COMPANHIA DE TECIDOS NORTE DE MINAS - COTEMINAS

CNPJ/MF Nº 22.677.520/0001-76

NIRE 3130003731-2

Publicly Traded Company

MANAGEMENT DISCUSSION AND ANALYSIS

Montes Claros, May 12, 2015 – Companhia de Tecidos Norte de Minas - COTEMINAS ("Company") is a Brazilian publicly-held company, based in Montes Claros-MG, engaged in the production and marketing of yarns and fabrics in general, imports and exports, and may hold equity interest in other companies and acquire marketable securities in the capital market. The Company's shares are traded in BM&FBOVESPA – "Bolsa de Valores, Mercadorias e Futuros" (Brazilian Stocks, Commodities and Futures Exchange), under the codes "CTNM3" and "CTNM4". The Company has two subsidiaries and two affiliated companies as main investments and assets, as follow:

Subsidiaries:

Springs Global Participações S.A. ("SGPSA"), which is the parent company of Coteminas S.A. and Springs Global US, Inc., companies that focus their manufacturing operations on bed and bath linens. In 2009, SGPSA started its bedding, tabletop and bath retail operations under the brand MMartan and, in 2011, under the brand Artex, which sell bedding, tabletop and bath products through the retail channel, managed by the subsidiary AMMO Varejo Ltda.

Companhia Tecidos Santanense, a publicly-held company, which operates in the textile and related industries, manufacturing and marketing clothing apparel, including professional uniforms, accessories and personal protective equipment for occupational safety.

Affiliated companies:

Cantagalo General Grains S.A. is a private company, based in São Paulo - SP, established on October 25, 2010 with the objective of growing soybeans, corn, cotton and other grains; among other similar activities. It has investments in subsidiaries and jointly-owned subsidiaries, in Tropical Empreendimentos e Participações Ltda., Siqueira Empreendimentos e Participações Ltda., CGG Trading S.A. and Belarina Alimentos S.A.

Companhia Fiação e Tecidos Cedro e Cachoeira is based in Belo Horizonte, Minas Gerais, established on April 2, 1883 and is a publicly-held company, which operates in the textile and related industries; manufacturing and marketing of clothing apparel, including professional uniforms; accessories and personal protective equipment for occupational safety.

Below are the individual comments of our subsidiary Springs Global Participações S.A. and Companhia Tecidos Santanense.

SPRINGS GLOBAL

SGPS3 NOVO MERCADO BM&FBOVESPA

Springs Global´s EBITDA increases 22.8% in the 1Q15 when compared to the 1Q14.

São Paulo, May 13, 2015 - Springs Global presents the results for the first quarter of 2015 (1Q15). The financial information is presented in *Reais* (R$) and in a consolidated form under the IFRS.

Springs is the leading company in bedding, tabletop and bath products in the Americas, with traditional and leading brands in the segments in which they compete, strategically positioned to target customers of different socioeconomic profiles. Springs has vertically integrated operations and state-of-the-art facilities located in Brazil, United States and Argentina.

Bovespa: SGPS3
Share price on 05/12/15: R$0.89
Number of shares: 200 million
Market cap: R$178 million

Conference call in Portuguese and English
May 14, 2015
2:30 p.m. (Brasília Time)
1:30 p.m. (US ET)
Phone: +55(11) 3193-1001/
+55(11)2820-4001 (Brazil)
Phone: +1 (888) 700-0802 (US)
Phone: +1(786) 924-6977 (US)
Password: Springs Global

Webcast: The conference call will be broadcast live over the Internet on www.springs.com/ir.

Investor Relations:

Gustavo Kawassaki
Investor Relations Officer
Phone: +55 (11) 2145-4476
ri@springs.com
www.springs.com/ir

1. Highlights of to 1Q15:

- Net revenue of R$548 million in the 1Q15, 8.4% increase when compared to the 1Q14.
- 64.6% growth in EBIT in the 1Q15 versus 1Q14.
- Operating cash flow measured by EBITDA increased by 22.8% when compared to the 1Q14, reaching R$47 million in the 1Q15.
- 100 basis point increase in the consolidated EBITDA margin, reaching 8.6%.
- Realigning the number of stores in the retail operation, ending operations of unprofitable stores, and increasing the number of franchised stores versus owned stores.
- Celebration of 30 years of MMartan stores with the launching of the exhibit “Dreaming Awake” (*Sonhando Acordado*) during the São Paulo Fashion Week.

casa moysés · mmartan · ARTEX · SANTISTA · SPRINGMAID · WABASSO · TEXMADE · Palette · arco iris · FANTASIA

Summary Information for Springs Global:

Summary of results (R$ million)	1Q15	1Q14	var % 15-14
Gross revenue	662.4	618.9	7.0%
Net revenue	548.3	505.8	8.4%
Gross profit	137.0	128.2	6.9%
Margin %	*25.0%*	*25.3%*	*(0.3 p.p.)*
EBITDA	**46.9**	**38.2**	**22.8%**
Margin %	*8.6%*	*7.6%*	*1.0 p.p.*
Net income (loss)	**6.6**	**(21.9)**	**-**

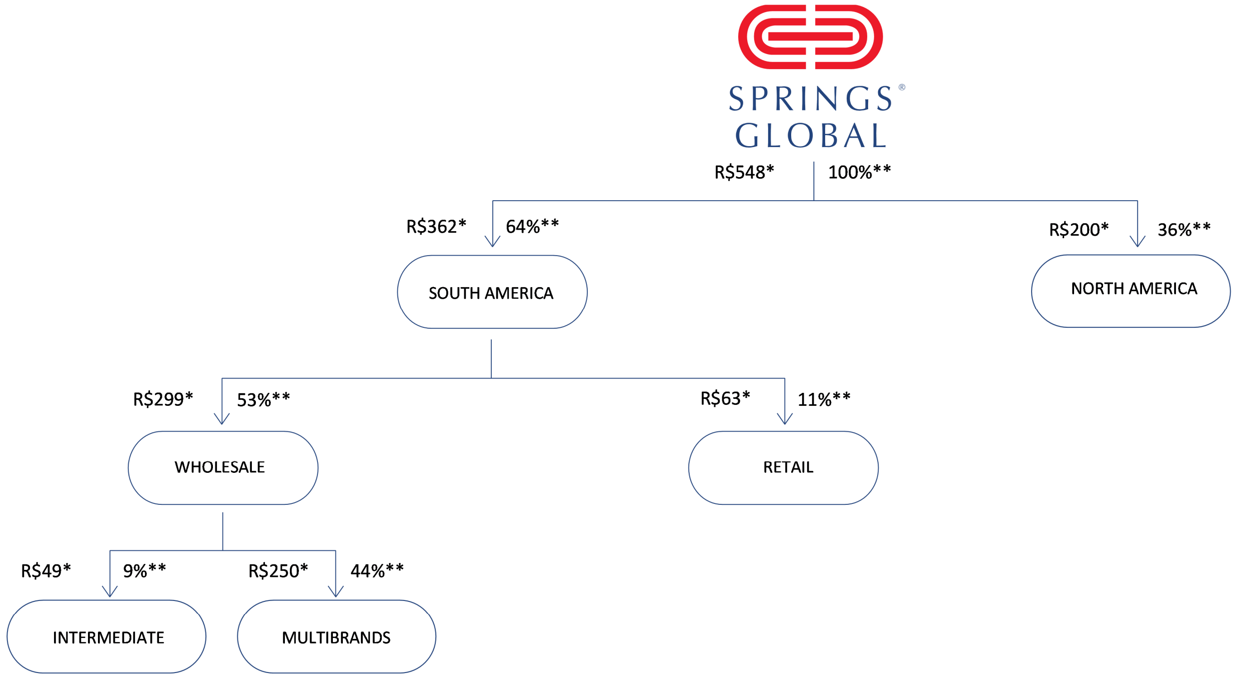
Net revenue (R$ million)	1Q15	1Q14	var % 15-14
South America	**362.4**	**353.3**	**2.6%**
Wholesale*	299.1	286.3	4.5%
Retail	63.3	67.0	(5.5%)
North America	**200.2**	**170.7**	**17.3%**
Total net revenue	**548.3**	**505.8**	**8.4%**

**Excluding the intercompany sales, net revenue of the wholesale segment in South America was R$285 in the 1Q15.*

	Net Revenue (R$ million)			Volume (tons)			Average price (R$)/Kg		
Product Lines	1Q15	1Q14	var % 15-14	1Q15	1Q14	var % 15-14	1Q15	1Q14	var % 15-14
Bedding, tabletop and bath	279.7	260.2	7.5%	9,820	10,861	(9.6%)	28.5	24.0	18.8%
Utility bedding	156.2	123.0	27.0%	10,897	10,555	3.2%	14.3	11.7	22.2%
Intermediate products	49.1	55.6	(11.7%)	6,466	7,113	(9.1%)	7.6	7.8	(2.6%)
Retail	63.3	67.0	(5.5%)	-	-	-	-	-	-
Total	**548.3**	**505.8**	**8.4%**	**27,183**	**28,529**	**(4.7%)**	**20.2**	**17.7**	**14.1%**

2. Our Business Model:

Springs is structured in 3 business segments: Wholesale South America, Wholesale North America and Retail. Net revenue by business segment and its share in the total consolidated net revenue is shown below:



* 1Q15 net revenue (R$ million)
** % of 1Q15 net revenue

2.1. OUR OPERATIONS AND OUR BRANDS

Springs operates state-of-the-art industrial facilities of home textile products with nine plants in Brazil, five in the United States, and one in Argentina. In Brazil, Springs operates vertically integrated plants, from spinning, through weaving, preparation, dyeing, printing, finishing and sewing of home textile products. The Company's manufacturing activities are focused in three product lines: Bedding, Tabletop and Bath ("CAMEBA"), Utility Bedding and Intermediate Products.

Bedding, Tabletop and Bath (CAMEBA): The Company designs, manufactures and markets a complete line of coordinated products using its portfolio of brands and licenses in addition to private labels, which are distributed through major retailers in their market and through owned and franchised monobrand stores. The products line includes bed sheets and pillowcases, tablecloths, towels, rugs and bath accessories.

Utility Bedding: This product category includes pillows, mattress pads, and quilts. The manufacturing facilities of these products are located in the United States and Brazil.

Intermediate Products: The Company manufactures and sells yarns and fabrics to clients represented mainly by small and medium garment, knitwear and weaving companies. The fabrics are sold in their natural state or dyed and printed.

Springs distributes its products through wholesale and retail as discussed below.

2.1.1. WHOLESALE SOUTH AMERICA

The Company's CAMEBA and Intermediate Products are sold to multibrand clients in South America under a portfolio of traditional and leading brands, including: Artex and Santista (Brazil), Arco-Íris, Fantasia, and Palette (Argentina). The main customers in this segment are department stores, mass retailers, as well as small and medium sized shops specialized in CAMEBA products.

Our brands represent an important competitive advantage. All Springs´ brands are traditional and leaders in the segments in which they compete. Our brands and products are strategically positioned to target customers of different socioeconomic profiles, while reducing the risk of overlap and competition among them. The brands are:

Artex (Brazil): Quality products under the concept of affordable luxury, updated with the latest fashion trends. There are four different Home Life Styles: Actual, Relax, Trend, and Elegance.

Santista (Brazil): Traditional brand of bedding, tabletop and bath products and bedding accessories with significant penetration in the "budget consumer" and institutional markets.

Palette (Argentina): Brand for quality products under the concept of affordable luxury. Market leading brand with over 30 years of presence in the Argentinean market.

Arco-Íris (Argentina): Brand offering traditional design and style, focusing on different tastes and trends, and with major market penetration.

Fantasia (Argentina): Bedding and bath textile products for clients in the "budget consumer" segment.

2.1.2 RETAIL

In Brazil, the Company operates owned and/or franchised monobrand stores under the Artex, MMartan and Casa Moysés brands that, combined, ensure a presence and coverage throughout its domestic market. Each of its store brands operates specific and well defined store formats, including a portfolio of proprietary products and a set of marketing and merchandising strategies aimed at serving targeted consumer groups.

Artex: Artex stores are focused on serving customers interested in good quality products which are offered in a wide range of styles and colors, as well as competitive prices and efficient customer service. Artex´s products are manufactured by the Company.

MMartan: Desired brand in the bedding, tabletop and bath category. It is synonymous with quality, sophisticated and contemporary products, representing a major brand in the domestic bedding, tabletop and bath market. MMartan's products are manufactured by the Company using high quality fabrics and imported products.

Casa Moysés: Aimed at consumers who seek the highest standard of quality and with expectation of differentiated service. It is a reference brand in the high-end luxury market, with presence and tradition since 1930. Casa Moysés' products are manufactured by the Company using high quality fabric imported from third parties and are sold exclusively through MMartan and Casa Moysés stores.

2.1.3 NORTH AMERICA

The Company's CAMEBA and Utility Bedding are sold to multibrand clients in North America under a portfolio of traditional and leading brands, including: Springmaid, Wabasso and Texmade (North America). The main Springs customers in this segment are department stores, mass retailers, as well as small and medium sized shops specialized in CAMEBA products.

Springmaid (USA and Canada): Brand positioned in the affordable luxury segment. Primarily marketed through large retailers in North America.

Wabasso (Canada): Established in 1907 as a national brand of textile products in Canada. Wabasso is synonymous with quality, taste, style and comfort.

Texmade (Canada): Traditional brand of bedding and bath products focusing on institutional clients in Canada.

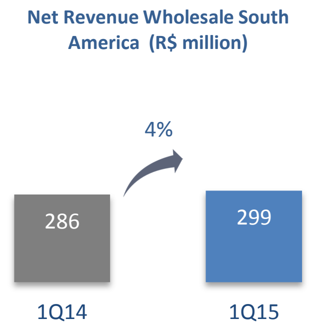
3. Financial Performance

Springs reports its results, segregated between Wholesale South America (Brazil and Argentina), Retail (Brazil) and North America (United States and Canada); its business units.

3.1. South America - Wholesale:

3.1.1 Net Revenue

In the 1Q15, net revenue in South America presented a 2.6% increase, from R$353 million in the 1Q14 to R$362 million in the 1Q15, representing 64% of the total revenue of the Company. Net revenue of the wholesale segment in South America reached R$299 million in the 1Q15, a 4.5% increase when compared to the 1Q14.



Intermediate Products

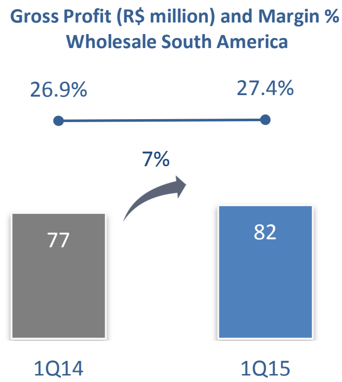
Net revenue of this product line was R$49 million in the 1Q15, which represented an 11.7% decrease when compared to the 1Q14. The Company projects a lower contribution of intermediate products to its total revenue, due to production growth of finished products, which have higher added value.

Bedding, Tabletop and Bath

Net revenue of CAMEBA in South America presented an increase of 8.4%, from R$231 million in the 1Q14 to R$250 million in the 1Q15, providing gain of market share.

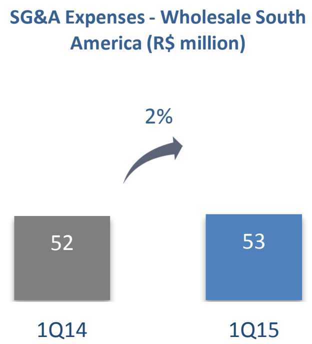
3.1.2 Gross Profit

In the 1Q15, gross profit of the wholesale segment in South America was R$82 million, a 6.5% increase when compared to the 1Q14, which totaled R$77 million. Gross margin increased 0.5 percentage point, from 26.9% in the 1Q14 to 27.4% in the 1Q15. Sales of higher added value products contributed to the gross margin growth.



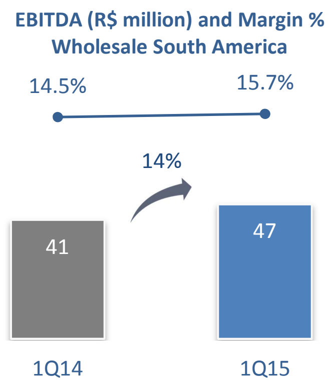
3.1.3 SG&A

SG&A of the wholesale segment in South America was R$53 million, practically stable when compared to the 1Q14, which reached R$52 million.



3.1.4 EBITDA

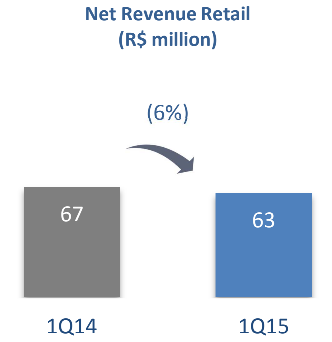
EBITDA of the wholesale segment in South America was R$47 million in the 1Q15, representing an increase of 13.5% when compared to the 1Q14, which totaled R$41 million. EBITDA margin increased 1.2 percentage point, from 14.5% in the 1Q14 to 15.7% in the 1Q15.



3.2 South America - Retail:

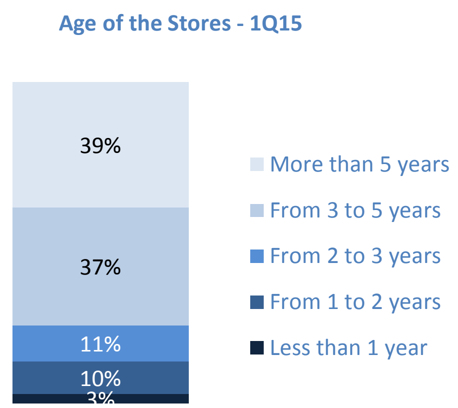
3.2.1 Net Revenue

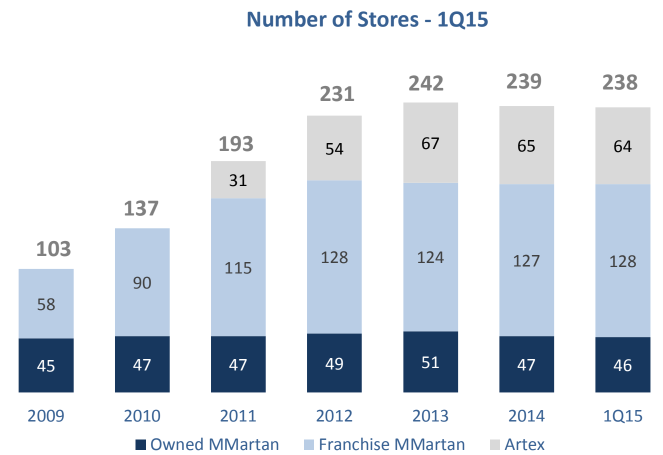
Net revenue for the Company´s retail operation reached R$63 million in the 1Q15, a decrease of 5.5% when compared to the 1Q14. S*ell-out* revenue of all AMMO retail stores was R$111 million in the 1Q15, a 3.7% decrease when compared to R$115 million in the 1Q14.



	1Q15	1Q14	% var 15-14
Number of Stores	238	240	-
Owned MMartan	46	50	-
Franchise MMartan	128	124	-
Owned Artex	64	66	-
Net revenue (R$ million)	63.3	67.0	(5.5%)
Gross revenue sell-out (R$ million)	110.8	115.0	(3.7%)

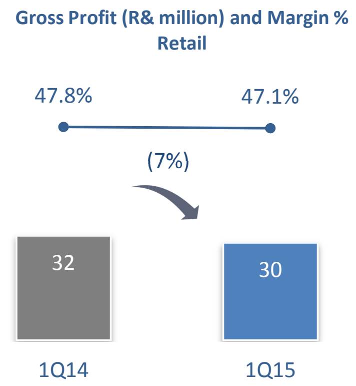
Realigning the number of stores in the retail operation, ending operations of unprofitable stores, and increasing the number of franchised stores versus owned stores. Springs ended the 1Q15 with 238 owned and franchised stores. Artex stores are in the initial phase of operation. At the end of the 1Q15, 24% of the Company stores were between 0 and 3 years and 37% between 3 and 5 years. The process of transferring owned stores to franchised stores is being implemented.





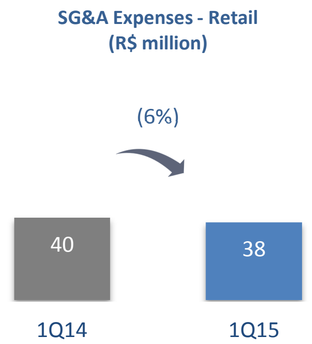
3.2.2 Gross Profit

Gross profit of the retail segment in South America reached R$30 million in the 1Q15. Gross margin decreased 0.7 percentage point in the 1Q15, from 47.8% in the 1Q14 to 47.1% in the 1Q15, due to the greater contribution of sell-in revenue in the total revenue of AMMO. The focus of the retail operation continues on optimizing the use of existing assets and expanding the number of franchised stores versus owned stores.



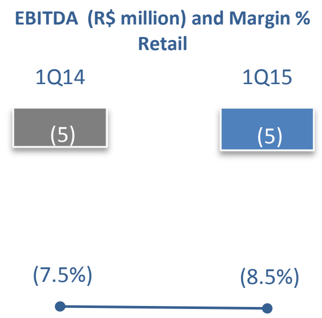
3.2.3 SG&A

In the retail segment, SG&A expenses decreased by 5.9% in the 1Q15 when compared to the 1Q14, from R$40 million in the 1Q14 to R$38 million in the 1Q15, due to closing of some stores, conversion of owned stores into franchised stores, and activities optimization.



3.2.4 EBITDA

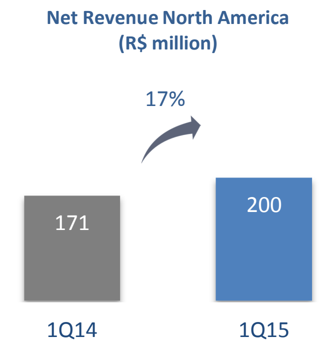
EBITDA of the retail segment was a loss of R$5 million in the 1Q15, stable when compared to the 1Q14. We expect that AMMO will present positive EBITDA soon.



3.3 North America:

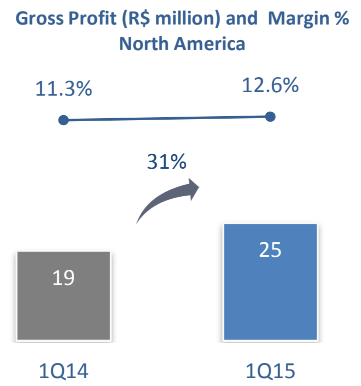
3.3.1 Net Revenue

Net revenue in North America increased by 17.3% when compared to the 1Q14, reaching R$200 million in the 1Q15, due to the conversion of foreign revenue into *Reais*.



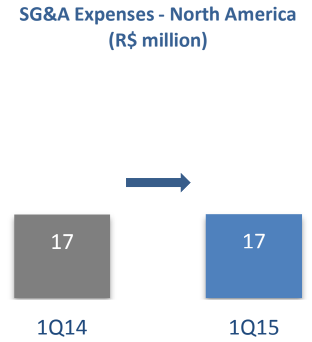
3.3.2 Gross Profit

Gross profit in North America was R$25 million in the 1Q15, representing a 31.1% increase when compared to the 1Q14, which totaled R$19 million. Gross margin in the 1Q15 was 12.6%, a 1.3 percentage point increase when compared to the margin of the same period of the previous year. This increase is due, mainly, to the greater contribution of revenue from products with higher margin in the North American market.



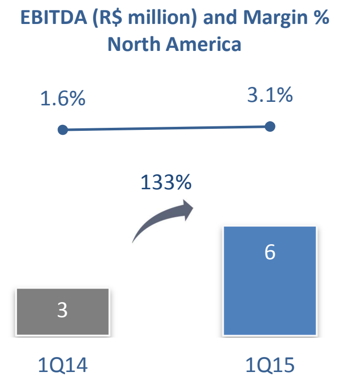
3.3.3 SG&A

SG&A in North America was R$17 million in the 1Q15, practically stable when compared to the 1Q14, despite the impact of the exchange rate depreciation on the conversion of the U.S. Dollar denominated expenses into *Reais*.



3.3.4 EBITDA

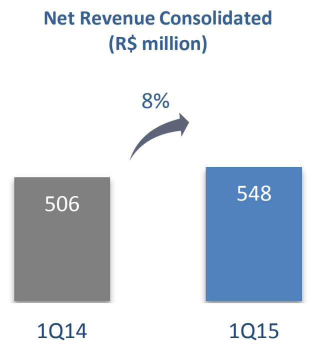
EBITDA in North America increased by 133.3% in the 1Q15 when compared to the 1Q14, reaching R$6 million in the 1Q15. EBITDA margin increased by 1.5 percentage point, from 1.6% in the 1Q14 to 3.1% in the 1Q15.



3.4 Consolidated:

3.4.1 Net Revenue

Consolidated gross revenue reached R$662 million in the 1Q15. Consolidated net revenue increased by 8.4% when compared to the 1Q14, reaching R$548 million in the 1Q15.

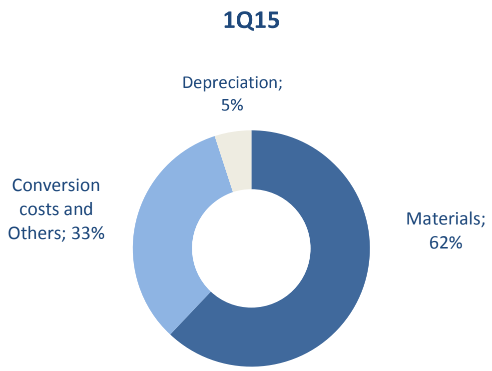


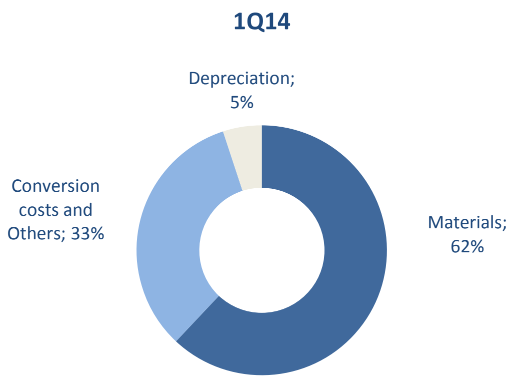
3.4.2 Cost of Goods Sold (COGS)

Cost of goods sold (COGS) was R$411 million, representing an increase of 8.9% when compared to the 1Q14, which totaled R$378 million. As a percentage of net revenue, COGS remained practically stable at 75%. The table below presents, for the periods indicated, materials costs, conversion and others, as well as depreciation costs for the production and distribution assets:

Cost of goods sold (R$ million)	1Q15	% NR	1Q14	% NR	var % 15-14
Materials	256.5	46.8%	233.8	46.2%	9.7%
Conversion costs and Others	135.9	24.8%	124.3	24.6%	9.3%
Depreciation	18.9	3.4%	19.5	3.9%	(3.1%)
Total	**411.3**	**75.0%**	**377.6**	**74.7%**	**8.9%**

COGS was distributed as follows:





3.4.2.1 Materials:

Materials costs, which include mainly raw materials (cotton and polyester) and chemicals, increased by 9.7% in the period, from R$234 million in the 1Q14 to R$257 million in the 1Q15. As a percentage of net revenue, material costs were 46.8% in the 1Q15.

3.4.2.2 Conversion costs and Others:

Conversion costs and others, which include mainly labor, energy, and other utilities, increased by 9.3%, from R$124 million in the 1Q14 to R$136 million in the 1Q15. Conversion costs as a percentage of net revenue remained stable, reaching 24.8% in the 1Q15.

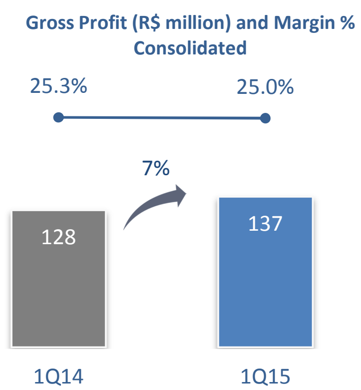
3.4.2.3 Depreciation:

Depreciation costs of production and distribution assets totaled R$19 million in the 1Q15.

3.4.3 Gross Profit

Gross profit increased by 6.9%, from R$128 million in the 1Q14 to R$137 million in the 1Q15. Gross margin remained practically stable, reaching 25.0% in the 1Q15.

The graph below presents, for the periods indicated, gross profit:



The table below presents, for the periods and segments indicated, gross profit:

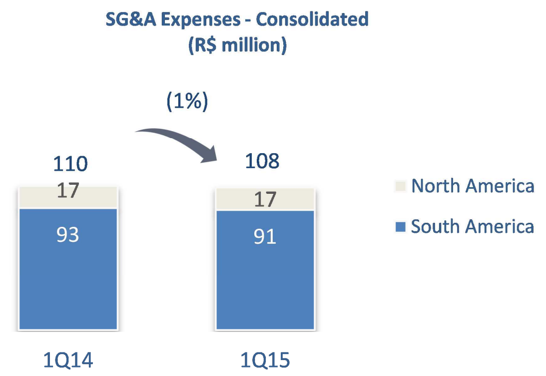
	South America						North America			Total		
	Wholesale*			Retail			Wholesale			Consolidated		
Gross Profit (R$ million)	1Q15	1Q14	var % 15-14	1Q15	1Q14	var % 15-14	1Q15	1Q14	var % 15-14	1Q15	1Q14	var % 15-14
Net revenue	299.1	286.3	4.5%	63.3	67.0	(5.5%)	200.2	170.7	17.3%	548.3	505.8	8.4%
(-) COGS	(217.2)	(209.4)	3.7%	(33.5)	(35.0)	(4.3%)	(174.9)	(151.4)	15.5%	(411.3)	(377.6)	8.9%
Gross Profit	81.9	76.9	6.5%	29.8	32.0	(6.9%)	25.3	19.3	31.1%	137.0	128.2	6.9%
Margin %	*27.4%*	*26.9%*	*0.5 p.p.*	*47.1%*	*47.8%*	*(0.7 p.p.)*	*12.6%*	*11.3%*	*1.3 p.p.*	*25.0%*	*25.3%*	*(0.3 p.p.)*

**Excluding the intercompany sales, net revenue of the wholesale segment in South America was R$285 in the 1Q15.*

3.4.4 SG&A

SG&A (R$ million)	1Q15	1Q14	var % 15-14
SG&A South America	**91.4**	**92.8**	**(1.5%)**
Selling - wholesale	36.8	35.3	4.2%
Selling - retail	32.7	34.9	(6.3%)
General and administrative	21.9	22.6	(3.1%)
SG&A North America	**17.0**	**16.9**	**0.6%**
SG&A Total	**108.4**	**109.7**	**(1.2%)**

SG&A expenses decreased by 1.2% in the 1Q15 when compared to the 1Q14, reaching R$108 million in the 1Q15. As a percentage of net revenue, SG&A expenses decreased from 21.7% in the 1Q14 to 19.8% in the 1Q15.

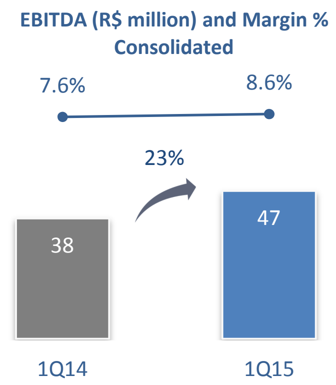


3.4.5 EBITDA

EBITDA totaled R$47 million in the 1Q15, representing an increase of 22.8% when compared to the 1Q14. This result is due, mainly, to the positive results of the wholesale segment in South America and North America, presenting an EBITDA increase of 13.5% and 133.3%, respectively. EBITDA margin in the 1Q15 reached 8.6%, a 100 basis point increase when compared to the 1Q14.

EBITDA (R$ million)	1Q15	1Q14	var % 15-14
Income (Loss) for the year	6.6	(21.9)	-
(+) Income and social contribution taxes	(1.1)	(0.6)	83.3%
(+) Financial results	20.9	38.6	(45.9%)
(+) Depreciation and amortization	20.5	22.1	(7.2%)
EBITDA	**46.9**	**38.2**	**22.8%**
Margin %	*8.6%*	*7.6%*	*1.0 p.p.*

The graph below presents the EBITDA breakdown for the indicated periods:



3.5 Financial Results

Net financial expenses in the 1Q15 totaled R$21 million, less than the R$39 million of the same period of the previous year. The main factors that contributed to this result are discussed below.

Financial results (R$ million)	1Q15	1Q14	var % 15-14
Financial income	5.3	2.0	165.0%
Financial expenses - interests	(32.4)	(22.8)	42.1%
Financial expenses - bank charges and others	(15.1)	(16.3)	(7.4%)
Exchange rate variations, net	21.3	(1.5)	-
Financial results	**(20.9)**	**(38.6)**	**(45.9%)**

Financial income increased from R$2 million in the 1Q14 to R$5 million in the 1Q15 and interest expenses increased from R$23 million in the 1Q14 to R$32 million in the 1Q15 due, mainly, to the SELIC rate (Brazilian interest rate) increase in the 1Q15 when compared to the 1Q14. Bank charges and others decreased from R$16 million in the 1Q14 to R$15 million in the 1Q15.

The balance of net exchange rate variations increased from expense of R$2 million in the 1Q14 to income of R$21 million in the 1Q15, reflecting the current position of exposure to the U.S. Dollar.

3.6 Net Income (Loss)

As a result of what was previously discussed, the Company reported net income of R$7 million in the 1Q15.

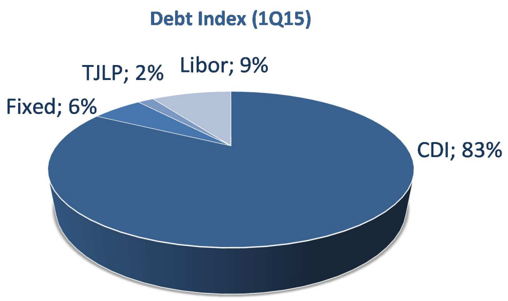
4. Capital Expenditures (CAPEX)

Our CAPEX reached R$13 million in the 1Q15 and R$16 million in the 1Q14. During the 1Q15, investments in manufacturing facilities reflected, mainly, asset modernization. In retail, investments are associated with restructurings and improvements of our owned stores.

Investment (R$ million)	1Q15	1Q14	var % 15-14
Manufacturing facilities	12.1	13.7	(11.7%)
Retail	0.9	2.5	(64.0%)
Total	**13.0**	**16.2**	**(19.8%)**

5. Indebtedness and Working Capital

Indebtedness (R$ million)	1Q15	4Q14	var % 15-14
Loans and financing	584.7	595.2	(1.8%)
- Domestic currency	522.7	541.7	(3.5%)
- Foreign currency	62.0	53.5	15.9%
Debentures	274.5	265.4	3.4%
Cash and marketable securities	(132.2)	(130.9)	1.0%
Net debt	**727.0**	**729.7**	**(0.4%)**

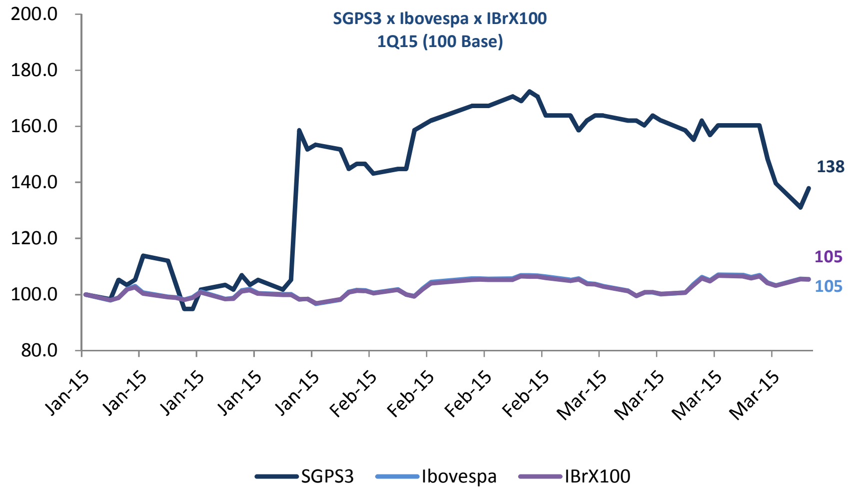


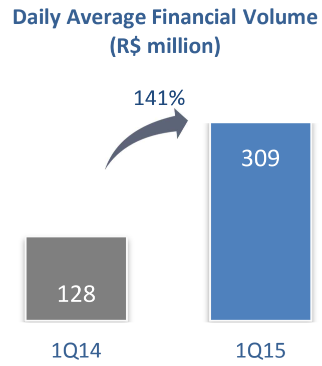
In financial terms, the working capital needs were R$999 million in the 1Q15.

Working capital (R$ million)	1Q15	4Q14	var % 15-14
Accounts receivable	517.6	522.5	(0.9%)
Inventories	624.7	589.6	6.0%
Advances to suppliers	49.7	46.7	6.4%
Suppliers	(192.8)	(167.1)	15.4%
Working capital	**999.2**	**991.7**	**0.8%**

6. Investor Relations and Capital Market

Springs Global's shares, traded on the BM&FBovespa under the ticker SGPS3, over performed the Bovespa Index (Ibovespa) and the IBrX100 in the 1Q15, as shown in the graph below. Concerning its liquidity, the daily average financial volume on the BM&FBovespa was R$309 thousand in the 1Q15, an increase of 141.4% when compared to the 1Q14, which was R$128 thousand.





7. Outlook

Springs confirms its focus on improving the profitability of its businesses, which will be obtained (1) by higher capacity utilization of the plants in Brazil, resulting in higher fixed costs absorption, (2) by higher conversion of intermediate products (yarns and fabrics) into finished products with higher added value, and (3) by the execution of the monobrand retail growth plan, especially with the Artex brand, focusing on the franchise model, which leverages growth with low capital demand.

We expect that Springs will generate growing and positive free cash flow over the next periods, generating resources that will, primarily, be used to reduce the current level of financial leverage of the Company. Additionally, as previously communicated to the market, Springs continues with its program of exiting non-operating and non-strategic assets.

In this context, we provide the guidance for 2015, in line with the Company´s budget.

Business Units	Amount (R$ million)
Wholesale - South America	1,150 - 1,260
Retail	260 - 300
Wholesale - North America	740 - 790
Total Net Revenue	**2,150 - 2,350**
EBIT	110 -140
EBITDA	200 - 230
CAPEX	40-50

Springs, therefore, continues to focus on growth with improved profitability and capital discipline, from a solid platform in the wholesale segment in South America and the potential for expansion and consolidation of its monobrand retail operations.

Appendix

I. Balance Sheet
II. Income Statement
III. Cash Flow

Balance Sheet

Assets (R$ million)	1Q15	4Q14
Current asset	**1,390.3**	**1,360.3**
Cash and cash equivalents	130.5	129.6
Marketable securities	1.6	1.4
Accounts receivable	517.6	522.5
Inventories	624.7	589.6
Advances to suppliers	49.7	46.7
Recoverable taxes	43.4	47.4
Other receivables	22.8	23.1
Noncurrent assets	**161.2**	**139.5**
Related parties	17.4	7.5
Recoverable taxes	4.5	4.6
Deferred income and social contribution taxes	65.1	62.5
Property, plant and equipment held for sale	48.5	40.5
Escrow deposits	18.0	17.5
Others	7.7	6.9
Permanent	972.4	968.8
Other investments	2.3	2.0
Property, plant and equipment	844.6	847.3
Intangible assets	125.5	119.5
Total assets	**2,523.9**	**2,468.6**

Liabilities and Equity (R$ million)	1Q15	4Q14
Current liabilities	**777.4**	**716.2**
Loans and financing	425.8	403.7
Debenture	7.5	1.7
Suppliers	192.8	167.1
Taxes	7.9	12.1
Payroll and related charges	53.3	51.6
Government concessions	16.6	16.6
Noneconomic leases	5.2	4.3
Other payables	68.3	59.1
Noncurrent liabilities	**653.8**	**666.6**
Loans and financing	158.9	191.5
Debenture	266.9	263.7
Noneconomic leases	16.5	12.8
Related parties	-	8.0
Government concessions	48.0	47.9
Employee benefit plans	119.7	101.1
Miscellaneous accruals	22.7	22.0
Other obligations	21.1	19.6
Equity	**1,092.7**	**1,085.8**
Capital	1,860.3	1,860.3
Capital reserves	79.4	79.4
Assets and liabilities valuation adjustment	(40.3)	(40.4)
Cumulative translation adjustment	(210.2)	(209.2)
Income reserves	25.2	25.2
Retained deficit	(630.6)	(637.2)
Noncontrolling interest	8.9	7.7
Total liabilities and equity	**2,523.9**	**2,468.6**

Income Statement

Consolidated Income Statement ($ milllion)	1Q15	1Q14	var %15-14
Gross revenues	662.4	618.9	7.0%
Net revenues	**548.3**	**505.8**	**8.4%**
Cost of goods sold	**(411.3)**	**(377.6)**	**8.9%**
% of net sales	*75.0%*	*74.7%*	*0.3 p.p.*
Materials	(256.5)	(233.8)	9.7%
Conversion costs and others	(135.9)	(124.3)	9.3%
Depreciation	(18.9)	(19.5)	(3.1%)
Gross profit	**137.0**	**128.2**	**6.9%**
% of net sales	*25.0%*	*25.3%*	*(0.3 p.p.)*
SG&A	**(108.4)**	**(109.7)**	**(1.2%)**
% of net sales	*19.8%*	*21.7%*	*(1.9 p.p.)*
Selling expenses	(75.3)	(76.7)	(1.8%)
% of net sales	*13.7%*	*15.2%*	*(1.5 p.p.)*
General and administrative expenses	(33.1)	(33.0)	0.3%
% of net sales	*6.0%*	*6.5%*	*(0.5 p.p.)*
Others, net	**(2.2)**	**(2.4)**	**(8.3%)**
% of net sales	*(0.4%)*	*(0.5%)*	*0.1 p.p.*
Income from operations	**26.4**	**16.1**	**64.0%**
% of net sales	*4.8%*	*3.2%*	*1.6 p.p.*
Financial result	(20.9)	(38.6)	(45.9%)
Loss from operations before taxes	**5.5**	**(22.5)**	-
Income and social contribution taxes	1.1	0.6	**83.3%**
Net income (loss) for the period	**6.6**	**(21.9)**	-

Cash Flow

Consolidated Statements of Cash Flow (R$ million)	1Q15	1Q14
Net income (loss) for the period	6.6	(21.9)
Depreciation and amortization	20.5	22.1
Income and social contribution taxes	(1.1)	(0.6)
Loss on disposal of noncurrent assets	(0.6)	10.1
Reversal of impairment losses of property, plant and equipment	-	(4.3)
Exchange rate variations	(16.8)	1.3
Bank charges and interests	26.2	17.3
Cash flows from operating activities	**34.8**	**24.0**
Changes in assets and liabilities		
Marketable securities	(0.3)	0.1
Accounts receivable	4.9	45.6
Inventories	(35.1)	(5.6)
Advances to suppliers	(3.1)	(6.7)
Suppliers	25.7	(20.2)
Others	20.0	(26.5)
Net cash provided in operating activities	**46.9**	**10.7**
Interest paid	(3.0)	(14.9)
Income and social contribution taxes paid	(0.9)	(0.1)
Net cash provided by (used in) operating activities after interest and taxes (I)	**43.0**	**(4.3)**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(12.9)	(16.2)
Disposal of property, plant and equipment	1.9	8.4
Loans between related parties	(0.6)	(3.0)
Net cash used in investing activities (II)	**(11.6)**	**(10.8)**
Cash flows from financing activities		
Proceeds from new loans	45.1	30.9
Repayment of loans	(78.8)	(55.6)
Net cash used in financing activities (III)	**(33.7)**	**(24.7)**
Effect of exchange rate changes on cash and cash equivalents in foreign subsidiaries (IV)	3.2	4.0
Increase (decrease) in cash and cash equivalents (I+II+III+IV)	**0.9**	**(35.8)**
Cash and cash equivalents:		
At the beginning of the period	129.6	81.6
At the end of the period	130.5	45.8
Increase (decrease) in cash and cash equivalents	**0.9**	**(35.8)**

Companhia de Tecidos Santanense

CNPJ/MF Nº 21.255.567/0001-89

Publicly Traded Company

Shareholders,

We submit for your consideration the interim financial statements for the first quarter of 2015, accompanied by the Independent Accountant´s report on review of interim financial information.

Santanense’s gross revenue was R$120.0 million in the first quarter of 2015. The table below includes the financial highlights of the period, compared to the same period last year.

Consolidated Financial Highlight	R$ thousands		Variance
	1Q15	**1Q14**	**%**
Gross revenue	119,988	121,841	(1.5)
Net revenue	96,559	97,563	(1.0)
Cost of goods sold	(79,753)	(78,061)	2.2
Gross profit	16,806	19,502	(13.8)
(% of net revenue)	*17.4%*	*20.0%*	
Selling, general and administrative expenses	(14,713)	(14,294)	2.9
Net income (loss)	(543)	2,096	-
Net income (loss) per share (R$/share):			
Common	(0.0138)	0.0532	-
Preferred	(0.0152)	0.0585	-

Net Revenue

Net revenue in the first quarter of 2015 reached R$96.6 million. Santanense’s net revenue decreased by 1.0% when compared to the first quarter of 2014, due to a decrease in indigo sales volume despite the increase in average price in the mix of the products sold, with higher sales of denim for clothing and professional uniform in the sales mix.

Cost of goods sold

Santanense reported a gross margin of 17.4% in the first quarter of 2015 and 20.0% in the first quarter of 2014. The Company has its own energy generation through four small hydroelectric plants located in the mid-west region of Minas Gerais. With the water crisis, the Company did not operate its hydroelectric plants and started to buy more expensive energy in the spot market, severely impacting its margins throughout the year of 2014 and the first quarter of 2015.

Selling, general and administrative expenses

Selling, general and administrative expenses presented an increase lower than inflation for the period.

Operating income

Operating income was R$2.3 million in the first quarter of 2015, a 58.3% decrease when compared to the same period of the previous year due to manufacturing costs increase as explained before.

Financial results, net

In the first quarter of 2015, financial results, net was an expense of R$3.2 million, while in the first quarter of 2014, it was an expense of R$2.3 million. Interest rates increase and net cash flow decrease in 2014 have been negatively impacting the Company's financial results.

	R$ million	
Financial results	**1Q15**	**1Q14**
Financial expenses - interests	(2.9)	(2.1)
Bank charges, discounts	(1.0)	(0.7)
Financial income	1.0	0.6
Exchange variation, net	(0.3)	(0.1)
Financial results, net	**(3.2)**	**(2.3)**

Working capital

Working capital decreased from R$113.7 million on December 31, 2014 to R$112.7 million on March 31, 2015. The current ratio, on March 31, 2015, was 1.90, which means that for each R$1.00 in short-term liabilities, Santanense had R$1.90 in short-term assets.

Montes Claros – MG, May 12, 2015.

Management

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Companhia de Tecidos Norte de Minas - COTEMINAS

Individual and Consolidated Interim Financial Information for the Three-month Period Ended March 31, 2015 and Report on Review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

Deloitte.

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Brasil

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www.deloitte.com.br

(Convenience Translation into English from the Original Previously Issued in Portuguese)

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Companhia de Tecidos Norte de Minas - COTEMINAS
Montes Claros - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Companhia de Tecidos Norte de Minas - COTEMINAS (the "Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the three-month period ended March 31, 2015, which comprises the balance sheet as of March 31, 2015 and the related statements of operations, comprehensive income, changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

The Company's Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Information and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of such information in accordance with the standards issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of the Interim Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion on interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the ITR referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, applicable to the preparation of Interim Financial Information (ITR), and presented in accordance with the standards issued by CVM.

Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVAs") for the three-month period ended March 31, 2015, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by CVM applicable to the preparation of Interim Financial Information (ITR) and considered supplemental information for International Financial Reporting Standards - IFRSs, which do not require the presentation of the DVA. These statements were subject to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the individual and consolidated interim financial information taken as a whole.

The accompanying individual and consolidated interim financial information has been translated into English for the convenience of readers outside Brazil.

São Paulo, May 12, 2015

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Wagner Promenzio
Engagement Partner

2015-0147

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

BALANCE SHEETS AS OF MARCH 31, 2015 AND DECEMBER 31, 2014

(In thousands of Brazilian Reais)

A S S E T S

		Company		Consolidated	
	Note	03.31.2015	12.31.2014	03.31.2015	12.31.2014
CURRENT:					
Cash and cash equivalents	3	1,108	1,191	200,311	175,280
Marketable securities	4	-	-	39,387	32,247
Accounts receivable	5	-	-	620,967	622,613
Inventories	6	-	-	720,782	690,663
Advances to suppliers		158	73	55,069	51,395
Recoverable taxes	16.d	4,843	4,912	52,477	55,800
Real estate held for sale		-	-	3,138	3,138
Other receivables		10,540	6,520	38,025	34,266
Total current assets		16,649	12,696	1,730,156	1,665,402
NONCURRENT:					
Long-term assets:					
Recoverable taxes	16.d	14,300	14,508	30,916	33,312
Deferred income and social contribution taxes	16.c	4,086	8,629	75,610	77,137
Related parties	15	114,418	96,222	47,973	45,590
Property, plant and equipment held for sale	8.b	-	-	48,541	40,527
Escrow deposits	17	27,352	27,337	53,465	53,259
Other credits and receivables		2,061	2,061	28,028	28,453
		162,217	148,757	284,533	278,278
Investments in subsidiaries	7.a	755,973	749,846	-	-
Investments in affiliated companies	7.a	158,844	175,849	159,882	175,849
Other investments		3,088	3,088	6,033	5,556
Property, plant and equipment	8.a	6,815	6,815	1,008,975	1,012,046
Intangible assets	9	2	2	125,439	119,596
Total noncurrent assets		1,086,939	1,084,357	1,584,862	1,591,325
Total assets		1,103,588	1,097,053	3,315,018	3,256,727

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS - COTEMINAS

BALANCE SHEETS AS OF MARCH 31, 2015 AND DECEMBER 31, 2014

(In thousands of Brazilian Reais)

LIABILITIES AND EQUITY

		Company		Consolidated	
	Note	03.31.2015	12.31.2014	03.31.2015	12.31.2014
LIABILITIES					
CURRENT:					
Loans and financing	12	106,870	105,385	628,282	598,354
Debenture	13	-	-	7,532	1,685
Suppliers	11	61	92	203,916	176,927
Payroll and related charges		763	676	63,475	60,644
Taxes		-	27	8,088	12,424
Government concessions	19	-	-	16,556	16,556
Noneconomic leases	10	-	-	5,234	4,286
Other payables		2,478	2,789	68,978	62,633
Total current liabilities		110,172	108,969	1,002,061	933,509
NONCURRENT:					
Loans and financing	12	-	-	196,351	229,738
Debenture	13	-	-	266,927	263,748
Noneconomic leases	10	-	-	16,489	12,822
Related parties	15	19,937	7,450	261	242
Government concessions	19	-	-	47,974	47,875
Employee benefit plans	18	-	-	119,725	101,102
Miscellaneous accruals	17	12,049	12,049	43,034	42,648
Deferred income and social contribution taxes	16.c	427	427	5,364	5,318
Other obligations		-	40	20,044	18,971
Total noncurrent liabilities		32,413	19,966	716,169	722,464
EQUITY:	14				
Capital		882,236	882,236	882,236	882,236
Capital reserves		209,701	209,701	209,701	209,701
Cumulative translation adjustment		(87,844)	(100,127)	(87,844)	(100,127)
Assets and liabilities valuation adjustments		1,674	1,770	1,674	1,770
Accumulated deficit		(44,764)	(25,462)	(44,764)	(25,462)
Total equity attributable to the owners of the Company		961,003	968,118	961,003	968,118
NON-CONTROLLING INTERESTS	7.b	-	-	635,785	632,636
Total equity		961,003	968,118	1,596,788	1,600,754
Total liabilities and equity		1,103,588	1,097,053	3,315,018	3,256,727

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF OPERATIONS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(In thousands of Brazilian Reais)

		Company		Consolidated	
	Note	03.31.2015	03.31.2014	03.31.2015	03.31.2014
NET REVENUES	23	-	-	637,570	592,771
COST OF GOODS SOLD	22	-	-	(483,756)	(445,037)
GROSS PROFIT		-	-	153,814	147,734
OPERATING INCOME (EXPENSES):					
Selling expenses	22	-	-	(84,188)	(84,923)
General and administrative expenses	22	(5,380)	(4,778)	(42,278)	(41,919)
Management fees	22	(370)	(361)	(2,620)	(2,822)
Equity in subsidiaries and affiliated companies	7.a	(20,023)	(24,612)	(25,221)	(14,694)
Others, net		(138)	(447)	(2,097)	(2,547)
INCOME (LOSS) FROM OPERATIONS		(25,911)	(30,198)	(2,590)	829
Financial expenses – interests		(3,893)	(2,051)	(38,708)	(26,779)
Financial expenses – bank charges and others		(701)	(308)	(14,449)	(15,148)
Financial income		4,472	3,290	10,132	4,549
Exchange rate variations, net		13,364	(2,000)	34,349	(3,646)
LOSS BEFORE TAXES		(12,669)	(31,267)	(11,266)	(40,195)
Income and social contribution taxes:					
Current	16.b	-	-	(561)	(9)
Deferred	16.b	(4,544)	-	(2,481)	(458)
NET LOSS FOR THE PERIOD		(17,213)	(31,267)	(14,308)	(40,662)
ATTRIBUTABLE TO:					
Owners of the Company				(17,213)	(31,267)
Non-controlling interests	7.b			2,905	(9,395)
				(14,308)	(40,662)
BASIC AND DILUTED LOSS PER SHARE – R$	24	(0.1405)	(0.2551)		

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2015	03.31.2014	03.31.2015	03.31.2014
NET LOSS FOR THE PERIOD	(17,213)	(31,267)	(14,308)	(40,662)
Other comprehensive income (loss):				
- Items that will impact the statements of operations:				
Exchange rate variations on foreign investments	12,283	(11,842)	13,040	(21,930)
Cash flow hedge in affiliated companies	-	4,237	-	4,237
	12,283	(7,605)	13,040	(17,693)
- Items that will not impact the statements of operations:				
Actuarial gain on pension plans	41	271	78	512
COMPREHENSIVE LOSS FOR THE PERIOD	(4,889)	(38,601)	(1,190)	(57,843)
ATTRIBUTABLE TO:				
Owners of the Company			(4,889)	(38,601)
Non-controlling interests			3,699	(19,242)
			(1,190)	(57,843)

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014

(In thousands of Brazilian Reais)

		Capital reserve	Earnings reserves			Assets and				
	Capital	Tax incentives	Legal	Retained earnings	Cumulative translation adjustment	liabilities valuation adjustments	Accumulated deficit	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
BALANCES AS OF DECEMBER 31, 2013	882,236	293,888	33,298	398,423	(95,733)	(212)	(515,908)	995,992	675,591	1,671,583
Deemed cost of affiliated company	-	-	-	-	-	(165)	165	-	-	-
Comprehensive loss:										
Net loss for the period	-	-	-	-	-	-	(31,267)	(31,267)	(9,395)	(40,662)
Exchange rate variations on foreign investments (note 2.1)	-	-	-	-	(909)	-	-	(909)	-	(909)
Impact of subsidiaries-										
Exchange rate variations on foreign investments (note 2.1)	-	-	-	-	(10,933)	-	-	(10,933)	(10,088)	(21,021)
Cash flow hedge in affiliated companies	-	-	-	-	-	4,237	-	4,237	-	4,237
Actuarial gain on pension plans	-	-	-	-	-	271	-	271	241	512
Total comprehensive loss	-	-	-	-	(11,842)	4,508	(31,267)	(38,601)	(19,242)	(57,843)
Owners' contribution:										
Gain on equity interest in affiliated companies	-	-	-	-	-	-	59,771	59,771	-	59,771
Total owners' contribution	-	-	-	-	-	-	59,771	59,771	-	59,771
BALANCES AS OF MARCH 31, 2014	882,236	293,888	33,298	398,423	(107,575)	4,131	(487,239)	1,017,162	656,349	1,673,511

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015

(In thousands of Brazilian Reais)

	Capital	Capital reserve	Cumulative translation adjustment	Assets and liabilities valuation adjustments	Accumulated deficit	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
		Tax incentives						
BALANCES AS OF DECEMBER 31, 2014	882,236	209,701	(100,127)	1,770	(25,462)	968,118	632,636	1,600,754
Deemed cost of affiliated company	-	-	-	(137)	137	-	-	-
Comprehensive loss:								
Net loss for the period	-	-	-	-	(17,213)	(17,213)	2,905	(14,308)
Exchange rate variations on foreign investments (note 2.1)	-	-	4,845	-	-	4,845	-	4,845
Impact of subsidiaries-								
Exchange rate variations on foreign investments (note 2.1)	-	-	7,438	-	-	7,438	757	8,195
Actuarial gain on pension plans	-	-	-	41	-	41	37	78
	-------------	----------	------------	------------	------------	------------	------------	------------
Total comprehensive loss	-	-	12,283	41	(17,213)	(4,889)	3,699	(1,190)
Owners' distribution:								
Loss on equity interest in affiliated company (note 7)	-	-	-	-	(2,226)	(2,226)	-	(2,226)
Dividends paid by subsidiaries	-	-	-	-	-	-	(550)	(550)
	-------------	----------	------------	------------	------------	------------	------------	------------
Total owners' distribution	-	-	-	-	(2,226)	(2,226)	(550)	(2,776)
	-------------	----------	------------	------------	------------	------------	------------	------------
BALANCES AS OF MARCH 31, 2015	882,236	209,701	(87,844)	1,674	(44,764)	961,003	635,785	1,596,788
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The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2015	03.31.2014	03.31.2015	03.31.2014
Cash flows from operating activities				
Net loss for the period	(17,213)	(31,267)	(14,308)	(40,662)
Adjustments to reconcile net loss for the period to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	157	23,091	26,125
Equity in subsidiaries and affiliated companies	20,023	24,612	25,221	14,694
Income and social contribution taxes	4,544	-	3,042	467
(Gain) Loss on disposal of property, plant and equipment	-	-	(3,184)	10,487
Constitution (Reversal) of impairment losses of property, plant and equipment	-	447	-	(3,809)
Exchange rate variations	(11,947)	1,674	(24,198)	2,676
Bank charges and interests	2,090	945	31,381	20,460
	(2,503)	(3,432)	41,045	30,438
Changes in assets and liabilities				
Marketable securities	-	-	(7,140)	(41)
Accounts receivable	-	-	1,646	36,103
Inventories	-	-	(30,119)	(248)
Advances to suppliers	(85)	60	(3,674)	(6,981)
Suppliers	(31)	(1,782)	26,989	(22,300)
Others	(3,096)	(2,691)	25,556	(15,179)
Net cash provided by (used in) operating activities	(5,715)	(7,845)	54,303	21,792
Interest paid	(2,123)	(726)	(7,509)	(17,710)
Income and social contribution taxes paid	-	-	(947)	(757)
Net cash provided by (used in) operating activities after interest and taxes	(7,838)	(8,571)	45,847	3,325
Cash flows from investing activities				
Acquisition of investments	-	(114)	(3,631)	(114)
Acquisition of property, plant and equipment	-	-	(15,142)	(34,776)
Proceeds from sale of property, plant and equipment	-	-	5,679	3,745
Loans between related parties	7,755	8,550	23,167	(8,362)
Net cash provided by (used in) investing activities	7,755	8,436	10,073	(39,507)

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2015	03.31.2014	03.31.2015	03.31.2014
Cash flows from financing activities				
Proceeds from new loans	-	-	55,563	46,360
Repayment of loans	-	-	(89,060)	(59,051)
Dividends paid	-	-	(1)	(30)
Net cash used in financing activities	-	-	(33,498)	(12,721)
Effect of exchange rate variations on cash and cash equivalents in foreign currency	-	-	2,609	3,490
Increase (decrease) in cash and cash equivalents	(83)	(135)	25,031	(45,413)
Cash and cash equivalents:				
At the beginning of the period	1,191	1,410	175,280	156,607
At the end of the period	1,108	1,275	200,311	111,194
Increase (decrease) in cash and cash equivalents	(83)	(135)	25,031	(45,413)

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF VALUE ADDED

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2015	03.31.2014	03.31.2015	03.31.2014
REVENUES				
Sales of products, goods and services	-	-	731,363	692,307
Allowance for doubtful accounts	-	-	(377)	(1,181)
Loss on disposal of property, plant and equipment	-	-	3,184	(10,487)
	-	-	734,170	680,639
MATERIALS ACQUIRED FROM THIRD PARTIES				
Cost of goods and services sold	-	-	(342,766)	(321,192)
Materials, energy, third party services, and others	(1,371)	(1,136)	(136,324)	(120,880)
Reversal (Constitution) of impairment losses of property, plant and equipment	-	(447)	-	3,809
	(1,371)	(1,583)	(479,090)	(438,263)
GROSS VALUE ADDED	(1,371)	(1,583)	255,080	242,376
RETENTIONS				
Depreciation and amortization	-	(157)	(23,091)	(26,125)
	-	(157)	(23,091)	(26,125)
NET VALUE ADDED PRODUCED BY THE COMPANY	(1,371)	(1,740)	231,989	216,251
VALUE ADDED RECEIVED BY TRANSFER				
Equity in subsidiaries and affiliated companies	(20,023)	(24,612)	(25,221)	(14,694)
Financial income	4,472	3,290	10,132	4,549
Exchange rate variation gains	13,364	1,526	42,819	13,560
Royalties	-	-	2,945	2,974
	(2,187)	(19,796)	30,675	6,389
TOTAL VALUE ADDED FOR DISTRIBUTION	(3,558)	(21,536)	262,664	222,640
DISTRIBUTION OF VALUE ADDED				
Salary, wages and compensation	799	715	123,399	114,524
Taxes, duties and contributions	5,442	594	65,444	69,894
Payments to third parties	7,414	8,422	88,129	78,884
Equity – Net loss	(17,213)	(31,267)	(14,308)	(40,662)
VALUE ADDED DISTRIBUTED	(3,558)	(21,536)	262,664	222,640

The accompanying notes are an integral part of these interim financial statements.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS OF MARCH 31, 2015

(Amounts in thousands of Brazilian Reais)

1. OPERATIONS

Companhia de Tecidos Norte de Minas - COTEMINAS ("Company") is a Brazilian publicly-held company, based in Montes Claros-MG, engaged in the production and marketing of yarns and fabrics in general, imports and exports, and may hold equity interest in other companies and acquire marketable securities in the capital market. The Company's shares are traded in BM&FBOVESPA – "Bolsa de Valores, Mercadorias e Futuros" (Brazilian Stocks, Commodities and Futures Exchange), under the codes "CTNM3" and "CTNM4".

The Company is the parent company of Springs Global Participações S.A. ("SGPSA"), which is the parent company of Coteminas S.A. ("CSA") and Springs Global US, Inc. ("SGUS"), companies that focus their manufacturing operations on bed and bath linens previously carried out by the Company and by Springs Industries Inc. ("SI"), respectively. On April 30, 2009, SGPSA acquired a controlling interest in Springs e Rossini Participações S.A. ("SRPSA"), the parent of MMartan Têxtil Ltda ("MMartan"). Beginning in August 2011, the Company started its bed, tabletop and bath retail operations, under the brand Artex, through the subsidiary American Sportswear Ltda ("ASW"). On January 1, 2013, in order to consolidate the retail operations of the Company, the subsidiary ASW incorporated subsidiary SRPSA and indirect subsidiary MMartan, and changed its name to AMMO Varejo Ltda. ("AMMO").

The Company is also the parent company of Oxford Comércio e Participações S.A., which is the parent company of Companhia Tecidos Santanense ("CTS"), a publicly-held company, which operates in the textile and related industries, manufacturing and marketing of clothing apparel, including professional uniforms, accessories and personal protective equipment for occupational safety.

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Company's Board of Directors on May 12, 2015.

The Company presents its individual ("Company") and consolidated ("Consolidated") interim financial statements prepared simultaneously in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Statements and in accordance with international standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as the standards issues by CVM (Brazilian Securities and Exchange Commission), applicable to the preparation of the interim financial statements.

The Company adopted all standards, revisions of standards and interpretations issued by the IASB and the CVM which were effective on March 31, 2015.

2.1 – Translation of balances in foreign currency

a) Functional and presentation currency

The interim financial statements of each subsidiary included in the consolidation of the Company and used as a basis for valuation of investments under the equity method are prepared using the functional currency of each entity. The functional currency of an entity is the currency of the primary economic environment in which it operates. To determine the functional currency of each of its subsidiaries, Management considered which currency significantly influences the selling price of their products and services, and the currency in which most of the production cost inputs are paid or incurred.

The consolidated interim financial statements are presented in Reais (R$), which is the functional and presentation currency of the Company.

b) Conversion of balances

The results and financial position of all subsidiaries included in the consolidation that have functional currencies different from the presentation currency are translated to the presentation currency as follows:

i) assets and liabilities are translated at the exchange rate prevailing on the date of the interim financial statements;

ii) income and expenses are translated at the monthly exchange rate, and

iii) all differences resulting from the translation are recognized in equity under the caption "Cumulative translation adjustment" and are presented as other comprehensive income in the statement of comprehensive income.

2.2 – Accounting policies

The significant accounting policies used in the preparation of the interim financial statements are as follows:

(a) Results of operations--Results of operations are calculated in accordance with the accrual basis of accounting. Revenue is not recognized if there is significant uncertainty regarding its realization. Interest income and expense are recognized using the effective interest rate as financial income and expenses in the statements of operations. The extraordinary gains and losses and the transactions and provisions involving property, plant and equipment are recorded in the statements of operations as "Others, net ".

(b) Non-derivatives financial instruments--Non-derivative financial instruments include cash and cash equivalents, marketable securities, accounts receivable and other current and noncurrent receivables, loans and financing, suppliers, other accounts payable and other equity and debt instruments. The non-derivative financial instruments are initially recognized at fair value plus costs directly attributable to their acquisition or issuance. Subsequent to the initial recognition, non-derivative financial instruments are measured at each balance sheet date, according to their classification, which is defined in the initial recognition based on the purposes for which they were acquired or issued.

The financial instruments classified as assets fall into the category "Loans and receivables" and together with the financial liabilities, after their initial recognition at fair value, are measured based on amortized cost using the effective interest rate method. Interest, monetary and exchange rate variations, less impairment losses, if any, are recognized as income or expense in the statements of operations as incurred.

The Company does not have any non-derivative financial assets classified in the following categories: (i) held for trading, (ii) held to maturity, and (iii) available for sale, and also does not have any non-derivative financial liabilities classified as "Fair value through profit or loss”.

(c) Derivative financial instruments--Derivative financial instruments are initially recognized at fair value and, subsequently, the change in fair value is recorded in the statements of operations, unless the derivative is designated as a cash flow hedge, which should follow the method of accounting for cash flow hedges.

A derivative financial instrument is classified as a cash flow hedge when its purpose is to protect against exposure to cash flow variability that is attributable both to a particular risk associated with a recognized asset or liability, as well as to a transaction that is probable to occur, or to exchange rate risk related to an unrecognized firm commitment.

When initiating a derivative transaction intended to hedge a risk, the Company formally designates and documents the hedged item, as well as the objective of the risk policy and strategy of the hedge transaction. The documentation includes identification of the hedging instrument, the item or transaction being hedged, the nature of the risk to be protected and how the entity will assess the effectiveness of the hedging instrument in offsetting the exposure to changes in fair value of the hedged item or cash flows attributable to the hedged risk. The purpose is that these hedging instruments are effective to offset changes in fair value or cash flows and are assessed on an ongoing basis to determine if they have been actually effective throughout the period for which they were designated.

The effective portion of gain or loss on change in fair value of the hedging instrument is recognized directly in equity in the caption “Assets and liabilities valuation adjustments”, while any ineffective portion is recognized immediately as income or expense in the statements of operations.

The amounts classified in equity as asset and liability valuation adjustment are reflected in the statements of operations in the period in which the hedged item affects the results, by adjusting the value of the hedged expense.

If the firm commitment is no longer expected to occur, amounts previously recognized in equity are reclassified to profit or loss. If the hedged instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, the amounts previously recognized in equity are reclassified to profit or loss.

(d) Cash and cash equivalents--Includes cash, deposits, cash in transit and short-term investments with immediate liquidity and original maturities of 90 days or less (or without fixed maturity), which are subject to an insignificant risk of change in its value. Cash and cash equivalents are classified as non-derivative financial assets measured at amortized cost and interest earned is recognized in the statements of operations of the period.

(e) Marketable securities--Represented by amounts of immediate liquidity with maturities of more than 90 days and are subject to an insignificant risk of change in their value. Marketable securities are classified as non-derivative financial assets measured at amortized cost and interest earned is recognized in the statements of operations of the period.

(f) Accounts receivable and allowance for doubtful accounts--Accounts receivable from customers are presented net of the allowance for doubtful accounts, which is determined based on a credit risk analysis, in an amount considered sufficient by Management to cover possible losses on receivables. Accounts receivable arising from retail sales are adjusted at present value, based on the market interest rates or the transaction interest rate. Current accounts receivable are adjusted whenever effects are significant. Accounts receivable from customers are classified as non-derivative financial assets measured at amortized cost.

(g) Inventories--Valued at average acquisition or production cost, which is lower than net realizable value and are stated net of provision for losses on discontinued and/or obsolete items. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion of manufacturing and directly related selling expenses.

(h) Property, plant and equipment held for sale--Includes out-of-use machinery and equipment measured at fair value less selling expenses, when this amount is lower than net book value.

(i) Investments--Investments in subsidiaries and affiliated companies are accounted for using the equity method based on the balance sheet of the subsidiaries as of the same date as the Company's balance sheet. The value of the equity of foreign subsidiaries is converted into Reais based on the current rate of its functional currency and the foreign exchange rate variation is recorded in "Cumulative translation adjustment" in equity and presented as comprehensive income.

(j) Business combinations--The cost of the acquired entity is allocated to the acquired assets and liabilities, based on their estimated fair value at the acquisition date. Any difference between the entity's cost and the fair value of the acquired assets and liabilities is recognized as goodwill.

(k) Research and development expenses--Are recognized as expenses when incurred.

(l) Leases--Operating leases are recognized as expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the timing of future economic benefits. Contingent leases, related to either capital or operating leases, are recognized in the statements of operations when incurred. Indirect subsidiary SGUS records an accrual for unrecoverable lease costs based on the estimated present value of future lease obligations (whose contracts are still valid after the closing of the leased facilities), net of existing sublease income and estimated sublease income for closed facilities which were not yet subleased.

(m) Property, plant and equipment--Recorded at acquisition or construction cost. Depreciation is calculated using the straight-line method based on the estimated useful lives of the assets. Expenses incurred that increase the value and extend the estimated useful lives of the assets are capitalized; maintenance and repairs are recorded as expenses when incurred.

The estimated useful life of property, plant and equipment is as follows:

	Useful life
Buildings	40 years
Installations	15 years
Equipment	15 years
Hydroelectric Plant - Porto Estrela	35 years
Furniture and fixtures	10 years
Vehicles	5 years
Computers and peripherals	5 years

The residual value and useful life of the assets are assessed by Management at least at the end of each year.

(n) Intangible assets--Represented by trademarks acquired, store locations and goodwill on companies acquired. Intangible assets with finite useful lives are amortized using the straight line method, over their estimated useful lives. Intangible assets with indefinite useful lives are tested for impairment annually, or as deemed necessary, in order to determine the recoverability of their net book values.

(o) Impairment of assets--Assets included in property, plant and equipment, intangible assets, and other noncurrent assets are tested for impairment annually, or when circumstances indicate that the net book value may not be recoverable. When impairment is required, it is recognized in the statements of operations. Previous period impairment losses on fixed assets may be reversed whenever there is an assessment or reliable evidence that the value of the asset has recovered. The reversal is recognized in the statement of operations to the extent it does not exceed the previously recognized impairment losses.

(p) Income and social contribution taxes--The provision for income and social contribution taxes is calculated at the rate of approximately 34% on taxable income and is recognized net of the portion related to the income tax exemption. The accrual balance is net of prepayments made during the year, if applicable. For foreign subsidiaries, the tax rate ranges from 35% to 38%, according to the tax legislation of each country.

(q) Deferred income and social contribution taxes--Deferred income and social contribution taxes are recognized on net operating losses and temporary differences arising from provisions stated in the accounting records, which, according to the tax rules, will only be considered deductible or taxable when realized. A deferred tax asset is recognized only when there is an expectation of future taxable income.

(r) Miscellaneous accruals--Recorded at an amount considered sufficient by Management to cover probable losses. The escrow deposits related to the accruals are presented in noncurrent assets.

(s) Employee benefit plans--Pension plans and postretirement benefit costs are recognized on an accrual basis, based on actuarial calculations. Actuarial gains and losses are recognized in “Assets and liabilities valuation adjustment” when incurred.

(t) Basic and diluted earnings (loss) per share--Basic earnings (loss) per share is calculated by dividing the income or loss for the period attributable to the Company’s shareholders by the weighted average number of outstanding shares. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of outstanding shares assuming conversion of potential shares to be issued. The Company did not identify any potential issuance of new shares and, therefore, a potential dilution in earnings (loss) per share.

(u) Monetary and exchange rate variations--Assets and liabilities subject to monetary or exchange rate variations are restated on the balance sheet dates, in accordance with the Brazilian Central Bank (BACEN) published rates or other contractual indices. Exchange gains and losses and monetary variations are recognized in the statements of operations for the period incurred, except for the exchange gains and losses on investments in foreign subsidiaries, which are recognized in “Cumulative translation adjustment” in equity.

(v) Revenue recognition--Revenue is measured at fair value of the consideration received or receivable, less any estimates of returns, cash discounts and/or unconditional trade discounts given to the buyer and other similar deductions. Revenue from product sales is recognized when all the following conditions are met: (i) the Company transferred to the buyer the significant risks and rewards related to ownership of the products, (ii) the Company does not maintain continuing involvement in the management of goods sold in a degree usually associated with ownership or effective control over such products, (iii) the amount of revenue can be reliably measured, (iv) it is probable that the economic benefits associated with the transaction will flow to the Company and (v) costs incurred or to be incurred related to the transaction can be measured reliably.

(w) Statements of Value Added ("DVA")--The purpose of these statements is to highlight the wealth created by the Company and its distribution over a given period. They are presented by the Company as required by the Brazilian Corporate Law, as part of its individual interim financial statements and as supplemental information for the consolidated interim financial statements, since it is not a statement provided nor required by IFRS standards. The DVAs have been prepared based on information obtained from accounting records that are the basis for the preparation of the interim financial statements.

(x) Owners of the Company and non-controlling interests--In the interim financial statements, "owners of the Company" represents all the shareholders of the Company and “non-controlling interests" represents the minority interest of the Company’s subsidiaries.

2.3 – Use of estimates

The preparation of interim financial statements makes use of estimates in order to record certain assets, liabilities and other transactions. To make these estimates, Management used the best information available at the time of preparation of the interim financial statements, as well as the experience of past and/or current events, also considering estimates regarding future events. Therefore, the interim financial statements include estimates related mainly to the determination of useful lives of property, plant and equipment, estimated recoverable value of noncurrent assets, provisions necessary for tax, civil and labor liabilities, determination of provisions for income tax, determination of fair value of financial instruments (assets and liabilities) and others, estimates related to the selection of interest rate, expected return on assets and the choice of mortality table and expected wage increases applied to the actuarial calculations. Actual results of transactions and information could differ from the estimates.

2.4 – Consolidation criteria

The consolidated interim financial statements include the interim financial statements of the Company and the following subsidiaries:

	Direct and indirect interest in total capital - %	
	03.31.2015	12.31.2014
Coteminas International Ltd.	100.00	100.00
Coteminas (Argentina Branch)	100.00	100.00
Springs Global Participações S.A.	52.92	52.92
Oxford Comércio e Participações S.A.	63.37	63.37
Companhia Tecidos Santanense	56.51	56.51

The consolidation of the balance sheet and statement of operations accounts corresponds to the sum of assets, liabilities, revenues and expenses, according to their nature, after eliminating investments in subsidiaries, unrealized profits and intercompany balances and transactions. The effect of the exchange rate variations on foreign investments is disclosed in a separate caption in the statement of changes in equity, “Cumulative translation adjustment”. The foreign subsidiaries’ accounting practices were adjusted to comply with the Company’s accounting practices. Non-controlling interests were presented separately in the statements of operations and equity.

The subsidiary SGPSA, parent company of CSA, SGUS and AMMO, with ownership interest of 100%, was included in consolidation based on its consolidated interim financial statements.

The subsidiary Oxford Comércio e Participações S.A., parent company of CTS, with ownership interest of 85.9%, was included in consolidation based on its consolidated interim financial statements.

The interim financial statements of foreign subsidiaries have been translated into Brazilian Reais based on the US Dollar exchange rate as of March 31, 2015 and December 31, 2014 for balance sheet accounts and the average monthly exchange rate for statement of operations accounts, as follows:

	2015	2014	Variance
Exchange rate as of:			
December 31	-	2.6562	-
March 31	3.2080	2.2630	41.8%
Average exchange rate:			
March 31 (3 months)	2.9162	2.3409	24.6%

2.5 – New IFRS, revised IFRS and IFRIC interpretations (IASB International Financial Reporting Interpretations Committee)

a) Certain new IASB accounting pronouncements and IFRIC interpretations were published and/or revised and have their mandatory adoption for the periods beginning after January 1, 2015. These new pronouncements did not generate significant impact on the interim financial statements.

Standard	Main requirements
Annual Improvements to IFRSs: 2010 – 2012 Cycle (*)	Amendments to several standards.

Standard	Main requirements
Annual Improvements to IFRSs: 2011 – 2013 Cycle (*)	Amendments to several standards.
Amendments to IAS 19 — Employee contributions to defined benefit plans and revision to CPC technical pronouncements no. 06 (CVM resolution no. 728/14) (*)	Change the requirements for the recognition of the contributions made by employees or third parties that are linked to the services.

b) Certain new IASB accounting pronouncements and IFRIC interpretations were published and/or revised and have their mandatory adoption for the periods beginning after December 31, 2015. However, the early adoption of these new and revised standards was not allowed:

Standard	Main requirements	Effective date
IFRS 9 - Financial instruments (issued on July 24, 2014) (*)	IFRS 9 (2014) was issued in a finalized version including the requirements previously issued and additional amendments, which introduce a new model of expected losses on impairment and limited changes in classification and measurement requirements for financial assets. With those amendments, the IASB completed the project for financial instruments.	Effective for annual periods beginning on or after January 1, 2018.
Agriculture: Bearer Plants - amendments to IAS 16 and 41 (issued June 30, 2014) (*)	Amendments to the guidance on bearer plants that are now included within the scope of IAS 16 rather than IAS 41 because the IASB has determined that they “should be accounted for in the same way as property, plant and equipment.”	Effective for annual periods beginning on or after January 1, 2016.
IFRS 15, Revenue From Contracts With Customers (issued May 28, 2014) (*)	The standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance. The standard specifies how and when an entity will recognize revenue through a single, principles based five-step model to be applied to all contracts with customers, and requires such entities to provide users of interim financial statements with more informative and relevant disclosures.	Effective for annual periods beginning on or after January 1, 2017.
Clarification of Acceptable Methods of Depreciation and Amortization — Amendments to IAS 16 and IAS 38 (issued May 12, 2014) (*)	The amendments clarify that a depreciation and/or an amortization method that is based on revenue that is generated by an activity that includes the use of an asset is not appropriate, except in some limited circumstances for intangible assets.	Effective for annual periods beginning on or after January 1, 2016.

Standard	Main requirements	Effective date
Accounting for Acquisitions of Interests in Joint Operations — Amendments to IFRS 11 (issued May 6, 2014) (*)	The amendments determine that the acquirer of an interest in a joint operation in which the activity constitutes a business is required to apply all of the principles on business combinations accounting under IFRS 3.	Effective for annual periods beginning on or after January 1, 2016.
IFRS 14, Regulatory Deferral Accounts (issued January 30, 2014) (*)	The standard permits an entity which is a first-time adopter of IFRS to continue to account for 'regulatory deferral account balances' in accordance with its previous GAAP, both on initial adoption of IFRS and in subsequent financial statements.	Effective for annual periods beginning on or after January 1, 2016.
Annual Improvements to IFRSs: 2012–2014 Cycle (issued September 25, 2014) (*)	Amendments to several standards.	Effective for annual periods beginning on or after January 1, 2016.
Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture — amendments to IFRS 10 and IAS 28 (issued September 11, 2014) (*)	Amendments to IAS 28 and IFRS 10 to resolve an inconsistency between the guidance in IFRS 10 and that in IAS 28 with respect to “the sale or contribution of assets between an investor and its associate or joint venture.” Under the amendments, an entity would recognize a full gain or loss “when a transaction involves a business” and would recognize a partial gain or loss “when a transaction involves assets that do not constitute a business”.	Effective prospectively for sales or contributions of assets occurring in annual periods beginning on or after January 1, 2016.
Investment Entities: Applying the Consolidation Exception - amendments to IFRS 10, IFRS 12 and IAS 28 (issued on December 18, 2014) (*)	Amendments to IFRS 10, 12 and IAS 28 to confirm that (1) the exemption from preparing consolidated interim financial statements is available for a subsidiary of an investment entity, even if the investment entity measures all of its subsidiaries at fair value; (2) a subsidiary that provides services related to the parent's investment activities should not be consolidated if the subsidiary itself is an investment entity; (3) associates and joint ventures accounted for using the equity method in the interim financial statements of a non-investment entity investor in an investment entity may retain the fair value measurement applied to its subsidiaries when they qualify as investment entities; and (4) investment entities measuring all of their subsidiaries at fair value must provide the disclosures relating to investment entities required by IFRS 12.	Effective for annual periods beginning on or after January 1, 2016.

(*) The CPC has not yet issued the statements and changes corresponding to the new and revised IFRS and the IFRIC discussed earlier. Due to the commitment of the CPC and the CVM to maintain an updated set of standards issued based on the updates made by the IASB, it is expected that these pronouncements and changes will be edited by the CPC and approved by the CVM before the date of its mandatory application.

3. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	03.31.2015	12.31.2014	03.31.2015	12.31.2014
Repurchase transactions (*)	-	-	75,318	67,158
Foreign exchange funds (US$)	-	-	4,655	2,923
Foreign deposits	-	-	102,430	83,701
Checking accounts deposits	1,108	1,191	17,908	21,498
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	1,108	1,191	200,311	175,280
	======	======	======	======

(*) Income from financial investments ranges from 90% to 100% of the rates earned on Interbank Deposit Certificate – CDI.

4. MARKETABLE SECURITIES

	Consolidated	
	03.31.2015	12.31.2014
Investment fund – US$	37,744	30,887
Restricted cash	1,643	1,360
	-----------	-----------
	39,387	32,247
	======	======

5. ACCOUNTS RECEIVABLE

	Consolidated	
	03.31.2015	12.31.2014
Domestic customers	489,622	510,533
Foreign customers	150,061	117,531
Credit card companies	10,732	18,221
Related parties		
Domestic market	2,455	4,865
Foreign market	4,696	7,272
	----------	----------
	657,566	658,422
Allowance for doubtful accounts	(36,599)	(35,809)
	----------	----------
	620,967	622,613
	======	======

The credit sales made by the indirect subsidiaries MMartan and Artex stores are made directly to the consumer that can pay in up to 10 installments by instruments of credit granted by the credit card companies. Present value adjustments on these amounts are made considering the market rates, since cash sales prices do not differ from installment sales prices. On March 31, 2015, the installment receivables under this type of sale were R$13,369 (R$20,856 as of December 31, 2014), with an average collection period of 85 days, totaling to an adjustment in the amount of R$2,638 (R$2,635 as of December 31, 2014), using 100% of the CDI as the interest rate.

Accounts receivable from customers consist of receivables with an average collection period of approximately 78 days (78 days as of December 31, 2014). Past-due amounts are not significant and the allowance for doubtful accounts is considered by Management sufficient to cover expected losses from these notes.

The Company's Management believes that the risk related to accounts receivable is minimized because the composition of the Company's customer portfolio is diluted. The Company has over 13,000 active clients as of March 31, 2015 and only one customer has sales of approximately 10% of net sales.

The aging list of the consolidated accounts receivable was presented in the annual financial statements for the year ended December 31, 2014. There was no significant change in the composition of the aging list during the three-month period ended March 31, 2015.

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

	03.31.2015	12.31.2014
Balance at the beginning of the period	(35,809)	(29,619)
Additions	(424)	(6,671)
Write-offs	47	597
Exchange rate variations	(413)	(116)
Balance at the end of the period	(36,599)	(35,809)

6. INVENTORIES

	Consolidated	
	03.31.2015	12.31.2014
Raw materials and supplies	232,739	203,835
Work in process	148,613	150,771
Finished products	264,024	260,839
Repair parts	75,406	75,218
	720,782	690,663

Inventories are presented net of the provision for losses, which, based on Management's assessment, is considered sufficient to cover losses in the realization of obsolete and/or discontinued inventories.

Changes in the provision are as follows:

	12.31.2014	Additions	Exchange rate variations	03.31.2015
Raw materials and supplies	(1,313)	-	-	(1,313)
Finished products	(1,101)	(1,443)	(229)	(2,773)
Repair parts	(1,099)	-	(4)	(1,103)
	(3,513)	(1,443)	(233)	(5,189)

7. INVESTMENTS IN SUBSIDIARIES AND AFFILIATED COMPANIES

a) Investments attributable to the owners of the Company:

	Equity	Ownership interest - %	Net income (loss)	Total investments 03.31.2015	Total investments 12.31.2014	Equity in subsidiaries and affiliated companies 03.31.2015	Equity in subsidiaries and affiliated companies 03.31.2014
Investments in subsidiaries:							
Springs Global Participações S.A.	1,083,799	52.92	6,667	573,496	570,474	3,528	(11,465)
Oxford Comércio e Participações S.A. (1)	229,439	63.37	(402)	145,395	146,606	(255)	1,067
Coteminas International Ltd.	31,533	100.00	1,607	31,533	27,185	1,607	442
Companhia Tecidos Santanense	271,041	2.07	(543)	5,611	5,622	(11)	43
Coteminas (Argentina branch)	(62)	100.00	(14)	(62)	(41)	(14)	(5)
Total subsidiaries				755,973	749,846	4,855	(9,918)
Investments in affiliated companies (direct):							
Cantagalo General Grains S.A.	259,316	27.50	(85,672)	71,311	86,995	(23,557)	(14,464)
Companhia Fiação e Tecidos Cedro e Cachoeira	287,936	30.40	(4,346)	87,533	88,854	(1,321)	(230)
Total affiliated companies				158,844	175,849	(24,878)	(14,694)
Equity in subsidiaries and affiliated companies						(20,023)	(24,612)
Investments in affiliated companies (indirect): (2)							
Cantagalo General Grains S.A.	259,316	0.40	(85,672)	1,038	-	(343)	-
Total affiliated companies (consolidated)				159,882	175,849	(25,221)	(14,694)

(1) At the Board of Directors' Meeting, held on October 10, 2014, the Board approved the acquisition of 1,518,862 common shares of Oxford Comércio e Participações S.A. for R$15,918, as of September 30, 2014. The Company, after the acquisition, increased its ownership interest to 63.37%.

(2) On January 26, 2015, subsidiary Coteminas International Ltd. acquired an interest in the affiliated company Cantangalo General Grains S.A. for R$3,491, resulting in goodwill of R$2,226, recorded in accumulated deficit.

b) Non-controlling interests of the Company’s subsidiaries:

	Equity	Ownership interest - %	Net income (loss)	Non-controlling interests: On subsidiaries’ equity 03.31.2015	On subsidiaries’ equity 12.31.2014	On subsidiaries’ net income (loss) 03.31.2015	On subsidiaries’ net income (loss) 03.31.2014
Springs Global Participações S.A.	1,083,799	47,08	6,667	510,252	507,563	3,139	(10,202)
Oxford Comércio e Participações S.A.	229,439	36,63	(402)	84,044	84,744	(147)	745
Companhia Tecidos Santanense	271,041	12,02	(543)	32,579	32,645	(65)	253
Springs Canada Holdings, LLC	71,281	12,50	(225)	8,910	7,684	(22)	(191)
				-------------	-------------	------------	------------
Total non-controlling interests				635,785	632,636	2,905	(9,395)
				========	========	========	=======

c) Supplemental information on investments in affiliated companies:

	Cantagalo General Grains S.A.(1) 03.31.2015	Cantagalo General Grains S.A.(1) 12.31.2014	Companhia Fiação e Tecidos Cedro e Cachoeira (2) 03.31.2015	Companhia Fiação e Tecidos Cedro e Cachoeira (2) 12.31.2014
Current assets	1,189,851	971,084	254,256	249,297
Noncurrent assets	927,193	854,966	425,084	434,087
Total assets	2,117,044	1,826,050	679,340	683,384
Current liabilities	890,141	619,452	234,290	223,068
Noncurrent liabilities	793,813	734,519	132,197	142,644
Total liabilities	1,683,954	1,353,971	366,487	365,712
Equity – Company	259,316	316,346	287,936	292,282
Net revenues (three-month periods)	557,996	621,544	107,324	563,973
Loss for the year – Company	(85,672)	(39,300)	(4,346)	(9,622)

(1) Cantagalo General Grains S.A. – Cantagalo General Grains S.A. is a private company, based in Avenida Magalhães de Castro, 4800, 11th floor, suite 2, city of São Paulo - SP, incorporated on October 25, 2010 with the objective of growing soybeans, corn, cotton and other grains; production of seeds and certified seeds, seedling and other forms of certified plant propagation; earthworking, farming and harvesting; production of fertilizers; trading of agricultural products in domestic and foreign markets (import and export), especially vegetables grains and its by-products, fertilizers, its raw materials and other by-products, and pesticides among other similar activities. It has investments in subsidiaries and jointly-owned subsidiaries, in Tropical Empreendimentos e Participações Ltda., Siqueira Empreendimentos e Participações Ltda., CGG Trading S.A. and Belarina Alimentos S.A.

(2) Companhia Fiação e Tecidos Cedro e Cachoeira - is based in Belo Horizonte, Minas Gerais, established on April 2, 1883 and is a publicly-held company, which operates in the textile and related industries; manufacturing and marketing of clothing apparel, including professional uniforms; accessories and personal protective equipment for occupational safety; the export and import of products related to its operations and in the agricultural, livestock and forestry businesses, as well as the generation, distribution and transmission of electricity for its own consumption, however, it can sell the surplus power not used.

8. PROPERTY, PLANT AND EQUIPMENT AND PROPERTY, PLANT AND EQUIPEMENT HELD FOR SALE

a. Property, plant and equipment

Consolidated balances of property, plant and equipment are as follows:

	Rate (i)	03.31.2015			12.31.2014
	%	Cost	Accumulated depreciation	Net book value	Net book value
Land and improvements	8.9	78,689	(24,456)	54,233	55,083
Buildings	2.3	481,456	(196,207)	285,249	285,431
Installations	5.2	286,339	(175,921)	110,418	112,149
Machinery and equipment	6.1	1,287,584	(912,301)	375,283	383,958
Hydroelectric Plant - Porto Estrela (ii)	3.8	37,534	(12,646)	24,888	25,247
Power plants (CTS)	3.4	16,423	(8,056)	8,367	7,933
Furniture and fixtures	9.8	50,651	(31,540)	19,111	19,007
Vehicles	17.0	17,671	(14,552)	3,119	3,237
Computers and peripherals	18.9	61,489	(56,627)	4,862	4,906
Construction in progress	-	113,370	-	113,370	105,044
Others	9.5	141,472	(131,397)	10,075	10,051
		--------------	--------------	--------------	--------------
		2,572,678	(1,563,703)	1,008,975	1,012,046
		========	========	========	========

(i) Weighted average annual depreciation rate, excluding fully depreciated items.
(ii) See note 19.

Considering the operating profitability and cash generation, the Company and its subsidiaries concluded that there is no evidence of deterioration or failure to recover the balances held as property, plant and equipment.

Changes in consolidated property, plant and equipment are as follows:

Cost:

	12.31.2014	Additions	Disposals	Transfers to held for sale	Transfers	Exchange rate variations	03.31.2015
Land and improvements	77,471	435	(310)	-	-	1,093	78,689
Buildings	473,807	2	(2)	-	1,802	5,847	481,456
Installations	284,707	53	(205)	-	690	1,094	286,339
Machinery and equipment	1,270,676	1,238	(2,782)	-	141	18,311	1,287,584
Hydroelectric Plant - Porto Estrela	37,534	-	-	-	-	-	37,534
Power plants (CTS)	15,871	552	-	-	-	-	16,423
Furniture and fixtures	48,367	333	(66)	-	346	1,671	50,651
Vehicles	16,691	158	(152)	51	-	923	17,671
Computers and peripherals	54,742	439	(150)	-	1	6,457	61,489
Construction in progress	105,044	11,932	(1,187)	-	(2,980)	561	113,370
Others	119,529	-	-	-	-	21,943	141,472
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	2,504,439	15,142	(4,854)	51	-	57,900	2,572,678
	========	========	========	========	========	========	========

Accumulated depreciation:

	12.31.2014	Additions	Disposals	Transfers to held for sale	Transfers	Exchange rate variations	03.31.2015
Land and improvements	(22,388)	(2,136)	115	-	-	(47)	(24,456)
Buildings	(188,376)	(2,921)	-	-	-	(4,910)	(196,207)
Installations	(172,558)	(2,796)	195	-	(365)	(397)	(175,921)
Machinery and equipment	(886,718)	(12,524)	2,484	-	-	(15,543)	(912,301)
Hydroelectric Plant - Porto Estrela	(12,287)	(359)	-	-	-	-	(12,646)
Power plants (CTS)	(7,938)	(118)	-	-	-	-	(8,056)
Furniture and fixtures	(29,360)	(756)	64	-	-	(1,488)	(31,540)
Vehicles	(13,454)	(323)	152	(51)	-	(876)	(14,552)
Computers and peripherals	(49,836)	(562)	143	-	-	(6,372)	(56,627)
Others	(109,478)	(380)	-	-	365	(21,904)	(131,397)
	(1,492,393)	(22,875)	3,153	(51)	-	(51,537)	(1,563,703)

b. Property, plant and equipment held for sale

The Company's subsidiaries identified assets that were removed from operations and considered held for sale. These assets include machinery and equipment removed as a result of the modernization of the Brazilian subsidiary manufacturing facilities and machinery and equipment from the American subsidiary manufacturing facilities that were shutdown. Additionally, the equipment available for sale from the readjustment of productive capacities was also included in this category. These assets were measured at the lower of the net book value or market value, resulting in the recognition of probable impairment losses (reduction of recoverable value).

As a result of this analysis, the recoverable value of R$48,541 (R$40,527 as of December 31, 2014) was presented in noncurrent assets under "Property, plant and equipment held for sale", and, consequently, removed from the table above, based on its net book value.

Changes in property, plant and equipment held for sale are as follows:

	12.31.2014	Additions	Disposals	Exchange rate variations	03.31.2015
Cost	361,459	292	(2,230)	63,619	423,140
Depreciation	(283,066)	(230)	1,436	(55,561)	(337,421)
Provision for losses	(37,866)	(32)	720	-	(37,178)
	40,527	30	(74)	8,058	48,541

9. INTANGIBLE ASSETS

	Consolidated	
	03.31.2015	12.31.2014
Goodwill on the acquisition of North American companies	36,599	30,616
Goodwill on the acquisition of AMMO	27,303	27,303
Trademarks	16,307	16,307
Store locations (real estate intangible)	45,208	45,348
Others	22	22
	-----------	-----------
Total	125,439	119,596
	======	======

The Company and its subsidiaries evaluate the recoverability of goodwill on investments annually and uses accepted market practices, such as discounted cash flow for business units that have goodwill. Recoverability of goodwill is evaluated based on analysis and identification of facts and circumstances that could require the tests to be performed at an earlier date. If a fact or circumstance indicates that the recoverability of goodwill is affected, then the test is anticipated.

The projection period for the December 2014 cash flows was three years. The assumptions used to determine the fair value through the discounted cash flow method include: cash flow projections based on management estimates for future cash flows, discount rates and growth rates for determining the perpetuity. Additionally, the perpetuity has been calculated considering the stabilization of operating margins, working capital and investments levels.

The annual discount rate used was 13.6% and the perpetuity growth rate considered was 3% per year, for both indirect subsidiary SGUS goodwill in the acquisition of North American companies and the Company's goodwill in the acquisition of SRPSA, currently renamed to AMMO. The discount rates used were determined taking into consideration market information available on the test date.

Changes in consolidated intangible assets for the period were as follows:

	Balances on 12.31.2014	Disposals	Exchange rate variations	Balances on 03.31.2015
Goodwill on the acquisition of North American companies	30,616	-	5,983	36,599
Goodwill on the acquisition of AMMO	27,303	-	-	27,303
Trademarks	16,307	-	-	16,307
Store locations (real estate intangible)	45,348	(140)	-	45,208
Others	22	-	-	22
	-----------	---------	---------	-----------
Total	119,596	(140)	5,983	125,439
	======	=====	=====	======

The intangible assets presented above have indefinite useful lives, and therefore are not amortized, but their recoverable values are tested for impairment annually. Trademarks are recorded at their acquisition cost. The amounts related to the store locations (real estate intangible) are recorded at acquisition cost.

10. LEASES

Indirect subsidiary SGUS leases properties and equipment under operating leases. Total leasing expense for the three-month period ended March 31, 2015 was R$8,807 (R$7,886 for the three-month period ended March 31, 2014). Indirect subsidiary SGUS contractually agreed with third-parties to sublease certain vacant facilities that no longer provide economic benefit. Total sublease income in the three-month period ended March 31, 2015 was R$2,896 (R$1,957 in the three-month period ended March 31, 2014). Lease payments scheduled for future years are estimated as follows:

Years	2015
2015 (*)	24,320
2016	31,066
2017	28,853
2018	28,644
2019	25,192

(*) 9 months

Beginning in 2019, lease payments continue to decrease until the contracts terminate on several dates through 2030, totaling R$245,447. From 2015 to 2019, indirect subsidiary SGUS is scheduled to receive sublease payments of R$55,986.

The indirect subsidiary SGUS has short- and long-term accruals totaling R$21,723 (R$17,108 as of December 31, 2014), which consists of the present value of estimated future lease obligations (for the agreements that remained effective after the closing of certain leased facilities in the U.S.), net of existing sublease income and estimated sublease income of closed facilities, which were not yet subleased. This potential sublease income would result in a reduction of the obligations stated in the table above by R$190,961.

11. SUPPLIERS

	Consolidated	
	03.31.2015	12.31.2014
Domestic market	112,862	92,461
Foreign market	91,054	84,466
	----------	----------
	203,916	176,927
	======	======

Accounts payable to suppliers consist of amounts with an average maturity term of approximately 28 days (24 as of December 31, 2014). Domestic suppliers include credits to purchase raw material (cotton), amounting to R$55,735 (R$54,011 as of December 31, 2014).

12. LOANS AND FINANCING

	Currency	Annual interest rate - %	Maturity	Consolidated 03.31.2015	12.31.2014
Local currency:					
Banco do Brasil S.A. (Revitaliza)	R$	4.5 to 9.0	2016	11,060	13,136
BNDES (Revitaliza)	R$	4.5 to 9.0	2016	11,060	13,136
BNDES (Finame) (a)	R$	2.5 to 7.0	2023	28,904	29,950
Banco do Brasil S.A. (Overdraft account) (*)	R$	118.6 and 120.0 of CDI	2015	65,265	75,504
Bradesco S.A. (Overdraft account) (*)	R$	124 of CDI	2015	15,663	27,535
Bradesco S.A. (Working capital/CCB) (*)	R$	124.5 and 127.0 of CDI	2015	34,916	34,142
Banco do Brasil S.A. (Giroflex/CCB)(*)	R$	112.0 and 116.6 of CDI	2015	50,450	48,755
Banco do Brasil – BNDES Progerem	R$	TJLP + 3.0	2015	4,266	6,827
Banco Votorantim S.A.	R$	TJLP + 3.3	2015	10,877	17,407
Banco Votorantim S.A. (*)	R$	113.8 of CDI	2015	39,754	39,750
Banco do Brasil S.A. (NCI)	R$	108.5 and 113.6 of CDI	2016	288,446	279,686
Banco Itaú BBA S.A. (b)	R$	121.0 of CDI	2016	108,248	104,684
Banco Santander S.A.	R$	TJLP+3	2017	14,596	14,604
Banco Santander S.A.	R$	114.1 and 123.5 of CDI	2016	46,849	45,241
Other	R$	-	2023	81	83
				730,435	750,440
Foreign currency:					
Deutsche Bank (Securitization)	US$ and CAD$	Libor+2.25	2016	55,277	50,104
Banco Patagonia	$ARG	15.3 and 27.5	2016	6,743	3,368
Banco Santander S.A.	US$	2.3	2015	19,970	22,052
JP Morgan	US$	Libor+0.85	2015	12,208	2,128
				94,198	77,652
Total				824,633	828,092
Current				(628,282)	(598,354)
Noncurrent				196,351	229,738

(*) Include balances held by the Company.

(a) Includes a loan in the amount of R$15,453 in transfer process to third parties along with the fixed asset that originated it, disposed in December 2014.

(b) Original loan contract in US Dollars plus 2.466% per annum with a swap for approximately 121.0% of CDI with the same counterparty.

Loans are collateralized by: (i) registered security interest in real estate, machinery and equipment located in Montes Claros - MG, as well as a guarantee from the Company for the “Revitaliza” loans; and (ii) by sureties and bank guarantees for the remaining financing.

Maturities are as follows:

Consolidated	2015	2016 Short term	2016 Long term	2017	2018 to 2023	Total
Local currency:						
Banco do Brasil S.A. (Revitaliza)	6,237	2,067	2,756	-	-	11,060
BNDES (Revitaliza)	6,237	2,067	2,756	-	-	11,060
BNDES (Finame)	3,307	1,130	3,394	4,524	16,549	28,904
Banco do Brasil S.A. (Overdraft account)	65,265	-	-	-	-	65,265
Bradesco S.A. (Overdraft account)	15,663	-	-	-	-	15,663
Bradesco S.A. (Working capital/CCB)	34,916	-	-	-	-	34,916
Banco do Brasil S.A. (Giroflex/CCB)	50,450	-	-	-	-	50,450
Banco do Brasil – BNDES Progerem	4,266	-	-	-	-	4,266
Banco Votorantim S.A.	10,877	-	-	-	-	10,877
Banco Votorantim S.A.	39,754	-	-	-	-	39,754
Banco do Brasil S.A. (NCI)	248,446	-	40,000	-	-	288,446
Banco Itaú BBA S.A.	41,582	33,333	33,333	-	-	108,248
Banco Santander S.A.	96	-	-	14,500	-	14,596
Banco Santander S.A.	26,887	-	19,962	-	-	46,849
Other	47	2	7	7	18	81
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	554,030	38,599	102,208	19,031	16,567	730,435
Foreign currency:						
Deutsche Bank (Securitization)	-	-	55,277	-	-	55,277
Banco Patagonia	3,475	-	3,268	-	-	6,743
Banco Santander S.A.	19,970	-	-	-	-	19,970
JP Morgan	12,208	-	-	-	-	12,208
	-----------	-----------	-----------	-----------	-----------	-----------
	35,653	-	58,545	-	-	94,198
	-----------	-----------	-----------	-----------	-----------	-----------
	589,683	38,599	160,753	19,031	16,567	824,633
	=======	=======	=======	=======	=======	=======

13. DEBENTURE

Through a privately-negotiated debenture agreement, on May 30, 2014, indirect subsidiary CSA issued a non-convertible debenture with the following characteristics, which, on July 7, 2014, was fully subscribed by Banco Votorantim. Subsequently, Banco Votorantim sold the Debenture to Gaia Securitizadora Agro SA ("Gaia"), which became entitled to receive the full amount of the indirect subsidiary CSA's debt represented by the Debenture, plus the Debenture's return and applicable default charges, as well as other financial obligations under the Indenture, which are as follows:

Debenture Characteristics	
Quantity of issued Debenture	1
Debenture unit price (amount in Brazilian Reais)	R$270,000,000
Amortization	2 equal installments
Maturity of 1st installment	06/13/2016
Maturity of 2nd installment	06/13/2017
Return	110% of CDI
Interest amortization	Semiannual
Guarantees	(1)
Covenants	(2)

The Debenture was subject to public distribution with restricted placement efforts, pursuant to CVM Instruction 476, subscribed by Banco Votorantim.

On June 11, 2014, it was signed with Gaia the Agribusiness Credit Rights Securitization Term Sheet, for the 1st Series of the 3rd Issue of Agribusiness Receivables Certificates ("CRA"), binding the Debenture to the issuance of the CRA.

On July 3 and 7, 2014, announcements of opening and closing of the distribution of the CRA were published, respectively, and all 864 CRA were issued and subscribed with a unit price of R$312.5, bringing the total amount of the offer to R$270,000, with the same return and guarantees as the backing Debenture.

The funds were available to indirect subsidiary CSA on date of the subscription of the CRA. The issuance costs of the Debenture and the CRA, in the amount of approximately R$7,700, equivalent to 2.85% of the total issuance amount, will be amortized as transaction cost, along with the Debenture charges, prorated to the outstanding debt balance.

Balances on March 31, 2015 were as follows:

	Original amount updated	Prepaid interest	Accrued interest	Balances on 03.31.2015	Balances on 12.31.2014
Current	1,685	(2,550)	8,397	7,532	1,685
Noncurrent	270,000	(3,073)	-	266,927	263,748
	-----------	-----------	-----------	-----------	-----------
Total	271,685	(5,623)	8,397	274,459	265,433
	=======	=======	=======	=======	=======

(1) Guarantees:

Secured guarantee: Real estate of indirect subsidiary CSA which fair market valuation is greater than 120% of the CRA issuance value. At any time, one or more real estate may be disposed at the discretion of subsidiary CSA and without consent of the CRA holders, provided that: (i) such sale shall not decrease the rate of 120% guarantee of the secured obligations to the CRA holders; and (ii) the indirect subsidiary CSA uses the net proceeds of the disposed assets for repayment of bank loans.

Fidejussory guarantee: Surety given by the subsidiary SGPSA.

(2) Covenants:

In addition to the usual covenants, the indirect subsidiary CSA has agreed to comply with the following financial ratios: (i) Net Debt to Adjusted EBITDA ratio, equal to or less than 4.25 (four and twenty-five hundredths) during the year 2014; (ii) Net Debt to Adjusted EBITDA ratio, equal to or less than 4.10 (four and ten hundredths) during the year 2015; (iii) Net Debt to Adjusted EBITDA ratio, equal to or less than 4.00 (four) during the year 2016; (iv) Net Debt to Shareholders' Equity ratio, equal to or less than 0.7 (seven tenths); and (v) Adjusted EBITDA to Interest ratio, less than 2 (two). The ratios set forth in items (iv) and (v) are planned for the entire contract period. The terms used to describe the ratios have their particular definition set forth in the contract and may differ from the financial statement lines. On March 31, 2015, the indirect subsidiary CSA complied with all the ratios above.

14. EQUITY

a. Capital

Capital, as of March 31, 2015 and December 31, 2014, is represented as follows:

	Number of shares
Common	55,651,200
Preferred	66,894,628

	122,545,828
	=========

All shares are registered and without par value. Preferred shareholders do not have voting rights, but have the following advantages: (a) priority to capital redemption in the event of liquidation, and (b) right to be included in any public offering for the sale of the controlling interest, as legally determined, and to receive dividends at least equivalent to those paid to common shares.

There was no change in the number of shares subscribed and paid for the period between January 1, 2014 and March 31, 2015.

At the Annual Meeting, held on April 30, 2014, the Company’s shareholders approved the absorption of accumulated losses of R$515,908 through tax incentives and earnings reserves.

b. Dividends

Shareholders are entitled to dividends equivalent to 1/3 of annual net income, adjusted as per Company’s bylaws and the Brazilian Corporate Law.

c. Retained earnings reserve

The retained earnings reserve was determined in compliance with article 196 of Law 6,404/76 and it is intended to be used on future investments.

15. RELATED PARTY BALANCES AND TRANSACTIONS

	Receivables		Payables	
	03.31.2015	12.31.2014	03.31.2015	12.31.2014
Company:				
Wembley S.A.	32,732	34,260	-	-
Coteminas International Ltd.	66,568	50,744	-	-
Innotex International Ltd.	7,913	6,504	-	-
Coteminas S.A.	-	-	17,316	7,450
Companhia Tecidos Santanense	-	-	2,621	-
Empr.Nac.Com.Rédito e Particip. S.A. – ENCORPAR	6,658	4,714	-	-
Encorpar Empr. Imob. Ltda.	547	-	-	-
	----------	----------	----------	----------
	114,418	96,222	19,937	7,450
	======	======	======	======

	Receivables		Payables	
	03.31.2015	12.31.2014	03.31.2015	12.31.2014
Consolidated:				
Wembley S.A.	32,732	34,260	261	242
Innotex International Ltd.	7,913	6,504	-	-
Holtex, Inc.	46	38	-	-
Empr.Nac.Com.Rédito e Particip. S.A. – ENCORPAR	6,734	4,788	-	-
Encorpar Empr. Imob. Ltda.	548	-	-	-
	----------	----------	----------	----------
	47,973	45,590	261	242
	======	======	======	======

	Finance charges income (expense) (consolidated)	
	03.31.2015	03.31.2014
Wembley S.A.	1,145	632
Empr.Nac.Com.Rédito e Particip. S.A. – ENCORPAR	188	16
JAGS-José Alencar Gomes da Silva	19	10
Innotex International Ltd	53	42
Seda S.A.	2	5
Encorpar Empr. Imob. Ltda.	12	8
	----------	----------
	1,419	713
	======	======

The balances held with related parties have long-term maturities, and charges are calculated according to the rates equivalent to those in effect in the financial market, namely, 115% to 120% of the Certificate of Interbank Deposit – CDI variance and Libor plus 3% per year for foreign companies (115% to 120% of the Certificate of Interbank Deposit – CDI variance and Libor plus 3% per year for foreign companies in 2014).

As stated in the subsidiary SGPSA shareholders’ agreement, the indirect subsidiary SGUS must pay annually US$1,429 thousand for services provided, net of expenses, to the shareholder Heartland Industrial Partners, L.P. and the indirect subsidiary CSA must pay US$3,500 thousand to the Company. In the three-month period ended March 31, 2015, the total amount of R$1,163 (R$809 in the three-month period ended March 31, 2014) was accrued by indirect subsidiary SGUS for services provided and outstanding balance of R$3,435 (R$3,797 as of December 31, 2014) is accrued under the caption “Other payables,” in current liabilities, in the consolidated balance sheet.

Rossini Administradora de Bens Ltda. and indirect subsidiary AMMO entered into a real estate lease agreement for AMMO’s manufacturing facility and its offices. In the three-month period ended March 31, 2015, R$822 were accrued under this lease (R$822 in the three-month period ended March 31, 2014). The valuation of the property and its lease were conducted by a specialized company and represent market prices.

The amounts paid to key Management personnel are disclosed in the statements of operations, under caption “Management fees” and include existing long-term and post-employment benefits.

16. INCOME AND SOCIAL CONTRIBUTION TAXES AND OTHER TAXES

a. Tax incentives

All manufacturing units of the indirect subsidiary CSA in Brazil (except for the Blumenau-SC and Acreúna-GO facilities) and one unit of indirect subsidiary Companhia Tecidos Santanense, are located in the area of the Northeast Development Superintendence (SUDENE), which provides federal and state tax incentives.

Federal and state tax incentives of the Company and its plants are scheduled to expire on different dates, depending on the manufacturing facility's location. Federal tax incentives are valid until December 31, 2016 and state incentives are valid until December 31, 2021.

Federal tax incentives are calculated based on income tax generated by the manufacturing and commercial operations and recorded as a reduction of the income tax payable and income tax expense.

b. Income tax reconciliation (income and social contribution taxes)

	Company		Consolidated	
	03.31.2015	03.31.2014	03.31.2015	03.31.2014
Loss before taxes	(12,669)	(31,267)	(11,266)	(40,195)
Permanent differences:				
Equity in subsidiaries and affiliated companies	20,023	24,612	25,221	14,694
Nontaxable income	-	-	(8,105)	(9,666)
Permanent differences from foreign subsidiary	-	-	(175)	(59)
Others, net	125	241	78	421
	----------	----------	----------	----------
Income tax basis	7,479	(6,414)	5,753	(34,805)
34% tax rate	(2,543)	2,181	(1,956)	11,834
Tax incentive - reduction (SUDENE)	-	-	239	20
Unrecognized tax credits	(2,001)	(2,183)	(2,963)	(12,326)
Foreign subsidiaries credits	-	-	1,653	-
Others	-	2	(15)	5
	---------	---------	---------	---------
Total income taxes	(4,544)	-	(3,042)	(467)
	---------	---------	---------	---------
Income taxes – current	-	-	(561)	(9)
Income taxes – deferred	(4,544)	-	(2,481)	(458)
	=====	=====	=====	=====

As a holding Company, the Company's operations consist, primarily, of equity in subsidiaries and affiliated companies and income from marketable securities. Foreign subsidiaries' income is taxed as an addition to the taxable income and they receive tax credits for taxes paid in their respective countries, which is up to 25% of its income tax base. If there are tax losses, tax credits are not considered in Brazil, but they are offset with future income generated by the foreign subsidiary. Therefore, as a holding Company, tax credit recognition is allowed in specific situations.

Indirect subsidiary CSA's Management, in prior years, based on a business plan and future projections, partially recognized deferred tax assets arising from accumulated net operating losses. As of March 31, 2015, indirect subsidiary CSA had net operating losses of R$507,750 (R$507,750 as of December 31, 2014) and social contribution tax losses of R$513,281 (R$513,281 as of December 31, 2014), whose tax assets were not recognized. The tax assets recognized by this subsidiary are net of its tax benefits. Indirect subsidiary CSA's future projections consider a greater concentration on the domestic market since these sales are more profitable, a greater profit margin due to the sales of higher value-added products, among others. Based on these actions and the business plan assumptions, CSA's Management expects that the generation of future taxable income will allow the realization of the subsidiary's deferred tax assets.

c. Deferred income and social contribution taxes

Deferred income and social contribution taxes recorded in the consolidated interim financial statements arise from subsidiaries' temporarily nondeductible provisions and subsidiaries' net operating losses and are composed as follows:

	Balances on 12.31.2014	Recognized in statement of operations	Others	Balances on 03.31.2015
Assets:				
Temporarily nondeductible provisions	24,641	(4,224)	390	20,807
Net operating losses	40,170	595	-	40,765
Tax credits from foreign subsidiaries	12,326	1,148	564	14,038
	-----------	-----------	-----------	-----------
Noncurrent assets	77,137	(2,481)	954	75,610
	======	=======	=======	======
Liabilities:				
Temporary differences	(269)	-	(46)	(315)
Negative goodwill in investments	(5,049)	-	-	(5,049)
	-----------	-----------	-----------	-----------
Noncurrent liabilities	(5,318)	-	(46)	(5,364)
	=======	=======	=======	======

Based on its budget and business plan, Management estimates that the deferred taxes will be realized in the following years, as follows:

Consolidated	
Year	Noncurrent assets
2015	3,854
2016	5,837
2017	6,506
2018	9,736
2019 and thereafter	49,677

	75,610
	======

The income and social contribution taxes – liabilities, will become due upon the realization of the negative goodwill of such investments.

d. Recoverable taxes

	Company		Consolidated	
	03.31.2015	12.31.2014	03.31.2015	12.31.2014
ICMS	749	957	21,859	19,759
Prepaid income and social contribution taxes	4,841	4,910	29,324	33,899
Recoverable PIS and COFINS	8,210	8,210	12,926	16,329
IVA – Argentina	-	-	6,448	6,712
VAT – China and Mexico	-	-	1,531	1,329
Recoverable IPI	1,779	1,779	1,811	1,801
ILL (tax on net income)	3,562	3,562	3,562	3,562
Other recoverable taxes	2	2	5,932	5,721
	-----------	-----------	-----------	-----------
	19,143	19,420	83,393	89,112
Current assets	(4,843)	(4,912)	(52,477)	(55,800)
	-----------	-----------	-----------	-----------
Noncurrent assets	14,300	14,508	30,916	33,312
	======	======	======	======

17. MISCELLANEOUS ACCRUALS

The Company and its subsidiaries are challenging in court the legality of certain taxes and labor and civil claims. The accrual was recognized based on the risk assessment made by Management and its legal counsel for all lawsuits in which losses are considered probable.

The Company and its subsidiaries have tax and civil claims, whose loss was estimated as possible in the amount of R$73,129 and R$3,458, respectively.

The claims for which losses are considered probable are summarized as follows:

	Company		Consolidated	
	03.31.2015	12.31.2014	03.31.2015	12.31.2014
Tax litigation claims:				
Social contribution	-	-	791	791
Temporary contribution over financial transactions (CPMF)	-	-	4,317	4,317
INSS	2,456	2,456	6,287	6,287
PIS and COFINS	1,250	1,250	4,511	4,511
IPI foreign flag	3,301	3,301	3,301	3,301
Others	328	328	2,322	2,226
Labor	957	957	13,864	13,586
Civil and others	3,757	3,757	7,641	7,629
	---------	---------	----------	----------
	12,049	12,049	43,034	42,648
	=====	=====	======	======
Escrow deposits	27,352	27,337	53,465	53,259
	=====	=====	======	======

Social contribution – The Company is a plaintiff in a lawsuit filed against the Federal Revenue Service to stop the levy of the social contribution tax on its plants located in SUDENE’s area. In 2013, after successive losses, the Company dismissed the main lawsuit; while other lower value claims of its subsidiaries are still pending.

CPMF – The subsidiary SGPSA is a plaintiff in a lawsuit to avoid the application of CPMF tax assessment on the “symbolic” exchange rate contracts incurred during the process of issuing stock to a foreign investor.

INSS – Administrative litigation referring to tax entries in the Company and its indirect subsidiaries CSA and CTS. The indirect subsidiaries CSA and CTS are plaintiff in a lawsuit against the Brazilian Treasury Department, disputing the levy of INSS on amounts considered to be employee termination costs.

PIS and COFINS – The Company is plaintiff in a lawsuit against the Federal Revenue Service questioning the inclusion of ICMS in COFINS and PIS tax basis.

IPI – Foreign Flag – The Company is a plaintiff in a lawsuit against the levy of IPI on the acquisition of an aircraft under a lease contract.

Labor – The Company and its subsidiaries are defendants in lawsuits from former employees and third parties.

Civil – The Company is a plaintiff in lawsuits disputing the “ECE-Encargo de Capacidade Emergencial” and the “RTE-Recomposição Tarifária Extraordinária”, both charged on power bills. The indirect subsidiary CSA is a plaintiff in a lawsuit against the Federal Government disputing the legality of the collection of “RTE – Recomposição Tarifária Extraordinária” and “COFURH – Compensação Financeira pela Utilização de Recursos Hídricos”.

Request for refund and indemnification (“PERDCOMP”) - The Company is a plaintiff in a claim for refund of overpayment that is challenging the retroactive application of IN323/2005, which establishes deadlines for the delivery of PERDCOMP.

Changes in the consolidated accrual are as follows:

	Balances on 12.31.2014	Additions	Reductions	Balances on 03.31.2015
Tax litigation claims:				
Social contribution	791	-	-	791
Temporary contribution over financial transactions (CPMF)	4,317	-	-	4,317
INSS	6,287	-	-	6,287
PIS and COFINS	4,511	-	-	4,511
IPI - Foreign Flag	3,301	-	-	3,301
Others	2,226	96	-	2,322
Labor	13,586	994	(716)	13,864
Civil and others	7,629	181	(169)	7,641
	----------	---------	---------	----------
	42,648	1,271	(885)	43,034
	=====	=====	=====	=====

18. EMPLOYEE BENEFIT PLANS

Substantially the employees of the indirect subsidiary SGUS are covered by defined-contribution plans. Some executives of indirect subsidiary SGUS are covered by a defined-benefit plan. Indirect subsidiary SGUS may make contributions to the defined-contribution plan at its discretion, and these contributions are considered by means of a percentage of each participant’s eligible compensation. In addition, should eligible participants contribute a percentage of their compensation to some defined-contribution plans, indirect subsidiary SGUS may, at its discretion, make a contribution in the proportion of the amounts contributed by the participants.

Indirect subsidiary SGUS sponsors a defined-benefit pension plan for some of its employees, whose expected pension costs are accrued based on actuarial studies. Contributions of retired employees and indirect subsidiary SGUS are adjusted periodically. Indirect subsidiary SGUS' contributions to the defined-benefit plans are made pursuant to the "US Employee Retirement Income Security Act" and benefits are generally based on years of service and salary (compensation) levels.

The defined-benefit plan's assets are invested in diversified equity securities and fixed-income funds (including US government debt). Indirect subsidiary SGUS also provides retirement benefits to eligible executives under nonqualified supplemental executive retirement plans.

The table below includes summarized information on the pension and postretirement plans as of March 31, 2015 and 2014:

	03.31.2015	03.31.2014
Components of net periodic benefit cost:		
Service cost	241	210
Interest cost and others, net	974	1,240
Net periodic benefit cost	1,215	1,450

Indirect subsidiary SGUS' investment strategy is to invest in a diversified portfolio that will maximize returns, considering an acceptable risk level. Pension plan assets are invested in mutual funds which have a target allocation of 45% to 54% in equity securities and 55% to 46% in fixed income funds. The expected returns on plan assets were developed in conjunction with external advisors and take into account long-term expectations for future returns based on indirect subsidiary SGUS' current investment strategy.

The balances of employee benefit plans and deferred compensation are as follows:

	03.31.2015	12.31.2014
Pension plan obligations	122,123	102,386
Pension plan obligations (multi-employer) (a)	164	179
Other employee benefit obligations	7,985	7,270
Total employee benefit plans	130,272	109,835
Current (b)	(10,547)	(8,733)
Noncurrent	119,725	101,102

(a) Until December 30, 2010, indirect subsidiary SGUS was one of the plan sponsors of the South Jersey Labor and Management Pension Fund, a multiemployer defined benefit pension plan. On December 30, 2010, the indirect subsidiary SGUS withdrew from the Plan and recorded a liability corresponding to the estimated cost of withdrawal.

(b) Presented on caption "Payroll and related charges".

19. GOVERNMENT CONCESSIONS

The indirect subsidiary CSA has equity interest in a consortium for an electric power generation concession with the companies CEMIG Geração e Transmissão S.A. and Vale (formerly known as Companhia Vale do Rio Doce), in equal percentages of 33.33%. No legally independent entity was established for the management of this consortium. Accounting records, equivalent to its interest, are maintained under Company's control.

As consideration for the concession granted, indirect subsidiary CSA, together with the other consortium members, will pay installments over the concession period to the Federal Government, as presented below:

Beginning of concession period:	July 10, 1997
Concession period:	35 years
Total concession amount:	R$333,310
Monetary adjustment:	IGP-M (general market price index)

Total annual installments of the concession:

	Years 5 to 15 2002 to 2012	Years 16 to 25 2013 to 2022	Years 26 to 35 2023 to 2032
Historical amounts:			
Minimum installment	120	120	120
Additional installment	-	12,510	20,449
Annual installment	120	12,630	20,569
Total installments	1,320	126,300	205,690
Monetarily adjusted installments	5,277	504,922	822,297

For accounting purposes, CSA recognizes expenses incurred on an accrual basis, as a contra entry to noncurrent liabilities, on a straight-line basis, based on its share in the total concession amount, 33.33%, at present value, considering a basic interest rate, monetarily adjusted based on the IGPM. As of March 31, 2015, this amount represented R$64,530, of which, R$16,556 is classified in current liabilities and R$47,974 is classified as noncurrent liabilities (R$64,431 as of December 31, 2014, of which, R$16,556 is classified in current liabilities and R$47,875 is classified as noncurrent liabilities).

As of March 31, 2015, the net book value of the property, plant and equipment related to the current concession is R$24,888 (R$25,247 as of December 31, 2014) (see note 8), considering CSA's equity interest in the investments for the construction of the Porto Estrela Hydroelectric Plant, located on the Santo Antônio River, 270 km from Belo Horizonte, with installed capacity of 112 MW. The plant began generation activities at the end of 2001.

20. FINANCIAL INSTRUMENTS

<u>a) General</u>--The Company and its subsidiaries maintain derivatives and non-derivatives financial instruments transactions, whose risks are managed through strategic financial positions and controls to limit exposure to such risks. All transactions are fully recorded in the Company's books and described in the table below.

The main risk factors to which the Company and its subsidiaries are exposed reflect strategic-operational and economic-financial matters. The strategic-operational risks (such as, demand trend, competition, technological innovation, significant changes in the industry structure, among others) are inherent to the Company's operating activities and are addressed by its Management. The economic-financial risks mainly reflect customers' delinquency, macro-economic trends, such as, currency exchange and interest rates, as well as the nature of the derivative instruments used by the Company, its subsidiaries, and its counter-parties. These risks are managed through internal control policies, specific strategies and establishment of approval authorities.

b) Fair value -- the fair value of the financial instruments previously mentioned are as follows:

	Company				Consolidated			
	03.31.2015		12.31.2014		03.31.2015		12.31.2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair Value	Book value	Fair value
ASSETS --								
CURRENT:								
Cash and cash equivalents	1,108	1,108	1,191	1,191	200,311	200,311	175,280	175,280
Marketable securities	-	-	-	-	39,387	39,387	32,247	32,247
Accounts receivable	-	-	-	-	620,967	620,967	622,613	622,613
Other receivables	10,540	10,540	6,520	6,520	38,025	38,025	34,266	34,266
NONCURRENT:								
Long-term assets:								
Related parties	114,418	114,418	96,222	96,222	47,973	47,973	45,590	45,590
Other credits and receivables	2,061	2,061	2,061	2,061	28,028	28,028	28,453	28,453
LIABILITIES --								
CURRENT:								
Loans and financing (*)	106,870	106,870	105,385	105,385	628,282	628,282	598,354	598,354
Debenture (*)	-	-	-	-	7,532	7,532	1,685	1,685
Suppliers	61	61	92	92	203,916	203,916	176,927	176,927
Noneconomic lease	-	-	-	-	5,234	5,234	4,286	4,286
Other accounts payable	2,478	2,478	2,789	2,789	68,978	68,978	62,633	62,633
NONCURRENT:								
Loans and financing (*)	-	-	-	-	196,351	196,351	229,738	229,738
Debenture (*)	-	-	-	-	266,927	266,927	263,748	263,748
Noneconomic lease	-	-	-	-	16,489	16,489	12,822	12,822
Related parties	19,937	19,937	7,450	7,450	261	261	242	242
Government concessions	-	-	-	-	47,974	47,974	47,875	47,875
Other obligations	-	-	40	40	20,044	20,044	18,971	18,971

(*) The fair values of loans and financing and debentures are similar to its amortized cost recorded in the interim financial statements because they are indexed to floating interest rates (TJLP, CDI and LIBOR), which accompany market rates.

Considering that the remaining financial instruments have short-term maturities, the Company estimates that the fair values of other financial instruments approximate their carrying book values. The fair values of the financial instruments listed above are determined based on unobservable inputs and are, therefore, classified as Level III information.

c) Classification of financial instruments--Except derivatives, all financial instruments listed above are classified as "Loans and receivables", in the case of assets, and as "Other financial liabilities", in the case of liabilities, initially measured at fair value and restated at amortized cost. The derivative financial instruments are “Measured at fair value through profit or loss” and the portion related to the cash flow hedge, for which its effectiveness can be measured, has its gains and losses recognized directly in equity as assets and liabilities valuation adjustment and presented in the statements of comprehensive income.

d) Risk management and derivative and non-derivative financial instruments:

d.1 - Objectives and risk management strategies--The Company believes that risk management is important in driving its strategy of profitable growth. The Company is exposed to market risks, mainly related to changes in exchange rates, commodity prices (cotton) and volatility of interest rates. The goal of managing these risks is to eliminate possible unexpected variations in the results of the group’s companies, arising from these variations.

The purpose of derivative transactions is always related to the elimination of market risks, identified in the Company’s policies and guidelines and, also, to the management of the volatility of financial flows. The measurement of efficiency and evaluation of results occurs during the term of the contracts. The monitoring of the impact of these transactions is analyzed quarterly by the Cash and Debt Management Committee, when the mark-to-market of these transactions is discussed and validated. All derivative financial instruments are recorded at fair value in the Company’s interim financial statements.

d.2 – Derivatives use policy--According to internal policies, the Company’s financial results should be related to cash provided by its business and not by gains in the financial market. Therefore, it considers the use of derivatives as a tool to protect eventual exposures related to risks arising from such exposures, and not for speculative purposes. The derivative transactions goal is to reduce Company’s market risks exposures.

d.3 – Exchange rate risk--This risk arises from the possibility that the Company and its subsidiaries may incur losses due to exchange rate fluctuations that would reduce the nominal billed amounts or increase funds raised in the market.

d.3.1 – Exchange rate risk on foreign investments:

The Company has foreign investments that increase its foreign currency exchange exposure, as follows:

Total of foreign investments	03.31.2015	12.31.2014
Investments	127,200	104,451
Subsidiaries’ obligations (SGUS)	(73,173)	(60,879)
	54,027	43,572
In equivalent thousands of US Dollars	16,841	16,403

d.3.2 – Exchange rate risks on the Company and its direct and indirect Brazilian subsidiaries non-derivative financial instruments:

The non-derivative financial instruments exposure of the Company and its Brazilian subsidiaries are as follows:

Financial instruments	03.31.2015	12.31.2014
Cash and cash equivalents	4,655	2,923
Accounts receivable	58,484	54,795
Suppliers	(2,797)	(2,307)
Loans and financing	(19,970)	(22,052)
Related parties	168,208	137,901
Total exposure in Brazilian Reais	208,580	171,260
Total exposure in equivalent thousands of US Dollars	65,018	64,476

The sensitivity analysis of non-derivative financial instruments, considering the US Dollar denominated cash flows, as of March 31, 2015, is shown below:

		Exposure value	Scenarios		
Maturity	Risk	US$ thousands	Probable	II	III
2015	US Dollar depreciation	12,584	(683)	(10,605)	(20,527)
2019	US Dollar depreciation	52,434	65,112	6,782	(51,548)
		65,018	64,429	(3,823)	(72,075)

Amounts in parenthesis (negative numbers) stated in the scenarios above refer to exchange rate variance losses. The positive amounts relate to exchange rate variation gains.

The “Probable” scenario represents the result of the probable exchange rate variation, considering the cash flow of the assets and liabilities presented above, applying US Dollar forward exchange rates and comparing to the US Dollar exchange rate at the end of the current period. Scenarios II and III reflect 25% and 50% deterioration of US Dollar forward exchange rates, respectively.

The US Dollar forward exchange rates were obtained from BM&FBOVESPA – “Bolsa de Valores, Mercadorias e Futuros” (Brazilian Commodities and Futures Exchange).

d.3.3 – Exchange rate risk on derivative instruments transactions of the Company and its subsidiaries:

Except for the swap contract mentioned in note 12.b, there were no exchange rate derivatives in 2015 and 2014.

d.4 – Commodities price risk (cotton)--This risk arises from the possibility that the Company and its subsidiaries may incur losses due to fluctuations in the price of cotton, its main raw material. A significant increase in price of cotton may cause an increase in the cost of its products in an amount that the Company may be unable to pass such increases to its customers, reducing its margins. In 2015 and 2014, the Company had no results with this type of derivatives.

d.5 - Interest rates risk--Cash and cash equivalents and marketable securities yield, approximately, the equivalent to CDI (Certificate of Interbank Deposit) rates. LIBOR and TJLP interest-bearing liabilities are disclosed in notes 12 and 15. Considering the cash flows of these liabilities and the contracted interest rates (except for items d.5.1 and d.5.2), Management determined that the exposure to market changes on the contracted interest rates is not significant. Therefore, the sensitivity analysis was not disclosed.

d.5.1) Variable interest rate risks on derivative financial instruments:

Interest rates swap contracts-- Are presented and measured at fair value and are based on the cash flow of the loans denominated in foreign currency. Gains or losses are recorded under the "Financial expenses – interests" caption in the statements of operations. Except for the swap contract mentioned in note 12.a, there were no interest rate derivatives in 2015 and 2014.

d.5.2) Variable interest rate risk on Company's non-derivatives financial instruments:

The amounts related to the Company and its subsidiaries' non-derivatives financial instruments subject to the variable interest rate exposure of the Certificate of Interbank Deposit – CDI are as follows:

		03.31.2015			12.31.2014
Description	Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	Payable
Debenture -- Interest: 110.0% of CDI Counterpart: Gaia Agro Sec. S.A. Maturity: June/2017	270,000	10,082	(5,623)	274,459	265,433
Loan Agreement -- Interest: 116.6% of CDI Counterpart: Banco do Brasil S.A. Maturity: April/2015	25,000	3,217	-	28,217	27,320
Loan Agreement-- Interest: 112.0% of CDI Counterpart: Banco do Brasil S.A. Maturity: May/2015	20,000	2,281	(48)	22,233	21,435
(reference to note 12)				50,450	48,755
Loan Agreement -- Interest: 108.5% of CDI Counterpart: Banco do Brasil S.A. Maturity: May/2015	200,000	43,556	(29)	243,527	236,157
Loan Agreement-- Interest: 113.6% of CDI Counterpart: Banco do Brasil S.A. Maturity: April/2016	40,000	4,919	-	44,919	43,529
(reference to note 12)				288,446	279,686
Loan and Swap Agreement-- Interest: 121.0% of CDI Counterpart: Banco Itaú BBA S.A. Maturity: August/2016	100,000	8,248	-	108,248	104,684
Loan Agreement -- Interest: 114.1% of CDI Counterpart: Banco Santander S.A. Maturity: November/2016	30,000	1,344	(259)	31,085	30,055

Description	Principal amount R$ thousands	03.31.2015 Accrued interest	Prepaid interest	Payable	12.31.2014 Payable
Loan Agreement-- Interest: 123.5% of CDI Counterpart: Banco Santander S.A. Maturity: April/2016	7,500	470	(88)	7,882	7,593
Loan Agreement-- Interest: 123.5% of CDI Counterpart: Banco Santander S.A. Maturity: April/2016	7,500	470	(88)	7,882	7,593
				-----------	-----------
(reference to note 12)				46,849	45,241
Loan Agreement-- Interest: 124.5% of CDI Counterpart: Banco Bradesco S.A. Maturity: May/2015	15,000	185	(49)	15,136	15,045
Loan Agreement -- Interest: 127.0% of CDI Counterpart: Banco Bradesco S.A. Maturity: May/2015	17,500	2,280	-	19,780	19,097
				-----------	-----------
(reference to note 12)				34,916	34,142
Loan Agreement -- Interest: 113.5% of CDI Counterpart: Banco Votorantim S.A. Maturity: September/2015	40,000	42	(288)	39,754	39,750
	-----------	-----------	-----------	-----------	-----------
Total	772,500	77,094	(6,472)	843,122	817,691
	=======	=======	=======	=======	=======

The sensitivity analysis of the non-derivative financial instruments above, considering the scheduled payments of principal and interest as of March 31, 2015, is as follows:

Maturity	Risk	Average balance	Scenarios Probable	II	III
2015	CDI increase	819,562	129,982	148,355	163,243
2016	CDI increase	318,108	35,074	47,493	57,609
2017	CDI increase	138,680	8,975	11,753	14,222
			======	======	======

Amounts shown in the scenarios above represent projected interest expense, in their respective years and scenarios, considering the average loan balances on each year.

The “Probable” scenario represents the result of the probable CDI variations, considering the principal and interest maturity dates. Scenarios II and III reflect 25% and 50% increase in the CDI forward rates, respectively.

The CDI forward rates were obtained from BM&FBOVESPA – “Bolsa de Valores, Mercadorias e Futuros”.

d.6 - Credit risk--The Company is subject to credit risk on its cash and cash equivalents, marketable securities, and derivative instruments. This risk is mitigated by the policy of entering into transactions only with major financial institutions.

The credit risk on accounts receivable is reduced due to the selectivity of customers and credit policy. The Company has a credit management system based on the combination of information originated by several departments of the Company, primarily sales, finance, accounting, legal and external sources that enable the credit and collection departments to establish credit limits for its customers that are approved by a credit committee.

d.7 – Liquidity risk management--The Company presented its consolidated financial assets and liabilities, according to their cash flows, based on their approximate maturity date, and using nominal contractual interest rates in its annual financial statements for the year ended December 31, 2014. As of March 31, 2015, there was no significant change when compared to the published annual financial statements.

d.8 – Capital management--The Company manages its capital structure to ensure the continuity of its operational activities and, at the same time, to maximize the returns to its shareholders. The Company's strategy remained unchanged in the period covered by these interim financial statements. The Company's net debt is as follows:

	Company		Consolidated	
	03.31.2015	12.31.2014	03.31.2015	12.31.2014
Loans and financing	106,870	105,385	824,633	828,092
Debenture	-	-	274,459	265,433
Cash and cash equivalents	(1,108)	(1,191)	(200,311)	(175,280)
Marketable securities	-	-	(39,387)	(32,247)
Total net debt	105,762	104,194	859,394	885,998
Total equity	961,003	968,118	1,596,788	1,600,754
Total net debt and equity	1,066,765	1,072,312	2,456,182	2,486,752

21. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the decision maker, with the purpose of determining the allocation of resources to an individual segment and evaluate its performance. Given that decisions on strategic planning, finance, purchasing, investment and application of resources, as well as evaluation of investment and key executives performance of the Company are made separately by each direct subsidiary, the Company and its subsidiaries have concluded that they have three operating segments.

The subsidiary SGPSA owns several factories that supply each other so that, together, they form an integrated industry in spinning, weaving, finishing and manufacturing of home textile products. The Company does not have separate operating segments in its sales categories and the reports used for strategic and operational decision making are always consolidated. There are no specific operational units for each category of goods sold. Therefore, these operations are denominated "Wholesale" because its products are not sold to the final consumer. The Wholesale segment is subdivided into two sub-segments: South America, which includes operations in Brazil and Argentina; and North America, which includes operations in the United States of America and Canada.

The indirect subsidiary AMMO has a set of separate information and investment decisions, pricing, store expansion and others, which are individually made, and are denominated "Retail" as its products are sold directly to the final consumer.

The indirect subsidiary CTS has three plants that supply each other so that, together, form an integrated industry in spinning, weaving and finishing of woven fabrics ("Denim") mainly used for garments. There is no operating segment between the sales categories of the Company, where supporting reports to make strategic and operating decisions are always consolidated. There are no specific operating units for each category of goods sold. The Company presents below the information by segment (expressed in millions of Reais):

	03.31.2015						
	South America				North America	Others unallocated	
	Wholesale	Retail	Denim	Total	Wholesale	(*)	Total
Net revenues	299.1	63.3	96.6	459.0	200.2	(21.6)	637.6
Cost of goods sold	(217.2)	(33.5)	(79.8)	(330.5)	(174.9)	21.6	(483.8)
Gross profit	81.9	29.8	16.8	128.5	25.3	-	153.8
Selling, general and administrative expenses	(52.5)	(38.0)	(14.7)	(105.2)	(17.0)	(6.9)	(129.1)
Equity in affiliated companies	-	-	-	-	-	(25.2)	(25.2)
Others, net	1.3	(0.3)	0.2	1.2	(3.1)	(0.2)	(2.1)
Operating results	30.7	(8.5)	2.3	24.5	5.2	(32.3)	(2.6)
Financial results	-	-	-	-	-	(8.7)	(8.7)
Income (loss) before taxes	30.7	(8.5)	2.3	24.5	5.2	(41.0)	(11.3)
Depreciation and amortization	16.3	3.1	2.6	22.0	1.1	-	23.1
Total assets	2,074.0	219.3	445.8	2,739.1	359.9	216.0	3,315.0
Total liabilities	(1,028.1)	(88.4)	(174.8)	(1,291.3)	(424.2)	(2.7)	(1,718.2)
Total net assets (liabilities)	1,045.9	130.9	271.0	1,447.8	(64.3)	213.3	1,596.8

	03.31.2014						
	South America				North America	Others unallocated	
	Wholesale	Retail	Denim	Total	Wholesale	(*)	Total
Net revenues	286.3	67.0	97.6	450.9	170.7	(28.8)	592.8
Cost of goods sold	(209.4)	(35.0)	(78.0)	(322.4)	(151.4)	28.8	(445.0)
Gross profit	76.9	32.0	19.6	128.5	19.3	-	147.8
Selling, general and administrative expenses	(51.5)	(40.4)	(14.3)	(106.2)	(16.9)	(6.6)	(129.7)
Equity in affiliated companies	-	-	-	-	-	(14.7)	(14.7)
Others, net	(1.0)	-	0.2	(0.8)	(1.4)	(0.4)	(2.6)
Operating results	24.4	(8.4)	5.5	21.5	1.0	(21.7)	0.8
Financial results	-	-	-	-	-	(41.0)	(41.0)
Income (loss) before taxes	24.4	(8.4)	5.5	21.5	1.0	(62.7)	(40.2)
Depreciation and amortization	17.0	3.4	3.9	24.3	1.7	0.1	26.1
Total assets	1,889.7	246.6	422.6	2,558.9	314.1	262.8	3,135.8
Total liabilities	(902.7)	(193.4)	(148.1)	(1,244.2)	(337.6)	119.5	(1,462.3)
Total net assets (liabilities)	987.0	53.2	274.5	1,314.7	(23.5)	382.3	1,673.5

(*) Relates to the expenses of the Company and non-operating subsidiaries, equity in affiliated companies and unallocated financial results.

The Company's subsidiaries, through the analysis of sales performance, classify its products under the categories of sales (or product lines) such as: bedding, tabletop and bath, utility bedding, intermediate products and retail.

Revenue information by category or product lines is as follows:

	Consolidated	
	03.31.2015	03.31.2014
Net revenue (in millions of Reais):		
Bedding, tabletop and bath	279.7	260.2
Utility bedding	156.2	123.0
Intermediate products	138.4	142.6
Retail	63.3	67.0
	637.6	592.8
Volume (thousands of metric tons):		
Bedding, tabletop and bath	9.8	10.8
Utility bedding	10.9	10.6
Intermediate products	11.2	11.7
	31.9	33.1

The Company has over 13,000 active clients as of March 31, 2015 and only one customer has sales of approximately 10% of net sales.

22. EXPENSES BY NATURE

The Company presents its consolidated statements of operations by function. The expenses by nature and its classification by function are presented as follows:

By nature:

	Consolidated	
	03.31.2015	03.31.2014
Cost of raw materials, goods and services acquired from third parties	(449,638)	(395,619)
Employee benefits	(123,399)	(114,525)
INSS	(8,192)	(11,668)
Depreciation and amortization	(23,091)	(26,125)
Finished goods and work-in-process inventory variations	2,698	7,726
Exchange rate variations in inventories from foreign subsidiaries	20,093	(6,984)
Other costs and expenses	(31,313)	(27,506)
Total expenses by nature	(612,842)	(574,701)

By function:

	Consolidated	
	03.31.2015	03.31.2014
Cost of goods sold	(483,756)	(445,037)
Selling expenses	(84,188)	(84,923)
General and administrative expenses	(42,278)	(41,919)
Management fees	(2,620)	(2,822)
	--------------	--------------
Total expenses by function	(612,842)	(574,701)
	========	========

23. NET REVENUES

See below the reconciliation between gross revenues and net revenues presented in the statements of operations:

	Consolidated	
	03.31.2015	03.31.2014
OPERATING REVENUES:		
Gross revenues	771,077	727,096
Sales deductions	(133,507)	(134,325)
	--------------	--------------
NET REVENUES	637,570	592,771
	========	========

24. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share was calculated as follows:

	Company	
	03.31.2015	03.31.2014
NET LOSS FOR THE PERIOD	(17,213)	(31,267)
Weighted-average outstanding shares:		
Common shares	55,651,200	55,651,200
Preferred shares	66,894,628	66,894,628
	----------------	----------------
	122,545,828	122,545,828
BASIC AND DILUTED LOSS PER SHARE - R$	(0.1405)	(0.2551)
	========	========

The weighted average number of shares was calculated based on the total number of shares outstanding, adjusted for issuances, redemptions and cancelations for the period.

The Company does not have shares with dilutive potential. Therefore, the basic loss per share equals the diluted loss per share.

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