10.0 million, respectively. Over these years, our capital expenditures totaled R$49.0 million for the acquisition of fixed and intangible assets, in line with the modernization and expansion of our facility and enhancing our production capacity.

Cash flow used for financing activities

In 2011, cash used for financing activities was R$16.0 million, compared to R$21.7 million in 2010, a decrease of R$5.7 million. This decrease resulted from (i) loans raised, net of repayments of R$2.1 million from loans and financing in 2011, compared to a repayment of loans, net of loans raised, in 2010 of R$7.9 million; and (ii) an increase of R$4.4 million in payments of dividends and interest on shareholders' equity paid to our shareholders.

In 2010 and 2009, our net cash used for financing activities was R$21.7 million and R$6.9 million, respectively. The R$14.8 million difference was mainly due to (i) a R$4.1 million increase in repayment of loans and financing; and (ii) an increase of R$5.4 million in payments of dividends and interest on shareholders' equity to our shareholders.

For additional information on our cash flows, see the statements of cash flows in our audited financial statements for the years ended December 31, 2011, 2010 and 2009, included elsewhere in this offering memorandum.

Indebtedness

Our indebtedness as of December 31, 2011, 2010 and 2009 is presented in the table below:

	As of December 31		
	2011	**2010**	**2009**
		(in thousands of R$)	
Loans and financing			
Short-term	R$1,115	R$557	R$7,386
Long-term	R$5,688	R$3,904	R$5,018
Total	**R$6,803**	**R$4,461**	**R$12,404**

Generally, our loans and financing are unsecured and personally guaranteed by our shareholders, Alexandre Grendene Bartelle, Juvenil Antônio Zietolie and Frank Zietolie.

The loans and financing agreements we have entered into with our main creditors as of December 31, 2011, were as follows:

- On June 8, 2009, we entered into a loan agreement with Banco Votorantim S.A. (as financial agent), with funds obtained through an on-lending from BNDES, totaling R$5.0 million, with a maturity of 60 months, a grace period of 6 months and final maturity in June 2014. Interest on this loan is 9% per annum. This loan is guaranteed by our controlling shareholder, Alexandre Grendene Bartelle, as well as by our shareholder Frank Zietolie. As of December 31, 2011, this loan had an outstanding balance of R$2.8 million.

- On November 22, 2011, we entered into a loan agreement with Banco Santander (Brasil) S.A. (as financial agent), with funds obtained through an on-lending from BNDES, totaling R$4.0 million, with a maturity of 18 months and final maturity in June 2013. Interest on this loan is 9% per annum. We are obligated to export and present proof of shipments totaling US$2.3 million through June 2013. As of December 31, 2011, this loan had an outstanding balance of R$4.0 million, and our gross revenue from sales to the international market totaled R$7.0 million in 2011.

Our loans and financing agreements do not contain restrictive covenants, except for provisions relating to changes of control, which permit our relevant creditors to accelerate the maturities of these agreements. As of the date of this offering memorandum, we were in compliance with our contractual obligations under these agreements.

We guarantee the bank loans entered into by a few Exclusive Dealers. Our guarantees provided to Exclusive Dealers totaled R$4.8 million as of December 31, 2011, R$0.9 million as of December 31, 2010 and R$1.8 million as of December 31, 2009.

Contractual Obligations

As of December 31, 2011, our contractual obligations and their respective maturities were as follows:

	Payments Due Per Period				
	Total	**< 1 Year**	**1-3 Years**	**3-5 Years**	**> 5 Years**
			(in millions of R$)		
Loans and financing	6.8	1.1	5.7	–	–
Total	**6.8**	**1.1**	**5.7**	**–**	**–**

Capital Expenditures

Between 2009 and 2011, we made investments to increase our production capacity and upgrade our manufacturing facility, expanding the manufacturing facility and acquiring equipment and machinery, which provided us with a significant improvement in productivity and new technologies for producing Modules. We increased our Module production capacity from 1,920,000 to 2,448,000 annually over this period.

The investments mentioned above are intended to enable us to meet our demand for the next three years without needing additional large investments, except for those for maintenance and replacement of depreciated equipment.

The table below shows our investments from 2009 to 2011, including intangible and fixed assets:

Investments	**2009**	**2010**	**2011**
		(in thousands of R$)	
Fixed assets	**9,358**	**8,475**	**29,848**
Land/buildings/facility	6,049	130	3,698
Machinery and equipment	2,204	7,535	25,398
Vehicles	30	28	–
Furniture and tools	727	183	385
IT equipment and software	348	599	367
Investments	**322**	**–**	**300**
Intangible assets	**310**	**198**	**171**
Total investments	**9,990**	**8,673**	**30,319**
Depreciation and amortization	5,086	5,724	7,066

Quantitative and Qualitative Disclosure about Market Risks

We are exposed to market risks related to adverse changes in interest rates, foreign exchange rates, commodity price risk, credit risk and liquidity risk. It is our practice to continually analyze the risks to which we are exposed and that may affect our business, financial situation and the results of our operations. We continually monitor changes in macroeconomic and industry environments that could influence our activities, by monitoring our main economic performance indicators and developments in industry regulations. Our management believes that we have knowledge of the main parties involved in our industry, including suppliers, customers and government entities, allowing us to protect and leverage the performance of our activities. In addition, we have an ongoing focus on financial discipline and conservative cash management. We do not use derivative financial instruments to mitigate interest rate or foreign exchange risks.

Our current structure for financial risk management is directly linked to our board of executive officers. Through financial management, we carry out non-derivative hedging activities, monitor fees and financial liabilities and optimize our cash position. Credit control, evaluation and collection from customers are also considered in our financial risk management. In addition, our control department is responsible for developing financial management reports, to correct and monitor risk policies and to confirm they are duly complied with. Our management monitors and evaluates whether the transactions we carry out are in compliance with our policies and objectives.

Interest Rate Risk

Financial expenses arising from our loans and financing are affected by changes in interest rates (*taxa de juros de longo prazo*, or TJLP). We manage interest rate risk by maintaining a balanced portfolio among trade accounts receivable and loans and financing subject to fixed and variable rates. In order to mitigate risk, we also diversify funds raised according to pre- and post-established rates, and perform ongoing analysis of the risks of financial institutions.

Our financial instruments are managed according to our operational strategy, seeking liquidity, solvency, profitability and security. Our policy involves constant monitoring of contractual rates versus those prevailing in the market, which are monitored by means of information systems and databases commercially available, including those maintained by CETIP, the Central Bank, FGV and others.

Foreign Exchange Risk

We are subject to foreign exchange rate variations based on the effects of exchange rate volatility on transactions linked to foreign currencies, mostly product export operations. We have been successful in adjusting our cost structure and sale prices in order to incorporate foreign exchange variations. As a means to mitigate foreign exchange risk, we carry out a periodical analysis of our cost structure and sale prices, so as to incorporate foreign exchange fluctuations. On December 31, 2011, we had a balance in accounts receivable for sales to international markets equivalent to U.S.$1.2 million, and a balance of EUR777,000 related to the purchase of new equipment for our plant.

Credit Risk

Subject to our procedures, controls and policies, our financial department manages the credit risk we are exposed to with respect to the customers. Credit limits are established for all Dealers based on internal classification criteria. The quality of credit is assessed based on an extensive internal system of credit classification. Trade accounts receivable are frequently monitored.

On December 31, 2011, 2010 and 2009, approximately 11, 25 and 18 Dealers were responsible for approximately 50.4%, 48.2% and 44.1% of all receivables due, respectively. These Dealers operate approximately 114 stores in Brazil.

With respect to trade accounts receivable, we also have a provision for doubtful accounts, as mentioned in note 5 of our financial statements. The need for a provision for impairment losses is analyzed daily as individually reported by our main Dealers. In addition, a large number of accounts receivable with lower balances are grouped together, for which the need to record a provision for losses is collectively assessed.

The credit risk of our balances at banks and financial institutions (related to financial instruments, bank deposits, cash equivalents and marketable securities) is managed by our finance department and is monitored by our executive officers. Our funds are only invested in financial institutions authorized by our executive officers, exclusively at first-tier institutions. The invested amounts are monitored in order to minimize concentration risk and, accordingly, to mitigate financial loss in case of a potential bankruptcy of the counterparty.

Commodity Price Risk

This risk is related to fluctuations in the price of raw materials and other inputs used in the production process. Since we use commodities as raw material (MDF sheets), our cost of products sold could be affected by changes in the prices of these materials. In order to minimize this risk, we continuously monitor price fluctuations and, when applicable, we manage the inventory of inputs, raw materials and finished products by maintaining strategic inventory levels to maintain our activities.

Liquidity risk

Liquidity risk consists of an insufficiency of funds to meet our obligations, given their different currencies and settlement terms. Our cash flows and liquidity control are monitored on a daily basis by our finance department, to ensure that cash generated by the operating activities and the funds from financing activities, when necessary, are sufficient to maintain our payment schedules.

Derivative Instruments

We do not have any outstanding derivative financial instruments as of the date of this offering memorandum, nor did we have any as of and for the years ended December 31, 2011, 2010 or 2009.

Off-Balance Sheet Transactions

As of the date of this offering memorandum, we had no off-balance sheet transactions.

INDUSTRY OVERVIEW

The Brazilian Market

We believe that Brazil's current macroeconomic indicators, such as increases in domestic consumption and the availability of credit, the strengthening of the labor market and increasing investment levels, together show a positive outlook for the country's growth rates.

The customized furniture and fixture industry is a sub-segment of the furniture industry focused on customers with specifically determined needs for each purchase. It is not only impacted by Brazil's economic situation and by the performance of the furniture industry, but it is also influenced by three other industries: real estate, retail and hospitality.

In particular, the demand for customized furniture and fixtures is strongly linked with the demand for new homes and new commercial real estate. Similarly, the growth of retail consumption in Brazil opens up space for the purchase of durable goods such as customizable furniture, and the broader retail industry is driven by the increase of available income and by credit expansion. Finally, sales to hotel chains will provide an opportunity for growth, particularly as the hospitality industry increases its demand for customizable furniture in preparation for the future sports events to be held in Brazil (2014 World Cup and 2016 Olympic Games).

Customized Furniture and Fixtures Industry

The Brazilian customized furniture and fixtures industry can be classified as a traditional industry, with many established companies, many similarities with the production processes of other industries and broad diversification of its final products.

The customized furniture and fixtures industry consists of three main components:

- Raw materials: wood, metal, leather, plastic and others;
- Furniture design: rectilinear furniture (simple designs involving straight lines), and curved furniture (high finishing standards and more complex designs); and
- Type of customer: home or business.

Due to the high number of companies in the industry worldwide, international competition is driven by prices. Typically, each company adopts market prices without exercising significant individual influence on such prices.

In this context, production efficiency is one of the main competitive factors for growth in this industry. Recently, the style and design of products, together with tailored marketing strategies, became potential strategic factors for increasing a company's competitive advantage, adding value to commercialized furniture and attracting new customers.

Furniture and Fixtures Industry History in Brazil

As in other countries, the furniture and fixtures industry in Brazil is characterized by a large number of companies and intensive employment of labor. For example, in 2009 there were more than 24,000 furniture manufacturers in Brazil employing approximately 275.6 thousand employees. During this period, a significant concentration of Brazilian companies – 98% – had less than 100 employees.

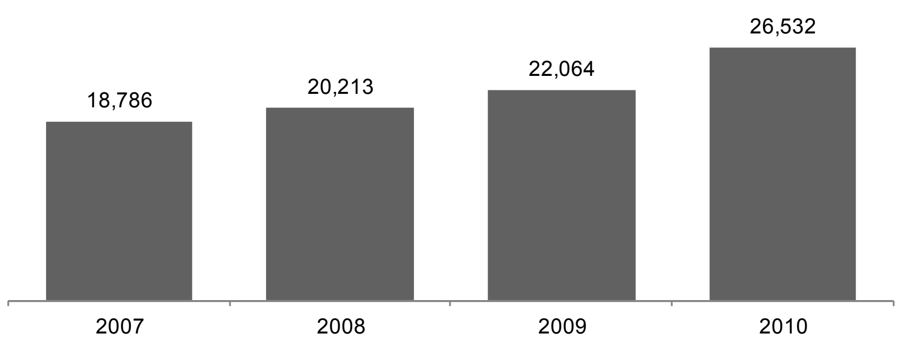
Number of companies and other organizations in the Brazilian furniture and fixtures industry in 2009

Range of total employed staff	Number of companies and other organizations
From 0 to 4	14,117
From 5 to 9	4,510
From 10 to 19	2,812
From 20 to 49	1,750
From 50 to 99	482
From 100 to 249	268
From 250 to 499	77
From 500 to 999	37
Total companies	**24,053**

Source: IBGE.

The annual profits of companies in the Brazilian furniture and fixtures industry increased 41% from 2007 to 2010 – an average growth of 12.2% per year. Industry profits totaled approximately R$26.5 billion in 2010, as shown in the chart below:

Historical profits of the Brazilian furniture and fixtures industry (in millions of* reais*)



Source: Industrial Marketing and Studies Institute (IEMI).

Studies show that a significant increase in domestic demand is mainly due to an increase in GDP per capita and to a decrease in interest rates, thus explaining the growth of the furniture and fixtures industry profits in Brazil.

As demand in the furniture and fixtures industry bears a close relationship with the real estate, retail and hospitality industries, the sections below describe these industries in further detail.

Products and Geographic Distribution History

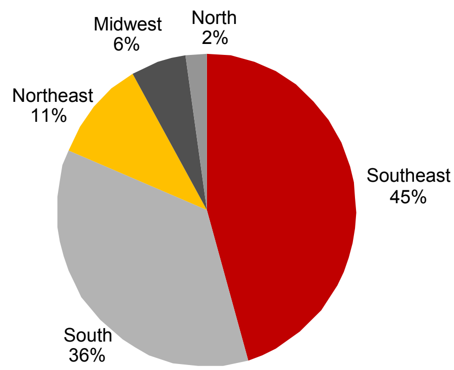
Despite a high degree of diversification in materials for furniture, wood furniture for home use represents the largest portion of the market.

Investments in technological training for producing rectilinear furniture are increasingly available, reflecting the technological capacity of this industry compared to others. The Bento Gonçalves region is regarded as one of the best centers for technological training and specialization in furniture design in Brazil.

Due to the need for raw material and the need for investing in technology to increase competitiveness, a significant number of companies in the Bento Gonçalves region have a greater technological capacity than the country's average.

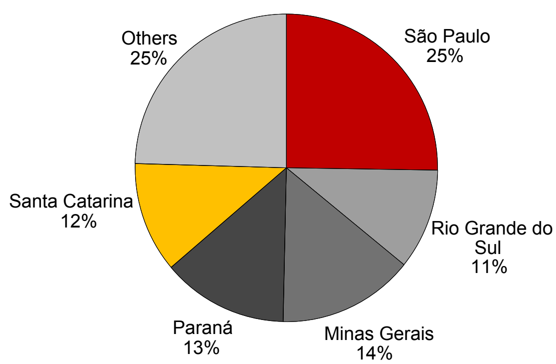
In terms of geographic distribution, the largest concentration of companies in the furniture and fixtures industry is in the southeast and south regions, which together represented approximately 82% of all furniture and fixtures companies in Brazil according to the following chart:

Distribution of furniture and fixtures companies in 2009 by region



Source: IBGE.

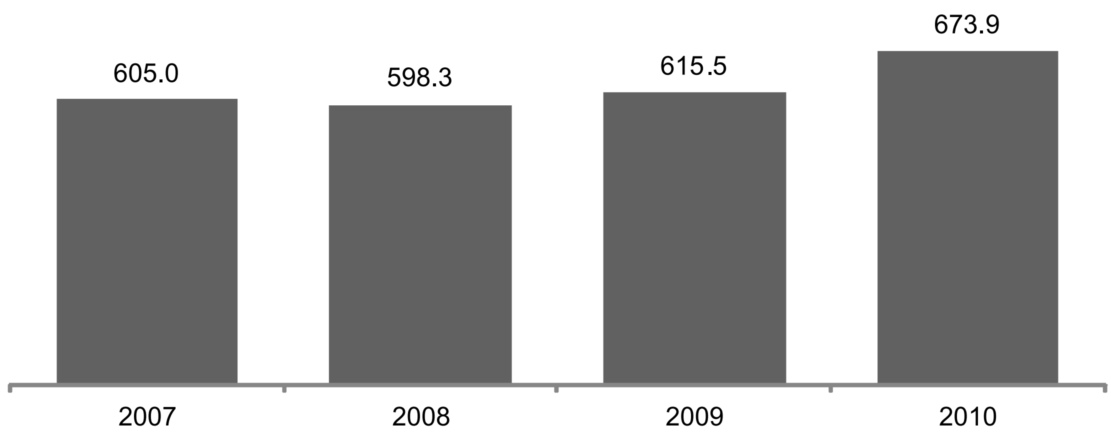
Distribution of furniture and fixtures companies in 2009 by state



Source: IBGE.

According to data from IEMI, investments in the Brazilian furniture and fixtures industry in 2010 totaled approximately R$673.9 million, an increase of 9.5% compared to 2009 and 11.4% compared to 2007.

Investments in the furniture and fixtures industry from 2007 to 2010 (in millions of R$)



Source: IEMI.

Due to the industry's high level of investment in technology in recent years, the volume of machine imports from 2007 to 2010 increased by 44%, as shown in the following table:

Machine imports from 2007 to 2010 (in millions)

	2007	2008	2009	2010
Imports in US$	**78.3**	**112.5**	**90.9**	**112.4**
Currency rate	1.95	1.84	1.99	1.76
Imports in R$	**152.7**	**207.0**	**180.9**	**197.8**
Share in total investments	25%	35%	29%	29%

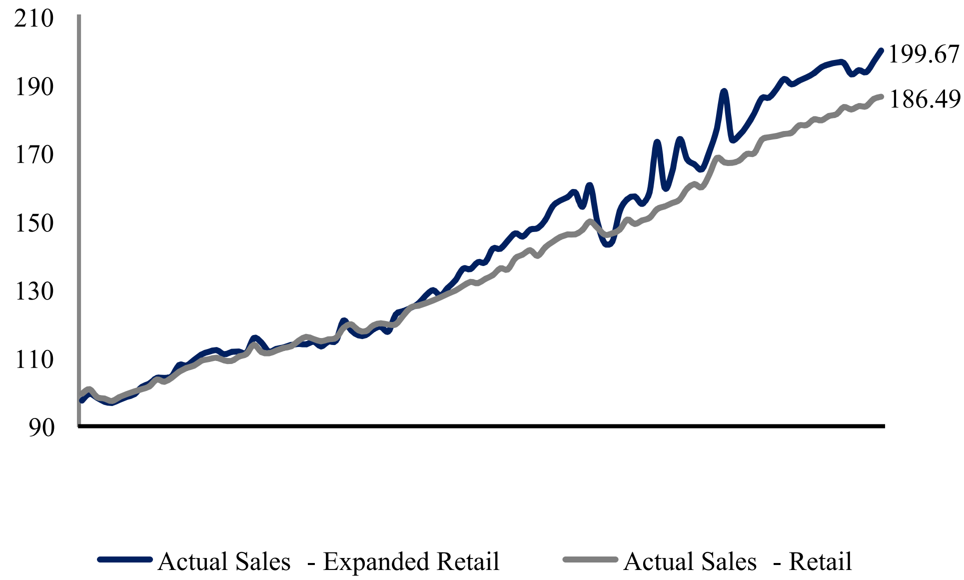
Source: IEMI.

Retail Industry

According to the December 2011 issue of Monthly Trade Research, a report published by the IBGE which tracks retail sector trends in Brazil by monitoring formal businesses with 20 or more employees, the Brazilian retail industry increased 6.7% in terms of sales volume during the last 12 months. Nominal revenue increased 10.1% compared to the same month in 2010, and 11.5% for the year.

Retail Sales in Brazil

Series with Seasonal Adjustments (Base 100 in 2003)

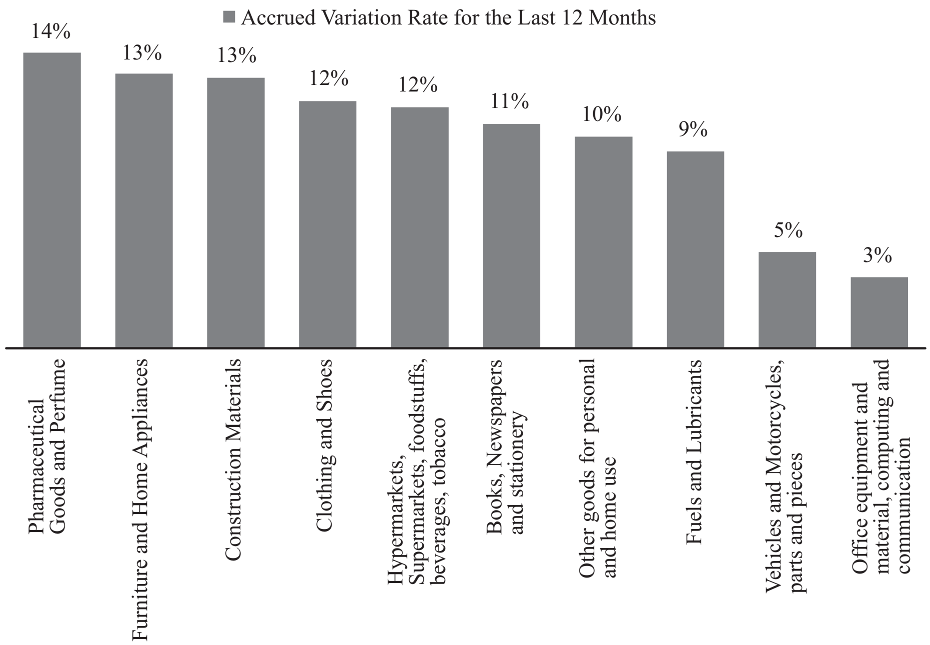


Source: IBGE.

The retail trade index is a general summary index of businesses with revenues primarily generated from retail activities. These sectors include: fuel and lubricants, supermarkets, hypermarkets, foodstuffs, beverages and tobacco, clothing, shoes and textiles, furniture and household appliances, pharmaceutical goods, medical goods, orthopedic goods, cosmetics and perfumes, office equipment, computing and communication, books, newspapers, magazines and stationery and other articles for personal and home use. In addition to these sectors, the expanded retail trade index considers the performance of companies selling vehicles and motorcycles, parts and pieces and building materials.

Among these industries, the greatest variations in revenues from December 2010 to December 2011 were observed in the pharmaceutical goods and perfume category, as well as in the furniture and household appliances sector, which showed an increase of 14.1% and 13.1%, respectively.

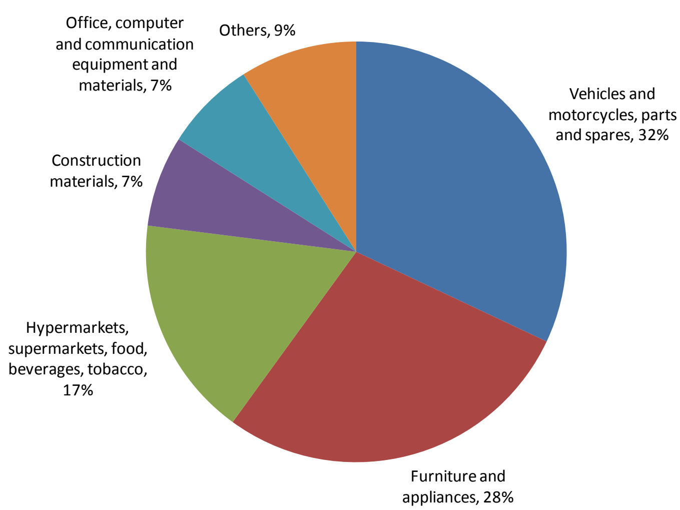
Variation in nominal sales revenue – for 2011



Source: IBGE.

During the 12 months ended December 31, 2011, the furniture and household appliances sector experienced an increase of 28%, which was the second largest increase among all sectors monitored by the expanded retail trade index.

Contribution to the Retail Industry's Nominal Revenue Increase – by sector (Sales for 2011)



Source: IBGE.

Retail Sector for Durable Goods

The retail sector for durable goods encompasses goods that are not consumed at first use and are used for a relatively long period of time, such as furniture, household appliances, electronics, computing equipment and toys.

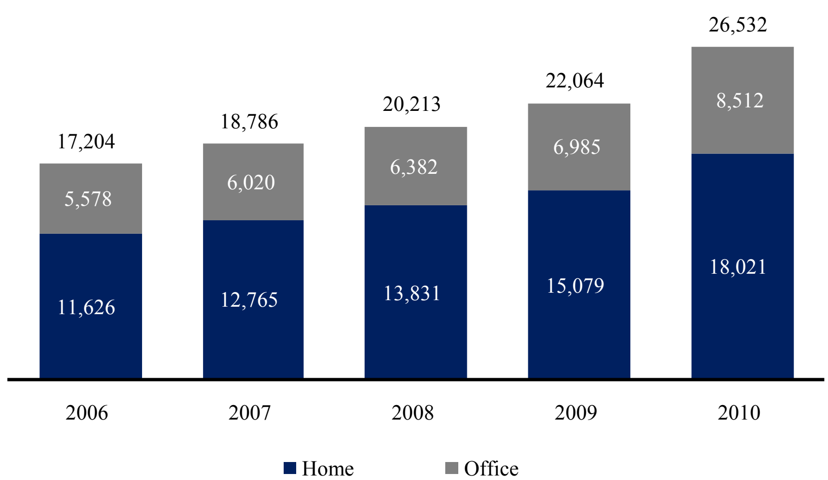
During the last few years, the Brazilian electronics and furniture industry experienced major growth, supported by stabilization of the economy and increases in salaries. Despite the global economic crisis that began in 2008, these market segments were able to recover in terms of sales.

Despite sales increases during the last several years, we believe that the electronics and furniture industries in Brazil still have a high growth potential due to the low penetration of their products in the low-income brackets that are emerging economically and are likely to acquire higher value-added goods.

The Brazilian household items sector increased 14% in 2010 as compared to 2009, with net sales of R$15.3 billion. This increase was significantly affected by the growth of domestic consumption, according to preliminary data from the Brazilian Association for Electronic and Electric Industry (ABINEE). In 2011, according to estimates from the same source, expected net sales for this sector totaled R$15.6 billion.

The Brazilian furniture and fixtures industry has seen significant growth, with average annual sales increases of 11.4% since 2006, according to data disclosed by the "Brasil Móveis 2011" report from the IEMI. For 2010, furniture sales in the home segments increased 19.5% compared to the same period in 2009. Sales to corporate clients increased 21.9%, resulting in an increase of 20.3% over the same period.

Total net sales for the Brazilian furniture and fixtures industry (in millions of R$)



Source: IEMI, "BrasilMóveis 2011" report.

Retail companies in the durable goods industry adopt varying strategies for products and store sizes. They often share store space with competitors at specialized stores, department stores and hypermarkets, among other sales points.

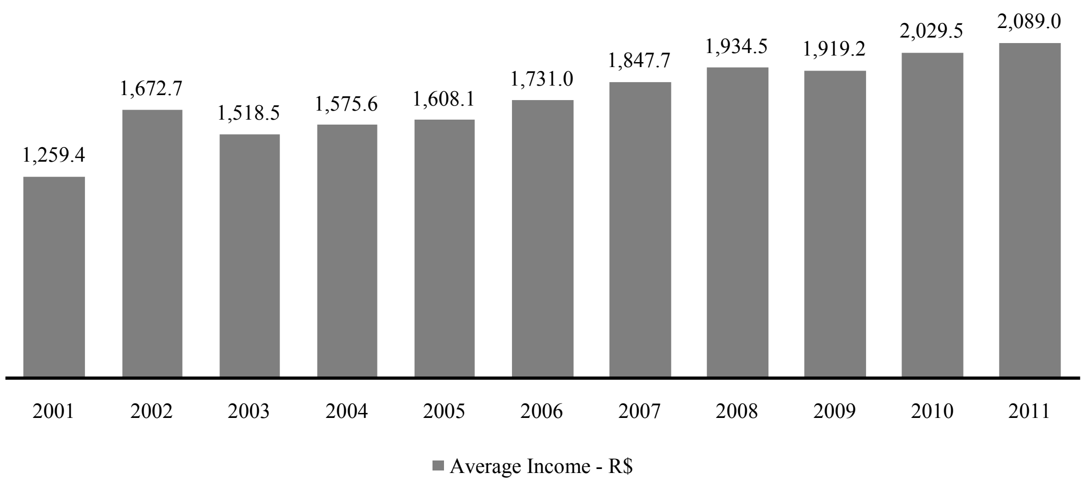
Specialized retailers have increased their market share compared to general retailers, despite the impulse purchase appeal of large discount stores. They have achieved this by offering a team of trained salespersons that provide personalized service to their customers, assisting customers in choosing the best products and payment options.

Consumer Market

The growth in the retail market, both for durable and non-durable goods, is attributable in part to the growing consumer potential in Brazil, which is in turn a result of a better income distribution and growth in middle class incomes.

The average income for employed persons increased 66% from December 2001 to December 2011, according to data from the Monthly Employment Research report published by IBGE.

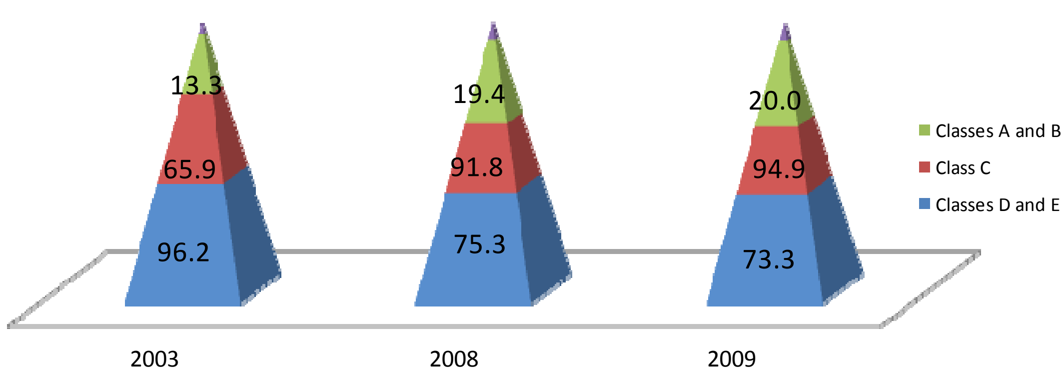
Average income of employed persons - Total (in R$)



Source: IBGE.

From 2003 to 2009, approximately 35.7 million people were in Classes A, B and C, approximately 3.8 million more than the 31.9 million that made up this group between 2003 and 2008. The base of the income pyramid composed of Classes D and E decreased from 96.2 million in 2003 to 73.2 million in 2009, including a decrease of 2.0 million during the international financial crisis. The population pyramids below show the development of the Brazilian population by income bracket.

Brazilian population pyramid by economic layers (in millions of persons)



Brazilian Real Estate Industry

The creation of long-term housing demand is mainly a result of variations in economic and social indicators, such as: (i) credit availability, (ii) demographic distributions, (iii) housing shortages and (iv) government incentive programs.

Credit Availability

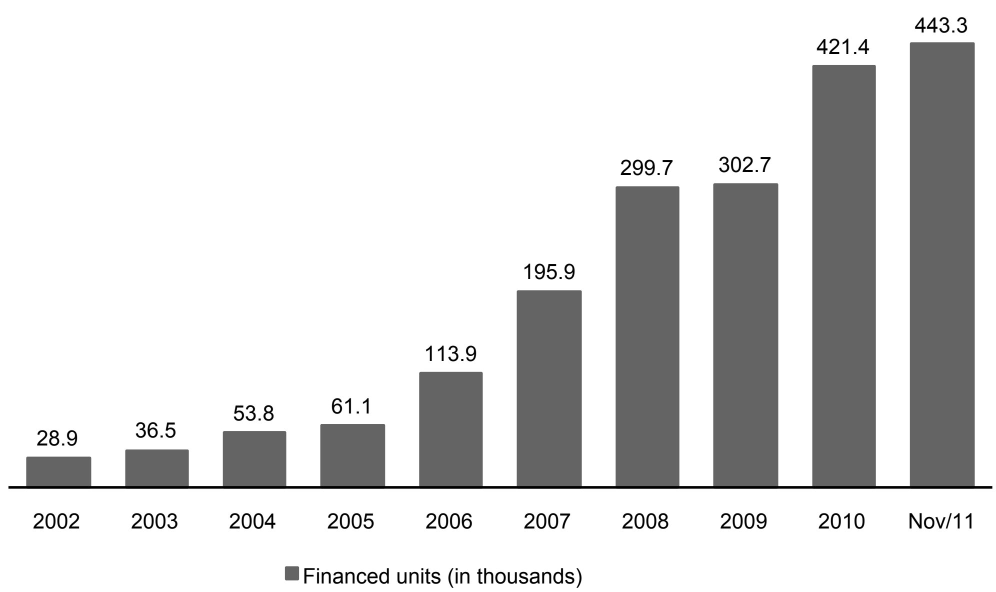
Real estate credit in Brazil is available through two main systems, the Housing Financial System (SFH), created in the mid-1960s, and the Real State Financing System (SFI), created in 1997.

According to the Brazilian Association for Real Estate Credit and Savings Institutions (*Associação Brasileira das Entidades de Crédito Imobiliário e Poupança,* or ABECIP), the implementation of monetary adjustment as a measure to open the market for government securities and long-term financing has enabled the creation of accounts with longer terms, such as deposits in savings accounts and the Employment Security Fund (FGTS). It also made real estate financing possible. For example, the SFI has created a new credit instrument, the Real Estate Receivables Certificate (CRI). It has also instituted procedures for the securitization of real estate credits, a fiduciary regime for real estate credits and has proposed legislation regulating mortgage liens, a key instrument for the effective insurance of real estate financing operations.

Between 2001 and 2010, the balance of savings in Brazil increased at an average rate of 13.3% per year, increasing from R$97.1 billion in 2001 to approximately R$300 billion in 2010. As of November 2011, the savings balance increased to R$327.6 billion, according to data from ABECIP.

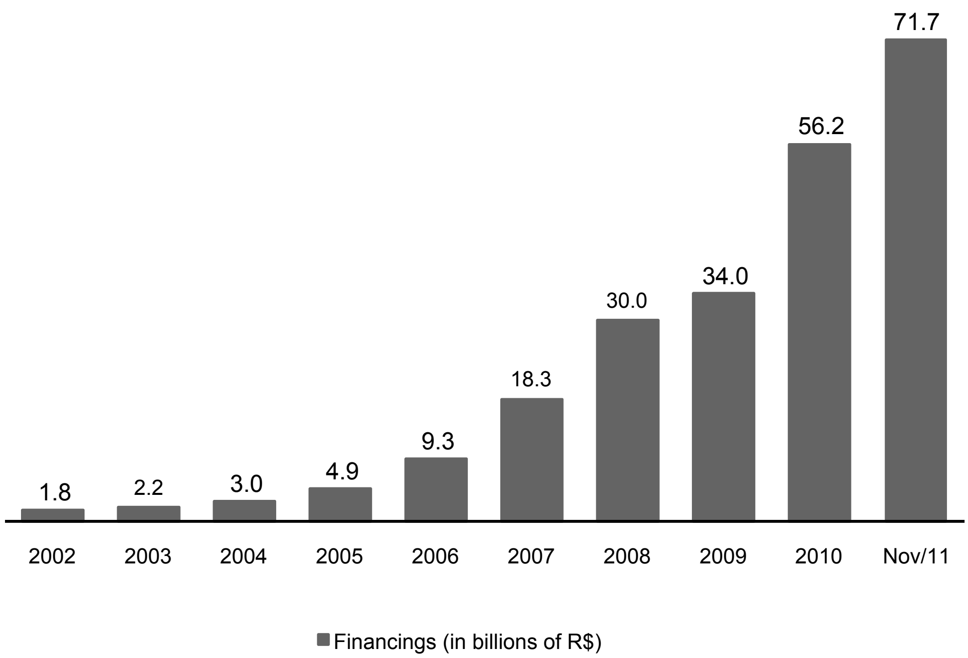
Resources obtained through savings accounts are available to finance the building and acquisition of real estate properties (*unidades*). For example, financing from SBPE funds showed an average annual increase of 39.8% between 2002 and 2010. As of November 2011, the number of financed units increased 105% compared to 2010, while the value of financings increased by 54.1% for the same period, totaling R$56.2 billion in 2010. Total credit in the amount of R$71.7 million was made available in November 2011, an increase of 128% over 2010.

Housing units financed with funds from SBPE (in thousands)

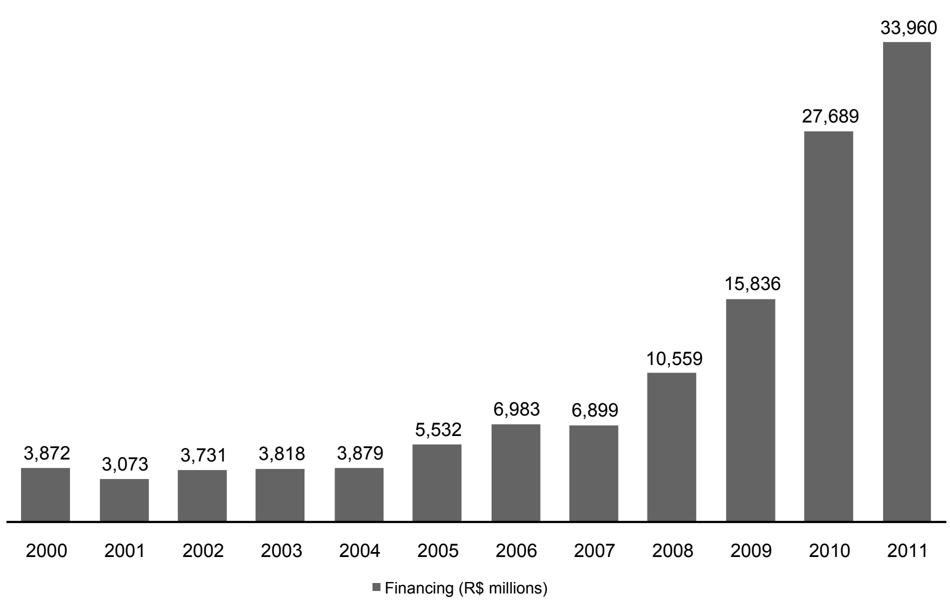


Source: SBPE.

Amounts financed with SBPE funds (in billions of R$)



Financings with FGTS resources (in millions of R$)



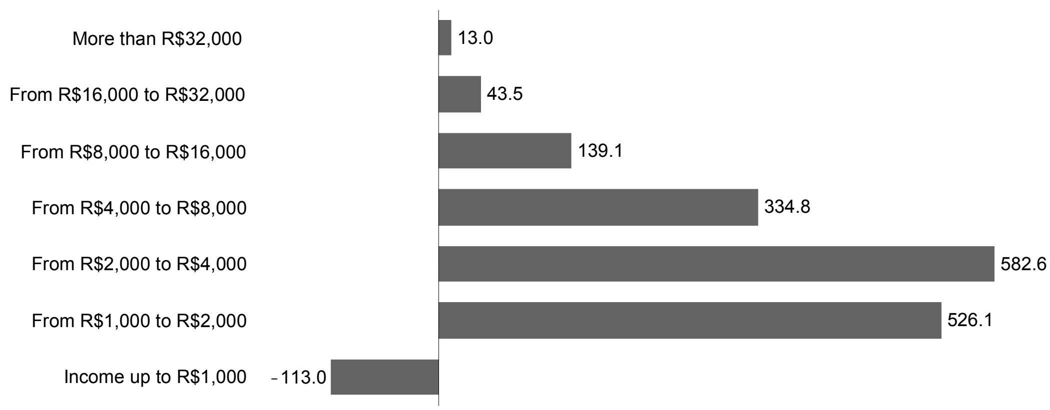
Sources: Caixa Econômica Federal, CBIC.

Demographic Changes

The demand for housing in the long term is mainly due to the evolution of four social indicators: the population growth rate, the number of young people in the population, the number of people per household and the expansion of family income.

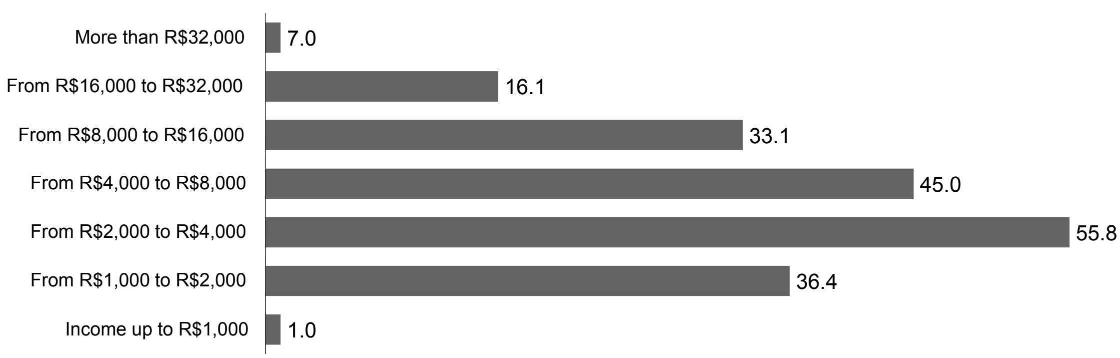
According to a study by *Fundação Getúlio Vargas* (FGV) and Ernst & Young, demand for housing is increasing due to an increase in population and in the number of new families. There were 60.3 million Brazilian families in 2007, and the population numbered 189.1 million. It is expected that by 2030 the number of families will increase to 95.5 million, totaling 233.6 million people. By this estimate, there will be an annual average increase of approximately 1.5 million new families.

Annual average increase in new families by income class (by house, monthly) (in millions)



Source: IBGE, FGV/Ernst & Young.

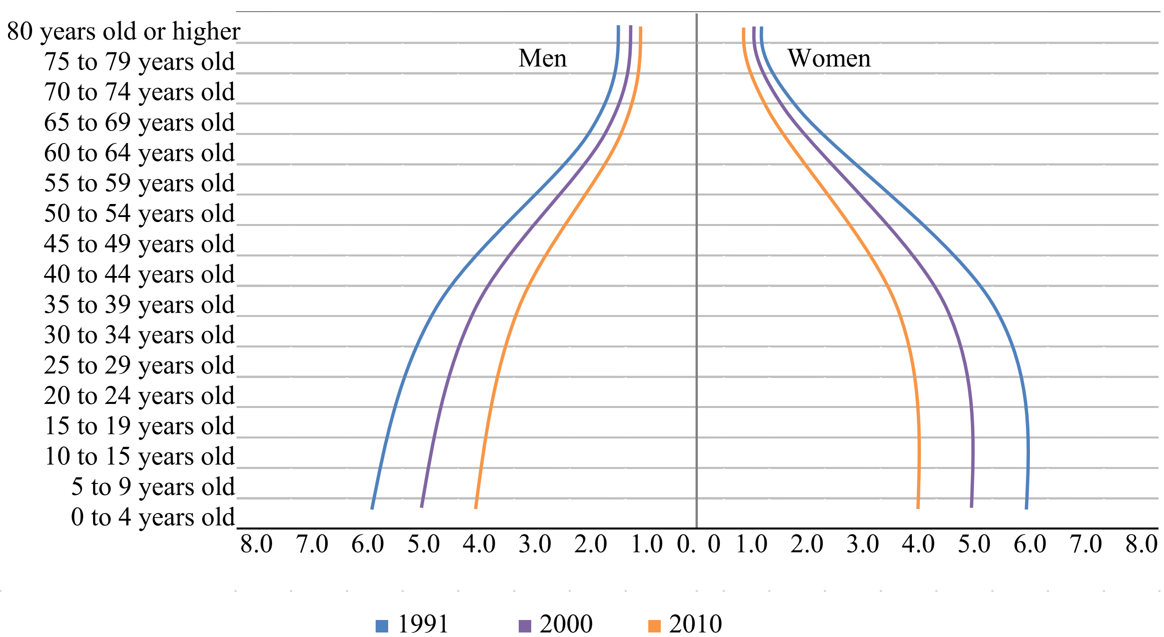
Annual total investment in new homes per income between 2008-2030



Source: IBGE, FGV/Ernst & Young.

The percentage of young people (aged 15 to 29 years old) in the Brazilian population is high. In 2007, approximately 51 million were in this age range, which represented 27.3% of the population according to IBGE. As this segment grows older, demand for housing will increase. In 2030, approximately 38.4% of the population of Brazil will be in the 25 to 49 age range, according to IBGE data.

Age pyramid: Composition of total resident population by gender and age group - Brazil 1991-2010



Source: IBGE Demographic Census 1991/2010.

According to the 2010 Demographic Census published by IBGE, the increase in Brazil's population during the last ten years was mainly due to the increase of the adult and elderly population. The evolution of age structure as seen in the pyramids also suggests that, if forecast trends of mortality and fertility are confirmed, the Brazilian population may continue this process of aging.

The study "Future housing demand for Brazil 2003 – 2023," published by the Brazilian Ministry of Cities in 2009, presents a demographic demand forecast for housing. It estimates that in 2023 there will be 80.2 million homes, a 40% increase over the number of homes estimated in 2008. This would entail an average annual increase of 2.26% between 2008 and 2023.

Government Incentive Programs

In late March 2010, the Brazilian government launched the second stage of the Growth Acceleration Program (PAC). As part of this initiative, the government will make investments of R$1.6 trillion between 2011 and 2014 in areas of high social importance, such as housing and health care. According to its schedule, the second stage will provide investments of R$958.9 billion in construction between 2011 and 2014. After 2014, an injection of an additional R$631.4 billion is expected in construction, totaling R$1.6 trillion. The focuses are the same as the first stage, initiated in 2008: logistics, energy and urban infrastructure.

These three areas were divided into six groups: Better City (*Cidade Melhor*), Citizen Community (*Comunidade Cidadã)*, My House, My Life (*Minha Casa, Minha Vida*), Water and Light for All (*Água e Luz para Todos*), Energy (*Energia*) and Transportation (*Transportes*). The My House, My Life program, in this second stage, has budgeted investments of R$72.0 billion between 2011 and 2014. The goal of stage two is to build 2 million homes, with 60% reserved for the population with an income of up to 3 minimum wages, 30% for the population with an income of 3 to 6 minimum wages and 10% for the population with an income of 6 to 10 minimum wages.

The Brazilian Hotel Industry

In January 2010 we launched our business division, named Unicasa Corporate, to address the demand for modulated furniture from commercial developers, the hotel industry and construction companies. The hotel sector in Brazil became a source for the growth potential of this division, spurred mainly by expected investments in this segment due to the 2014 World Cup and the 2016 Olympic Games.

Industry Description

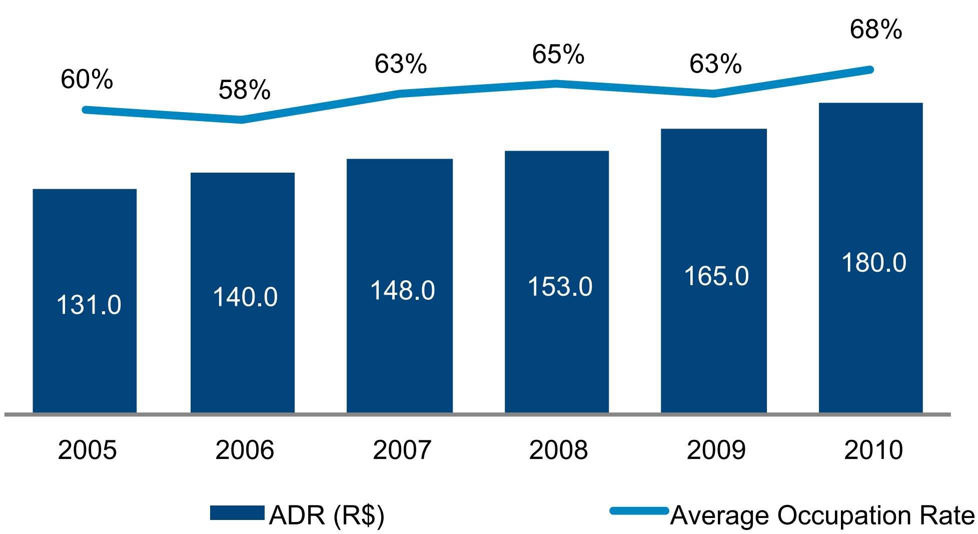
The Brazilian hotel industry is highly fragmented, with only 26.8% of hotel rooms in the market belonging to hotel chains. When measured by the number of hotels, the share for hotel chains is only 7.7%.

Hotels opened as of July 2011

Type	Number of Hotels	Market Share	Rooms	Market Share
National hotel chains	370	3.9%	53,137	11.8%
International hotel chains	365	3.8%	67,150	15.0%
Independent hotels with up to 20 rooms	3,488	36.5%	38,545	8.6%
Independent hotels with more than 20 rooms	5,341	55.8%	290,040	64.6%
Total	**9,564**	**100.0%**	**448,872**	**100.0%**

Source: Jones Lang LaSalle Hotels – Lodging Industry in Numbers 2011.

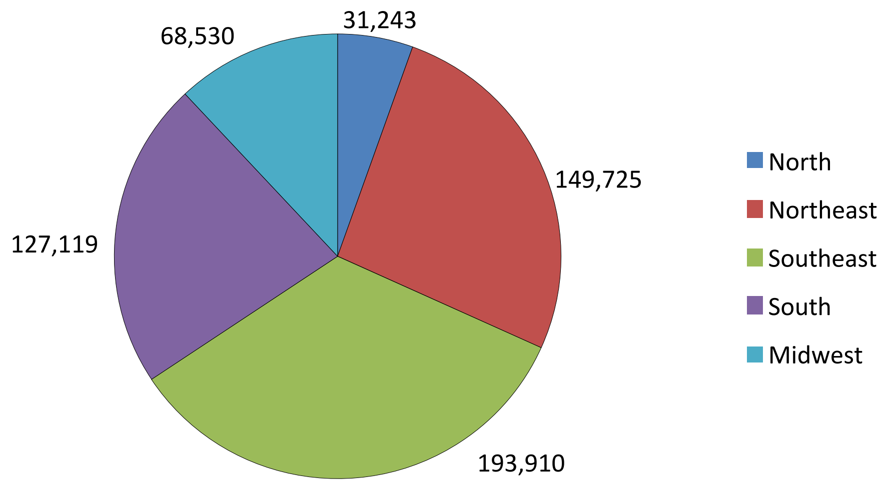
Average daily rate and average occupation rate*



Source: Jones Lang LaSalle Hotels – Lodging Industry in Numbers 2011.
* Considers the average for urban hotels and flats.

With respect to the geographical distribution of the hotel industry in Brazil, hotel investors are focused on exploring opportunities mainly in São Paulo, Rio de Janeiro, Belo Horizonte, Salvador, Brasília and in other cities with more than one million residents. The southeast region is the leader in hotel rooms, followed by the Northeast and Southern regions. The Midwest and Northern regions have fewer hotel rooms.

Geographic distribution of hotel rooms, by number of rooms



Source: Statistic Tourism 2011 Yearbook.

During the last decade, the Brazilian government has paid more attention to this industry by creating the Ministry of Tourism in January 2003 and by approving a special BNDES credit line in 2010 for the 2014 World Cup and 2016 Olympic Games.

Under the name *BNDES ProCopa Turismo*, this program aims to finance the construction, renewal, expansion and modernization of hotels to increase their lodging capacity and quality for the 2014 World Cup. With a credit line of R$2.0 billion, it offers an annual interest rate that varies according to the type of operation (direct or indirect), which is comprised of the following: financial cost (80% TJ-462 and 20% Basket or UMIPCA or TS or TJ3 or TJ6), basic BNDES compensation (1.8% per annum), credit risk rate (up to 3.57% per annum, according to the client credit risk), financial mediation rate (0.5% rate per annum only applicable to large companies) and compensation of the financial agent (negotiated between client and financial agent). The term for amortization is 10 years for new development projects and 8 years for expansion, renewal and modernization projects.

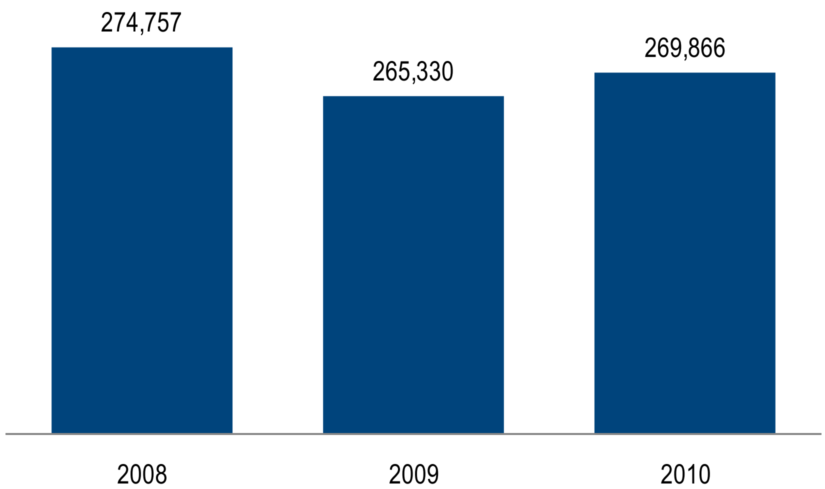
There are also alternative credit lines with the sub-programs *BNDES ProCopa Turismo - Hotel Sustentável* and *BNDES ProCopa Turismo - Hotel Eficiência Energética*. Applications must initially be made to the *BNDES ProCopa Turismo* program, financing is obtained through the sub-programs, if prerequisites are met. Due to the high demand for this credit line, the BNDES may increase its allocated resources to R$2.0 billion.

In light of these incentives for the construction and renovation of hotels, the economic outlook for the modular furniture and fixtures industry is promising. Unicasa, through our corporate business, aims to meet the demand of corporate projects in hotels and real estate businesses. A business focused in these specific projects must maintain high quality and agility in delivery, thus leveraging the strong potential of the hotel industry.

Historical Growth of the Industry

According to the Ministry of Tourism, the number of available hotel rooms increased 1.7% in 2010 compared to 2009, but the number is still below those available in 2008.

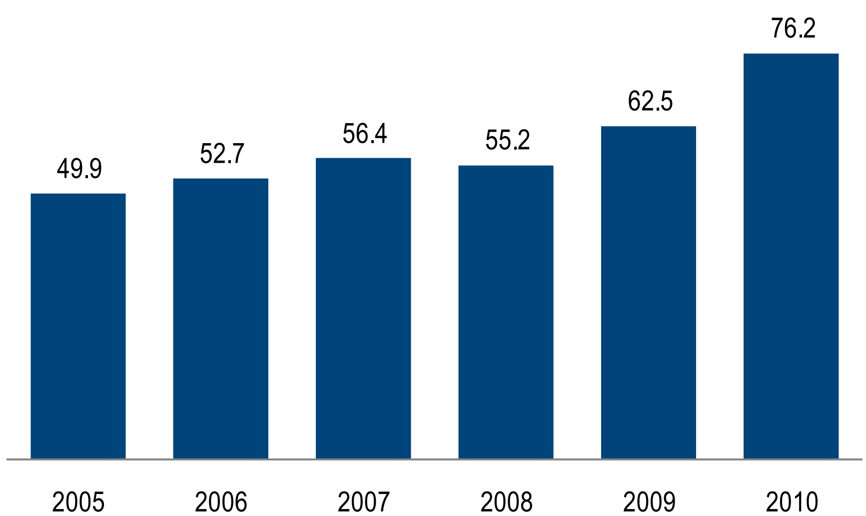
Number of available hotel rooms



Source: Statistic Tourism 2011 and 2010 Yearbook.

One of the key factors impacting the hotel industry is the number of domestic and international air passenger usage, which increased by an annual average of 8.8% between 2005 and 2010. The number of domestic and international flight landings in 2010 was 76 million.*

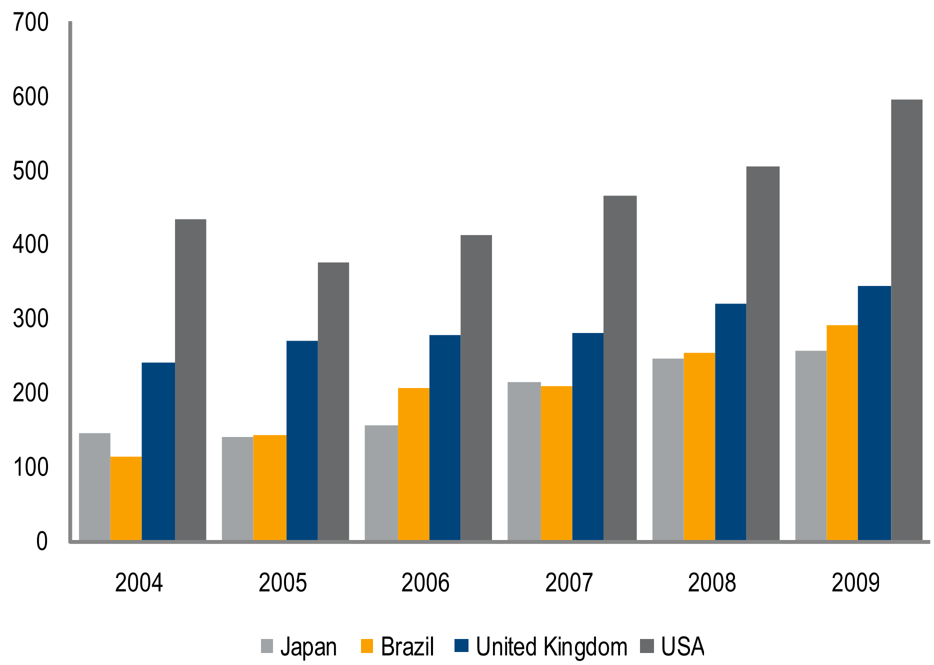
Number of domestic and international flight landings at Brazilian airports (millions of passengers)



* Including residents and non-residents in Brazil.
Source: Infraero.

There are other favorable indicators for the Brazilian hotel industry. The number of international events held in Brazil has more than doubled from 2004 to 2009. When compared to countries like the U.S., UK and Japan, for instance, Brazil had the highest rate of increase in the number of international events held during this period, and held more events than Japan in 2008.

Number of international events held per year



Source: Statistic Tourism 2010 Yearbook.

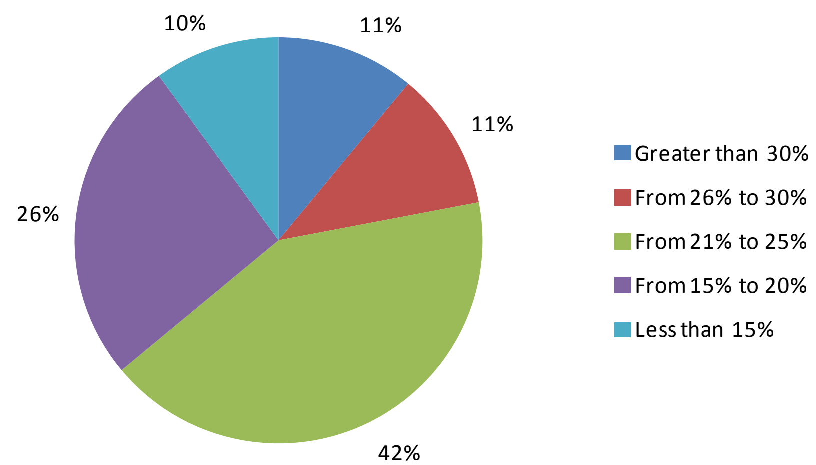
The hotel industry had a quick recovery in the post-crisis period, according to Jones Lang LaSalle consulting. Between 2008 and 2009, despite growth in hospitality revenues, total revenue decreased approximately 2%, with a decrease in the average occupation rate. In contrast, according to *STR Consultoria*, revenues in the Brazilian hospitality industry increased by 18.9% between 2009 and 2010.

Industry Forecasts

According to Jones Lang LaSalle consulting, Brazil has the most attractive hotel market in South America, revenue per room available (RevPAR) increased more than 17% in 2010, and studies by the Brazilian Hotel Operators Forum (FOHB) indicate that the RevPAR of its affiliated hotels increased approximately 32.5% compared to the same period in 2010.

According to Ernst & Young, the Brazilian hotel industry could receive about US$1 billion in investments over the next two years, with 42% of investors expecting annual returns between 21% and 25% in hotel investments in Brazil in the next 12-24 months. Below we show the annual rates of return expected by hotel industry investors in Brazil.

Distribution of rate of return expected by investors



Source: Ernst & Young.

Due to its high fragmentation, growth perspectives and low participation of international chains, the Brazilian hotel industry can be attractive to investors who identify good opportunities in this market. Also, according to a joint study conducted by Ernst & Young and FGV regarding the socioeconomic impact of the 2014 World Cup, Brazil has a deficit of approximately 62,000 hotel rooms.

According to the former Tourism Minister, Luiz Barreto, the World Cup and the Olympic Games are excellent opportunities to increase the number of hotel rooms in Brazil and to improve the quality of its hotel chains.

According to Jones Lang LaSalle consulting, investments in hotel projects for host cities of the 2014 World Cup are expected to total R$2.4 billion for 92 new establishments by 2014. For 2011, Brazil opened 66 hotels in host cities, increasing the supply of rooms by 11,157 units.

Industry overview

Given the environment of growth for hotel chains and the fragmented market, we believe that there is a strong outlook for increased market share by major hotel chains as they build new units. The major hotel companies listed below represent a strong potential demand for our Unicasa Corporate division.

	Hotel company*	Number of Hotels	Number of Rooms
1	Accor	122	21,028
2	Atlantica	77	12,876
3	BHG Brazil Hotel Group	32	5,807
4	Blue Tree	25	4,172
5	Allia Hotels	37	4,009
6	Nacional Inn	34	3,985
7	Transamerica	21	3,523
8	Melia Hotels	14	3,391
9	Windsor	10	2,819
10	Hoteis Slaviero	20	2,772
11	Bourbon	11	2,673
12	Othon	19	2,594
13	Intercity	17	2,259
14	Posadas	11	2,124
15	IHG	6	2,088
16	Vila Gale	6	2,055
17	Bristol Hotelaria	17	2,043
18	Nobile	15	1,887
19	Estanplaza	12	1,755
20	Travel Inn	22	1,589

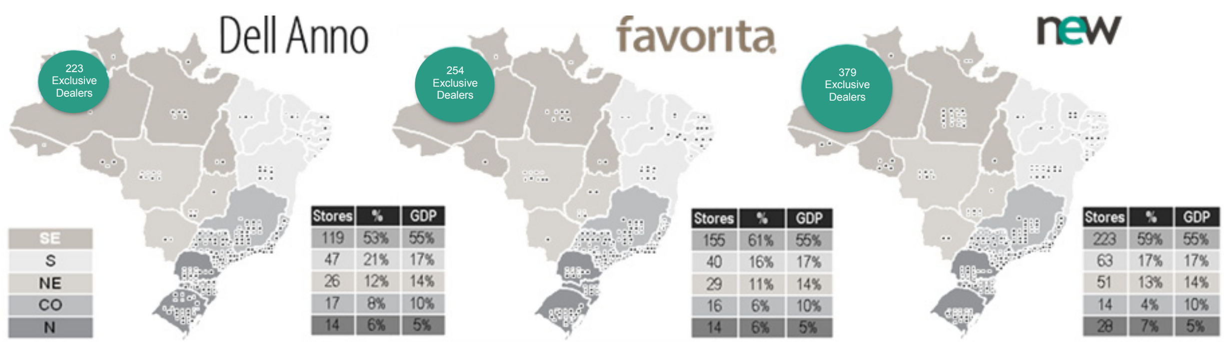
Source: Jones Lang LaSalle Hotels - Lodging Industry in Numbers 2011.

* Including hotels and flats opened as of July 2011 for companies owning more than 600 apartments.

BUSINESS

Overview

We are one of the largest companies in the customized furniture and fixtures market in Brazil, in terms of gross revenue, according to the July 2011 "*Melhores & Maiores*" ("Best and Largest") edition of *Exame* magazine. We sell customized furniture and fixtures in every Brazilian state, through our four well-known and complementary brands: Dell Anno, Favorita, New, and Telasul, serving Classes A (Upper Income Bracket), B (Middle-to-Upper Income Bracket), C (Middle Income Bracket) and D (Lower-to-Middle Income Bracket), respectively. We have a wide distribution network, which as of December 31, 2011, consisted of 886 Exclusive Dealers with 209,435 m² of retail floor-space, 3,199 parking spaces at our stores and 8,254 employees, across 315 cities. We are also present in 1,776 Multibrand Sales Points in Brazil and 17 points of sale outside of Brazil, which include Exclusive Dealers and Multibrand Sales Points. In 2011, we sold 1.70 million furniture and fixture Modules, which contributed to net revenue from sales of R$294.7 million, EBITDA of R$80.4 million and net income of R$57.8 million. For the three-year period ended December 31, 2011, our net revenue from sales, EBITDA and net income had compound annual growth rates (CAGR) of 14.5%, 28.4%, and 24.8%, respectively. The graphic below shows the approximate regional distribution of our Exclusive Dealers as of December 31, 2011 (other than for our Telasul brand):



We believe that the combination of our portfolio of well-known brands, our penetration into the upper, middle and upper lower income brackets, our wide distribution network and our manufacturing facility with high production efficiency and cutting-edge technologies have allowed us to achieve profitable growth and to reach a return on invested capital (ROIC) of 31.2% in 2011. We believe that this has also allowed us to strategically position ourselves in the Brazilian furniture and fixtures market, which in 2011 had an estimated consumption potential of R$41.7 billion, according to IPC Marketing.

With more than 27 years in the market, we have an extensive line of customized solutions in designing furniture and fixtures for residential and commercial real estate, including kitchens, bedrooms, closets, entertainment centers, laundry rooms and bathrooms, among others, in addition to offering complete solutions for office and children's spaces. In addition, we created a business division called Unicasa Corporate in 2010 in order to meet the demands of real estate developers, hotels and construction companies, which we believe will benefit from the recent and expected growth of the Brazilian real estate market and from new investments planned for the 2014 World Cup and the 2016 Olympic Games.

We invest heavily in marketing campaigns for our brands, using fashion models, celebrities, designers and renowned architects, to obtain high visibility in the interior design, architecture and fashion industries and with our target customers. Each of our brands complements the others by reaching different groups of customers, and they are known for their quality among customers and throughout the interior design market. Our brands are:

- ***Dell Anno***: Our premium line, intended for the upper and upper-middle income brackets, Dell Anno offers products with greater added value, contemporary design and minimalist concepts, differentiated through its identification with the fashion world.

- ***Favorita***: Established as an intermediary brand in terms of price and target customers, Favorita is intended for the upper-middle and middle income brackets. Our marketing strategy is to associate this brand with complete and versatile solutions, so that it is recognized for excellence in terms of price and quality.

As of December 31, 2011, we had 477 Exclusive Dealers of Dell Anno and Favorita brands with 142,948 m² of retail floor-space and 5,558 employees, spread across 231 cities in all Brazilian states. The Exclusive Dealers of the Dell Anno brand have an average of 383 m^2 of retail floor-space per store, while the Exclusive Dealers of Favorita have an average of 226 m² of retail floor-space per store.

- ***New***: Intended mainly for the middle and lower-middle income brackets. New is targeted at the intelligent, practical use of space, style and competitive pricing. Started in January 2009 in order to benefit from Brazil's growing consumption, New has proven to be a successful concept and was sold in 379 Exclusive Dealers and 222 Multibrand Sales Points as of December 31, 2011. The Exclusive Dealers of the New brand had 66,487 m² of retail floor-space, 2,696 employees and a presence in 234 cities and each Brazilian state as of December 31, 2011. The Exclusive Dealers have an average of 175 m^2 of retail floor-space per store.

- ***Telasul***: Our "entry brand," targeted mainly at the lower-middle and lower income brackets, Telasul is sold to both the "ready made" furniture market through Multibrand Sales Points, and the customized furniture market, through both Exclusive Dealers and Multibrand Sales Points, thus reaching a wide customer base. As of December 31, 2011, Telasul was sold in 30 Exclusive Dealers and 1,530 Multibrand Sales Points.

Our products are developed by a team of in-house architects, designers and engineers, organized into specific creation and development groups for each brand. These professionals are responsible for interpreting national and international market trends in design, fashion and architecture and incorporating them into our annual portfolios.

Our factories feature state-of-the-art technology and a versatile production model, which allows us to manufacture products only after they have been ordered and to deliver them quickly (within an average of 10 days per order), making it possible to maintain low inventory levels of finished products.

Through an integrated sales system, all the Exclusive Dealers and the Multibrand Sales Points that sell customized furniture under New and Telasul brands receive updates of all news regarding our product portfolio. Additionally, each Exclusive Dealer is designed according to a specific and standardized aesthetic, defined and managed by our in-house architects. This standardization consists of façade studies, architectural plans, use of visual media and environment disposition, so as to enhance the customer's sales experience. Our strategy is to locate stores at highly trafficked and visible locations. In addition to the physical layout of each new store, we carry out feasibility studies based on economic and demographic factors, as well as the profile of the Dealer who will represent us.

Customer service, including post-sale, is an essential part of our business model. Therefore, in order to prepare our employees and Dealers, we provide Exclusive Dealers with access to the Unicasa Corporate University (*Universidade Corporativa Unicasa*), through which we provide training support, ranging from product orientation and development to the assembly of Modules, post-sale services, personnel management and business administration. We have trained more than 6,300 Dealers and employees in the Unicasa Corporate University since 2007. Additionally, we implemented the Trainee Unicasa Program in 2007, which has established itself as a successful model of corporate teaching, often covered by leading national publications, such as *Exame* and *Você S.A.* magazines, and the *Folha de São Paulo, Zero Hora, Jornal do Comércio* and *Correio do Povo* newspapers.

Improvement Measures

Our management has undertaken measures to improve our influence over certain operational aspects of our Exclusive Dealers and Multibrand Sales Points and to increase our profitability. These measures can be separated into three distinct phases: (i) repositioning our brands; (ii) enhancing control over points of sale; and (iii) improving our sales channels, which are discussed below.

Repositioning Our Brands

The Dell Anno and Favorita brands were created in 1985 and 2003, respectively. In 2007, we began repositioning Dell Anno, in order to increase its perceived value and subsequently increase its price point. This process, which we refer to as the Repositioning, is still ongoing and was carried over to Favorita as well in 2009. The key components to the Dell Anno and Favorita Repositionings are described below.

Changes in communication and marketing strategies

- Dell Anno: In 2007 we updated the brand's logo and since then we have linked this brand image to the fashion world by using well-known Brazilian fashion models in advertising campaigns.

- Favorita: In 2009 we updated the brand's logo and since then we have linked this brand image to the television world by using leading Brazilian *novela* (soap opera) actresses in advertising campaigns.

Product line review

In 2007, we revised the entire Dell Anno product line to include new and exclusive products, with better materials and a wider range of accessories and finishings. Since then, we have launched new product lines each year. In 2011, we launched a new product line with exclusive finishings through an agreement with a renowned Brazilian stylist.

Review of Exclusive Dealers

A key component of our business is the ongoing Repositioning of Exclusive Dealers, through which we evaluate the following criteria:

- *Size and Location*: We maintain our Dell Anno brand in a given store to the extent that the store's size and location are appropriate for the brand, taking into consideration the store's historical performance. In case the size and location do not suit the brand, we consider substituting the Favorita or New brands instead in that location. Between 2009 and 2011, we changed approximately 40 stores from Dell Anno or Favorita to New based on this type of review.

- *Exclusive Dealers*: In general, we look for young Exclusive Dealers with management experience, capital and exclusive dedication to our business. The Exclusive Dealer's profile must meet the prerequisites of each brand. A Dell Anno Exclusive Dealer, for example, must be capable of developing a relationship with local architects, holding business and social events that promote the store and brand, as well as relating to the community.

- *Stores*: Since 2007, all stores working with Dell Anno and Favorita have undergone façade and showroom renovation, so as to conform to the new aesthetic and product patterns.

We are particularly focused on the fit of Exclusive Dealers with the locations they operate and the brands they sell. If an Exclusive Dealer or location does not meet our criteria with respect to the relevant brands, we take one of the following actions:

- Adequate Exclusive Dealer and adequate location: renovate the store to meet our new customer standards;

- Inadequate Exclusive Dealer and adequate location: move the Exclusive Dealer to, or newly open, a more appropriate location (if another brand would suit the dealer) or end our relationship with the Exclusive Dealer and keep the location operating with another better suited Exclusive Dealer;

- Inadequate location and adequate Exclusive Dealer: either change the store to a more appropriate brand (if that brand would suit the dealer) or close the store and move the Exclusive Dealer to a different location; or

- Inadequate Exclusive Dealer and inadequate location: close the store and end our relationship with the Exclusive Dealer.

The Repositioning process has had the following main effects on our performance over the three years ended December 31, 2011: (i) decreased revenue from some brands, due to the rebuilding of or construction at stores; (ii) increased trade accounts receivable and loans granted, from the funding of store remodeling, transfer of sales points between different Exclusive Dealers and Exclusive Dealers' acquisitions of new sales points considered more appropriate for our brands' strategies; and (iii) reduction in the number of stores used for calculating same-store sales.

Between 2009 and 2011, we repositioned approximately 230 Dell Anno and Favorita Exclusive Dealers by changing location, replacing the Exclusive Dealer, closing the Exclusive Dealer or turning it into an Exclusive Dealer selling products from our New brand. Over this period, we closed 47 stores and opened approximately 250 New stores, 40 of which arose from Dell Anno and Favorita brand changes. Such changes were, in part, funded by us, whether by extending loans to the Exclusive Dealers or extending the term of trade accounts receivables related to the sales of our products.

The brand New has not been repositioned. Given that its stores started opening in 2009, its marketing, products, pricing and positioning strategies were already aligned with our repositioning strategy. The Telasul brand has also not been repositioned.

Enhancing Control of Sales Points

Currently, Exclusive Dealers must choose one of three information systems that we recommend. In 2012, we began a project through which we plan to adopt a single ERP system across all Excusive Dealers. We estimate that the full implementation of this system at all Exclusive Dealers will be complete in the first half of 2013. With the completion of this project, we will have greater control over sales, information and exclusive customers of our resellers.

We are preparing a checklist of approximately 50 items to improve our assessments of Exclusive Dealers. The checklist contains items such as showroom presentation and the façade of stores, average number of attendants per customer, average time to assemble the furniture, average ticket sales and profitability of sales, among others, serving as a guide for Exclusive Dealers to maintain the standards required by our company.

We will establish a performance ranking of Exclusive Dealers, based on the checklist discussed above. The level of compliance with each item on the checklist will generate a score for each Exclusive Dealer for the evaluation period.

Based on the checklist and performance rankings, we will adopt a program of excellence and best practices aiming to encourage Exclusive Dealers to follow our rules and recommendations through incentives and bonuses. The key desired result is to standardize Exclusive Dealers at the highest standard of excellence, increasing our customer satisfaction and improving the ultimate performance and profitability of Exclusive Dealers.

Improving our Sales Channels

We will focus on particular brands and regions in order to customize campaigns according to the specific needs of customers and Exclusive Dealers located in each covered region. Thus, marketing efforts will become more efficient, which tends to increase the number of sales.

Profiles of end customers, which will be provided to us by Exclusive Dealers, will form a more substantial component of the pricing of our products. The pricing strategies of our products are customized to the consumption profile of each region and each of our brands in order to maximize our profitability and the profitability of Exclusive Dealers, as well as maintaining the competitiveness of our products.

Under the Financing Arrangement, we receive a commission on the amounts they finance for our end customers. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Principal Components of Our Statement of Income—Operating expenses and income—Other operating income, net" and "Business—Material Contracts" for more information regarding this arrangement. We will also seek new alternatives to promote our sales channels. We believe that our network of Exclusive Dealers, which reaches each of the Upper Income, Middle-to-Upper, Middle and Lower-to-Middle Income Brackets in all Brazilian states can be an excellent sales channel to Dealers such as other appliance and furniture manufacturers, as well as complementary services providers.

The Financing Arrangement provides customer financing across the entire network of Exclusive Dealers. We believe that this arrangement has the following advantages:

- Increased sales of furniture due to financing being available at competitive rates;
- Reduction of our exposure to credit risk at Exclusive Dealers;
- A positive impact on our working capital and profitability, since the bank pays us a fee in connection with each customer that obtains financing through it; and
- A positive impact on the cash flow of Exclusive Dealers.

We are also studying the possibility of converting our existing contracts with Exclusive Dealers into franchise contracts, which would be permitted by the terms of the contracts. We believe that this change may bring a valuable tax benefit, reducing double taxation at certain points in our supply chain.

Moreover, we are seeking agreements with large corporate clients such as developers, real estate brokerage firms and hotel chains, with the goal of increasing our product sales. Such agreements require a large network of service points and high and quick production capacity, which we believe we have.

Same Store Sales

In order to analyze the same-store sales growth with respect to Exclusive Dealers, we use sales at stores that have been in operation since the beginning of 2009.

The same-store sales growth calculations below do not take into consideration all of our stores, but only a group of them that meet criteria set by our management. The chart below shows growth rates of same-store sales to Dealers, in terms of per store gross revenues, and the corresponding portions of our total gross revenue of the stores analyzed for the periods indicated.

	2010		2011	
	2009	2010	2010	2011
	(in %)			
Favorita and Dell Anno				
Growth of same store sales to Exclusive Dealers	–	13.5	–	6.5
Portion of total gross revenue of the stores analyzed over two years	24.6	25.4	30.9	35.2
New				
Growth of same store sales to Dealers	–	26.4	–	34.8
Portion of total gross revenue of the stores analyzed over two years	3.0	1.0	34.4	30.3

(*) We do not analyze same store sales for our Telasul brand, given that its products are sold primarily through Multibrand Sales Points.

Opening New Stores

According to a study by the *Parente Varejo e Pesquisa* consulting firm in February 2012, there is a potential market size of 457 stores for the New brand and 109 stores for the Favorita and Dell Anno brands. The study was based on statistical data from the IBGE, among others, taking into consideration: (i) 634 Brazilian cities, each with more than 50,000 inhabitants; (ii) income distribution in each city; and (iii) the estimated size of each city's furniture and fixtures market; and considering the positioning, revenue and market share of our Dell Anno, Favorita and New stores in each city.

Key Financial and Operating Data

The following chart shows key financial and operating data as of and for the years ended December 31, 2011, 2010 and 2009:

	As of and for the years ended December 31,			Compound annual growth rate(6)
	2011	2010	2009	
	(in thousands of R$, except as otherwise indicated)			(in %)
Gross revenue from sales	402,355	392,223	313,394	13.3
Net revenue from sales	294,677	288,345	224,958	14.5
Number of modules sold	1,705,306	1,798,364	1,527,363	5.7
EBITDA(1)	80,444	72,919	48,808	28.4
EBITDA margin (in %)(2)	27.3	25.3	21.7	12.1
Net income	57,792	53,086	37,122	24.8
Net margin (in %)(3)	19.6	18.4	16.5	9.0
ROIC (in %)(4)	31.2	36.0	28.2	5.2
Indebtedness – short term	1,115	557	7,386	(61.1)
Indebtedness – long term	5,688	3,904	5,018	6.5
Number of Exclusive Dealers	886	841	745	9.1
Number of Multibrand Sales Points(5)	1,776	334	313	138.2

(1) We define EBITDA as net income before financial expenses and financial income, income tax and social contribution and depreciation and amortization. EBITDA is not an accounting measure calculated under Brazilian GAAP or IFRS and does not represent the cash flow of the periods presented, and should not be considered a substitute for net income or cash flow as an indicator of our operational performance or liquidity. Additionally, EBITDA does not have a standardized meaning and our definition of EBITDA may not be comparable to those used by other companies. We understand that EBITDA is frequently used by capital markets analysts, investors and other parties interested in reviewing our operational performance, as well as in comparing to other companies' operational performance. EBITDA presents limitations that may impair its use as a profitability measure, since it does not consider certain costs arising from our businesses which could significantly affect our profits, such as financial

expenses, taxes, depreciation, capital expenditures and other related charges. For more information and a reconciliation of our net income to EBITDA, see "Selected Financial Information – Other Financial and Operating Information."

(2) EBITDA divided by net revenue from sales.

(3) Net income divided by net revenue from sales.

(4) Return on invested capital (ROIC) calculated as EBIT (earnings before financial income, income tax and social contribution), minus expenses from income tax and social contribution and divided by the average of the current and previous periods' sums of fixed assets and invested capital. ROIC is not a measure of financial performance pursuant to Brazilian GAAP or IFRS, and it should not be considered an alternative to net income, an operational performance indicator, an alternative to cash-flows or a liquidity indicator.

(5) The increase in the number of Multibrand Sales Points from 2010 to 2011 was due to the intensification of our efforts for opening Telasul's sales channels.

(6) The compound annual growth rate (CAGR) for the period from 2009 to 2011.

The following chart presents our gross revenue from sales and number of Modules sold, according to brand, and of our business division, Unicasa Corporate, for the years ended December 31, 2011, 2010 and 2009.

	Years ended December 31,					
	2011		2010		2009	
	(in thousands of R$)	Modules sold	(in thousands of R$)	Modules sold	(in thousands of R$)	Modules sold
Gross revenue from sales	**402,355**	**1,705,306**	**392,223**	**1,798,364**	**313,394**	**1,527,363**
Domestic Market	**395,361**	**1,614,895**	**386,464**	**1,737,873**	**309,297**	**1,491,485**
Dell Anno and Favorita	244,567	812,691	263,553	946,361	244,766	970,161
New	110,710	537,320	76,334	409,743	22,121	130,780
Exclusive New	91,959	445,942	60,149	320,027	15,908	91,019
Multibrand New	18,751	91,377	16,184	89,716	6,212	39,762
Telasul	30,010	221,021	40,284	346,619	38,213	360,534
Unicasa Corporate	6,043	25,947	2,559	12,307	632	3,404
Other revenues	4,031	17,917	3,734	22,842	3,565	26,606
International Market	**6,994**	**90,411**	**5,759**	**60,491**	**4,097**	**35,878**

Competitive Strengths

We believe our main competitive strengths are:

Leadership in the Brazilian furniture and fixture market, and a portfolio of well-known and complementary brands in which we make significant investments in marketing.

We are one of the largest companies in the customized furniture and fixtures market in Brazil, in terms of gross revenue, according to the July 2011 "*Melhores & Maiores*" ("Best and Largest") edition of *Exame* magazine. Our brands Dell Anno, Favorita, New and Telasul are well-known in the national market and we believe they are purchased by nearly all income brackets without significant cannibalization. With such varied profiles, we significantly invest in marketing campaigns for our brands, including campaigns involving fashion models, celebrities, architects and designers seeking to increase our brands' credibility in the worlds of design, architecture and fashion, along with the respective audiences they tend to reach. Furthermore, in 2011 and 2012 we frequently presented our brands and products in tradeshows and exhibits around the country, such as Movelsul, Movelpar, Casa Brasil and Casa Cor. Moreover, we are one of the sponsors of the 2011 Milan Furniture Fair in Italy. We believe that our brands are the foundation of our development and profitability.

Broad distribution network delivering products throughout Brazil and abroad.

We have developed a solid network of authorized distributors, strategically located, standardized and suited to each of our brands. With a presence in each Brazilian state, as of December 31, 2011, our distribution network consisted of 886 Exclusive Dealers and 1,776 Multibrand Sales Points in Brazil, as well as 17 Exclusive Dealers and Multibrand Sales Points abroad, located in the following countries: Paraguay, Uruguay, Martinique, Angola, Costa Rica, Chile, Colombia, Mexico, Argentina, Peru, Guatemala, the United Arab Emirates and the Dominican Republic. The extension of our distribution network, as well as varied customers and markets, allows us to obtain knowledge about each market and its peculiarities, strengthening our brands and their ranges.

Product development and innovative design at a state-of-the-art and highly efficient manufacturing facility.

Our research and development team stays current with market trends, continually assessing indicators in the areas of aesthetics, functionality, fashion and behavior, in order to regularly launch new collections with innovative designs. In the period from 2007 to 2010, we were named as one of the 50 most innovative companies in the southern region of Brazil by the magazine *Amanhã/RS*. The advanced technology used at our manufacturing facility helps us to quickly launch new products and provide quality workmanship on a large scale. Furthermore, the modern equipment used at our facility allows us to work with a product line that offers multiple options in surface finishing, without impairing economies of scale. This provides us a competitive advantage, since we can develop more comprehensive product lines, in terms of surface finishings offered, at a lower cost.

Ability to identify and react to growth opportunities in the industry on a timely basis.

Our industry has benefited from growing consumption, credit and income throughout Brazil, as well as the boom in the Brazilian real estate market. We believe we are well-positioned to seize these market opportunities, as we have adapted our structure following these recent economic changes, so as to be able to promptly react to prospective opportunities. For instance, in 2009, as middle-class consumption began to grow, we created the New brand, focused on customers in this income bracket. Similarly, in 2010, with the rapid growth of the real estate market, in terms of residential, commercial, hotel development and construction in general, as well as Brazil being awarded the World Cup and Olympic Games, we created a corporate department, Unicasa Corporate, to provide customized services to our customers in this business.

Consistent growth with profitability and strong cash flow.

We have demonstrated consistent economic growth over the last three years. From 2009 to 2011, our gross revenue from sales grew with a compound annual growth rate of 13.3% from R$313.39 million to R$402.35 million. As a result of our efficient production and distribution models, we were able to expand our operations and increase profitability. Between 2009 and 2011, our EBITDA margin increased from 21.7% to 27.3%. Furthermore, we have not invested significant capital (other than in production facilities), we maintain a low inventory of finished products (our products are made to order), we have short sales deadlines and low investment in property and equipment (when considering the company's entire supply and distribution chains, the manufacturing plant and related equipment are the main property and equipment the company holds), which has allowed us to grow while generating cash flow. In addition, we estimate that our manufacturing facility's production capacity may be expanded by approximately 40% without significant additional investment, which reduces our need for short- and medium-term capital investment without compromising our business plan for the next three years. We believe our business model provides us with potential to grow with strong cash flow, resulting in high rates of ROIC, which totaled 31.2%, 36.0% and 28.2% for 2011, 2010 and 2009, respectively.

Human resource policies focused on results and the customer.

Our business relies upon a sales model that begins with the development of a project, followed by product assembly and continuing through the moment of sale and the post-sale services. We are aware of the importance of motivated sales personnel committed to the principles of each of our brands and to providing good service to customers and specific professionals in the area (such as architects and designers). In 2007 we implemented Unicasa Corporate University, a pioneering initiative designed to train our employees, Exclusive Dealers and their teams, and to guarantee support and disseminate best practices for each step of the business process. This initiative has provided us with an improved performance from the better results obtained by our employees and Dealers, as well as preserving our image and increasing the value of our brands.

Management with ample experience in the sector and a high degree of professionalism.

Some of our founding shareholders that are members of our board of directors and executive officers have been active in the furniture business for over 20 years. In addition, our management team is focused on results, continuously improving management's practices and increasing returns on investment for our shareholders. Our management and executive team has been the foundation of our consistent results and the growth of our company throughout our development providing us with the ability to quickly develop new business lines. Furthermore, to increase the motivation and commitment of our managers to obtain better results and create value for our shareholders, we intend to implement a stock option plan in the second half of 2012.

Strategies

We intend to use the following strategies to achieve our expansion and growth plans. We have historically generated and will strive in the future to generate sufficient cash flow to cover our expansion and growth plans, which always involve the possibility of using cash generated by our activities to enhance our growth. For more information regarding risks related to these strategies and plans, see "Risk Factors."

Expand our network of Exclusive Dealers in Brazil and increase sales through existing Dealers.

We intend to expand our network of Exclusive Dealers and continue increasing our income, profitability and visibility. We also plan to expand the number of Exclusive Dealers of the New and Telasul brands, focused on the Middle Income Bracket, in order to capture a portion of the furniture consumption by the growing Middle Income Bracket (approximately 49.3 million Brazilians entered the upper- and middle-income brackets from the lower-income bracket between 2003 and 2011, according to the study "The Bright Side of the Poor" published by FGV). To do so, we will continue to implement our strategy of location analysis when opening stores, which allowed us to open more than 370 Exclusive Dealers of our New brand in less than three years. We have begun to replicate this model for the Telasul brand.

Benefit from growth opportunities.

We plan to intensify our efforts to create growth opportunities by investing in the training of Exclusive Dealers to make them more efficient so as to strengthen the positioning of our brands, encourage the implementation of improvements, increase investment in team training and business management and, where necessary, seek new strategies for our stores. We have also created the Unicasa Corporate University, a training support structure for Exclusive Dealers and employees. We also make funds available to Exclusive Dealers, which usually is an easier, more convenient and less bureaucratic way for them to obtain financing, compared to loans from financial institutions. To find new growth opportunities, we may also invest in stores by acquiring existing stores or opening new ones.

Obtain greater economies of scale and operational efficiency through an increase in sales.

We plan to achieve growth and to consolidate our leadership position in the customized furniture and fixture industry by improving our operational efficiency. We expect maintaining our sales growth and continually investing in technology will allow us to eliminate intermediary inventory. For example, we invested R$25.4 million in new machinery and equipment, particularly for robotic equipment from Germany, which is expected to be fully operational in June 2012. We plan to obtain additional economies of scale and operational efficiency, which will help dilute fixed costs, increase our negotiating power with our suppliers, improve productivity and optimize our manufacturing capacity.

Continuously increase our range of innovative products offered.

We believe that we are among the most innovative companies in the Brazilian customized furniture and fixture industry, having won, for four consecutive years from 2007 to 2010, the annual "Champions of Innovation" (*Campeãs da Inovação*) award, from the magazine Amanhã/RS, awarded to the 50 most innovative companies in the southern region that invest in resources and labor for improvements in the supply chain. We believe that regular innovation is an important element for the image of our brands, our competitiveness and our growth. Additionally, we believe that we are known for our focus on research and development and will continue to manage our product mix in order to anticipate trends and surprise our customers. We believe there are many opportunities to continue developing new products in other areas of the customized furniture and fixture sector. We recently launched the children's and office lines as a way to implement our strategy of product diversification.

Increase sales by our corporate business.

We believe the span of our network of Dealers, combined with our logistics structure, production capacity and flexibility, places us in a privileged position to capture significant benefits due to the growth of the corporate business, resulting from the significant real estate market growth in Brazil that is expected as a result of the 2014 World Cup and the 2016 Olympic Games. We plan to keep expanding our business relationships with corporations such as hotels and construction companies, which will allow us to leverage our sales in this business.

History of the company

Our company was incorporated in September 1985 in the city of Bento Gonçalves in the state of Rio Grande do Sul by the companies Grendene S.A., Telasul S.A. and Pozza S.A. – Indústria e Comércio, under the name Premier Móveis Ltda., which was changed in the same year to Dell Anno Móveis Ltda. Initially, we only manufactured kitchen furniture.

During the 1990s, we sought to expand our activities by investing in new product lines and by diversifying our distribution channels, which consisted of our own stores and Multibrand Sales Points.

Between 1987 and 2003 we underwent several corporate reorganizations that changed the equity interests of our shareholders. As a result of these processes, our shareholders from Pozza S.A. – Indústria e Comércio and Grendene S.A. transferred the totality of their shares to Mr. Alexandre Grendene Bartelle and Mr. Pedro Grendene Bartelle. Shareholders Pedro Grendene Bartelle and Telasul S.A. transferred their equity interests to certain members of the Zietolie family and to Mr. Alexandre Grendene Bartelle, who came to directly and indirectly hold 79.66% of our common shares.

In 2003, we created the brand Favorita, which initially focused its sales on only Multibrand Sales Points. That year, we also changed our corporate name to Única Indústria de Móveis Ltda., turning Dell Anno into our main brand, sold only through Exclusive Dealers.

In 2004, we became a corporation (*sociedade por ações*) and changed our corporate name to Única Indústria de Móveis S.A.

Continuing with our business expansion, in 2007 through the brand use licensing agreement we executed with Telasul S.A., we obtained the non-exclusive right to use the Telasul brand, whose product profile included servicing large retail chains focused on customers in the lower income bracket. In the same year we also created the Unicasa Corporate University for the training of Exclusive Dealers and employees, as well as initiating deployment of our trainee program.

From 2007 to 2009, our brands Dell Anno and Favorita underwent a repositioning process in order to improve awareness of the brands and their respective products. In 2009, this repositioning resulted in the creation of the New brand, focused on increasing sales to the Brazilian middle class, completing our brand portfolio.

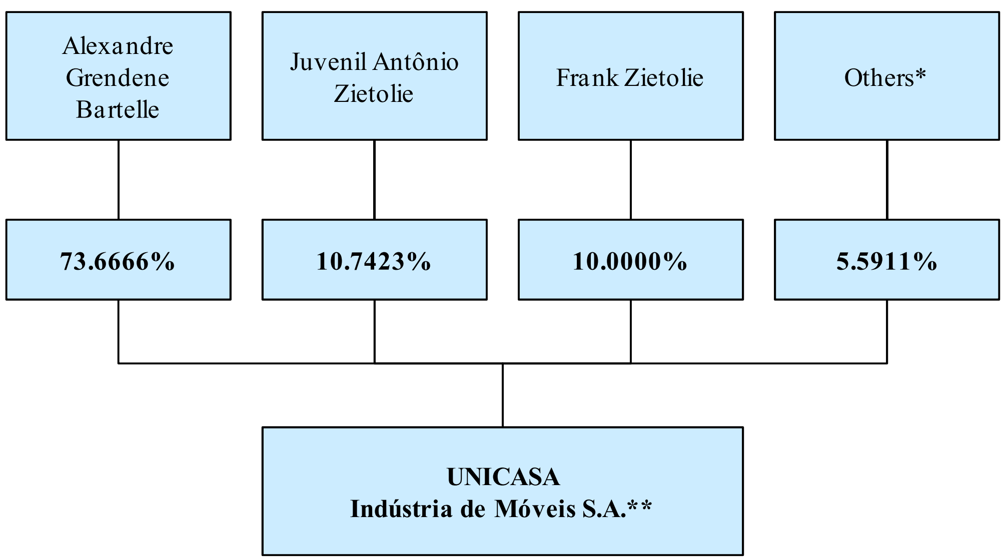
In 2009, we changed our corporate name to Unicasa Indústria de Móveis S.A. In 2010, we created Unicasa Corporate, a business division focused on business relationships in the construction and hotel industry, to capitalize on the expansion of that market and the opportunities arising from investments in Brazil for the 2014 World Cup and the 2016 Olympic Games.

Also in 2010, Mr. Alexandre Grendene Bartelle, transferred to Mr. Frank Zietolie 329,994 common shares representing 6.0% of our total capital stock. In the same period, Mr. Juvenil Antônio Zietolie transferred to Frank Zietolie 37,803 common shares representing 0.69% of our total capital stock. As a result from these transfers, Mr. Alexandre Grendene Bartelle holds, as of the date of this offering, 73.66% of our capital stock while Mr. Juvenil Antônio Zietolie and Frank Zietolie hold 10.74% and 10.00% of our capital stock, respectively.

The year 2011 was marked by our business relationship with stylist Reinaldo Lourenço and by the international presence of the Dell Anno brand at the Milan Furniture Fair, where we sponsored an exhibition of architecture and design. Also in 2011, we invested in just-in-time production technologies and the differentiation of our products: 45º beveled finishings were launched and the Dell Anno and Favorita brands were complemented with the office and children's lines. We ended 2011 with 2,662 Exclusive Dealers and Multibrand Sales Points in Brazil and 17 stores and Multibrand Sales Points abroad exporting our products to 13 countries (Paraguay, Uruguay, Martinique, Angola, Costa Rica, Chile, Colombia, Mexico, Argentina, Peru, Guatemala, the United Arab Emirates and the Dominican Republic).

In the beginning of 2012, we primarily focused on strengthening the link that our Dell Anno brand image has to style and fashion by sponsoring the São Paulo Fashion Week. We have also focused the communication strategy of our New brand with the middle-income bracket by sponsoring Big Brother Brasil 2012, and scheduling advertisements to air throughout 2012 on the popular television show *Caldeirão do Huck*, among others.

Our shareholder structure prior to completion of this offering is as follows:



* Kelly Zietolie, Emilia Angela Saretta Zietolie and Nely Rosa Celso Schenato hold shares in the amounts of 2.7805%, 1.4772% and 1.3334%, of our total capital stock, respectively.

** We do not have any subsidiaries.

Recent Events

Capital Increase

On February 27, 2012, our shareholders approved a capital increase in the amount of R$30.1 million, without the issuance of new shares from the capitalization of our earnings reserve. As a result, our capital stock increased from R$29.7 million to R$59.8 million.

Dividend Distribution

Our management proposed the distribution of retained earnings totaling R$111.6 million and undistributed profits with respect to that year, totaling R$48.5 million, as additional dividends, for a total amount payable of R$160.1 million. At the ordinary and extraordinary shareholders' meetings that approved our financial statements as of and for the year ended December 31, 2011 on February 24, 2012, as ratified on February 27, 2012, our shareholders approved a dividend distribution of R$130.0 million and an increase in our capital stock through a capitalization of R$30.1 million. Dividends are to be paid by the end of 2012. Only shareholders holding our common shares as of February 24, 2012 will have the right to receive these dividends on a pro rata basis. Since February 24, 2012, our common shares, including those offered in this offering, have been traded ex-dividend.

Formation of our Board of Directors and Execution of Shareholders' Agreement

On February 27, 2012, our board of directors was formed. On March 12, 2012, our controlling shareholders entered into a shareholders' agreement. See "Management" and "Principal and Selling Shareholders—Shareholders' Agreement" for further information.

Stock Split

At the extraordinary general shareholders' meeting held on March 30, 2012, our shareholders agreed to a stock split of our common shares, in the proportion of 10.4 new common shares for each one common share, with no changes to our capital stock of R$59.8 million, divided into 56,950,000 common shares. The new common shares, without par value, issued as a result of the split are entitled to all benefits, including payments of dividends and any capital that may be distributed by us, on the same terms as the original common shares.

Our Operations

We are a company focused on the production of customized furniture and fixtures. For accounting and management purposes, we are organized in only one operating segment. Although our products target various audiences, they are not controlled or managed as independent segments, and our management supervises, monitors and evaluates our performance in an integrated way, as one operating segment.

Products and services offered

Our main activity is the production, development and sale of customized furniture and fixtures made from medium density fiberboard (MDF) or medium density particleboard (MDP). In addition, we sell functional and decorative accessories for the customized furniture and fixtures that we produce.

We have an extensive line of customized furniture and fixture solutions for residential and commercial spaces, including kitchens, dormitories, closets, home theaters, laundry rooms and bathrooms, among others, in addition to complete solutions for residential, office and children's spaces. In addition to those segments, in January 2010 we created the Unicasa Corporate business division to target the demands of real estate developers, hotels and construction companies.

Operating results

For 2009, 2010 and 2011, our gross revenue from sales was R$313.4 million, R$392.2 million and R$402.4 million, respectively.

For 2011, our gross revenue from sales for the domestic market totaled R$395.4 million, representing 98.3% of our total amount of gross revenue from sales for the year.

For 2011, our gross revenue from sales for the international market totaled R$7.0 million. Our gross revenue from sales for the international market represented 1.7% of our gross revenue from sales in 2011.

Furthermore, we export our products to many countries and none of them, individually, represents a substantial portion of our gross revenue from sales.

The following chart presents our gross revenue from sales separated by brand, and our business division Unicasa Corporate, for the years ended December 31, 2011, 2010 and 2009.

	Years ended December 31,					
	2011		**2010**		**2009**	
	(in thousands of R$)	**Modules sold**	**(in thousands of R$)**	**Modules sold**	**(in thousands of R$)**	**Modules sold**
Gross revenue from Sales	**402,355**	**1,705,306**	**392,223**	**1,798,364**	**313,394**	**1,527,363**
Domestic Market	**395,361**	**1,614,895**	**386,464**	**1,737,873**	**309,297**	**1,491,485**
Dell Anno and Favorita	244,567	812,691	263,553	946,361	244,766	970,161
New	110,710	537,320	76,334	409,743	22,121	130,780
Exclusive New	91,959	445,942	60,149	320,027	15,908	91,019
Multibrand New	18,751	91,377	16,184	89,716	6,212	39,762
Telasul	30,010	221,021	40,284	346,619	38,213	360,534
Unicasa Corporate	6,043	25,947	2,559	12,307	632	3,404
Other revenues	4,031	17,917	3,734	22,842	3,565	26,606
International Market	**6,994**	**90,411**	**5,759**	**60,491**	**4,097**	**35,878**

For 2009, 2010 and 2011, the average price of modules sold was R$205.2, R$218.1 and R$235.9, respectively.

The volume of Modules sold in the domestic and international markets, for 2009, 2010 and 2011, was 1.5 million, 1.8 million and 1.7 million Modules, respectively.

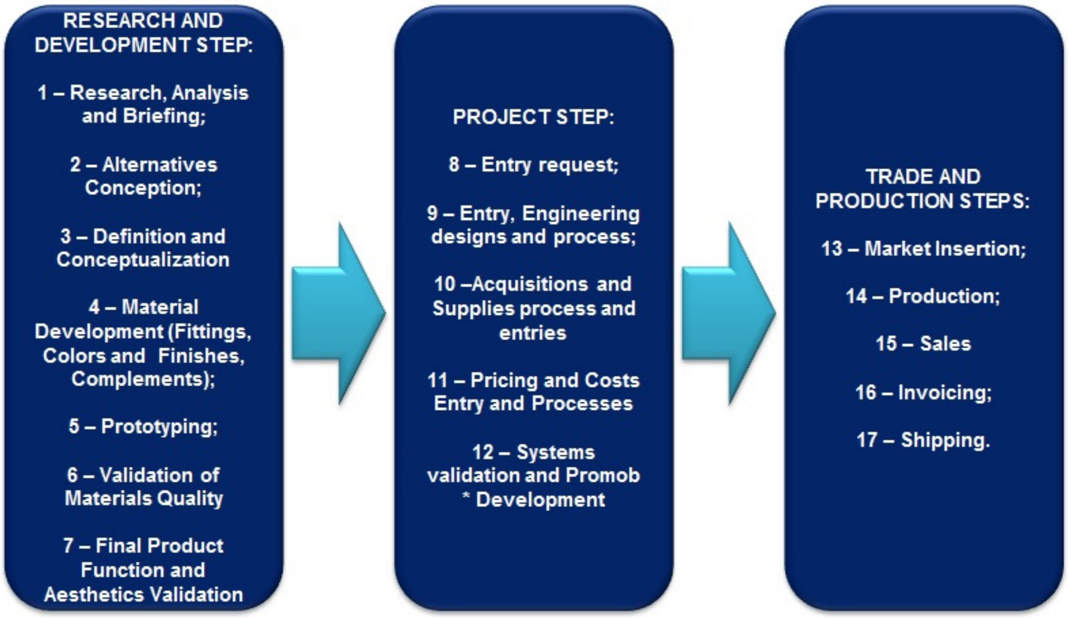
Manufacturing facility

We have a manufacturing facility in the city of Bento Gonçalves, state of Rio Grande do Sul, with approximately 50,000 m² of space and a monthly average production capacity of over 200,000 Modules. From June 2012, we expect that our monthly average production capacity will increase to 300,000 Modules due to investments made in 2011 in our facility.

Our manufacturing facility has two plants (i) one for the manufacturing of products for the Dell Anno and Favorita brands; and (ii) the other for the production of products for the New and Telasul brands.

Our plants feature state-of-the-art technology and a versatile production model, which allow us to manufacture products only after orders have been placed while still delivering them quickly (no later than 10 days per order), making it possible to maintain low inventory levels of finished products. Our production of Modules totaled 1.5 million in 2009, 1.8 million in 2010 and 1.7 million in 2011. We invested R$25.4 million in machinery and equipment for optimizing production routines and consequently increasing our production capacity in 2011.

Manufacturing and sales process



(*) Software used by the furniture and fixtures industry and shopkeepers to design environments for customers, provided by Procad Softwares Ltda.

Product research and development - (R&D)

Each year, between February and May, we launch a new collection for each of our brands. Additionally, collections of existing products are updated throughout the year, improving functionality and including new colors, textures and accessories among other qualities in order to provide to Dealers, shopkeepers and customers an updated portfolio based on national and international market trends.

The R&D process consists of a series of steps and activities developed by integrated multi-disciplinary teams in order to ensure the launch of high-quality products and provide customers with a complete solution in customized furniture and fixtures. Our product concepts are developed by a team of in-house architects, designers and engineers, split into creation and development groups, such groups being individual and independent for each brand. These professionals are responsible for interpreting national and international market trends in design, fashion and architecture and implementing them in our annual portfolios.

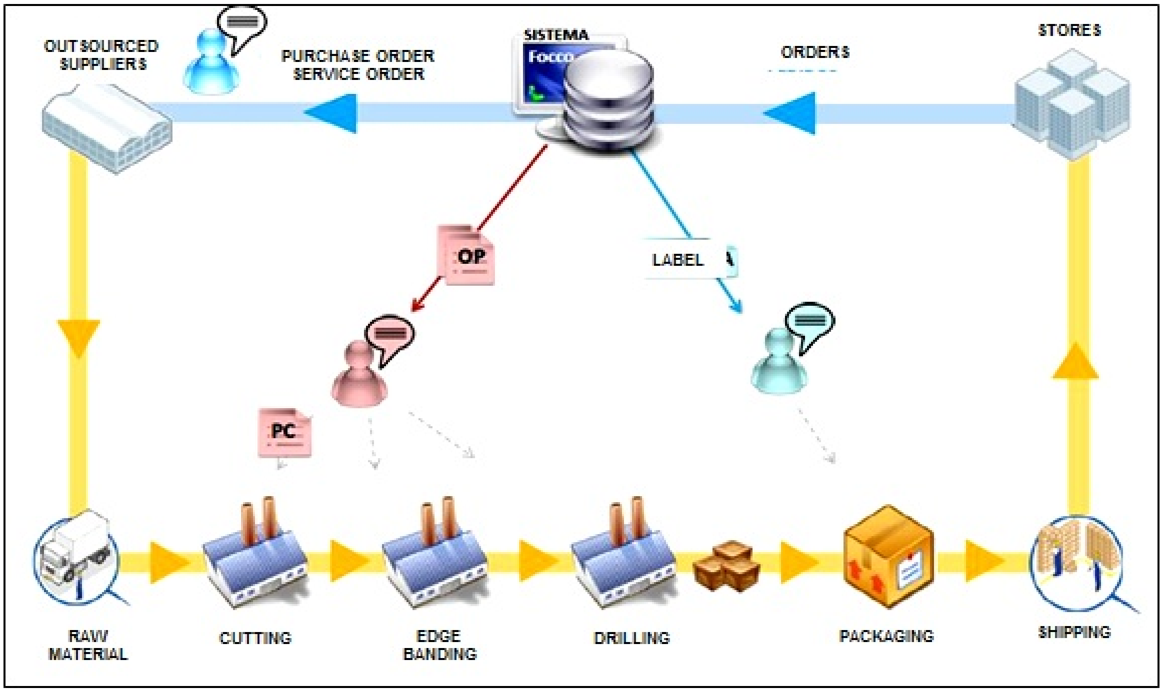
Our R&D professionals are experts in design, marketing, consumer behavior and product development, and are constantly seeking new references and researching and studying new trends in the furniture and fixtures industry. Their main research sources are (i) attending national and international fairs and events, where they observe the predominant trends and news within the furniture and fixtures industry; (ii) researching new materials and accessories with suppliers; (iii) monitoring online and offline media dedicated to the furniture market; and (iv) consulting with a European company based in London dedicated to consumption trends in the home-decor universe.

In order to complement the R&D process, our professionals take part in the development of the following departments: commercial, architecture, marketing, engineering and products. This integration is key to our process of launching new products into the market. We understand that the interaction among these areas improves and hastens the development process, consequently allowing a better focus on, providing innovative, high quality and commercially appealing products to customers and clients.

The main goal of the R&D process is to create products aligned with the market positioning and competitive strategy adopted for each brand, focused on developing patterns, designs, colors, textures, modules, fittings, accessories, finishings and inter-product complementation.

Production process

The simplified flowchart below shows the production process through the arrival of our products to Exclusive Dealers and Multibrand Sales Points:



The production process starts with the development of projects in Exclusive Dealers, made by architects or technicians with dedicated software (Promob). Customers actively participate in the project conception and in the choice of products that will be part of the room they are working on. For this reason, and in order to prepare qualified service and sales teams, we provide a training support structure to the Dealers of our products through Unicasa Corporate University, which offers guidance on products and project development, furniture module assembly, post-sales, people and business management.

After completing the project development stage, the Exclusive Dealership forwards the customer orders to our sales area, along with the respective projects that, after the system processes them, will start our production plans. For Multibrand sales points, where the product line only includes standardized furniture, the Dealer only needs to submit the clients' orders to us for the production plan to begin, therefore there is no need to develop a specific project.

The next step after ordering and project submission, when applicable, is the forwarding of client orders to our Production Program and Control (*Programa de Controle de Produção,* or PCP) area to construct the production plans utilizing our integrated manufacturing systems. These systems issue purchase orders for raw materials, accessories, packaging, and other materials to be used in the manufacturing of the products included in client orders and develop an adequate production plan in order to minimize input losses and ensure timely shipping of products, improved cost control and optimized planning for the use of resources.

As a rule, all suppliers must meet the deadlines for the supply of raw materials and inputs used in our production process. Notwithstanding, there are minimum inventory policies to ensure our customers' demands can be met for many months.

After the drawing up of production plans, the production of Modules begins, and consists of the following stages: cutting, finishing, drilling, stocking, packaging and shipping in four production centers as described below:

- *Cutting Center*: Consists of cutting machines that cut MDF and MDP sheets used for producing Modules.

- *Finishing Center*: Consists of forming and edge banding machines that perform grooving, lowering, edge banding and finishing of MDF and MDP sheets used for manufacturing Modules (45°, beveling forms).

- *Drilling Center*: Consists of fully automated drilling machines which perform many types of drilling in MDF and MDP sheets used for preparing Modules. This is the last stage of parts processing.

- *Packaging Center*: Consists of sorting conveyor belts on which parts and components are sorted to compose the Module to be packaged and forwarded for shipping.

In the packaging center, Modules are monitored through optically scanned bar codes affixed during the production process, allowing us to control orders ready for shipping. In the shipping area, the monitoring of Modules is done through optical scanning when products are shipped to Dealers and shopkeepers. In June 2011, an optical bar code scanning system was also deployed in Exclusive Dealers and Multibrand Sales Points to check all Modules received and verify their compliance with orders sent to the factory.

Currently, 92% of our portfolio of products is manufactured in our factories. The remaining material consists of (i) special parts such as pieces with different finishings and measures than those manufactured in our factories; and (ii) accessories such as knobs, wire parts, aluminum doors and lamps customized to complement the product lines and that are manufactured by outsourced companies. In some cases, we ship required inputs directly to outsourced companies (MDF and MDP sheets) to manufacture special parts. The quality control of products manufactured by outsourced companies follows the same criteria as for the products we manufacture ourselves. Outsourced products are manufactured based on technical designs provided by us. In order to check the quality control of third-party manufacturers, our technicians conduct an on-site inspection of their production line in order to check, among other aspects, the origin of materials used, as a means to ensure the quality of the final product.

We use the PreActor system to optimize our machinery and labor, which performs production flow control and allows maintenance to be scheduled in advance without interfering with the production schedule. Additionally, we use a Production Management System (*Sistema de gestão da Produção*, or SSP), integrated with PreActor, which enables real time tracking of pieces during production, ensuring adequate management of materials and people involved in the process. Our methods and process and product engineering areas constantly work to develop new production flows and changes in the layout of production units in order to increase our productivity.

Our factory uses state-of-the-art machinery and equipment that were acquired from the best global suppliers in the industry. We are focused on serving the market with high quality products and are committed to meeting our delivery deadlines and lowering production costs. Investments are directly focused on improving the quality of our products, the flexibility of our production chain, reducing costs (inventory of finished and unfinished products) and loss reduction. Installed capacity used in 2009, 2010 and 2011 was 90.9%, 93.7% and 64.6%, respectively.

All machines used in our production process are insured.

Distribution

We have a broad distribution network that currently has more than 886 Exclusive Dealers and 1,776 Multibrand Sales Points throughout Brazil. Our Exclusive Dealers only sell customized and modular furniture of one of our brands (Dell Anno, Favorita or New) and are designed in accordance with predetermined visual identity and sales point location criteria. Our Multibrand Sales Points consist of third-party shops that sell the furniture of our brands New and Telasul, among furniture from other manufacturers and brands, and are not subject to our visual identity and sales point location criteria.

We also have 17 sales points abroad, including Exclusive Dealers and Multibrand Stores in Paraguay, Uruguay, Martinique, Angola, Costa Rica, Chile, Colombia, Mexico, Argentina, Peru, Guatemala, the Dominican Republic and the United Arab Emirates. Our stores' target customers are the Upper Income Bracket, Middle-to-Upper Income Bracket, Middle Income Bracket and Lower-to-Middle Income Bracket. Additionally, we have a presence in 47 out of the top 50 Brazilian cities in terms of consumption potential in 2011, according to data from IPC Marketing. We are present in a total of 315 cities and in each state of Brazil. For more information about our contracts with Exclusive Dealers, see "Business—Material Contracts."

Stores that sell our products throughout Brazil receive updates concerning our product portfolio through an integrated sales system. Our stores are strategically located in what our administrators believe to be highly visible locations. In addition, we assess the economic and demographic feasibility of each new store, as well as the profile of the Dealer who will represent us.

We also use a network of sales representatives and distribution agents with complete autonomy and who are not subject to exclusivity. We enter into an agreement with each of these representatives and agents establishing the conditions related to our product lines (Telasul and New lines for customized furniture and fixtures) and their compensation by means of sales commissions at variable percentages. These agreements also define the geographic areas and client lists that each sales representative and distribution agent is entitled to work within. Commissions are paid to representatives and agents only after payment for the respective sale has been completed.

The network of Dealers selling our products reaches different types of customers and various regions across Brazil. Our management believes this generates scaled earnings, allowing us to acquire expertise as to the particularities of each market and increase the strength and reach of our brands. Additionally, we believe that it also allows us to deepen our market- and consumer-profile understanding in different regions, which in turn improves our competitiveness, broadens our strategic vision to expand our business, and maximizes our profitability as we leverage the economic cycles of each region.

The proportion of each region/market in our revenues reflects Brazil's demographic and economic environments. In 2011, the southeast, south and northeast regions represented, respectively, 64.2%, 15.8% and 10.6% of our gross revenue from sales, whereas the midwest represented 4.5% and the northern region 4.9%. The table below shows our gross revenue per region in 2011, and the furniture consumption potential for each region in the Brazilian market:

Region	% of Gross Revenue from Sales 2011	Proportion of Brazilian Consumption Potential 2011*
North	4.9%	5%
Northeast	10.6%	18%
Midwest	4.5%	8%
Southeast	64.2%	52%
South	15.8%	17%
Total	**100%**	**100%**

(*) Source: IPC Marketing.

Our factory supplies our entire distribution chain, which allows for better control over orders and more autonomy when scheduling loading and shipping with logistics companies. We use approximately 40 outsourced carriers that jointly cover every Brazilian state and provide services to all of Exclusive Dealers and Multibrand Sales Points. Most of the transportation of our products is contracted FOB, *i.e.* the addressee bears the freight costs.

We require our carriers to carry insurance against accidents occurring during the transportation of our products. Approval for each carrier is subject to criteria such as punctuality, delivery control and care in handling transported goods.

Sales and Marketing

Our brands are designed in accordance with their different positioning in order to achieve a unique identity among products and sales points, as well as with respect to training and advertising, so they are best suited for the profile of each customer within the brand's respective target segment.

We have an efficient marketing strategy involving the continuous exposure of our brands through dedicated media, both print and television. Additionally, we participate in fairs and events within the furniture and fixtures industry in order to promote our brands and products. We keep a constant presence in the main channels of Brazilian media.

Every year we present a new campaign to launch a collection for our brands. As a marketing strategy for Dell Anno, our premium brand, we link its products to opinion makers, invest in its association with fashion and architecture markets and use well-known Brazilian fashion models in photo shoots with renowned professionals in the industry to create catalogs and advertisements in the main magazines covering this segment. We also invest in national decoration exhibitions, like Casa Cor, and in partnerships with architects and designers to integrate value-added differentials to our products.

The marketing strategy used for Favorita consists of associating the brand to national artists with high media exposure, in order to get closer to the customer, and producing photo shoots for print advertisements in widely circulated national media that target women, and in media outlets dedicated to interior design that are more accessible to the brand's target customers. We also invest in participating in furniture industry fairs, such as Casa Brasil, and in producing catalogs for each new collection.

As New is intended for the practical and stylish use of spaces, mainly targeting families from the middle income bracket, the brand has a marketing strategy that integrates its concepts into its annual catalog, national television advertising and advertising in national decoration magazines with a "do-it-yourself" slant.

The marketing strategy for our Telasul brand, which has a more commercial profile, is focused on distribution networks and the large consumer bases of magazines with high circulations, as well as participating in many commercial fairs in the main regions of the country, such as Movelpar, Movexpo, Movelsul, among others.

Combined with the strategy of each brand is the adoption of a standardization process for Exclusive Dealers regarding space, products presentation method and visual language in order to enable a unique purchase experience for our customers. Each Exclusive Dealership outlet is planned according to a specific visual-identity standard, defined and managed by our architecture groups. Such standardization consists of a facade study, an architectural plan, the use of visual media and environment disposition, so as to enhance the customer's buying experience.

Also, in order to strengthen our commitment to customers and generate loyalty, in 2011 we began providing access to a query and follow-up system for online orders through our brand websites.

Seasonality

Our operations are not impacted by seasonal factors. However, the furniture market is more susceptible to market shifts that drive the economy in the second half of the year, due to the payment of year-end bonuses and year-end holidays. Accordingly, demand for our products is higher in the second half of each year, such that our yearly sales are approximately 55.0% for the second half and 45.0% for the first half.

Main Inputs and Raw Materials

The table below shows the expected proportion, as of December 31, 2011, of the main inputs and raw materials used in our production process in total cost of modules manufactured by us:

Material	% Participation(1)
MDF Sheets	40.0
MDP Sheets	17.0
Aluminum Doors	11.0
Metal Knobs	7.0
Packaging Materials	7.0
Paper Edges/ABS	5.0
Other Accessories(2)	13.0
Total	**100.0**

(1) The average composition of Modules sold according to product fact sheets.
(2) Accessories from modules (mini fix drum, knobs, slides, hinges, wired parts, fittings, pins, bolts, among others).

Suppliers

We maintain long-term relationships with our suppliers as a policy. However, we do not execute binding sales or exclusive agreements in order that we may be free to hire the most suitable supplier based on prices, quality and product delivery terms and conditions.

The initial development of a relationship with suppliers and the selection process are made by analyzing the materials and inputs produced by them and their capacity to address our needs, as well as their reputation. All inputs are subject to laboratory tests in our engineering department for practical simulations of prototypes and production process. After approving these inputs, suppliers are validated and registered to work with us.

Our relationships with suppliers are not subject to specific government controls or regulations.

As mentioned above, our main inputs are MDP and MDF sheets. Although there are many suppliers of these inputs, currently we acquire them from three major suppliers that we have been clients for more than a decade.

The cost of inputs represents a significant portion of our production cost and may vary due to inflation and imbalances between supply and demand. Additionally, we do not enter into supply agreements for raw materials and inputs, therefore prices are defined by each periodic negotiation such that there is no predetermined basis for price adjustments.

Considering that we purchase large volumes and in advance, we are able to obtain highly competitive prices from our suppliers.

Material Contracts

Financing arrangement

In May 2010, we entered into a contractual arrangement with Banco Santander (Brasil) S.A. and certain of its affiliates, which we refer to as the Financing Arrangement. Under this arrangement, Aymoré Crédito, Financiamento e Investimento S.A., or Santander Financiamentos, promotes its products to Exclusive Dealers and end customers. This arrangement expires in January 2014. A significant amount of our sales are financed through this agreement. Transactions made pursuant to this arrangement do not constitute liabilities for us, given that the credit lines made pursuant to this agreement are made directly between Santander Financiamentos and the Exclusive Dealers and end customers. The interest rates and financing terms vary for each transaction. In connection with these transactions, we receive a variable fee based mainly on the volume of transactions entered into between Santander Financiamentos and Exclusive Dealers and end customers.

Contracts with Exclusive Dealers

Our relationships with the Exclusive Dealers are formalized with contracts that expressly state the obligations of each of the signatories. These contracts generally have a duration of one year and contain the following main obligations:

- Unicasa defines the exclusivity region which it may change unilaterally, subject to the current investor's right of first refusal;
- the contract is valid for one year, but Unicasa has the right to unilaterally revoke it upon 90 days notice, as long as it reimburses the investor for the investment;
- stores must follow an architectural plan;
- in-store merchandising must be displayed in accordance with our directions;
- brand positioning has to respect company policy as to preserve brand identity;
- stores cannot change address without prior approval;
- stores must implement one of three suggested information systems;
- stores must produce a minimum level of sales (*i.e.*, stores with no purchases from us for certain periods can be closed);
- stores cannot sell third party products, unless negotiated by Unicasa;
- sales must be included in the system after three days at the most, and all commercial information must be shared with us;
- Dealers cannot change the ownership of their stores without our prior approval;
- Dealers must agree to a non-compete; and
- Dealers must provide bank guarantees.

Contracts with raw material suppliers

We order raw materials for manufacturing our products through purchase orders and do not have long term agreements with our suppliers.

Contracts with related parties

For information regarding our contracts with related parties, see "Related Party Transactions."

Training

In order to improve our sales techniques, we offer the Dealers of our products several training and preparation courses for their staffs. Customer and after-sale services are part of our business model. In order to prepare the Dealers and employees, we provide our network of Dealers, through Unicasa Corporate University, a support structure for training, ranging from product guidance and project development to furniture module assembly, after-sale procedures and people and business management. We have trained more than 6,300 employees and Dealers since 2007.

Also, to accompany the growth of our brands, in 2007, we deployed the Unicasa Trainee Program, which currently has four national selection processes each year and was recognized as a winning corporate teaching model, regularly appearing in important national publications such as *Exame* and *Você S.A*. magazines and *Folha de São Paulo, Zero Hora, Jornal do Comércio* and *Correio do Povo* newspapers.

Competition

According to the "1,000 Maiores & Melhores" July 2011 issue of *Exame* magazine, we are the leading player in the customized furniture and fixture industry in Brazil in terms of revenues and profitability.

The industry in which our company operates is largely fragmented and has a large number of participants and has seen, in recent years, an elevated level of competitiveness in all of our brands. Currently, the Brazilian furniture retail industry mainly consists of Exclusive Dealers, authorized stores, Multibrand stores and department stores. In this regard, our competition is fragmented, including regional and local companies, such as carpentry workshops, and companies with customized and non-customized furniture with national reach. Therefore, there are different niches for local competitors operating in each market that we also operate in providing different solutions for the various income brackets. Although there are smaller local and regional competitors, we believe that we are one of the largest customized furniture and fixture producers in Brazil.

However, we believe that we are different from our competitors, from a customer perspective, due to the excellence of our products, our portfolio of strong and comprehensive brands, our large distribution chain in Brazil and abroad, our efficient dealer training model and our state-of-the-art technology with high productivity and delivery capability highlighting our commitment to meeting deadlines and high quality standards.

Additionally, we believe that the creation of our Unicasa Corporate division was an innovative decision. Competitors entering into this corporate division will need to structure themselves to operate in this business.

We also believe that existing competitors from the markets that we export our products to do not pose a significant threat to our results of operations, due to the relatively small amount of revenue we generate from the export of our products. Also, as of the date of this offering memorandum, we have not identified any significant international competitors intending to enter the Brazilian market.

Government Regulation

We do not need to obtain specific government authorizations to perform our activities. However, installation, plant expansion and operation of our production units are subject to environmental permits. Licensing is one of the environmental management instruments introduced by Law No. 6,938, dated August 31, 1981, also known as the National Environmental Policy Act.

Licensing is the administrative proceeding in which the applicable environmental agency analyzes the project's location, installation, expansion and operation and defines conditions for its development upon the granting of specific permits:

- Preliminary Permit: Basic requirements must be met regarding the project's location, installation and operation while observing land occupation and use rules. Must be requested during the preliminary project planning stage;

- Installation Permit: Analysis of project, of works to be executed and of environmental-impact control measures. Must be requested during the project's deployment stage; and

- Operation Permit: Authorization for starting activities and operation of environmental control systems presented during the licensing process. Must be requested during the initial stage of the project's operation.

Failure to obtain environmental licenses results in administrative and criminal penalties. In the administrative sphere, penalties may range from a simple warning to the application of fines in the amount of R$500.00 to R$10 million. In the criminal sphere, a legal entity can be considered guilty regardless of the individuals responsible for committing the environmental crime.

Performance of potentially polluting activities also requires being listed on IBAMA's Technical List of Potentially Polluting Activities and the payment of the Environmental Inspection Rate (TCFA).

Only our Bento Gonçalves facility, located at Rodovia RSC 470, Km 121, 930, São Vendelino, in the city of Bento Gonçalves, in the State of Rio Grande do Sul performs potentially polluting activities and is subject to environmental licensing. The facility has all necessary permits, duly issued and valid, from the applicable environmental agencies. Additionally, we are listed with IBAMA and our obligations arising from this listing are up to date.

Additionally, our production facility is subject to regulation from the Regional Engineering, Architecture and Agronomy Registry of Rio Grande do Sul (CREA-RS) (enrolled under No. 182372, dated July 10, 2011) and from the National Institute of Metrology, Quality and Technology (INMETRO). Therefore, we must obtain for each production facility a Legal Entity Register Certificate and Technical Responsibility with CREA as well as observe INMETRO's Technical Regulations, particularly regarding the Brazilian System of Compliance Evaluation.

We also operate according to INMETRO's rules and regulations. We do not have registration certifications with the agency because our manufactured products do not require specific certifications for Modules, which are exempt, and are commonly used among furniture producers. The only product we offer requiring specific certification from INMETRO is the child's cradle that we introduced in our 2011 product portfolio, which we acquired from an outsourced supplier that has been certified to manufacture and sell the product.

Environment

Environmental regulation

Environmental regulations set forth standards that must be followed by entities that potentially contribute to pollution, such as the management of industrial waste, handling and disposal of solid wastes as well as control of air emissions and noise. Violating legal standards of environmental quality and environmental degradation may subject the polluter to administrative, civil and criminal penalties.

As environmental responsibility is objective and shared among indirect and direct polluters, penalties for violation of environmental standards may be extended to us, even in cases where damage has not been caused directly by us.

We are aware of our responsibilities and we are diligent in our activities for preserving the environment and we are committed to fully complying with Brazilian environmental regulations. We adopted preventive control practices and invest constantly in actions to minimize impacts generated either by means of waste treatment or proper disposal of solid waste.

We do not adopt international standards regarding environmental protection.

Waste disposal

In accordance with environmental regulations, we identify, sort and dispose of our waste according to the "Quarterly Sheet for Solid Industrial Wastes" submitted regularly to the *Fundação Estadual de Proteção Ambiental* – RS (FEPAM), the institution responsible for environmental licensing in the State of Rio Grande do Sul. Also, all receivers of solid waste produced by us are duly licensed by environmental agencies with operating permits.

In 2011, we had expenses of R$14,127 for the disposal of dangerous wastes in a licensed landfill and the incineration of waste and R$13,519 for the washing and reuse of cloths and materials soiled with oil and grease. We also invested, in the same year, R$652,848 in exhaust, collection and storage systems for dust/sawdust ensuring that any dust resulting from production process is stored in an isolated and closed location for disposal.

Treatment of industrial wastewater

According to Brazilian Standard – NBR 9800/1987, industrial wastewater is the liquid waste from industrial facilities such as industrial process by-products, polluted cooling water, polluted rainwater and home sewage. Any industrial wastewater (from bathroom and production processes) undergoes physical, chemical and biological treatment and we reuse 100% of our wastewater treated in our plant. In 2009, we invested approximately R$140,000 in the construction of our wastewater treatment station for physical, chemical and biological treatment of wastewater enabling its full recycling.

Additionally, seeking to improve actions related to environmental responsibility, we adopted the following practices: (i) 100% reuse of water in our plant; (ii) reuse of by-products from production process like sawdust, wood, plastic and cardboard to be used in other products; (iii) substitution of diesel with liquefied petroleum gas (*Gás Liquefeito de Petróleo*, or GLP); (iv) using packaging made from recycled plastics for transporting our manufactured furniture; and (v) use of raw materials acquired from companies that adopt an economically feasible, environmentally friendly and socially fair handling regime certified by ISO 14001, ensuring that any impact caused by their activities is controlled and also that they are committed to using wood from certified owned or outsourced forests, or acquired from controlled sources following the Forest Stewardship Council's (FSC) criteria. This wood is used for producing reconstituted wood panels and can also be used for energy generation.

Air emission and noise

For approximately 30 years, the exhaust systems installed in wood plants were primarily to protect employees' health since they captured dust generated in wood processing before it spread throughout the entire plant. Little attention was given to external emissions into the air. Today, exhaust systems, including ours, are not only designed to protect the employee's health, but also to control external air pollution and guarantee production while preventing damages.

At our plant, capture and aspiration are performed by 15 bag filters, each of them sized according to the load required by the work center. This equipment captures particles through a capture tubing that links the system to a milling machine. When captured, the dust passes through bag filters where the bags will separate air from dust. The air is ejected into the environment and the dust remains inside the system.

Once aspirated and separated, the dust particles are collected by a pneumatic transport system which transports them to storage containers.

Environmental proceedings

Despite several measures taken for control and prevention of sawdust particles air emissions, Unicasa currently is under investigation by the State Prosecutor's Office of Rio Grande do Sul, which brought civil action No. 00722.00032/2011 after an inspection revealed a small quantity of sawdust on the ground at the exhaust fan line, the cleaning of which was performed by the exhaust fan itself. Aware of our social and environmental responsibility, we have already expanded our retention and storage system for particulate material (sawdust) resulting from the production system by updating our exhaust equipment and particle control. See also "—Legal and Administrative Proceedings" below.

Intellectual Property

We hold many trademarks and trademark requests for brands before the National Institute of Intellectual Property (*Instituto Nacional de Propriedade Industrial*, or INPI) including Dell Anno, Favorita and New. Additionally, through licensing of the Telasul brand, held by our affiliated company Telasul S.A., we have obtained the non-exclusive right to use this brand in our activities, as discussed below.

We believe that these brands are not only important to our business but also have a significant value and play a significant role in the support and improvement of our competitive position. In the event that we cannot continue to use these brands or if such brands lose their unique characteristics, we may face challenges to distinguish our products in the market. We do not depend on patents, grants, franchises or royalty agreements.

In 2007, we signed a brand use license agreement with Telasul S.A. for obtaining non-exclusive usage rights for the Telasul brand in our business activities registered with INPI under No. 811811280 under class 20.10 (furniture and general furniture articles). The term of this license is linked to the validity of the trademark with INPI (April 29, 2016) and no compensation or royalties are to be paid to Telasul S.A. for the use of Telasul brand.

Currently, we also hold many domain names registered with the Brazilian Network Information Center, or NIC.br. Among the main domain names are: (i) www.dellanno.com.br; (ii) www.favoritamodulados.com.br; (iii) www.newmoveis.com.br; (iv) www.unicasamoveis.com.br; and (v) www.telasulmadeira.com.br.

The main computer software we use is: (i) Windows operating systems, all versions as well as Windows Office Suite; (ii) Focco Sistemas, or ERP: company Corporate ERP; (iii) JM Software – Industrial Process Systems and Department Systems; (iv) Metadata – Human Resources Software; (v) Procad – Customized Furniture Project System, or Promob; and (vi) CP-PRO – Legal Software – Nova Prolink Tecnologia Ltda.

Insurance

We have industry standard insurance coverage, and maintain set insurance policies with major Brazilian insurance companies. We have valid insurance policies for general civil responsibility, named and automotive risks (fleet) with coverage for losses and damages during the normal course of our daily activities; as well as coverage addressing losses inside our manufacturing facility and covering fires, loss of profits, electrical damage and manufacturing damage (work damages), among others.

Legal and Administrative Proceedings

We are party to several administrative proceedings and lawsuits relating to tax, social security, civil, labor and environmental matters arising in the normal course of our business. As of December 31, 2011, we were involved in:

- nine tax proceedings, mainly relating to administrative fines or tax executions, totaling R$9.2 million, of which we have recorded a provision of R$1.6 million;

- 415 civil proceedings, mostly related to consumer relationships, in the amount of R$5.0 million, of which R$0.6 million is provisioned and R$0.6 million is in judicial deposits;

- 62 labor proceedings, mostly involving overtime payment, labor accident indemnity, moral damage and salary increases, totaling R$2.7 million, of which R$1.2 million has been provisioned;

- one arbitration proceeding related to the rescission of an Exclusive Dealership contract, in the amount of R$2.5 million; and

- one investigation by the Public Ministry of Rio Grande do Sul regarding alleged environmental damage caused by atmospheric emissions.

In addition, we entered into an agreement on January 24, 2012, in an internal process conducted by the Public Ministry of the Federal District, pending review and compliance by the prosecution of the Federal District, in the form of a *Termo de Ajustamento de Conduta*, to resolve outstanding issues that concern customers of Grupo Megga, who purchased such products while Grupo Megga was still our Exclusive Dealer in the Federal District of Brazil. We agreed to sell to Grupo Megga furniture for 177 end customer purchases through bank financing from the Santander Group and/or ABN Amro Bank and Grupo Megga undertook to deliver and assemble the furniture for the end customers. In return for delivery of the furniture we manufactured, Grupo Megga gave in payment, by assignment of rights, three apartments under construction. Grupo Megga in turn assumed the obligation to not sell or promise to sell any longer, under any circumstances, any product manufactured by us or to use any of our brands.

As of December 31, 2011, 2010 and 2009, we had recorded provisions for labor, tax and civil claims as follows:

	2011	2010	2009
	(in thousands of R$)		
Provision for labor claims	1,190	1,582	361
Provision for tax claims	1,632	–	–
Provision for civil claims	567	546	563
	3,389	2,128	924

As of December 31, 2011, we were involved in labor proceedings with a possible risk of loss totaling R$1.2 million and civil lawsuits totaling R$3.6 million. No single proceeding individually represents a significant portion of these values. However, we are still evaluating, according to the tax examination detailed below, IPI credits totaling R$6.2 million, which, according to evaluation of our legal advisors, has a possible risk of loss and for which we have not recorded any provision. The provisions are made when the chance of loss is probable.

Tax on Industrialized Products – IPI

We are subject to a tax examination filed by the Brazilian Government on January 14, 2011 related to the payment of IPI tax, interest and fine arising from disallowance of compensation given in 2002, with an amount of R$6.2 million as of January 14, 2011. Such compensation was made based on Laws 9,430/96 and 9,779/99 due to a judicial decision in 1999 which was confirmed in 2002. The examination is guaranteed by the land at our manufacturing facility. We have proposed embargoes to the execution. We have not made any provisions because we consider the chances of a decision favorable to us possible, according to our legal advisors.

MANAGEMENT

Since February 27, 2012, we have been managed by a board of directors and a board of executive officers, in accordance with our bylaws and the Brazilian Corporations Law. We did not have a board of directors prior to February 27, 2012.

Board of Directors

Our board of directors is a decision-making body composed of five to seven permanent members, who, in accordance with our bylaws, are elected by our shareholders at their General Meeting, and may be deposed by them at any time.

Pursuant to the regulations of the *Novo Mercado* listing segment, at least 20% of the members of our board of directors must be independent directors. An independent director must: (i) have no relationship with our company, except for the director's share participation; (ii) not be a controlling shareholder, nor be a spouse, sibling or any relative up to the second degree of our controlling shareholders, or within the last three years, have had any relationship with any corporation or organization related to our controlling shareholders (excluding persons related to public schools and/or research institutions); (iii) not have been, within the last three years, our employee or officer, or an employee or officer of our controlling shareholders or any entity controlled by our company; (iv) not be our direct or indirect supplier or client to an extent that it could compromise such director's independence; (v) not be an employee or officer of any company or organization that is offering services and/or products to, or soliciting services and/or products from, our company; (vi) not be the spouse, sibling or any relative up to the second degree of any of our directors or officers; and (vii) not received any remuneration from us other than as a director or shareholder. Currently, one of the five members of our board of directors is independent.

According to our bylaws, in addition to the duties set out by applicable law and other provisions of the bylaws, the board of directors is responsible for, among others:

- Electing and dismissing officers and establishing their duties, including the Investor Relations Officer;
- Determining the general business of the company and that of any future subsidiary controlled by the company;
- Approving a business plan for the company and its subsidiaries, if any, and any investment or capital expenditure not included in such plan, when applicable;
- Declaring interim dividends and interest on shareholders' equity, which may be attributed to the minimum compulsory dividend, based on the profits and reserves determined in the annual, biannual, quarterly or other financial statements, in compliance with any legal restrictions;
- Assigning, in addition to the compensation amount established by the general meeting, the monthly fees of each member of the company's management and committees, if there is any, as provided for in the bylaws;
- Monitoring the management of our officers, analyzing, at any time, the minutes, books and records of the company and its subsidiaries, if any, information on agreements executed, or to be executed, and any other act;
- Expressing an opinion on the management report and the accounts presented by the board of executive officers, as well as on the annual and/or intermediate financial statements, and proposing the allocation of net income for each year;
- Authorizing the company's acquisition of its issued shares held in treasury and/or subsequent disposal;

- Deciding on the issue of simple debentures, not convertible into shares and unsecured, and of promissory notes for public distribution pursuant to CVM Instruction 134;
- Appointing and dismissing the company's independent auditors;
- Authorizing borrowings or financing, the disposal or pledge of assets from the current assets of the company or any subsidiary; the provision of collateral or personal guarantees of any nature by the company or any subsidiary, and acts that result in the waiver of rights by the company or any subsidiary;
- Establishing the general conditions and authorizing the execution of agreements of any nature between the company and any subsidiary or affiliated company, their directors, controlling shareholders, and also between the company and subsidiaries or affiliated companies of the directors and controlling shareholders, as well as with any other corporation that is part of a single group with any of these parties, *de facto* or *de jure*, reaching, individually or jointly, within one year, an amount equal to or higher than 5% of the company's capital stock;
- Expressing an opinion on issues presented by the board of executive officers as resolutions or to be submitted to a general shareholders' meeting;
- Defining the shortlist of companies specialized in economic valuations of companies for the preparation of an evaluation report on the company's shares, in the event of public offerings for the cancellation of the company's listing as publicly held or delisting from the *Novo Mercado*;
- Within the limit of the authorized capital and according to the stock option plan previously approved at the General Meeting, granting the stock option or share subscription to the company's directors or employees, or to individuals providing services to the company or subsidiaries (if any), with no preemptive right for company shareholders;
- Establishing the order of its works and the procedural rules of operations, in compliance with the bylaws; and
- Expressing a favorable or unfavorable position regarding any public offering of shares issued by the company by means of a previous reasoned opinion, disclosed up to 15 days after the publication of the call notice for the public offering, which needs to address, at least, (i) the convenience and opportunity of the public offering regarding the interest of all shareholders and in relation to the liquidity of securities held by them; (ii) the repercussions of the public offering on the company's interests; (iii) the strategic plans disclosed by the offeror in relation to the company; and (iv) other issues deemed relevant by the board of directors, as well as the information required by the applicable rules established by the CVM.

Except as provided in our bylaws, the Brazilian Corporations Law or the *Novo Mercado* rules, a meeting of our board of directors shall be valid if the majority of the directors attend the meeting and their resolutions will be deemed valid upon a majority vote of those in attendance. Also pursuant to the Brazilian Corporations Law, shareholders of a publicly traded company who together have held common shares representing at least 15% of the total capital stock of such company for at least three months are entitled to appoint one member of the board of directors.

Brazilian Corporations Law prohibits a director or officer from:

- Performing any charitable act at our expense, except for such reasonable charitable acts for the benefit of our employees or of the community in which we participate, upon approval by the board of directors;

- Receiving by virtue of his or her position, any direct or indirect personal benefit from third parties without authorization in our bylaws or in a shareholders' meeting;

- Taking part in a corporate transaction in which he or she has an interest that conflicts with our interests or in the deliberations undertaken by our directors on the matter;

- Borrowing money or property from us or use of our property, services or credit for his or her own benefit or for the benefit of a company or third party in which he or she has an interest, without the prior approval at a shareholders' meeting or of our board of directors;

- Taking advantage of any commercial opportunity for his or her own benefit or for the benefit of a third party at the expense of the company when he or she learned of such opportunity through his or her position as a director;

- Neglecting to protect our rights by failing to disclose a business opportunity in our interests with a view to exploiting the opportunity for personal gain, or for the benefit of a third party; and

- Acquiring in order to resell for profit, a product or right that is essential to our business operations, or that we intend to acquire for ourselves.

The compensation of our directors is determined by our shareholders at the annual shareholders' meeting that approves the previous fiscal year's financial statements.

The members of our board of directors serve a two-year term and may be re-elected. Our bylaws do not provide for a mandatory retirement age for our directors.

As of the date of this offering memorandum, our board of directors consisted of:

Name	Title	Election Date	Term of Office Ends
Alexandre Grendene Bartelle	Chairman	February 27, 2012	Shareholders' Meeting at which December 31, 2013 financial statements are approved
Juvenil Antônio Zietolie	Vice-Chairman	February 27, 2012	Shareholders' Meeting at which December 31, 2013 financial statements are approved
Frank Zietolie	Member	February 27, 2012	Shareholders' Meeting at which December 31, 2013 financial statements are approved
João Carlos Sfreddo(1)	Independent Member	March 20, 2012	Shareholders' Meeting at which December 31, 2013 financial statements are approved
Renato Ochman	Member	February 27, 2012	Shareholders' Meeting at which December 31, 2013 financial statements are approved

(1) Independent director.

Biographical Information

Set forth below is a summary of the professional experience and biographical information of the current members of our board of directors.

Alexandre Grendene Bartelle. Mr. Bartelle is the Chairman of our board of directors. Mr. Bartelle holds a bachelor's degree in Law from Universidade de Caxias do Sul, in the State of Rio Grande do Sul, Brazil. In addition, Mr. Bartelle has held the positions of Chairman of the board of directors and President of Grendene S.A., a publicly held company operating in the Brazilian industrial shoes sector, since April 19, 2010 and March 4, 2010, respectively. He also is active in other businesses in Brazil, including (i) Telasul S.A., a manufacturer of steel kitchens, where he has been the Vice President since April 30, 2010; (ii) Vulcabrás Azaléia S.A., a publicly held company operating in the industrial shoes segment, where he has been the Vice-Chairman of the board of directors since January 5, 2011; (iii) Agropecuária Jacarezinho Ltda. – a company in the agribusiness segment, where he has held the Management position since June 22, 1993; (iv) Da Mata S.A. Sugar and Alcohol – an alcohol, sugar and sugarcane cultivation mill, where he has been the Chairman of the board of directors since January 21, 2011; (v) Lagoa Clara Agrícola S.A., a company in the agribusiness segment, where he has held the position of President since August 20, 2010; and (vi) Karina Empreendimentos Imobiliários Ltda., a company operating in the real estate industry, where he has held a management position since June 23, 1981. In addition, Mr. Bartelle has held the following positions in holding companies: (a) AGP Negócios e Participações S.A., where he has held the position of President since July 24, 2009; (b) Nova Trento Negócios e Participações Ltda., where he has held the Management position since July 28, 1989; (c) Nova Vicenza Negócios e Participações S.A., where he has held the position of President since July 24, 2009; (d) Veneza Negócios e Participações S.A., where he has held the position of President since March 19, 2010; (e) Grendene Negócios S.A., where he has held the position of President since April 29, 2010; and (f) Alexandre G. B. Participações S.A., where he hold the position of Chairman since April 30, 2010. Finally, among the obligations inherent to the positions listed above, Mr. Bartelle has other general obligations under his responsibility in the capacity of partner or shareholder, as applicable, of said companies.

Juvenil Antônio Zietolie. Mr. Zietolie is the Vice-Chairman of our board of directors. In addition, he has served as an officer of Telasul S.A., a manufacturer of steel kitchens, since April 30, 2010. Mr. Zietolie also has held the position of managing partner at Zietolie Negócios e Participações Ltda. since December 3, 2008.

Frank Zietolie. Mr. Zietolie has a bachelor's degree in Business Administration from Universidade do Vale do Rio dos Sinos – UNISINOS, in the State of Rio Grande do Sul, Brazil. He holds the positions of effective member of our board of directors and President of our board of executive officers. In addition, he occupies the position of President of Telasul S.A., a manufacturer of steel kitchens, since April 30, 2010. Mr. Zietolie also holds the position of managing partner at (i) Zietolie Negócios e Participações Ltda. since December 3, 2008 and (ii) LIC Negócios Imobiliários Ltda., a company operating in the real estate industry, since October 1, 2009.

João Carlos Sfreddo. Mr. Sfreddo has a bachelor's degree in Accounting Sciences from Pontifícia Universidade Católica do Rio Grande do Sul, Brazil and a postgraduate degree in External Audit from the Universidade Federal do Rio Grande do Sul, Brazil in cooperation with IAIB and IBMEC. Mr. Sfreddo also attended several courses in business and accounting at FGV, IOB and Ernst & Young between 1993 and 2009. He has more than 30 years of tax and audit experience with customers in the retail, chemical and petrochemical, electric power, financial institutions and manufacturing sectors. Mr. Sfreddo was a tax partner at Ernst & Young from 1982 to 2009. He is also a member of Câmara Júnior, founding member of IBEF – *Instituto Brasileiro de Executivos de Finanças* and has been Vice President, for two terms, of the *Associação de Dirigentes de Vendas do Brasil*.

Renato Ochman. Mr. Ochman has a bachelor's degree in Law from Pontifícia Universidade Católica do Rio Grande do Sul, and a master's degree in Commercial Law from Pontifícia Universidade Católica de São Paulo. He is a partner of the law firm Ochman, Real Amadeo Advogados Associados, with offices in the cities of São Paulo and Porto Alegre, a guest professor in courses at GVLaw/FGV/SP, a member of the board of directors of Escola Graduada de São Paulo – Graded School and a member of the Brazilian Bar Association – São Paulo and Rio Grande do Sul branches. He holds the position of an effective member of our board of directors. In addition, Mr. Ochman holds the position of member of the board of directors of Ultrapar Participações S.A. and Grendene S.A., both publicly held companies.

Board of Executive Officers

Our board of executive officers is composed of three to eight members. Our board of executive officers must consist of—whether shareholders or not—residents of Brazil, elected by our board of directors, deposable at any time. Among the elected executive officers, there must be one President, one Vice President, one Financial Officer, one Commercial Officer and one Investor Relations Officer, and the others have a designation attributed to them by the board of directors. Executive officers are allowed to accumulate functions.

The board of executive officers is responsible for the administration of our general business and is allowed to perform all acts necessary or expedient for the business, except for those that by operation of law or our bylaws are exclusively given to the shareholders or our board of directors.

The responsibilities of our individual officers are provided by our bylaws and are as follows:

President: The President is individually responsible for: (i) presiding over the meetings of the board of executive officers; (ii) coordinating the activities of other officers; and (iii) ensuring the execution of the resolutions taken by the General Meeting, the board of directors and the board of executive officers.

Vice President: The Vice President is individually responsible for, among other duties established by the board of directors, replacing the President in his absence, licenses, temporary impediment, renouncement or vacancy.

Financial Officer: The Financial Officer is individually responsible for, among other duties established by the board of directors upon their election: (i) planning, coordinating, organizing, supervising and directing our activities related to transactions of a financial nature; (ii) managing our consolidated accounts (if any); (iii) proposing goals for the performance and results of our various divisions and subsidiaries (if any) and affiliated companies, our budget, monitoring the results of our corporations, subsidiaries (if any) and affiliated companies, preparing the financial statements and the annual management report; (iv) coordinating the evaluation and implementation of investment opportunities and operations, including financing, in the interest of the company and its subsidiaries (if any) and affiliated companies; (v) developing and monitoring the business, operational and investment plans; and (vi) developing and monitoring the organization plan and issuing the corresponding rules.

Commercial Officer: The Commercial Officer is privately responsible for, among other duties established by the board of directors upon their election: (i) managing our marketing activities; (ii) guiding and structuring commercial offers; (iii) defining and supervising our trading and service policies; (iv) evaluating and proposing development plans for new projects; (v) evaluating and monitoring trading policies and strategies; (vi) evaluating and discussing research and analyses on our company, our assets and the industry; (vii) strengthening our relationship with retailers in each of its ventures and new store owners; (viii) assessing the results obtained, as well as possible scenarios to continuously improve productivity; and (ix) evaluating and monitoring productivity research and new businesses.

Investor Relations Officer: The Investor Relations Officer is responsible for, among other attributions established by the board of directors upon their election, representing the company with regulatory agencies and other institutions operating in the capital markets, providing information to investors, the CVM, stock exchanges and markets in which the company trades its securities, in accordance with the applicable legislation.

Officers with no specific designation will have the responsibilities given to them by the board of directors upon their election, in compliance with our bylaws.

Management

As of the date of this offering memorandum, our board of executive officers consisted of:

Name	Title	Election Date	Term of Office Ends
Frank Zietolie....................................	President	February 27, 2012	Shareholders' Meeting at which December 31, 2014 financial statements are approved
Kelly Zietolie	Vice President	February 27, 2012	Shareholders' Meeting at which December 31, 2014 financial statements are approved
Paulo Eduardo Junqueira de Arantes Filho...	Financial Officer and Investor Relations Officer	February 27, 2012	Shareholders' Meeting at which December 31, 2014 financial statements are approved
Thiago Proença Baisch......................	Commercial Officer	February 27, 2012	Shareholders' Meeting at which December 31, 2014 financial statements are approved

Biographical Information

Set forth below is a summary of the professional experience and biographical information of the current members of the board of executive officers.

Frank Zietolie. Please find biographical information for Frank Zietolie, our President, above under "—Board of Directors—Biographical Information."

Kelly Zietolie. Mrs. Zietolie occupies the position of Vice President of our board of executive officers. In addition, Mrs. Zietolie is a shareholder of Telasul S.A. and shareholder of Zietolie Negócios e Participações Ltda.

Paulo Eduardo Junqueira de Arantes Filho. Mr. Arantes Filho has a bachelor's degree in Business Administration with a focus in Foreign Trade, and a graduate degree in Corporate Finance, from *Centro Universitário Positivo*, in Curitiba, State of Paraná, Brazil. He is our Financial Officer and Investor Relations Officer. In addition, Mr. Arantes Filho held (i) the position of Financial Manager at Insol do Brasil S.A., a company operating in the agribusiness (soybean) sector, during the period of October 2003 through January 2007; (ii) the position of Treasury Officer and Investor Relations Officer at Imcopa S.A., a company operating in the agribusiness (soybean) sector, during the period of February 2007 through April 2010; and (iii) the position of Chief Accounting Officer Latin American Region at CNH (Fiat Group), during the period of October 2010 through July 2011.

Thiago Proença Baisch. Mr. Baisch has a bachelor's degree in Economic Science from Universidade Federal do Rio Grande do Sul, Brazil, with a degree in Economy in 1997, a graduate degree from *Pontifícia Universidade Católica do Rio Grande do Sul* in Marketing, and is expecting an MBA in Business Management at IEN/IBMEC. He serves as our Commercial Officer. In addition, he has held the positions of (i) Executive Manager of Grupo RBS, a communication company, managing the marketing division of RBS TV in the period of May 2006 through March 2008; and (ii) General Marketing Manager, promoted to the position of Marketing and Sales Commercial Director of Lojas Colombo S.A., a department store, during the period of March 2008 through December 2011.

Shares Held by the Members of our Board of Directors and Board of Executive Officers

Under the Brazilian Corporations Law, each member of the board of directors must hold at least one share issued by us.

The following table sets forth each member of our board of directors and board of executive officers who holds more than 1.0% of our outstanding capital stock before completion of this offering, the number of shares held directly by such member and the respective percentage of our capital stock represented by such shares before the completion of this offering:

Members of our board of directors/board of executive officers	Number of shares before this offering	%
Alexandre Grendene Bartelle	41,953,182	73.67
Juvenil Antônio Zietolie	6,117,742	10.74
Kelly Zietolie	1,583,497	2.78
Frank Zietolie	5,695,000	10.00

Fiscal Council

Under the Brazilian Corporations Law, the fiscal council (*Conselho Fiscal*) is a corporate body independent from our board of directors and our independent auditors. The fiscal council may or may not be a permanent body, and, whenever installed by the shareholders, shall be active only during the relevant fiscal year. Currently, we do not have a fiscal council.

The main responsibilities of the fiscal council are to review the management's activities and the company's financial statements and to report its findings to the shareholders. Under the Brazilian Corporations Law, the members of our fiscal council shall be paid at least 10.0% of the average annual amount paid to our executive officers, not including their benefits, representation monies and equity interests. In addition, under the Brazilian Corporations Law, the fiscal council shall consist of three members and their respective alternates.

Under the Brazilian Corporations Law, our fiscal council must not contain members who are (1) members of our board of directors; (2) members of our board of executive officers; (3) our employees; (4) employees of any company controlled by us or any company from our shareholders' group; and (5) spouses or relatives of any member of our board of directors or board of executive officers.

Our bylaws provide for a non-permanent fiscal council. Under Brazilian Corporations Law, if the fiscal council is not permanent, it can be established at a shareholders' meeting upon the request of at least 10.0% of the voting shareholders, and its members shall remain in office until the first general shareholders' meeting of the year following their election. Additionally, minority shareholders holding at least 10.0% of our capital stock have the right to elect one member of the fiscal council and his alternate. However, as of the date of this offering memorandum, no decision has been made for the creation and installation of a committee.

Compensation

Our compensation policy is in line with the best governance practices generally adhered to by similar companies in the market, with the strategic purposes of our shareholders and our challenges related to growth and competitive positioning before our greatest competitors (domestic and foreign) in the short and long term.

Our compensation policy has the purpose of providing satisfactory compensation to our board of directors so as to guarantee the permanence of qualified professionals in our management, in addition to seeking balance among the organization's objectives, the business strategy and the market practices. In our understanding, the compensation attributed to members of the board of directors and board of executive officers is compatible with that of similar positions in other companies with the same characteristics as ours, inside and outside our industry of operation.

The compensation of our board of directors is based on total annual fixed compensation of approximately R$450,000 for the year ending December 31, 2012. The compensation of the executive officers is based on total annual fixed compensation of approximately R$2.2 million for the year ending December 31, 2012.

Directors' and Officers' Insurance

As of the date of this offering memorandum, we had not purchased civil liability insurance for the benefit of our officers (D&O insurance).

Family Relationships Among the Members of our Board of Directors and Board of Executive Officers

Mr. Frank Zietolie, our President and a member of our Board of Directors, is the brother of Kelly Zietolie, our Vice-President. Both Frank and Kelly Zietolie are son and daughter of Mr. Juvenil Antônio Zietolie, Vice-Chairman of our Board of Directors.

PRINCIPAL AND SELLING SHAREHOLDERS

As of the date of this offering memorandum, our outstanding capital stock is R$59.8 million, consisting of 56,950,000 common shares with no par value.

The following table sets forth our outstanding capital stock and shareholders owning 5% or more of our outstanding common shares, including the selling shareholders as of the date of this offering memorandum and after the offering, with and without full exercise of the over-allotment option:

Shareholders	Number of Common Shares			% of Common Shares Owned		
	Prior to offering	After offering, without over-allotment	After offering, with full over-allotment	Prior to offering	After offering, without over-allotment	After offering, with full over-allotment
Alexandre Grendene Bartelle(1)	41,953,182	29,210,183	26,289,166	73.67	44.20	39.78
Juvenil Antônio Zietolie(2)	6,117,742	3,020,704	2,310,784	10.74	4.57	3.50
Frank Zietolie(3)	5,695,000	5,695,000	5,695,000	10.00	8.62	8.62
Kelly Zietolie(4)	1,583,497	781,869	598,116	2.78	1.18	0.91
Emilia Angela Saretta Zietolie(5)	841,263	415,383	317,761	1.48	0.63	0.48
Nely Rosa Celso Schenatto(6)	759,316	528,679	475,811	1.33	0.80	0.72
Renato Ochman(7)	0	0	0	0.00	0.00	0.00
João Carlos Sfreddo(7)	0	0	0	0.00	0.00	0.00
Paulo Eduardo Junqueira de Arantes Filho(8)	0	0	0	0.00	0.00	0.00
Thiago Proença Baisch(8)	0	0	0	0.00	0.00	0.00
Free float	0	26,434,546	30,399,727	0.00	40.00	46.00
Total	**56,950,000**	**66,086,364**	**66,086,364**	**100.00**	**100.0**	**100.0**

(1) Chairman of our board of directors and a selling shareholder.
(2) Vice-Chairman of our board of directors, selling shareholder and the husband of Emilia Angela Saretta Zietolie and the father of Frank Zietolie and Kelly Zietolie.
(3) Member of our board of directors, President of our board of executive officers and the brother of Kelly Zietolie and the son of Juvenil Antônio Zietolie and Emilia Angela Saretta Zietolie.
(4) Vice-President of our board of executive officers, a selling shareholder and the sister of Frank Zietolie and the daughter of Juvenil Antônio Zietolie and Emilia Angela Saretta Zietolie.
(5) Wife of Juvenil Antônio Zietolie and the mother of Frank Zietolie and Kelly Zietolie and a selling shareholder.
(6) A selling shareholder.
(7) A member of our board of directors.
(8) A member of our board of executive officers.

Shareholders' Agreement

On March 14, 2012, the following individuals entered into a shareholders' agreement: Alexandre Grendene Bartelle, Juvenil Antônio Zietolie, Frank Zietolie, Kelly Zietolie, Emilia Angela Saretta Zietolie and Nely Rosa Celso Schenatto. After the execution of the shareholders' agreement, the shareholder signatories are now part of a control block.

The shareholders' agreement was executed subject to a condition precedent, becoming effective as of the date of publication in Brazil of the notice of commencement of public distribution of our common shares in this offering or, regardless of the publication of such notice of commencement, provided that the shareholders express their agreement in writing. The shareholders' agreement will remain in effect until March 14, 2032, and may be terminated when requested in writing by shareholders representing at least 50.01% of the common shares.

The shareholders' agreement establishes that before holding general meetings to resolve any matter, preliminary meetings must be called and held, and the decisions made at said meetings will bind the votes of all. The meetings are to be led by Alexandre Grendene Bartelle. The shareholders therefore, must vote as a block at our general meetings according to the decisions made at these preliminary meetings.

The shareholders' agreement further provides that the shareholders shall have their representatives vote at general meetings in accordance with the resolutions adopted at the previous meeting, whether or not they attended that meeting and whether or not they voted in favor of the resolution passed at that meeting. Any exercise by any of the signatories of their voting rights in a manner contrary to the decisions adopted at the previous meeting or the other provisions of the shareholders agreement shall result in the nullity of any such vote cast. The failure to attend the general meeting to vote or abstain from voting by any signatory ensures that any other signatory is entitled to vote in accordance with the resolutions passed at a previous meeting with the shares held by any such shareholder.

The shareholders' agreement establishes that no rights or obligations, including the shareholders' agreement and the common shares linked to the shareholders' agreement, can be transferred or disposed of, for any purpose, by the shareholders to third parties, either directly or indirectly, without the prior consent from the other shareholders. Should any of the shareholders wish to dispose of their common shares to third parties, the rights of first refusal of the remaining shareholders must be observed pursuant to the shareholders' agreement.

The shareholders' agreement establishes that Mr. Alexandre Grendene Bartelle creates in favor of his brother, Pedro Grendene Bartelle, usufruct for life, restricted to the right of vote of his shares subject to the shareholders' agreement, without the right to income. Such usufruct is subject to a condition precedent, entering into effect only in case of incapacity or death of Alexandre Grendene Bartelle and provided that Pedro Grendene Bartelle is still alive and is fully capable of exercising his civil rights.

Finally, the shareholders' agreement establishes that shareholders can transfer their common shares to subsidiaries in which the respective shareholder holds at least 99% of voting capital and 99% of total capital, providing that the grantee, in the capacity of successor, undertakes to adhere and be subject to all rights and obligations provided for in the shareholders' agreement.

RELATED-PARTY TRANSACTIONS

Resolutions regarding any transaction between us and related parties are approved by our shareholders or the members of our board of directors, as applicable, pursuant to our bylaws and the Brazilian Corporations Law.

Moreover, pursuant to *Novo Mercado* regulations, we must send to the BM&FBOVESPA and disclose information for every contract we enter into with our subsidiaries (if any), affiliates, managers, controlling shareholders or companies controlled by or affiliated with our managers or controlling shareholders and with other companies that in fact or in law are part of the same group as any of these, whether a single contract or successive contracts, whether or not for the same purpose, total at least R$200,000 or at least 1.0% of our shareholders' equity, whichever is greater in any one-year period.

Principally, all of the terms and conditions of the transactions that we carry out with related parties are in compliance with the terms and conditions prevailing on the market. This reflects the circumstances that would exist if the contracting had been made with a third-party unrelated to us, our shareholders or our directors.

In the normal course of our business, we carry out transactions with related parties that are corporations in which our controlling shareholder holds a controlling interest, and with our other shareholders. These transactions relate to the purchase and sale of other inputs used in our production process and our related parties, which are acquired in a centralized manner by one of the parties, in order to capture synergies from negotiations with suppliers and from the logistics involved in the process.

We provide no guarantees in our transactions with related parties, which are settled in financial resources within similar periods transactions carried out with third parties. Therefore, we are not subject to interest and charges.

Purchase and Sale Agreements with Telasul S.A.

Transactions involving us and our related party Telasul S.A., which is controlled by the same shareholders of our company, refer to the purchase of inputs and finished products (corporate furniture and adjustable furniture, among other types, as well as scrap wood) used in our production process to manufacture adjustable furniture. We also sell various finished products to Telasul S.A. (aluminum doors, aluminum sheets and metal accessories). Transactions are carried out at the market price and with an average purchase and sale time of seven days.

Our sales to Telasul S.A. totaled R$622,000 in 2011, R$l.0 million in 2010 and R$1.4 million in 2009. We had an accounts receivable from our sales to Telasul S.A. of R$99,000, R$466,000 and R$454,000, as of December 31, 2011, 2010 and 2009, respectively. Our purchases from Telasul S.A. totaled R$15.5 million in 2011, R$18.2 million in 2010 and R$20.2 million in 2009. We had an accounts payable for our purchases from Telasul S.A. of R$5,000 and R$357,000, as of December 31, 2010 and 2009, respectively.

Intellectual Property Agreements with Telasul S.A.

In 2007, we signed a brand use license agreement with Telasul S.A. granting us non-exclusive usage rights for the Telasul brand in our business activities registered with INPI under No. 811811280 under class 20.10 (furniture and general furniture articles). The term of this license is linked to the validity of the trademark with INPI (April 29, 2016) and no compensation or royalties are to be paid to Telasul S.A. for the use of Telasul brand.

Other Transactions with Our Shareholders

We sold furniture to Juvenil Antônio Zietolie, who is one of our controlling shareholders and Vice-Chair of our board of directors, totaling R$32,000 and R$91,000, in 2010 and 2009, respectively. We had an accounts receivable from Juvenil Antônio Zietolie of R$33,000 as of December 31, 2009.

Related party transactions

We sold furniture to Frank Zietolie, who is one of our controlling shareholders and President of our board of executive officers, totaling R$2,000 and R$11,000, in 2010 and 2009, respectively. We had an accounts receivable from Frank Zietolie of R$1,000 as of December 31, 2009.

We sold furniture to Alexandre Grendene Bartelle, who is one of our controlling shareholders and Chairman of our board of directors, totaling R$92,000 in 2009. We also maintain a lease of one aircraft and the use of this aircraft is fully reimbursed to us by Alexandre Grendene Bartelle. The lease expenses totaled R$1.6 million in 2011, R$1.3 million in 2010 and R$2.0 million in 2009. We had an accounts receivable with Alexandre Grendene Bartelle of R$952,000, R$1.1 million and R$368,000, as of December 31, 2011, 2010 and 2009, respectively.

Our loans and financing are unsecured and have sureties provided by our shareholders Alexandre Grendene Bartelle, Juvenil Antônio Zietolie and Frank Zietolie.

DESCRIPTION OF CAPITAL STOCK

Common Shares

We have applied to list our common shares on the *Novo Mercado* segment of the BM&FBOVESPA, under the symbol "UCAS3." We expect our common shares will be approved for listing prior to the closing of this offering.

As of the date of this offering memorandum, our outstanding capital stock was R$59.8 million, consisting of 56,950,000 common shares with no par value.

The table below presents information regarding subscription and/or acquisitions of our capital stock for the last five years at the prices indicated below:

Date	Subscriber/Acquirer	Quantity of Shares Subscriber/Acquired(1)	Value (R$)(1)	Value per Ordinary Share (R$)(1)
December 1, 2010	Frank Zietolie	367,797	0[(2)]	0
January 5, 2012	Alexandre Grendene Bartelle	13	520	40

(1) Before the stock split.
(2) The shares were a donation from Mr. Alexandre Grendene Bartelle and Mr. Juvenil Antônio Zietolie.

On December 1, 2010, Alexandre Grendene Bartelle donated to Frank Zietolie 329,994 common shares, representing 6.0% of our total share capital at that date. On the same date, Juvenil Antonio Zietolie donated to Frank Zietolie 37,803 common shares, representing 0.69% of our total share capital at that date. Those donations were performed by the parties because of the historical relationship of the Zietolie and Grendene Bartelle families in the development of our business.

On January 5, 2012, Pedro Grendene Bartelle, retiring from the Company, sold all of his common shares (13 common shares) to Alexandre Grendene Bartelle, representing 0.0002% of our total share capital on that date, due to the departure of Pedro from the Company because of his very small interest in our share capital.

Any shareholder who dissents from certain resolutions taken at a general meeting can withdraw from our shareholding structure, by reimbursing the value of their common shares based on the book value of such common shares. The right to withdraw must be exercised within 30 (thirty) days as of the publication of the minutes of the General Meeting that approved the action that brought about the shareholders withdrawal. In addition, we have the right to reconsider any resolution resulting in the right to withdraw within 10 (ten) days after the end of the period of exercise of this right, if we understand that the payment of share reimbursement to dissenting shareholders would risk our financial stability. The Brazilian Corporations Law establishes the hypotheses in which the right to withdraw may be exercised.

Stock Split

At the extraordinary shareholders' meeting held March 30, 2012, our shareholders decided to split all common shares, nominative and without par value issued by the company, in the proportion of 10.4 new common shares, nominative and without par value for each common share, nominative and without par value exists, with no changes to our capital stock of R$59.8 million divided by 56,950,000 common shares, without par value. The new registered common shares, without par value issued as a result of the split are entitled to all benefits, including payments of dividends and any capital that may be distributed by us on an equal footing with common shares, without nominal value nominal issued prior to deployment.

Shareholder Meetings

Pursuant to the Brazilian Corporations Law, shareholders' meetings are first called 15 days in advance, and then called for a second time 8 days in advance. In certain circumstances, including at the request of any shareholder, the CVM may require that the notice for the first call be published up to 30 days in advance.

Shareholders' meetings shall meet, ordinarily, once a year, within four (4) months following the end of the fiscal year, to resolve the matters set forth in the Brazilian Corporations Law and, extraordinarily, whenever required by law or in the interest of the Issuer. Shareholders' meetings shall be presided over by the Chairman of the Board of Directors or in his/her absence or inability to attend, by the Vice-Chairman of the Board of Directors or in his/her absence or inability to attend, by any shareholder present thereat, chosen by the majority vote of the present shareholders. The President of the shareholders' meeting shall appoint a Secretary, who may or may not be a shareholder of the company.

Except for the situations where qualified quorum is legally required, the resolutions of the shareholders' meeting shall be passed by the affirmative vote of the majority of shareholders present thereat, blank votes will not be considered, pursuant to the restrictions set forth in the Brazilian Corporations Law and our bylaws. In order to attend a shareholders' meeting, the shareholders shall submit on the day of the respective shareholders' meeting: (i) a certificate issued by the depositary of their book-entry common shares or in custody, as provided in article 126 of the Brazilian Corporations Law and/or in relation to shareholders participating in fungible custody of registered common shares, a statement containing the respective shareholding interest, issued by the competent committee dated no earlier than two (2) business days of the shareholders' meeting or (ii) power of attorney duly registered in accordance with the law and our bylaws, in the event of shareholder representation. The shareholder or the legal representative must attend the shareholders' meeting with the documents to confirm his/her identity.

Documents relating to our shareholders' meetings are available at our headquarters located at the following address: Rodovia Estadual RSC – 470, KM 212,930, São Vedelino, CEP 95700-000 in the City of Bento Gonçalves, state of Rio Grande do Sul, or at *www.unicasamoveis.com.br/ri.*

Shareholder Rights

The common shares grant their holders the following rights, among others:

- voting rights at shareholders' meetings of the company, provided each share corresponds to one vote;
- right to minimum mandatory dividend, in each fiscal year, equivalent to 25.0% of the adjusted net income, pursuant to the terms of Article 202 of the Brazilian Corporations Law (see "Dividends and Dividend Policy" for more information regarding dividends that shareholders are entitled to receive);
- common shares selling rights in the same conditions guaranteed to the selling controlling shareholder, in case of remunerated direct or indirect alienation of the company's control, whether through one sole transaction or through successive operations (100.0% *tag along*);
- right to receive all dividends and other profits of any nature that may be declared by the company as from the Settlement Date or the date of settlement of the over-allotment Shares, as the case may be;
- right to sell their common shares in a public offering to be made by the controlling shareholder, in case of the cancellation of the registration as a publicly held company or of the cancellation of the registration of the common shares issued by the company under *Novo Mercado*, BM&FBOVESPA's special listing segment, by their economic value, ascertained through a valuation report prepared by a specialized and independent company;
- in case of the liquidation of the company, the shareholders will receive the payments related to the remaining capital stock, according to the proportion of their participation in our capital stock;
- right of first refusal at the subscription of new common shares issued by the company, as established by the Brazilian Corporations Law, but are not required to subscribe to future capital increases of the company if they do not wish to do so; and

- all other rights granted with the common shares, pursuant to the terms provided by the *Novo Mercado* Regulation, to the company's bylaws and the Brazilian Corporations Law.

According to the Brazilian Corporations Law, neither our bylaws nor resolutions taken at a shareholders' meeting may deprive a shareholder of the following rights:

- the right to participate in the distribution of our profits;
- the right to participate, in proportion to their ownership interest in our capital stock, in the distribution of any residual assets in the event of our liquidation;
- the right to monitor our management, as set forth under the Brazilian Corporations Law;
- preemptive rights in relation to the subscription of shares, debentures convertible into shares or subscription warrants, except in the particular circumstances set forth in the Brazilian Corporations Law; and
- the right to withdraw (*direito de retirada e resgate*) from the company in the circumstances defined by the Brazilian Corporations Law.

Statutory Restrictions on Voting Rights

According to our bylaws, the disposal of our control, either through a single transaction or through successive transactions, must be hired under suspensive or resolutive conditions that the acquirer will undertake to make a public offering of the common shares to other shareholders, in compliance with the conditions and terms provided by the legislation in force and the *Novo Mercado* Regulation, ensuring that they are treated the same as the disposing controlling shareholder.

The public offering mentioned in the paragraph above must also be carried out (i) in the event of the onerous assignment of share subscription rights and other bonds or rights related to securities convertible into common shares, resulting in the disposal of our control; and (ii) in the event of the disposal of the control of a corporation that controls us; providing that, in this case, the disposing controlling shareholder is obliged to declare to the CVM and the BM&FBOVESPA the value attributed to the company in such disposal, as well as attach documentation that supports it.

In addition, our withdrawal from the *Novo Mercado* (a) for which the securities issued by us are registered outside the *Novo Mercado*; or (b) in case of corporate restructuring in which the resulting corporation does not have its securities admitted to trading on the *Novo Mercado* within 120 days as of the date of the General Meeting that approved said transaction, is subject to the completion, by our controlling shareholder, of a public offering of common shares at the minimum price corresponding to the economic value attributed in a valuation report, as provided in our bylaws.

If there is no controlling shareholder, in the event of our withdrawal from the *Novo Mercado* (a) for which the securities issued by us to have been registered for trading outside the *Novo Mercado*; or (b) in case of a corporate restructuring transaction in which the resulting corporation does not have its securities included in the *Novo Mercado* trading within 120 days as of the date of the General Meeting that approved said transaction, withdrawal will depend on the conduction of a public offering of common shares with the same conditions as established above. This General Meeting must decide who is responsible for the public offering of common shares, who, when attending the meeting, must expressly take the obligation of carrying out the offering. In the absence of a decision on who is responsible for conducting the public offering, in the case of a corporate restructuring transaction, in which the resulting company of such restructuring does not have its securities included in the *Novo Mercado* trading, the shareholders who voted in favor of the corporate restructuring will be responsible for conducting the offering.

The public offering of common shares aimed at the cancellation of our registration as a publicly-held company is subject to the completion, by our controlling shareholders or ourselves, of a public offering of common shares at the minimum price corresponding to the economic price determined in an evaluation report, as provided for in our bylaws.

Our withdrawal from the *Novo Mercado* due to non-compliance with the obligations set forth in the *Novo Mercado* Regulation depends on the conduction, by our controlling shareholder, of a public offering of common shares at the minimum price corresponding to the economic value determined in an evaluation report, as provided in our bylaws. In the event that there is no controlling shareholder and our withdrawal from the *Novo Mercado* results from a resolution of the General Meeting, the public offering of common shares must be overseen by the shareholders that voted in favor of the resolution that led to the respective non-compliance. Still, in the event that there is no controlling shareholder and our withdrawal from the *Novo Mercado* results from a management action or fact, our directors must summon a General Shareholders' Meeting, the agenda of which will be to determine how to resolve the non-compliance with obligations set forth in the *Novo Mercado* Regulation or, when applicable, decide on our withdrawal from the *Novo Mercado*. If the General Meeting decides on our withdrawal from the *Novo Mercado*, the Meeting must determine who is responsible for the public offering of common shares, who, when attending the meeting, must expressly take on the obligation of carrying out the offering.

DIVIDENDS AND DIVIDEND POLICY

For the prior three fiscal years, the minimum mandatory dividend established in our bylaws was 5% of our adjusted net income, adjusted in accordance with the Brazilian Corporations Law. This was increased to 25% of our adjusted net income by a resolution of an Extraordinary General Shareholders' Meeting held on February 27, 2012. According to our bylaws in force as of that date, accrued losses, if any, and provisions for income tax and social contribution on net income will be deducted from the net income for the year. Any net income determined will be allocated consecutively and in the following order:

a) 5% will be applied, before any other allocation, to the legal reserve, not exceeding 20% of our capital stock, such that for years when the legal reserve balance plus the capital reserve amount exceeds 30% of our capital stock, it will not be mandatory to allocate part of the year's net income to the legal reserve;

b) a portion, as proposed by management, may be allocated to the creation of contingency reserves, as provided by Article 195 of the Brazilian Corporations Law;

c) the portion corresponding to, at least, 25% of adjusted net income, with the deductions and additions provided by Article 202, II and III of the Brazilian Corporations Law, will be distributed to shareholders as mandatory dividends;

d) in the year when the mandatory dividend amount exceeds the realized portion of the year's profit, shareholders at a general meeting may, as proposed by management, allocate the surplus to the creation of an unrealized profits reserve, pursuant to the provisions of Article 197 of the Brazilian Corporations Law;

e) a portion, as proposed by management, may be retained based on a previously approved capital budget, as provided by Article 196 of the Brazilian Corporations Law;

f) investment incentives will be allocated to the profit reserve, in the sub-account for tax incentives, in the amount determined by applicable rules; and

g) profits not allocated to the reserves and contingencies described above will be distributed as dividends, pursuant to paragraph 6 of Article 202 of the Brazilian Corporations Law.

Our shareholders may award profit sharing to our directors and our officers, pursuant to paragraph 1 of Article 152 of the Brazilian Corporations Law.

TAXATION

The following summary contains a description of certain Brazilian and U.S. federal income tax consequences of the acquisition, ownership and disposition of the common shares, but it does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase the common shares. The summary is based upon the tax laws of Brazil and regulations thereunder and on the tax laws of the United States and regulations thereunder as in effect on the date hereof, which are subject to change, possibly retroactively. Prospective purchasers of our common shares should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of the common shares.

Although there is at present no income tax treaty between Brazil and the United States, the tax authorities of the two countries have had discussions that may culminate in such a treaty. Assurance cannot be given, however, as to whether or when a treaty will enter into force or how it will affect holders of the common shares. Prospective holders of common shares should consult their own tax advisors as to the tax consequences of the acquisition, ownership and disposition of common shares in their particular circumstances.

Certain Material Brazilian Tax Considerations

The following discussion summarizes the principal Brazilian tax consequences of the acquisition, ownership and disposition of our common shares by a holder that is not domiciled or a resident in Brazil for Brazilian tax purposes, or a Non-resident Holder. This discussion does not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase our common shares. The discussion also does not address any tax consequences under the tax laws of any state or municipality of Brazil. It is based on Brazilian laws and regulations as currently in effect, which are subject to change, possibly retroactively, and to differing interpretations, which may result in different tax consequences from those described below. Prospective purchasers of common shares are advised to consult their own tax advisors with respect to an investment in common shares in light of their particular investment circumstances.

Income Tax

Dividends

Dividends paid by a Brazilian corporation in cash or in kind, including stock dividends and other dividends, from profits generated on or after January 1, 1996 to a Non-resident Holder are not subject to Brazilian withholding income tax. Dividends paid from profits generated before January 1, 1996 may be subject to Brazilian withholding income tax at varying rates, according to the tax legislation applicable to each corresponding year.

Interest on shareholders' equity

Law No. 9,249/95, as amended, allows a Brazilian corporation, such as us, to make distributions to shareholders of interest on shareholders' equity and treat those payments as a deductible expense for purposes of calculating Brazilian corporate income tax, and social contribution on net income. These distributions may be paid in cash. For tax purposes, this interest is limited to the daily variation of the TJLP, as determined by the Central Bank of Brazil from time to time, multiplied by net equity value of the Brazilian company, and the amount of the deduction may not exceed the greater of:

- 50.0% of net income (after social contribution on net income but before taking into account the amount of such interest on shareholders' equity and the provision for corporate income tax) related to the period in respect of which the payment is made; or

- 50.0% of the sum of retained earnings and profit reserves, as of the date of the beginning of the period in respect of which the payment is made.

Payment of interest on shareholders' equity to a Non-resident Holder is subject to withholding income tax at the rate of 15.0%, or 25.0% if the Non-resident Holder is domiciled in a country or location or other jurisdiction (1) that does not impose income tax or (2) where the maximum income tax rate is lower than 20%, or Nil or Low Taxation Jurisdiction, or where applicable local legislation imposes restrictions on the disclosure of the shareholding composition or the ownership of investments, or on the ultimate beneficiary of the income derived from transactions carried out and attributable to a Non-resident Holder. See "—Discussion on Nil or Low Taxation Jurisdictions."

Payments of interest on shareholders' equity may be included, at their net value, as part of any mandatory dividend. To the extent payment of interest on shareholders' equity is so included, the corporation is required to distribute to shareholders an additional amount to ensure that the net amount received by them, after payment of the applicable withholding income tax, plus the amount of declared dividends is at least equal to the mandatory dividend. Distributions of interest on shareholders' equity to Non-resident Holders may be converted into U.S. dollars and remitted outside Brazil, subject to applicable exchange controls, to the extent that the investment is registered with the Central Bank.

Assurance cannot be given that our board of directors will not recommend that future distributions of income should be made by means of interest on shareholders' equity instead of dividends.

Capital Gains

According to Law No. 10,833/03, gains realized on the disposition or sale of assets located in Brazil, such as our common shares, by a Non-resident Holder, are subject to income tax in Brazil, regardless of whether the sale or the disposition is made by the Non-resident Holder to another non-resident or to a resident of Brazil.

In this sense, upon disposal of our common shares, as they are assets located in Brazil, the Non-resident Holder may be subject to income tax on the gains realized, following the rules described below.

As a general rule, gains realized as a result of a disposition or sale transaction of common shares are determined by the positive difference between the amount realized on the disposition or sale of the relevant common shares and their acquisition cost.

Under Brazilian law, income tax rules on such gains can vary depending on the domicile of the Non-resident Holder, the type of registration of the investment held by the Non-resident Holder with the Central Bank and how the disposition is carried out, as described below.

Capital gains realized by Non-resident Holders on a sale or disposition of common shares carried out on the Brazilian stock exchange (which includes the transactions carried out on the organized over-the-counter market) are:

- exempt from income tax when realized by a Non-resident Holder that (1) has registered its investment in Brazil with the Central Bank under the rules of Resolution 2,689/00, or 2,689 Holder, and (2) is not a resident or domiciled in a Nil or Low Taxation Jurisdiction; or

- subject to income tax at the 15.0% rate, in case of gains realized by a Non-resident Holder that is not a 2,689 Holder and/or is a resident or domiciled in a Nil or Low Taxation Jurisdiction. In these cases, a withholding income tax at a rate of 0.005% on the sales value will be applied and can later be offset with the eventual income tax due on the capital gain.

Any gains on a disposition of common shares that is not carried out on a Brazilian stock exchange are subject to income tax at the rate of 15.0%, except with respect to a person who is a resident of or has a domicile in a Nil or Low Taxation Jurisdiction or, where applicable, local laws impose restrictions on the disclosure of the shareholding composition or the ownership of investments or on the ultimate beneficiary of the income derived from transactions carried out and attributable to a Non-resident Holder, who would then be subject to income tax at the rate of 25.0%. As for transactions carried out on the Brazilian non-organized over-the-counter market with intermediation, the withholding income tax of 0.005% on the sales value will also be applied and can be offset by the eventual income tax due on the capital gain.

In the case of a redemption of common shares or a capital reduction by a Brazilian corporation, such as us, the positive difference between the amount received by the Non-resident Holder and the acquisition cost of the common shares redeemed is treated for tax purposes as capital gain derived from the sale or exchange of common shares not carried out on a Brazilian stock exchange and is, therefore, subject to income tax at the rate of 15.0%, or 25.0%, as the case may be.

The exercise of preemptive rights relating to the common shares will not be subject to Brazilian income tax. Gains realized by a Non-resident Holder on the disposition of preemptive rights relating to our common shares in Brazil will be subject to Brazilian income tax according to the same rules applicable to the sale or disposition of the common shares. Tax authorities may attempt to tax such gains even when the sale or assignment of such right takes place outside Brazil, based on the provisions of Law No. 10,833.

There can be no assurance that the current preferential treatment for 2,689 Holders will continue.

Discussion on Nil or Low Taxation Jurisdictions

On June 24, 2008, Law No. 11,727 was enacted, establishing the concept of "privileged tax regime" in connection with transactions subject to transfer pricing and thin capitalization rules, which is more comprehensive than the tax haven concept. A "privileged tax regime" is considered to apply to a jurisdiction that meets any of the following requirements: (i) does not tax income or taxes income at a maximum rate lower than 20.0%; (ii) grants tax advantages to a non-resident entity or individual (a) without requiring substantial economic activity in the jurisdiction of such non-resident entity or individual or (b) to the extent such non-resident entity or individual does not conduct substantial economic activity in the jurisdiction of such non-resident entity or individual; (iii) does not tax income generated abroad, or imposes tax on income generated abroad at a maximum rate lower than 20.0%; or (iv) restricts the ownership disclosure of assets and ownership rights or restricts disclosure about economic transactions.

Notwithstanding the fact that the "privileged tax regime" concept was enacted in connection with Brazilian transfer pricing and thin capitalization rules, there is no assurance that Brazilian tax authorities will not attempt to apply the concept of Privileged Tax Regimes to other types of transactions, such as investments in the Brazilian financial and capital markets.

We recommend prospective investors to consult their own tax advisors from time to time to verify any possible tax consequence arising of Law No. 11,727.

Other Brazilian Taxes

There are no Brazilian inheritance, gift or succession taxes applicable to the ownership, transfer or disposition of common shares by a Non-Brazilian Holder, except for gift and inheritance taxes imposed by some Brazilian states on gifts or bequests by individuals or entities not domiciled or residing in Brazil to individuals or entities domiciled or residing within such states. There are no Brazilian stamp, issue, registration or similar taxes or duties payable by holders of common shares.

Tax on Foreign Exchange Transactions (IOF/Exchange)

Pursuant to Decree No. 6,306, dated December 14, 2007, as amended, or Decree No. 6,306/07, the conversion of Brazilian currency into foreign currency (*e.g.*, for purposes of paying dividends and interest on shareholders' equity) and the conversion of foreign currency into Brazilian currency may be subject to the Tax on Foreign Exchange Transactions or IOF/Exchange. Currently, for most exchange transactions, the rate of IOF/Exchange is 0.38%. Effective as of December 1, 2011, currency exchange transactions carried out for the inflow of funds in Brazil for investments made by a foreign investor (including a Non-resident Holder, as applicable) are subject to IOF/Exchange at a 0% (zero percent) rate in the case of variable income transactions carried out on the Brazilian stock, futures and commodities exchanges, as well as in the acquisitions of common shares of Brazilian publicly-held companies in public offerings or subscription of common shares related to capital contributions, provided that the company has registered its common shares for trading in the stock exchange. The IOF/Exchange rate will also be 0% for the outflow of funds from Brazil related to this type of investments, including payments of dividends and interest on shareholders' equity and the repatriation of funds invested in the Brazilian market. On March 12, 2012, Decree No. 7698 was published in order to increase the average term of foreign loans is subject to IOF at the rate of zero percent to 1800 days. In this sense, foreign exchange transactions relating to the inflow of funds connected with international loans with a maturity of less than 1800 days are taxed by IOF at a tax rate of 6%. The changes introduced by the new wording of Article 15-A of Decree No. 6,306/07 came into force on March 12, 2012. The outflow of proceeds from Brazil in connection with the mentioned foreign loans are subject to a 0% rate. On the other hand, exchange transactions related to the inflow and outflow of proceeds into and from Brazil related to foreign loans with a term superior than 1800 days are subject to the IOF/Exchange at the zero rate. The Brazilian government may increase the rate of the IOF/Exchange to a maximum of 25.0% of the amount of the foreign exchange transaction at any time, but such an increase would not apply retroactively.

Tax on Bonds and Securities Transactions (IOF/Bonds)

Pursuant to Decree No 6,306/07, the Tax on Bonds and Securities Transactions, or IOF/Bonds, may be imposed on any transactions involving bonds and securities, including those carried out on Brazilian stock, futures and commodities exchanges. The rate of IOF/Bonds applicable to most transactions involving common shares is currently 0%. However, the IOF/Bonds is imposed at a rate of 1.5% on the transfer of common shares traded on the Brazilian stock exchange with the purpose of the issuance of depositary receipts to be traded outside Brazil. The Brazilian government may increase the rate of the IOF/Bonds up to 1.5% per day, but only in respect of future transactions.

U.S. Federal Income Taxation

The discussion of U.S. tax matters in this offering memorandum was written in connection with the promotion or marketing of the common shares, and it was not intended to be, and cannot be, used by any person for the purpose of avoiding penalties that may be asserted against the holder under U.S. federal, state and local tax law. Taxpayers should seek their own advice based on their particular circumstances from an independent tax advisor.

The following is a summary of certain U.S. federal income tax considerations of the acquisition, ownership and disposition of the common shares by a U.S. Holder (as defined below). This summary deals only with purchasers of common shares in this offering that are U.S. Holders and that will hold the common shares as "capital assets" (generally, property held for investment) under the U.S. Internal Revenue Code of 1986, as amended, or the Code. The discussion does not cover all aspects of U.S. federal income taxation that may be relevant to, or the actual tax effect that any of the matters described herein will have on, the acquisition, ownership or disposition of the common shares by particular investors, and does not address non-U.S., state or local tax considerations. The discussion also does not address any aspect of U.S. federal taxation other than U.S. federal income taxation (such as the estate and gift tax or the Medicare tax on net investment income). In particular, this summary does not address all tax considerations applicable to investors that own (directly or by attribution) 10.0% or more of our voting stock, nor does this summary discuss all of the tax considerations that may be relevant to certain types of investors subject to special treatment under the U.S. federal income tax laws (such as financial institutions, insurance companies, regulated investment companies, investors liable for the alternative minimum tax, certain U.S. expatriates, individual retirement accounts and other tax-deferred accounts, real estate investment trusts, partnerships or other pass-through entities for U.S. federal income tax purposes, tax-exempt organizations, dealers in securities or currencies, securities traders that elect mark-to-market tax accounting, investors that will hold the common shares as part of constructive sales, straddles, hedging, integrated or conversion transactions for U.S. federal income tax purposes or investors whose "functional currency" is not the U.S. dollar). The summary is based on the tax laws of the United States, including the Code, its legislative history, existing and proposed Treasury regulations thereunder, published rulings and court decisions, all as currently available and all subject to change at any time, possibly with retroactive effect.

As used herein, the term "U.S. Holder" means a beneficial owner of the common shares that is for U.S. federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation, or other entity treated as a corporation, created or organized under the laws of the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax without regard to its source or (iv) a trust if it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust.

If a partnership (or other entity treated as a partnership for U.S. federal income tax purposes) holds the common shares, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. A partner of a partnership holding the common shares should consult its tax advisors.

The summary of U.S. federal income tax consequences set out below is for general information only. All prospective investors should consult their tax advisors as to the particular tax consequences of owning the common shares, including the applicability and effect of state, local, non-U.S. and other tax laws.

Dividends

Subject to the discussion under "*Passive Foreign Investment Company Rules*" below, distributions paid by us (including any amounts withheld to collect Brazilian withholding taxes) will generally be taxable to a U.S. Holder as a foreign source ordinary dividend income. Distributions paid by us will not be eligible for the dividends received deduction allowed to corporations and will not be eligible for the preferential tax rate generally applicable to qualified dividend income received by certain non-corporate investors.

Subject to certain limitations, Brazilian withholding taxes, if any, paid in connection with any distribution with respect to common shares may be claimed as a credit against the U.S. federal income tax liability of a U.S. Holder if such U.S. Holder elects for that year to credit all foreign income taxes. For these purposes, dividends we pay will generally constitute passive category income. In the alternative, such foreign tax may be taken as a deduction. If you are entitled to a refund for the taxes withheld, you will not be entitled to a foreign tax credit or deduction for the amount of any Brazilian taxes withheld with respect to which you can obtain a refund from the Brazilian taxing authorities. The rules relating to the determination of the foreign tax credit are complex, and U.S. Holders should consult their tax advisors to determine whether a credit would be available in their particular circumstances. Please see the discussion under "Taxation—Certain Material Brazilian Tax Considerations."

Dividends paid in Brazilian *reais* will be includible in the gross income of a U.S. Holder in the U.S. dollar amount calculated by reference to the exchange rate in effect on the day the dividends are actually or constructively received by the U.S. Holder, regardless of whether the Brazilian *reais* are converted into U.S. dollars. U.S. Holders should consult their tax advisors about how to account for payments that are not made in U.S. dollars.

Sale or Other Disposition of the Common Shares

Subject to the discussion under "Passive Foreign Investment Company Rules" below, upon a sale or other disposition of the common shares, a U.S. Holder generally will recognize capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the U.S. dollar amount realized on the sale or other disposition and the U.S. Holder's adjusted tax basis in the common shares (generally their cost in U.S. dollars). This capital gain or loss will be long-term capital gain or loss if the U.S. Holder's holding period for the common shares exceeds one year. U.S. Holders should consult their advisors about how to account for sale or other disposition proceeds that are not paid in U.S. dollars.

Gain realized by a U.S. Holder on the sale or other disposition of the common shares generally will be treated as U.S. source income. Consequently, if a Brazilian tax is imposed on such gain, the U.S. holder will not be able to use the corresponding foreign tax credit, unless the holder has another foreign source income of the appropriate type in respect of which the credit may be used. The U.S. foreign tax credit rules are very complex. U.S. Holders should consult their advisors with respect to the application of these rules to their particular circumstances.

Passive Foreign Investment Company Rules

We believe that we were not a passive foreign investment company (a "PFIC") for our preceding tax year and do not expect to be classified as a PFIC for our current tax year or in the foreseeable future. However whether we are a PFIC for any taxable year is based on our income and assets from time to time as determined under the PFIC rules. Therefore, it is possible that we could become a PFIC in the current or any future year due to our asset or income composition on relevant testing dates. In general, a non-U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75% of its gross income is classified as "passive income" or (ii) 50% of the average quarterly value of its assets produce or are held for the production of passive income. Under the PFIC rules, if we were considered a PFIC at any time that you held our common shares, we would continue to be treated as a PFIC with respect to your investment unless you have made certain elections under the PFIC rules.

If we are classified as a PFIC at any time that you hold our common shares, you may be subject to materially adverse U.S. federal income tax consequences compared to an investment in a company that is not considered a PFIC, including being subject to greater amounts of U.S. tax and being subject to additional U.S. tax form filing requirements. You should consult your own tax advisor about the application of the PFIC rules to you.

Information Reporting and Backup Withholding

Information returns may be filed with the Internal Revenue Service in connection with distributions on the common shares and the proceeds from the sale or other disposition of common shares unless a U.S. Holder establishes that it is exempt from the information reporting rules. A U.S. Holder that does not establish this exemption may also be subject to backup withholding on these payments if the U.S. Holder fails to provide its taxpayer identification number or otherwise comply with the relevant certification procedures. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against its U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

Tax Filings and Reports

U.S. Holders should consult their tax advisors about any reporting or filing obligations that may result from their acquisition, ownership and disposition of the common shares. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

PLAN OF DISTRIBUTION

Pursuant to the terms of a Brazilian underwriting agreement dated April 25, 2012, or the Brazilian underwriting agreement, Banco BTG Pactual S.A.– Cayman Branch, Itaú BBA and Banco Santander (Brasil) S.A., or the Brazilian underwriters, have agreed severally with us to place the number of common shares set forth opposite their names below:

Name	Number of common shares
Banco BTG Pactual S.A. – Cayman Branch	11,565,114
Banco Itaú BBA S.A.	11,565,114
Banco Santander (Brasil) S.A.	3,304,318
Total	**26,434,546**

Banco BTG Pactual S.A. – Cayman Branch, Itaú BBA and Banco Santander (Brasil) S.A. will act as joint bookrunners. Pursuant to the terms of a placement facilitation agreement dated April 25, 2012, or the placement facilitation agreement, BTG Pactual US Capital LLC, Itau BBA USA Securities Inc., Santander Investment Securities Inc. and XP Securities, LLC will act as agents on behalf of the Brazilian underwriters and Brazilian co-manager in connection with the placement of the common shares outside of Brazil. XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. will act as Brazilian co-manager in connection with the placement of our common shares in Brazil.

The Brazilian underwriting agreement provides that the obligation of the Brazilian underwriters to place the common shares is subject to, among other conditions, the absence of any material adverse change in our business, the delivery of certain legal opinions by our legal counsels in Brazil, the United States and certain other jurisdictions. The Brazilian underwriting agreement also provides that, if any of the placed common shares are not settled by their respective investors, the Brazilian underwriters are obligated to purchase them on a firm commitment basis on the settlement date, subject to certain conditions and exceptions (other than with respect to the over-allotment option). The common shares will initially be offered by the Brazilian underwriters and the agents at the price indicated on the cover page of this offering memorandum. The placement facilitation agreement, which we and the selling shareholders have also entered into with the agents relating to the placement of the common shares outside Brazil, contains conditions for the placement of the common shares by the agents similar to those of the Brazilian underwriting agreement.

We and the selling shareholders have granted to Itaú BBA an option to place an aggregate of 3,965,181 additional common shares, representing 15.0% of the common shares initially offered hereby, to cover over-allotments, if any. Itaú BBA shall have the exclusive right to exercise such over-allotment option, at any time, for a period of up to 30 days from, and including, the date of commencement of trading of the common shares on the BM&FBOVESPA, upon notification to the other Brazilian underwriters, *provided* that the decision over the allocation of the additional common shares shall be made by joint decision of the stabilizing agent and the Brazilian underwriters. The option, if exercised, will be at the price per common share indicated on the cover page of this offering memorandum, less any underwriting discount.

Pursuant to the Brazilian underwriting agreement and the placement facilitation agreement, we and the selling shareholders have agreed to indemnify the Brazilian underwriters, the agents and each of their directors, officers, employees and any person who controls such Brazilian underwriter or agent against certain liabilities, including liabilities under the Securities Act. If we and the selling shareholders are unable to provide this indemnification, we and the selling shareholders will contribute to payments to the Brazilian underwriters, the agents and each of their directors, officers, employees and any person who controls such Brazilian underwriter or agent may be required to make in respect thereof.

We have also been advised by the agents acting on behalf of the Brazilian underwriters that they propose to place the common shares initially to persons in the United States whom the agents reasonably believe to be "qualified institutional buyers" as defined under Rule 144A and to non-U.S. persons in transactions meeting the requirements of Regulation S pursuant to exemptions from registration under the Securities Act.

The common shares have not been registered under the Securities Act and will be subject to significant resale restrictions. See “Transfer Restrictions.” Until 40 days after the announcement of commencement of this offering, an offer or sale of common shares within the United States by a broker dealer, whether or not it is participating in this offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than pursuant to Rule 144A.

We will pay for expenses and fees incurred for auditors and legal counsels, among others, in connection with this offering. Expenses and fees incurred for the registration of this offering with the CVM or with respect to other authorities will be paid by us and the selling shareholders.

We intend to list the common shares on the *Novo Mercado* of the BM&FBOVESPA under the symbol “UCAS3.” However, we cannot assure you that the prices at which the common shares will sell in the market after this offering will not be lower than the offering price on the cover of this offering memorandum or that an active trading market for the common shares will continue after this offering. We cannot assure you as to the liquidity of or the trading market for the common shares.

Banco BTG Pactual S.A. – Cayman Branch is not a broker-dealer registered with the SEC, and therefore may not make sales of any common shares in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that Banco BTG Pactual S.A. – Cayman Branch intends to effect sales of the common shares in the United States, it will do so only through BTG Pactual US Capital LLC or one or more U.S. registered broker-dealers, or otherwise as permitted by applicable U.S. law.

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. is not a broker-dealer registered with the SEC and therefore may not make sales of any common shares in the United States or to U.S. persons except in compliance with applicable U.S. laws and regulations. To the extent that XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. intends to effect sales of any common shares in the United States, XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. will do so only through XP Securities, LLC or one or more U.S. registered broker-dealers or otherwise, as permitted by applicable U.S. law.

Stabilization and other transactions

The Brazilian underwriters and/or their respective affiliates may enter into derivative transactions in connection with the common shares, acting at the order and for the account of their customers. The Brazilian underwriters and/or their respective affiliates may also purchase some of the securities in this offering as a hedge for these transactions. These transactions may have an effect on demand, price or other terms of the offering.

In connection with this offering, Itaú BBA may engage in transactions that stabilize, maintain or otherwise affect the price of the common shares, and may engage in stabilization activity for a period of up to 30 days counted from the date of the publication in Brazil of the announcement of the commencement of the offering. Specifically, Itaú BBA may over-allot in connection with the offering, creating a syndicate short position and may bid for, and purchase, common shares in the open market to cover syndicate short positions or stabilize the price of the common shares. Any of these activities may stabilize or maintain the market price of the common shares above independent market levels or may delay a decline in the market price of the common shares. Itaú BBA is not required to perform these activities every day and may terminate these activities at any time. Reports of stabilization activity are required to be furnished to the CVM. Such stabilization activity shall be in compliance with all laws, regulations and rules.

Lock-up agreements and other restrictions

We, the selling shareholders and our directors and officers, subject to certain exceptions, have agreed with the Brazilian underwriters and the agents, for a period of 180 days after the date of the final offering memorandum used to sell the common shares of our common stock, not to make any such issue, offer, sale, pledge or disposition, or to enter into any such transaction, swap, hedge or other arrangement, without, in each case, the prior written consent of Itau BBA USA Securities, Inc., BTG Pactual US Capital LLC and Santander Investment Securities Inc. In addition, we, the selling shareholders and our directors and officers agree that we, without the prior written consent of the Agents, will not, during the 180 days after the date of the final offering memorandum, make any demand for or exercise any right with respect to, the registration of any common shares of our common stock or any security convertible into or exercisable or exchangeable for the common shares of our common stock.

Under this agreement, transfers of these securities could be made under the following circumstances, among others:

- pursuant to the conversion or exchange of convertible or exchangeable securities or the exercise of warrants or options outstanding on the date of the Placement Facilitation Agreement;
- to any of its subsidiaries or affiliates;
- to any family member, charity or not-for-profit organization or trust;
- to any individual solely for the purpose of making him/her eligible to become a director of the company;
- pursuant to the Brazilian underwriting agreement or the placement facilitation agreement;
- as grants of stock options pursuant to the terms of a plan in effect on the date thereof and issuances of common shares of our common stock pursuant to the exercise of such stock options;
- as a *bona fide* gift;
- pursuant to a corporate restructuring or other similar transaction; or
- with the prior written consent of the agents.

In any of the cases above, it will be a condition of the transfer that the transferee agrees that it is receiving and holding the transferred securities subject to the provisions of the lock-up agreement and that the transferee will not transfer the securities except in accordance with the lock-up agreement for the remainder of its term.

We and the selling shareholders cannot assure you that the Brazilian underwriters and the agents will not waive these lock-up obligations, in which case the common shares would become eligible for sale earlier.

According to the rules of the *Novo Mercado*, our selling shareholders and our directors and officers, subject to certain exceptions, cannot sell or offer to sell common shares issued by us for the first six months after the beginning of the trading of the common shares on the *Novo Mercado*. After this initial period of six months, our selling shareholders, directors and officers will not be entitled to sell or offer more than 40.0% of the common shares that they hold for an additional six months. However, this limitation will not apply in the event of the assignment or loan of common shares for the purpose of effecting market-making activities by entities registered with the BM&FBOVESPA, as long as the aggregate amount of the assignments or loans of common shares does not exceed 15.0% of the total amount of the common shares available in the market.

We cannot predict the effect, if any, that future sales of the common shares, or the availability of such common shares for future sale, will have on the market price of the common shares prevailing from time to time or on our ability to raise capital in the future. Sales of substantial amounts of common shares in the public market, or the perception that the sales could occur, could adversely affect the prevailing market price of the common shares and your ability to sell common shares in the future at a time and at a price that you deem appropriate.

The common shares may be offered outside of Brazil only to investors registered with the CVM and acting through custody accounts managed by local agents pursuant to CVM Instruction No. 325, dated January 27, 2000, and Resolution No. 2,689 of the CMN, as amended.

Other than with respect to this offering on the *Novo Mercado* segment of the BM&FBOVESPA, no action has been or will be taken in any country or jurisdiction by us, the selling shareholders, the Brazilian underwriters, the co-manager and the agents that would permit a public offering of the common shares, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. All persons that receive this offering memorandum are required by us, the selling shareholders, the Brazilian underwriters, the co-manager and the agents to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver common shares or have their possession or distribute such offering material, in all cases at their own expense.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) any of the common shares which are the subject of the offering contemplated by this offering memorandum may not be offered to the public in that Relevant Member State other than:

(i) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(ii) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant dealer or dealers nominated by the issuer for any such offer; or

(iii) in any other circumstances which do not require the publication by us of a prospectus pursuant to Article 3(2) of the Prospectus Directive;

provided that no such offer of the common shares shall result in a requirement for the publication by us or the underwriters of a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression “the common shares may be offered to the public” in relation to any of the common shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common shares to be offered so as to enable an investor to decide to purchase the common shares as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospective Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), as amended, and includes any relevant implementing measure in the Relevant Member State and the expression 2010 PD Amending Directive means Directive 2010/73/EU.

This European Economic Area selling restriction is in addition to any other selling restrictions set out below.

United Kingdom

The common shares may not be offered or sold to any persons in the United Kingdom except:

(a) through communications, invitations or inducements to engage in investment activity (within the meaning of the FSMA) in connection with the issue or sale of the common shares in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and

(b) in compliance with all applicable provisions of the FSMA with respect to anything done by it in relation to the common shares in, from or otherwise involving the United Kingdom.

France

This document is not being distributed in the context of a public offering in France within the meaning of Article L.411-1 of the *Code monétaire et financier*, and has therefore not been submitted to the *Autorité des marchés financiers* for prior approval and clearance procedure.

The common shares may not be offered or sold, directly or indirectly, to the public in France, and neither this offering memorandum nor any other offering materials relating to the common shares has been distributed nor will be distributed to the public in France. Nevertheless, the common shares, can be offered, sold or distributed and the prospectus or any supplement or replacement or any material relating to the common shares may be distributed or caused to be distributed, in France, only to:

(i) providers of investment services relating to portfolio management for the account of third parties; and/or

(ii) qualified investors ("investisseurs qualifiés"); and/or

(iii) a restricted circle of investors ("cercle restreint d'investisseurs");

all as defined in and in accordance with Articles L.411-2, D.411-1 to D.411-3 or 4 of the *Code monétaire et financier* or only (iv) in a transaction that, in accordance with Article L.411-2-II-1 or 2 or 3 of the French *Code monétaire et financier*, does not constitute a public offer (*appel public à l'épargne*) as a result of the aggregate amount of the offer, in one or several transactions over a period of 12 consecutive months, or, as the case may be, of the individual amount of investment by each investor or of the nominal amount of each of the securities, as such amounts are provided by Article 211-2 of the General Regulations (*Règlement General*) of the *Autorité des marchés financiers*.

Investors in France falling within the qualified investors or restricted circle of investor exemptions may only participate in the issue of the common shares for their own account in accordance with the conditions set out in Articles L.411-2, D.411-1 to D.411-3 or 4, D.734-1, D.744-1, D.754-1 and D.764-1 of the *Code monétaire et financier*. The common shares may only be issued, directly or indirectly, to the public in France in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the *Code monétaire et financier*.

Italy

The offering of the common shares has not been registered pursuant to Italian securities legislation and, accordingly, the common shares have not been and will not be offered, sold or delivered in the Republic of Italy in a solicitation to the public, and sales of the common shares in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulation.

Copies of any document relating to the common shares in the Republic of Italy will not be distributed except (a) to "Professional Investors," as defined in Articles 31.2 of CONSOB Regulation No. 11522 of 1 July 1998, as amended ("CONSOB Regulation No. 11522") pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998, as amended (the "Italian Financial Act") or (b) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under the Italian Financial Act or Regulation No. 11971 of 14 May 1999, as amended.

Any such offer, sale or delivery of the common shares or any document relating to the common shares in the Republic of Italy must be: (i) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 285 of 1 September 1993, as amended, the Italian Financial Act, CONSOB Regulation No. 11522 and any other applicable notification requirement or limitation which may be imposed by CONSOB or the Bank of Italy.

Investors should also note that, in any subsequent distribution of the common shares in the Republic of Italy, Article 100-bis of the Italian Financial Act may require compliance with the law relating to public offers of securities. Furthermore, where the common shares are placed solely with professional investors and are then systematically resold on the secondary market at any time in the 12 months following such placing, purchasers of the common shares who are acting outside the course of their business or progression may in certain circumstances be entitled to declare such purchase void and to claim damages from any authorized person at whose premises the common shares were purchased, unless an exemption provided for under the Italian Financial Act applies.

Switzerland

The common shares are not being offered to the public in Switzerland. Therefore, this document constitutes neither a public offer in Switzerland nor a prospectus in accordance with applicable legislation in Switzerland and may not be issued, distributed or published in Switzerland in a manner which would be deemed to constitute a public offer of the common shares in Switzerland.

Germany

The common shares have not been and will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*, or WpPG) of June 22, 2005 or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities. This document may not be distributed, and the common shares may not be offered or sold, in the Federal Republic of Germany other than to persons who are qualified investors as defined in Section 2 No. 6 of the WpPG, or to fewer than 100 non-qualified investors. Nothing in this document should be construed as investment advice to persons other than such permitted recipients or as otherwise constituting a public offering within the meaning of the WpPG or any other laws applicable in the Federal Republic of Germany.

Spain

The common shares have not been registered with the Spanish National Commission for the Securities Market and, therefore, no common share may be publicly offered, sold or delivered, nor any public offer in respect of the common shares made, nor may any offering memorandum or any other offering or publicity material relating to the common shares be distributed in Spain by the agents or any person acting on their behalf, except in compliance with Spanish laws and regulations.

Netherlands

The common shares may not be offered, sold, transferred or delivered, in or from the Netherlands, as part of the initial distribution or as part of any reoffering, and neither this offering memorandum nor any other document in respect of the offering may be distributed in or from the Netherlands, other than to individuals or legal entities which trade or invest in securities in the conduct of their profession or trade (which includes banks, investment banks, securities firms, insurance companies, pension funds, other institutional investors and treasury departments and finance companies of large enterprises), in which case, it must be made clear upon making the offer and from any documents or advertisements in which a forthcoming offering of common shares is publicly announced that the offer is exclusively made to said individuals or legal entities.

Republic of Ireland

The common shares are not being offered, directly or indirectly, to the general public in Ireland and no offers or sales of any securities under or in connection with this offering memorandum may be effected except in conformity with the provisions of Irish law including the Irish Companies Acts 1963 to 2009, the Prospectus (Directive 2003/71/EC) Regulations 2005 of Ireland, the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) of Ireland and the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland.

Denmark

This offering memorandum has not been filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark.

The common shares have not been offered or sold and may not be offered, sold or delivered directly or indirectly in Denmark by way of a public offering, unless in compliance with Chapter 6 or Chapter 12 of the Danish Act on Trading in Securities and Executive Orders issued pursuant thereto as amended from time to time.

Norway

This offer is, with respect to Norway, directed solely to registered professional investors according to the Norwegian Securities Trading Act Section 7-4 No. 8. Subscriptions by any other Norwegian person or body corporate will be rejected.

Greece

This document is personal, confidential and not for public use and is exempted from any prospectus publication or other regulatory requirements, according to Law 3401/2005.

Argentina

The common shares are not and will not be marketed in Argentina by means of a public offer of securities, as such term is defined under Section 16 of Law N° 17,811, as amended.

No application has been or will be made with the Argentine Comisión Nacional de Valores, or the Argentine securities governmental authority, to offer the common shares in Argentina.

Chile

The common shares are not registered in the Securities Registry which is maintained by the Chilean Securities and Insurance Superintendency (*Superintendencia de Valores y Seguros de Chile*, or the "SVS") pursuant to the Chilean Securities Market Law 18,045, as amended and restated, and the supplemental rules enacted thereunder ("Law 18,045"). Accordingly, the common shares may not be offered in Chile except in circumstances that do not constitute a public offer of securities in Chile within the meaning of Article 4 of Law 18,045.

The offering is confidential and personal to each offeree and does not constitute an offer to any other person or to the general public in Chile to acquire the common shares. Distribution of the offering memorandum in Chile to any person other than an offeree is unauthorized, and any disclosure of any of the content of the offering memorandum within Chile without our prior written consent is prohibited.

Each prospective investor in Chile, by accepting the delivery of the offering memorandum, agrees to the foregoing and will not make photocopies or any other reproduction, either physical or electronic, of the offering memorandum or any other documents referred to herein. This document is personal, confidential and not for public use and is exempted from any prospectus publication or other regulatory requirements, according to Law 3401/2005.

Mexico

The common shares have not been, and will not be, registered with the National Securities Registry maintained by the Mexican National Banking and Securities Commission (*Comisión Nacional Bancaria y de Valores*, or the "CNBV") and, therefore the common shares may not be publicly offered or sold nor be the subject of intermediation in Mexico, publicly or otherwise, except that the common shares may be offered in Mexico to institutional and qualified investors pursuant to the private placement exception set forth in Article 8 of the Mexican Securities Market Law.

Hong Kong

This offering memorandum has not been approved by or registered with the Securities and Futures Commission of Hong Kong or the Registrar of Companies of Hong Kong. No person may offer or sell in Hong Kong, by means of any document, any common shares other than (i) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No person may issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the common shares which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to common shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act, Chapter 289 of Singapore, or the SFA. Accordingly, no person may offer or sell such common shares or cause such common shares to be made the subject of an invitation for subscription or purchase, or circulate or distribute, this offering memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such common shares, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or (iii) to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Japan

The common shares have not been and will not be registered under the Financial Instruments and Exchange Law, as amended, or the FIEL. In connection with the offering no common shares will be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Dubai International Financial Centre

This document relates to an exempt offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority. This document is intended for distribution only to persons of a type specified in those rules. It must not be delivered to, or relied on by, any other person. The Dubai Financial Services Authority has no responsibility for reviewing or verifying any documents in connection with exempt offers. The Dubai Financial Services Authority has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it. The common shares which are the subject of the offering contemplated by this offering memorandum may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the common shares offered should conduct their own due diligence on the common shares. If you do not understand the contents of this document you should consult an authorized financial adviser.

Qatar

The common shares described in this offering memorandum have not been, and will not be, offered, sold or delivered, at any time, directly or indirectly in the State of Qatar in a manner that would constitute a public offering. This offering memorandum has not been, and will not be, registered with or approved by the Qatar Financial Markets Authority or Qatar Central Bank and may not be publicly distributed. This offering memorandum is intended for the original recipient only and must not be provided to any other person. It is not for general circulation in the State of Qatar and may not be reproduced or used for any other purpose.

Kuwait

The common shares have not been licensed for offering in Kuwait by the Ministry of Commerce and Industry or the Central Bank of Kuwait or any other relevant Kuwaiti government agency. The offering of the common shares in Kuwait on the basis an offering or public offering is, therefore, restricted in accordance with Decree Law No. 31 of 1990, as amended, and Ministerial Order No. 113 of 1992, as amended. No private or public offering of the common shares is being made in Kuwait, and no agreement relating to the sale of the common shares will be concluded in Kuwait. No marketing or solicitation or inducement activities are being used to offer or market the common shares in Kuwait.

Saudi Arabia

Any investor in the Kingdom of Saudi Arabia (a "Saudi Investor") who acquires the common shares pursuant to the offering should note that the offer of the common shares is an offering by way of an "offer restricted to sophisticated investors," as such term is defined in Article 10 of the "Offers of Securities Regulations" as issued by the Board of the Capital Market Authority resolution number 2 11 2004 dated 20/08/1424H (corresponding to 04/10/2004G), as amended (the "Offers of Securities Regulations"). The offer of common shares is therefore exempt from the public offer requirements of the Offers of Securities Regulations, but is subject to the following restrictions on secondary market activity pursuant to Article 17 of the Offers of Securities Regulations:

(a) A Saudi Investor (the "transferor") who has acquired the common shares pursuant to the limited offer may not offer or sell the common shares to any person (referred to as a "transferee") unless the offer or sale is made through an authorized person and where: (i) the price to be paid by the transferee for such common shares equals or exceeds SAR 1 million; (ii) the common shares are offered to a sophisticated investor; or (iii) the common shares are being offered or sold in such other circumstances as the Capital Market Authority may prescribe for these purposes.

(b) If the provisions of paragraph (a)(i) above cannot be fulfilled because the price of the common shares being offered or sold to the transferee has declined since the date of the original offering, the transferor may offer or sell the common shares to the transferee if their purchase price during the period of the original offering was equal to or exceeded SAR 1 million or an equivalent amount.

(c) If the provisions of paragraph (b) above cannot be fulfilled, the transferor may offer or sell common shares if he sells his entire holding of the common shares to one transferee.

(d) The provisions of paragraphs (a), (b) and (c) above shall apply to all subsequent transferees of the common shares and the restrictions on secondary market activity shall cease to apply upon approval of listing on the Saudi Stock Exchange of securities of the same class as the common shares that are subject to such restrictions.

This offering memorandum may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Offers of Securities Regulations.

The Capital Market Authority does not make any representation as to the accuracy or completeness of this offering memorandum, and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this offering memorandum. Prospective purchasers of the securities offered hereby should conduct their own due diligence on the accuracy of the information relating to the securities. If you do not understand the contents of this offering memorandum you should consult an authorized financial adviser.

For the purpose of the Offers of Securities Regulations, the term "sophisticated investor" includes any of the following persons: (a) authorized persons (persons authorized by the Capital Market Authority to carry on securities business in the Kingdom of Saudi Arabia) acting for their own account; (b) clients of a person authorized by the Capital Market Authority to conduct managing activities provided that the offer of common shares to them is made through the authorized person, all relevant communications are made through the authorized person and the authorized person has been engaged as an investment manager on terms which enable it to make decisions concerning the acceptance of offers of common shares on the client's behalf without reference to the client; (c) the government of the Kingdom of Saudi Arabia, any supranational authority recognized by the Capital Market Authority, the Saudi Stock Exchange and any other stock exchange recognized by the Capital Market Authority or the Depositary Centre; (d) institutions (meaning: (i) any company which owns, or which is a member of a group which owns, net assets of not less than 50 million Saudi Riyals; (ii) any unincorporated body, partnership or other organization which has net assets of not less than 50 million Saudi Riyals; or (iii) any person ("A") while acting in the capacity of director, officer or employee of a person ("B") falling within sub-paragraphs (i) or (ii) above where A is responsible for B undertaking any securities activity) acting for their own account; (e) professional investors (meaning any natural person who fulfils at least two of the following criteria: (i) he has carried out at least 10 transactions per quarter over the previous four quarters of a minimum total amount of 40 million Saudi Riyals on securities markets; (ii) the size of his securities portfolio exceeds 10 million Saudi Riyals; or (iii) he works or has worked for one or more year in the financial sector in a professional position which requires knowledge of securities investment); or (f) any other person prescribed by the Capital Market Authority.

EACH PURCHASER OF THE COMMON SHARES (OR ANY INTEREST IN A COMMON SHARE) WILL FURTHER BE DEEMED TO HAVE REPRESENTED THAT EITHER (I) IT IS NOT AND IS NOT USING THE ASSETS OF AN EMPLOYEE BENEFIT PLAN (AS DEFINED IN SECTION 3(3) OF THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA")) SUBJECT TO THE PROVISIONS OF PART 4 OF SUBTITLE B OF TITLE I OF ERISA, A PLAN TO WHICH SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), APPLIES, OR ANY ENTITY WHOSE UNDERLYING ASSETS INCLUDE "PLAN ASSETS" BY REASON OF SUCH AN EMPLOYEE BENEFIT PLAN'S AND/OR PLAN'S INVESTMENT IN SUCH ENTITY (EACH, A "PLAN"), OR A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN THAT IS SUBJECT TO ANY LAWS, REGULATIONS OR RULES THAT ARE SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("SIMILAR LAW") TO PURCHASE OR HOLD THE COMMON SHARES, OR (II) ITS PURCHASE HOLDING AND DISPOSITION OF THE COMMON SHARES IS NOT AND WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (OR, IN THE CASE OF A GOVERNMENTAL PLAN, CHURCH PLAN, NON-U.S. OR OTHER PLAN, A VIOLATION OF ANY SIMILAR LAW).

Relationships with the Brazilian Underwriters, the Agents and the Co-Manager

In addition to the placement of common shares pursuant to this offering, the Brazilian underwriters, the co-manager, the agents or their affiliates have provided in the past to us, the selling shareholders and our and their respective affiliates and may provide from time to time in the future certain commercial banking, financial advisory, investment banking and other services, including credit facilities, for us, the selling shareholders and our and their respective affiliates in the ordinary course of the Brazilian underwriters', the agents' or their affiliates' respective businesses, for which they have received and may continue to receive customary fees, commissions or other remuneration. In addition, from time to time, certain of the Brazilian underwriters, the agents or their affiliates may execute in the future derivative transactions on behalf of themselves or their client accounts and may subscribe common shares in the offering as a way to hedge such transactions, which may affect the demand, price or other terms of this offering. See "Business—Material Contracts'" for more information on our indebtedness and material agreements entered with the entities mentioned in this paragraph.

TRANSFER RESTRICTIONS

Because of the following restrictions, investors are advised to consult their legal counsel prior to making any offer, resale, pledge or other transfer of the common shares.

Our common shares have not been registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except:

- in compliance with the registration requirements of the Securities Act and all applicable securities laws of the states of the United States; or
- pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any applicable securities laws of the states of the United States.

Accordingly, the common shares are being offered and sold only:

- inside the United States to "qualified institutional buyers," as defined in Rule 144A under the Securities Act; and
- outside the United States in offshore transactions in accordance with Regulation S under the Securities Act.

In addition, purchasers of the common shares may not be able to exercise preemptive or tag-along rights relating to the common shares unless an exemption from the registration requirements of the Securities Act is available or a registration statement under the Securities Act is effective with respect to those rights. We are not obligated to file a registration statement with respect to the common shares relating to these preemptive or tag – along rights and we may not file such a registration statement. If no registration statement is filed, a holder may receive only net proceeds from the sale of his or her preemptive and tag-along rights or, if these rights cannot be sold, they will lapse and the holder will receive no value for them.

Each purchaser of the common shares in the United States will be deemed to have agreed not to deposit such common shares into an unrestricted American Depositary Receipt facility for as long as those common shares are "restricted securities" within the meaning of Rule 144 under the Securities Act and also to have represented and agreed as follows:

1. It understands and acknowledges that the common shares have not been registered under the Securities Act or any other applicable securities law, are being offered in transactions not requiring registration under the Securities Act or any other securities law, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act, or any other applicable securities law, pursuant to an exemption from registration or in a transaction not subject to registration. We make no representation as to the availability of the exemption provided by Rule 144 under the Securities Act for resale of the common shares.

2. It understands that the common shares (to the extent they are in certified form in the future), unless otherwise determined in accordance with applicable law, will bear a legend substantially to the following effect:

   THIS SHARE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE

ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALE OF THIS SHARE.

3. It is not an affiliate (as defined in Rule 144 under the Securities Act) of us or our selling shareholders or acting on our or their behalf and it is either:

   - a qualified institutional buyer as defined under Rule 144A (or a QIB) and is aware that any sale of the common shares to it will be in reliance on an exemption from the Securities Act. Such acquisition will be for its own account or for the account of another QIB; or

   - a person who, at the time the buy order for the common shares was originated, was outside the United States and was not a U.S. person (and was not purchasing for the account or benefit of a U.S. person) within the meaning of Regulation S under the Securities Act.

4. If it is a purchaser in a sale that occurs outside the United States within the meaning of Regulation S under the Securities Act, it agrees that until the expiration of a 40-day “distribution compliance” period within the meaning of Rule 903 of Regulation S under the Securities Act, no offer or sale of the common shares shall be made by it to a U.S. person or for the account or benefit of a U.S. person within the meaning of Rule 902(k) of the Securities Act except to a QIB and in compliance with the applicable selling restrictions. Such purchaser agrees that, during such 40-day distribution compliance period, it will not cause any advertisement with respect to the common shares (including any “tombstone” advertisement) to be published in any newspaper or periodical or posted in any public place and will not issue any memorandum relating to the common shares, except such advertisements as permitted by and include the statements required by Regulation S.

5. Pursuant to Brazilian Resolution No. 2,689, transfers of common shares, including by or between residents of jurisdictions outside Brazil, may be effected only in Brazil. See “Market Information.”

6. It acknowledges that neither we, the selling shareholders, the Brazilian underwriters, the agents, the co-manager nor any person representing us, the selling shareholders, the Brazilian underwriters, the agents or the co-manager has made any representation to it with respect to us or the offering or sale of any common shares, other than the information contained in this offering memorandum, which has been delivered to it and upon which it is relying in making its investment decision with respect to the common shares. It acknowledges that no representation or warranty is made by the Brazilian underwriters or their agents or the co-manager as to the accuracy or completeness of such materials. It has had access to such financial and other information concerning us and the common shares as it has deemed necessary in connection with its decision to purchase the common shares, including an opportunity to ask questions of and request information from us and the Brazilian underwriters or their agents.

7. It represents and agrees that: (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the common shares in circumstances in which Section 21(1) of the FSMA does not apply to the issuer; and (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the common shares in, from or otherwise involving the United Kingdom.

8. It acknowledges that we, the selling shareholders, and the Brazilian underwriters, the agents the co-manager and our respective counsel will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements and agrees that, if any of the acknowledgments, representations or warranties deemed to have been made by its purchase of common shares are no longer accurate, it shall notify us, the selling shareholders, the Brazilian underwriters, the agents and the co-manager. In the event that it is acquiring any common shares as a fiduciary or agent for one or more investment accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such account. In the event that an agent or representative of the purchaser is making any acknowledgment, representation or agreement on behalf of the purchaser, such agent or representative represents that it is duly authorized to execute the subscription agreement on behalf of the purchaser and has confirmed the foregoing acknowledgments, representations and agreements with the purchaser.

We acknowledge that for so long as any of the common shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, holders of such restricted securities and prospective purchasers (as designated by such holders) of such restricted securities shall have the right to obtain upon request any information required to be provided by Rule 144A(d)(4) under the Securities Act during any period in which we are not subject to and in compliance with Section 13 or 15(d) of the Exchange Act, or we are not exempt from such reporting requirements pursuant to and in compliance with Rule 12g3-2(b) under the Exchange Act.

NOTICE TO CANADIAN RESIDENTS

Resale Restrictions

The distribution of the common shares in Canada is being made only in the provinces of Ontario, Quebec, Alberta and British Columbia on a private placement basis exempt from the requirement that we and the selling shareholders prepare and file a prospectus with the securities regulatory authorities in each province where trades of common shares are made. Any resale of the common shares in Canada must be made under applicable securities laws, which may vary depending on the relevant jurisdiction, and which may require resales to be made under available statutory exemptions or under a discretionary exemption granted by the applicable Canadian securities regulatory authority. Purchasers are advised to seek legal advice prior to any resale of the common shares.

Representations of Purchasers

By purchasing common shares in Canada and accepting delivery of a purchase confirmation a purchaser is deemed to represent to us, the selling shareholders and the dealer from whom the purchase confirmation is received that:

- the purchaser is entitled under applicable provincial securities laws to purchase the Notes without the benefit of a prospectus qualified under those securities laws as it is an "accredited investor" as defined under National Instrument 45-106 – Prospectus and Registration Exemptions,

- the purchaser is a "Canadian permitted client" as defined in National Instrument 31-103 – Registration Requirements, Exemptions and Ongoing Registrant Obligations ("NI 31-103"), or as otherwise interpreted and applied by the Canadian Securities Administrators,

- where required by law, the purchaser is purchasing as principal and not as agent,

- the purchaser has reviewed the text above under Resale Restrictions, and

- the purchaser acknowledges and consents to the provision of specified information concerning the purchase of the Notes to the regulatory authority that by law is entitled to collect the information, including certain personal information. For purchasers in Ontario, questions about such indirect collection of personal information should be directed to the Administrative Support Clerk, Ontario Securities Commission, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8 or on (416) 593-3684.

Each purchaser of securities in Canada hereby agrees that it is the purchaser's express wish that all documents evidencing or relating in any way to the sale of the securities be drafted in the English language only. *Chaque acheteur au Canada des valeurs reconnaît que c'est sa volonté expresse que tous les documents faisant foi ou se rapportant de quelque manière à la vente des valeurs mobilières soient rédigés uniquement en anglais*.

Rights of Action—Ontario Purchasers

Under Ontario securities legislation, certain purchasers who purchase a security offered by this document during the period of distribution will have a statutory right of action for damages, or while still the owner of the common shares, for rescission against us and the selling shareholders in the event that this document contains a misrepresentation without regard to whether the purchasers relied on the misrepresentation. The right of action for damages is exercisable not later than the earlier of 180 days from the date the purchaser first had knowledge of the facts giving rise to the cause of action and three years from the date on which payment is made for the common shares. The right of action for rescission is exercisable not later than 180 days from the date on which payment is made for the common shares. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against us or the selling shareholders. In no case will the amount recoverable in any action exceed the price at which the common shares were offered to the purchaser and if the purchaser is shown to have purchased the securities with knowledge of the misrepresentation, we and the selling shareholders will have no liability. In the case of an action for damages, we and the selling shareholders will not be liable for all or any portion of the damages that are proven to not represent the depreciation in value of the common shares as a result of the misrepresentation relied upon. These rights are in addition to, and without derogation from, any other rights or remedies available at law to an Ontario purchaser. The foregoing is a summary of the rights available to an Ontario purchaser. Ontario purchasers should refer to the complete text of the relevant statutory provisions.

Enforcement of Legal Rights

All of our directors and officers as well as the experts named herein and the selling shareholders may be located outside of Canada and, as a result, it may not be possible for Canadian purchasers to effect service of process within Canada upon us or those persons. All or a substantial portion of our assets and the assets of those persons may be located outside of Canada and, as a result, it may not be possible to satisfy a judgment against us or those persons in Canada or to enforce a judgment obtained in Canadian courts against us or those persons outside of Canada.

Taxation and Eligibility for Investment

Canadian purchasers of common shares should consult their own legal and tax advisers with respect to the tax consequences of an investment in the common shares in their particular circumstances and about the eligibility of the common shares for investment by the purchaser under relevant Canadian legislation.

Notice to Clients of BTG Pactual US Capital LLC (“BTG US”)

With respect to BTG US please note the following for the purposes of the international dealer exemption that is available to broker-dealers registered in a foreign jurisdiction pursuant to section 8.18(2) of NI 31-103:

1. BTG US is not registered in any jurisdiction for which it has listed an agent for service of process below in respect of activities for which the international dealer exemption is being relied upon;

2. BTG US’ head office and principal place of business is located in the State of New York, USA;

3. all or substantially all of the assets of BTG US may be situated outside of Canada;

4. there may be difficulty enforcing legal rights against BTG US because of the above; and

5. BTG US’ agent for service of legal proceedings in the provinces of Alberta, British Columbia, Ontario and Québec, respectively, for which it is relying on the international dealer exemption in NI 31-103 are:

Alberta
McCarthy Tétrault LLP
Suite 3300
421 – 7th Avenue SW
Calgary AB T2P 4K9
Attention: John Osler
Fax: (403) 260-3501

British Columbia
McCarthy Tétrault LLP
Pacific Centre
P.O. Box 10424, Suit 1300
777 Dunsmuir Street
Vancouver BC V7Y IK2
Attention: Tim McCafferty
Fax: (604) 622-5780

Ontario
Cartan Limited
Suite 5300
Toronto Dominion Bank Tower
Toronto ON M5K 1E6
Attention: Andrew Parker
Fax: (416) 868-0673

Québec McCarthy Tétrault LLP
1000 De La Gauchetière St. W.
Montréal QC H3B 0A2
Attention: Sonia Struthers
Fax: (514) 875-6246

Notice to Clients of Itaú BBA USA Securities, Inc. ("Itaú BBA")

With respect to Itaú BBA please note the following for the purposes of the international dealer exemption that is available to broker-dealers registered in a foreign jurisdiction pursuant to section 8.18(2) of NI 31-103:

1. Itaú BBA is not registered in any jurisdiction for which it has listed an agent for service of process below in respect of activities for which the international dealer exemption is being relied upon;

2. Itaú BBA head office and principal place of business is located in the State of New York in the United States of America;

3. all or substantially all of the assets of Itaú BBA may be situated outside of Canada;

4. there may be difficulty enforcing legal rights against Itaú BBA because of the above; and

5. Itaú BBA's agent for service of legal proceedings in the provinces of Alberta, British Columbia, Ontario and Québec, respectively, for which it is relying on the international dealer exemption in NI 31-103 are:

Alberta
Blake, Cassels & Graydon LLP
Attention: Pat Finnerty/ Ross Bentley
855 – 2nd Street S.W.
Suite 3500, Bankers Hall East Tower
Calgary, AB T2P 4J8

British Columbia
Blakes Vancouver Services Inc.
595 Burrard Street, P.O. Box 49314
Suite 2600, Three Bentall Centre
Vancouver, BC V7X 1L3

Ontario
Blakes Extra-Provincial Services Inc.
Suite 2800, 199 Bay Street
Toronto, ON M5L 1A9

Québec
Services Blakes Québec Inc.
600 de Maisonneuve Boulevard Ouest
Suite 2200, Tour KPMG
Montréal, QC H3A 3J2

Notice to Clients of Santander Investment Securities Inc. ("Santander")

With respect to Santander please note the following for the purposes of the international dealer exemption that is available to broker-dealers registered in a foreign jurisdiction pursuant to section 8.18(2) of NI 31-103:

1. Santander is not registered in any jurisdiction for which it has listed an agent for service of process below in respect of activities for which the international dealer exemption is being relied upon;

2. Santander's head office and principal place of business is located in the State of New York, USA;

3. all or substantially all of the assets of Santander may be situated outside of Canada;

4. there may be difficulty enforcing legal rights against Santander because of the above; and

5. Santander's agent for service of legal proceedings in the provinces of Ontario and Québec, respectively, for which it is relying on the international dealer exemption in NI 31-103 are:

Ontario
152928 Canada Inc.
c/o Stikeman Elliott LLP
5300 Commerce Court West
199 Bay Street
Toronto, Ontario M5L 1B9
Attention: President

Québec
152928 Canada Inc.
c/o Stikeman Elliott LLP
1155 Rene-Levesque Blvd., 40th Floor
Montréal, Quebec H3B 3V2
Attention: Président

UNITED STATES ERISA AND CERTAIN OTHER CONSIDERATIONS

The U.S. Employee Retirement Income Security Act of 1974, as amended ("ERISA"), imposes certain requirements on "employee benefit plans" (as defined in ERISA) subject to Title I of ERISA, including entities such as collective investment funds and separate accounts whose underlying assets include the assets of such plans ("ERISA Plans"), and on those persons who are fiduciaries with respect to ERISA Plans. Section 406 of ERISA and Section 4975 of the U.S. Internal Revenue Code of 1986, as amended, or the Code, prohibit certain transactions involving the assets of an ERISA Plan (Section 4975 of the Code also imposes prohibitions for certain plans that are not subject to Title I of ERISA but which are subject to Section 4975 of the Code, such as individual retirement accounts (together with ERISA Plans, the Plans) and certain persons (referred to as "parties in interest" or "disqualified persons") having certain relationships to Plans, unless a statutory or administrative exemption is applicable to the transaction. ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code and prohibit certain transactions involving the assets of a Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such a Plan or the management or disposition of the assets of such a Plan, or who renders investment advice for a fee or other compensation to such a Plan, is generally considered to be a fiduciary of the Plan. In considering an investment in the common shares, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Laws (as defined below) relating to a fiduciary's duties to the Plan including, as applicable, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws. No representation is made that the sale of any common shares to a Plan meets the fiduciary requirements for investments by Plans generally or any particular Plan or that such an investment is appropriate for Plans generally or any particular Plan. Neither our company, the Brazilian underwriters, the Agents nor any other party described in this offering memorandum, or their affiliates, is providing investment advice to any Plan, through this offering memorandum or otherwise, in connection with the sale of the common shares. A party in interest or disqualified person who engages in a prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and Section 4975 of the Code. Accordingly, each original or subsequent purchaser or transferee of any common share that is or may become a Plan is responsible for determining that its purchase and holding of such common share will not constitute a non-exempt prohibited transaction under ERISA or Section 4975 of the Code.

Each purchaser of the common shares (or any interest in a common share) will be deemed to represent, and where applicable will be required to represent in writing, that either (i) it is not and is not using the assets of a Plan, or a governmental plan, church plan, non-U.S. or other plan that is subject to any laws, regulations or rules that are substantially similar to Section 406 of ERISA or Section 4975 of the Code ("Similar Law") to purchase or hold our common shares or (ii) its purchase holding and disposition of the common shares is not and will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code (or, in the case of a governmental plan, church plan, non-U.S. or other plan, a violation of any Similar Law).

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN ERISA IMPLICATIONS OF AN INVESTMENT IN THE COMMON SHARES AND DOES NOT PURPORT TO BE COMPLETE. PROSPECTIVE INVESTORS SHOULD CONSULT WITH THEIR OWN LEGAL, TAX, FINANCIAL AND OTHER ADVISORS PRIOR TO INVESTING IN THE COMMON SHARES TO REVIEW THESE IMPLICATIONS IN LIGHT OF SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

SERVICE OF PROCESS AND ENFORCEMENT OF JUDGMENTS

We are incorporated under the laws of Brazil. All of our controlling shareholders and all of the directors and officers named in this offering memorandum reside in Brazil. Substantially all of our assets and those of these other persons are located outside of the United States. As a result, it may not be possible for investors to effect service of process upon us or other persons within the United States or to enforce U.S. Court judgments against us or other persons to the extent that such actions are predicated upon civil liability provisions of the federal securities laws of the United States.

In addition, under the regulations of the *Novo Mercado* listing segment of the BM&FBOVESPA, any corporate disputes must be submitted to arbitration conducted in accordance with the rules of the Market Arbitration Chamber of BM&FBOVESPA. See "Description of Capital Stock—Arbitration."

We have been advised by our Brazilian counsel, Souza, Cescon, Barrieu e Flesch Advogados, and by the Brazilian counsel to the underwriters, Tauil & Chequer Advogados, in association with Mayer Brown LLP, that, subject to the specific requirements described below, a final conclusive judgment for civil liabilities rendered by any court in the United States in respect of the common shares would be recognized in the courts of Brazil (to the extent that Brazilian courts may have jurisdiction) and such courts would enforce such judgment without reconsideration of the merits, upon confirmation of that judgment by the Brazilian Superior Court of Justice (*Superior Tribunal de Justiça*). That confirmation will occur only if the foreign judgment:

- fulfills all formalities required for its enforceability under the laws of the country where the foreign judgment is granted;
- is issued by a competent court after proper service of process on the parties, which service must be in accordance with Brazilian law if made in Brazil, or after sufficient evidence of the parties absence has been given, as established pursuant to law;
- is final and therefore not subject to appeal in the jurisdiction in which it was issued;
- is for a fixed sum;
- is authenticated by a Brazilian consular office in the country where the foreign judgment is issued (unless such authentication is waived by international treaties executed between Brazil and the country in which such competent court is located) and is accompanied by a sworn translation into Portuguese;
- is not equal to a proceeding in Brazil involving the same parties, based on the grounds and with the same object, which has been ruled by a Brazilian court; and
- is not contrary to Brazilian public policy, good morals, national sovereignty or public morality (as provided in Article 17 of Law No. 4,657/42).

Notwithstanding the foregoing, no assurance can be given that such ratification would be obtained, that the process described above could be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the United States securities laws with respect the common shares.

We also have been advised that:

- civil actions may be brought before Brazilian courts in connection with this offering memorandum predicated on the federal securities laws of the United States in Brazilian courts and that, subject to applicable law, Brazilian courts may enforce liabilities in such actions against us or the directors and officers and certain advisors named herein (provided that provisions of the federal securities laws of the United States do not contravene Brazilian public policy, good morals or national sovereignty);

- a plaintiff, whether Brazilian or not, who resides outside Brazil or is outside Brazil during the course of the litigation in Brazil and who does not own real property in Brazil must provide a judicial deposit to guarantee the payment of the defendant's legal fees and court expenses, as determined by the Brazilian judge, except in case of collection claims based on an instrument (which do not include common shares) that may be enforced in Brazilian courts without the previous review if its merit (*título executivo extrajudicial*) or counterclaims as established under the Brazilian Code of Civil Procedure; and

- any disputes or controversies relating to listing rules of *Novo Mercado*, our bylaws, the Brazilian Corporations Law, the rules established by CMN, the Central Bank, the CVM and the BM&FBOVESPA, as well as other rules applicable to Brazilian capital markets in general, must be submitted to arbitration conducted in accordance with the Rules of the Market Arbitration Chamber established by the BM&FBOVESPA, provided the dispute or controversies do not involve non-waiveable rights.

The confirmation process may be time consuming and may also give rise to difficulties in enforcing the foreign judgment in Brazil, accordingly, we cannot assure you that confirmation would be obtained, that the confirmation process would be conducted in a timely manner or that a Brazilian court would enforce a monetary judgment for violation of the securities laws of countries other than Brazil.

LEGAL MATTERS

Our Brazilian counsel as well as the selling shareholders' counsel, Souza, Cescon, Barrieu e Flesch Advogados, will pass on the validity of our common shares and certain other legal matters for us and the selling shareholders, and Tauil & Chequer Advogados associated with Mayer Brown LLP, Brazilian counsel to the Brazilian underwriters, will pass on the validity of our shares and certain other legal matters for the Brazilian underwriters. Clifford Chance US LLP, our United States counsel, as well as the selling shareholders, will pass on certain U.S. legal matters for us and the selling shareholders, and White & Case LLP, United States counsel to the Brazilian underwriters and the agents, will pass on certain U.S. legal matters for them.

INDEPENDENT AUDITORS

The financial statements of Unicasa Indústria de Móveis S.A. as of and for the years ended December 31, 2011, 2010 and 2009 included elsewhere in this offering memorandum have been audited by Ernst & Young Terco Auditores Independentes S.S., independent auditors, as stated in their report appearing herein.

INDEX TO FINANCIAL STATEMENTS

Financial Statements as of and for the years ended December 31, 2011, 2010 and 2009

Centro Empresarial Mostardeiro
Av. Mostardeiro, 322
10º Andar - Moinhos de Vento
90430-000 - Porto Alegre, RS, Brasil

Tel.: (5551) 2104-2050
Fax: (5551) 2104-2059
www.ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on financial statements in accordance with accounting practices adopted in Brazil and IFRS

Independent auditor's report on financial statements

The Shareholders, Board of Directors and Officers
UNICASA INDÚSTRIA DE MÓVEIS S.A.
Bento Gonçalves- RS

We have audited the accompanying financial statements of Unicasa Indústria de Móveis S.A. ("Company"), which comprise the balance sheets as of December 31, 2011, 2010 and 2009 and the related statements of income, changes in shareholders' equity and cash flows for the years then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion on the financial statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Unicasa Indústria de Móveis S.A. as at December 31, 2011, 2010 and 2009, its financial performance and its cash flows for the years then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

Other matters

Statements of value added

We have also audited the statements of value added for the years ended December 31, 2011, 2010 and 2009, prepared by the Company's management, the presentation of which is required by the Brazilian Corporation Law for publicly-held companies, and as supplementary information under IFRS, whereby not statement of value added presentation is required. These statements have been subject to the same auditing procedures previously described and, in our opinion, are presented fairly, in all material respects, in relation to the overall financial statements.

Porto Alegre, February 15, 2012.

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

Luis Carlos de Souza
Accountant CRC-1SC021585/O-4 S-RS

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Balance sheets
As at December 31, 2011, 2010 and 2009
(In thousands of *reais*)

	Note	2011	2010	2009
Assets				
Current assets				
Cash and cash equivalents	4	**12,131**	20,621	17,844
Restricted marketable securities		**323**	-	-
Trade accounts receivable	5	**77,833**	86,289	64,285
Inventories	6	**22,144**	23,729	17,480
Advances to suppliers		**712**	727	715
Loans granted	8	**3,524**	8,908	5,362
Prepaid expenses		**5,674**	3,550	2,774
Recoverable taxes		**1,508**	47	494
Other current assets	11	**2,097**	1,873	949
Total current assets		**125,946**	145,744	109,903
Non-current assets				
Restricted marketable securities		**-**	290	1,843
Trade accounts receivable	5	**33,022**	-	-
Loans granted	8	**8,102**	1,871	2,698
Assets held for sale	7	**6,751**	5,867	3,055
Deferred income and social contribution taxes	14	**4,428**	2,805	1,967
Recoverable taxes		**43**	51	59
Prepaid expenses		**526**	19	64
Judicial deposits	15	**1,419**	598	176
Other non-current assets	11	**636**	73	65
		54,927	11,574	9,927
Investments		**704**	404	404
Property, plant and equipment	9	**75,994**	51,430	48,535
Intangible assets	10	**630**	672	693
		77,328	52,506	49,632
Total non-current assets		**132,255**	64,080	59,559
Total assets		**258,201**	209,824	169,462

	Note	2011	2010	2009
Liabilities and shareholders' equity				
Current liabilities				
Loans and financing	12	**1,115**	557	7,386
Suppliers	13	**8,425**	5,684	4,962
Tax liabilities		**15,974**	15,515	8,757
Interest on shareholders' equity payable	16.e	**7,905**	5,780	3,234
Salaries and social charges		**4,556**	3,623	2,792
Advances from customers		**14,269**	11,904	11,256
Other current liabilities		**1,057**	985	1,071
Total current liabilities		**53,301**	44,048	39,458
Non-current liabilities				
Loans and financing	12	**5,688**	3,904	5,018
Tax liabilities		**84**	142	198
Provision for contingencies	15	**3,389**	2,128	924
Total non-current liabilities		**9,161**	6,174	6,140
Shareholders' equity	16			
Capital stock		**29,699**	29,699	29,699
Income reserves		**5,939**	129,903	94,165
Additional proposed dividends		**160,101**	-	-
Total shareholders' equity		**195,739**	159,602	123,864
Total liabilities and shareholders' equity		**258,201**	209,824	169,462

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of income
Years ended December 31, 2011, 2010 and 2009
(In thousands of *reais*)

	Note	2011	2010	2009
Net revenue from sales	21	**294,677**	288,345	224,958
Cost of products sold		**(168,792)**	(172,634)	(140,930)
Gross profit		**125,885**	115,711	84,028
Operating income (expenses)				
Selling expenses		**(42,223)**	(40,220)	(33,658)
Administrative expenses		**(16,780)**	(13,367)	(10,585)
Other operating income, net	18	**6,496**	5,071	3,937
Income before financial (expenses) income		**73,378**	67,195	43,722
Financial expenses	19	**(2,645)**	(1,375)	(1,715)
Financial income	19	**10,643**	9,765	10,096
Operating income before income and social contribution taxes		**81,376**	75,585	52,103
Income and social contribution taxes	14			
Current		**(25,207)**	(23,337)	(14,960)
Deferred		**1,623**	838	(21)
Net income for the year		**57,792**	53,086	37,122
Earnings per share –basic and diluted (R$)	17	**10.51**	9.65	6.75

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of changes in shareholders' equity
Years ended December 31, 2011, 2010 and 2009
(In thousands of *reais*)

		Income reserves		Additional		
	Capital stock	Legal reserve	Earnings reserve	proposed dividends	Retained earnings	Total
Balances at January 1, 2009	29,699	2,823	62,852	-	-	95,374
Dividends distributed (Note 16.d)	-	-	(3,032)	-	-	(3,032)
Net income for the year	-	-	-	-	37,122	37,122
Proposed allocation:						
Legal reserve (Note 16.b)	-	1,856	-	-	(1,856)	-
Interest on shareholders' equity (Note 16.d)	-	-	-	-	(5,600)	(5,600)
Retained earnings	-	-	29,666	-	(29,666)	-
Balances at December 31, 2009	29,699	4,679	89,486	-	-	123,864
Dividends distributed (Note 16.d)	-	-	(10,548)	-	-	(10,548)
Net income for the year	-	-	-	-	53,086	53,086
Proposed allocation:						
Legal reserve (Note 16.b)	-	1,260	-	-	(1,260)	-
Interest on shareholders' equity (Note 16.d)	-	-	-	-	(6,800)	(6,800)
Retained earnings	-	-	45,026	-	(45,026)	-
Balances at December 31, 2010	29,699	5,939	123,964	-	-	159,602
Dividends distributed (Note 16.d)	**-**	**-**	**(12,355)**	**-**	**-**	**(12,355)**
Net income for the year	**-**	**-**	**-**	**-**	**57,792**	**57,792**
Proposed allocation:						
Interest on shareholders' equity (Note 16.d)	**-**	**-**	**-**	**-**	**(9,300)**	**(9,300)**
Proposed additional dividends (Note 16.c)	**-**	**-**	**(111,609)**	**160,101**	**(48,492)**	**-**
Balances at December 31, 2011	**29,699**	**5,939**	**-**	**160,101**	**-**	**195,739**

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of cash flows
Years ended December 31, 2011, 2010 and 2009
(In thousands of *reais*)

	2011	2010	2009
Cash flows from operating activities			
Net income for the year	**57,792**	53,086	37,122
Adjustment to reconcile the net income to cash from operating activities:			
Deferred income and social contribution taxes	**(1,623)**	(838)	21
Depreciation	**6,853**	5,505	4,756
Amortization	**213**	219	330
Interest and foreign exchange variation	**70**	161	266
Provision for contingencies	**1,261**	1,204	(307)
Provision for obsolescence	**3**	639	166
Allowance for doubtful accounts	**2,448**	1,415	67
Disposal of property, plant and equipment	**324**	75	42
	67,341	61,466	42,463
Changes in assets and liabilities:			
Trade accounts receivable	**(26,862)**	(23,580)	(13,100)
Inventories	**1,583**	(6,888)	3,499
Recoverable taxes	**(1,453)**	455	(412)
Restricted marketable securities	**(33)**	1,553	(825)
Other current and non-current assets	**(5,087)**	(4,816)	(6,417)
Assets held for sale	**(884)**	(2,812)	(1,207)
Suppliers	**848**	722	81
Advances from customers	**2,365**	648	5,303
Tax liabilities	**(994)**	5,738	1,364
Other current and non-current liabilities	**1,005**	689	764
Net cash from operating activities	**37,829**	33,175	31,513
Cash flows from investing activities:			
Investments	**(300)**	-	(322)
Property, plant and equipment	**(29,848)**	(8,475)	(9,358)
Intangible assets	**(171)**	(198)	(310)
Net cash used in investing activities	**(30,319)**	(8,673)	(9,990)
Cash flows from financing activities			
Loans raised	**4,741**	1,765	7,044
Repayment of loans	**(2,606)**	(9,708)	(5,585)
Payment of interest on shareholders' equity	**(5,780)**	(3,234)	(5,308)
Dividends paid	**(12,355)**	(10,548)	(3,032)
Cash flow used in financing activities	**(16,000)**	(21,725)	(6,881)
Increase (decrease) in cash and cash equivalents	**(8,490)**	2,777	14,642
Changes in cash and cash equivalents			
At the beginning of the year	**20,621**	17,844	3,202
At the end of the year	**12,131**	20,621	17,844
Increase (decrease) in cash and cash equivalents	**(8,490)**	2,777	14,642

See accompanying notes.

UNICASA INDÚSTRIA DE MÓVEIS S.A.

Statements of value added
Years ended December 31, 2011, 2010 and 2009
(In thousands of *reais*)

	2011	2010	2009
Revenue from products sale, net of returns and adjustment to present value	**392,957**	380,358	302,051
Other revenues	**6,496**	5,071	3,937
Allowance for doubtful accounts	**(2,448)**	(1,415)	(67)
	397,005	384,014	305,921
Inputs acquired from third parties			
Cost of products sold	**(184,766)**	(196,556)	(162,580)
Materials, electric energy and services	**(40,845)**	(40,219)	(36,081)
Other	**(5,587)**	(6,874)	(5,651)
	(231,198)	(243,649)	(204,312)
Gross value added	**165,807**	140,365	101,609
Depreciation	**(6,853)**	(5,505)	(4,756)
Amortization	**(213)**	(219)	(330)
Gross value added generated by the Company	**158,741**	134,641	96,523
Transferred value added received			
Financial income	**10,643**	9,765	10,096
	10,643	9,765	10,096
Total value added to be distributed	**169,384**	144,406	106,619
Personnel			
Direct compensation	**(22,907)**	(18,419)	(14,017)
Benefits	**(2,108)**	(1,480)	(1,251)
Unemployment Compensation Fund (FGTS)	**(1,891)**	(1,483)	(1,353)
	(26,906)	(21,382)	(16,621)
Taxes, charges and contributions			
Federal	**(57,548)**	(46,727)	(33,434)
State	**(24,412)**	(21,549)	(17,432)
Municipality	**(80)**	(126)	(28)
	(82,040)	(68,402)	(50,894)
Debt remuneration			
Interest	**(305)**	(690)	(786)
Other	**(2,341)**	(846)	(1,196)
	(2,646)	(1,536)	(1,982)
Equity remuneration			
Interest on shareholders' equity	**(9,300)**	(6,800)	(5,600)
Retained earnings	**-**	(46,286)	(31,522)
Additional dividends proposed	**(48,492)**	-	-
	(57,792)	(53,086)	(37,122)
Total value added distributed	**(169,384)**	(144,406)	(106,619)

See accompanying notes.

1. Operations

Unicasa Indústria de Móveis S.A. (the "Company") was established in 1985 and is primarily engaged in manufacturing, importing and exporting furniture made of wood, iron, steel and aluminum, kitchen furniture and other commercial and residential furniture items.

The Company is located in the city of Bento Gonçalves, State of Rio Grande do Sul.

The Company has a broad chain of exclusive retailers and multi-brand stores in Brazil and abroad, which sell products of the following brands: "Dell Anno", "Favorita", "New" and "Telasul Madeira".

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

2. Summary of significant accounting practices

2.1 Basis for preparation and presentation of financial statements

These financial statements were prepared in accordance with accounting practices adopted in Brazil, which comprise the rules and regulations issued by the Brazilian Securities Commission (*Comissão de Valores Mobiliários*, or the "CVM") and the pronouncements, interpretations and guidance issued by the Accounting Pronouncements Committee (*Comitê de Pronunciamentos Contábeis*, or the "CPC"), and in accordance with the International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB).

The Company's financial statements for the year ended December 31, 2011 were authorized in the officers' meeting held on January 27, 2012.

The preparation of these financial statements requires the use of certain accounting estimates and judgment by the Company's management, the most significant of which are disclosed in Note 3.

The Company adopted all standards, amendments and interpretations issued by the IASB and the CPC that are effective for the financial statements for the years ended December 31, 2011, 2010 and 2009.

The Company did not acquire other companies or businesses for the years ended 2011, 2010 and 2009. There were no discontinued operations as of and for the years December 31, 2011, 2010 and 2009.

2.2 Revenue recognition

Revenue is recognized to the extent economic benefits are likely to be generated for the Company and when such amount can be reliably measured. Revenue is measured based on fair value of the consideration received, net of discounts, rebates and taxes or charges on sales. The Company assesses revenue transactions in accordance with specific criteria to determine if it is the agent or principal and has reached the conclusion that it has been performing as the principal in all its revenue contracts. The following specific criteria are also required to be met before revenue is recognized:

2. Summary of significant accounting practices (Continued)

2.2 Revenue recognition (Continued)

Product sale

Revenue from products sold is recognized when significant risks and benefits related to product ownership are transferred to the buyer, which usually takes place upon delivery.

Interest income

For all financial instruments assessed at amortized cost and bearing-interest financial instruments, classified as held to maturity, financial income or expenses are recorded using the effective interest rate, which discounts futures estimated cash payment or receipts over the estimated life of the financial instrument or a shorter period, when applicable, to the net book value of the financial asset or liability. Interest income is included in financial income, in the statements of income.

2.3 Translation of balances stated in foreign currency

These financial statements are stated in *Reais* (R$), which is the Company's functional currency. Transactions in foreign currency are initially recorded at the foreign currency exchange rate on the transaction date. Monetary assets and liabilities stated in foreign currency are translated at the foreign currency exchange rate as of balance sheet date. All differences are recorded in the income statement.

2.4 Cash and cash equivalents

Cash and cash equivalents include cash, balances in bank account, short-term investments that are readily convertible to a known amount of cash within three months or less from the date of acquisition and with insignificant risk of change in their value.

2.5 Marketable securities

The classification of marketable securities depends on the purpose for which they were acquired and are adjusted at fair value, according to the category, as described in Note 2.18. When applicable, costs directly attributable to the acquisition of a financial asset are added to the amount originally recognized.

2. Summary of significant accounting practices (Continued)

2.6 Trade accounts receivable

Trade accounts receivable are recorded at billed amount, adjusted at present value when applicable, including the corresponding direct taxes of the Company's responsibility. Trade accounts receivable from international market are translated as disclosed in Note 2.3.

If the amounts are receivable within no longer than one year, they are classified as current assets. Otherwise, they are classified as non-current.

Allowance for doubtful accounts was recorded in an amount considered sufficient by the Company's management to cover any realization losses, based on the analysis of individual balance of each customer with default risk.

2.7 Inventories

Inventories are measured at the lower of cost or net realizable value.

Costs incurred to transport each product to its current location and conditions are recorded as follows:

(i) **Raw material** - acquisition cost according to average cost.

(ii) **Finished and in-progress products** - cost of direct materials and workforce and a proportional portion of general indirect manufacturing expenses based on normal operating capacity.

Net realizable value corresponds to the sale price in the normal course of business, less estimated conclusion costs and estimated selling costs.

Provisions for slow-moving or obsolete inventory items are recorded whenever deemed necessary by the Company's Management.

2.8 Assets held for sale

Non-current assets classified as held for sale are measured based on the lower amount between book value and fair value, less selling costs. Non-current assets are classified as held for sale when their book value is recovered through a sale transaction, and not through continuous use. This condition is met when the sale is highly probable and the group of assets is available for immediate sale at their current conditions. The Company's management is committed to sell within one year as from classification date.

Once classified as held for sale, these assets are not depreciated or amortized.

2. Summary of significant accounting practices (Continued)

2.9 Property, plant and equipment

Property, plant and equipment is recorded at acquisition or construction cost. Depreciation is calculated on a straight-line basis over the asset's useful life according to the rates described in Note 9. Property, plant and equipment items 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 it is sold or when no future economic benefit is expected from its use or sale. Any gains or losses arising from the asset write-off, calculated as the difference between the net sale value and book value of the related asset, are included in profit or loss when the asset is written off.

The residual value and useful lives of the assets, as well as depreciation methods, are reviewed periodically and adjusted on a prospective basis, when necessary.

2.10 Intangible assets

Intangible assets are represented by intangible assets acquired separately, which are measured at acquisition cost upon initial recognition and then deducted from accumulated amortization. The Company's intangible assets have defined useful lives. The amortizations are calculated on a straight-line basis at the rates mentioned in Note 10.

2.11 Impairment of non-financial assets

From time to time, the Company's management reviews the net book value of assets to assess events or changes in economic, operating or technological circumstances, which may indicate deterioration or impairment. When such evidence is identified and the net book value exceeds the recoverable value, a provision for impairment is recorded by adjusting the net book value to the recoverable value.

The recoverable value of an asset or a cash generating unit is defined as the higher between the value in use or the net sales value.

In estimating the value in use of an asset, estimated future cash flows are discounted to present value at a discount rate before taxes which reflects the weighted average capital cost for the industry where the cash generating unity operates. Net sales values is determined, whenever possible, based on a firm sales agreement in an arm's length transaction, between knowledgeable and interested parties, adjusted by expenses attributable to the asset sale or, when a firm sales agreement does not exist, based on market price of an active market, or based on a price of the most recent transaction with similar assets.

At December 31, 2011, 2010 and 2009, no impairment risks were identified; accordingly, no impairment provision was recorded.

2. Summary of significant accounting practices (Continued)

2.12 Adjustment to present value of assets and liabilities

Current and non-current monetary assets and liabilities are adjusted to present value when their effect is considered material in relation to the overall financial statements. At December 31, 2011, 2010 and 2009, only the trade accounts receivable and loans granted were considered material and subject to present value adjustment. There were no other current or non-current assets and liabilities which required a present value adjustment.

The present value is calculated at the interest rate reflecting each transaction term and risk, taking into account contractual cash flows and expressed, at certain cases, implied interest rate of the respective assets and liabilities. The Company uses SELIC rate variation, since this is a benchmark rate used in this type of transaction. The present value adjustment of trade accounts receivable is recorded against gross revenue in profit or loss and the difference between the present value of a transaction and the face value of billing is considered as a financial income and will be allocated based on amortized cost method.

2.13 Provisions

General

Provisions are recognized when the Company has a present obligation, legal or not formalized, as a result from a past event, and the settlement of which is likely to require an outflow of economic benefits, and its amount can be reliably measured.

Provision for contingencies

The Company is party to various lawsuits and administrative proceedings. Provisions are recorded for all lawsuit-related litigations, when the settlement of which is likely to generate an outflow of economic benefits, and whose amounts can be reliably measured. Assessing the likelihood of losses includes assessing available evidence, law hierarchy, precedents, most recent court decisions and significance in the legal structure, as well as an assessment from outside legal advisors. Provisions are reviewed and adjusted to consider changes in circumstances, such as applicable prescription period, tax inspection conclusions or additional exposures identified based on new matters or court decisions.

2. Summary of significant accounting practices (Continued)

2.14 Taxation

Tax on sales

Revenues, expenses and assets are recognized net of taxes on sales, except when:

- taxes on sales incurred on purchase of assets or services are not recoverable from the tax authorities. In this case, taxes on sales are recognized as part of the acquisition cost of the asset or expensed, as the case may be;
- amounts receivable and payable are stated together with taxes on sales; and
- the value net of taxes on sales, either recoverable or payable, are included as components in the amounts receivable or payable in the balance sheet.

Revenues from sales are subject to the following taxes and contributions, at the following rates:

	Rates
State value-added tax (ICMS)	7.00% to 17.00%
Federal value-added tax (IPI)	5.00% to 10.00%
Tax on gross revenue for social security financing (COFINS)	7.60%
Tax on gross revenue for social integration program (PIS)	1.65%

Revenues from sales are stated in the statements of income for the year, net of these taxes. Credits arising from non-cumulative PIS/COFINS are recorded in the cost of products sold.

Current income and social contribution taxes

Current tax assets and liabilities are measured at expected recoverable value or payable to the tax authorities, and are stated as current assets or liabilities, according to their expected realization and/or settlement. Tax rates and tax laws used in the calculation are those in force or substantially in force at the balance sheet date.

Deferred income and social contribution taxes

Deferred taxes are recorded for temporary differences at the balance sheet date, between tax assets and liabilities and their corresponding book values.

Deferred taxes are recognized for all deductible temporary differences, to the extent it is probable that a taxable profit will be available against which the deductible temporary differences, except when the deferred tax assets or liabilities relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor the taxable profit or loss.

2. Summary of significant accounting practices (Continued)

2.14 Taxation (Continued)

Deferred tax assets are reviewed at each reporting date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred taxes are recognized as non-current assets or liabilities and are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted at the reporting date.

At December 31, 2011, 2010 and 2009, the Company did not have net operating tax losses carryforward.

2.15 Other employee benefits

Benefits granted to the Company's employees and management members include, in addition to a fixed compensation (salaries and social security contributions, vacation pay and 13th monthly salary pay), variable compensation, such as profit sharing, health care plan, education allowance and medical care. These benefits are recorded in the profit or loss for the year on an accrual basis, as incurred.

2.16 Earnings per share

The Company calculates its basic and diluted earnings per share using the weighted average number of common shares outstanding over the corresponding period.

2.17 Statements of cash flows and value added

The statements of cash flow were prepared under the indirect method and are presented in accordance with CPC 03 – Statement of Cash Flows, issued by the CPC. The statements of value added were prepared in accordance with CPC 09 and is presented as supplementary information, since Brazilian Corporation Law requires it only for publicly-held companies.

2. Summary of significant accounting practices (Continued)

2.18 Financial instruments – Initial recognition and subsequent measurement

Initial recognition and measurement

Financial instruments are initially recorded at fair value, plus transaction costs directly attributable to their acquisition or issuance, except for financial assets and liabilities classified at fair value through profit or loss, where such costs are recorded directly to results for the year.

The main financial assets recognized by the Company are: cash and cash equivalents, trade accounts receivable, loans granted to customers and restricted marketable securities. These assets were classified as financial assets at fair value through profit and loss, held to maturity investments or loans and receivables.

The main financial liabilities are: accounts payable to suppliers, loans and financing and other liabilities. These instruments are measured at amortized cost.

Subsequent measurement

These financial instruments are subsequently measured at each balance sheet date according to their classification into the following financial assets and liabilities categories: at fair value through profit or loss, held to maturity investments, loans and receivables, loans and borrowings.

The Company's financial assets and liabilities were classified into the following categories:

Financial assets measured at fair value through profit or loss

Financial instruments are classified at fair value through profit or loss if held for trading, upon initial recognition. They are classified as held for trading if originated to be sold or repurchased in the short term. At each balance sheet date, are measured at fair value. Interest, monetary indexation, foreign exchange variation and variations arising from measurement at fair value are recognized in the statement of income, as incurred.

Held to maturity investments

Non-derivative financial assets with payments that are fixed or subject to determination and with fixed maturity are classified as held to maturity when the Company has expressed its intention and financial capacity to hold them to maturity. After initial recognition, investments held to maturity are measured at amortized cost using the effective interest rate method, less impairment losses. Amortized cost is calculated considering any discount or premium on acquisition and charges or costs incurred. Effective interest amortization is recorded as financial income, in the statement of income. Impairment losses are recognized as financial expenses in statement of income.

2. Summary of significant accounting practices (Continued)

2.18 Financial instruments – Initial recognition and subsequent measurement (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets, with payments that are fixed or subject to determination, not quoted in an active market. After their initial measurement, these financial assets are recorded at amortized cost, using the effective interest rate method (effective interest rate), less impairment losses. Amortized cost is calculated considering any discount or premium on acquisition and charges or costs incurred. Effective interest amortization is recorded as financial income in the statement of income. Impairment losses are recognized as financial expenses in the statement of income.

Loans and borrowings

After their initial recognition, loans and borrowings subject to interest are subsequently measured at amortized cost, using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized, as well as through the effective interest rate method amortization process.

2.19 Segment information

The Company's operations are related to developing, manufacturing and selling furniture (modular system) as well as providing furniture-related services for both the domestic and international markets, which are organized in a single operating segment. While its products are sold by specific sales channels, according to their category, the Company manages and controls them on an integrated basis; and its operating results are also monitored and assessed on an integrated basis.

2.20 Lease agreements

The Company entered into an operating lease agreement for an aircraft, which is recognized as an expense on a systematic basis, representing the period for which the benefit on the leased asset item is obtained, even if such payments are not made on such basis. For the year ended December 31, 2011, the lease expenses totaled R$ 1,561 (2010: R$ 1,258, 2009: R$ 2,032), which were fully reimbursed by the shareholders for the use of the referred to equipment.

2. Summary of significant accounting practices (Continued)

2.21 Prospective accounting changes, new pronouncements and interpretations not yet adopted

Some new accounting procedures issued by the IASB and interpretations from the IFRIC were published and/or reviewed and are optional or mandatory for the years beginning January 1, 2012 or 2013. The Company's management assessed the requirements of these new pronouncements and interpretations and concluded that there will be no material impact on the Company's financial statements. Following is a summary of these new pronouncements and interpretations:

Optional or mandatory adoption for the years beginning at January 1, 2012 or 2013:

- IAS 1 *Financial Statements Presentation – Presentation of Items of Other Comprehensive Income* – The amendments to IAS 1 change the grouping of items presented in other comprehensive income and generates the need for separating items that could be reclassified (or "recycled") to profit or loss at a future point in time from items that will never be reclassified. The Company does not expect that this amendment will impact its financial statements.

- IAS 12 *Income Taxes – Recovery of Underlying Assets*. This amendment clarified the determination of deferred tax on investment property measured using the fair value model in IAS 40. The Company does not expect that this amendment will impact its financial statements.

- IAS 19 *Employee Benefits (Amendment)* – The amendment of this standard approaches aspects related to the accounting and disclosure of employee benefits. The Company does not expect that this amendment will impact its financial statements.

- IAS 27 *Separate Financial Statements (as revised in 2011)* – As a consequence of the new IFRS 10 and IFRS 12, what remains of IAS 27 is limited to accounting of subsidiaries, jointly-controlled entities and associates in separate financial statements. The amendment does not apply to the Company.

2. Summary of significant accounting practices (Continued)

2.21 Prospective accounting changes, new pronouncements and interpretations not yet adopted (Continued)

- IAS 28 *Investments in Associates and Joint Ventures (as revised in 2011)* – As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed to IAS 28 *Investments in Associates and Joint Ventures*, and describes the application of the equity method to investments in joint ventures in addition to associates. The amendment does not apply to the Company.

- IFRS 7 *Financial Instruments: Disclosures – Enhanced Derecognition Disclosures* – This amendment requires additional disclosures about financial assets that have been transferred but not derecognized to enable the user of the Company's financial statements to understand the relationship with those assets that were not derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the Company's continuing involvement in those derecognized assets. The Company will assess whether or not this amendment will impact its financial statements. Based on preliminary assessments, the Company's management does not expect any relevant impact on its financial statements.

Optional or mandatory adoption for the years beginning at January 1, 2013:

- *IFRS 9 Financial Instruments – Classification and Measurement* - IFRS 9 as issued reflects the first phase of the work on the replacement of IAS 39. IFRS 9 uses a simple approach to determine whether a financial asset is measured at amortized cost or fair value. The new approach is based on how the entity manages its financial instruments (its business model) and the contractual cash flow characteristic of the financial assets. The standard also requires adoption of a single method to determine impairment losses. This standard is effective for annual periods beginning on of after January 1, 2013.

- IFRS 10 – *Consolidated financial statements* - This introduces a new definition of control, which is used to determine which entities are consolidated, and also describes the consolidation procedures. This standard does not amend the consolidation method, but introduces a new definition of control and consequently the investments that should be consolidated in accordance with the new evaluation criteria (i.e. control on relevant activities). This standard does not apply to the Company.

2. Summary of significant accounting practices (Continued)

2.21 Prospective accounting changes, new pronouncements and interpretations not yet adopted (Continued)

- IFRS 11 *Joint Arrangements* - This standard describes the accounting of investments under common control; the proportional consolidation is not allowed for investments in joint ventures. Currently, IFRS allow the proportional consolidation of joint ventures, or under the equity pickup method. The proportional consolidation will no longer be allowed after the adoption of IFRS 11. This standard does not apply to the Company.

- IFRS 12 *Disclosure of Involvement with Other Entities* - This standard introduces new disclosure requirements related to entity's interests in subsidiaries, joint arrangements, associates and structured entities. This standard will not impact the record or measurement of the investments; however, the Company expects that certain additional disclosures may be necessary in order to fully meet the disclosure requirements of this standard.

- IFRS 13 *Fair Value Measurement* - This standard provides new guidance on fair value measurement. This standard does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company's management will assess the impact of this new IFRS on its fair value measurement and disclosure policies and procedures.

There are no other interpretations or standards under evaluation by the IASB that may cause any impacts in the Company's financial statements.

The Company did not adopt, in advance, any of these new pronouncements, since they still do not have corresponding standards issued by the CPC.

3. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires that management makes judgment and estimates and adopt assumptions that affect those figures reported as revenues, expenses, assets and liabilities, as well as contingent-liability disclosures, as of the date of the financial statements. Nevertheless, the uncertainty related to these assumptions and estimates could lead to results that would require a significant adjustment to the book value of the affected asset or liability in future periods.

Estimates and assumptions

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

Provision for contingencies: Assessing the likelihood of losses includes assessing available evidence, law hierarchy, precedents, most recent court decisions and significance in the legal structure, as well as an assessment from the outside legal counsels. Provisions are reviewed and adjusted to consider changes in circumstances, such as applicable prescription period, tax inspection conclusions or additional exposures identified based on new matters or court decisions.

***Impairment of non-financial assets*:** An impairment loss exists when the book value of an asset or cash generating unit exceeds its recoverable value, which is the higher between the fair value less costs to sell or value in use. Fair value less costs to sell is calculated based on information available for similar asset sale transactions or market prices less additional costs to dispose of the asset. Value in use is calculated based on the discounted cash flow model. Cash flows derive from budget for the following five years and include no restructuring activities to which the Company is not yet committed or significant investments that may improve the asset base of the cash generating unit subject to the impairment test. The recoverable value is sensitive to the discount rate used under the discounted cash flow method, as well as expected future cash receipts, and to the growth rate used in the estimate.

(In thousands of reais, unless otherwise indicated)

3. Significant accounting judgments, estimates and assumptions (Continued)

Taxes: There are uncertainties related to the interpretation of complex tax regulations and to the amount and time of future taxable income. Given the international business relationship aspect, as well as non-current and complex nature of existing contractual instruments, differences between taxable profit and assumptions adopted, or future changes in such assumptions, could require future adjustments to tax income or expenses already recorded. The Company recorded provisions, based on applicable estimates, for possible consequences of audits conducted by tax authorities of jurisdictions where it operates. The amount of these provisions is based on various factors, such as previous tax audit experiences and different tax ruling interpretations by the taxable entity and relevant tax authorities. These interpretation differences may arise for various matters, depending on conditions effective in the corresponding domicile of the Company.

Settlement of transactions involving these assumptions may result in amounts significantly different from those recorded in the Company's financial statements due to inaccuracies inherent to their determination process. The Company reviews its estimates and assumptions at least on a quarterly basis.

4. Cash and cash equivalents

	2011	**2010**	**2009**
Cash and banks	**1,261**	701	835
Short-term investments			
Bank Certificates of Deposit (CDB)	**10,870**	19,920	17,009
	12,131	20,621	17,844

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

Short-term investments are made at first-tier banks (among the 10 largest Brazilian financial institutions), with interest linked to the Interbank Certificate of Deposit Index, the "CDI" (approximately 101.5% of CDI).

(In thousands of reais, unless otherwise indicated)

5. Trade accounts receivable

	2011	2010	2009
Domestic market			
Third parties	**109,254**	84,189	64,149
Related parties (Note 20)	**99**	466	454
International market			
Third parties	**2,219**	2,549	1,461
Checks receivable	**7,915**	2,940	1,423
	119,487	90,144	67,487
(-) Allowance for doubtful accounts	**(5,069)**	(2,621)	(1,206)
(-) Present value adjustment	**(3,563)**	(1,234)	(1,996)
	110,855	86,289	64,285
(-) Current	**(77,833)**	(86,289)	(64,285)
Non-current	**33,022**	-	-

At December 31, 2011, 2010 and 2009, average receipt terms were 45, 34 and 39 days, respectively.

Changes in allowance for doubtful accounts are as follows:

	2011	2010	2009
Balance at beginning of period	**(2,621)**	(1,206)	(1,139)
Additions	**(2,448)**	(1,415)	(67)
Recovery	**-**	-	-
Balance at end of period	**(5,069)**	(2,621)	(1,206)

At December 31, 2011, 2010 and 2009, the breakdown of trade accounts receivable by maturity was as follows:

	2011	2010	2009
Undue	**107,773**	39,573	34,075
Overdue:			
From 1 to 30 days	**4,473**	7,262	9,102
From 31 to 60 days	**1,885**	8,679	5,717
From 61 to 90 days	**1,101**	3,284	2,366
From 91 to 180 days	**1,428**	10,965	6,640
Over 181 days	**2,827**	20,381	9,587
	119,487	90,144	67,487

At December 31, 2010, a significant portion of the overdue balance of trade accounts receivable was under negotiation. During 2011, these negotiations were concluded. The amounts are being settled in accordance with the payment schedule agreed with those customers.

(In thousands of reais, unless otherwise indicated)

6. Inventories

	2011	2010	2009
Finished products	**15**	82	60
Products in progress	**3,514**	4,571	3,912
Products for resale	**509**	354	389
Raw materials	**14,397**	14,918	9,757
Packing materials	**236**	191	210
Intermediate materials	**2,979**	2,905	2,316
Advances to suppliers	**258**	674	209
Sundry materials	**1,303**	1,098	1,052
Provision for obsolescence	**(1,067)**	(1,064)	(425)
	22,144	23,729	17,480

Changes in provision for obsolescence are as follows:

	2011	2010	2009
Balance at the beginning of the period	**(1,064)**	(425)	(259)
Additions	**(3)**	(639)	(166)
Recovery	**-**	-	-
Balance at the end of the period	**(1,067)**	(1,064)	(425)

7. Assets held for sale

At December 31, 2011, the amount of R$ 6,751 (2010: R$ 5,867 and 2009: R$ 3,055) was comprised substantially by land, apartments and other real estate properties received in negotiations with customers, which are available for immediate sale. The Company has an agreement with specialist brokers for sale of real estate properties, and believes that it will be able to realize the sale of these assets in the short term. The amounts are held at acquisition cost and are lower than their market value.

8. Loans granted

	2011	2010	2009
Current assets	**3,524**	8,908	5,362
Non-current assets	**8,102**	1,871	2,698
Loans granted	**11,626**	10,779	8,060

The Company granted loans to its customers to finance the expansion of authorized and exclusive retailers. The loans bear fixed interest of approximately 7.71% per year. The Company has letters of credit from the owners of the stores and first degree mortgage guarantees, as guarantee for the loans granted.

The Company provides sureties to bank financing obtained by the exclusive retailers. At December 31, 2011, the balance of the guaranteed provided totaled R$ 4,831 (2010: R$ 885 and 2009: R$ 1,843).

(In thousands of reais, unless otherwise indicated)

9. Property, plant and equipment

Cost	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
Balance at January 1, 2009	1,159	8,662	1,043	963	40,071	41	844	3,434	7,702	2,135	66,054
Acquisitions	219	51	1,677	3	293	30	727	348	4,099	1,911	9,358
Write-offs	-	-	-	-	(283)	(27)	(1)	-	-	-	(311)
Transfers	-	6,136	401	-	2,493	-	-	-	(6,895)	(2,135)	-
Balance at December 31, 2009	1,378	14,849	3,121	966	42,574	44	1,570	3,782	4,906	1,911	75,101
Acquisitions	-	-	-	22	5,947	28	183	599	108	1,588	8,475
Write-offs	-	-	-	-	(403)	-	(4)	(316)	-	-	(723)
Transfers	-	-	-	-	1,923	-	-	-	(12)	(1,911)	-
Balance at December 31, 2010	1,378	14,849	3,121	988	50,041	72	1,749	4,065	5,002	1,588	82,853
Acquisitions	**-**	**34**	**179**	**1,877**	**25,646**	**-**	**385**	**367**	**1,608**	**1,645**	**31,741**
Write-offs	**-**	**-**	**-**	**-**	**(1,129)**	**-**	**(26)**	**(554)**	**-**	**-**	**(1,709)**
Transfers	**-**	**-**	**-**	**873**	**1,681**	**-**	**-**	**-**	**(966)**	**(1,588)**	**-**
Balance at December 31, 2011	**1,378**	**14,883**	**3,300**	**3,738**	**76,239**	**72**	**2,108**	**3,878**	**5,644**	**1,645**	**112,885**

Accumulated depreciation	Land	Buildings	Improvements	Facilities	Machinery and equipment	Vehicles	Furniture and fixtures	IT equipment	Construction in progress	Advances	Total
Balance at January 1, 2009	-	(2,702)	(154)	(136)	(16,111)	(21)	(444)	(2,511)	-	-	(22,079)
Depreciation	-	(453)	(77)	(39)	(3,680)	(2)	(97)	(408)	-	-	(4,756)
Write-offs	-	-	-	-	267	1	1	-	-	-	269
Balance at December 31, 2009	-	(3,155)	(231)	(175)	(19,524)	(22)	(540)	(2,919)	-	-	(26,566)
Depreciation	-	(545)	(125)	(39)	(4,284)	(9)	(149)	(354)	-	-	(5,505)
Write-offs	-	-	-	-	344	-	4	300	-	-	648
Balance at December 31, 2010	-	(3,700)	(356)	(214)	(23,464)	(31)	(685)	(2,973)	-	-	(31,423)
Depreciation	**-**	**(546)**	**(130)**	**(85)**	**(5,519)**	**(11)**	**(167)**	**(395)**	**-**	**-**	**(6,853)**
Write-offs	**-**	**-**	**-**	**-**	**817**	**-**	**19**	**549**	**-**	**-**	**1,385**
Balance at December 31, 2011	**-**	**(4,246)**	**(486)**	**(299)**	**(28,166)**	**(42)**	**(833)**	**(2,819)**	**-**	**-**	**(36,891)**
Net book value											
Balance at January 1, 2009	1,159	5,960	889	827	23,960	20	400	923	7,702	2,135	43,975
Balance at December 31, 2009	1,378	11,694	2,890	791	23,050	22	1,030	863	4,906	1,911	48,535
Balance at December 31, 2010	1,378	11,149	2,765	774	26,577	41	1,064	1,092	5,002	1,588	51,430
Balance at December 31, 2011	**1,378**	**10,637**	**2,814**	**3,439**	**48,073**	**30**	**1,275**	**1,059**	**5,644**	**1,645**	**75,994**

Depreciation is calculated on a straight-line basis considering the assets' useful lives. The depreciation rates considering the remaining useful lives are as follows:

	Useful life - weighted average	Depreciation - weighted average rate
Buildings	25 years	4%
Improvements	25 years	4%
Facilities	10 years	10%
Machinery and equipment	10 years	10%
Vehicles	5 years	20%
Furniture and fixtures	10 years	10%
IT equipment	5 years	20%

(In thousands of reais, unless otherwise indicated)

10. Intangible assets

Net balance	Software	Brands and patents	Total
At January 1, 2009	605	108	713
Acquisitions	282	28	310
Amortization	(314)	(16)	(330)
At December 31, 2009	573	120	693
Acquisition	193	5	198
Amortization	(202)	(17)	(219)
At December 31, 2010	564	108	672
Acquisitions	139	32	171
Amortization	(195)	(18)	(213)
At December 31, 2011	**508**	**122**	**630**

The Company maintains intangible assets at acquisition cost, using the amortization rates described below:

	Annual amortization rates
Software	20%
Brands and patents	10%

11. Other assets

	2011	2010	2009
Recovery of expenses (a)	**1,383**	677	465
Other	**1,350**	1,269	549
Total	**2,733**	1,946	1,014
Current assets	**(2,097)**	(1,873)	(949)
Non-current assets	**636**	73	65

(a) Refers mainly to expenses realized by the Company for marketing campaigns, which are reimbursable by the retailers.

(In thousands of reais, unless otherwise indicated)

12. Loans and financing

	Index	Interest Rate	Maturity	2011	2010	2009
Working capital						
Banco Votorantim	Long-term interest rate (TJLP)	2.50% p.y.	**06/16/2014**	**2,788**	4,461	12,404
Banco Santander - BNDES	-	9% p.y.	**06/15/2013**	**4,015**	-	-
				6,803	4,461	12,404
Total current liabilities				**(1,115)**	(557)	(7,386)
Total non-current liabilities				**5,688**	3,904	5,018

As at December 31, 2011, 2010 and 2009, the long-term payable amounts were as follows:

Maturity	2011	2010	2009
2011	-	-	1,434
2012	-	1,561	1,434
2013	**5,130**	1,561	1,434
2014	**558**	782	716
	5,688	3,904	5,018

The Company's controlling shareholders provided sureties on the loans and financing.

At December 31, 2011, the Company had R$ 5,500 of undrawn credit facilities available and approved by financial institutions.

The Company's loans and financing do not have covenant clauses.

13. Suppliers

The breakdown of suppliers as at December 31, 2011, 2010 and 2009 was as follows:

	2011	2010	2009
Domestic market			
Inputs	**2,842**	4,428	3,827
Sundry material	**559**	487	352
Services	**3,131**	769	783
Total domestic market	**6,532**	5,684	4,962
Foreign market			
Property, plant and equipment	**1,893**	-	-
Total foreign market	**1,893**	-	-
Total domestic and foreign markets	**8,425**	5,684	4,962

(In thousands of reais, unless otherwise indicated)

14. Income and social contribution taxes

Amounts stated in the profit or loss

The breakdown of income and social contribution tax expenses for the years ended December 31, 2011, 2010 and 2009 was as follows:

	2011	**2010**	**2009**
Current income and social contribution taxes:			
Current income and social contribution tax expenses	**(25,207)**	(23,337)	(14,960)
Deferred income and social contribution taxes:			
Related to temporary differences	**1,623**	838	(21)
Income and social contribution tax expense in the profit or loss	**(23,584)**	(22,499)	(14,981)

Reconciliation of income taxes expenses

Reconciliation of income taxes expenses for the years ended December 31, 2011, 2010 and 2009 was as follows:

	2011		**2010**		**2009**	
	Income tax	**Social contribution tax**	**Income tax**	**Social contribution tax**	**Income tax**	**Social contribution tax**
Income before income taxes	**81,376**	**81,376**	75,585	75,585	52,103	52,103
Income and social contribution taxes at nominal rates of 25% and 9%, respectively	**(20,344)**	**(7,324)**	(18,896)	(6,803)	(13,026)	(4,689)
Adjustments to effective tax rate						
Interest on shareholders' equity (tax deductible dividend)	**2,325**	**837**	1,700	612	1,400	504
Permanent exclusions / additions	**132**	**(190)**	104	(164)	20	(114)
Tax incentive for deduction of corporate income tax (PAT)	**50**	**-**				
Income tax - surtax	**24**	**-**	24	-	24	-
Tax grants (technological innovation)	**666**	**240**	679	245	662	238
Amounts recorded in the statements of income	**(17,147)**	**(6,437)**	(16,389)	(6,110)	(10,920)	(4,061)
Total income and social contribution taxes	**(23,584)**		(22,499)		(14,981)	
Effective tax rate	**21%**	**8%**	22%	8%	21%	8%

(In thousands of reais, unless otherwise indicated)

14. Income and social contribution taxes (Continued)

Deferred income and social contribution taxes

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

	Balance sheet			Profit or loss		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**
Income tax						
Allowance for doubtful accounts (*)	**1,046**	514	163	**532**	351	(2)
Provision for adjustment of inventories	**-**	-	29	**-**	(29)	(78)
Provision for obsolescence of inventories	**267**	266	106	**1**	160	41
Provision for commissions	**59**	94	98	**(35)**	(4)	98
Provision for investment losses	**31**	31	31	**-**	-	-
Provision for contingencies	**847**	532	280	**315**	252	(288)
Other temporary provisions	**(3)**	287	212	**(290)**	75	212
Present value adjustment	**981**	309	499	**672**	(190)	1
Total	**3,228**	2,033	1,418	**1,195**	615	(16)
Social contribution						
Allowance for doubtful accounts (*)	**376**	185	59	**191**	126	-
Provision for adjustment of inventories	**-**	-	10	**-**	(10)	(28)
Provision for obsolescence of inventories	**96**	96	38	**-**	58	15
Provision for commissions	**21**	35	36	**(14)**	(1)	36
Provision for investment losses	**50**	50	50	**-**	-	-
Provision for contingencies	**305**	208	100	**97**	108	(105)
Other temporary provisions	**(1)**	87	76	**(88)**	11	76
Present value adjustment	**353**	111	180	**242**	(69)	1
Total	**1,200**	772	549	**428**	223	(5)
	4,428	2,805	1,967	**1,623**	838	(21)

* Part of the allowance for doubtful accounts met the tax criteria for deduction, was already considered tax deductible. As a result, the Company only records deferred income and social contribution taxes on the portion not considered tax deductible.

(In thousands of reais, unless otherwise indicated)

15. Provision for contingencies

I) Provision

The Company is defendant in certain labor, civil and tax claims. The provision for estimated losses was recorded based on the opinion of its legal advisors, in an amount considered sufficient to cover probable losses that may occur on unfavorable court decisions.

At December 31, 2011, 2010 and 2009, the provision for contingencies is comprised as follows:

	2011	2010	2009
Provision for labor claims (a)	**1,190**	1,582	361
Provision for tax claims(b)	**1,632**	-	-
Provision for civil claims (c)	**567**	546	563
	3,389	2,128	924

(a) These procedures mainly refer to claims for overtime, health and risk premiums, among others. None of them have individually significant amounts.
(b) These procedures mainly refer to IPI and INSS taxes.
(c) These procedures refer to store owners and end consumers, where the Company has joint liabilities. None of them have individually significant amounts.

At December 31, 2011, labor and civil proceedings with the likelihood of possible loss totaled R$ 1,268 and R$ 3,618, respectively. There was no procedure individually representing a significant portion of the respective balance. The Company has been legally contesting a tax notice referring to the offsetting of Federal VAT (IPI) tax credits amounting to R$ 6,198, which the likelihood of loss is considered possible by the Company's legal counsel; accordingly, the Company did not recorded any provision.

Changes in provision for contingencies are as follows:

	2011	2010	2009
At the beginning of the year	**2,128**	924	1,231
Additions	**1,261**	1,204	-
Recovery / reversal	**-**	-	(307)
At the end of the year	**3,389**	2,128	924

(In thousands of reais, unless otherwise indicated)

15. Provision for contingencies (Continued)

II) Judicial deposits

The Company maintains judicial deposits related to various legal, tax and civil proceedings, and are comprised as follows:

	2011	2010	2009
Labor	**82**	184	176
Tax	**695**	-	-
Civil	**642**	414	-
	1,419	598	176

16. Shareholders' equity

a) Capital stock

At December 31, 2011, 2010 and 2009, the Company's fully subscribed and paid-in capital totaled R$ 29,699, comprised by 5,499,900 common shares of R$ 5.40 each.

b) Legal reserve

The legal reserve is recorded in compliance with the Brazilian Corporation Law and the Company's By-Laws, based on 5% of net income for each year, limited to 20% of the capital stock. The balance at December 31, 2011 totaled R$ 5,939 (2010: R$ 5,939 and 2009: R$ 4,679).

c) Earnings reserve

Earnings reserve was recorded for future investments of the Company. At December 31, 2010, the earnings reserve totaled R$ 123,964. In 2011, the shareholders decided to pay R$ 12,355 in dividends, decreasing the earnings reserve balance to R$ 111,609. The Company's management will propose to the Ordinary Shareholders' Meeting, that will approve the financial statements for the year ended December 31, 2011, to distribute the remaining balance of R$ 111,609 and undistributed profits amounting to R$ 48,492 in 2011, as additional dividends, totaling the amount of R$ 160,101.

(In thousands of reais, unless otherwise indicated)

16. Shareholders' equity (Continued)

d) Dividends and interest on shareholders' equity

Dividends

In accordance with the Company's By-Laws, the minimum mandatory dividends is calculated at a 5% of the adjusted net income for the year after statutory reserves are recorded. The Company may include interest on shareholders' equity to the account of minimum mandatory dividends.

The Ordinary Shareholders' Meeting held on April 29, 2011 approved the payment of additional dividends for the year ended December 31, 2011 of R$ 655.

During the year ended December 31, 2011, the Company paid, in advance, dividends of R$ 11,700, which will be confirmed in the Ordinary Shareholders' Meeting, which will approve the financial statements for the year ended December 31, 2011.

Interest on shareholders' equity

In compliance with Law No. 9249/95, the Company calculated interest on shareholders' equity based on the long-term interest rate (TJLP). The interest on shareholders' equity at December 31, 2011 totaled R$ 9,300 (2010: R$ 6,800 and 2009: R$ 5,600). The amount computed was recorded as financial expenses and reversed in a specific account and is not stated in the statement of income, except for the tax impacts recognized under Income and Social Contribution Taxes.

Dividends and interest on shareholders' equity

The amount distributed to the shareholders was deduced from the income and social contribution tax computation, and the tax benefit arising from such deduction amounted to R$ 3,162 in 2011 (R$ 2,312 in 2010, and R$ 1,904 in 2009).

	2011	2010	2009
Tax base			
Net income for the year	**57,792**	53,086	37,122
Legal reserve	**-**	(1,260)	(1,856)
	57,792	51,826	35,266
Total interest on shareholders' equity (gross)	**9,300**	6,800	5,600
Total interest on shareholders' equity, net of withholding income tax (15%)	**7,905**	5,780	4,760
Dividends paid	**12,355**	10,548	3,032
	20,260	16,328	7,792
Percentage on the dividend base	**35%**	32%	22%
Total per share in *reais*	**3.68**	2.97	1.42

17. Earnings per share

Basic earnings per share are calculated by dividing net income for the year, attributed to Company's common shareholders, by the weighted average number of common shares outstanding for the year. The Company does not have preferred shares.

There is no difference between calculating basic and diluted earnings per share, given the inexistence of potential diluted shares. The following table presents the basic and diluted earnings per share calculation:

	2011	2010	2009
Net income for the year	**57,792**	53,086	37,122
Weighted average number of shares (in thousands)	**5,499**	5,499	5,499
Earnings per share – basic and diluted (R$)	**10.51**	9.65	6.75

There were no other transactions involving common or potential common shares between the balance sheet date and the completion date of these financial statements.

18. Other operating income, net

	2011	2010	2009
Operating expenses			
Losses on the sale of property, plant and equipment	**(76)**	(6)	(7)
	(76)	(6)	(7)
Operating income			
Gains on the sale of property, plant and equipemtn	**92**	10	9
Bank premium*	**4,625**	2,556	2,356
Other	**1,855**	2,511	1,579
	6,572	5,077	3,944
Other operating income, net	**6,496**	5,071	3,937

* Refers to amounts received from financial institutions as per the volume of financing made through the Company's retailers.

19. Financial (expenses) income, net

	2011	2010	2009
Financial expenses			
IOF (tax on bank transactions) and bank fees	**(797)**	(575)	(490)
Interest on loans and financing	**(305)**	(633)	(786)
Present value adjustment	**(1,335)**	-	-
Foreign exchange variation	**(162)**	(96)	(415)
Other financial expenses	**(46)**	(71)	(24)
	(2,645)	(1,375)	(1,715)
Financial income			
Interest received	**2,733**	2,837	1,572
Discounts obtained	**325**	119	146
Short-term investments earnings	**1,996**	1,858	1,040
Foreign exchange gains	**973**	95	282
Present value adjustment	**3,989**	4,226	6,626
Other financial income	**627**	630	430
	10,643	9,765	10,096
Financial (expenses) income, net	**7,998**	8,390	8,381

(In thousands of reais, unless otherwise indicated)

20. Related-party transactions

During the years ended December 2011, 2010 and 2009, the Company carried out the following transactions with related parties:

	2011	2010	2009
Current assets			
Trade accounts receivable			
Telasul S.A.	**99**	466	454
Other related parties (a)	**952**	1,138	402
Total assets	**1,051**	1,604	856
Current liabilities			
Management fees (b)	**-**	146	117
Payables for purchases - Telasul S.A. (c)	**-**	5	357
Total liabilities	**-**	151	474
Statements of income			
Sales			
Telasul S.A.	**622**	1,007	1,439
Other related parties (b)	**-**	34	194
	622	1,041	1,633
Purchases			
Telasul S.A.	**15,548**	18,200	20,174
	15,548	18,200	20,174

(a) Represented by transactions with shareholders.
(b) Included in other accounts payable under current liabilities.
(c) Included in suppliers.

Transactions involving the Company and the related party, Telasul S.A., refers to purchase of inputs (aluminum doors, aluminum profiles and metal accessories) used in the production process for manufacturing of modular furniture. Unicasa also sells various finished products to Telasul S.A. (office furniture, modular furniture, among others), as well as wood scraps. Transactions are made at market price with an average purchase and sale term of seven days.

As mentioned in Note 2.20, the Company maintains the lease of one aircraft. For the year ended December 31, 2011, the lease expenses totaled R$ 1,561 (R$ 1,258 in 2010, R$ 2,032 in 2009). The use of this aircraft was fully reimbursed by the shareholders.

<u>Company's transaction terms and conditions</u>

Telasul S.A. is controlled by the same shareholders of the Company. Balances outstanding at year end are not secured, and will be settled in cash within terms similar to third-party transactions. No guarantees were provided or received in relation to any related-party receivables or payables.

(In thousands of reais, unless otherwise indicated)

20. Related-party transactions and balances (Continued)

Management compensation

The Company paid salaries to its management (statutory directors) of R$ 2,400 in the year ended December 31, 2011 (R$ 2,400 in 2010, and R$ 2,327 in 2009).

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

21. Net revenue from sales

The breakdown of net revenue from sales is as follows:

	2011	2010	2009
Gross revenue from sales	**402,355**	392,223	313,394
IPI on sales	**(18,546)**	(14,022)	(14,742)
Gross revenue from sales . Deducted by IPI on sales	**383,809**	378,201	298,652
ICMS on sales	**(43,812)**	(43,074)	(34,303)
Taxes on sales	**(35,922)**	(34,917)	(28,048)
Sales returns	**(4,057)**	(8,401)	(4,712)
Present value adjustment	**(5,341)**	(3,464)	(6,631)
	294,677	288,345	224,958

22. Expenses by type and nature

	2011	2010	2009
Expenses by type			
Cost of products sold	**(168,792)**	(172,634)	(140,930)
Selling expenses	**(42,223)**	(40,220)	(33,658)
Administrative expenses	**(16,780)**	(13,367)	(10,585)
	(227,795)	(226,221)	(185,173)
Expenses by nature			
Personnel expenses	**(33,755)**	(25,008)	(20,836)
Expenses with materials	**(138,695)**	(147,979)	(121,172)
Depreciation and amortization expenses	**(7,066)**	(5,331)	(4,757)
Expenses with third-party services	**(11,843)**	(12,971)	(10,827)
Advertising expenses	**(13,708)**	(10,766)	(8,930)
Commission expenses	**(2,498)**	(3,458)	(2,869)
Other expenses	**(20,230)**	(20,708)	(15,782)
	(227,795)	(226,221)	(185,173)

23. Financial risk management policies and objectives

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

a) *Financial instruments*

At December 31, 2011, 2010 and 2009, the main financial instruments were as follows:

- **Cash and cash equivalents** – the book value is equivalent to their market value at the balance sheet dates.

- **Restricted marketable securities** – are classified as "held to maturity" are measured at amortized cost using the effective interest rate method.

- **Trade accounts receivable** – are recorded at original values and are subject to foreign exchange adjustment and monetary indexation, estimated allowance for doubtful accounts and present value adjustment.

- **Loans granted** – refer to loans granted by the Company to customers at an average interest of 7.71% per year.

- **Suppliers** – are recorded at original values and are subject to foreign exchange adjustment and monetary indexation, when applicable.

- **Loans and financing** – these are classified as financial liabilities measured at amortized cost using the effective interest rate method, and are recorded at their contractual values. Market value of these loans and financing are equivalent to their book value at the balance sheet dates.

(In thousands of reais, unless otherwise indicated)

23. Financial risk management policies and objectives (Continued)

a) ***Financial instruments*** (Continued)

All financial instrument transactions are recorded in the Company's financial statements, according to the tables below:

		2011			2010		
	Note	Loans and receivable	Held to maturity	Total	Loans and receivables	Held to maturity	Total
Assets							
Cash and cash equivalents	4	**12,131**	**-**	**12,131**	20,621	-	20,621
Restricted marketable securities		**-**	**323**	**323**	-	290	290
Trade accounts receivable	5	**110,855**	**-**	**110,855**	86,289	-	86,289
Loans granted	8	**11,626**	**-**	**11,626**	10,779	-	10,779
Liabilities							
Suppliers	13	**(8,425)**	**-**	**(8,425)**	(5,684)	-	(5,684)
Loans and financing	12	**(6,803)**	**-**	**(6,803)**	(4,461)	-	(4,461)
Total		**119,384**	**323**	**119,707**	107,544	290	107,834

		2009		
	Note	Loans and receivables	Held to maturity	Total
Assets				
Cash and cash equivalents	4	17,844	-	17,844
Restricted marketable securities		-	1,843	1,843
Trade accounts receivable	5	64,285	-	64,285
Loans granted	8	8,060	-	8,060
Liabilities				
Suppliers	13	(4,962)	-	(4,962)
Loans and financing	12	(12,404)	-	(12,404)
Total		72,823	1,843	74,666

Following is the book value and the fair value of the financial instruments:

	Book value			Fair value		
	2011	2010	2009	2011	2010	2009
Assets						
Cash and cash equivalents	**12,131**	20,621	17,844	**12,131**	20,621	17,844
Restricted marketable securities	**323**	290	1,843	**323**	290	1,843
Trade accounts receivable	**110,855**	86,289	64,285	**110,855**	86,289	64,285
Loans granted	**11,626**	10,779	8,060	**11,626**	10,779	8,060
Liabilities						
Suppliers	**(8,425)**	(5,684)	(4,962)	**(8,425)**	(5,684)	(4,962)
Loans and financing	**(6,803)**	(4,461)	(12,404)	**(6,803)**	(4,461)	(12,404)

23. Financial risk management policies and objectives (Continued)

b) Risk management (Continued)

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

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

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

- **Market risk**

Market risk is the risk that fair value of future cash flows of a financial instrument floats due to market price variations. Market prices include three types of risk: interest rate risk, foreign exchange risk and price risk, which include the commodity risk, among others. Financial instruments affected by market risk include loans granted, loans and financing and accounts payable to suppliers.

Interest rate risk

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

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

Financial expenses from the Company's loans and financing are affected by long-term interest rate (TJLP).

(In thousands of reais, unless otherwise indicated)

23. Financial risk management policies and objectives (Continued)

b) Risk management (Continued)

Interest rate sensitivity

The following table states the sensitivity of a possible change in interest rates, whereas maintaining all other variables constant and disregarding payment outflows. Three scenarios have been considered: the probable scenario adopted by the Company, and two additional scenarios with 25% and 50% change of the considered risk. These scenarios have been defined based on management's expectation for interest rate variations on the maturity dates of the corresponding contracts subject to these risks.

The sensitivity analysis considers outstanding positions as of December 31, 2011, based on nominal values and interest of each financial instrument.

Operation	Currency	Probable scenario	Possible scenario	Remote scenario
Decrease in financial income				
Short-term investments	R$	1,196	897	598
	Decrease rate at		**25.00%**	**50.00%**
Reference for financial income		**Probable**	**Possible**	**Remote**
CDI %		11.00%	8.25%	5.50%
Increase in financial liabilities				
Loans and financing	R$	408	510	612
	Appreciation rate at		**25.00%**	**50.00%**
Reference for financial liabilities				
		Probable	Possible	Remote
TJLP		6.0%	7.5%	9.0%

Foreign exchange risk

The Company's results are subject to variation, due to volatility effects of foreign exchange rate on transactions linked to foreign currencies, basically in finished product export transactions. The Company has been successful in adjusting its cost structure and its sales prices to absorb foreign exchange rate fluctuations. At December 31, 2011, the Company recorded receivables for sales to the international market amounting to US$ 1,230 thousand, and EUR 777 thousand related to the purchase of new equipment for the plant.

(In thousands of reais, unless otherwise indicated)

23. Financial risk management policies and objectives (Continued)

b) Risk management (Continued)

Foreign exchange risk (Continued)

Sensitivity to foreign exchange rates

In order to assess the sensitivity of assets and liabilities exposed to foreing currencies, which the Company was exposed at December 31, 2011, three different scenarios were set and a sensitivity analysis on foreign exchange variations was prepared.

The table below presents three scenarios, given that the Company adopted the probable one. These scenarios were set based on the Management's expectation as for foreign exchange variations at the maturity dates of the respective contracts subject to these risks.

In addition to this scenario, it is presented two additional scenarios with appreciation of 25% and 50% of the considered risk.

Operation	Currency	Probable scenario (Book value)	Scenario A	Scenario B
Foreign exchange rate increase				
Receivables in foreign currency	R$	2,307	2,883	3,461
Payables in foreign currency	R$	(1,893)	(2,366)	(2,843)
Foreign exchange increase:			25%	50%
Foreign exchange reference:				
USD		1.88	2.35	2.82
Euro		2.43	3.04	3.65
Effect on profit before income taxes	R$	414	517	618

Commodity price risk

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

23. Financial risk management policies and objectives (Continued)

b) *Risk management* (Continued)

Credit risk

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

Trade accounts receivable

The customers' credit risk is managed by the finance department, and is subject to the risk-related procedures, controls and policies established by the Company. Credit limits are established for every customer based on internal classification criteria. Customers' credit quality is assessed based on an internal extensive credit classification system. Outstanding trade accounts receivable are monitored on a regular basis. At December 31, 2011, the Company had approximately 11 customers (at December 31, 2010: 25 customers, and at December 31, 2009: 18 customers) accounting for approximately 50.40% (2010: 48.2% and 2009: 44.1%) of all outstanding receivables. These customers operate with approximately 114 stores in Brazil, including a department store. There is no customer who individually represents more than 10% of total sales. The need for a provision for impairment loss is individually reviewed at each reporting date for major customers. In addition, a number of trade accounts receivable with minor balances are grouped in homogeneous groups and, in these case, the need to recorded an allowance for doubtful accounts is assessed collectively.

Financial instruments and bank deposits

The credit risk for the balances in banks and financial institution is managed by the Company's finance department and is monitored by the executive officers. The exceeding funds are only invested in financial institutions authorized by the executive officers, exclusively first-tier institutions. The invested amounts are monitored in order to minimize a risk concentration and, accordingly, to mitigate financial loss in case of a potential bankruptcy of the counterpart.

(In thousands of reais, unless otherwise indicated)

23. Financial risk management policies and objectives (Continued)

- **Liquidity risk**

The liquidity risk consists in the Company's sufficiency of funds to meet its commitments, given the different currencies and settlement terms of its rights and obligations.

The Company's cash flows and liquidity control are monitored on a daily basis by the Company's finance department, to ensure that cash generated by the activities and the fund raising, when necessary, are sufficient to maintain its payment schedule, and to not generate liquidity risk for the Company.

The table below summarizes the maturity profile of the financial liabilities as at December 31, 2011, based on non-discounted contractual payments:

At December 31, 2011	Less than 3 months	3 to 12 months	1 to 5 years	Total
Loans and financing	**186**	929	5,688	6,803
Suppliers	**6,532**	1,893	-	8,425
	6,718	2,822	5,688	15,228

Maturity of financial liabilities as at December 31, 2011 based on non-discounted contractual payments and estimated contractual interest rate:

At December 31, 2011	Less than 3 months	3 to 12 months	1 to 5 years	Total
Loans and financing	**271**	1,356	6,085	7,712
Suppliers	**6,532**	1,893	-	8,425
	6,803	3,249	6,085	16,137

The Company does not have derivative financial instruments outstanding as at December 31, 2011, 2010 and 2009, and did not enter into instruments of this type and for the years then ended.

(In thousands of reais, unless otherwise indicated)

23. Financial risk management policies and objectives (Continued)

c) Capital management

The Company's capital management mainly aims to ensure that it maintains a strong credit classification and strong capital in order to support its business and to leverage the Company's value to its shareholders.

The Company manages capital structure and adjusts it by considering changes in economic conditions. The capital structure or financial risk arises from the choice between own capital (capital contribution and retained earnings) and third-party capital used by the Company to finance its operations. In order to mitigate liquidity risks and leverage the weighted average cost of capital, the Company permanently monitors its debt-to-equity levels in accordance with market standards. There were no changes to its objectives, policies or processes for the years ended December 31, 2011, 2010 and 2009.

The Company's net debt includes loans and financing and accounts payable to suppliers, less cash and cash equivalents and restricted marketable securities, as stated below:

	2011	2010	2009
Loans and financing	**6,803**	4,461	12,404
Suppliers	**8,425**	5,684	4,962
(-) Cash and cash equivalents	**(12,131)**	(20,621)	(17,844)
(-) Restricted marketable securities	**(323)**	(290)	(1,843)
Net debt (cash)	**2,774**	(10,766)	(2,321)
Shareholders' equity	**195,739**	159,602	123,864
Shareholders' equity and net debt	**198,513**	148,836	121,543

24. Insurance

The Company has the policy to enter in insurance contracts at amounts considered sufficient to cover any contingent events on its assets and/or responsibilities. The main insurance categories are stated below:

Coverage	Effective term From	Effective term to	Amount insured
Fire, storm and electrical damage:			
Machinery and equipment	12/31/2011	12/12/2012	86,300
Inventory	12/31/2011	12/31/2012	28,800
Buildings	12/31/2011	12/31/2012	36,000
Loss of profit	12/31/2011	12/31/2012	20,412

The scope of our auditor's does not include issuing an opinion on the sufficiency of the insurance coverage, which was determined by Company's management at an amount considered sufficient to cover contingent events.

(In thousands of reais, unless otherwise indicated)

25. Segment information

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

Gross sales revenue in the domestic and international markets was as follows:

	Gross revenue from sales		
	2011	2010	2009
Domestic market	**395,361**	386,464	309,297
International market	**6,994**	5,759	4,097
	402,355	392,223	313,394

UNICASA
Móveis

26,434,546 Common Shares

OFFERING MEMORANDUM

BTG Pactual

Itaú BBA

Santander

XP Investimentos

April 25, 2012