COMPANHIA DE TECIDOS NORTE DE MINAS - COTEMINAS

CNPJ/MF Nº 22.677.520/0001-76

NIRE 3130003731-2

Publicly Traded Company

MANAGEMENT REPORT

Montes Claros – March 29, 2016 – The Companhia de Tecidos Norte de Minas - COTEMINAS (the “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 investments in two subsidiaries and two affiliates as major investments and assets, as follows:

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, the subsidiary SGPSA started its bed, tabletop and bath retail operations under the brand MMartan, and in 2011, under the brand Artex. The retail operations, under these two flags, are operated by the indirect subsidiary AMMO Varejo Ltda. (“AMMO”).

Companhia Tecidos Santanense is a publicly-traded 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 we reproduced the individual comments of our subsidiaries Springs Global Participações and Companhia de Tecidos Santanense.

Affiliates:

Cantagalo General Grains S.A., is a private company, based in the city of São Paulo - SP, incorporated on October 25, 2010 with the objective of growing soybeans, corn, cotton and other grains; engaged through its subsidiary CGG Trading S.A. in trading of agricultural products and has investments in logistics (port terminal) for grain exportation.

Companhia Fiação e Tecidos Cedro e Cachoeira, is based in Belo Horizonte, M G, established on August 12, 1872 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 results arising from investments in these affiliates, represented a negative impact on the Company's results of R$ 72.6 million in 2015 (R$ 45.7 million in 2014), recorded as equity.

Relationship with Independent Auditors

In 2015, the Company did not engage its independent auditors for services other than those related to the audit work.

Capital markets and liquidity of the shares

During 2015, the common and preferred shares of the Company were traded in 2,001 transactions on the BOVESPA (in 2014, there were 2,113 transactions). The trading volume in 2015 was 6.0 million shares, moving 7.1 million reais (in 2014, 8.5 million shares were traded, moving 14.5 million reais). The average daily transaction on the trading floors in 2015 was 23.8 thousand preferred shares (34,100 in 2014), and the average daily financial volume was R$ 28.4 thousand in 2015 (R$ 57.9 thousand in 2014).

Acknowledgements

We would like to express our appreciation to SUDENE, BNDES, BDMG, BNB, Banco do Brasil, our network of commercial banks, the press, our customers and suppliers, our shareholders, government officials, trade and social organizations, our employees and everyone that has contributed directly or indirectly to the achievement of the Company´s social goals.

Management

Subsidiary Springs Global Participações S.A.'s report -

Springs Global Participações S.A. (Springs Global) is the America's largest company in bedding, tabletop and bath products, with traditional and leading brands in the segments in which it operates, strategically positioned to target customers of different socioeconomic profiles.

In Brazil, Springs Global´s main brands are Santista, Artex, MMartan and Casa Moysés, The first is only sold in the wholesale channel, while the last two are only sold in the monobrand retail channel. The Artex brand is sold in both distribution channels. In Argentina, the Company has the brands Palette, Arco-Íris, and Fantasia, which are market leaders. The Springmaid brand is sold in the United States and in Canada. We also provide Wabasso, Texmade and Springs Home products, and distribute licensed Serta brand products. Our brands have a high rate of awareness among consumers and specialists, being a quality reference in the sector.

Springs Global operates vertically integrated plants, from spinning, through weaving, preparation, dyeing, printing, finishing and cutting and sewing, with 9 units located in Brazil, 3 in the United States and 1 in Argentina. All plants have high degree of automation and flexibility.

Springs Global's products sold in the wholesale market are classified as: (a) Bedding, Tabletop and Bath ("CAMEBA"), (b) utility bedding, and (c) intermediate products. The CAMEBA line, responsible for 48% of 2015 revenue, includes bed sheets and pillow cases, sheet sets, tablecloths, towels, rugs and bath accessories. The utility bedding line, responsible for 32% of 2015 revenue, includes pillows, mattress pads and quilts. Intermediate products, responsible for 9% of 2015 revenue, are yarns and fabrics, in their natural state or dyed and printed, sold to small and medium-sized clothing, knitting and weaving companies.

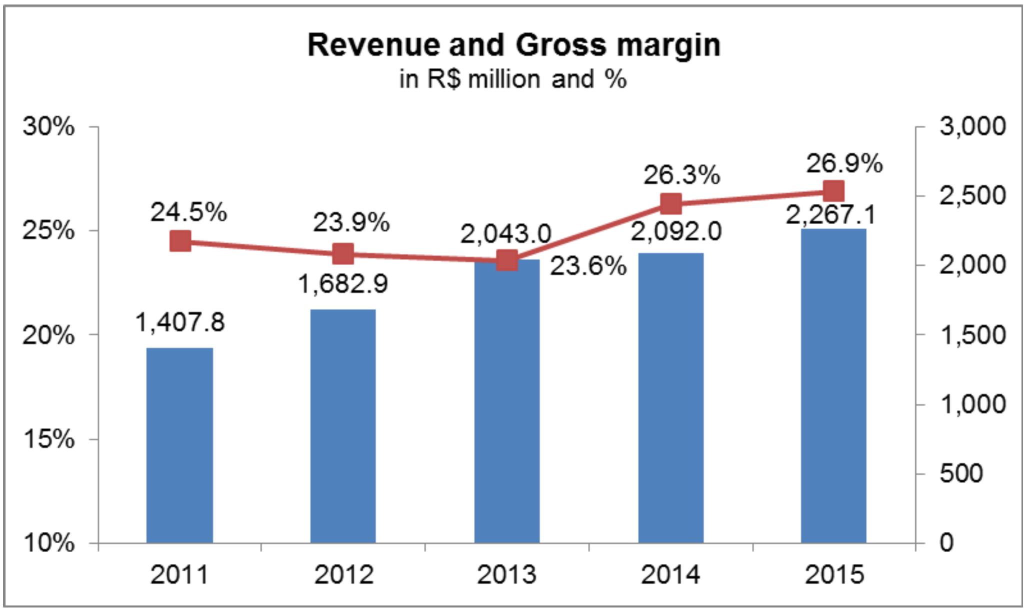
The Company distributes its products through the wholesale channel, in all its markets, and in its monobrand retail stores, in Brazil.

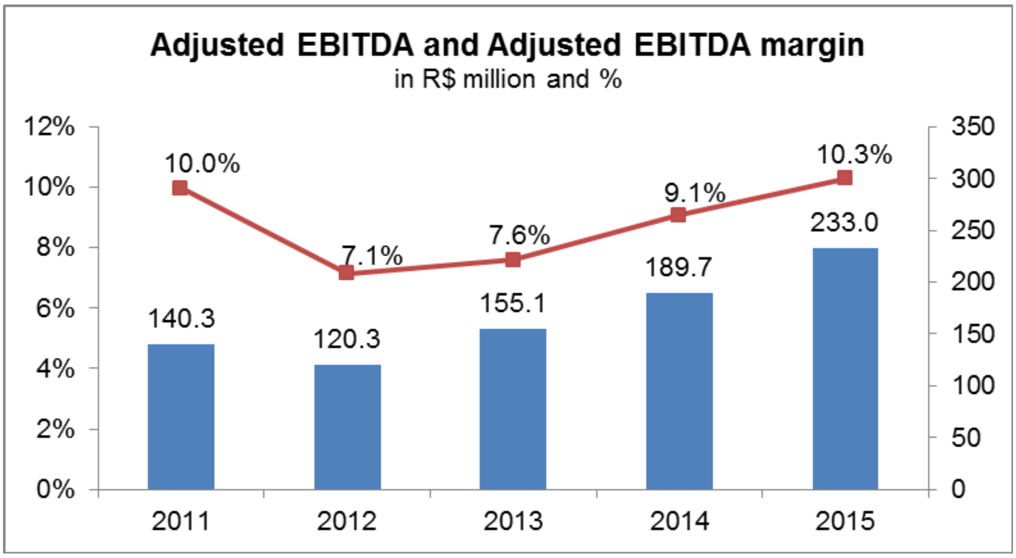
Financial performance

Springs Global reported in 2015 consolidated net revenues of R$2,267.1, 8.4% above the 2014 amount, with gross margin of 26.9%, which was the largest in the last five years.

Cash generation, as measured by EBITDA, reached R$233.0 million in 2015, with a 22.8% year-over-year (yoy) increase. The EBITDA margin was 10.3% in 2015, versus 9.1% in 2014.

Income from operations grew 48.8% yoy, totaling R$154.3 million. Net income reached R$22.6 million.



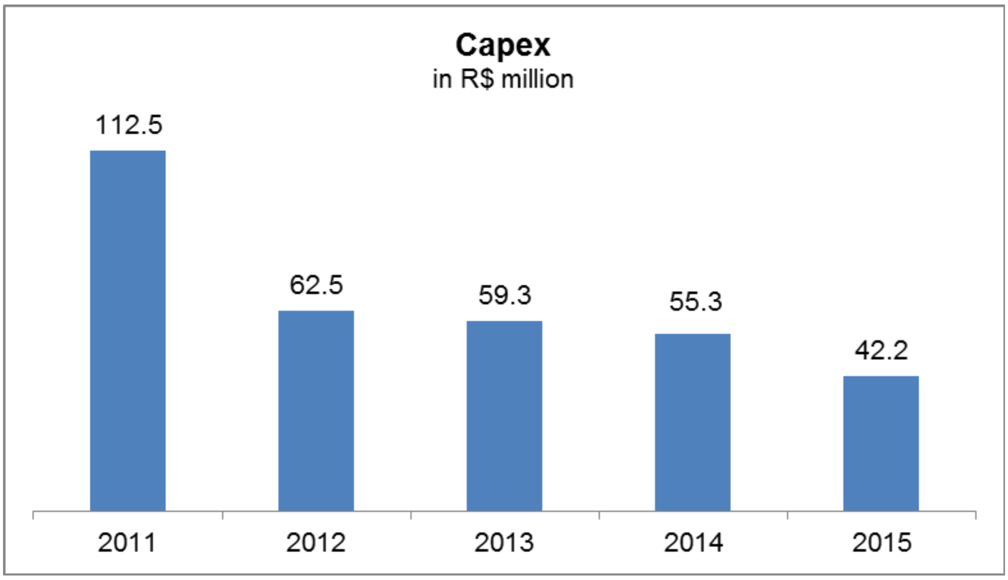


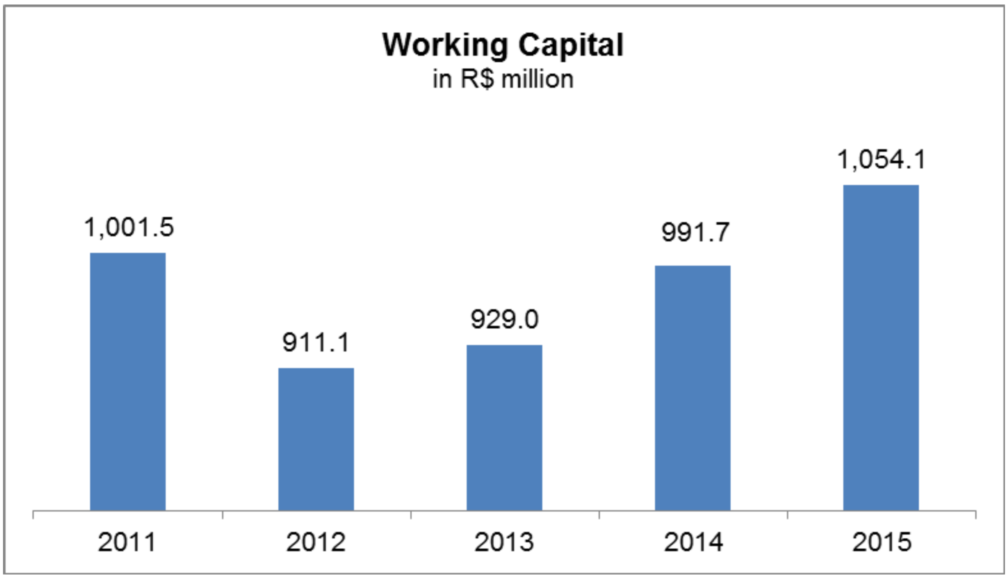
Capex and working Capital

Capital expenditures (Capex) totaled R$42.2 million in 2015, of which R$37.3 million was in manufacturing facilities, mainly aimed at asset modernization, and R$4.9 million in monobrand retail for improvement and visual merchandising adjustments in our owned stores.

The working capital needs amounted to R$1,054.1 million at the end of 2015, in which the exchange rate contributed to a portion of the R$62.4 million yoy increase.

We expect a reduction in the Company´s working capital due to the conversions of owned to franchised stores and to the increase of the share of Brazilian products in our 2016 collections.



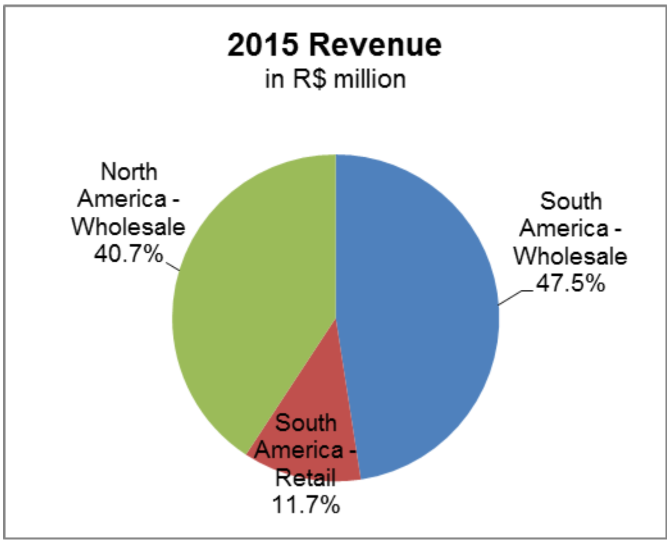


Debt indicators

Springs Global's net debt was R$786.2 million as of December 31, 2015, of which 91% was denominated in Brazilian Reais and 9% in US Dollars. By the end of the year, our leverage, as measured by net debt/EBITDA, was 3.4.

Performance of the business units

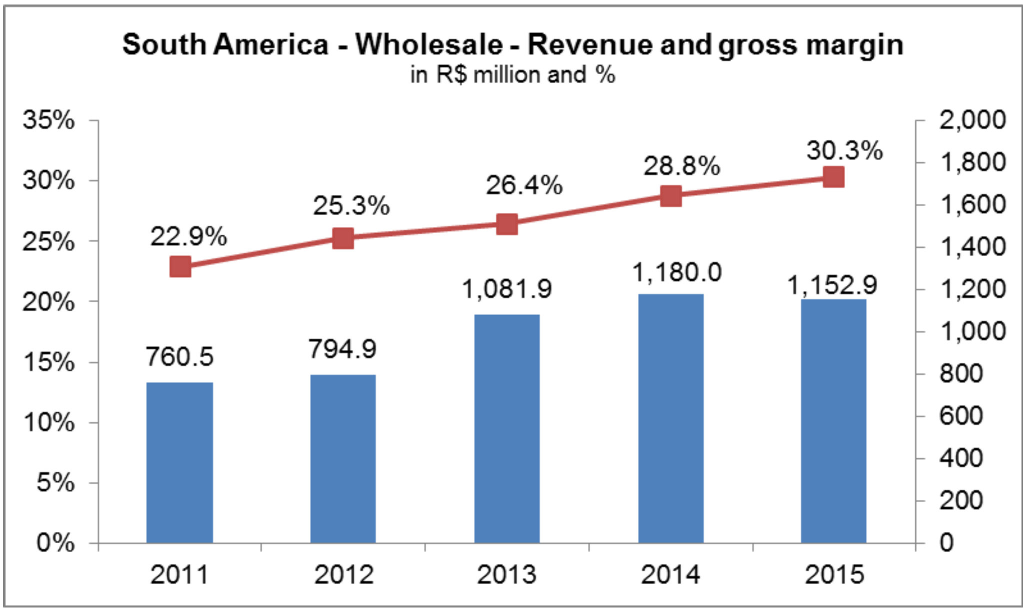
Springs Global presents its results segregated in the following business units: (a) South America – Wholesale, (b) South America - Retail, and (c) North America – Wholesale.



South America - Wholesale

Net revenue from the South America – Wholesale business unit amounted to R$1,152.9 million in 2015, 2.3% below 2014, mainly due to the 12.4% decrease in revenue of intermediate products. Gross profit totaled R$349.2 million, with a yoy growth of 2.8%, and gross margin was 30.3%.

EBITDA reached R$211.8 million, with a 5.2% yoy expansion. The EBITDA margin was 18.4%, against 17.1% in 2014.

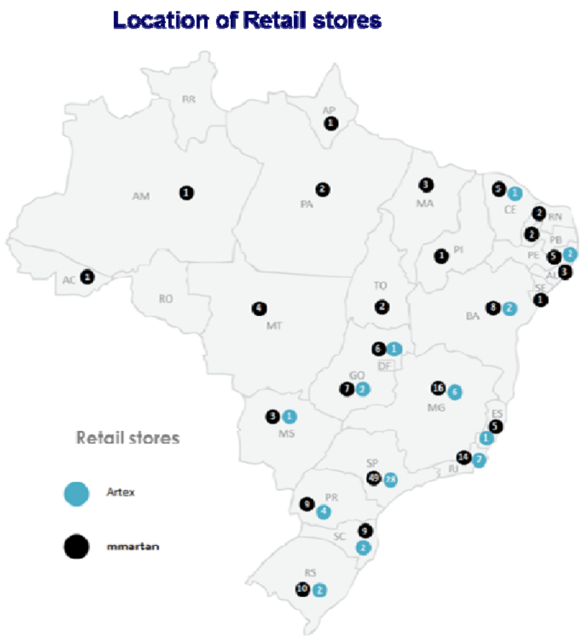


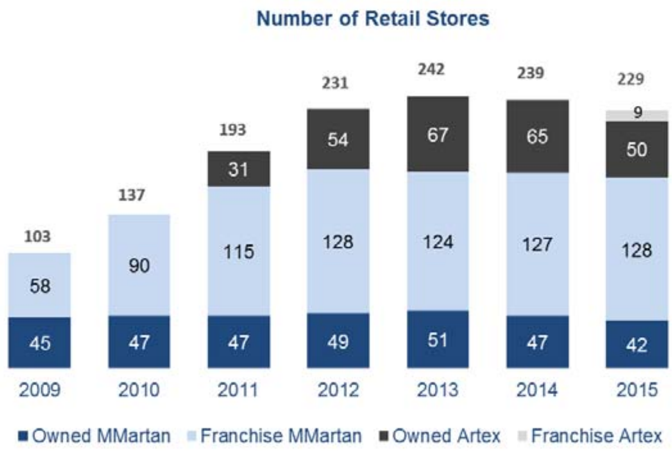
South America - Retail

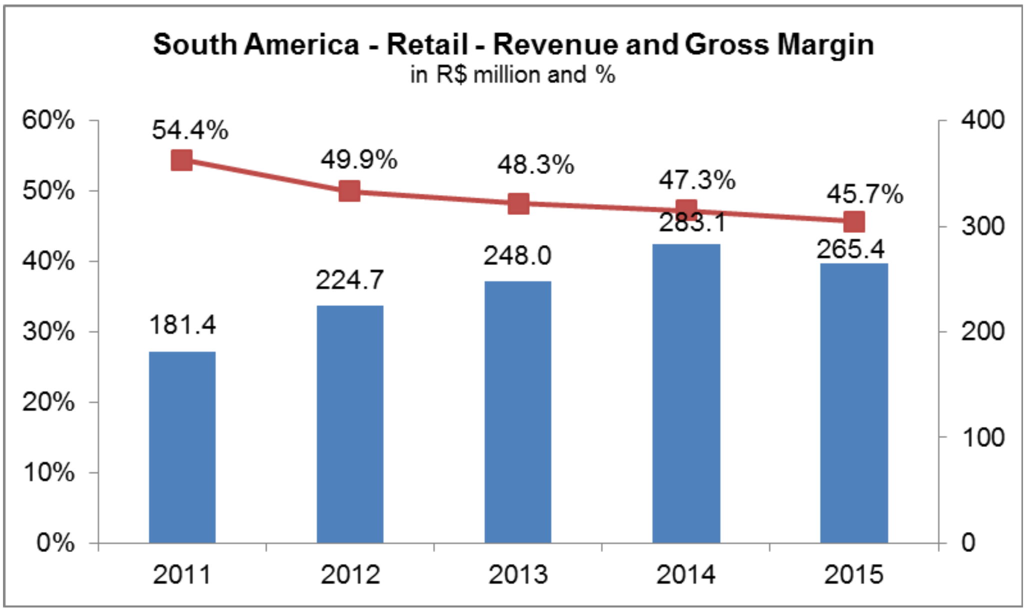
Net revenue from the South America – Retail business unit totaled R$265.4 million in 2015, with a 6.3% yoy reduction, negatively impacted by the lower number of stores and the conversion of 13 owned stores to franchises in 2015, of which nine were Artex and four MMartan.

At the end of 2015 we had 229 stores, of which 92 were owned and 137 franchises, compared to 239 at the end of 2014. Sell-out revenue was R$449.1 million in 2015, 6.6% lower yoy.

Gross profit amounted to R$121.3 million, with gross margin of 45.7%. EBITDA was a R$22.8 million loss in 2015, against a R$18.5 million loss in 2014, negatively impacted by R$6.3 million due to the closing of seven owned stores.



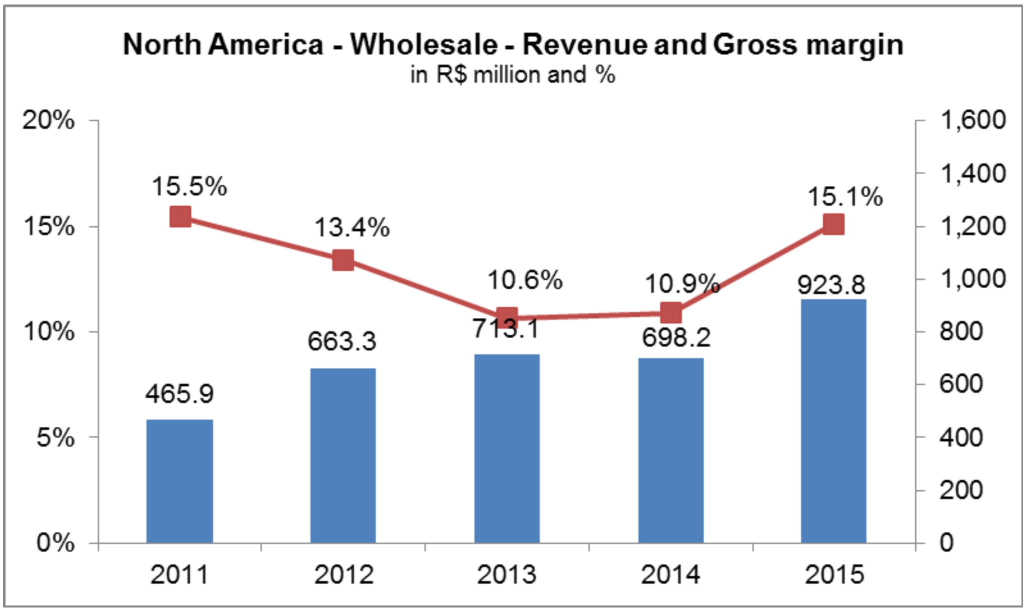




North America - Wholesale

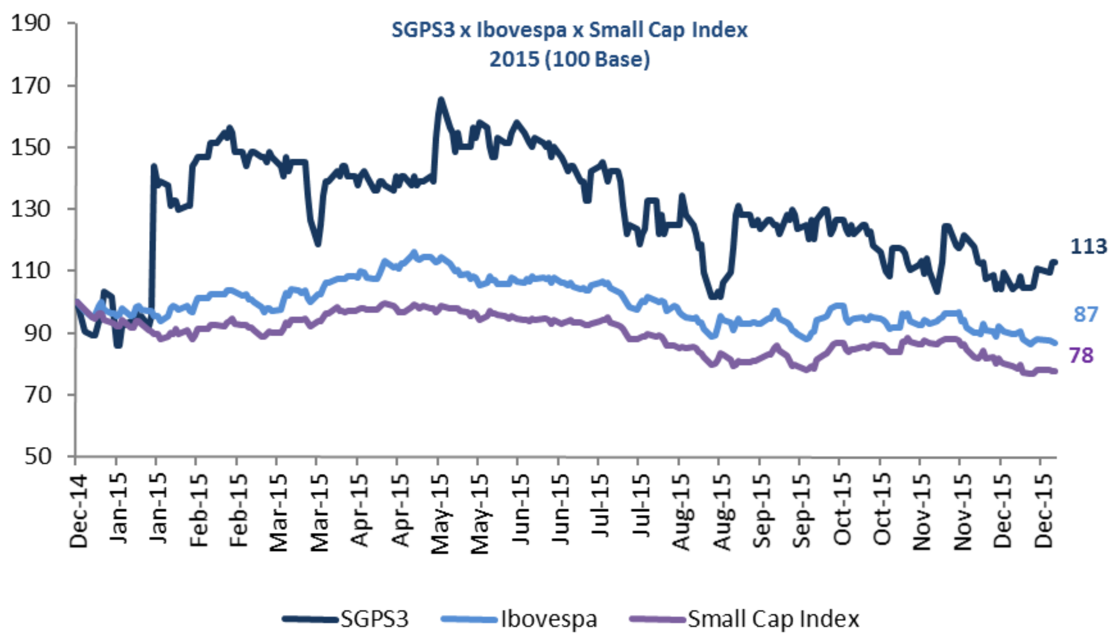
Net revenue from the North America – Wholesale business unit reached R$923.8 million in 2015, with a 32.3% yoy increase. Gross profit amounted to R$139.5 million, higher 83.3% yoy. Gross margin expanded to 15.1% in 2015 from 10.9% in 2014.

EBITDA totaled R$47.7 million, 358.7% above 2014. EBITDA margin was 5.2%, against 1.5% in 2014.



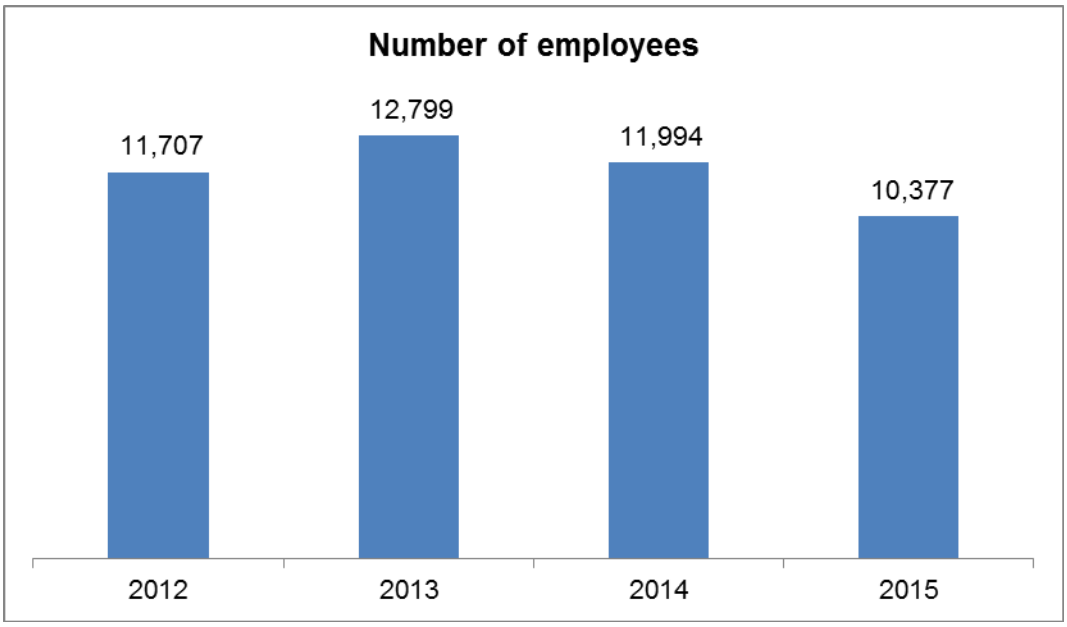
Value generation to shareholders

The 2015 closing price of Springs Global's shares, traded on the BM&FBovespa under the ticker SGPS3, was R$2.89, 12.9% higher than the 2014 closing price. While, the IBOVESPA and SmallCap indices declined 13.3% and 22.4%, respectively, in the same period.



Human Resource

At the end of 2015, we had 10,377 direct employees, of which 8,657 in Brazil and 1,720 overseas, against 11,994 at the end of 2014, primarily reflecting the labor adjustment done in accordance with the level of production in Brazil.



Awards and recognitions

The company have received several awards and recognitions in 2015, among them: Reclame Aqui Award – 1st place in 2015 Reclame Aqui Award in the bedding, tabletop and bath category, represented by the Santista brand; IEL Trainee/RN – Brazilian state of Rio Grande do Norte Award – 1st and 2nd places in the Trainee – College level category and 2nd place in the Large Company category; IEL Trainee/SC

– Brazilian state of Santa Catarina Award – 1st place in the Large Company category, national level; Selo Amigo Pró-Família/SC 2015 Award – partner in the Fundação do Bem Estar da Família Blumenauense projects; Melhores Empresas para Você Trabalhar (Best Companies to Work for) – Among the top 200 best companies to work for, promoted by Exame and Você S/A magazines; Quality Management /PB – Brazilian state of Paraíba Award; VALORIZARH 2015/PB Award – Quality of Life Program, promoted by the Paraíba unit of the Brazilian Association of Human Resources – 1st place in the Large Company category.

Business outlook

Springs Global maintains its strategy to consolidate its leading market position in the bedding, tabletop and bath market, and to expand its monobrand retail channel, prioritizing franchises, which are less capital intensive.

We will continue to improve the profitability of our business by (a) higher capacity utilization of our plants in Brazil, mainly by export growth, resulting in higher absorption of fixed costs; (b) conversion of intermediate products into finished products with higher value added; (c) conversion of owned stores into franchises, in addition to the growth of the number of franchises.

Devaluation of the Brazilian Real increases our competitiveness in the international market and, therefore, places an opportunity to increase the volume of exports sales, which will contribute to higher revenue and margin, through the dilution of fixed costs.

We will prioritize in 2016 new conversion of owned stores into franchises, which will lead to a decrease in revenue, but also lower SG&A expenses, enabling EBITDA margin expansion. At the same time, we will increase the number of Artex franchises, which will help to boost monobrand retail sales.

The subsidiary Companhia Tecidos Santanense's report -

Santanense's gross revenue was R$421.9 million in 2015. The table below includes the financial highlights in 2015 and 2014.

	R$ thousand		**Variance**
Consolidated Financial Highlights	**2015**	**2014**	**%**
Gross revenue	421,898	505,666	(16.6)
Net revenue	339,573	406,434	(16.6)
Cost of goods sold	(293,003)	(339,453)	(13.7)
Gross profit	46,570	66,981	(30.5)
(% of net revenue)	*13.7%*	*16.5%*	-
Selling, general and administrative expenses	(57,067)	(61,070)	(6.6)
EBITDA	(5,493)	24,942	-

Net Revenue

Net revenue in 2015 reached R$339.6 million. Santanense's net revenue decreased by 16.6% during the year, due to a decrease in sales volume.

The company invested in product lines with higher added value such as Denim and Twills with super elasticity, technological fabrics and especially flame retardant fabrics. Special effort was devoted to exports.

Cost of goods sold and gross margin

Santanense reported a gross margin of 13.7% in 2015 and 16.5% in 2014. The reduction in sales volume and consequent reduction in production volumes resulted in lower absorption of fixed costs. This fact, combined with lower self-generation of electricity, required the Company to purchase more expensive energy on the spot market, which severely impacted the margins.

Selling, general and administrative expenses

Selling, general and administrative expenses showed a decrease due to the reduction in variable selling expenses. Fixed expenses grew in line with inflation for the year.

Net income (loss)

The operating result was a loss of R$16.4 million in 2015, driven by declining sales and the increase in production costs explained above.

Net financial result

The net financial result in 2015 was an expense of R$17.9 million, while 2014 was an expense of R$10.3 million. Increases in interest rates and the reduction of net cash generated during the year negatively impacted the Company's financial results.

	R$ million	
Financial results	**2015**	**2014**
Financial income	4.1	2.9
Financial expenses – interest	(16.3)	(11.3)
Exchange variation, net	(1.9)	1.6
Bank charges, discounts	(3.8)	(3.5)
Financial results	**(17.9)**	**(10.3)**

Net working capital

Net working capital changed from R$113.7 million in 2014 to R$79.8 million in 2015. The current ratio in 2015 was 1.56, which means that for each R$1.00 in short-term liabilities, Santanense had R$1.56 in short-term assets.

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

Companhia de Tecidos Norte de Minas - COTEMINAS

Individual and Consolidated Financial Statements for the Year Ended December 31, 2015 and Independent Auditors' Report on Financial Statements

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

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

We have audited the accompanying individual and consolidated financial statements of Companhia de Tecidos Norte de Minas - COTEMINAS (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as of December 31, 2015 and the related statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion

In our opinion, the individual and consolidated financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of Companhia de Tecidos Norte de Minas - COTEMINAS as of December 31, 2015, its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and with IFRSs issued by the IASB.

Other matters

Statements of value added

We have also audited the individual and consolidated statements of value added ("DVAs") for the year ended December 31, 2015, prepared under the responsibility of the Company's Management, the presentation of which is required by Brazilian Corporate Law for publicly-traded companies, and considered as supplemental information for IFRSs, that do not require the presentation of DVA. These statements were subject to the same auditing procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

The accompanying financial statements have been translated into English for the convenience of readers outside Brazil.

São Paulo, March 29, 2016

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Wagner Promenzio
Engagement Partner

2015-2840.DOCX

COMPANHIA DE TECIDOS NORTE DE MINAS - COTEMINAS

BALANCE SHEETS AS OF DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian Reais)

A S S E T S

	Note	Company 2015	Company 2014	Consolidated 2015	Consolidated 2014
CURRENT:					
Cash and cash equivalents	3	470	1,191	193,668	175,280
Marketable securities	4	-	-	68,588	32,247
Financial Instruments	22.d.3	-	-	19,882	-
Accounts receivable	5	-	-	590,330	622,613
Inventories	6	-	-	765,828	690,663
Advances to suppliers		99	73	45,559	51,395
Recoverable taxes	17.d	3,294	4,912	42,175	55,800
Receivable – sale of property	16	-	-	8,318	-
Real estate held for sale		-	-	3,054	3,138
Other receivables		200	6,520	40,489	34,266
Total current assets		4,063	12,696	1,777,891	1,665,402
NONCURRENT:					
Long-term assets:					
Recoverable taxes	17.d	13,953	14,508	29,248	33,312
Deferred income and social contribution taxes	17.c	8,629	8,629	86,371	77,137
Related parties	15	149,300	96,222	68,045	45,590
Receivable – sale of property	16	-	-	40,899	-
Property, plant and equipment held for sale	8.b	-	-	59,132	40,527
Escrow deposits	18	27,877	27,337	57,113	53,259
Other credits and receivables		2,061	2,061	11,686	28,453
		201,820	148,757	352,494	278,278
Investments in subsidiaries	7.a	722,892	749,846	-	-
Investments in affiliated companies	7.a	111,671	175,849	114,802	175,849
Other investments		3,088	3,088	11,531	5,556
Property, plant and equipment	8.a	6,813	6,815	945,071	1,012,046
Intangible assets	9	2	2	127,204	119,596
Total noncurrent assets		1,046,286	1,084,357	1,551,102	1,591,325
Total assets		1,050,349	1,097,053	3,328,993	3,256,727

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

COMPANHIA DE TECIDOS NORTE DE MINAS - COTEMINAS

BALANCE SHEETS AS OF DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian Reais)

LIABILITIES AND EQUITY

	Note	Company 2015	Company 2014	Consolidated 2015	Consolidated 2014
LIABILITIES					
CURRENT:					
Loans and financing	12	95,800	105,385	629,882	598,354
Debenture	13	-	-	134,484	1,685
Suppliers	11	32	92	163,232	176,927
Payroll and related charges		684	676	63,854	60,644
Taxes		-	27	17,943	12,424
Income and social contribution taxes		-	-	9,013	-
Government concessions	20	-	-	18,337	16,556
Noneconomic leases	10	-	-	7,048	4,286
Other payables		13,095	2,789	65,952	62,633
Total current liabilities		109,611	108,969	1,109,745	933,509
NONCURRENT:					
Loans and financing	12	-	-	313,143	229,738
Debenture	13	-	-	133,848	263,748
Noneconomic leases	10	-	-	20,607	12,822
Related parties	15	23,951	7,450	360	242
Government concessions	20	-	-	49,044	47,875
Employee benefit plans	19	-	-	131,729	101,102
Miscellaneous accruals	18	12,303	12,049	42,651	42,648
Deferred income and social contribution taxes	17.c	8,078	427	13,012	5,318
Other obligations		18,532	40	15,202	18,971
Total noncurrent liabilities		62,864	19,966	719,596	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		(101,291)	(100,127)	(101,291)	(100,127)
Assets and liabilities valuation adjustment		4,563	1,770	4,563	1,770
Accumulated deficit		(117,335)	(25,462)	(117,335)	(25,462)
Total equity attributable to the owners of the Company		877,874	968,118	877,874	968,118
NON-CONTROLLING INTERESTS	7.b	-	-	621,778	632,636
Total equity		877,874	968,118	1,499,652	1,600,754
Total liabilities and equity		1,050,349	1,097,053	3,328,993	3,256,727

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian Reais)

		Company		Consolidated	
	Note	2015	2014	2015	2014
NET REVENUES	25	-	-	2,577,862	2,449,583
COST OF GOODS SOLD	24	-	-	(1,921,333)	(1,832,895)
GROSS PROFIT		-	-	656,529	616,688
OPERATING INCOME (EXPENSES):					
Selling expenses	24	-	-	(327,910)	(339,764)
General and administrative expenses	24	(21,753)	(19,429)	(185,725)	(167,617)
Management fees	24	(1,983)	(2,116)	(14,001)	(13,787)
Equity in subsidiaries and affiliated companies	7	(78,566)	(62,265)	(73,528)	(45,689)
Others, net	21	(1,324)	(1,264)	(18,872)	(4,926)
INCOME (LOSS) FROM OPERATIONS		(103,626)	(85,074)	36,493	44,905
Financial expenses – interests		(20,695)	(10,918)	(179,528)	(129,279)
Financial expenses – bank charges and others		(3,314)	(1,963)	(59,575)	(55,910)
Financial income		21,515	22,845	33,380	29,943
Exchange rate variations, net		32,700	(1,342)	100,511	12,721
LOSS BEFORE TAXES		(73,420)	(76,452)	(68,719)	(97,620)
Income and social contribution taxes:					
Current	17.b		-	(8,595)	3,543
Deferred	17.b	(4,383)	-	1,139	4,119
NET LOSS FOR THE YEAR		(77,803)	(76,452)	(76,175)	(89,958)
ATTRIBUTABLE TO:					
Owners of the Company				(77,803)	(76,452)
Non-controlling interests	7.b			1,628	(13,506)
				(76,175)	(89,958)
BASIC AND DILUTED LOSS PER SHARE — R$	26	(2.5396)	(2.4955)		

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	2015	2014	2015	2014
NET LOSS FOR THE YEAR	(77,803)	(76,452)	(76,175)	(89,958)
Other comprehensive income (loss):				
- Items that will impact the statements of operations:				
Exchange rate variations on foreign investments	(1,164)	(4,394)	(16,823)	(12,902)
Cash flow hedge in affiliated companies	-	8,384	-	8,384
	(1,164)	3,990	(16,823)	(4,518)
- Items that will not impact the statements of operations:				
Actuarial gain (loss) on pension plans	3,645	(9,757)	6,889	(18,440)
COMPREHENSIVE LOSS FOR THE YEAR	(75,322)	(82,219)	(86,109)	(112,916)
ATTRIBUTABLE TO:				
Owners of the Company			(75,322)	(82,219)
Non-controlling interests			(10,787)	(30,697)
			(86,109)	(112,916)

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2014

(In thousands of Brazilian Reais)

	Capital	Capital reserves	Earnings reserves		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	Legal	Retained earnings						
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
Absorption of losses with reserves (note 14.a.)	-	(84,187)	(33,298)	(398,423)	-	-	515,908	-	-	-
Deemed cost of affiliated company	-	-	-	-	-	(631)	631	-	-	-
Comprehensive income:										
Net loss for the year	-	-	-	-	-	-	(76,452)	(76,452)	(13,506)	(89,958)
Exchange rate variations on foreign investments (note 2.1)	-	-	-	-	3,314	-	-	3,314	-	3,314
Impact of subsidiaries and affiliated companies - Exchange rate variations on foreign investments (note 2.1)	-	-	-	-	(7,708)	-	-	(7,708)	(8,508)	(16,216)
Cash flow hedge in affiliated companies	-	-	-	-	-	12,370	(3,986)	8,384	-	8,384
Actuarial loss on pension plans	-	-	-	-	-	(9,757)	-	(9,757)	(8,683)	(18,440)
Total comprehensive loss	-	-	-	-	(4,394)	2,613	(80,438)	(82,219)	(30,697)	(112,916)
Owners' contribution (distribution):										
Gain on equity interest in affiliated companies (note 7)	-	-	-	-	-	-	59,771	59,771	-	59,771
Capital increase in subsidiary (note 7)	-	-	-	-	-	-	(5,462)	(5,462)	(10,456)	(15,918)
Dividends paid by subsidiaries	-	-	-	-	-	-	-	-	(1,997)	(1,997)
Prescribed dividends	-	-	-	-	-	-	36	36	195	231
Total owners' contribution (distribution)	-	-	-	-	-	-	54,345	54,345	(12,258)	42,087
BALANCES AS OF DECEMBER 31, 2014	882,236	209,701	-	-	(100,127)	1,770	(25,462)	968,118	632,636	1,600,754

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2015

(In thousands of Brazilian Reais)

	Capital	Capital reserves Tax incentives	Cumulative translation adjustment	Assets and liabilities valuation adjustments	Accumulated deficit	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
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	-	-	-	(852)	852	-	-	-
Comprehensive income:								
Net loss for the year	-	-	-	-	(77,803)	(77,803)	1,628	(76,175)
Exchange rate variations on foreign investments (note 2.1)	-	-	10,952	-	-	10,952	-	10,952
Impact of subsidiaries and affiliated companies -								
Exchange rate variations on foreign investments (note 2.1)	-	-	(12,116)	-	-	(12,116)	(15,659)	(27,775)
Actuarial gain on pension plans	-	-	-	3,645	-	3,645	3,244	6,889
Total comprehensive loss	-	-	(1,164)	3,645	(77,803)	(75,322)	(10,787)	(86,109)
Owners' contribution (distribution):								
Loss on equity interest in affiliated companies (note 7)	-	-	-	-	(14,922)	(14,922)	-	(14,922)
Reversed dividends in subsidiaries	-	-	-	-	-	-	479	479
Dividends paid by subsidiaries	-	-	-	-	-	-	(550)	(550)
Total owners' contribution (distribution)	-	-	-	-	(14,922)	(14,922)	(71)	(14,993)
BALANCES AS OF DECEMBER 31, 2015	882,236	209,701	(101,291)	4,563	(117,335)	877,874	621,778	1,499,652

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Cash flows from operating activities				
Net loss for the year	(77,803)	(76,452)	(76,175)	(89,958)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	1	165	89,580	100,222
Equity in subsidiaries and affiliated companies	78,566	62,265	73,528	45,689
Income and social contribution taxes	4,383	-	7,456	(7,662)
Loss on disposal of property, plant and equipment and intangibles	-	1,427	(25,032)	17,542
Reversal of impairment losses of property, plant and equipment	-	-	-	(1,181)
Exchange rate variations	(28,175)	1,420	(52,919)	(8,277)
Bank charges and interests	8,159	4,286	136,867	104,575
	(14,869)	(6,889)	153,305	160,950
Changes in assets and liabilities				
Marketable securities	-	-	(36,341)	(24,738)
Accounts receivable	-	-	32,283	(18,017)
Inventories	-	-	(75,165)	(45,017)
Advances to suppliers	(26)	1	5,836	2,603
Suppliers	(60)	(1,690)	(13,695)	(33,214)
Others	10,882	(2,477)	(6,339)	(71,133)
Net cash provided by (used in) operating activities	(4,073)	(11,055)	59,884	(28,566)
Interest paid	(13,361)	(6,868)	(178,667)	(83,221)
Income and social contribution taxes received (paid)	-	-	(6,098)	218
Net cash provided by (used in) operating activities after interest and taxes	(17,434)	(17,923)	(124,881)	(111,569)
Cash flows from investing activities				
Acquisition of investments	-	(114)	(21,700)	(114)
Acquisition of property, plant and equipment	-	-	(48,944)	(89,102)
Acquisition of intangible assets	-	-	(5)	-
Proceeds from sale of noncurrent assets	1	-	7,097	72,876
Dividends received	124	608	124	608
Loans between related parties	24,796	(25,288)	42,091	(23,603)
Net cash used in investing activities	24,921	(24,794)	(21,337)	(39,335)

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	2015	2014	2015	2014
Cash flows from financing activities				
Proceeds from new loans	22,000	87,000	835,309	498,796
Issuance of debenture	-	-	-	270,000
Repayment of loans	(30,208)	(44,500)	(697,257)	(599,349)
Dividends paid	-	(2)	(240)	(2,618)
Net cash provided by (used in) financing activities	(8,208)	42,498	137,812	166,829
Effect of exchange rate variations on cash and cash equivalents of foreign subsidiaries	-	-	26,794	2,748
Increase (decrease) in cash and cash equivalents	(721)	(219)	18,388	18,673
Cash and cash equivalents:				
At the beginning of the year	1,191	1,410	175,280	156,607
At the end of the year	470	1,191	193,668	175,280
Increase (decrease) in cash and cash equivalents	(721)	(219)	18,388	18,673

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

STATEMENTS OF VALUE ADDED

FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In thousands of Brazilian Reais)

	Company		Consolidated	
	2015	2014	2015	2014
REVENUES				
Sales of products, goods and services	-	-	2,918,528	2,849,555
Allowance for doubtful accounts	-	-	(2,207)	(6,074)
Gain on sale of real estate held for sale	-	-	-	944
Gain (loss) on disposal of property, plant and equipment and intangibles	-	(1,427)	25,032	(18,486)
	-	(1,427)	2,941,353	2,825,939
MATERIALS ACQUIRED FROM THIRD PARTIES				
Cost of goods and services sold	-	-	(1,414,998)	(1,344,260)
Materials, energy, third party services, and others	(8,383)	(4,829)	(481,341)	(479,712)
Reversal of impairment losses of property, plant and equipment	-	-	-	1,181
	(8,383)	(4,829)	(1,896,339)	(1,822,791)
GROSS VALUE ADDED	(8,383)	(6,256)	1,045,014	1,003,148
RETENTIONS				
Depreciation and amortization	(1)	(165)	(89,580)	(100,222)
NET VALUE ADDED PRODUCED BY THE COMPANY	(8,384)	(6,421)	955,434	902,926
VALUE ADDED RECEIVED BY TRANSFER				
Equity in subsidiaries and affiliated companies	(78,566)	(62,265)	(73,528)	(45,689)
Financial income	21,515	22,845	33,380	29,943
Exchange rate variation gains	42,291	4,258	140,171	39,822
Royalties	-	-	13,327	12,226
	(14,760)	(35,162)	113,350	36,302
TOTAL VALUE ADDED FOR DISTRIBUTION	(23,144)	(41,583)	1,068,784	939,228
DISTRIBUTION OF VALUE ADDED				
Salary, wages and compensation	4,120	3,791	515,688	486,081
Taxes, duties and contributions	8,614	3,156	245,405	243,856
Payments to third parties	41,925	27,922	383,866	299,249
Equity – Net loss	(77,803)	(76,452)	(76,175)	(89,958)
VALUE ADDED DISTRIBUTED	(23,144)	(41,583)	1,068,784	939,228

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

COMPANHIA DE TECIDOS NORTE DE MINAS – COTEMINAS

NOTES TO THE FINANCIAL STATEMENTS

AS OF DECEMBER 31, 2015

(Amounts in thousands of Brazilian Reais)

1. OPERATIONS

Companhia de Tecidos Norte de Minas - COTEMINAS (the “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. In April 2009, subsidiary SGPSA started its bed, tabletop and bath retail operations under the brand MMartan, and later, in October 2011, under the brand Artex. The retail operations, under these two flags, are operated by the indirect subsidiary 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 FINANCIAL STATEMENTS

The financial statements were approved by the Company’s Board of Directors on March 29, 2016.

The Company presents its individual (“Company”) and consolidated (“Consolidated”) financial statements, prepared, simultaneously, in accordance with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board ("IASB"), and accounting practices adopted in Brazil, which include the standards in the Brazilian Corporate Law and the pronouncements, orientations and interpretations issued by Brazilian Committee of Accounting Pronouncements (“CPC”), approved by the CVM (Brazilian Securities and Exchanges Commission) and the CFC (Federal Accounting Council).

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

2.1 – Translation of balances in foreign currency

a) Functional and presentation currency

The 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 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 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 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 year 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 of the year.

The amounts classified in equity as asset and liability valuation adjustment are reflected in the statements of operations in the year 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 year.

(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 year.

(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
Machinery and 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 year 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 year 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 year. They are presented by the Company as required by the Brazilian Corporate Law, as part of its individual financial statements and as supplemental information for the consolidated 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 financial statements.

(x) Owners of the Company and non-controlling interests--In the 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 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 financial statements, as well as the experience of past and/or current events, also considering estimates regarding future events. Therefore, the 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 financial statements include the accounts of the Company and the following subsidiaries:

	Direct and indirect interest in total capital - %	
	2015	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 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 financial statements.

The financial statements of foreign subsidiaries have been translated into Brazilian Reais based on the US Dollar exchange rate as of December 31, 2015 and 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	3.9048	2.6562	47.0%
Average exchange rate:			
December 31 (12 months)	3.3876	2.3599	43.5%

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 annual periods beginning after January 1, 2015. These new pronouncements did not generate significant impact on the financial statements.

Standard	Main requirements
Annual Improvements to IFRSs: 2010 –2012 Cycle (*)	Amendments to several standards.
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 July 24, 2014) (*)	IFRS 9 (2014) was issued as a complete standard including the requirements previously issued and the additional amendments to introduce a new expected loss impairment model and limited changes to the classification and measurement requirements for financial assets. This amendment completes the IASB's financial instruments project.	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.

Standard	Main requirements	Effective date
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 five-step model to be applied to all contracts with customers, and requires such entities to provide users of financial statements with more informative and relevant disclosures.	Effective for annual periods beginning on or after January 1, 2018.
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 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.
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 in 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.

Standard	Main requirements	Effective date
Investment Entities: Applying the Consolidation Exception - amendments to IFRS 10, IFRS 12 and IAS 28 (issued December 18, 2014) (*)	Amendments to IFRS 10, 12 and IAS 28 to confirm that (1) the exemption from preparing consolidated financial statements for an intermediate parent entity is available to a parent entity that is 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) when applying the equity method to an associate or a joint venture, a non-investment entity investor in an investment entity may retain the fair value measurement applied by the associate or joint venture to its interests in subsidiaries; and (4) an investment entity measuring all of its subsidiaries at fair value provides the disclosures relating to investment entities required by IFRS 12.	Effective for annual periods beginning on or after January 1, 2016.
Effective Date of Amendments to IFRS 10 and IAS 28 (issued December 17, 2015) (*)	The effective date of the amendments to IFRS 10 and IAS 28, which address how an entity determines any gain or loss related to transactions with an associate or joint venture was indefinitely deferred by the IASB.	The effective date is postponed to an indefinite date to be determined by the IASB.
IFRS 16 – Leases (*)	The standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations.	Effective for periods beginning on or after 1 January 2019, with earlier adoption permitted if IFRS 15 'Revenue from Contracts with Customers' has also been applied.
Disclosure Initiative (Amendments to IAS 7) (*)	Entities should disclose the following changes in liabilities arising from financing activities (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. The IASB defines liabilities arising from financing activities as liabilities "for which cash flows were, or future cash flows will be, classified in the statement of cash flows as cash flows from financing activities". It also stresses that the new disclosure requirements also relate to changes in financial assets if they meet the same definition. The amendments state that one way to fulfil the new disclosure requirement is to provide a reconciliation between the opening and closing balances for liabilities arising from financing activities. The amendments state that changes in liabilities arising from financing activities must be disclosed separately from changes in other assets and liabilities.	Effective for annual periods beginning on or after January 1, 2017.

Standard	Main requirements	Effective date
Amendments to IAS 12 — Recognition of deferred tax assets for unrealised losses (*)	The amendments clarifies that unrealised losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use. The carrying amount of an asset does not limit the estimation of probable future taxable profits. Estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences. An entity assesses a deferred tax asset in combination with other deferred tax assets. Where tax law restricts the utilisation of tax losses, an entity would assess a deferred tax asset in combination with other deferred tax assets of the same type.	Effective for annual periods beginning on or after January 1, 2017.

(*) 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	
	2015	2014	2015	2014
Repurchase transactions (*)	-	-	41,461	67,158
Foreign exchange funds (US$)	-	-	1,234	2,923
Foreign deposits	-	-	126,725	83,701
Checking accounts deposits	470	1,191	24,248	21,498
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	470	1,191	193,668	175,280
	======	======	======	======

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

4. MARKETABLE SECURITIES

	Consolidated	
	2015	2014
Investment fund – US$	66,588	30,887
Restricted cash	2,000	1,360
	-----------	-----------
	68,588	32,247
	======	======

5. ACCOUNTS RECEIVABLE

	Consolidated	
	2015	2014
Domestic customers	449,329	510,533
Foreign customers	170,464	117,531
Credit card companies	4,119	18,221
Related parties		
Domestic market	1,055	4,865
Foreign market	3,930	7,272
	-----------	-----------
	628,897	658,422
Allowance for doubtful accounts	(38,567)	(35,809)
	-----------	-----------
	590,330	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 December 31, 2015, the installment receivables under this type of sale were R$6,815 (R$20,856 as of December 31, 2014), with an average collection period of 90 days, totaling to an adjustment in the amount of R$2,697 (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 74 days (80 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 December 31, 2015 and only one customer has sales of approximately 10% of net sales.

The aging list of the consolidated accounts receivable is as follows:

	2015	2014
Current	523,144	553,431
Past due up to 30 days	25,285	34,496
Past due from 31 to 60 days	13,500	7,420
Past due from 61 to 90 days	2,322	6,393
Past due from 91 to 180 days	4,600	6,254
Past due from 181 to 360 days	7,757	3,888
Past due greater than 360 days	52,289	46,540
	-------------	-------------
	628,897	658,422
	=======	=======

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

	2015	2014
Balance at the beginning of the year	(35,809)	(29,619)
Additions	(2,385)	(6,671)
Write-offs	338	597
Exchange rate variation	(711)	(116)
Balance at the end of the year	(38,567)	(35,809)

6. INVENTORIES

	Consolidated	
	2015	2014
Raw materials and supplies	193,976	203,835
Work in process	188,753	150,771
Finished products	308,527	260,839
Repair parts	74,572	75,218
	765,828	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 discontinued or obsolete inventories.

Changes in the provision for losses are as follows:

	2014	Additions	Write-offs	Exchange rate variations	2015
Raw materials and supplies	(1,313)	-	-	-	(1,313)
Finished products	(1,101)	(8,671)	229	(700)	(10,243)
Repair parts	(1,099)	(336)	-	(30)	(1,465)
	(3,513)	(9,007)	229	(730)	(13,021)

7. INVESTMENTS IN SUBSIDIARIES AND AFFILIATED COMPANIES

a) Investments attributable to the owners of the Company:

	Equity	Ownership interest - %	Net income (loss)	Total investments 2015	Total investments 2014	Equity in subsidiaries and affiliated companies 2015	Equity in subsidiaries and affiliated companies 2014
Investments in subsidiaries:							
Springs Global Participações S.A.	1,068,500	52.92	22,464	565,401	570,474	11,887	(15,027)
Oxford Comércio e Participações S.A. (1)	213,334	63.37	(17,929)	135,190	146,606	(11,298)	488
Coteminas International Ltd.	17,183	100.00	(6,115)	17,183	27,185	(6,115)	(2,033)
Companhia Tecidos Santanense	250,550	2.07	(21,051)	5,186	5,622	(436)	20
Coteminas (Argentina branch)	(68)	100.00	(34)	(68)	(41)	(34)	(24)
Total subsidiaries				722,892	749,846	(5,996)	(16,576)
Investments in affiliated companies (direct):							
Cantagalo General Grains S.A. (3)	185,927	27.50	(160,946)	51,130	86,995	(44,258)	(42,764)
Companhia de Fiação e Tecidos Cedro e Cachoeira	199,150	30.40	(93,132)	60,541	88,854	(28,312)	(2,925)
Total affiliated companies				111,671	175,849	(72,570)	(45,689)
Equity in subsidiaries and affiliated companies - Company						(78,566)	(62,265)
Investments in affiliated companies (indirect): (2)							
Cantagalo General Grains S.A.	185,927	1.68	(160,946)	3,131	-	(958)	-
Total affiliated companies - Consolidated				114,802	175,849	(73,528)	(45,689)

(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 and October 2, 2015, subsidiary Coteminas International Ltd. acquired an interest in the affiliated company Cantangalo General Grains S.A. for R$18,927, resulting in goodwill of R$14,922, recorded in accumulated deficit in equity.

(3) On October 21, 2013, the Company disclosed to the market that the direct and indirect affiliated companies, Cantagalo General Grains S.A. ("Cantagalo") and CGG Trading S.A. ("CGG"), signed an investment agreement with Sojitz Corporation whereby, after fulfillment of certain precedent conditions, Sojitz will subscribe a capital increase, holding approximately 5% of the capital of Cantagalo and 43% of CGG. Due to the aforementioned agreement, on December 19, 2013, the Company made an advance for future capital increase in that affiliated company in the amount of R$16,082. On January 31, 2014, the capital increase in Cantagalo was subscribed and paid, together with Sojitz and other shareholders, changing the Company’s ownership to 27.50% of its capital.

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

	Equity	Ownership interest - %	Net income (loss)	Non-controlling interest: On subsidiaries' equity 2015	On subsidiaries' equity 2014	On subsidiaries' net income (loss) 2015	On subsidiaries' net income (loss) 2014
Springs Global Participações S.A.	1,068,500	47.08	22,464	503,050	507,563	10,577	(13,372)
Oxford Comércio e Participações S.A.	213,334	36.63	(17,929)	78,144	84,744	(6,530)	454
Companhia Tecidos Santanense	250,550	12.02	(21,051)	30,116	32,645	(2,532)	118
Springs Canada Holdings, LLC	83,748	12.50	904	10,468	7,684	113	(706)
				------------	------------	------------	------------
Total non-controlling interests				621,778	632,636	1,628	(13,506)
				=======	=======	=======	=======

c) Supplemental information on investments in affiliated companies:

	Cantagalo General Grains S.A.(1) 2015	Cantagalo General Grains S.A.(1) 2014	Companhia de Fiação e Tecidos Cedro e Cachoeira (2) 2015	Companhia de Fiação e Tecidos Cedro e Cachoeira (2) 2014
Current assets	1,295,684	971,084	180,803	249,297
Noncurrent assets	1,013,863	854,966	402,780	434,087
Total assets	2,309,547	1,826,050	583,583	683,384
Current liabilities	1,369,242	619,453	189,795	223,068
Noncurrent liabilities	539,157	734,519	173,637	142,644
Total liabilities	1,908,399	1,353,971	363,432	365,712
Equity – Company	185,927	316,355	199,150	292,282
Net revenues	4,620,879	3,059,653	396,435	563,973
(Loss) for the year – Company	(160,946)	(155,497)	(93,132)	(9,622)

<u>(1) Cantagalo General Grains S.A.</u> – 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.

<u>(2) Companhia de Fiação e Tecidos Cedro e Cachoeira</u> – is based in Belo Horizonte, Minas Gerais, established on August 12, 1872 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:

		2015			2014
	Rate (i) %	Cost	Accumulated depreciation	Net book value	Net book value
Land and improvements	6.6	68,494	(23,278)	45,216	55,083
Buildings	2.4	485,985	(207,107)	278,878	285,431
Installations	5.4	284,545	(180,897)	103,648	112,149
Machinery and equipment	5.2	1,333,726	(950,446)	383,280	383,958
Hydroelectric Plant - Porto Estrela (ii)	3.8	37,552	(13,722)	23,830	25,247
Power plants (PCH)	3.9	17,236	(8,422)	8,814	7,933
Furniture and fixtures	9.7	52,732	(34,738)	17,994	19,007
Vehicles	16.7	18,936	(16,092)	2,844	3,237
Computers and peripherals	16.2	68,415	(63,931)	4,484	4,906
Construction in progress	-	67,066	-	67,066	105,044
Others	9.6	169,053	(160,036)	9,017	10,051
		2,603,740	(1,658,669)	945,071	1,012,046

(i) Weighted average annual depreciation rate, excluding fully depreciated items.
(ii) See note 20.

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:

	2014	Additions	Disposals	Transfers to/from held for sale	Transfers	Exchange rate variations	2015
Land and improvements	77,471	3,588	(12,828)	-	-	263	68,494
Buildings	473,807	5	(11,442)	-	12,859	10,756	485,985
Installations	284,707	2,605	(8,527)	(2)	6,360	(598)	284,545
Machinery and equipment	1,270,676	10,780	(17,799)	(666)	41,499	29,236	1,333,726
Hydroelectric Plant - Porto Estrela	37,534	18	-	-	-	-	37,552
Power plants (PCH)	15,871	1,365	-	-	-	-	17,236
Furniture and fixtures	48,367	1,664	(2,210)	(1)	1,327	3,585	52,732
Vehicles (*)	16,691	747	(594)	69	55	1,968	18,936
Computers and peripherals	54,742	1,473	(847)	(1,222)	345	13,924	68,415
Construction in progress	105,044	26,694	(2,488)	-	(62,468)	284	67,066
Others	119,529	5	(36)	(67)	23	49,599	169,053
	2,504,439	48,944	(56,771)	(1,889)	-	109,017	2,603,740

Accumulated depreciation:

	2014	Additions	Disposals	Transfers to/from held for sale	Transfers	Exchange rate variations	2015
Land and improvements	(22,388)	(7,520)	6,724	-	-	(94)	(23,278)
Buildings	(188,376)	(11,188)	3,220	-	(2)	(10,761)	(207,107)
Installations	(172,558)	(11,173)	2,998	-	(383)	219	(180,897)
Machinery and equipment	(886,718)	(48,721)	13,658	(1,119)	27	(27,573)	(950,446)
Hydroelectric Plant - Porto Estrela	(12,287)	(1,435)	-	-	-	-	(13,722)
Power plants (PCH)	(7,938)	(484)	-	-	-	-	(8,422)
Furniture and fixtures	(29,360)	(3,088)	1,018	1	5	(3,314)	(34,738)
Vehicles	(13,454)	(1,199)	544	(68)	(12)	(1,903)	(16,092)
Computers and peripherals	(49,836)	(2,287)	792	1,224	-	(13,824)	(63,931)
Others	(109,478)	(1,461)	6	67	365	(49,535)	(160,036)
	(1,492,393)	(88,556)	28,960	105	-	(106,785)	(1,658,669)

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$59,132 (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:

	2014	Additions	Disposals	Transfers to/from PP&E	Exchange rate variations	2015
Cost	361,459	260	(15,579)	1,889	156,233	504,262
Depreciation	(283,066)	(1,036)	12,491	(105)	(123,594)	(395,310)
Provision for losses	(37,866)	(53)	2,617	-	(14,518)	(49,820)
	40,527	(829)	(471)	1,784	18,121	59,132

9. INTANGIBLE ASSETS

	Consolidated 2015	Consolidated 2014
Goodwill on the acquisition of North American companies	43,929	30,616
Goodwill on the acquisition of AMMO	27,303	27,303
Trademarks	16,307	16,307
Store locations (real estate intangible)	39,643	45,348
Others	22	22
Total	127,204	119,596

The Company and its subsidiaries evaluate the recoverability of goodwill on investments annually and use 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 2015 cash flows was five 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 13.3% 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 year were as follows:

	Balances on 2014	Additions	Exchange rate variations	Balances on 2015
Goodwill on the acquisition of North American companies	30,616	-	13,313	43,929
Goodwill on the acquisition of AMMO	27,303	-	-	27,303
Trademarks	16,307	-	-	16,307
Store locations (real estate intangible)	45,348	(5,705)	-	39,643
Others	22	-	-	22
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Total	119,596	(5,705)	13,313	127,204
	======	=====	=====	======

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 year ended December 31, 2015 was R$41,310 (R$32,713 for the year ended December 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 2015 was R$12,958 (R$7,089 in 2014).

Lease payments scheduled for future years are presented in the table below:

Years	2015
2016	38,802
2017	36,326
2018	34,991
2019	30,750
2020	27,853

Beginning in 2020, lease payments continue to decrease until the contracts terminate on several dates through 2030, totaling R$270,935.

From 2016 to 2024, indirect subsidiary SGUS is scheduled to receive sublease payments of R$60,670.

The indirect subsidiary SGUS has short- and long-term accruals totaling R$27,655 (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 above obligations by R$221,729.

11. SUPPLIERS

	Consolidated	
	2015	2014
Domestic market	35,016	92,461
Foreign market	128,216	84,466
	----------	----------
	163,232	176,927
	======	======

Accounts payable to suppliers consist of amounts with an average maturity term of approximately 30 days (24 as of December 31, 2014). Domestic suppliers include credits to purchase raw material (cotton), amounting to R$4,807 (R$54,011 as of December 31, 2014).

12. LOANS AND FINANCING

	Currency	Annual interest rate - %	Maturity	Consolidated 2015	2014
Local currency:					
BNDES (Revitaliza)	R$	4.5 to 9.0	2016	9,680	26,272
BNDES (Finame)	R$	2.5 to 9.5	2023	12,046	29,950
Banco do Brasil S.A. (b)	R$	118.5 and 120.0 of CDI	2016	82,140	75,504
Bradesco S.A.	R$	134.0 of CDI	2016	24,342	27,535
Banco do Brasil S.A. (NCI/NCE) (b)	R$	109.0 to 119.0 of CDI	2019	402,019	328,441
Banco Votorantim S.A. (b)	R$	114.0 of CDI	2016	41,589	39,750
Banco Santander S.A.	R$	120.0 and 123.5 of CDI	2017	57,338	45,241
Banco Itaú BBA S.A. (a)	R$	117.8 and 121.0 of CDI	2016	105,341	104,684
Bradesco S.A. (Giroflex/CCB) (b)	R$	127.0 and 132.5 of CDI	2016	22,617	34,142
Banco ABC S.A.	R$	124.0 of CDI	2016	7,412	-
Banco Santander S.A.	R$	TJLP + 3.0	2017	14,606	14,604
Banco do Brasil – BNDES Progerem	R$	TJLP + 3.0	2015	-	6,827
Banco Votorantim S.A.	R$	TJLP + 3.3	2015	-	17,407
Other	R$	-	2023	81	83
				------------	------------
				779,211	750,440
Foreign currency:					
Deutsche Bank (Securitization)	US$ and CAD$	Libor + 2.5	2016	66,422	50,104
Banco Patagonia	$ARG	15.3	2016	1,032	3,368
Banco Santander S.A.	US$	4.5 and 6.2	2016	27,869	22,052
Banco do Brasil S.A.	US$	3.4 and 3.5	2016	31,339	-
Banco ABC S.A.	US$	4.2	2016	14,420	-
JP Morgan	US$	Libor + 0.85	2016	22,732	2,128
				-----------	-----------
				163,814	77,652
				-----------	-----------
Total				943,025	828,092
Current				(629,882)	(598,354)
				-----------	-----------
Noncurrent				313,143	229,738
				=======	=======

(a) Original loan contract in Dollars plus 2.466% per annum with a swap for approximately 117.8% and 121.0% of CDI with the same counterparty.

(b) Includes loans of the Company in the amount of R$95,799.

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 and its controlling shareholders; and (ii) by sureties and bank guarantees for the remaining financing.

Maturities are as follows:

Consolidated	2016	2017	2018	2019 to 2023	Total
Local currency:					
BNDES (Revitaliza)	9,680	-	-	-	9,680
BNDES (Finame)	2,777	2,807	2,761	3,701	12,046
Banco do Brasil S.A.	82,140	-	-	-	82,140
Bradesco S.A.	24,342	-	-	-	24,342
Banco do Brasil S.A. (NCI/NCE)	127,661	109,721	109,721	54,916	402,019
Banco Votorantim S.A.	41,589	-	-	-	41,589
Banco Santander S.A.	42,349	14,989	-	-	57,338
Banco Itaú BBA S.A. (a)	105,341	-	-	-	105,341
Bradesco S.A. (Giroflex/CCB)	22,617	-	-	-	22,617
Banco ABC S.A.	7,412	-	-	-	7,412
Banco Santander S.A.	106	14,500	-	-	14,606
Outros	54	7	7	13	81
	-----------	-----------	-----------	-----------	------------
	466,068	142,024	112,489	58,630	779,211
Foreign currency:					
Deutsche Bank (Securitization)	66,422	-	-	-	66,422
Banco Patagonia	1,032	-	-	-	1,032
Banco Santander S.A.	27,869	-	-	-	27,869
Banco do Brasil S.A.	31,339	-	-	-	31,339
Banco ABC S.A.	14,420	-	-	-	14,420
JP Morgan	22,732	-	-	-	22,732
	-----------	-----------	-----------	-----------	-----------
	163,814	-	-	-	163,814
	-----------	-----------	-----------	-----------	-----------
Total	629,882	142,024	112,489	58,630	943,025
	=======	=======	=======	=======	=======

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 December 31, 2015 were as follows:

	Original amount updated	Prepaid interest	Accrued interest	Balances on 2015	Balances on 2014
Current	135,000	(2,550)	2,034	134,484	1,685
Noncurrent	135,000	(1,152)	-	133,848	263,748
Total	270,000	(3,702)	2,034	268,332	265,433

(1) Guarantees:

Secured guarantee: Real estate of indirect subsidiary CSA which 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) 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, 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 December 31, 2015, indirect subsidiary CSA complied with all the ratios above.

14. EQUITY

a. Capital

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

	Number of shares	
	2015 (*)	2014
Common	13,912,800	55,651,200
Preferred	16,723,657	66,894,628
	30,636,457	122,545,828

(*)The Extraordinary General Meeting held on September 4, 2015 approved the reverse split of the Company's shares in accordance with Article 12 of Law No. 6,404 / 76 totaling 122,545,828 registered shares, without par value, including 55,651,200 common shares and 66,894,628 preferred shares, representing the capital at a ratio of 4 shares for one, without changing the amount of the capital, so that the capital as of that date is represented by 30,636,457 registered shares, including 13,912,800 common shares and 16,723,657 preferred shares.

All shares are nominal and without par value. Preferred shares have no voting rights and have the following advantages: (a) priority in capital distribution in the event of dissolution; (b) right to be included in the public offer for sale of control at the same price and on the same terms offered to the selling controlling shareholders, ensuring a dividend at least equal to that of the common shares.

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

	Receivable		Payable	
	2015	2014	2015	2014
Company:				
Wembley S.A.	46,273	34,260	-	-
Coteminas International Ltd.	81,405	50,744	-	-
Innotex International Ltd.	9,833	6,504	-	-
Coteminas S.A.	-	-	23,332	7,450
Companhia Tecidos Santanense	-	-	619	-
Springs Global Participações S.A.	84	-	-	-
Empr.Nac.Com.Rédito e Particip. S.A. – ENCORPAR	11,705	4,714	-	-
	----------	----------	----------	----------
	149,300	96,222	23,951	7,450
	======	======	======	======
Consolidated:				
Wembley S.A.	46,273	34,260	360	242
Innotex International Ltd.	9,833	6,504	-	-
Holtex Inc.	56	38	-	-
Empr.Nac.Com.Rédito e Particip. S.A. – ENCORPAR	11,788	4,788	-	-
Fazenda do Cantagalo Ltda.	14	-	-	-
Seda Inc.	81	-	-	-
	----------	----------	----------	----------
	68,045	45,590	360	242
	======	======	======	======

	Finance charges income (expense) (Consolidated)	
	2015	2014
Wembley S.A.	5,421	3,216
Empr. Nac. Com. Rédito e Particip. S.A. – ENCORPAR	1,301	255
JAGS - José Alencar Gomes da Silva	100	181
Innotex International Ltd.	235	172
Seda S.A.	33	37
Encorpar Empr. Imob. Ltda.	29	42
Econorte – Empr.Constr.Norte de Minas Ltda.	3	2
	----------	----------
	7,122	3,905
	======	======

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.

As stated in the 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 2015, the total amount of R$5,040 (R$3,421 in 2014) was accrued by indirect subsidiary SGUS for services provided and R$5,563 (R$3,797 as of December 31, 2014) is accrued under the caption "Other payables", in current liabilities, in the consolidated balance sheet. During the Board of Directors meeting of the subsidiary SGPSA held on December 29, 2015, it was decided to terminate the above service agreements.

The Board of Directors meeting of subsidiary SGPSA, held on December 29, 2015 approved, payment of 2% commission (two percent annually), limited to the cumulative amount of R$47,750, on sureties/ guarantees provided by the Company on loans and financing contracted by SGPSA and its subsidiaries. In the Company balances as of December 31, 2015, the amount of R$29,414 was recorded (R$10,882 in "Other accounts payable" in current liabilities and R$18,532 in "Other obligations" in noncurrent liabilities) related to guarantees on existing contracts. These amounts are eliminated 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 2015, R$3,289 was accrued under this lease (R$3,289 in 2014). The valuation of the property and its lease were conducted by a specialized company and represent market prices.

In 2015, the operating lease for the aircraft maintained by the Company expired, and consequently, the aircraft was returned to the foreign lessor. The Company and its parent WSA, which subsequently imported the aircraft, are defining the documentation and terms of use, to be submitted for review and approval by their Boards of Directors, for the assignment of rights and obligations of the aircraft including any gain or loss recorded on the disposal or sale. None of these transactions had effects on the Company's financial statements.

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. RECEIVABLE – SALE OF PROPERTY

In May 2015, the subsidiary CSA sold real estate located in the city of Montes Claros - MG, to the municipality, for R$48,000, to be received in 12 monthly installments of R$1,000 each, plus 24 monthly installments of R$1,500 each, adjusted for inflation using the "IGP-M" from the date the agreement was signed and including a grace period of 12 months before the first payment. The subsidiary CSA has a guarantee for the installments, through revenue and quotas of the Municipality Participation Fund – "FPM".

17. INCOME AND SOCIAL CONTRIBUTION TAXES AND OTHER TAXES

a. Tax incentives

All manufacturing units of the 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	
	2015	2014	2015	2014
Loss before taxes	(73,420)	(76,452)	(68,719)	(97,620)
Permanent differences:				
Equity in subsidiaries and affiliated companies	78,566	62,265	73,528	45,689
Nontaxable income	-	-	(37,509)	(34,849)
Transfer price	-	-	-	1,523
Others, net	785	116	(1,144)	1,483
	----------	----------	------------	----------
Income tax basis	5,931	(14,071)	(33,844)	(83,774)
Income and social contribution taxes – 34%	(2,017)	4,784	11,507	28,483
Tax incentive (SUDENE)	-	-	-	-
Unrecognized tax credits	(2,418)	(4,778)	(17,101)	(22,136)
Adjustment to the deemed taxable income	-	-	-	(83)
Others	52	(6)	(1,862)	1,398
	----------	---------	-----------	---------
Total income taxes	(4,383)	-	(7,456)	7,662
	----------	---------	-----------	---------
Income taxes – current	-	-	(8,595)	3,543
Income taxes – deferred	(4,383)	-	1,139	4,119
	=====	=====	======	=====

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.

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 December 31, 2015, indirect subsidiary CSA had net operating losses of R$506,222 (R$507,750 as of December 31, 2014) and social contribution tax losses of R$511,773 (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. 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 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 12/31/2015
Assets:				
Temporarily nondeductible provisions	24,641	(16)	443	25,068
Net operating losses	40,170	13,966	-	54,136
Tax credits from foreign subsidiaries	12,326	(5,159)	-	7,167
	-----------	-----------	-----------	-----------
Noncurrent assets	77,137	8,791	443	86,371
	======	=======	=======	======
Liabilities:				
Temporary differences	(269)	(7,652)	(42)	(7,963)
Negative goodwill in investments	(5,049)	-	-	(5,049)
	-----------	-----------	-----------	-----------
Noncurrent liabilities	(5,318)	(7,652)	(42)	(13,012)
	=======	=======	=======	======

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
2016	678
2017	6,607
2018	12,442
2019	19,050
2020 and thereafter	47,594

	86,371
	=====

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	
	2015	2014	2015	2014
ICMS	402	957	21,935	19,759
Prepaid income and social contribution taxes	3,292	4,910	25,849	33,899
Recoverable PIS and COFINS	8,210	8,210	10,120	16,329
IVA/ingressos brutos – Argentina	-	-	925	6,712
VAT – China and Mexico	-	-	1,609	1,329
Recoverable IPI	1,779	1,779	1,813	1,801
ILL (tax on net income)	3,562	3,562	3,562	3,562
Reintegra	-	-	3,864	4,422
Other recoverable taxes	2	2	1,746	1,299
	-----------	-----------	-----------	-----------
	17,247	19,420	71,423	89,112
Current assets	(3,294)	(4,912)	(42,175)	(55,800)
	-----------	-----------	-----------	-----------
Noncurrent assets	13,953	14,508	29,248	33,312
	======	======	======	======

18. 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$78,602 and R$15,426, respectively.

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

	Company		Consolidated	
	2015	2014	2015	2014
Tax litigation claims:				
Social contribution	-	-	791	791
Temporary contribution over financial transactions (CPMF)	-	-	4,317	4,317
INSS	2,456	2,456	5,281	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	327	328	1,958	2,226
Labor	1,224	957	15,800	13,586
Civil and others	3,745	3,757	6,692	7,629
	---------	---------	----------	----------
	12,303	12,049	42,651	42,648
	=====	=====	======	======
Escrow deposits	27,877	27,337	57,113	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 plaintiffs in a lawsuit against the Brazilian Treasury Department, disputing the levy of INSS on amounts considered to be employee termination costs and FAP (Accident Prevention Factor).

PIS and COFINS – The Company and its subsidiaries are plaintiffs 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 and its indirect subsidiary CSA are plaintiffs in lawsuits against the Federal Government disputing the legality of “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:

	2014	Additions	Reductions	2015
Tax litigation claims:				
Social contribution	791	-	-	791
Temporary contribution over financial transactions (CPMF)	4,317	-	-	4,317
INSS	6,287	3,663	(4,669)	5,281
PIS and COFINS	4,511	-	-	4,511
IPI foreign flag	3,301	-	-	3,301
Others	2,226	504	(772)	1,958
Labor	13,586	4,631	(2,417)	15,800
Civil and others	7,629	69	(1,006)	6,692
	42,648	8,867	(8,864)	42,651

19. EMPLOYEE BENEFIT PLANS

Substantially all the employees of the indirect subsidiary SGUS are covered by defined-contribution plans. Some executives of indirect subisidiary 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 December 31, 2015 and 2014:

	2015	2014
Changes in benefit obligation:		
Benefit obligation at beginning of year	139,465	111,594
Service cost	1,115	899
Interest cost	7,416	5,465
Actuarial (gain) loss	(9,685)	19,117
Benefit payments	(14,462)	(11,861)
Exchange rate variation	62,769	14,251
Benefit obligation at end of year	186,618	139,465
Changes in plan assets:		
Fair value of plan assets at beginning of year	37,079	31,740
Return on assets	(921)	3,318
Employer contributions	12,493	9,881
Benefit payments	(14,462)	(11,861)
Exchange rate variation	16,586	4,001
Fair value of plan assets at end of year	50,775	37,079
Present value of unfunded obligations	135,843	102,386
Actuarial assumptions to determine the benefit obligations at year end		
Discount rate (per annum)	4.00% to 4.50%	3.70% to 4.26%
Rate of compensation increase (per annum)	2.50%	2.50%
Assumptions used to determine net expense for the years ended		
Discount rate and expected rate of return on assets (per annum)	3.70% to 4.26%	4.30% to 5.05%
Rate of compensation increase (per annum)	2.50%	2.50%
Components of net periodic benefit cost:		
Service cost	1,115	899
Interest cost, net	4,539	3,327
Net periodic benefit cost	5,654	4,226

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 46% to 55% 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.

	2015	2014
Investments on plan assets:		
Equity securities	23,096	16,679
Fixed income	26,904	19,747
Cash and cash equivalents	775	653
	----------	----------
Plan assets fair value at the end of year	50,775	37,079
	======	======

The subsidiary SGUS expects to contribute R$14,367 to the defined-benefit plans in 2016. The benefits payments for the next 10 years are:

	Defined-benefit pension plans
2016	15,355
2017	14,827
2018	14,464
2019	13,851
2020	13,489
2021 – 2025	62,581

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

	2015	2014
Pension plan obligations	135,843	102,386
Pension plan obligations (multi-employer) (a)	-	179
Other employee benefit obligations	8,367	7,270
	------------	------------
Total employee benefit plans	144,210	109,835
Current (b)	(12,481)	(8,733)
	------------	------------
Noncurrent	131,729	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".

20. 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	5,749	550,094	895,864

For accounting purposes, indirect subsidiary 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 December 31, 2015, this amount represented R$67,381, of which, R$18,337 is classified in current liabilities and R$49,044 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 December 31, 2015, the net book value of the property, plant and equipment related to the current concession is R$23,830 (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.

21. OTHER OPERATING EXPENSES AND INCOME, NET

	Consolidated	
	2015	2014
Net gain (loss) on sale of assets(*)	25,247	(16,361)
Fixed costs not allocated to production	(21,417)	-
Non-operating lease expense	(12,152)	(5,215)
Tax recovery	-	5,520
Others	(10,550)	11,130
	(18,872)	(4,926)

(*) See Note 16 of the financial statements.

22. FINANCIAL INSTRUMENTS

a) General--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			
	2015		2014		2015		2014	
	Book value	Fair value	Book value	Fair value	Book value	Fair value	Book value	Fair value
ASSETS --								
CURRENT:								
Cash and cash equivalents	470	470	1,191	1,191	193,688	193,688	175,280	175,280
Marketable securities	-	-	-	-	68,588	68,588	32,247	32,247
Financial Instruments	-	-	-	-	19,882	19,882	-	-
Accounts receivable	-	-	-	-	590,330	590,330	622,613	622,613
Receivable – sale of property	-	-	-	-	8,318	8,318	-	-
Other receivables	200	200	6,520	6,520	40,489	40,489	34,266	34,266
NONCURRENT:								
Long-term assets:								
Related parties	149,300	149,300	96,222	96,222	68,045	68,045	45,590	45,590
Receivable – sale of property	-	-	-	-	40,899	40,899	-	-
Other credits and receivables	2,061	2,061	2,061	2,061	11,686	11,686	28,453	28,453
LIABILITIES --								
CURRENT:								
Loans and financing (*)	95,800	95,800	105,385	105,385	629,882	629,882	598,354	598,354
Debenture (*)	-	-	-	-	134,484	134,484	1,685	1,685
Suppliers	32	32	92	92	163,232	163,232	176,927	176,927
Noneconomic lease	-	-	-	-	7,048	7,048	4,286	4,286
Other accounts payable	13,095	13,095	2,789	2,789	65,952	65,952	62,633	62,633
NONCURRENT:								
Loans and financing (*)	-	-	-	-	313,143	313,143	229,738	229,738
Debenture (*)	-	-	-	-	133,848	133,848	263,748	263,748
Noneconomic lease	-	-	-	-	20,607	20,607	12,822	12,822
Related parties	23,951	23,951	7,450	7,450	360	360	242	242
Government concessions	-	-	-	-	49,044	49,044	47,875	47,875
Other obligations	18,532	18,532	40	40	15,202	15,202	18,971	18,971

(*) The fair values of loans and financing and debentures are similar to its amortized cost recorded in the 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 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	2015	2014
Investments in subsidiaries	121,051	104,451
Subsidiaries’ obligations (SGUS)	(61,360)	(60,879)
	-----------	-----------
	59,691	43,572
	======	======
In equivalent thousands of US Dollars	15,287	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	2015	2014
Cash and cash equivalents	1,234	2,923
Accounts receivable	74,355	54,795
Suppliers	(1,794)	(2,307)
Loans and financing	(73,628)	(22,052)
Related parties	201,069	137,901
	-------------	-------------
Total exposure in Brazilian Reais	201,236	171,260
	=======	=======
Total exposure in equivalent thousands of US Dollars	51,536	64,476
	=======	=======

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

		Exposure value in	Scenarios		
Maturity	Risk	thousands of US$	Probable	II	III
2016	US Dollar depreciation	43	(5,578)	(4,225)	(2,872)
2018	US Dollar depreciation	51,493	83,789	12,572	(58,641)
		-----------	-----------	-----------	-----------
		51,536	78,211	8,347	(61,513)
		======	======	======	======

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 future US Dollar exchange rates and comparing to the US Dollar exchange rate at the end of the current year. Scenarios II and III reflect 25% and 50% deterioration of future US Dollar exchange rates, respectively.

The future US Dollar 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:

Consolidated information for derivative instruments with exchange rate risk is shown below:

Description	Notional Value – US$ thousands		Fair Value – Asset (Liability)	
	2015	2014	2015	2014
Forward Contract (NDF) (1) -- Position: Buy Currency: US$/Pesos Argentinos Dollar settlement: $11.72 Counterpart: Banco da Patagonia Other information: 1 contract of US $15.000 thousands, maturing on 03.06.2016	15,000	-	14,149	-
Forward Contract (NDF) (1) -- Position: Buy Currency: US$/Pesos Argentinos Dollar settlement: $11.12 Counterpart: Banco da Patagonia Other information: 1 contract of US $7.000 thousands, expiring on 03.31.2016	7,000	-	5,733	-
Total current liabilities	22,000	-	19,882	-

(1) Forward contracts (NDF - "Non Deliverable Forward") raw materials--are presented and measured at fair value through the statement of operations, and aim to protect the foreign exchange risk on purchases of raw materials at each contract’s settlement date. Although the Company uses these derivatives for hedging purposes, it did not adopt the hedge accounting practice for these transactions.

The balance corresponds to the financial instruments’ fair values which were calculated based on data obtained from BM&FBOVESPA - “Bolsa de Valores, Mercadorias e Futuros” for operations in Brazil and the Central Bank of Argentina for operations in Argentina, such as the future Dollar exchange rate at the settlement dates, interest rates and algorithms, and compared to data obtained directly from the counterparty financial institutions, which evaluate those instruments.

The derivatives are traded in the over-the-counter market, registered at the competent agencies, and are not subject to margin deposits. In 2015, a gain of R$31,076 was recorded from derivatives related to foreign exchange risk included in “Exchange rate variations, net”. Except for the swap contract mentioned in note 12.a, and the forward contracts shown above, there were no other exchange rate derivatives in 2015 and 2014.

The sensitivity analysis of the above derivative financial instruments, considering the flows of receipts and payments in US Dollars already contracted on December 31, 2015 is as follows:

Maturity	Country	Risk	Exposure value - US$ thousands	Scenarios		
				Probable	II	III
2016	Argentina	US Dollar depreciation	22,000	19,882	(4,079)	(28,029)

Amounts in parenthesis (negative numbers) stated in the scenarios above refer to exchange rate variance losses. The positive amounts relate to exchange rate variations 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 year. 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.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, there were no derivatives contracts of this type.

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:

	2015				2014
Description	Principal amount R$ thousands	Accrued interest	Description	Principal amount R$ thousands	Accrued interest
Loan Agreement -- Interest: 108.5% of CDI Counterpart: Banco do Brasil S.A. Maturity: May/2015	-	-	-	-	236,157
Loan Agreement -- Interest: 113.6% of CDI Counterpart: Banco do Brasil S.A. Maturity: April/2016	-	-	-	-	43,529
Loan Agreement -- Interest: 116.6% of CDI Counterpart: Banco do Brasil S.A. Maturity: April/2015	-	-	-	-	27,320
Loan Agreement -- Interest: 112.0% of CDI Counterpart: Banco do Brasil S.A. Maturity: May/2015	-	-	-	-	21,435
Loan Agreement -- Interest: 119.0% of CDI Counterpart: Banco Brasil S.A. – NCE					

Description	2015 Principal amount R$ thousands	2015 Accrued interest	2015 Description	2015 Principal amount R$ thousands	2014 Accrued interest
Maturity: December/2018	165,000	103	-	165,103	-
Loan Agreement -- Interest: 110.7% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: April/2019	165,000	672	(922)	164,750	-
Loan Agreement -- Interest: 109.0% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: June/2016	25,000	273	(10)	25,263	-
Loan Agreement -- Interest: 111.5% of CDI Counterpart: Banco Brasil S.A. – NC Maturity: March/2016	25,000	73	-	25,073	-
Loan Agreement -- Interest: 109.0% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: May/2016	22,000	-	(170)	21,830	-
(Refer to Note 12)				402,019	328,441
Loan Agreement -- Interest: 114.0% of CDI Counterpart: Banco Votorantim S.A. Maturity: March/2016	40,000	1,660	(71)	41,589	39,750
Loan Agreement -- Interest: 120.0% of CDI Counterpart: Banco Santander S.A. Maturity: May/2017	30,000	536	(128)	30,408	30,055
Loan Agreement -- Interest: 123.5% of CDI Counterpart: Banco Santander S.A. Maturity: April/2016	2,500	89	(24)	2,565	7,593
Loan Agreement -- Interest: 123.5% of CDI Counterpart: Banco Santander S.A. Maturity: April/2016	2,500	89	(24)	2,565	7,593
Loan Agreement -- Interest: 120.0% of CDI Counterpart: Banco Santander S.A. Maturity: May/2016	20,000	2,010	(210)	21,800	-
(Refer to Note 12)				57,338	45,241
Loan Agreement e swap -- Interest: 121.0% of CDI Counterpart: Banco Itaú BBA S.A. Maturity: August/2016	66,667	3,830	-	70,497	104,684
Loan Agreement e swap -- Interest: 117.8% of CDI Counterpart: Banco Itaú BBA S.A. Maturity: February/2016	33,000	1,844	-	34,844	-
(Refer to Note 12)				105,341	104,684
Loan Agreement -- Interest: 132.5% of CDI Counterpart: Banco Bradesco S.A. Maturity: May/2016	15,000	252	-	15,252	15,045

Description	2015 Principal amount R$ thousands	Accrued interest	Description	Principal amount R$ thousands	2014 Accrued interest
Loan Agreement -- Interest: 127.0% of CDI Counterpart: Banco Bradesco S.A. Maturity: May/2016	7,292	73	-	7,365	19,097
				-----------	-----------
(Refer to Note 12)				22,617	34,142
				-----------	-----------
Loan Agreement -- Interest: 124.0% of CDI Counterpart: Banco ABC S.A. Maturity: June/2016	7,500	-	(88)	7,412	-
				----------	----------
Debenture-- Interest: 110.0% of CDI Counterpart: Gaia Agro Sec. S.A. Maturity: June/2017 (Refer to Note 13)	270,000	2,034	(3,702)	268,332	265,433
	------------	-----------	------------	------------	------------
	896,459	13,538	(5,349)	904,648	817,691
	=======	=======	=======	=======	=======

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

Maturity	Risk	Average balance	Scenarios Probable	II	III
2016	CDI increase	813,219	95,947	136,198	164,462
2017	CDI increase	390,545	47,539	73,684	88,963
2018	CDI increase	129,282	18,962	29,358	35,371
2019	CDI increase	55,669	2,925	4,339	5,236
			======	======	======

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 future CDI index, respectively. The future CDI 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's financial liabilities, according to their cash flows, based on their approximate maturity date, and using nominal contractual interest rates, are summarized as follows:

		Estimated settlement			
Contractual obligations	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Loans and financing	1,089,705	713,005	315,429	60,357	914
Debenture	312,583	168,093	144,490	-	-
Suppliers	165,792	165,792	-	-	-
Related parties	360	-	360	-	-
	--------------	--------------	------------	-----------	-----------
	1,568,440	1,046,890	460,279	60,357	914
	========	========	=======	======	======

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 year covered by these financial statements.

The Company's net debt is as follows:

	Company		Consolidated	
	2015	2014	2015	2014
Loans and financing	95,800	105,385	943,025	828,092
Debenture	-	-	268,332	265,433
Cash and cash equivalents	(470)	(1,191)	(193,668)	(175,280)
Marketable securities	-	-	(68,588)	(32,247)
Financial instruments	-	-	(19,882)	-
	-------------	-------------	-------------	-------------
Total net debt	95,330	104,194	929,219	885,998
Total equity	877,874	968,118	1,499,652	1,600,754
	-------------	-------------	-------------	-------------
Total net debt and equity	973,204	1,072,312	2,428,871	2,486,752
	========	========	========	========

23. 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):

	2015						
	South America				North America	Others unallocated	
	Wholesale	Retail	Denim	Total	Wholesale	(*)	Total
Net revenues	1,152.9	265.4	339.6	1,757.9	923.8	(103.8)	2,577.9
Cost of goods sold	(803.7)	(144.1)	(293.0)	(1,240.8)	(784.3)	103.8	(1,921.3)
Gross profit	349.2	121.3	46.6	517.1	139.5	-	656.6
Selling, general and administrative expenses	(208.4)	(149.1)	(57.1)	(414.6)	(82.4)	(30.6)	(527.6)
Equity in affiliated companies	-	-	-	-	-	(73.5)	(73.5)
Others, net	7.7	(6.2)	(5.9)	(4.4)	(13.6)	(1.0)	(19.0)
Operating results	148.5	(34.0)	(16.4)	98.1	43.5	(105.1)	36.5
Financial results	-	-	-	-	-	(105.2)	(105.2)
Income (loss) before taxes	148.5	(34.0)	(16.4)	98.1	43.5	(210.3)	(68.7)
Depreciation and amortization	63.3	11.2	10.9	85.4	4.2	-	89.6
Total assets	2,092.6	198.7	423.2	2,714.5	461.2	153.3	3,329.0
Total liabilities	(1,042.4)	(101.5)	(172.6)	(1,316.5)	(512.1)	(0.7)	(1,829.3)
Total net assets (liabilities)	1,050.2	97.2	250.6	1,398.0	(50.9)	152.6	1,499.7

	2014						
	South America				North America	Others unallocated	
	Wholesale	Retail	Denim	Total	Wholesale	(*)	Total
Net revenues	1,180.0	283.1	406.4	1,869.5	698.2	(118.1)	2,449.6
Cost of goods sold	(840.2)	(149.3)	(339.4)	(1,328.9)	(622.1)	118.1	(1,832.9)
	----------	----------	----------	----------	----------	----------	----------
Gross profit	339.8	133.8	67.0	540.6	76.1	-	616.7
Selling, general and administrative expenses	(206.7)	(161.1)	(61.1)	(428.9)	(66.0)	(26.3)	(521.2)
Equity in affiliated companies	-	-	-	-	-	(45.7)	(45.7)
Others, net	1.0	(4.1)	5.0	1.9	(5.5)	(1.3)	(4.9)
	----------	----------	----------	----------	----------	----------	----------
Operating results	134.1	(31.4)	10.9	113.6	4.6	(73.3)	44.9
Financial results	-	-	-	-	-	(142.5)	(142.5)
	----------	----------	----------	----------	----------	----------	----------
Income (loss) before taxes	134.1	(31.4)	10.9	113.6	4.6	(215.8)	(97.6)
	======	======	======	======	======	======	======
Depreciation and amortization	67.3	12.9	14.1	94.3	5.8	0.1	100.2
	======	======	======	======	======	======	======
Total assets	2,032.7	228.9	441.4	2,703.0	322.7	231.0	3,256.7
Total liabilities	(1,013.4)	(87.1)	(169.8)	(1,270.3)	(375.9)	(9.7)	(1,655.9)
	----------	----------	----------	----------	----------	----------	----------
Total net assets (liabilities)	1,019.3	141.8	271.6	1,432.7	(53.2)	221.3	1,600.8
	======	======	======	======	======	======	======

(*) 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	
	2015	2014
Net revenues (in millions of Reais):		
Bedding, tabletop and bath	1,083.6	1,087.9
Utility bedding	718.0	492.6
Intermediate products	510.9	586.0
Retail	265.4	283.1
	------------	------------
	2,577.9	2,449.6
	=======	=======
Volume (thousands of metric tons):		
Bedding, tabletop and bath	35.5	41.7
Utility bedding	42.5	40.7
Intermediate products	39.4	46.2
	------------	------------
	117.4	128.6
	=======	=======

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

24. 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	
	2015	2014
Cost of raw materials, goods and services acquired from third parties	(1,806,802)	(1,643,939)
Employee benefits	(515,689)	(486,081)
INSS	(43,652)	(36,330)
Depreciation and amortization	(89,580)	(100,222)
Finished goods and work in process inventory variations	94,811	16,725
Exchange rate variations in inventories from foreign subsidiaries	41,152	10,964
Other costs and expenses	(129,209)	(115,180)
Total expenses by nature	(2,448,969)	(2,354,063)

By function:

	Consolidated	
	2015	2014
Cost of goods sold	(1,921,333)	(1,832,895)
Selling expenses	(327,910)	(339,764)
General and administrative expenses	(185,725)	(167,617)
Management fees	(14,001)	(13,787)
Total expenses by function	(2,448,969)	(2,354,063)

25. NET REVENUES

The reconciliation between gross revenues and net revenues presented in the statements of operations is as follows:

	Consolidated	
	2015	2014
OPERATING REVENUES:		
Gross revenues	3,090,181	3,015,425
Sales deductions	(512,319)	(565,842)
NET REVENUES	2,577,862	2,449,583

26. BASIC AND DILUTED LOSS PER SHARE

Basic and diluted loss per share was calculated as follows:

	2015	2014	
	With reverse split	With reverse split	Without reverse split
NET LOSS FOR THE YEAR	(77,803)	(76,452)	(76,452)
Weighted-average outstanding shares:			
Common shares	13,912,800	13,912,800	55,651,200
Preferred shares	16,723,657	16,723,657	66,894,628
	30,636,457	30,636,457	122,545,828
BASIC AND DILUTED LOSS PER SHARE - R$	(2.5396)	(2.4955)	(0.6239)

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

The Extraordinary General Meeting held on September 4, 2015 approved the reverse split of the Company's shares on that date, as detailed in Note 14 to the interim financial statements. For this reason, the Company has presented for comparative purposes the basic and diluted loss per share for 2014, applying the reverse split on that date.

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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