Contents

Company Data

Capital Breakdown 1

Individual Interim Financial Statements

Balance Sheet - Assets 2

Balance Sheet - Liabilities 4

Income Statement 7

Statement of Comprehensive Income 8

Cash Flow Statement 9

Statements of Changes in Equity

SCE - 01/01/2016 to 03/31/2016 11

SCE - 01/01/2015 to 03/31/2015 13

Statement of Value Added 15

Consolidated Interim Financial Statements

Balance Sheet - Assets 17

Balance Sheet - Liabilities 19

Income Statement 22

Statement of Comprehensive Income 23

Cash Flow Statement 24

Statements of Changes in Equity

SCE - 01/01/2016 to 03/31/2016 26

SCE - 01/01/2015 to 03/31/2015 28

Statement of Value Added 30

Comments about Performance 32

Notes to Interim Financial Statements 43

Opinions and Declarations

Unqualified Special Review Report 69

Company information / capital breakdown	
Number of shares (in thousands)	Current quarter 3/31/2016
Paid-up capital	
Common shares	88,735
Preferred shares	0
Total	88,735
Treasury shares	
Common shares	0
Preferred shares	0
Total	0

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2016 - AREZZO INDÚSTRIA E COMÉRCIO S/A

Parent company financial statements / balance sheet - assets

(In thousands of reais)

Account Code	Account Description	Current Quarter 3/31/2016	Prior year 12/31/2015
1	Total assets	886,970	822,896
1.01	Current assets	579,824	513,210
1.01.01	Cash and cash equivalents	859	4,548
1.01.02	Cash investments	243,812	208,044
1.01.02.01	Cash investments measured at fair value	243,812	208,044
1.01.02.01.01	Trading securities	0	0
1.01.02.01.02	Available-for-sale securities	0	0
1.01.02.01.03	Cash investments measured at fair value	243,812	208,044
1.01.02.02	Cash investments carried at amortized cost	0	0
1.01.02.02.01	Held-to-maturity securities	0	0
1.01.03	Trade and other receivables	258,785	232,035
1.01.03.01	Trade receivables	258,785	232,035
1.01.03.02	Other receivables	0	0
1.01.04	Inventories	50,377	37,303
1.01.05	Biological assets	0	0
1.01.06	Taxes recoverable	12,413	13,802
1.01.06.01	Current taxes recoverable	12,413	13,802
1.01.07	Prepaid expenses	0	0
1.01.08	Other current assets	13,578	17,478
1.01.08.01	Non-current assets held for sale	0	0
1.01.08.02	Assets of discontinued operations	0	0
1.01.08.03	Other	13,578	17,478
1.02	Non-current assets	307,146	309,686
1.02.01	Long-term receivables	69,811	67,320
1.02.01.01	Cash investments measured at fair value	0	0
1.02.01.01.01	Trading securities	0	0
1.02.01.01.02	Available-for-sale securities	0	0
1.02.01.02	Cash investments carried at amortized cost	0	0
1.02.01.02.01	Held-to-maturity securities	0	0
1.02.01.03	Trade and other receivables	13,422	14,217
1.02.01.03.01	Trade receivables	13,422	14,217
1.02.01.03.02	Other receivables	0	0
1.02.01.04	Inventories	0	0
1.02.01.05	Biological assets	0	0

1.02.01.06	Deferred taxes	2,950	3,231
1.02.01.06.01	Deferred income tax and social contribution	2,950	3,231
1.02.01.07	Prepaid expenses	0	0
1.02.01.08	Receivables from related parties	42,937	42,437
1.02.01.08.01	Receivables from associates	0	0
1.02.01.08.02	Receivables from subsidiaries	42,937	42,437
1.02.01.08.03	Receivables from controlling shareholders	0	0
1.02.01.08.04	Receivables from other related parties	0	0
1.02.01.09	Other non-current assets	10,502	7,435
1.02.01.09.01	Non-current assets held for sale	0	0
1.02.01.09.02	Assets of discontinued operations	0	0
1.02.01.09.03	Taxes recoverable	0	0
1.02.01.09.04	Judicial deposits	5,937	6,054
1.02.01.09.05	Other	4,565	1,381
1.02.02	Investments	161,339	163,745
1.02.02.01	Equity interests	161,339	163,745
1.02.02.01.01	Investments in associates	0	0
1.02.02.01.02	Investments in subsidiaries	161,339	163,745
1.02.02.01.03	Investments in joint ventures	0	0
1.02.02.01.04	Other equity interests	0	0
1.02.02.02	Investment property	0	0
1.02.03	Property, plant and equipment	23,538	24,105
1.02.03.01	Property, plant and equipment in operation	23,538	24,105
1.02.03.02	Leased property, plant and equipment	0	0
1.02.03.03	Property, plant and equipment in progress	0	0
1.02.04	Intangible assets	52,458	54,516
1.02.04.01	Intangible assets	52,458	54,516
1.02.04.01.01	Concession contract	0	0
1.02.04.01.02	Trademarks and patents	3,331	3,330
1.02.04.01.03	Store use rights	1,078	1,078
1.02.04.01.04	Software use rights	48,049	50,108
1.02.05	Deferred	0	0

Parent company financial statements / balance sheet - liabilities and equity

(In thousands of reais)

Code Account	Account Description	Current quarter 3/31/2016	Prior year 12/31/2015
2	Total liabilities	886,970	822,896
2.01	Current liabilities	187,674	138,837
2.01.01	Salaries, vacation pay and social charges payable	9,167	8,326
2.01.01.01	Social charges	1,761	2,011
2.01.01.02	Salaries and vacation pay	7,406	6,315
2.01.02	Trade payables	102,647	55,414
2.01.02.01	Domestic suppliers	102,608	55,401
2.01.02.02	Foreign suppliers	39	13
2.01.03	Taxes payable	9,984	5,275
2.01.03.01	Federal taxes payable	9,934	5,268
2.01.03.01.01	Income tax and social contribution payable	6,270	0
2.01.03.01.02	Other federal taxes payable	3,664	5,268
2.01.03.02	State taxes payable	47	0
2.01.03.03	Local taxes payable	3	7
2.01.04	Borrowings	61,822	65,521
2.01.04.01	Borrowings	61,822	65,521
2.01.04.01.01	In local currency	10,736	9,456
2.01.04.01.02	In foreign currency	51,086	56,065
2.01.04.02	Debentures	0	0
2.01.04.03	Finance lease	0	0
2.01.05	Other liabilities	4,054	4,301
2.01.05.01	Payables to related parties	0	0
2.01.05.01.01	Payables to associates	0	0
2.01.05.01.02	Payables to subsidiaries	0	0
2.01.05.01.03	Payables to controlling shareholders	0	0
2.01.05.01.04	Payables to other related parties	0	0
2.01.05.02	Other	4,054	4,301
2.01.05.02.01	Dividends and interest on capital payable	0	0
2.01.05.02.02	Mandatory minimum dividend payable	0	0
2.01.05.02.03	Share-based payments	0	0
2.01.05.02.04	Other	4,054	4,301
2.01.06	Provisions	0	0
2.01.06.01	Provision for tax, social security, labor and civil contingencies	0	0
2.01.06.01.01	Provision for tax contingencies	0	0

2.01.06.01.02	Provision for social security and labor contingencies	0	0
2.01.06.01.03	Provision for employee benefit	0	0
2.01.06.01.04	Provision for civil contingencies	0	0
2.01.06.02	Other provisions	0	0
2.01.06.02.01	Provision for warranties	0	0
2.01.06.02.01	Restructuring provision	0	0
2.01.06.02.03	Provision for environmental and decommissioning liabilities	0	0
2.01.07	Liabilities related to non-current assets held for sale and discontinued operations	0	0
2.01.07.01	Liabilities related to non-current assets held for sale	0	0
2.01.07.02	Liabilities related to assets of discontinued operations	0	0
2.02	Non-current liabilities	63,429	66,154
2.02.01	Borrowings	33,761	36,973
2.02.01.01	Borrowings	33,761	36,973
2.02.01.01.01	In local currency	33,761	36,973
2.02.01.01.02	In foreign currency	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Finance lease	0	0
2.02.02	Other liabilities	379	468
2.02.02.01	Payables to related parties	0	0
2.02.02.01.01	Payables to associates	0	0
2.02.02.01.02	Payables to subsidiaries	0	0
2.02.02.01.03	Payables to controlling shareholders	0	0
2.02.02.01.04	Payables to other related parties	0	0
2.02.02.02	Other	379	468
2.02.02.02.01	Share-based payments	0	0
2.02.02.02.02	Advance for future capital increase	0	0
2.02.02.02.03	Taxes in installments	0	0
2.02.02.02.04	Advances from third parties	379	468
2.02.03	Deferred taxes	0	0
2.02.03.01	Deferred income tax and social contribution	0	0
2.02.04	Provisions	29,289	28,713
2.02.04.01	Provision for tax, social security, labor and civil contingencies	4,633	4,226
2.02.04.01.01	Provision for tax contingencies	0	0
2.02.04.01.02	Provision for social security and labor contingencies	2,700	2,311
2.02.04.01.03	Provision for employee benefit	0	0
2.02.04.01.04	Provision for civil contingencies	258	240
2.02.04.01.05	Provision for tax contingencies	1,675	1,675
2.02.04.02	Other provisions	24,656	24,487
2.02.04.02.01	Provision for warranties	0	0
2.02.04.02.02	Restructuring provision	0	0
2.02.04.02.03	Provision for environmental and decommissioning liabilities	0	0
2.02.04.02.04	Provision for net capital deficiency	24,656	24,487

2.02.05	Liabilities related to non-current assets held for sale and discontinued operations	0	0
2.02.05.01	Liabilities related to non-current assets held for sale	0	0
2.02.05.02	Liabilities related to assets of discontinued operations	0	0
2.02.06	Deferred profit and revenue	0	0
2.02.06.01	Deferred profit	0	0
2.02.06.02	Deferred revenue	0	0
2.02.06.03	Investment grants	0	0
2.03	Equity	635,867	617,905
2.03.01	Paid-up capital	261,247	261,247
2.03.02	Capital reserves	36,578	35,377
2.03.02.01	Share premium	0	0
2.03.02.02	Special reserve for goodwill arising from merger	21,469	21,469
2.03.02.03	Disposal of subscription warrants	0	0
2.03.02.04	Share options granted	15,109	13,908
2.03.02.05	Treasury shares	0	0
2.03.02.06	Advance for future capital increase	0	0
2.03.03	Revaluation reserves	0	0
2.03.04	Revenue reserves	326,783	326,783
2.03.04.01	Legal reserve	30,176	30,176
2.03.04.02	Statutory reserve	0	0
2.03.04.03	Reserve for contingencies	0	0
2.03.04.04	Realizable profit reserve	0	0
2.03.04.05	Retained profit reserve	275,220	275,220
2.03.04.06	Special reserve for undistributed dividends	0	0
2.03.04.07	Tax incentive reserve	2,683	2,683
2.03.04.08	Proposed additional dividend	18,704	18,704
2.03.04.09	Treasury shares	0	0
2.03.05	Retained earnings	14,679	0
2.03.06	Carrying value adjustments	(3,420)	(5,502)
2.03.07	Cumulative translation adjustments	0	0
2.03.08	Other comprehensive income	0	0

Parent company financial statements / statement of income

(In thousands of reais)

Account Code	Account Description	YTD - current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
3.01	Revenue from sales of goods and/or services	217,606	209,931
3.02	Cost of sales and/or services	(147,821)	(138,530)
3.03	Gross profit	69,785	71,401
3.04	Operating income and expenses	(50,810)	(49,868)
3.04.01	Selling expenses	(28,844)	(24,328)
3.04.02	General and administrative expenses	(16,515)	(16,105)
3.04.03	Impairment of assets	0	0
3.04.04	Other operating income	0	0
3.04.05	Other operating expenses	(794)	(1,346)
3.04.06	Equity in the results of investees	(4,657)	(8,089)
3.05	Profit before finance result and taxes	18,975	21,533
3.06	Finance result	5,482	9,374
3.06.01	Finance income	11,067	17,117
3.06.01.01	Interest income	9,094	7,223
3.06.01.02	Foreign exchange gains	1,973	9,894
3.06.02	Finance costs	(5,585)	(7,743)
3.06.02.01	Interest expense	(2,275)	(1,064)
3.06.02.02	Foreign exchange losses	(3,310)	(6,679)
3.07	Profit before income tax and social contribution	24,457	30,907
3.08	Income tax and social contribution	(9,778)	(12,764)
3.08.01	Current	(9,497)	(14,237)
3.08.02	Deferred	(281)	1,473
3.09	Profit for the period from continuing operations	14,679	18,143
3.10	Profit for the period from discontinued operations	0	0
3.10.01	Profit/loss for the period from discontinued operations	0	0
3.10.02	Net gains/losses on assets of discontinued operations	0	0
3.11	Profit for the period	14,679	18,143
3.99	Earnings per share (expressed in R$ per share)	0	0
3.99.01	Basic earnings per share	0	0
3.99.01.01	Common shares	0.16540	0.20460
3.99.02	Diluted earnings per share	0	0
3.99.02.01	Common shares	0.16530	0.20410

Parent company financial statements / statement of comprehensive income

(In thousands of reais)

Account Code	Account Description	YTD - current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
4.01	Profit for the period	14,679	18,143
4.02	Other comprehensive income	2,082	(2,120)
4.02.01	Foreign exchange differences arising from the translation of foreign operations	2,082	(2,120)
4.03	Comprehensive income for the period	16,761	16,023

Parent company financial statements / statement of cash flows - indirect method

(In thousands of reais)

Code Account	Account Description	YTD - current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
6.01	Net cash provided by operating activities	26,841	17,297
6.01.01	Cash from operations	20,535	39,476
6.01.01.01	Profit before income tax and social contribution	24,457	30,907
6.01.01.02	Depreciation and amortization	4,495	4,033
6.01.01.03	Result on disposal of property, plant and equipment	(3)	0
6.01.01.04	Equity in results of investees	4,657	8,089
6.01.01.05	Provision for labor, tax and civil contingencies	409	(232)
6.01.01.06	Interest and foreign exchange variation on borrowings	(7,666)	509
6.01.01.07	Interest income on cash investments	(7,351)	(5,383)
6.01.01.08	Provision for impairment of trade receivables	514	0
6.01.01.09	Addition to provision for inventory losses	(178)	238
6.01.01.10	Share option plan	1,201	1,315
6.01.02	Changes in assets and liabilities	6,306	(19,253)
6.01.02.01	Trade receivables	(26,469)	(31,350)
6.01.02.02	Inventories	(12,897)	(19,782)
6.01.02.03	Changes in other current and non-current assets	723	(6,738)
6.01.02.04	Taxes recoverable	(1,380)	4,790
6.01.02.05	Judicial deposits	117	(163)
6.01.02.07	Trade payables	47,232	32,853
6.01.02.08	Salaries and vacation pay	1,096	(3,106)
6.01.02.09	Taxes and social charges payable	(1,781)	2,773
6.01.02.10	Other liabilities	(335)	1,470
6.01.03	Other	0	(2,926)
6.01.03.01	Income tax and social contribution paid	0	(2,926)
6.02	Net cash used in investing activities	(30,784)	(15,168)
6.02.01	Purchases of property, plant and equipment and intangible assets	(1,873)	(7,492)
6.02.03	Cash investments	(130,300)	(116,461)
6.02.04	Redemption of cash investments	101,389	108,785
6.03	Net cash provided by (used in) financing activities	254	(5,987)
6.03.01	Proceeds from borrowings	15,037	18,452
6.03.02	Repayments of borrowings	(13,768)	(23,102)

6.03.03	Payment of interest on borrowings	(515)	(468)
6.03.04	Related parties	(500)	(869)
6.04	Foreign exchange variation on cash and cash equivalents	0	0
6.05	Increase (decrease) in cash and cash equivalents	(3,689)	(3,858)
6.05.01	Cash and cash equivalents at the beginning of the period	4,548	6,110
6.05.02	Cash and cash equivalents at the end of the period	859	2,252

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2016 - AREZZO INDÚSTRIA E COMÉRCIO S/A

Parent company financial statements / statement of changes in equity - 1/1/2016 to 3/31/2016

(In thousands of reais)

Account Code	Account Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity
5.01	Opening balances	261,247	35,377	326,783	0	(5,502)	617,905
5.02	Adjustments in respect of prior years	0	0	0	0	0	0
5.03	Adjusted opening balances	261,247	35,377	326,783	0	(5,502)	617,905
5.04	Equity transactions with shareholders	0	1,201	0	0	0	1,201
5.04.01	Capital increases	0	0	0	0	0	0
5.04.02	Share issue costs	0	0	0	0	0	0
5.04.03	Options granted	0	1,201	0	0	0	1,201
5.04.04	Purchase of treasury shares	0	0	0	0	0	0
5.04.05	Sale of treasury shares	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	14,679	2,082	16,761
5.05.01	Profit for the period	0	0	0	14,679	0	14,679
5.05.02	Other comprehensive income	0	0	0	0	2,082	2,082
5.05.02.01	Adjustments of financial instruments	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments of financial	0	0	0	0	0	0

	instruments						
5.05.02.03	Share of other comprehensive income of subsidiaries and associates	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	0	0
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0
5.05.02.06	Carrying value adjustments	0	0	0	0	2,082	2,082
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0
5.05.03.01	Adjustments of financial instruments	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0
5.07	Closing balances	261,247	36,578	326,783	14,679	(3,420)	635,867

(A free translation of the original in Portuguese)

Parent company financial statements / statement of changes in equity - 1/1/2015 to 3/31/2015

(In thousands of reais)

Account Code	Account Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity
5.01	Opening balances	220,086	70,739	285,468	0	0	576,293
5.02	Adjustments in respect of prior years	0	0	0	0	0	0
5.03	Adjusted opening balances	220,086	70,739	285,468	0	0	576,293
5.04	Equity transactions with shareholders	40,111	(38,796)	0	0	0	1,315
5.04.01	Capital increases	40,111	(40,111)	0	0	0	0
5.04.02	Share issue costs	0	0	0	0	0	0
5.04.03	Options granted	0	1,315	0	0	0	1,315
5.04.04	Purchase of treasury shares	0	0	0	0	0	0
5.04.05	Sale of treasury shares	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	18,143	(2,120)	16,023
5.05.01	Profit for the period	0	0	0	18,143	0	18,143
5.05.02	Other comprehensive income	0	0	0	0	(2,120)	(2,120)
5.05.02.01	Adjustments of financial instruments	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments of financial instruments	0	0	0	0	0	0

5.05.02.03	Share of other comprehensive income of subsidiaries and associates	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	0	0
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0
5.05.02.06	Translation adjustments for the period	0	0	0	0	(2,120)	(2,120)
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0
5.05.03.01	Adjustments of financial instruments	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0
5.07	Closing balances	260,197	31,943	285,468	18,143	(2,120)	593,631

Parent company financial statements / statement of value added

(In thousands of reais)

Account Code	Account Description	YTD- current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
7.01	Revenue	259,936	255,164
7.01.01	Sales of goods, products and services	260,450	255,164
7.01.02	Other income	0	0
7.01.03	Revenue from construction of own assets	0	0
7.01.04	Provision for/reversal of impairment of trade receivables	(514)	0
7.02	Inputs acquired from third parties	(206,781)	(190,680)
7.02.01	Cost of sales and services	(187,710)	(175,911)
7.02.02	Materials, energy, outsourced services and other	(18,552)	(14,620)
7.02.03	Impairment/recovery of assets	0	0
7.02.04	Other	(519)	(149)
7.03	Gross value added	53,155	64,484
7.04	Deductions	(4,495)	(4,033)
7.04.01	Depreciation, amortization and depletion	(4,495)	(4,033)
7.04.02	Other	0	0
7.05	Net value added generated by the entity	48,660	60,451
7.06	Value added received through transfer	6,816	8,998
7.06.01	Equity in the results of investees	(4,657)	(8,089)
7.06.02	Finance income	11,067	17,117
7.06.03	Other	406	(30)
7.07	Total value added to distribute	55,476	69,449
7.08	Distribution of value added	55,476	69,449
7.08.01	Personnel	18,848	17,645
7.08.01.01	Direct compensation	13,683	12,846
7.08.01.02	Benefits	1,347	1,287
7.08.01.03	Government severance indemnity fund for employees (FGTS)	1,509	1,576
7.08.01.04	Other	2,309	1,936
7.08.01.04.01	Employee profit sharing	0	111
7.08.01.04.02	Other	1,108	510
7.08.01.04.03	Share option plan	1,201	1,315
7.08.02	Taxes and contributions	14,964	24,900
7.08.02.01	Federal	16,946	23,602
7.08.02.02	State	(1,982)	1,298

7.08.02.03	Local	0	0
7.08.03	Lenders and creditors	6,985	8,761
7.08.03.01	Interest	891	156
7.08.03.02	Rentals	1,400	1,018
7.08.03.03	Other	4,694	7,587
7.08.03.03.01	Finance cost	4,694	7,587
7.08.04	Shareholders	14,679	18,143
7.08.04.01	Interest on capital	0	0
7.08.04.02	Dividends	0	0
7.08.04.03	Profits reinvested / loss for the period	14,679	18,143
7.08.05	Other	0	0

Consolidated financial statements / balance sheet - assets

(In thousands of reais)

Account Code	Account Description	Current quarter 3/31/2016	Prior year 12/31/2015
1	Total assets	907,567	853,948
1.01	Current assets	707,625	658,203
1.01.01	Cash and cash equivalents	3,210	8,822
1.01.02	Cash investments	245,948	216,940
1.01.02.01	Cash investments measured at fair value	245,948	216,940
1.01.02.01.01	Trading securities	0	0
1.01.02.01.02	Available-for-sale securities	0	0
1.01.02.01.03	Cash investments measured at fair value	245,948	216,940
1.01.02.02	Cash investments carried at amortized cost	0	0
1.01.02.02.01	Held-to-maturity securities	0	0
1.01.03	Trade and other receivables	293,052	280,528
1.01.03.01	Trade receivables	293,052	280,528
1.01.03.02	Other receivables	0	0
1.01.04	Inventories	122,611	106,951
1.01.05	Biological assets	0	0
1.01.06	Taxes recoverable	22,164	21,222
1.01.06.01	Current taxes recoverable	22,164	21,222
1.01.07	Prepaid expenses	0	0
1.01.08	Other current assets	20,640	23,740
1.01.08.01	Non-current assets held for sale	0	0
1.01.08.02	Assets of discontinued operations	0	0
1.01.08.03	Other	20,640	23,740
1.02	Non-current assets	199,942	195,745
1.02.01	Long-term receivables	34,624	31,423
1.02.01.01	Cash investments measured at fair value	942	919
1.02.01.01.01	Trading securities	0	0
1.02.01.01.02	Available-for-sale securities	0	0
1.02.01.01.03	Cash investments measured at fair value	942	919
1.02.01.02	Cash investments carried at amortized cost	0	0
1.02.01.02.01	Held-to-maturity securities	0	0
1.02.01.03	Trade and other receivables	13,422	14,217
1.02.01.03.01	Trade receivables	13,422	14,217
1.02.01.03.02	Other receivables	0	0
1.02.01.04	Inventories	0	0

1.02.01.05	Biological assets	0	0
1.02.01.06	Deferred taxes	6,987	6,285
1.02.01.06.01	Deferred income tax and social contribution	6,987	6,285
1.02.01.07	Prepaid expenses	0	0
1.02.01.08	Receivables from related parties	0	0
1.02.01.08.01	Receivables from associates	0	0
1.02.01.08.03	Receivables from controlling shareholders	0	0
1.02.01.08.04	Receivables from other related parties	0	0
1.02.01.09	Other non-current assets	13,273	10,002
1.02.01.09.01	Non-current assets held for sale	0	0
1.02.01.09.02	Assets of discontinued operations	0	0
1.02.01.09.04	Judicial deposits	8,708	8,621
1.02.01.09.05	Other	4,565	1,381
1.02.02	Investments	0	0
1.02.02.01	Equity interests	0	0
1.02.02.01.01	Investments in associates	0	0
1.02.02.01.04	Other equity interests	0	0
1.02.02.02	Investment property	0	0
1.02.03	Property, plant and equipment	72,500	73,593
1.02.03.01	Property, plant and equipment in operation	72,500	73,593
1.02.03.02	Leased property, plant and equipment	0	0
1.02.03.03	Property, plant and equipment in progress	0	0
1.02.04	Intangible assets	92,818	90,729
1.02.04.01	Intangible assets	92,818	90,729
1.02.04.01.01	Concession contract	0	0
1.02.04.01.02	Trademarks and patents	3,456	3,459
1.02.04.01.03	Store use rights	40,679	36,679
1.02.04.01.04	Software use rights	48,683	50,591
1.02.04.02	Goodwill	0	0

Consolidated financial statements / balance sheet - liabilities and equity

(In thousands of reais)

Account Code	Account Description	Current quarter 3/31/2016	Prior year 12/31/2015
2	Total liabilities	907,567	853,948
2.01	Current liabilities	229,483	190,772
2.01.01	Salaries, vacation pay and social charges payable	17,026	16,668
2.01.01.01	Social charges	3,186	3,792
2.01.01.02	Salaries and vacation pay	13,840	12,876
2.01.02	Trade payables	110,648	64,881
2.01.02.01	Domestic suppliers	110,609	64,868
2.01.02.02	Foreign suppliers	39	13
2.01.03	Taxes payable	15,264	16,493
2.01.03.01	Federal taxes payable	11,806	10,675
2.01.03.01.01	Income tax and social contribution payable	6,270	1,953
2.01.03.01.02	Other federal taxes payable	5,536	8,722
2.01.03.02	State taxes payable	3,446	5,782
2.01.03.03	Local taxes payable	12	36
2.01.04	Borrowings	79,799	85,336
2.01.04.01	Borrowings	79,799	85,336
2.01.04.01.01	In local currency	10,914	9,617
2.01.04.01.02	In foreign currency	68,885	75,719
2.01.04.02	Debentures	0	0
2.01.04.03	Finance lease	0	0
2.01.05	Other liabilities	6,746	7,394
2.01.05.01	Payables to related parties	0	0
2.01.05.01.01	Payables to associates	0	0
2.01.05.01.03	Payables to controlling shareholders	0	0
2.01.05.01.04	Payables to other related parties	0	0
2.01.05.02	Other	6,746	7,394
2.01.05.02.01	Dividends and interest on capital payable	0	0
2.01.05.02.02	Mandatory minimum dividend payable	0	0
2.01.05.02.03	Share-based payments	0	0
2.01.05.02.04	Other	6,746	7,394
2.01.06	Provisions	0	0
2.01.06.01	Provision for tax, social security, labor and civil contingencies	0	0
2.01.06.01.01	Provision for tax contingencies	0	0

2.01.06.01.02	Provision for social security and labor contingencies	0	0
2.01.06.01.03	Provision for employee benefits	0	0
2.01.06.01.04	Provision for civil contingencies	0	0
2.01.06.02	Other provisions	0	0
2.01.06.02.01	Provision for warranties	0	0
2.01.06.02.02	Restructuring provision	0	0
2.01.06.02.03	Provision for environmental and decommissioning liabilities	0	0
2.01.07	Liabilities related to non-current assets held for sale and discontinued operations	0	0
2.01.07.01	Liabilities related to non-current assets held for sale	0	0
2.01.07.02	Liabilities related to assets of discontinued operations	0	0
2.02	Non-current liabilities	42,217	45,271
2.02.01	Borrowings	34,550	37,817
2.02.01.01	Borrowings	34,550	37,817
2.02.01.01.01	In local currency	34,550	37,817
2.02.01.01.02	In foreign currency	0	0
2.02.01.02	Debentures	0	0
2.02.01.03	Finance lease	0	0
2.02.02	Other liabilities	1,646	1,860
2.02.02.01	Payables to related parties	1,267	1,393
2.02.02.01.01	Payables to associates	0	0
2.02.02.01.03	Payables to controlling shareholders	1,267	1,393
2.02.02.01.04	Payables to other related parties	0	0
2.02.02.02	Other	379	467
2.02.02.02.01	Share-based payments	0	0
2.02.02.02.02	Advance for future capital increase	0	0
2.02.02.02.04	Advances from third parties	379	467
2.02.03	Deferred taxes	0	0
2.02.03.01	Deferred income tax and social contribution	0	0
2.02.04	Provisions	6,021	5,594
2.02.04.01	Provision for tax, social security, labor and civil contingencies	6,021	5,594
2.02.04.01.01	Provision for tax contingencies	0	0
2.02.04.01.02	Provision for social security and labor contingencies	3,710	3,310
2.02.04.01.03	Provision for employee benefits	0	0
2.02.04.01.04	Provision for civil contingencies	267	240
2.02.04.01.05	Provision for tax contingencies	2,044	2,044
2.02.04.02	Other provisions	0	0
2.02.04.02.01	Provision for warranties	0	0
2.02.04.02.02	Restructuring provision	0	0
2.02.04.02.03	Provision for environmental and decommissioning liabilities	0	0
2.02.05	Liabilities related to non-current assets held for sale and	0	0

	discontinued operations		
2.02.05.01	Liabilities related to non-current assets held for sale	0	0
2.02.05.02	Liabilities related to assets of discontinued operations	0	0
2.02.06	Deferred profit and revenue	0	0
2.02.06.01	Deferred profit	0	0
2.02.06.02	Deferred revenue	0	0
2.02.06.03	Investment grants	0	0
2.03	Consolidated equity	635,867	617,905
2.03.01	Paid-up capital	261,247	261,247
2.03.02	Capital reserves	36,578	35,377
2.03.02.01	Share premium	0	0
2.03.02.02	Special reserve for goodwill arising from merger	21,469	21,469
2.03.02.03	Disposal of subscription warrants	0	0
2.03.02.04	Share options granted	15,109	13,908
2.03.02.05	Treasury shares	0	0
2.03.02.06	Advance for future capital increase	0	0
2.03.03	Revaluation reserve	0	0
2.03.04	Revenue reserves	326,783	326,783
2.03.04.01	Legal reserve	30,176	30,176
2.03.04.02	Statutory reserve	0	0
2.03.04.03	Reserve for contingencies	0	0
2.03.04.04	Realizable profit reserve	0	0
2.03.04.05	Retained profit reserve	275,220	275,220
2.03.04.06	Special reserve for undistributed dividends	0	0
2.03.04.07	Tax incentive reserve	2,683	2,683
2.03.04.08	Proposed additional dividend	18,704	18,704
2.03.04.09	Treasury shares	0	0
2.03.05	Retained earnings	14,679	0
2.03.06	Carrying value adjustments	(3,420)	(5,502)
2.03.07	Cumulative translation adjustments	0	0
2.03.08	Other comprehensive income	0	0
2.03.09	Non-controlling interests	0	0

Consolidated financial statements / statement of income

(In thousands of reais)

Account Code	Account Description	YTD - current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
3.01	Revenue from sales of goods and/or services	257,547	236,242
3.02	Cost of sales and/or services	(145,828)	(140,342)
3.03	Gross profit	111,719	95,900
3.04	Operating income and expenses	(91,648)	(73,573)
3.04.01	Selling expenses	(69,660)	(54,966)
3.04.02	General and administrative expenses	(21,666)	(17,794)
3.04.03	Impairment of assets	0	0
3.04.04	Other operating income	0	0
3.04.05	Other operating expenses	(322)	(813)
3.04.06	Equity in results of investees	0	0
3.05	Profit before finance result and taxes	20,071	22,327
3.06	Finance result	3,403	8,023
3.06.01	Finance income	11,244	17,073
3.06.01.01	Interest income	9,271	7,179
3.06.01.02	Foreign exchange gains	1,973	9,894
3.06.02	Finance costs	(7,841)	(9,050)
3.06.02.01	Interest expense	(4,449)	(2,365)
3.06.02.02	Foreign exchange losses	(3,392)	(6,685)
3.07	Profit before income tax and social contribution	23,474	30,350
3.08	Income tax and social contribution	(8,795)	(12,207)
3.08.01	Current	(9,497)	(14,237)
3.08.02	Deferred	702	2,030
3.09	Profit for the period from continuing operations	14,679	18,143
3.10	Profit for the period from discontinued operations	0	0
3.10.01	Profit/loss for the period from discontinued operations	0	0
3.10.02	Net gains/losses on discontinued operations	0	0
3.11	Consolidated profit for the period	14,679	18,143
3.11.01	Attributable to owners of the parent	14,679	18,143
3.11.02	Attributable to non-controlling interests	0	0
3.99	Earnings per share (expressed in R$ per share)	0	0
3.99.01	Basic earnings per share	0	0
3.99.01.01	Common shares	0.16540	0.20460
3.99.02	Diluted earnings per share	0	0
3.99.02.01	Common shares	0.16530	0.20410

Consolidated financial statements / statement of comprehensive income

(In thousands of reais)

Account Code	Account Description	YTD - current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
4.01	Consolidated profit for the period	14,679	18,143
4.02	Other comprehensive income	2,082	(2,120)
4.02.01	Foreign exchange differences arising from the translation of foreign operations	2,082	(2,120)
4.03	Consolidated comprehensive income for the period	16,761	16,023
4.03.01	Attributable to owners of the parent	16,761	16,023
4.03.02	Attributable to non-controlling interests	0	0

Consolidated financial statements / statement of cash flows - indirect method

(In thousands of reais)

Account Code	Account Description	YTD - current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
6.01	Net cash provided by operating activities	24,170	24,187
6.01.01	Cash from operations	16,689	40,283
6.01.01.01	Profit before income tax and social contribution	23,474	30,350
6.01.01.02	Depreciation and amortization	6,272	5,784
6.01.01.03	Result on disposal of property, plant and equipment	(3)	0
6.01.01.05	Provision for labor, tax and civil contingencies	430	(97)
6.01.01.06	Interest and foreign exchange variation on borrowings	(7,646)	8,076
6.01.01.07	Interest income on cash investments	(7,417)	(5,383)
6.01.01.08	Provision for impairment of trade receivables	514	0
6.01.01.09	Addition to provision for inventory losses	(136)	238
6.01.01.10	Share option plan	1,201	1,315
6.01.02	Changes in assets and liabilities	7,481	(13,077)
6.01.02.01	Trade receivables	(12,244)	(18,925)
6.01.02.02	Inventories	(15,524)	(23,186)
6.01.02.03	Changes in other current assets	1,052	(4,189)
6.01.02.04	Taxes recoverable	(3,646)	2,578
6.01.02.05	Judicial deposits	(87)	(311)
6.01.02.07	Trade payables	45,767	34,130
6.01.02.08	Salaries and vacation pay	972	(3,214)
6.01.02.09	Taxes and social charges payable	(8,076)	(411)
6.01.02.10	Changes in other current liabilities	(733)	451
6.01.03	Other	0	(3,019)
6.01.03.01	Income tax and social contribution paid	0	(3,019)
6.02	Net cash used in investing activities	(30,078)	(17,994)
6.02.01	Purchases of property, plant and equipment and intangible assets	(7,904)	(10,292)
6.02.03	Cash investments	(177,863)	(116,487)
6.02.04	Redemption of cash investments	155,689	108,785
6.03	Net cash provided by (used in) financing activities	578	(9,146)
6.03.01	Proceeds from borrowings	15,037	18,547
6.03.02	Repayments of borrowings	(13,713)	(27,098)
6.03.03	Payment of interest on borrowings	(620)	(797)
6.03.05	Interest on capital	0	0
6.03.07	Receivables from (payables to) shareholders	(126)	202

6.04	Foreign exchange variation on cash and cash equivalents	(282)	(342)
6.05	Increase (decrease) in cash and cash equivalents	(5,612)	(3,295)
6.05.01	Cash and cash equivalents at the beginning of the period	8,822	10,831
6.05.02	Cash and cash equivalents at the end of the period	3,210	7,536

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2016 - AREZZO INDÚSTRIA E COMÉRCIO S/A

Consolidated financial statements / statement of changes in equity - 1/1/2016 to 3/31/2016

(In thousands of reais)

Account Code	Account Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	261,247	35,377	326,783	0	(5,502)	617,905	0	617,905
5.02	Adjustments in respect of prior years	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	261,247	35,377	326,783	0	(5,502)	617,905	0	617,905
5.04	Equity transactions with shareholders	0	1,201	0	0	0	1,201	0	1,201
5.04.01	Capital increases	0	0	0	0	0	0	0	0
5.04.02	Share issue costs	0	0	0	0	0	0	0	0
5.04.03	Options granted	0	1,201	0	0	0	1,201	0	1,201
5.04.04	Purchase of treasury shares	0	0	0	0	0	0	0	0
5.04.05	Sale of treasury shares	0	0	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	14,679	2,082	16,761	0	16,761
5.05.01	Profit for the period	0	0	0	14,679	0	14,679	0	14,679
5.05.02	Other comprehensive income	0	0	0	0	2,082	2,082	0	2,082
5.05.02.01	Adjustments of financial instruments	0	0	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments of financial instruments	0	0	0	0	0	0	0	0

5.05.02.03	Share of other comprehensive income of associates	0	0	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	0	0	0	0
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0	0	0
5.05.02.06	Carrying value adjustments	0	0	0	0	2,082	2,082	0	2,082
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0	0	0
5.05.03.01	Adjustments of financial instruments	0	0	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0	0	0
5.07	Closing balances	261,247	36,578	326,783	14,679	(3,420)	635,867	0	635,867

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2016 - AREZZO
INDÚSTRIA E COMÉRCIO S/A

Consolidated financial statements / statement of changes in equity - 1/1/2015 to 3/31/2015

(In thousands of reais)

Account Code	Account Description	Paid-up capital	Capital reserves, options granted and treasury shares	Revenue reserves	Retained earnings (accumulated deficit)	Other comprehensive income	Equity	Non-controlling interests	Consolidated equity
5.01	Opening balances	220,086	70,739	285,468	0	0	576,293	0	576,293
5.02	Adjustments in respect of prior years	0	0	0	0	0	0	0	0
5.03	Adjusted opening balances	220,086	70,739	285,468	0	0	576,293	0	576,293
5.04	Equity transactions with shareholders	40,111	(38,796)	0	0	0	1,315	0	1,315
5.04.01	Capital increases	40,111	(40,111)	0	0	0	0	0	0
5.04.02	Share issue costs	0	0	0	0	0	0	0	0
5.04.03	Options granted	0	1,315	0	0	0	1,315	0	1,315
5.04.04	Purchase of treasury shares	0	0	0	0	0	0	0	0
5.04.05	Sale of treasury shares	0	0	0	0	0	0	0	0
5.04.06	Dividends	0	0	0	0	0	0	0	0
5.04.07	Interest on capital	0	0	0	0	0	0	0	0
5.05	Total comprehensive income	0	0	0	18,143	(2,120)	16,023	0	16,023
5.05.01	Profit for the period	0	0	0	18,143	0	18,143	0	18,143
5.05.02	Other comprehensive income	0	0	0	0	(2,120)	(2,120)	0	(2,120)
5.05.02.01	Adjustments of financial instruments	0	0	0	0	0	0	0	0
5.05.02.02	Taxes on adjustments of financial	0	0	0	0	0	0	0	0

	instruments								
5.05.02.03	Share of other comprehensive income of associates	0	0	0	0	0	0	0	0
5.05.02.04	Translation adjustments for the period	0	0	0	0	0	0	0	0
5.05.02.05	Taxes on translation adjustments for the period	0	0	0	0	0	0	0	0
5.05.02.06	Translation adjustments for the period	0	0	0	0	(2,120)	(2,120)	0	(2,120)
5.05.03	Reclassifications to profit or loss	0	0	0	0	0	0	0	0
5.05.03.01	Adjustments of financial instruments	0	0	0	0	0	0	0	0
5.06	Internal changes in equity	0	0	0	0	0	0	0	0
5.06.01	Recognition of reserves	0	0	0	0	0	0	0	0
5.06.02	Realization of revaluation reserve	0	0	0	0	0	0	0	0
5.06.03	Taxes on realization of revaluation reserve	0	0	0	0	0	0	0	0
5.07	Closing balances	260,197	31,943	285,468	18,143	(2,120)	593,631	0	593,631

(A free translation of the original in Portuguese)

Quarterly information (ITR) - 3/31/2016 - AREZZO INDÚSTRIA E COMÉRCIO S/A

Consolidated financial statements / statement of value added

(In thousands of reais)

Account Code	Account Description	YTD - current year 1/1/2016 to 3/31/2016	YTD - prior year 1/1/2015 to 3/31/2015
7.01	Revenue	313,767	293,020
7.01.01	Sales of goods, products and services	314,281	293,020
7.01.02	Other income	0	0
7.01.03	Revenue from construction of own assets	0	0
7.01.04	Provision for/reversal of impairment of trade receivables	(514)	0
7.02	Inputs acquired from third parties	(217,270)	(196,438)
7.02.01	Cost of sales and services	(170,937)	(162,938)
7.02.02	Materials, energy, outsourced services and other	(45,351)	(32,785)
7.02.03	Impairment/recovery of assets	0	0
7.02.04	Other	(982)	(715)
7.03	Gross value added	96,497	96,582
7.04	Deductions	(6,272)	(5,784)
7.04.01	Depreciation, amortization and depletion	(6,272)	(5,784)
7.04.02	Other	0	0
7.05	Net value added generated by the entity	90,225	90,798
7.06	Valued added received through transfer	12,122	17,570
7.06.01	Equity in the results of investees	0	0
7.06.02	Finance income	11,244	17,068
7.06.03	Other	878	502
7.07	Total value added to distribute	102,347	108,368

7.08	Distribution of value added	102,347	108,368
7.08.01	Personnel	33,966	31,276
7.08.01.01	Direct compensation	24,852	22,735
7.08.01.02	Benefits	3,462	3,031
7.08.01.03	Government severance indemnity fund for employees (FGTS)	2,551	2,510
7.08.01.04	Other	3,101	3,000
7.08.01.04.01	Employee profit sharing	0	81
7.08.01.04.02	Other	1,900	1,604
7.08.01.04.03	Share option plan	1,201	1,315
7.08.02	Taxes and contributions	35,018	40,609
7.08.02.01	Federal	25,329	28,609
7.08.02.02	State	9,677	12,000
7.08.02.03	Local	12	0
7.08.03	Creditors and lenders	18,684	18,340
7.08.03.01	Interest	904	508
7.08.03.02	Rentals	10,843	9,295
7.08.03.03	Other	6,937	8,537
7.08.03.03.01	Finance cost	6,937	8,537
7.08.04	Shareholders	14,679	18,143
7.08.04.01	Interest on capital	0	0
7.08.04.02	Dividends	0	0
7.08.04.03	Profit reinvested/loss for the period	14,679	18,143
7.08.04.04	Non-controlling interests in retained earnings	0	0
7.08.05	Other	0	0

1. Company Overview

About Arezzo&Co

Arezzo&Co is Brazil's leading manufacturer of ladies' footwear, handbags and accessories. With a history of 43 years, it currently sells over 10 million pairs of shoes a year, in addition to handbags and accessories. It has four relevant brands - Arezzo, Schutz, Anacapri, Alexandre Birman and Fiever.

Its product lines are distinguished by their innovation, design, comfort and excellent value for money.

The multichannel strategy enhances the group's capillarity through owned stores, franchises, multibrand stores and Web Commerce, with a presence in every Brazilian state. Internationally, the brand products are also sold in franchises, owned stores, multibrand stores and department stores. The company ended the 1ts quarter of 2016 with a presence through 488 franchises, 48 owned stores and 2,114 multibrand stores.

AREZZO

Founded in 1972 by the brothers Anderson and Jefferson Birman, in addition to occupying top of mind of consumers of Brazilian ladies' shoes, the brand is one of the most preferred in this segment and most consumed in Brazil. The brand has a trendy positioning, combining concept, high quality, contemporary design and consumer satisfaction. It is the benchmark in launching trends in Brazil and is always to be found in the editorials of the most prestigious magazines, newspapers and sites in Brazil as a reference for fast fashion in ladies' footwear, handbags and accessories.

SCHUTZ

The Schutz brand invests heavily in researching trends and developing materials and technology in order to create its portfolio. Its mission is to offer the public a concept of products where design, quality, fashion and freedom of expression all come together. The result is collections developed to reflect the spirit of the young, contemporary woman who makes an impact, is irreverent and has her own style. It is an invitation to be daring, to look for something different and to challenge the norm.

ANACAPRI

The Anacapri brand, specializing in flats of the Arezzo&Co Group, was founded in 2008 with the purpose of simplifying the lives of its consumers with versatile fashion full of personality, but without relinquishing comfort. It produces different models and colors every year, which are presented in three large collections and in limited editions.

ALEXANDRE BIRMAN

The Alexandre Birman brand is a reference among Brazilian brands of ladies' shoes, vying for room with the top fashion names in well-know retail chains around the world, such as in North America, Europe and Asia.
The brand's hallmark is the concept of exclusiveness and sophistication, which is widely recognized abroad, and for which the Alexandre Birman brand was awarded the Vivian Infantino Emerging Talent Award as the 2009 talent in footwear creation (an award acknowledged as the Oscar of the international footwear industry).

FIEVER

A wordplay on FIVE (the group's 5th brand) and FEVER was launched in December 2015 as an urban, cool, casual brand dedicated to a younger demographic. The path it has traveled includes engaging its customers in the brand's construction in an effort to always innovate and keep up with this generation's pace. Its icon is the white sole sneakers that translate the brand's essence: convenient, cool, and versatile.

Summary of Results	1Q15	1Q16	Δ 15 x 16
Net Revenues	236,242	257,547	9.0%
Gross Profit	95,900	111,719	16.5%
Grosss Margin	40.6%	43.4%	2.8 p.p.
EBITDA[1]	28,111	26,343	(6.3%)
EBITDA Margin [1]	11.9%	10.2%	(1.7 p.p)
Net Income	18,143	14,679	(19.1%)
Net Margin	7.7%	5.7%	(2.0 p.p)

Operating Indicators	1Q15	1Q16	Δ 15 x 16
# of pairs sold ('000)	2,226	2,356	5.8%
# of handbags sold ('000)	187	196	4.8%
# of employees	2,192	2,200	0.4%
# of stores*	514	543	29
Owned Stores	54	50	(4)
Franchises	460	493	33
Outsourcing (as % of total production)	91.1%	89.3%	(1.8 p.p)
SSS² Sell-in (franchises)	(4.0%)	(1.4%)	2.6 p.p
SSS² Sell-out (owned stores + franchises)	0.6%	(4.3%)	(4.9 p.p)
SSS² Sell-out (owned stores + franchises + web commerce)	2.2%	(3.7%)	(5.9 p.p)

* Include international stores

(1) EBITDA = Earnings before interest, income tax and social contribution on net income, depreciation and amortization. EBITDA is not a measure used in accounting practices adopted in Brazil (BR GAAP), does not represent cash flow for the periods presented and should not be considered as an alternative to net income, as an indicator of operating performance, or as an alternative to cash flow as an indicator of liquidity. EBITDA does not have a standardized meaning and Arezzo&Co's EBITDA definition may not be comparable to adjusted EBITDA of other companies. While EBITDA does not provide, in accordance with the accounting practices adopted in Brazil, a measure of operating cash flows, management uses it to measure operating performance. Additionally, the company believes that certain investors and financial analysts use EBITDA as an indicator of operating performance for a company and/ or its cash flow.

(2) SSS (Same-store sales): Stores are included in comparable stores' sales as of the 13th month of operation. Variations in comparable stores' sales in the two periods are based on sales, net of returns, for owned stores, and on gross sales for franchises in operation during both periods under comparison. If a store is included in the calculation of comparable stores' sales for only a portion of one of the periods under comparison, this store will be included in the calculation of the corresponding portion of the other period. When square meters are added to or deducted from a store included in comparable stores' sales, with an impact of over 15% on the sales area, the store is excluded from comparable stores' sales. When a store operation is discontinued, this store's sales are excluded from the calculation of comparable stores' sales for the periods under comparison. As from this period, if a franchisee opens a warehouse, its sales will be included in comparable stores' sales if its franchises operate during both periods under comparison. The so-called "SSS of Franchises – Sell In" refers to comparison of Arezzo&Co's sales with those of each Franchised Store in operation for more than 12 months, serving as a more accurate indicator for monitoring the Group's revenue. On the other hand, "SSS – Sell Out" is based on the point of sales' performance, which, in the case of Arezzo&Co, is a better indicator of Owned Stores' sales behavior and Franchises' sell out sales. The franchise sell-out figures represent the best estimate calculated on the basis of information provided by third parties. Starting in 1Q14, the Company begins to also report SSS sell-out including web commerce.

Gross Revenue	1Q15	Part%	1Q16	Part%	Δ (%) 15 x 16
Total Gross Revenue	**300,444**		**330,236**		**9.9%**
Exports market	**16,760**	**5.6%**	**35,176**	**10.7%**	**109.9%**
Domestic market	**283,684**	**94.4%**	**295,060**	**89.3%**	**4.0%**
By brand					
Arezzo	*166,448*	*58.7%*	*175,651*	*59.5%*	*5.5%*
Schutz	*99,389*	*35.0%*	*94,251*	*31.9%*	*(5.2%)*
Anacapri	*15,885*	*5.6%*	*22,577*	*7.7%*	*42.1%*
Others[1]	*1,962*	*0.7%*	*2,581*	*0.9%*	*31.5%*
By channel					
Franchises	*146,017*	*51.5%*	*149,431*	*50.6%*	*2.3%*
Multibrand	*66,057*	*23.3%*	*60,575*	*20.5%*	*(8.3%)*
Owned Stores	*58,053*	*20.5%*	*59,923*	*20.3%*	*3.2%*
Web Commerce	*12,489*	*4.4%*	*24,487*	*8.3%*	*96.1%*
Others[2]	*1,068*	*0.4%*	*644*	*0.2%*	*(39.7%)*

(1) Includes only domestic markets for Alexandre Birman and Fiever brands and other revenues.
(2) Includes domestic market revenues that are not specific for distribution channels.

Brands

In line with the Company's retail calendar, the first quarter of the year sees a transition from the summer collection to the winter collection. The promotions period, lasting from January until Carnival, showed good performance, with a bigger share for products sold without a discount. The Company ended the summer collection with lower level of inventory than in previous years, thus positively impacting the average mark-up of the chain. Another feature of the promotional period was the presentation of the pre-fall collection in the stores, including products from the winter collection to follow, which was launched in March and was well received by consumers. Collection changeovers are a high point in the Arezzo&Co business model. A number of steps were taken to bring novelty to the shopping experience, including new uniforms for the salesgirls and different visual merchandising materials, plus the most important factor, a wide mix of products. All the stores were rearranged and the sales team was given thorough training in key fashion trends at a sales convention at the start of the collection. In addition, the Company implemented a full communication and marketing plan, including new campaigns with international models, focusing each brand on its target audience, allied with a structured media and press relations plan and a series of in-store events, this resulted in a promising start to the collection in the chain.

The Arezzo brand brought in R$175.7 million in gross revenue in 1Q16, growth of 5.5% against 1Q15, accounting for 59.5% of domestic sales. In line with its strategy of always having the right product at the right time and at the right price, the brand brought forward the arrival of the pre-fall collection in the stores, and this, together with speedy replenishment of continuables, sustained the sell-out at a level similar to 4Q15, even with a low level of stocks during the period. It should be remembered that the brand continues its highly frequent supply of new collections in the stores, with six winter collections, so that it can react more quickly during the season to an interpretation of sell-out, boosting assertiveness of the products and increases the gross margin in the mono-brand stores through a higher average mark-up and less surplus at the end of the collections. Additionally, a highlight in this 1Q16 was the brand's new marketing campaign starring the most notorious model, both nationally and internationally, which together with the new media and marketing strategy focused on online vehicles, directly impacted the web commerce sales performance, reaching 5,4% of the internal market sales turnover.

The Schutz brand accounted for 31.9% of the Company's domestic sales, with R$94.3 million in gross revenue in 1Q16, down by 5.2% against 1Q15. Including external market, brand growth 4.5% in 1Q16 over 1Q15. According to the strategy for increasing the brand's share, the handbags category continues to be given pride of place, and its share grew by 314 bps, reaching 21.6% of sell out in the physical stores, an increase of 22.5% in the quarter. The strategy of maturing the web commerce channel once again brought resilient results, representing 14.2% of the brand's domestic sales. In the USA, the brand once more grew strongly in 1Q16. It should be remembered that a pop-up store was opened in Los Angeles in March, focusing on creating awareness and preparing the market for a permanent store, which opened on April 21st.

The Anacapri brand posted revenue of R$22.6 million in 1Q16, up by 42.1% against 1Q15. The brand continues to increase its market penetration, and ended the quarter with 70 franchise stores, allying communication and marketing events with a focus on the “uncomplicated” brand concept through its offer of flat shoes. Additionally, more than 7.0% of the brand’s sales were made through the online store, which opened in 1Q15.

The Alexandre Birman brand continues to focus on reinforcing its international branding, and it achieved strong growth in the quarter compared with 1Q15. The brand has been strengthening its positioning through more assertive collections, product initiatives - as an example, the Clarita model, a national and international shoe reference of the brand, which has benefitted from the frequent and spontaneous use by celebrities and opinion makers - and marketing specifically directed at its target audience, with greater visibility in the main international department stores.

Channels
Mono-brands – Franchises and Owned Stores

Following the Company’s strategy of reinforcing the mono-brand store, the Arezzo&Co chain of stores (owned stores + franchises + web commerce) posted growth of 2.1% in sell-out sales in 1Q16 in comparison with 1Q15, due mainly to an increase in area, through store openings and expansions, and to the launch of the online store for the Arezzo and Anacapri brands last year. Same-store sales decreased 3.7% in 1Q16, with performance similar to 4Q15, but with much healthier levels of stock than in the previous quarter.

The Company’s revenue from mono-brand stores, consisting of sell-in from franchise and sell-out by owned stores and web commerce, showed growth of 8.0% in 1Q16 against 1Q15, thanks to a 96.1% increase in the web commerce channel, and to growth of 3.2% and 2.3% in the owned stores and franchise channels, respectively. The mono-brand stores accounted for 79.3% of domestic sales in 1Q16. Analysis of the SSS sell-out, including only the physical stores, should take into account that the figure of -4.3% was negatively impacted in 130 bps by the calendar effect related to timing of Easter in March, while in 2015 the holiday was in April.

The franchise channel, accounted for 50.6% of domestic sales in 1Q16, and showed SSS sell-in of -1.4%, a figure greater than the SSS sell-out, a reflection of less sell-in volume in 4Q15. In addition, the channel’s performance was boosted by the net opening of 33 franchises in the last 12 months, 10 of them for the Arezzo brand, six for Schutz and 17 for Anacapri. Furthermore, eight Arezzo brand franchises were expanded during the same period, adding 216.9 m² to the channel sales area.

Taking just the owned stores channel and web commerce into account, revenue grew by 19.7% in 1Q16, thanks mainly to online sales, with the Schutz brand store reaching maturity and the Arezzo and Anacapri brand stores being launched last year.

The Company ended 1Q16 with 536 mono-brand stores in Brazil and seven abroad. The numbers in Brazil are 381 for Arezzo, 78 for Schutz, 74 for Anacapri, two for Alexandre Birman and one for the Fiever brand.

Multibrand

In 1Q16, the Multibrand channel showed a drop of 8.3% in sales. The performance of the channel mainly reflects a deterioration in sell-out, which began in 3Q15 and affected the confidence of the retailers and, consequently, the level of orders. The Company continues to focus its efforts on capturing new customers, growing the share of wallet among existing customers, and increasing cross-selling between brands and categories in order to sidestep the macro environment for the channel in 2016.

In 1Q16, the four group brands were being distributed through 2,114 stores, a 0.2% drop against 1Q16, and they are for sale in 1,230 cities.

Exports

The Company divides its exports strategy into three main channels: i) pilot operation in the USA; ii) export of owned brands to the rest of the world; and iii) private label.

The group showed strong growth in the USA, through the Schutz and A. Birman brands in wholesale and retail channels (physical and online), and in 1Q16 they accounted for 58.3% of international sales. Exports of owned brands to the rest of the world represented 29.4%. Exports consolidated growth in the quarter was 109.9% against 1Q15.

History of Stores	1Q15	2Q15	3Q15	4Q15	1Q16
Sales area [1,3] - Total (m²)	**35,735**	**35,235**	**36,053**	**37,342**	**37,296**
Sales area - franchises (m²)	28,337	28,744	29,649	31,087	31,033
Sales area - owned stores[2] (m²)	7,398	6,491	6,404	6,255	6,264
Total number of domestic stores	**508**	**511**	**519**	**537**	**536**
# of franchises	**455**	**460**	**469**	**489**	**488**
Arezzo	356	356	360	367	366
Schutz	46	48	48	52	52
Anacapri	53	56	61	70	70
# of owned stores	**53**	**51**	**50**	**48**	**48**
Arezzo	19	17	16	15	15
Schutz	28	28	28	26	26
Alexandre Birman	2	2	2	2	2
Anacapri	4	4	4	4	4
Fiever	0	0	0	1	1
Total number of international stores	**6**	**6**	**6**	**6**	**7**
# of franchises	5	5	5	5	5
# of owned stores	1	1	1	1	2

(1) Includes areas in square meters of international stores
(2) Includes 7 outlet-type stores with a total area of 2.090 m²
(3) Includes areas in square meters of stores expansion

Key financial indicators	1Q15	1Q16	Δ (%) 15 x 16
Net revenues	236,242	257,547	9.0%
COGS	(140,342)	(145,828)	3.9%
Gross profit	95,900	111,719	16.5%
Gross margin	*40.6%*	*43.4%*	*2.8 p.p*
SG&A	(73,573)	(91,647)	24.6%
% of net revenues	*31.1%*	*35.6%*	*4.5 p.p*
Selling expenses	(51,064)	(65,218)	27.7%
Owned stores and web commerce	(22,958)	(28,861)	25.7%
Selling, logistics and supply	(28,106)	(36,357)	29.4%
General and administrative expenses	(15,912)	(19,836)	24.7%
Other operating revenues (expenses)	(813)	(322)	(60.4%)
Depreciation and amortization	(5,784)	(6,272)	8.4%
EBITDA	28,111	26,343	(6.3%)
EBITDA margin	*11.9%*	*10.2%*	*(1.7 p.p)*
Net income	18,143	14,679	(19.1%)
Net margin	*7.7%*	*5.7%*	*(2.0 p.p)*
Working capital[1] - as % of revenues	28.1%	27.0%	(1.1 p.p)
Invested capital[2] - as % of revenues	42.0%	43.1%	1.1 p.p
Total debt	98,138	114,349	16.5%
Net debt[3]	(112,011)	(134,809)	20.4%
Net debt/EBITDA LTM	-0.7x	-0.8x	-

(1) Working Capital: current assets minus cash, cash equivalents and marketable securities less current liabilities minus loans and financing and dividends payable.
(2) Invested capital: working capital plus fixed assets and other long-term assets less income tax and deferred social contribution.
(3) Net debt is equal to total interest-bearing debt position at the end of a period less cash and cash equivalents and short-term financial investments.

Net Revenues

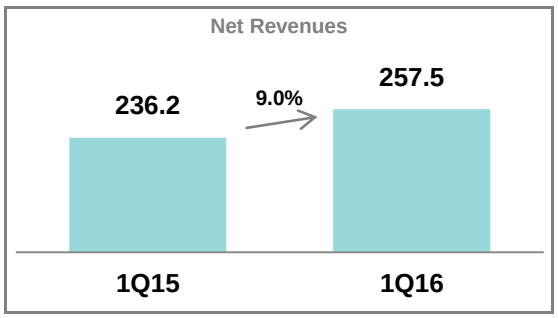
The Company's net revenue grew to R$257.5 million this quarter, up by 9.0% against 1Q15. This growth is attributable to the following factors in particular:

i) Rise of 109.9% in exports thanks to major gains in pricing and volume in the four main brands, and growth in the pilot operation;

ii) Expansion of 96.1% in the web commerce channel, giving it an 8.3% share of sales in the domestic market vs. 4.6% in 1Q15. Highlighting for Arezzo and Anacapri brands;

iii) Sales growth in the physical mono-brand stores (franchises plus owned stores) of 2.6%;

iv) Influenced by the sell-out performance, sales in the multibrand channel were down by 8.3% in the quarter.



Gross Profit

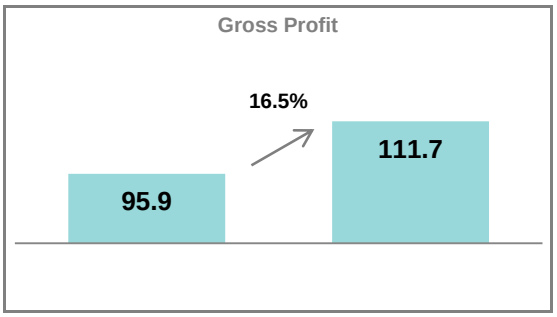
Gross profit in 1Q16 totaled R$111.7 million, up by 16.5% against 1Q15, with a gross margin expansion of 280 bps, reaching 43.4% in 1Q16, primarily as a result of:

i) A significant 19.7% increase of both owned stores and web commerce channels, reaching 28.6% in representativeness in the Company's total sales;

ii) Strong growth in the exports channel, with better margins, over the last twelve months;

iii) A positive impact of 25 bps in the gross margin as a result of fiscal benefits in ICMS taxes through the operationalization of the new distribution center, which will start to have its full impact on the second half of 2016.

It should be remembered that the Company's strategy is to keep the gross margin for each channel stable, with some variations in owned stores, web commerce and exports.



Operating expenses

The Company is making a major effort to keep expenses in line with changes in sales. However, this quarter expenses in general were under pressure for four main reasons, as follows: (i) beginning of 2nd step in the USA pilot operation; (ii) go-live in 2015 of Arezzo and Anacapri brand online stores; (iii) beginning of the implementation of the new distribution center; and (iv) the costs associated with the new Company ERP.

Selling Expenses

Selling expenses grew by 27.7% in 1Q16, totaling R$65.2 million for the quarter. It should be noted that selling expenses include the expenses of owned stores and web commerce, which amounted to R$28.9 million for the quarter, up by 25.7% against 1Q15, as well as sales, logistics and supply expenses, which accounted for the balance of R$36.4 million and rose by 29.4% against the same period of the previous year.

The rise in expenses for owned stores and web commerce is accounted for by the cost of bringing the Arezzo and Anacapri online platforms on stream, which in 1Q15 were still being developed. Excluding this effect, the rise in expenses of owned stores and web commerce is in line with the 19.7% sales growth in these channels.

The selling, logistics and supplies expenses were impacted by the incremental outlays of R$4.3 million regarding the USA pilot-operation, the expenditures related to the partial implementation of the new distribution center that amounted R$0.6 million, and the additional expenses of R$0.5 million associated with the recently launched online operations for both Arezzo and Anacapri brands. If excluded these impacts, the Company would post a R$31.0 million figure, a 10.1% growth, which would be in line with Arezzo&Co's sales growth.

General and Administrative Expenses

In 1Q16, general and administrative expenses totaled R$19.8 million against R$15.9 million in 1Q15, up by 24.7%. Excluding the increase for the 2nd phase of the USA pilot operation of R$ 1.3 million, and the impact of incremental expenses of R$0.9 million for the new Company ERP, general and administrative expenses grew 10.8%, in line with inflation for the period.

EBITDA and EBITDA margin

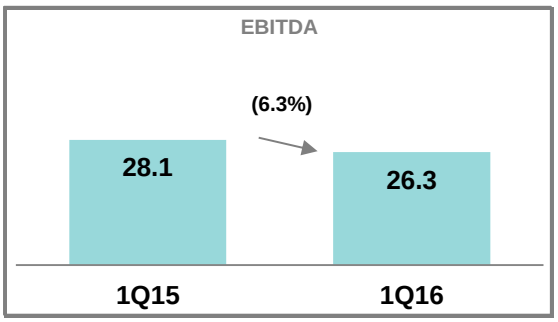
The Company's EBITDA stood at R$26.3 million in 1Q16, with an EBITDA margin of 10.2%, down by 6.3% in comparison with the same period of the previous year. The key reasons for this were:

i) higher incremental operating expenses related to maturing initiatives such as the pilot operation in the USA, the implementation of the new distribution center, and the incremental expenses of operationalization of platforms developed in 2015 for the Arezzo and Anacapri brand;

ii) growth of 280 bps in the gross margin, closing 1Q16 at 43.4%

iii) growth of 9.0% in net revenues over 1Q15;

In line with its impact in previous quarters, the pilot operation in the USA reduced the Company's consolidated EBITDA by 174 bps.

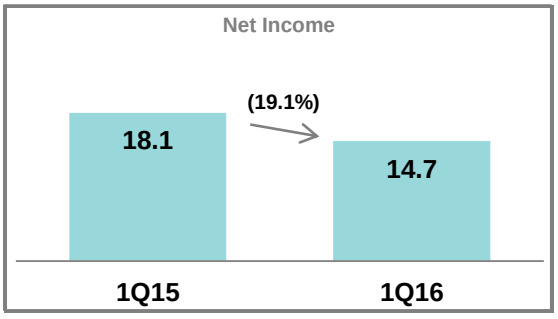


EBITDA Reconciliation	1Q15	1Q16
Net income	18,143	14,679
(-) Income tax and social contribution	(12,207)	(8,795)
(-) Financial results	8,023	3,403
(-) Depreciation and amortization	(5,784)	(6,272)
(=) EBITDA	28,111	26,343

Net income and net margin

The Company showed conversion of 10.2% EBITDA margin into a net margin of 5.7% in 1Q16, reflecting the lower level of financial income for the quarter, since in 1Q15 the appreciation of the US dollar created currency gains from export sales, the reverse of the situation in 1Q16.

Net income for 1Q16 amounted to R$14.7 million. Excluding the exchange rate, the Company net income would have increased 5.9%, amounting R$15.8 million in 1Q16.



Operating cash generation

Arezzo&Co generated R$24.2 million of operational cash in 1Q16, the same level presented in 1Q15. The improving of working capital variation was mainly responsible for the presented performance.

Operating Cash Flow	1Q15	1Q16	Δ 15 x 16 (R$)	Δ 15 x 16 (%)
Income before income tax and social contribution	**30,350**	**23,474**	**(6,876)**	**(22.7%)**
Depreciation and amortization	**5,784**	**6,272**	**488**	**8.4%**
Other	**4,149**	**(13,057)**	**(17,206)**	**n/a**
Decrease (increase) in assets / liabilities	**(13,077)**	**7,481**	**20,558**	**n/a**
Trade accounts receivables	(18,925)	(12,244)	6,681	(35.3%)
Inventories	(23,186)	(15,524)	7,662	(33.0%)
Suppliers	34,130	45,767	11,637	34.1%
Change in other noncurrent and current assets and liabilities	(5,096)	(10,518)	(5,422)	106.4%
Payment of income tax and social contribution	**(3,019)**	**-**	**3,019**	**n/a**
Net cash flow generated by operational activities	**24,187**	**24,170**	**(17)**	**(0.1%)**

Investments - CAPEX

The Company's investments are of three types:

i) Investment in expansion or refurbishment of its points of sales;
ii) Corporate investments, including IT, premises, showrooms and offices; and
iii) Other investments, chiefly related to the modernization of the manufacturing operation.

Total CAPEX for 1Q16 was R$7.9 million, consisting mainly of the expenses of expanding the new flagship stores of the Arezzo brand. The decline in CAPEX in 1Q16, in comparison with the same period of the previous year, reflects the completion of implementation of the Company's new ERP.

Summary of investments	1Q15	1Q16	Δ 15 x 16 (%)
Total CAPEX	**10,292**	**7,904**	**(23.2%)**
Stores - expansion and refurbishing	468	4,183	794.3%
Corporate	7,496	1,873	(75.0%)
Other	2,328	1,848	(20.6%)

Cash position and indebtedness

The Company ended 1Q16 with R$134.8 million in net cash. Its indebtedness policy remains conservative, with the following primary characteristics:

- Total indebtedness of R$114.3 million in 1Q16 against R$98.1 million in 1Q15;
- Long term indebtedness of 30.2% of total debt in 1Q16, compared to 33.0% in 1Q15;
- The weighted average cost of the Company's total debt in 1Q16 remains at a reduced level.

Cash position and Indebtedness	1Q15	4Q15	1Q16
Cash	**210,149**	**225,762**	**249,158**
Total debt	**98,138**	**123,153**	**114,349**
Short term	65,718	85,336	79,799
% total debt	67.0%	69.3%	69.8%
Long-term	32,420	37,817	34,550
% total debt	33.0%	30.7%	30.2%
Net debt	**(112,011)**	**(102,609)**	**(134,809)**

ROIC (Return On Invested Capital)

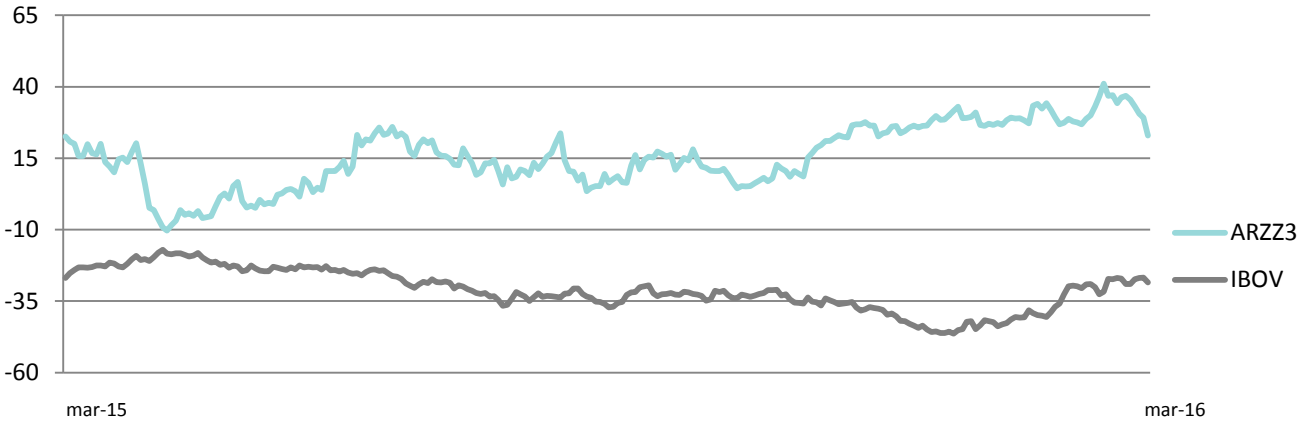
The return on invested capital (ROIC) was 19.8% in 1Q16. Pressured by a higher level in invested capital, as well a slight reduction in NOPAT of the quarter.

Income from operations	1Q14	1Q15	1Q16	Δ 15 x 16 (%)
EBIT (LTM)[1]	146,519	155,041	139,032	(10.3%)
+ IR and CS (LTM)[2]	(46,401)	(54,163)	(41,482)	(23.4%)
NOPAT	**100,118**	**100,878**	**97,550**	**(3.3%)**
Working Capital[3]	272,718	302,429	308,783	2.1%
Permanent assets	139,892	170,350	165,318	(3.0%)
Other long-term assets	8,451	9,788	27,637	182.4%
Invested capital[4]	**421,061**	**482,567**	**501,738**	**4.0%**
Average invested capital[5]		**451,814**	**492,153**	**8.9%**
ROIC[6]		**22.3%**	**19.8%**	

(1) Does not include a non-cash, non-recurring impact of R$8.7 million due to the implementation of the new ERP in 4Q14.
(2) An impact of R$2.8 million has been made to reflect the above-mentioned effect on EBIT for the last 12 months.
(3) Working Capital: current assets minus cash, cash equivalents and financial investments less current liabilities minus loans and financing and dividends payable.
(4) Less deferred income tax and social contribution.
(5) Average invested capital in the period and same period previous year.
(6) ROIC: NOPAT for the last 12 months divided by average invested capital.

3. Capital Market and Corporate Governance

As of March 31st, 2016 the Company's Market capitalization amounted to R$2.1 bn (stock price R$23.35), a growth of 0.23% against the same period of 2015.



Arezzo&Co	
Listing	88,735,476
Ticker	ARZZ3
Listing	2/2/2011
Share Price (12/30/2015)	21.00
Market Cap	1,863,444,996
Performance	
2011[1]	20%
2012[2]	71%
2013[3]	-24%
2014[4]	-9%
2015[5]	-22%
2016[6]	11%

(1) From 02/02/2011 to 12/29/2011
(2) From 12/29/2011 to 12/28/2012
(3) From 12/28/2012 to 12/30/2013
(4) From 12/30/2013 to 12/30/2014
(5) From 12/30/2014 to 12/30/2015
(6) From 12/30/2015 to 03/31/2016

To ensure greater predictability and transparency to shareholders, the Company has seminnanual distribution of dividends for its shareholders.

Projected payments [1]:

Reference date	Payment date	Remuneration	R$	Gross amount by ordinary share (R$)

(1) Subject to tax withholding at a source rate of 15%, except for proven immune or exempt shareholders, or shareholders domiciled in countries or jurisdictions to which the rules establish different aliquot.

It also provides that the Company shall distribute the dividends, including interest on capital, dividends from other, equivalent to at least 25% of Net income to shareholders. For more information about Arezzo&Co' s remuneration policy, please see: www.arezzoco.com.br.

4. Independent Auditors

Arezzo&Co's financial statements relative to the period ending on Macrh 31, 2016, were audited by PricewaterhouseCoopers Auditores Independentes. It was not provided any other services by this firm to Arezzo, or others firms related.

5. Investor Relations

Shareholders, analysts and market participants have at their disposal information available on the Company's IR webpage, www.arezzoco.com.br, CVM webpage, www.cvm.gov.br, and at BM&FBovespa webpage, www.bmfbovespa.com.br.

For further information, direct contact can be made with IR department by the e-mail ri@arezzoco.com.br, or telephone +55 (11) 2132-4300

6. Officer's Statement with regard to the Financial Statements

The Officers of Arezzo Indústria e Comércio S.A. state to have reviewed, discussed and agreed upon the Independent auditors' report and financial statements for the quarter ended on March 31, 2016, according and pursuant to CVM Normative Instruction No. 480/09

Disclaimer

The information contained here may include forward-looking information and reflects the executive office's current perception and prospects for the macroeconomic environment, the industry situation, the Company's performance and financial results. Any statements, expectations, capacities, plans and projections contained here which do not describe historical facts, such as information about the dividend payment statement, the future course of operations, the introduction of relevant financial strategies, the investment program and the factors or trends affecting the financial condition, liquidity or the operating results are considered forward-looking information as defined by the "U.S. Securities Litigation Reform Act" of 1995 and involve a number of risks and uncertainties. These results are not guaranteed to materialize. These statements are based on several factors and expectations, including the economic and market conditions, level of competition in the industry and operating factors. Any changes in these expectations and factors may lead to real results materially different from the current expectations.

The consolidated financial information of Arezzo Indústria e Comércio S/A – Arezzo&Co presented here complies with the International Financial Reporting Standards – IFRS, issued by the International Accounting Standards Board – IASB, based on audited financial information. The non-financial information, as well as other operating information, was not audited by the independent auditors.

AREZZO INDÚSTRIA E COMÉRCIO S.A.

NOTES TO THE PARENT COMPANY AND CONSOLIDATED INTERIM INFORMATION FOR THE QUARTER ENDED MARCH 31, 2016

All amounts in thousands of reais unless when otherwise stated

1. Company information

Arezzo Indústria e Comércio S.A. (the "Company") is a listed company headquartered at Rua Fernandes Tourinho, 147 - salas 1301 e 1303, in the city of Belo Horizonte, State of Minas Gerais.The Company has shares traded on the "Novo Mercado" (New Market) listing segment of the São Paulo Commodities, Futures and Stock Exchange (BM&FBOVESPA) under the symbol ARZZ3 since February 2, 2011.

The Company and its subsidiaries manufacture, develop, mold and sell shoes, handbags, women's clothing and accessories.

At March 31, 2016, the Company had 488 franchise-operated stores in Brazil and 5 abroad; 48 company-operated stores in Brazil and 2 abroad, and one of them is a pop-up store opened in March 2016; and an e-commerce site to sell its products of Arezzo, Schutz and Anacapri brands.

The franchise system is controlled by the Company and company-owned stores form part of Company subsidiaries.

Given its characteristics, the footwear industry is subject to variances in sales volume over the year. Second half-year sales tend to be higher than in the first half of the year. Because of this seasonality, accounts receivable, inventories and accounts payable are subject to significant changes between the periods according to customer orders placed and delivery schedule based on the calendar of collections and special sales. This information is being provided to develop a better understanding of the results and, in the management's judgment, the Company's business is not impacted by these effects to the extent of being regarded as highly seasonal, as defined in CPC 21 (R1)/IAS 34, which would require additional disclosures or information.

2. Accounting policies

2.1. Basis of preparation and presentation of the financial statements

The parent company and consolidated interim financial statements have been prepared and are being presented for the quarter ended March 31, 2016, in accordance with the accounting standard CPC 21 (R1), Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as according to the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR).

2. Accounting policies (Continued)

2.1. Basis of preparation and presentation of the financial statements (Continued)

The accounting principles, estimates, practices, calculation methods and standards adopted in preparing these interim financial statements are consistent with those stated in the financial statements for the year ended December 31, 2015, unless otherwise stated.

The interim financial statements have been prepared under the historical cost convention, with the exception of certain financial assets and financial liabilities measured at fair value.

The interim financial statements have been prepared by the Company to keep users up to date with the relevant information for the period and should be read in conjunction with the complete financial statements for the year ended December 31, 2015.

To avoid redundancy in the interim financial reporting and to comply with article 29 of CVM Instruction 480/09, the Company presents the number of the notes to the annual financial statements at December 31, 2015 that were not replicated in part or in whole in these interim financial statements: 9 – Taxes recoverable, 10 – Other receivables, 18 – Labor liabilities, 19 – Tax and social liabilities, and 31 – Insurance coverage.

The parent company and consolidated interim financial statements for the quarter ended March 31, 2016 were approved at the Board of Directors' meeting on May 2, 2016.

2.2. Basis of consolidation

The consolidated interim financial statements include the operations of the Company and the following subsidiaries in which the Company directly or indirectly owns an interest, as summarized below:

Subsidiaries	Total ownership interest - %			
	2016		2015	
	Direct	Indirect	Direct	Indirect
ZZAB Comércio de Calçados Ltda.	**99.99**	**-**	99.99	-
ZZSAP Indústria e Comércio de Calçados Ltda.	**99.99**	**-**	99.99	-
ARZZ International, INC.	**100.00**	**-**	100.00	-
ARZZ Co LLC	**-**	**100.00**	-	100.00
Schutz 655 LLC	**-**	**100.00**	-	100.00
Schutz Cali LLC	**-**	**100.00**	-	-

Schutz Cali LLC was created in the period ended March 31, 2016 and registered in Los Angeles, United States. This new subsidiary is an exclusive Schutz brand store that was opened on April 21, 2016.

2. Accounting policies (Continued)

2.2. Basis of consolidation (Continued)

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that control ceases. The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies for all consolidated entities. All intra-group balances, income and expenses and unrealized gains or losses resulting from intra-group transactions are fully eliminated.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control is accounted for as equity transactions within equity.

The profit for the period is fully attributable to owners of the parent since non-controlling interests represent 0.0001% of the consolidated figure.

3. Critical accounting judgments, estimates and assumptions

Critical accounting judgments, estimates and assumptions are the same as those adopted for the preparation of the financial statements for the year ended December 31, 2015.

4. New or revised pronouncements

The amendments or revisions to standards issued by IASB, which became effective on January 1, 2016, did not have a material impact on the Company's financial statements.

5. Cash and cash equivalents

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Cash	**16**	136	**288**	646
Banks	**843**	4,412	**2,922**	8,176
	859	4,548	**3,210**	8,822

6. Cash investments

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Current				
Fixed income (a)	**31,494**	31,417	**31,897**	40,313
Exclusive investment fund				
Bank deposit certificate (CDB)	**11,870**	11,584	**11,967**	11,584
Repurchase agreements	**17,084**	23,704	**17,224**	23,704
Financial bills (CEF)	**90,072**	85,746	**90,807**	85,746
Financial Treasury bills	**93,292**	55,593	**94,053**	55,593
	243,812	208,044	**245,948**	216,940
Non-current				
Lottery-linked deposit accounts	**-**	-	**942**	919
Total	**243,812**	208,044	**246,890**	217,859

(a) Includes bank deposit certificates (CDB) and marketable securities.

Exclusive investment fund

ZZ Referenciado DI Crédito Privado is a private fixed-income investment fund under management, administration and custody of Banco Santander S.A. There is no specified holding period for this investment fund and so shares can be redeemed without a material risk of loss. The investment fund does not have significant financial obligations. Financial obligations include asset management fees, custody fees, audit fees and expenses.

The fund is solely for the benefit of the Company and its subsidiaries. Thus, in accordance with CVM Instruction 408/04, the investment fund in which the Company invests exclusively has been consolidated.

At March 31, 2016, the average rate of return of the investment fund is 100.66% of the Interbank Deposit Certificate rate (CDI). Financial Treasury Bills (LFT) account for 38% of the investment fund assets and 59.33% of the assets provide daily liquidity.

The Company's cash investment policies restrict investments to low-risk securities and investments maintained at top-tier financial institutions (top 10 financial institutions in the country) and that substantially provide a return based on the CDI variance.

6. Cash investments (Continued)

Exclusive investment fund (Continued)

At March 31, 2016, the Company has no investment pledged as collateral to financial institutions.

7. Trade receivables

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Trade notes – domestic customers	**212,936**	180,275	**214,004**	183,221
Trade notes – foreign customers	**34,582**	39,402	**48,118**	53,681
Trade notes – related parties (Note 10.a)	**27,419**	28,800	**-**	-
Checks	**25**	16	**56**	266
Credit cards	**-**	-	**47,097**	59,864
	274,962	248,493	**309,275**	297,032
(-) Provision for impairment of trade receivables	**(2,755)**	(2,241)	**(2,801)**	(2,287)
	272,207	246,252	**306,474**	294,745
Current	**258,785**	232,035	**293,052**	280,528
Non-current	**13,422**	14,217	**13,422**	14,217

Changes in the provision for impairment of trade receivables are as follows:

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
At the beginning of the period	**(2,241)**	(365)	**(2,287)**	(411)
Additions	**(514)**	(2,034)	**(514)**	(2,034)
Realization	**-**	158	**-**	158
At the end of the period	**(2,755)**	(2,241)	**(2,801)**	(2,287)

At March 31, 2016, R$97 of total trade receivables (December 31, 2015 - R$97) were pledged as collateral for letters of guarantee from financial institutions.

8. Inventories

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Raw material	**5,533**	5,672	**13,115**	12,359
Work in progress	**-**	-	**7,904**	9,831
Finished products	**40,496**	33,422	**96,697**	87,163
Advances to suppliers	**5,407**	1,793	**5,997**	2,071
(-) Provision for losses	**(1,059)**	(3,584)	**(1,102)**	(4,473)
	50,377	37,303	**122,611**	106,951

Changes in the provision for losses are as follows:

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
At the beginning of the period	**(3,584)**	(1,539)	**(4,473)**	(1,539)
Additions	**(23)**	(2,529)	**(65)**	(3,418)
Reversals	**201**	484	**201**	484
Recovery/realization	**2,347**	-	**3,235**	-
At the end of the period	**(1,059)**	(3,584)	**(1,102)**	(4,473)

9. Income tax and social contribution

a) Deferred taxes

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Deferred income tax and social contribution on:				
Temporary differences	**2,950**	3,231	**3,035**	3,551
Tax loss carryforwards	**-**	-	**3,952**	2,734
Total deferred income tax and social contribution	**2,950**	3,231	**6,987**	6,285

The reconciliation of deferred tax assets is as follows:

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Opening balance	**3,231**	2,429	**6,285**	4,124
Deferred tax recognized in the statement of income	**(281)**	802	**702**	2,161
Closing balance	**2,950**	3,231	**6,987**	6,285

The studies and projections carried out by the Company's management indicate that there will be sufficient future taxable profit to allow the tax credits to be utilized in the next years.

9. Income tax and social contribution (Continued)

Based on projections of future taxable profits, deferred tax assets are expected to be recovered as follows:

	Parent company		Consolidated	
	3/31/2016	12/31/2015	**3/31/2016**	12/31/2015
2016	**2,029**	2,653	**3,374**	3,669
2017	**335**	289	**1,681**	1,308
2018	**335**	289	**1,681**	1,308
After 2018	**251**	-	**251**	-
Total	**2,950**	3,231	**6,987**	6,285

b) Reconciliation of tax charges between statutory and effective tax rates

A reconciliation of tax expense calculated at the statutory tax rates to tax expense at the effective tax rate is as follows:

	Parent company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Profit before income tax and social contribution	**24,457**	30,907	**23,474**	30,350
Statutory tax rate	**34%**	34%	**34%**	34%
Expected income tax and social contribution expense at statutory tax rate	**(8,315)**	(10,508)	**(7,981)**	(10,319)
Deferred income tax and social contribution on unrecognized losses of subsidiaries	**-**	-	**(766)**	(1,823)
Effect of income tax and social contribution on permanent differences:				
Benefit of research and technological innovation expenses – Law 11,196/05	**951**	292	**951**	292
Equity in the results of investees	**(1,583)**	(2,750)	**-**	-
Share option plan expense	**(408)**	(447)	**(408)**	(447)
Tax incentives (Workers' Meal Program (PAT), Rouanet Law, other)	**31**	122	**31**	122
Other permanent differences	**(454)**	527	**(622)**	(32)
Income tax and social contribution expense	**(9,778)**	(12,764)	**(8,795)**	(12,207)
Current	**(9,497)**	(14,237)	**(9,497)**	(14,237)
Deferred	**(281)**	1,473	**702**	2,030
Total	**(9,778)**	(12,764)	**(8,795)**	(12,207)
Effective tax rate - %	**39.98%**	41.30%	**37.47%**	40.22%

10. Balances and transactions with related parties

a) Balances and transactions with subsidiaries and controlling shareholders

	3/31/2016						
	Current assets	Non-current assets		Current liabilities	Non-current liabilities	Transactions	
	Trade receivables	Receivables	Loans	Trade payables	Loans	Revenues	Purchases
Parent company							
Subsidiaries							
ARZZ Co LLC	**-**	**11,794**	**-**	**-**	**-**	**-**	**-**
ARZZ International INC	**-**	**31,143**	**-**	**-**	**-**	**6,980**	**-**
ZZAB Comércio de Calçados Ltda.	**27,278**	**-**	**-**	**88**	**-**	**35,565**	**-**
ZZSAP Indústria e Comércio de Calçados Ltda.	**141**	**-**	**-**	**4,569**	**-**	**135**	**32,185**
Total - Parent company	**27,419**	**42,937**	**-**	**4,657**	**-**	**42,680**	**32,185**
Consolidated							
Controlling shareholders	**-**	**-**	**-**	**-**	**1,267**	**-**	**-**
Total – Consolidated	**-**	**-**	**-**	**-**	**1,267**	**-**	**-**

	12/31/2015					3/31/3015	
	Current assets	Non-current assets		Current liabilities	Non-current liabilities	Transactions	
	Trade receivables	Receivables	Loans	Trade payables	Loans	Revenues	Purchases
Parent company							
Subsidiaries							
ARZZ Co LLC	-	12,940	-	-	-	-	-
ARZZ International INC	-	28,442	1,055	-	-	1,646	-
ZZAB Comércio de Calçados Ltda.	28,797	-	-	357	-	32,721	-
ZZSAP Indústria e Comércio de Calçados Ltda.	3	-	-	4,091	-	1,115	26,237
Total – Parent company	28,800	41,382	1,055	4,448	-	35,482	26,237
Consolidated							
Controlling shareholders	-	-	-	-	1,393	-	-
Total - Consolidated	-	-	-	-	1,393	-	-

b) Nature, terms and conditions of transactions – subsidiaries

The transactions with related parties are conducted on commercial and financial terms agreed upon between the parties concerned. The most common transaction is the sale of shoes and accessories by the Company (parent) to ZZAB stores and to ARZZ International Inc. (subsidiaries) and the purchase of shoes and accessories from manufacturer ZZSAP (subsidiary).

The commercial transactions between such related parties follow price policies and specified terms established between the parties. The average collection period for receivables from related parties is 71 days while the average payment period for payables to related parties is 13 days.

10. Balances and transactions with related parties (Continued)

c) Management compensation

Management compensation is composed of management fees and profit sharing. At March 31, 2016, the compensation paid to management for short-term benefits (management fees and profit sharing) was R$1,282 (March 31, 2015 - R$1,644), as shown below:

	3/31/2016	3/31/2015
Annual fixed compensation – salary/management fees	**1,282**	1,076
Variable compensation - bonus	**-**	568
Total compensation	**1,282**	1,644

The Company has a share-based compensation plan (Note 30). At March 31, 2016, the management share option plan expense totaled R$305 (March 31, 2015 - R$256) and is presented as operating expense before finance result.

The Company and its subsidiaries do not provide post-employment benefits, termination benefits or other long-term benefits to their management and employees.

d) Transactions or relationships with shareholders

At March 31, 2016, certain Company officers and directors directly own a total interest of 52.6% in the Company.

e) Transactions with other related parties

The Company has service agreements with firms whose partners or owners are members of the Company's Board of Directors, as described below:

- Legal advisory service agreement for civil, labor and tax matters with the law firm Procópio de Carvalho owned by Mr. José Murilo Procópio de Carvalho. This law firm received R$26 (March 31, 2015 - R$26) in the quarter ended March 31, 2016;
- Human resources management consulting agreement with the company Ethos Desenvolvimento S/C Ltda. owned by Mr. José Ernesto Beni Bolonha. This company received R$141 (March 31, 2015 - R$137) in the quarter ended March 31, 2016; and
- Business consulting agreement with Instituto de Desenvolvimento Gerencial S.A., where Mr. Wellerson Cavalieiri is a partner. There was no transaction in the quarter ended March 31, 2016 (March 31, 2015 - R$74).

11. Investments

								Investment/Provision for investment losses		Equity in results of investees	
Description	**Assets**	**Liabilities**	**Equity**	**Capital**	**Net revenue**	**Loss for the period**	**Ownership interest - %**	**3/31/2016**	**12/31/2015**	**3/31/2016**	**3/31/2015**
ZZAB Com. de Calçados Ltda.	**171,658**	**40,023**	**131,635**	**93,614**	**55,809**	**(916)**	99.99	**131,635**	132,550	**(916)**	(1,573)
ZZSAP Ind. e Com. de Calçados Ltda.	**44,630**	**14,926**	**29,704**	**27,592**	**25,411**	**(1,489)**	99.99	**29,704**	31,195	**(1,489)**	(765)
Investments								**161,339**	163,745	**(2,405)**	(2,338)
ARZZ International, INC	**40,669**	**65,325**	**(24,656)**	**24,270**	**18,554**	**(2,252)**	100.00	**(24,656)**	(24,487)	**(2,252)**	(5,751)
Provision for investment losses								**(24,656)**	(24,487)	**(2,252)**	(5,751)
								136,683	139,258	**(4,657)**	(8,089)

	Parent company	
	3/31/2016	**12/31/2015**
Balance at the beginning of the period, net of provision for losses	**139,258**	124,488
Capital payment	**-**	27,000
Cumulative translation adjustments	**2,082**	(5,502)
Equity in the results of investees	**(4,657)**	(6,728)
Balance at the end of the period, net of provision for losses	**136,683**	139,258

12. Property, plant and equipment

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

Parent company	Computers and peripherals	Furniture and fittings	Machinery and equipment	Facilities and showroom	Vehicles	Land	Total
At December 31, 2014	4,957	4,465	3,963	10,731	169	101	24,386
Purchases	295	192	320	145	-	-	952
Depreciation	(378)	(154)	(152)	(350)	(27)	-	(1,061)
At March 31, 2015	4,874	4,503	4,131	10,526	142	101	24,277
At December 31, 2015	5,016	4,292	3,964	10,120	135	578	24,105
Purchases	**276**	**106**	**35**	**132**	**-**	**-**	**549**
Depreciation	**(402)**	**(164)**	**(164)**	**(372)**	**(11)**	**-**	**(1,113)**
Write-offs	**-**	**(3)**	**-**	**-**	**-**	**-**	**(3)**
At March 31, 2016	**4,890**	**4,231**	**3,835**	**9,880**	**124**	**578**	**23,538**
Average depreciation rate	20%	10%	10%	10%	20%	-	

Consolidated	Computers and peripherals	Furniture and fittings	Machinery and equipment	Facilities and showroom	Vehicles	Land	Total
At December 31, 2014	5,862	13,566	9,078	46,991	169	101	75,767
Purchases	382	535	1,165	1,573	-	-	3,655
Depreciation	(475)	(498)	(367)	(1,390)	(27)	-	(2,757)
At March 31, 2015	5,769	13,603	9,876	47,174	142	101	76,665
At December 31, 2015	6,004	13,674	9,499	43,703	135	578	73,593
Purchases	**334**	**737**	**206**	**1,103**	**-**	**-**	**2,380**
Depreciation	**(509)**	**(533)**	**(397)**	**(1,414)**	**(11)**	**-**	**(2,864)**
Write-offs	**-**	**(2)**	**-**	**-**	**-**	**-**	**(2)**
Foreign exchange variation	**(17)**	**(74)**	**-**	**(516)**	**-**	**-**	**(607)**
At March 31, 2016	**5,812**	**13,802**	**9,308**	**42,876**	**124**	**578**	**72,500**
Average depreciation rate	20%	10%	10%	10%	20%	-	

13. Intangible assets

Changes in intangible assets are as follows:

Parent company	Trademarks and patents	Store use rights	Software use rights	Total
At December 31, 2014	2,812	1,078	47,131	51,021
Purchases	300	-	6,240	6,540
Amortization	-	-	(2,972)	(2,972)
At March 31, 2015	3,112	1,078	50,399	54,589
At December 31, 2015	3,330	1,078	50,108	54,516
Purchases	**1**	**-**	**1,323**	**1,324**
Amortization	**-**	**-**	**(3,382)**	**(3,382)**
At March 31, 2016	**3,331**	**1,078**	**48,049**	**52,458**
Estimated average useful life	Indefinite	Indefinite	5 years	

Consolidated	Trademarks and patents	Store use rights	Software use rights	Total
At December 31, 2014	2,928	39,598	47,550	90,076
Purchases	306	-	6,331	6,637
Amortization	-	-	(3,027)	(3,027)
Write-offs	-	(1)	-	(1)
At March 31, 2015	3,234	39,597	50,854	93,685
At December 31, 2015	3,459	36,679	50,591	90,729
Purchases	**-**	**4,001**	**1,523**	**5,524**
Amortization	**-**	**-**	**(3,408)**	**(3,408)**
Write-offs	**-**	**(1)**	**-**	**(1)**
Foreign exchange variation	**(3)**	**-**	**(23)**	**(26)**
At March 31, 2016	**3,456**	**40,679**	**48,683**	**92,818**
Estimated average useful life	Indefinite	Indefinite	5 years	

At March 31, 2016, the parent company and consolidated amount of R$4,661 (March 31, 2015 - R$3,254) of costs of research and development of new products was included in “general and administrative expenses”.

Impairment test for indefinite-lived intangible assets

The impairment test performed on the Company’s intangible assets did not reveal any need to recognize impairment losses for the year ended December 31, 2015, since the value in use exceeded the net carrying amount at the date of valuation. In preparing these interim financial statements, the Company assessed whether there were any factors that could impact the value of its assets and did not detect any indication that the assets may be impaired.

14. Borrowings

Borrowings can be summarized as follows:

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Working capital (i)	**-**	-	**17,799**	19,654
FINAME (ii)	**-**	-	**967**	1,005
Advance on foreign exchange contract (ACC) (iii)	**51,086**	56,065	**51,086**	56,065
FINEP (iv)	**44,497**	46,429	**44,497**	46,429
	95,583	102,494	**114,349**	123,153
Current	**61,822**	65,521	**79,799**	85,336
Non-current	**33,761**	36,973	**34,550**	37,817

The interest rate and charges on borrowings are as follows:

(i) Working capital in the United States of America: denominated in U.S. dollars, plus average Libor + fixed rate of 1.35% p.a.

(ii) Equipment financing (Finame): 6% p.a.

(iii) Advance on foreign exchange contract (ACC): denominated in U.S. dollars, plus interest rates + bank spread, average of 2.40% p.a. at March 31, 2016.

(iv) Study and project financing (FINEP): rate of 4% and 5.25% p.a. or indexed to Long-Term Interest Rate (TJLP).

Maturity of borrowing agreements

- Working capital (Bank of America): matures in September 2016;
- FINAME: monthly installments with final maturity in October 2024;
- ACC: various agreements with final maturity in January 2017; and
- FINEP: maturities in 2014 until September 2021.

At March 31, 2016, the non-current borrowings mature as follows:

	Parent company	Consolidated
2017	**7,305**	**7,471**
2018	**8,907**	**9,063**
2019	**8,592**	**8,709**
2019 onwards	**8,957**	**9,307**
Total	**33,761**	**34,550**

Borrowings are secured by controlling shareholders' guarantee and bank letters of guarantee, and do not contain restrictive covenants. Finame agreements are secured by the financed assets.

14. Borrowings (Continued)

Other guarantees and commitments

The Company has a technical and financial cooperation agreement with Banco do Nordeste do Brasil S/A, to have borrowing facilities available for Arezzo franchisees that are located in the area where the Bank operates, using the funds from the Northeast Region Constitutional Finance Fund (FNE) to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees through working capital loans, if needed.

Under the terms of the agreement, the Company shall be the guarantor for these transactions through a surety bond when contracted by store owners. At March 31, 2016, these transactions amounted to R$2,087 (December 31, 2015 - R$1,631).

The Company has a technical and financial cooperation agreement with Banco Alfa, to have borrowing facilities available for Arezzo franchisees, using the funds from the National Bank for Economic and Social Development (BNDES) to finance modernization of franchisees' stores, according to the standards established by the Company, as well as to finance operations of franchisees. The Company is the guarantor for these transactions. At March 31, 2016, the balance of transactions guaranteed by the Company was R$3,760 (December 31, 2015 - R$3,855).

15. Trade payables

Breakdown of trade payables is as follows:

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Domestic suppliers	**97,951**	50,953	**110,609**	64,868
Related parties (Note 10.a)	**4,657**	4,448	**-**	-
Foreign suppliers	**39**	13	**39**	13
	102,647	55,414	**110,648**	64,881

16. Provision for labor, tax and civil contingencies

The balances are as follows:

	Parent company		Consolidated	
	3/31/2016	**12/31/2015**	**3/31/2016**	**12/31/2015**
Civil	**258**	240	**267**	240
Tax	**1,675**	1,675	**2,044**	2,044
Labor	**2,700**	2,311	**3,710**	3,310
	4,633	4,226	**6,021**	5,594

Based on the information provided by its legal advisors and the analysis of pending lawsuits, management set up a provision at an amount considered sufficient to cover estimated probable losses that may arise from the final outcome of lawsuits in progress, as shown below:

Parent company	**Civil**	**Tax**	**Labor**	**Total**
At December 31, 2014	484	1,675	2,346	4,505
Additions/adjustments	2	-	57	59
Reversals/payments	(221)	-	(70)	(291)
At March 31, 2015	265	1,675	2,333	4,273
At December 31, 2015	240	1,675	2,311	4,226
Additions/adjustments	**18**	**-**	**389**	**407**
Reversals/payments	**-**	**-**	**-**	**-**
At March 31, 2016	**258**	**1,675**	**2,700**	**4,633**

Consolidated	**Civil**	**Tax**	**Labor**	**Total**
At December 31, 2014	507	2,044	2,766	5,317
Additions/adjustments	28	-	361	389
Reversals/payments	(222)	-	(264)	(486)
At March 31, 2015	313	2,044	2,863	5,220
At December 31, 2015	240	2,044	3,310	5,594
Additions/adjustments	**27**	**-**	**625**	**652**
Reversals/payments	**-**	**-**	**(225)**	**(225)**
At March 31, 2016	**267**	**2,044**	**3,710**	**6,021**

16. Provision for labor, tax and civil contingencies (Continued)

The Company and its subsidiaries have other civil, tax and labor proceedings at the administrative and judicial levels, amounting to approximately R$57,757 (Parent company and Consolidated), involving risks of loss classified by the legal advisors as possible and, therefore, requiring no provision. Of total amount, R$29,494 refers to labor proceedings, R$26,346 to tax proceedings and R$1,917 to civil proceedings.

The proceedings include the following:

i) Income tax and social contribution deficiency notice issued by the Brazilian Revenue Service on June 11, 2013, which, among other things, challenges the tax deductibility of the amortization of goodwill arising from the acquisition by BRICS Participações S.A. (BRICS) of an equity interest in the Company at a market value determined by independent experts, which was subsequently absorbed by the Company through a downstream merger as stated in Note 21.2 to the financial statements as of December 31, 2014. The goodwill absorbed is shown net of goodwill adjustment provision, as required by CVM Instruction 319/99, and represents the tax benefit resulting from the deductibility of said goodwill. This tax proceeding is currently at the administrative level and the risk of loss is assessed by the Company's legal advisors as possible, amounting to R$8,169.

ii) Tax delinquency notice issued by the Rio Grande do Sul State Finance Office on April 2, 2013, alleging that the Company has recognized improper ICMS credits on shipment of goods to buyers established in the Manaus Free Trade Zone (ZFM) and Free Trade Areas (ALCs) in the periods from February 2008 to December 2011, and thus demanding payment of ICMS in the amount of R$5,340. This tax proceeding is currently at the administrative level and the risk of loss is assessed by the Company's legal advisors as possible.

Judicial deposits

At March 31, 2016, judicial deposits of the parent company are R$5,937 (December 31, 2015 - R$6,054) and consolidated judicial deposits are R$8,708 (December 31, 2015 - R$8,620).

17. Share capital and reserves

17.1. Share capital

At March 31, 2016, the Company's capital was represented by 88,735 thousand common shares.

17.2. Treasury shares

At March 30, 2015, the Company's Board of Directors approved a new share buyback program for the Company to repurchase its own shares with the intention of holding them in treasury and subsequently cancel or sell them. The maximum number of shares that the Company could buy back was 4,238,629 registered, book-entry, common shares

without par value, representing 10% of the total number of shares outstanding, according to article 5 of CVM Instruction 10/80. The share buyback program was effective for 365 days from March 30, 2015 through March 29, 2016. The Company did no repurchase any share.

On March 28, 2016, the Board of Directors of the Company approved a new share buyback program for the Company to repurchase its own shares with the intention of holding them in treasury and subsequently cancel or sell them. The maximum number of shares that the Company may buy back is 4,243,903 registered, book-entry, common shares without par value, representing 10% of the total number of shares outstanding, pursuant to article 8, paragraph 3, item I of CVM Instruction 567/15. The share buyback program may be implemented over a 365-day period from March 28, 2016, and therefore expires on March 27, 2017.

18. Dividends

In accordance with the Company's bylaws, the shareholders are entitled to a mandatory minimum dividend of 25% of the profit for the year after transfer to legal reserve as required by the Brazilian Corporate legislation. Interest on capital, when calculated, is considered as distribution of profits for purposes of determination of the minimum dividend to be distributed.

At February 29, 2016, the Board of Directors approved the proposal for allocation of profit for the year ended December 31, 2015.

19. Earnings per share

In compliance with CPC 41 (IAS 33), the Company presents below earnings per share information for the quarters ended March 31, 2016 and 2015.

a) Basic earnings per share

	3/31/2016	3/31/2015
Profit for the period (in thousands of reais)	**14,679**	18,143
Weighted average number of outstanding shares (thousands)	**88,735**	88,683
Basic earnings per share - R$	**0.1654**	0.2046

b) Diluted earnings per share

	3/31/2016	3/31/2015
Profit for the period (in thousands of reais)	**14,679**	18,143
Weighted average number of outstanding shares (thousands)	**88,735**	88,683
Adjustments for share options (thousands)	**50**	208
Weighted average number of common shares for diluted earnings per share (thousands)	**88,785**	88,891
Diluted earnings per share - R$	**0.1653**	0.2041

20. Net sales revenue

Breakdown of the net sales revenue is as follows:

	Parent company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Gross sales revenue				
Domestic market	**245,938**	246,566	**295,060**	283,684
Foreign market	**21,655**	9,190	**35,176**	16,760
Sales returns	**(6,487)**	(574)	**(15,298)**	(6,706)
Discounts and rebates	**(657)**	(18)	**(657)**	(18)
Taxes on sales	**(42,843)**	(45,233)	**(56,734)**	(57,478)
Net sales revenue	**217,606**	209,931	**257,547**	236,242

21. Segment reporting

The Company has only one operating segment, which is defined as shoes, handbags and accessories. The Company is organized, and has its performance assessed, as a single business unit for operating, commercial, management and administrative purposes. This view is supported by the following factors:

- There is no segregation in its structure for the management of different product lines, brands or sales channels;
- Its manufacturing plant operates for more than one brand and sales channel;
- The Company's strategic decisions are based on studies that indicate market opportunities and not only on performance by product, brand or sales channel.

The Company's products are distributed under different brands (Arezzo, Schutz, Anacapri, Alexandre Birman and Fiever) and through different channels (franchisees, multi-brand stores, company-owned stores and e-commerce), however they are controlled and run by management as a single business segment, and the results therefrom are monitored and evaluated in an integrated manner.

For management purposes, management monitors the consolidated gross revenue by brand and sales channel, as shown below:

	Consolidated	
Brand	**3/31/2016**	**3/31/2015**
Gross revenue	**330,236**	300,444
Arezzo – domestic market	**175,651**	166,448
Schutz – domestic market	**94,251**	99,389
Anacapri – domestic Market	**22,577**	15,885
Other	**2,581**	1,962
Foreign market	**35,176**	16,760

	Consolidated	
Sales channel	**3/31/2016**	**3/31/2015**
Gross revenue	**330,236**	300,444
Franchisees	**149,431**	146,017
Multi-brand stores	**60,575**	66,057

Company-owned stores	**59,923**	58,053
E-commerce	**24,487**	12,489
Other	**644**	1,068
Foreign market	**35,176**	16,760

The revenue from foreign market is not shown separately by geographic area as at March 31, 2016 it represents 10.7% (March 31, 2015 – 6.0%) of the gross revenue. No individual customer accounts for more than 5% of the sales to domestic and foreign markets.

22. Expenses by nature

The Company elected to present the consolidated statement of income by function. As required by IFRS, additional disclosure of expenses by nature is as follows:

	Parent company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Expenses by function				
Cost of sales	**(147,821)**	(138,530)	**(145,828)**	(140,342)
Selling expenses	**(28,844)**	(24,328)	**(69,660)**	(54,966)
General and administrative expenses	**(16,515)**	(16,105)	**(21,666)**	(17,794)
Other operating income (expenses), net	**(794)**	(1,346)	**(322)**	(813)
	(193,974)	(180,309)	**(237,476)**	(213,915)

	Parent company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Expenses by nature				
Depreciation and amortization	**(4,495)**	(4,033)	**(6,272)**	(5,784)
Personnel expenses	**(22,746)**	(21,562)	**(39,584)**	(35,811)
Raw materials and consumables used	**(148,291)**	(138,560)	**(146,743)**	(140,659)
Freight	**(4,489)**	(4,353)	**(5,952)**	(5,364)
Store occupancy expenses	**-**	-	**(7,288)**	(6,704)
Other operating expenses	**(13,953)**	(11,801)	**(31,637)**	(19,593)
	(193,974)	(180,309)	**(237,476)**	(213,915)

23. Financial risk management objectives and policies

a) Fair value

The table below shows the main financial instruments and their respective fair values calculated by the Company's management.

	Consolidated			
	3/31/2016		**12/31/2015**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	**3,210**	**3,210**	8,822	8,822
Cash investments	**246,890**	**246,890**	217,859	217,859
Trade and other receivables	**306,474**	**306,474**	294,745	294,745
Borrowings	**114,349**	**114,349**	123,153	123,153
Trade and other payables	**110,648**	**110,648**	64,881	64,881

23. Financial risk management objectives and policies (Continued)

a) Fair value (Continued)

At March 31, 2016, consolidated financial instruments by category are as follows:

	Measurement	
	Fair value	**Amortized cost**
Assets		
Loans and receivables		
Cash and cash equivalents	-	**3,210**
Trade and other receivables	-	**306,474**
Financial assets at fair value through profit or loss		
Cash investments	**246,890**	**-**
Liabilities		
Other financial liabilities		
Borrowings	-	**110,648**
Trade and other payables	-	**114,349**

The fair value of the financial instruments has been determined on the basis of the following methods and assumptions:

- Cash investments – the carrying amounts stated in the balance sheet equal the fair value because the interest rates for the cash investments are based on the variation of the Interbank Deposit Certificate (CDI), Bank Deposit Certificate (CDB) and Financial Treasury Bills (LFT) (Note 6).

- Cash and cash equivalents, trade and other receivables, trade and other payables – These items derive directly from the operations of the Company and its subsidiaries and are measured at amortized cost. They are stated at original amount less provision for impairment and present value adjustment when applicable. The carrying amount approximates fair value due to the short-term nature of these instruments.

- Borrowings – These are classified as financial liabilities not measured at fair value and are carried at amortized cost according to the contractual terms. This definition was adopted because the amounts are not held for trading, which management understands is the most relevant financial information. The fair values of the borrowings are equivalent to their carrying amounts as these financial instruments are subject to rates equivalent to market rates and have specific characteristics.

23. Financial risk management objectives and policies (Continued)

b) Fair value (Continued)

a.1) Fair value hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Company uses quoted prices in active markets (Level 1) and observable prices (Level 2) to measure the fair value of its financial instruments.

a) Foreign exchange risk

The results of operations of the Company and its subsidiaries are exposed to the U.S. dollar exchange rate risk because a portion of their sales revenue is linked to the U.S. dollar. To reduce the foreign exchange risk, almost all of their exports have financing pegged to the U.S. dollar.

At March 31, 2016 and December 31, 2015, the net exposure to the U.S. dollar is as follows:

	3/31/2016	12/31/2015
Trade receivables	**34,582**	39,402
Borrowings	**(51,086)**	(56,065)
Net exposure	**(16,504)**	(16,663)

To measure the sensitivity of assets and liabilities in foreign currency to which the Company was exposed at March 31, 2016, three different scenarios were simulated and a sensitivity analysis relating to exchange rate fluctuations was performed.

The table below shows three scenarios, being the probable scenario adopted by the Company. These scenarios were defined based on management's expectations of foreign exchange rate changes at the dates of maturity of the agreements exposed to foreign exchange risk.

23. Financial risk management objectives and policies (Continued)

b) Foreign exchange risk (Continued)

In addition to this scenario, the CVM through Instruction 475 of December 17, 2008 (CVM Instruction 475) determined that two other scenarios should be presented, applying an appreciation of 25% and 50% of the risk variable under analysis. These scenarios are being presented according to CVM regulation.

Transaction	Currency	Probable scenario (Carrying amount)	Scenario A	Scenario B
Depreciation of the exchange rate				
Trade receivables in foreign currency	R$	34,582	43,228	51,873
Borrowings in foreign currency	R$	(51,086)	(63,858)	(76,629)
Rate depreciation with reference to U.S. dollar exchange rate		3.56	25% 4.45	50% 5.34
Effect on profit before taxes	R$		(4,126)	(8,252)

In March 2016, the Company entered into a hedging derivative instrument in the amount of US$294 thousand to reduce its currency exposure in import transactions, considering payments owed in U.S. dollars, with a maturity on June 20, 2016.

The adjustments arising from the derivative instruments produced the following effects:

Statement of income	3/31/2016	3/31/2015
Loss included in “finance result”	**(108)**	-

The fair value of derivatives was calculated based on official USD forward rates, by reference to the first forward rate before and after the maturity of the derivative instrument at the year-end. Based on such data, the weighted average of forward rates was calculated so as to estimate the fair value of the instrument at each period-end.

23. Financial risk management objectives and policies (Continued)

c) Interest rate risk

The Company is exposed to interest rate risk because of borrowings subject to the Long-Term Interest Rate (TJLP). The rates are disclosed in Note 16.

At March 31, 2016, borrowings are subject to the following interest rates:

	Consolidated	
	3/31/2016	**%**
Fixed interest	**52,053**	46%
Interest based on TJLP and Libor	**62,296**	54%
	114,349	100%

To measure the sensitivity of the interest rates of the borrowings to which the Company was exposed at March 31, 2016, three different scenarios were simulated and a sensitivity analysis relating to interest rate shifts was performed.

The table below shows three scenarios, being the probable scenario adopted by the Company. Based on the amounts of TJLP and Libor in effect at March 31, 2016, the probable scenario for the year 2016 was defined, applying variances of 25% and 50% as required by CVM Instruction 475.

For each scenario, gross interest expense was calculated, without taking into consideration taxes and the flow of maturities of each agreement. The base date used for borrowings was March 31, 2016, projecting the interest rates for one year and verifying the sensitivity of the same rates in each scenario.

Transaction	Currency	Probable	Scenario A	Scenario B
Increase in interest expense				
Borrowings – TJLP	R$	3,337	4,172	5,006
Borrowings – Libor	R$	217	271	326
		3,554	4,443	5,332
Interest rate increase in reference to financial liabilities			25%	50%
TJLP		7.50%	9.38%	11.25%
Libor		1.22%	1.53%	1.83%

23. Financial risk management objectives and policies (Continued)

d) Financial instruments

There has been no change in concepts and practices disclosed in the financial statements as of December 31, 2015.

e) Credit risk

There has been no change in concepts and practices disclosed in the financial statements as of December 31, 2015.

f) Liquidity risk

There has been no change in concepts and practices disclosed in the financial statements as of December 31, 2015.

The table below shows contractual payments due under financial liabilities:

	Projection including future interest			
	Less than one year	From 1 to 5 years	Over 5 years	Total
Borrowings	81,606	34,613	2,877	119,096
Trade and other payables	110,648	-	-	110,648

g) Capital management

There has been no change in concepts and practices disclosed in the financial statements as of December 31, 2015.

24. Finance result

	Parent company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Finance income:				
Interest income	**1,204**	984	**1,263**	995
Interest income on cash investments	**7,351**	5,806	**7,417**	5,841
Other income	**539**	433	**591**	343
	9,094	7,223	**9,271**	7,179
Finance costs:				
Bank charges	**(393)**	(406)	**(502)**	(500)
Interest on borrowings	**(891)**	(156)	**(904)**	(399)
Credit card administration fee	**-**	-	**(1,293)**	(763)
Notary public fees	**(466)**	(342)	**(477)**	(355)
Other costs	**(525)**	(160)	**(1,273)**	(348)
	(2,275)	(1,064)	**(4,449)**	(2,365)
Foreign exchange variation, net	**(1,337)**	3,215	**(1,419)**	3,209
Total	**5,482**	9,374	**3,403**	8,023

25. Other operating income (expenses), net

	Parent company		Consolidated	
	3/31/2016	**3/31/2015**	**3/31/2016**	**3/31/2015**
Share option plan (Note 27)	**(1,201)**	(1,315)	**(1,201)**	(1,315)
Franchise fees	**277**	-	**277**	-
Recovery of expenses	**158**	45	**158**	35
Result on disposal of property, plant and equipment and intangible assets	**(3)**	-	**(3)**	-
Other (expenses) income, net	**(25)**	(76)	**447**	467
	(794)	(1,346)	**(322)**	(813)

26. Operating lease commitments – store lease

The future minimum lease payments under non-cancelable operating leases are as follows:

	Minimum lease payments at 3/31/2016 (Consolidated)
Less than one year	**15,139**
More than one year and no later than 5 years	**15,542**

The average monthly lease expenditure for the quarter ended March 31, 2016 is R$2,538 (March 31, 2015 - R$1,970). The lease terms are four to five years, and the lease agreements are subject to finance charges based on IGPM variance p.a., as specified in each agreement.

At March 31, 2016, lease expenditure, net of taxes recoverable, amounted to R$7,613 (March 31, 2015 - R$5,909). The balance of leases payable is R$245 (December 31, 2015 - R$875).

27. Share option plan

Changes in the share option plan are as follows:

	1st grant	2nd grant	3rd grant	4th grant
At December 31, 2015	60,806	407,506	695,084	643,928
Options granted	-	-	-	-
Options exercised	-	-	-	-
Options written off (*)	**(8,787)**	**(29,478)**	**(17,314)**	**(16,080)**
At March 31, 2016	**52,019**	**378,028**	**677,770**	**627,848**

(*) Options written off due to termination of employees who participated in the share option plan.

At March 31, 2016, the share option plan expense of R$1,201 (March 31, 2015 - R$1,315) was charged to the statement of income with a corresponding entry to a separate capital reserve account within equity.

28. Government grants

Competitiveness Agreement – State Value-Added Tax (ICMS)

On October 29, 2015, under Regulation 088-R of the State of Espírito Santo, the Company, through its parent, was registered in the Competitiveness Agreement Register of the State Secretary of Development to receive ICMS benefits. At March 31, 2016, the tax benefits amounted to R$1,127, which was recorded in the statement of income reducing sales tax expenses.

Report on review of quarterly information

To the Board of Directors and Stockholders
Arezzo Indústria e Comércio S.A.

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of Arezzo Indústria e Comércio S.A. ("Company"), included in the Quarterly Information Form (ITR) for the quarter ended March 31, 2016, comprising the balance sheet at that date and the statements of income, comprehensive income, changes in equity and cash flows for the quarter then ended, and a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company and consolidated interim accounting information in accordance with the accounting standard CPC 21, Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC) and International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB), as well as the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

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

Conclusion on the interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company and consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34, applicable to the preparation of the Quarterly Information, and presented in accordance with the standards issued by the CVM.

Other matters

Statements of value added

We have also reviewed the parent company and consolidated statements of value added for the quarter ended March 31, 2016. These statements are the responsibility of the Company's management, and are required to be presented in accordance with standards issued by the CVM applicable to the preparation of Quarterly Information (ITR) and are considered supplementary information under IFRS, which do not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in a manner consistent with the parent company and consolidated interim accounting information taken as a whole.

Audit and review of prior-year information

The Quarterly Information referred to in the first paragraph includes accounting information corresponding to results of operations, changes in equity, cash flows and value added of the three-month period ended March 31, 2015, obtained from the Quarterly Information from that period, and to the balance sheet of December 31, 2015, obtained from the financial statements as at December 31, 2015, presented for comparison purposes. The review of the Quarterly Information for the period ended March 31, 2015 and the audit of the financial statements for the year ended December 31, 2015 were performed by another firm of auditors, that issued a review report and audit report dated May 4, 2015 and February 29, 2016, respectively, without qualifications.

Porto Alegre, May 2, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 “F” MG

Fábio Abreu de Paula
Contador CRC 1MG075204/O-0