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

EZ TEC Empreendimentos e Participações S.A. and Subsidiaries

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

Deloitte Touche Tohmatsu Auditores Independentes

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, Directors and Management of
EZ TEC Empreendimentos e Participações S.A.
São Paulo – SP

We have audited the accompanying individual and consolidated financial statements of EZ TEC Empreendimentos e Participações S.A. (the "Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2015, and the income statement, statement of comprehensive income, statement of changes in equity an statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs), applicable to real estate development entities in Brazil and approved by the Accounting Pronouncements Committee (CPC), the Securities and Exchange Commission (CVM), and the Federal Accounting Council (CFC), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion on the Individual and Consolidated Financial Statements

In our opinion, the individual (Parent) and consolidated financial statements present fairly, in all material respects, the consolidated financial position of EZ TEC Empreendimentos e Participações S.A. as at December 31, 2015, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the IFRSs applicable to real estate development entities in Brazil, as approved by the CPC, the CVM, and the CFC.

Emphasis of Matter

As described in Note 2 to the financial statements, the individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil. The consolidated financial statements prepared in accordance with IFRSs applicable to real estate development entities in Brazil also consider OCPC 04 *Application of Technical Interpretation ICPC 02 to Brazilian Real Estate Development Entities*, issued by the CPC. Such technical guideline addresses the recognition of real estate revenues and involves issues related to the meaning and application of the concept of continuous transfer of risks, rewards and control on the sale of real estate units, as detailed in note 2 to the financial statements. Our opinion regarding this matter is unqualified.

Other Matters

Statements of Value Added

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

Audit of the individual and consolidated financial statements for the year ended December 31, 2014

The corresponding information and figures for the year ended December 31, 2014 presented for purposes of comparison, were previously audited by another auditor, who issued report dated March 18, 2015, which did not contain any modification.

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

São Paulo, March 28, 2016

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Ismar de Moura
Engagement Partner

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

BALANCE SHEETS AS AT DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

		Company		Consolidated				Company		Consolidated	
ASSETS	Note	12.31.2015	12.31.2014	12.31.2015	12.31.2014	LIABILITIES AND EQUITY	Note	12.31.2015	12.31.2014	12.31.2015	12.31.2014
CURRENT ASSETS						CURRENT LIABILITIES					
Cash and cash equivalents	4	3.151	18.627	78.840	128.411	Borrowings and financing	11	-	-	56.811	456.491
Short-term investments	5	299.168	86.932	314.489	106.071	Trade accounts payables		1.332	1.662	21.944	45.452
Trade receivables	6	-	-	528.683	1.060.113	Payroll and related taxes		3.302	6.167	8.844	13.773
Properties for sale	7	-	-	814.911	635.957	Tax liabilities		944	25	7.820	7.996
Recoverable taxes	8	-	-	2.780	1.745	Provision for investment losses		-	16.020	-	-
Dividends receivable from jointly controlled	14	32.826	29.405	32.826	29.405	Accounts payable		190	380	26.580	35.049
Current account with partners at the developments		-	22.650	-	22.650	Provision for guarantee	2.12	-	-	9.813	7.905
Other receivable		393	3.551	6.905	8.823	Advances from customers	10.a	-	-	44.774	28.249
Total current assets		335.538	161.165	1.779.434	1.993.175	Land payable	12	-	-	3.459	101.680
						Dividends	16.f	105.453	112.652	105.453	112.652
						Partes relacionadas	14	348.374	258.458	11.038	15.495
NONCURRENT ASSETS						Tax with deferred payment	13	-	-	22.104	42.305
Trade receivables	6	-	-	443.157	332.388	Total current liabilities		459.595	395.364	318.640	867.047
Properties for sale	7	-	-	629.657	634.124						
Recoverable taxes	8	11.917	17.717	11.924	17.717	NONCURRENT LIABILITIES					
Due from related parties	14	1.667	1.104	1.843	638	Borrowings and financing	11	-	-	170.910	50.477
Notes receivable	14	14.618	14.618	14.618	14.618	Land payable	12	-	-	58.199	52.302
Othe receivable		8.390	55	16.151	5.572	Provision for guarantee	2.12	-	-	4.979	4.806
Investment	9	2.792.235	2.607.748	385.934	406.654	Provision for risks	15	4.285	3.774	7.054	6.542
Property, plant and equipment	2.10	2.535	3.971	2.842	4.296	Tax with deferred payment	13	5.992	-	23.131	12.544
Intangible assets	2.10	5.264	6.494	5.463	6.694	Other payables to third parties		-	-	2.556	5.349
Total noncurrent assets		2.836.626	2.651.707	1.511.589	1.422.701	Total noncurrent liabilities		10.277	3.774	266.829	132.020
						EQUITY					
						Capital	16.a	1.220.000	1.050.000	1.220.000	1.050.000
						Capital reserves	16.b	38.297	38.297	38.297	38.297
						Special reserves for goodwill	16.c	(49.414)	(49.414)	(49.414)	(49.414)
						Earnings reserves	16.d, 16.e, 16.f	1.493.409	1.374.851	1.493.409	1.374.851
						Equity attributable to the Company's owners		2.702.292	2.413.734	2.702.292	2.413.734
						Noncontrolling interests		-	-	3.262	3.075
						Total equity		2.702.292	2.413.734	2.705.554	2.416.809
TOTAL ASSETS		3.172.164	2.812.872	3.291.023	3.415.876	TOTAL LIABILITIES AND EQUITY		3.172.164	2.812.872	3.291.023	3.415.876

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

INCOME STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$, except earnings per share)

	Note	Company		Consolidated	
		12.31.2015	12.31.2014	12.31.2015	12.31.2014
NET REVENUE	18	-	-	814.363	951.472
Cost of properties sold and services held	19	-	-	(397.404)	(451.325)
GROSS PROFIT		-	-	416.959	500.147
OPERATING INCOME (EXPENSES)					
Selling expenses	19	-	-	(45.929)	(58.118)
General and administrative expenses	19	(55.665)	(60.545)	(82.862)	(88.283)
Management compensation	20	(12.557)	(14.810)	(13.588)	(15.628)
Share of profit (loss) of subsidiaries	9	462.037	530.600	115.245	103.650
Provision for investment losses		-	(1.121)	-	-
Tax expenses		(105)	(292)	(3.831)	(3.040)
Other operating income (expenses), net		22.813	(3.366)	5.317	(2.351)
PROFIT FROM OPERATIONS BEFORE FINANCE INCOME (COSTS)		416.523	450.466	391.311	436.377
Finance income	21	34.757	24.444	90.681	64.528
Finance costs	21	(1.277)	(586)	(8.713)	(3.827)
INCOME BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		450.003	474.324	473.279	497.078
Current	13.b	-	-	(31.837)	(21.562)
Deferred	13.b	(5.992)	-	3.028	(1.561)
PROFIT FOR THE YEAR		444.011	474.324	444.470	473.955
ATTRIBUTABLE TO					
Company's owners				444.011	474.324
Other				459	(369)
EARNINGS PER SHARE, BASIC AND DILUTED	17	2,89	3,23		

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

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
PROFIT FOR THE YEAR	444.011	474.324	444.470	473.955
Other comprehensive income	-	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	444.011	474.324	444.470	473.955
ATTRIBUTABLE TO				
Company's owners			444.011	474.324
Other			459	(369)

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

	Note	Capital	Capital reserve	Capital reserve goodwill	Income reserves			Retained earnings	Controlling shareholder's equity	Non-controlling shareholders's interest in subsidiaries's equity	Consolidated equity
					Legal	Expansion reserve	Part available to the General Meeting				
BALANCES AS AT JANUARY 01, 2014		1.050.000	38.297	-	89.014	924.165	-	-	2.101.476	8.990	2.110.466
Effect of non-controlling shareholders in subsidiaries									-	(5.546)	(5.546)
Net income of the year		-	-	-	-	-	-	474.324	474.324	(369)	473.955
Goodwill in non-controlling interest acquisitions	3 e 16.c	-	-	(49.414)	-	-	-	-	(49.414)	-	(49.414)
Profit allocation:											
Legal reserve	16.d	-	-	-	23.716	-	-	(23.716)	-	-	-
Proposed dividends	16.f	-	-	-	-	-	-	(112.652)	(112.652)	-	(112.652)
Expansion reserve	16.e	-	-	-	-	13.105	-	(13.105)	-	-	-
Part available to the General Meeting	16.f	-	-	-	-	-	324.851	(324.851)	-	-	-
BALANCES AS AT DECEMBER 31, 2014		1.050.000	38.297	(49.414)	112.730	937.270	324.851	-	2.413.734	3.075	2.416.809
Efeito de participação de acionistas não controladores nas controladas		-	-	-	-	-	-	-	-	(272)	(272)
Aumento de capital	16.a	170.000	-	-	-	-	(170.000)	-	-	-	-
Dividendos adicionais		-	-	-	-		(50.000)	-	(50.000)	-	(50.000)
Transferencia para reserva de expansão	16.e	-	-	-	-	104.851	(104.851)	-	-		
Profit for the year		-	-	-	-	-	-	444.011	444.011	459	444.470
Profit allocation:									-		
Legal reserve	16.d e 16.f	-	-	-	22.201	-	-	(22.201)	-	-	-
Proposed dividends	16.f	-	-	-	-	-	-	(105.453)	(105.453)	-	(105.453)
Expansion reserve	16.e e 16.f	-	-	-	-	42.948	-	(42.948)	-	-	-
Part available to the General Meeting	16.f	-	-	-	-	-	273.409	(273.409)	-	-	-
BALANCES AS AT DECEMBER 31, 2015		1.220.000	38.297	(49.414)	134.931	1.085.069	273.409	-	2.702.292	3.262	2.705.554

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
CASH FLOW FROM OPERATING ACTIVITIES				
Profit for the year	444.011	474.324	444.470	473.955
Adjustments to reconcile profit for the year to net cash provided by operating activities:				
Present value adjustment on trade accounts receivable	-	-	6.844	(11.444)
Monetary variations and interest, net	(34.632)	(22.746)	(63.874)	(28.821)
Goodwill/surplus value amortization	4.529	8.112	4.502	5.818
Gain on investments with bargain purchase	(25.175)	-	(25.175)	-
Depreciation and amortization	3.547	3.818	3.631	3.900
Share of profit (loss) of subsidiaries	(462.037)	(530.600)	(115.245)	(103.650)
Imposto de renda e contribuição social - correntes e diferidos	5.992	-	28.809	23.123
Provision for risks	512	-	512	-
Write-off of investments	-	-	22.744	-
Write-off of fixed and intangible assets	-	6	5	41
Investment valuation allowance	-	1.121	-	-
Changes in operating assets:				
Trade receivables	-	-	(51.946)	(61.167)
Properties for sale	-	-	(242.749)	(320.233)
Other assets	61.330	(20.225)	55.599	(10.693)
Changes in operating liabilities:				
Advances from customers	-	-	16.525	497
Trade accounts payable	(330)	(11.319)	(23.508)	(9.633)
Other liabilities	(2.138)	1.743	(26.249)	18.643
Dividends received	528.301	483.264	92.007	75.836
Income and social contribution taxes paid	-	-	(31.877)	(18.151)
Interest paid	-	-	(20.968)	(33.375)
Cash provided by operating activities	523.910	387.497	74.057	4.646
CASH FLOW FROM INVESTING ACTIVITIES				
Acquisition of financial investment	(414.678)	(218.143)	(571.090)	(359.639)
Redemption of financial investment	235.229	261.609	400.329	414.892
Value added on acquisition of investments	-	(4.194)	-	(4.194)
Goodwill paid on acquisition of NCI interest	-	-	-	(28.187)
Capital contribution in subsidiaries	(285.757)	(352.475)	(22.920)	(21.685)
Acquisition of property, plant and equipment and intangible assets	(881)	(2.984)	(952)	(3.112)
Net cash used in investing activities	(466.087)	(316.187)	(194.633)	(1.925)
CASH FLOW FROM FINANCING ACTIVITIES				
Loans and financial obtained	-	-	378.683	368.324
Loans and financing paid	-	-	(144.754)	(160.724)
Effect of non-controlling shareholders in subsidiaries	-	-	(272)	(5.546)
Related parties	89.353	83.564	-	-
Dividends paid	(162.652)	(139.172)	(162.652)	(139.172)
Net cash provided by (used in) financing activities	(73.299)	(55.608)	71.005	62.882
(Decrease) Increase in cash and cash equivalents	(15.476)	15.702	(49.571)	65.603
Cash and cash equivalents at beginning of year	18.627	2.925	128.411	62.808
Cash and cash equivalents at end of year	3.151	18.627	78.840	128.411

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

EZ TEC EMPREENDIMENTOS E PARTICIPAÇÕES S.A. AND SUBSIDIARIES

STATEMENTS OF ADDED VALUE
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(In thousands of Brazilian reais - R$)

	Company		Consolidated	
	12.31.2015	12.31.2014	12.31.2015	12.31.2014
REVENUE				
Revenue from properties sold and services held	-	-	836.114	973.851
Other revenues	27.528	4.123	28.851	4.123
	27.528	4.123	864.965	977.974
Inputs acquired from third parties (including taxes - ICMS, IPI, PIS and COFINS)				
Cost of properties sold and services held	-	-	(397.404)	(406.067)
Supplies, power, outside services and other	(22.572)	(22.360)	(46.851)	(95.776)
Others	(2.649)	(498)	(20.931)	(731)
	(25.221)	(22.858)	(465.186)	(502.574)
GROSS VALUE ADDED	2.307	(18.735)	399.779	475.400
Depreciation and amortization	(8.076)	(11.930)	(8.133)	(9.718)
WEALTH CREATED	(5.769)	(30.665)	391.646	465.682
WEALTH RECEIVED IN TRANSFER				
Share of profit (loss) of subsidiaries	462.037	530.600	115.245	103.650
Finance income	34.757	24.444	90.681	64.528
	496.794	555.044	205.926	168.178
TOTAL WEALTH FOR DISTRIBUTION	491.025	524.379	597.572	633.860
WEALTH DISTRIBUTED	491.025	524.379	597.572	633.860
Personnel:				
Direct compensation	28.265	33.529	61.142	73.254
Benefits	3.618	7.631	10.093	15.053
FGTS	1.727	1.374	5.008	4.710
Taxes, charges and contributions				
Federals	11.932	6.737	62.835	59.283
Locals	174	173	5.290	3.753
Compensation from third capitals:				
Financial expenses	1.277	586	8.713	3.827
Rents	21	25	21	25
Equity remuneration:				
Proposed dividends	105.453	112.652	105.453	112.652
Retained earnings for the year	65.149	36.821	65.149	36.821
Part available to the General Meeting	273.409	324.851	273.409	324.851
Non-controlling shareholders in retained profits	-	-	459	(369)

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

1. GENERAL INFORMATION

The EZ TEC Empreendimentos e Participações S.A. ("Company"), headquartered at Avenida República do Líbano, 1921, in the City and State of São Paulo, has been listed in Novo Mercado since June 21, 2007, in the Securities, Commodities and Futures Exchange (BM&FBOVESPA S.A.), with its shares traded under the ticker symbol "EZTC3", acting as holding of the companies mentioned in Note 9.

The Company, by means of its subsidiaries and jointly-controlled entities, is mainly engaged in the: (a) development and sale of real estate projects of any nature, including by means of financing; (b) management and lease of own properties; (c) allotment of land; (d) construction of condominiums; (e) provision of services related to construction, supervision, studies and projects and carrying out of any construction work and provision of civil engineering services on a technical and economic basis; and (f) interest in other companies, either business or not, acting as owner, member, or shareholder.

2. SIGNIFICANT ACCOUNTING PRACTICES AND POLICIES

2.1. Statement of compliance

On March 28, 2016, the Company Board of Directors approved the individual and consolidated financial statements of Company and authorized their disclosure.

The individual and consolidated financial statements were prepared and are being presented in accordance with accounting practices adopted in Brazil, issued by the Accounting Pronouncements Committee ("CPC"), countersigned by the Brazilian Securities Commission ("CVM"), according with the "IFRS´s". Specifically, the consolidated financial statements comply with the IFRS, applicable to real estate developers in Brazil, including Accounting Guidance OCPC 04 – Application of Accounting Interpretation ICPC 02 to Brazili an real estate developers, which provides for revenue recognition for this industry, and comprises matters related to the meaning and application of the concept of continuous transfer of risks, rewards and control of real estate units sold.

The financial statements were prepared in the ordinary course of business. Management has assessed the Company's ability to continue as a going concern while preparing these financial statements. The Company is compliant with its debts at these financial statements date.

2.2. Basis of preparation

The individual and consolidated financial statements were prepared based on the historical cost, unless otherwise stated.

2.3. Basis of consolidation

The consolidated financial statements include the Company's and subsidiaries' operations described in Note 9. All transactions, balances, revenues and expenses between subsidiaries and Company are fully eliminated in the financial statements, with emphasis to interest of non-controlling shareholders.

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) in which the Company has the right to (i) direct the relevant activities; (ii) exposure, or rights, to variable returns from its interest in the investee; and (iii) ability to use its power over the investee to affect the value of the returns to the investor.

Under this method, components of assets, liabilities and P&L are fully combined, and the equity value of non-controlling shareholders is determined by applying their percentage of interest on the subsidiaries' equity.

b) Joint ventures

The Company maintains shared interest in entities for which contracts, articles of organization/incorporation and/or agreements provide for joint control.

The Company presents its interest in jointly-controlled companies in its consolidated financial statements, using the equity method.

Interest in subsidiaries and jointly-controlled companies are accounted for under the equity method for purposes of individual financial statements.

2.4. Business combination

Business combinations are recorded under the acquisition method. The cost of an acquisition is measured by the sum of the installment transferred, measured based on the fair value on the acquisition date and any noncontrolling interest amount in acquiree. For every business combination, the acquirer measures the non-controlling interest in the acquiree at fair value or based on its share in such entity's net assets. The deemed cost acquisition must be recorded as expenses, as incurred.

When acquiring a business, the Company evaluates the financial assets and liabilities assumed in order to classify them and allocate them according to the contractual terms, economic circumstances and the relevant conditions on the acquisition date.

Any contingent considerations to be transferred by the acquirer will be recognized at fair value on the acquisition date. Subsequent changes in the fair value of the contingent payment considered as an asset or as a liability must be recognized according to CPC 38 in the income statement or in other comprehensive income. If the contingent

consideration is classified as equity, it is not remeasured until its subsequent settlement is recognized in equity.

Surplus value is initially measured as the excess consideration transferred in relation to net assets acquired (net identifiable assets and liabilities assumed). If payment is lower than the fair value of the assets acquired, the difference must be recognized as gain in the income statement.

After initial recognition, surplus value is measured at cost, less any accumulated impairment losses. For impairment testing purposes, surplus value acquired in a business combination is, as from acquisition date, allocated to each cash generating unit of the Group, which are expected to benefit from such combination synergy, regardless of other assets or liabilities of the acquiree being attributed to these units.

When surplus value is part of a cash-generating unit and a portion of such unit is disposed of, the surplus value associated with the disposed portion must be included in the cost of the transaction upon determining disposal gains or losses. The surplus value disposed of under these circumstances is determined based on the proportional amounts of the portion disposed of in relation to the cash generating unit held.

2.5. Functional and reporting currency

The Company's individual and consolidated financial statements are presented in thousands of reais (R$), which is the Company's functional currency.

2.6. Use of significant accounting judgments, estimates and assumptions

Judgments: the preparation of the individual and consolidated financial statements of the Company requires that management make judgments and estimates and adopt assumptions that affect the amounts disclosed referring to revenues, expenses, assets and liabilities, as well as the disclosures of contingent liabilities, as at the financial statement reporting date.

Estimates and assumptions: the key assumptions related to sources of uncertainties in future estimates and other important sources of uncertainties in estimates at balance sheet date, involving significant risk of causing a significant adjustment in the book value of assets and liabilities in the next financial year are discussed below:

Budgeted costs: these are regularly reviewed, in accordance with the development of the construction works, and adjustments on the basis of this review are reflected in the Company's P&L under the accounting method used;

Taxes and administrative or legal proceedings: the Company and its subsidiaries are subject to tax inspections, audit, legal and administrative proceedings concerning civil, tax, labor, environmental, corporate, consumer protection matters, among others, arising in the ordinary course of business. Depending on the subject matter of the inspection, the legal or administrative proceedings filed may adversely impact the Company and its subsidiaries, regardless of their final outcome. Based on its best evaluation and estimate, supported by its legal advisors, the Company concluded that a provision must be recognized;

The Company and subsidiaries are periodically reviewed by different authorities, including tax, labor, social security, environmental and sanitary surveillance authorities. No guarantee may be given that these authorities will not serve the Company and its subsidiaries a delinquency notice, or that these infringements will not result in administrative proceedings, thereby giving rise to lawsuits, or in terms of the final outcome of such judicial or administrative proceedings.

Fair value of financial instruments: when the fair value of financial assets and liabilities stated in the balance sheet cannot be obtained in active markets, it will be determined using valuation techniques, including the discounted cash flow method. These methods use observable market data, whenever possible; otherwise, a given judgment call is required in order to determine the fair value. The judgment includes consideration of the data used, for instance, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the stated fair value of the financial instruments.

Impairment test: the Company reviews the net carrying value of its assets and intangible assets for the purpose of evaluating events or changes in economic, operational or technological circumstances that may indicate depreciation or impairment loss of non-financial assets. When such evidence is found, and the net book value exceeds the recoverable amount, a provision for impairment is set up to adjust the net book value to the recoverable amount.

The main account groups subject to impairment testing are: properties for sale, investments, property and equipment and intangible assets.

When an impairment loss is subsequently reversed, the net book value of the asset increases to the reviewed estimated recoverable amount, provided that it does not exceed the book value that would have been determined if no impairment loss had been recognized for the asset in prior years. Reversal of impairment loss is immediately recognized in P&L.

At December 31, 2015, no impairment losses were identified in the assets and intangible assets of Company, its subsidiaries and jointly-controlled entities.

2.7. Financial instruments

Financial instruments are initially recognized at fair value, net of deemed costs, from the date when the Company becomes a party to contractual provisions of financial instruments, and especially include cash and cash equivalents, short-term investments, accounts receivable, securities receivable, related parties, loans and financing, trade accounts payable, land payable and accounts payable.

After the initial recognition, the financial instruments are measured as described below:

a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed payments or payments subject to determination, not quoted in an active market. After initial measurement, these financial assets are recorded at amortized cost, by using the effective interest rate method, less impairment loss. Amortized cost is calculated by

taking into consideration any discount or premium upon acquisition and charges or costs incurred.

b) Financial instruments at amortized cost

These financial instruments are presented at amortized cost, and initially assessed individually for any clear evidence of impairment loss of each financial instrument that is significant either individually or jointly. If management concludes that there is no evidence of an impairment loss for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics, and such financial assets are assessed jointly for any impairment loss. Assets that are individually assessed for impairment loss, and for which impairment loss is or continues to be recognized are not included in a joint assessment of impairment loss.

c) Financial instruments at fair value through profit or loss

A financial instrument is classified at fair value through profit or loss when held for trading, i.e. intended for such purpose when initially recognized.

The financial instruments are denominated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in conformity with the investment and risk management strategy. After initial recognition, deemed costs of transactions are recognized in P&L, as incurred.

d) Financial assets

Financial assets are classified as financial assets at fair value through profit or loss, receivables, investments held to maturity, and financial assets available for sale. The Company determines the classification of its financial assets at initial recognition, as they become part of the instrument's contractual provisions.

Financial assets are firstly recognized at fair value plus transaction costs directly imputable to the respective financial asset acquisition, in case of investments not stated at fair value through profit or loss.

The Company's financial assets include: cash and cash equivalents, short-term investments, trade accounts receivable, other accounts receivable and other receivables.

When the Company has transferred the right to receive cash flows from an asset or has executed a pass-through agreement, but had not substantially transferred or retained all such asset's risks and rewards, such asset is recognized to the extent of the Company's involvement therein. In this case, the Company also recognizes a related liability. The transferred asset and the related liability are measured based on rights and obligations that the Company retained.

Cash and cash equivalents – represented by the existing cash amount, bank checking accounts and short-term investments under repurchase agreements, measured at amortized cost, and having their effects recognized in P&L.

Short-term investments – refer to Bank Deposit Certificates (CDBs) and non-exclusive investment fund with short-term maturity and high liquidity, and are available for trading. On the financial statements closing dates, all short-term investments are measured at amortized cost, and their effects are recognized in P&L.

Accounts receivable and allowance for doubtful accounts – trade accounts receivable (current and noncurrent) presented as accounts receivable refer to sales of real estate development units, and the debit balance of contracts are restated monetarily in accordance with the respective adjustments clauses, and discounted at present value. The allowance for doubtful accounts, when required, is set up at an amount deemed sufficient by management, considering the risks involved, to cover probable losses in the realization of the respective loans. For loans related to sale of units under construction, the procedures described in Note 2.16 are applied. The amounts referring to the monetary restatement of receivables are recorded in P&L for the year, under "Property sale revenue", until keys are delivered, and as "Financial income" (interest receivable), after keys are delivered.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or of a group of similar financial assets) is derecognized when:

- The right to receive cash flows from the asset expires;

- The Company transfers its right to receive cash flows from the asset or undertakes the obligation to fully pay cash flows received, without significant delay, to a third party by virtue of a "pass-through" agreement; and (a) the Company substantially transfers all the asset's risks and rewards, or (b) the Company neither transferred nor substantially retained all risks and rewards related to the asset, but transferred the control over such asset.

e) Financial liabilities

Financial liabilities are initially recognized at fair value and later measured at fair value through profit or loss, or at amortized cost. The key financial liabilities are: loans and financing, trade accounts payable, land payable, related parties and accounts payable.

i) Financial liabilities at fair value through profit and loss include financial liabilities held for trading and financial liabilities initially deemed at fair value through profit and loss. At December 31, 2015, the Company had no financial liabilities of this nature.

ii) Loans and financing - after initial recognition, loans and financing subject to interest are subsequently measured by their amortized cost, by using the effective interest rate method. Gains and losses are recognized in the income

statement when liabilities are derecognized, as well as upon amortization under the effective interest rate method.

The other financial liabilities follow the same valuation criteria and category.

Derecognition

A financial liability is derecognized when the liability has been revoked, cancelled or expired.

When an existing financial liability is replaced by another from the same lender, under substantially different terms, or the terms of an existing liability are significantly amended, such replacement or amendment is entered as a derecognition of the original liability and recognition of a new liability, and the difference in the corresponding book values is recognized in the income statement.

f) Financial instruments – net disclosure

Financial assets and liabilities are recorded net in the balance sheet if, and only if, there is a current and enforceable legal right to offset amounts recognized and if the Company has the intention to offset or realize the asset and settle the liability at the same time. The legal right must not be contingent on future events and must be applicable in the ordinary course of business, and in case of default, insolvency or bankruptcy of the company or a counterparty.

2.8. Properties for sale

Properties for sale are represented by acquisition cost of land, plus construction costs and other expenses related to the development process of real estate projects under construction or finished, the units of which have not yet been sold.

Loan and financing charges for constructing properties are capitalized as incurred and recognized in P&L according to sales of units.

The Company, by means of its subsidiaries, acquired land in exchange for units to be constructed in the land; however, up to the financial statement date, no real estate project was launched in this land. The fair value will be calculated when the Company promote the launching of the real estate project and define the price table of the real estate units.

2.9. Investiments

On the financial statements closing date, investments and their effects on P&L for the year are valued under the equity method, in the individual and consolidated financial statements.

2.10. Property and equipment and intangible assets

Property and equipment items are recorded at acquisition cost, and they comprise mainly computers and peripherals, furniture and fixtures, and equipment, whose useful lives are five years, and ten years for other items, in addition to leasehold improvements, which are depreciated over the lease agreement term.

Intangible assets comprise mainly software licenses, whose useful lives are defined according to the respective license agreement terms.

Property and equipment items and intangible assets are derecognized when sold or when no future economic benefits are likely to flow to the Company from the continuing use of these assets. Gains and losses, if any, from sale or derecognition of a property and equipment item are determined by the difference between the amounts received in the sale and the book value of each asset, and are recognized in P&L.

Depreciation and amortization rates are reviewed on an annual basis to be consistent with the useful life, as applicable.

2.11. Provision for risks and contingencies

The provision for contingencies is recognized when Company and subsidiaries have a present legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits in an amount that can be reliably estimated. The Company considers up to the highest court of appeal to determine whether a provision must be recognized, considering the history and outlook of proceedings.

2.12. Provision for warranty

This provision is set up in an amount deemed necessary to cover maintenance costs in real estate projects covered by warranty. It is set up against profit or loss (cost) to the extent that costs of units sold are incurred; any remaining unused balance of the provision is reversed after expiration of the warranty.

2.13. Income and social contribution taxes

Current

As permitted by tax law, revenue relating to the sale of real estate units is taxed on a cash basis, not by following the criterion mentioned in Note 2.16, referring to revenue recognition. In each fiscal year, Company and subsidiaries, in compliance with legal requirements, may choose to determine taxable income by using the taxable profit based on accounting records regime or the taxable profit computed as a percentage of gross sales regime and/or the special tax regime for earmarked property.

Under the taxable profit based on accounting records regime, taxes are calculated as a percentage of net income, at 25% for income tax and 9% for social contribution tax, totaling 34%. Under taxable profit computed as a percentage of gross sales regime, the profit is determined at 8% and 12% of operating income, for income and social contribution taxes, respectively, plus 100% of other revenues. Income and social contribution taxes are calculated at 25% and 9%, respectively.

In the case of special tax regime for earmarked property, income and social contribution taxes are calculated on revenues arising from real estate development at 1.26% and 0.66%, respectively, as from January 1, 2013.

On November 12, 2013, Provisional Executive Order No. 627 was enacted, and it later was converted into Law No. 12973, on May 13, 2014, containing provisions issued by

the Brazilian IRS. The Company understands that the application of said rulings will not have a significant impact on its operations; therefore, it decided not to early adopt the referred to law.

2.14. Taxes with deferred payment

Income tax, social contribution tax, Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) with deferred payment are recognized in current and noncurrent liabilities, according to the expected receipt of installment payments provided for in purchase and sale agreements.

Deferred payment balance refers to the difference between recognition under the corporate criterion, described in Note 2.16, and tax criterion based on which the revenue is taxed upon receipt.

2.15. Present value adjustment - accounts receivable and land payable

The Company, by means of its subsidiaries, adjusts balances of accounts receivable in installments from unfinished units and land payable at present value, considering as discount rate the variation of National Treasury Notes - series B (NTN-B) that follows the Extended Consumer Price Index (IPCA) variation. For current balances, the relevance of their effect in relation to overall financial statements is assessed.

2.16. Determination of income/loss from real estate development and sales

a) For sale of finished real estate units, income (loss) is recognized when the sale is made, regardless of the contractual value receipt term.

b) For sale of unfinished units, the procedures below are followed:
The cost incurred (cost of land, construction costs and other expenses incurred with the respective real estate development project) corresponding to the units sold is entirely recognized in P&L. For unsold units, the cost incurred is allocated to inventories;

Sales revenues are allocated to P&L based on the method of percentage of completion (PoC) of each real estate project, which is measured through cost incurred compared with total cost estimated for the corresponding development;

Recognized sales revenues that are higher than the amounts effectively received from customers are recorded in current or noncurrent assets, under “Accounts receivable”. Amounts received from customers that are higher than recognized revenue amounts are recorded under “Advances from customers”.

Sales revenue is recorded at fair value, by virtue of the present-value adjustment of accounts receivable from real estate development projects under construction.

2.17. Segment information

Financial information is analyzed based on internal management reports per real estate project and the decision referring to fund allocation and corresponding assessment is

made by Company Executive Board, which also defines its segments between commercial and residential projects.

2.18. Statement of value added

SVA was prepared based on information obtained from accounting records supporting the financial statements preparation and following the provisions of CPC 09 – Statement of Value Added.

2.19. Employee benefits

Salaries and benefits granted to the Company's employees and management include fixed compensation (salaries, social security tax (INSS), Unemployment Compensation Fund (FGTS), vacation pay, 13th salary and other), and variable compensation, such as profit sharing and bonus. These benefits are recorded in P&L for the year, as incurred.

The Company and its subsidiaries do not maintain private pension plans and retirement plan, or share-based compensation plan.

2.20. Basic and diluted earnings per share

Basic and diluted earnings per share are reached after dividing the net income attributed to Company shareholders by the weighted average of common shares outstanding in the respective period, taking into consideration, when applicable, breakdown adjustments which occurred in the period or subsequently to the preparation of the financial statements.

The Company has no operations that influence calculation of diluted earnings; as such, diluted earnings per share correspond to the amount of basic earnings per share, as described in Note 17.

2.21. Standards and interpretations issued by IASB and not yet adopted

At the date of preparation of these financial statements, the following IFRSs were published, but do not have mandatory application:

Pronunciamento	**Descrição**	**Vigência**
IFRS 9 - Financial instruments	Refers to the first phase of "IAS 39 - Financial Instruments: Recognition and Measurement" replacement project.	Annual periods beginning on or after January 1, 2018.
IFRS 16 – Operations in leasing	Establishes principles for the recognition, measurement , presentation and disclosure of leases for both parties in the transaction.	Annual periods beginning on or after January 1, 2019.
IAS 38/CPC 04 (R1) – Property, plant and equipment	Clarification of acceptable depreciation and amortization methods.	Annual periods beginning on or after January 1, 2016.
IFRS 12 / CPC 45 – Disclosure of Interests in other entities and IAS 28/ CPC 18 – Investments	Sale or contribution of assets between an investor and its associate or joint venture.	Annual periods beginning on or after January 1, 2016, with earlier application permitted.

In May 2014, IASB and FASB jointly issued IFRS 15 – Revenue from Contracts with Customers, for the purpose of clarifying and converging revenue recognition, including

for real estate development, with the application in years beginning from January 1, 2018. The Company's management continues to evaluate possible impacts on its financial statements.

3. ACQUISITION OF INTEREST

a) Acquisition of interest in subsidiary

As from October 1, 2014, the Company, by means of its subsidiary Valentina Empreendimentos Imobiliários Ltda., holds 100% ownership interest in E.Z.L.I Empreendimentos Imobiliários Ltda. after acquiring 30% interest. The amounts involved in this transaction are shown below:

Book value of investment referring to noncontrolling interest	8,435
Goodwill on capital transactions (i)	49,414
Acquisition value	57,850

(i) Since it refers to acquisition of interest in subsidiary, the surplus value on acquisition was recorded in the acquirer's equity, with effects in Company.

b) Acquisition of interest in jointly-controlled entities

On October 1, 2015 the Company holds 100% stake and control of the company Miziara Empreendimentos Ltda, with the acquisition of 50% stake in this company for R$ 22,000.

The fair value of assets acquired and liabilities assumed for determining the effect of the allocation of the bargain purchase and the initial participation remeasurement were:

Accounts receivable	8,811
Propertiesfor sale	16,364
	25,175

The effect on net income was R$ 25,175 (R$ 12,216 to the remeasurement and R$ 12,959 for the bargain purchase) classified in "other income and expenses net."

4. CASH AND CASH EQUIVALENTS

These are broken down into:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Cash and banks	3,151	11,185	65,702	79,536
Short-term investments - repurchase agreements	-	7,442	13,138	48,875
	3,151	18,627	78,840	128,411

The yield of short-term investments in repurchase agreements ranges from 90% to 101.8% of Interbank Deposit Certificate (CDI).

5. SHORT-TERM INVESTMENTS

The amounts at December 31, 2015 are classified as "available for sale", whose maturity is short-term and highly liquidity, to be used in accordance with the Company's cash requirements.

All short-term investments are measured at amortized cost, and their effects are recognized in P&L.

	Remuneration Rate	Company		Consolidated	
		12/31/2015	12/31/2014	12/31/2015	12/31/2014
CDB´s Applications	98.5% to 101.2% of CDI	111,080	23,082	115,762	33,896
Applications non exclusive investment funds (*)	99.6% to 102.7% of CDI	188,088	63,850	198,727	72,175
		299,168	86,932	314,489	106,071

(*)Consisting of time deposits, repurchase agreements , debentures, bonds and other investments.

6. TRADE ACCOUNTS RECEIVABLE

	Consolidated	
	12/31/2015	12/31/2014
Accounts receivable from customers per real estate development - completed units	405,903	444,192
Accounts receivable from customers per real estate development - units under construction (*)	563,622	948,290
Trade notes receivable - services	2,315	19
	971,840	1,392,501
Current (Note 10)	528,683	1,060,113
Noncurrent (Note 10)	443,157	332,388

(*) Net amounts of adjustment to presente value as of December 31, 2015, in the amount of R$29,594 (R$21,089 at December 31, 2014). The average rate used for the year ended December 31, 2015 was 7.2% per year (6.0% per year at December 31, 2014) for accounts receivable of undelivered units.

The composition of non-current assets at December 31, 2015 and 2014, for year of receipt is shown below:

	Consolidated	
Year	12/31/2015	12/31/2014
2016	-	181,098
2017	310,425	78,700
2018	45,406	25,312
2019	27,301	19,020
As from 2020	60,025	28,258

	443,157	332,388

At December 31, 2015 and 2014, the aging list of trade accounts receivable per real estate development is as follows:

	Consolidated	
	12/31/2015	12/31/2014
Falling due	833,090	1,181,350
Past due:		
Within 30 days	13,977	44,129
From 31 to 60 days	4,040	97,238
From 61 to 90 days	45,633	5,388
From 91 to 120 days	2,005	3,235
Above 120 days	73,095	61,161
	138,750	211,151
	971,840	1,392,501

At December 31, 2015, from total overdue, 68% refers to customers who are in the processo f analysis and obtaining bank financing. Their probable losses already recorded in the Financial Statements.

The Company assessed the need for provision for potential dissolution on December 31, 2015, with net effect on income of R$25,080.

These transactions are secured by the properties financed when this is the source of real estate credits.

7. PROPERTIES FOR SALE

	Consolidated	
	12/31/2015	12/31/2014
Finished properties	189,894	122,233
Properties under construction	487,814	373,341
Land for new construction	721,366	728,281
Financial charges	32,458	22,927
Advances to suppliers	13,036	23,299
	1,444,568	1,270,081
Current	814,911	635,957
Noncurrent	629,657	634,124

Lands scheduled for release on or after January 2017 were classified in non-current assets.

The Company’s management annually evaluates its inventory of lands and units completed and under construction, for market’s price, and based on the outcome of these assessments shows

the need to adjust of impairment. At December 31, 2015, were not identified evidence of stocks losses.

8. RECOVERABLE TAXES

These are represented by:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Withholding Income Tax - IRRF - (*)	11,917	17,710	13,452	18,510
Other	-	7	1,252	952
	11,917	17,717	14,704	19,462
Current	-	-	2,780	1,745
Noncurrent	11,917	17,717	11,924	17,717

(*) Income tax on short-term investments represents withholding occurred, including prior year withholding, which, in line with the provisions of article 66 of Law No. 8383/91, as amended by article 58 of Law No. 9069/95, establishes the right to offset these amounts against taxes of the same nature or to request a refund, which ensures full realization thereof at adjusted amounts. The Company filed a request for reimbursement of a portion of this value, and the required amounts were partially repaid in December 2014 and February 2015, as duly restated.

9. INVESTIMENTS

	Company							
Subsidiaries	Direct Interest %	Assets	Liabilities	Equity	P&L for the year	Equity Pickup	Investiments 12/31/2015	12/31/2014
Alessandra Incorporadora Ltda.	99.99%	10,275	6	10,269	(282)	(282)	10,269	9,788
Alexandria Incorporadora Ltda.	99.99%	41,211	1,690	39,521	5,446	5,446	39,521	48,107
Alfenas Incorporadora Ltda.	99.99%	31,316	1,593	29,724	3,391	3,391	29,724	28,847
Arambaré Incorporadora Ltda.	99.99%	24,926	169	24,757	(141)	(141)	24,757	24,148
Arapanés Incorporadora Ltda.	99.99%	23,402	1,606	21,796	1,463	1,463	21,796	39,373
Ares da Praça Empreendimento Imob. Ltda. (a)	70.00%	184,098	44,496	139,602	53,937	37,756	97,721	59,965
Aurillac Incorporadora Ltda.	99.99%	23,567	2,313	21,254	(476)	(476)	21,254	21,717
Áustria Incorporadora Ltda. (a)	50.00%	22,936	126	22,810	(524)	(262)	11,405	9,540
Bergamo Incorporadora Ltda.	99.99%	15,898	3	15,895	(178)	(178)	15,895	15,655
Cabo Frio Incorporadora Ltda. (a)	50.00%	34,383	8	34,375	(339)	(170)	17,188	17,110
Cabreuva Incorporadora Ltda	99.99%	27,757	63	27,695	(211)	(211)	27,695	19,239
Camila Empreendimentos Imobiliários Ltda.	99.99%	18,877	4,029	14,848	(346)	(346)	14,848	14,448
Catarina Incorporadora Ltda.	99.99%	34,781	1,779	33,002	(1,500)	(1,500)	33,002	42,272
Center Jabaquara Empreendimentos ltda.	99.99%	35,946	2,266	33,680	2,408	2,408	33,680	64,625
Crown Incorporadora Ltda.	99.99%	35,102	3,363	31,740	3,018	3,018	31,740	39,371
E.Z.L.I. Empreend. Imobiliário Ltda. (a) (c)	99.99%	304,579	169,360	135,219	69,768	69,768	94,653	24,465
Elba Incorporadora Ltda.	99.99%	40,213	1,704	38,509	5,933	5,933	38,508	56,835
Esmirna Incorporadora Ltda.	99.99%	11,360	456	10,904	884	884	10,903	10,174
Florença Incorporadora Ltda.	99.99%	26,871	738	26,133	2,838	2,838	26,133	24,576
Florianópolis Empreend. Imobiliários Ltda. (a)	50.00%	32,564	8,597	23,967	9,441	4,720	11,983	7,263
Galia Incorporadora Ltda.	99.99%	23,124	2	23,122	(184)	(184)	23,122	22,472
Garicema Empreendimentos Imobiliários Ltda.	99.99%	327,424	32,211	295,213	62,512	62,512	295,213	345,859
Giopris Empreendimentos Imobiliários Ltda.	99.99%	44,822	2,414	42,408	3,044	3,044	42,408	39,939
Giovanna Incorporadora Ltda.	99.99%	24,512	1,357	23,155	2,795	2,795	23,155	39,120
Gol Incorporadora Ltda.	99.99%	28,292	410	27,883	(55)	(55)	27,883	26,899
Guara Incorporadora Ltda.	99.99%	58,027	1	58,026	(161)	(161)	58,026	57,282
Iracema Incorporadora Ltda. (a)	50.00%	54,469	13	54,456	(239)	(120)	27,228	21,500
J.J. Rodrigues Empreend. Imob. SPE Ltda (a)	50.00%	29,416	853	28,563	4,288	2,144	14,281	17,688
Jauaperi Incorporadora Ltda.	99.99%	34,254	3,366	30,887	3,788	3,788	30,887	27,374
Lafaiete Incorporadora Ltda.	99.99%	30,302	1,967	28,336	1,373	1,373	28,336	17,763
Lausane Incorporadora Ltda.	99.99%	12,956	474	12,482	571	571	12,482	11,991
Limoges Incorporadora Ltda.	99.99%	98,498	21,140	77,358	14,743	14,743	77,358	63,330
Livorno Incorporadora Ltda.	99.99%	28,090	6,543	21,547	9,342	9,342	21,553	12,210
Mairiporã Incorporadora Ltda.	99.99%	166,510	1,413	165,098	8,614	8,614	165,098	127,293
Marcella Empreendimentos Imobiliários Ltda.	99.99%	51,408	2,342	49,066	3,777	3,777	49,066	47,039
Marina Empreendimentos Imobiliários Ltda.	99.99%	70,793	14,677	56,117	8,605	8,605	56,117	48,286
Miziara Empreend. Imobiliários Ltda.	99.99%	85,208	32,204	53,004	7,516	16,160	53,004	14,100
Mônaco Incorporação Ltda (a) (b)	60.00%	104,358	8,331	96,027	19,698	11,819	57,616	105,941
Monza Incorporadora Ltda.	99.99%	18,175	327	17,848	89	89	17,848	17,760
Otawa Incorporadora Ltda.	99.99%	17,551	749	16,803	2,129	2,129	16,803	16,174
Paraíso Empreendimentos Imobiliários Ltda.	99.99%	76,652	12,456	64,195	16,348	16,348	64,195	58,968
Park Empreendimentos Imobiliários Ltda.	99.99%	21,085	2,500	18,585	283	283	18,585	18,302
Phaser Incorporação SPE S.A. (a)	27.50%	690,288	437,897	252,391	125,013	34,379	69,408	37,883
Pinhal Incorporadora Ltda.	99.99%	25,338	96	25,242	(423)	(423)	25,242	18,925
Pirassununga Incorporadora Ltda.	99.99%	17,016	15	17,001	(721)	(721)	17,001	16,556
Priscilla Empreendimentos Imobiliários Ltda.	99.99%	16,519	43	16,475	(130)	(130)	16,475	16,606
Reno Incorporadora Ltda.	99.99%	162,712	17,807	144,904	40,700	40,700	144,904	67,450
San Diego Incorporadora Ltda.	99.99%	21,319	1,999	19,320	5,096	5,096	19,320	18,339
Santarém Incorporadora Ltda.	99.99%	14,081	122	13,960	(574)	(574)	13,960	13,758
Serra Azul Incorporadora Ltda. (a)	45.00%	30,343	1,341	29,001	2,924	1,316	13,051	15,740
Silvana Empreendimentos Imobiliários Ltda.	99.99%	18,391	176	18,215	(566)	(566)	18,215	18,481
Sinco São Paulo Empreend. Imob. Ltda (a)	76.87%	20,125	3	20,121	(348)	(265)	15,311	-
Tatuapé Empreendimentos Imobiliários Ltda.	99.99%	21,820	1,521	20,299	(33)	(33)	20,299	20,283
Tirol Incorporadora Ltda.	99.99%	52,152	26,747	25,405	6,630	6,630	25,405	17,875
Toscana Incorporadora Ltda.	99.99%	22,983	820	22,163	(94)	(94)	22,163	28,616
Trento Incorporadora Ltda.	99.99%	40,748	3,404	37,343	5,633	5,633	37,343	22,087
Treviso Incorporadora Ltda.	90.00%	28,713	1,558	27,155	4,242	3,818	24,439	22,962
Tupi Incorporadora Ltda	99.99%	54,493	2,862	51,631	(106)	(106)	51,631	16,047
Vale do Paraíba Incorporadora Ltda.	99.99%	57,584	3	57,581	(413)	(413)	57,581	31,864
Valentina Empreendimentos Imobiliários Ltda.	99.99%	40,920	2,962	37,958	28,925	28,925	37,958	34,747
Vermonth Incorporadora Ltda.	99.99%	29,571	269	29,302	(480)	(480)	29,302	27,821
Verona Incorporadora Ltda.	99.99%	21,021	730	20,291	835	835	20,291	19,456
Village of Kings Incorporadora Ltda.	99.99%	137,493	12,835	124,658	12,157	12,157	124,658	155,683
Vinhedo Incorporadora Ltda.	99.99%	12,278	0	12,278	(165)	(165)	12,278	12,105
Windsor Incorporadora Ltda.	99.99%	31,916	2,842	29,074	2,059	2,059	29,074	62,890
Other Investments						22,788	116,987	160,411
Subtotal						462,037	2,755,234	2,591,393
"Surplus value"							37,001	16,355
Total investments							2,792,235	2,607,748

(a) Jointly-controlled entities – not consolidated in the financial statements;

(b) In "surplus value", amounts of assets of properties for sale and accounts receivable were recognized, which, in the acquisition thereof, were measured at fair value. In subsequent years, they were tested for impairment by internal and external experts.

(c) In October 2014, through its subsidiary Valentina Empreendimentos Imobiliários Ltda., the Company acquired 30% of the subsidiary, and thus became the direct and indirect holder of 100% interest. The balance of surplus value from this acquisition amounts to R$49,414 at December 31, 2014 and 2015, as disclosed in Note 3.

	Consolidated								
Jointly-controlled entities	Direct Interest %	NET Income	Assets	Liabilities	Equity	P&L for the year	Equity Pickup	Investiments 12/31/2015	12//312014
AK 14 Empreend. e Participações Ltda.	60.00%	-	33,155	20,370	12,785	(433)	(260)	7,671	7,419
Ares da Praça Empreend. Imobiliário Ltda.	70.00%	99,974	184,098	44,496	139,602	53,937	37,756	97,721	59,965
Áustria Incorporadora Ltda.	50.00%	-	22,936	126	22,810	(524)	(262)	11,405	9,540
Avignon Empreend. Imob. Ltda	45.00%	-	19,828	29	19,798	(555)	(250)	8,928	14,203
Bonneville Incorporadora Ltda.	50.00%	9,280	5,871	193	5,678	5,068	2,534	2,841	12,327
Cabo Frio Incorporadora Ltda.	50.00%	-	34,383	8	34,375	(339)	(170)	17,188	17,110
CCISA07 Incorporadora Ltda.	50.00%	8,124	4,884	981	3,904	3,974	1,987	1,958	2,471
Florianópolis Empreend. Imobiliários Ltda.	50.00%	26,001	32,564	8,597	23,967	9,441	4,720	11,983	7,263
Genova Incorporadora Ltda.	60.00%	10,508	3,731	2,786	945	3,950	2,370	567	11,399
Iracema Incorporadora Ltda.	50.00%	-	54,469	13	54,456	(239)	(120)	27,228	21,500
J.J. Rodrigues Empreend. Imob. SPE Ltda	50.00%	5,145	29,416	853	28,563	4,288	2,144	14,281	17,688
Miziara Imobiliários Ltda.	100.00%	11,294	85,208	32,204	53,004	7,516	8,644	-	14,100
Mônaco Incorporação S.A.	60.00%	47,441	104,358	8,331	96,027	19,698	11,819	57,616	105,941
Phaser Incorporação SPE S.A.	27.50%	371,929	690,288	437,897	252,391	125,013	34,379	69,408	37,883
Puebla Incorporadora Ltda.	65.00%	16,330	18,603	9,257	9,346	1,633	1,061	6,075	5,013
Santa Lidia Empreend. e Part. SPE Ltda.	50.00%	16,687	19,568	11,876	7,692	8,483	4,241	3,846	17,286
Serra Azul Incorporadora Ltda.	45.00%	5,018	30,343	1,341	29,001	2,924	1,316	13,051	15,740
Sinco São Paulo Empreend. Imob. Ltda	76.87%	-	20,125	3	20,121	(348)	(265)	15,312	-
Solidaire Empreend. Imobiliários Ltda.	50.00%	18,080	15,268	773	14,495	7,200	3,600	7,248	13,697
Subtotal							115,245	374,327	390,545
"Surplus value"								11,607	16,109
Total investiments								385,934	406,654

The changes in permanent investments are summarized below:

	Opening balance 12/31/2014	AFAC´s	Share of profit (loss) of subsidiaries	Decrease	Dividends	Write-off of investments	Capital reduction	Final balance 12/31/2015
Company	2,591,393	285,757	462,037	-	(535,419)	(16,020)	(32,514)	2,755,234
Consolidated	390,545	22,921	115,245	(22,745)	(99,125)	-	(32,514)	374,327

Breakdown of surplus value is as follows:

	Company		Consolidated	
"Surplus value" of accounts receivable and properties for sale acquired from companies	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Garicema Empreendimentos Imobiliários Ltda. (i)	219	219	-	-
Genova Incorporadora S.A. (ii)	-	279	-	279
Phaser Incorporação SPE S.A. (i)	3,548	4,662	3,548	4,662
Santa Lidia Empreendimentos e Participações SPE Ltda. (i)	97	159	97	159
Florianópolis Empreendimentos Imobiliários Ltda. (i)	649	944	649	944
Wanessa Incorporadora Ltda. (ii)	-	27	-	-
Cabo Frio Incorporadora Ltda. (i)	315	315	315	315
Blumenau Incorporadora Ltda. (i)	-	112	-	112
Iracema Incorpordora Ltda. (i)	336	336	336	336
Monaco Incorporação S.A. (ii)	2,995	5,274	2,995	5,274
Puebla Incorporadora Ltda. (i)	3,667	4,028	3,667	4,028
Miziara Empreendimentos Imobiliários ltda (iii)	25,175	-	-	-
	37,001	16,355	11,607	16,109

(i) Surplus value on acquisition of these investments was based on real estate for sale (land), and realization thereof was recorded based on inventories realization.

(ii) Surplus value upon acquisition was based on customer portfolio and properties for sale, and realization thereof was recorded based on realization of accounts receivable and inventories.

(iii) Acquisition of control of the company, based on the measurement at fair value resulted in a bargain purchase, and its effects allocated in accounts receivable and propertiesfor sale in the consolidated statements as described in Note 3b.

10. REAL ESTATE DEVELOPMENT AND SALE OF PROPERTIES

As described in Note 2.16, total amounts of real estate developments and sale of units under construction, including the amounts already realized and presented in balance sheet accounts and the amounts not yet recorded, identified as "unrealized" below, due to revenue recognition criterion established under accounting guidance OCPC 04 applicable to real estate activities, are as follows:

a) Trade accounts receivable and advances from customers

	Consolidated	
	12/31/2015	12/31/2014
Current assets:		
Accounts receivable - % realized (Note 6)	528,683	1,060,113
Accounts receivable - % unrealized	122,020	273,747
	650,703	1,333,860
Noncurrent assets:		
Accounts receivable - % realized (Note 6)	443,157	332,388
Accounts receivable - % unrealized	500,446	691,902
	943,603	1,024,290
Current liabilities		
Advance from customers - % unrealized	44,774	28,249
	44,774	28,249

b) Unearned income – estimate

	Consolidated	
	12/31/2015	12/31/2014
Unearned gross sales revenue	720,729	1,087,684
(-) Unearned adjustment to present value	(53,490)	(93,785)
(-) Costs to incur with units sold (i)	(372,084)	(561,151)
Income from sale of unearned properties	295,155	432,748

(i) Costs to incur with units sold: These represent estimates of costs to be incurred with constructions in progress of units already sold, less costs incurred up to December 31, 2015, 2014 and prior years.

c) Income earned on sale of properties under construction

	Consolidated	
	12/31/2015	12/31/2014
Accumulated amounts:		
Earned gross sales revenue (ii)	1,594,984	1,453,057
(-) Adjustment to present value	(29,594)	(21,089)
(-) Costs incurred with units sold (iii)	(704,515)	(646,942)
Income on sale of properties	860,875	785,026

(ii) Earned gross sales revenue

This refers to earned revenue accumulated from launching up to December 31, 2015 and 2014. This revenue does not include real estate projects completed in 2015 and 2014.

(iii) Costs incurred with units sold

Costs comprise expenses incurred with land, construction, financial charges from real estate financing, provision for guarantees and other expenses inherent to the respective real estate development, from beginning of launching up to December 31, 2015.

d) Appropriation of assets

At December 31, 2015, real estate projects included in "pool of assets available for lien" (Patrimônio de afetação), pursuant to Law No. 10931/04, correspond to 76.0% of total consolidated assets (64.8% in 2014).

11.LOANS AND FINANCING

Loans and financing in Consolidated are represented by housing loans, monetarily restated according to Referential Rate (TR), plus interest ranging from 8.5% to 9.0% p.a., with final maturity estimated for April 2018, amounting to R$227,721 at December 31, 2015, of which R$56,811 in current and R$170,910 in noncurrent (R$506,968, of which R$456,491 in current and R$50,477 in noncurrent at December 31, 2014).

Loans and financing taken out are inherent in the development of the work, guaranteed by the mortgage of the own property and right on customers' credits. No covenants linked to financial rates of the Company are provided for in these loan agreements.

Balance in noncurrent liabilities is represented by loans falling due as from January 2017.

Changes in consolidated loans and financing are as follows:

	Opening balance 12/31/2014	Loans and financial obtained	Loans and financial paid	Interest paid	Interest incurred	Final balance 12/31/2015
Loans and Financing	506,968	378,683	(661,413)	(20,968)	24,451	227,721

12. LAND PAYABLE

Subsidiary	Location	Price Index	12/31/2015	12/31/2014
Crown Incorporadora Ltda.	Socorro	-	385	1,600
Pinhal Incorporadora Ltda.	Guarulhos	INCC/FGV	-	3,210
Mairiporã Incorporadora Ltda.	Santo Amaro	IPCA/IBGE	-	33,851
Ypê Incorporadora Ltda.	São Caetano	IGPM	58,200	52,302
Cabreúva Incorporadora Ltda.	Guarulhos	-	-	3,207
Vale do Paraíba Incorp.Ltda.	Brooklin	-	-	25,300
Tupi Incorporadora Ltda.	Capela do Socorro	-	2,858	34,300
Other			215	212
			61,658	153,982
Current			3,459	101,680
Noncurrent			58,199	52,302

At December 31, 2015, amounts inherent in land payable represent land acquired from third parties by the aforementioned subsidiaries, for future developments as from January 2016, except for the land acquired by subsidiary Crown Incorporadora Ltda., having a real estate project launched in 2012. Installments classified under noncurrent mature in 2017.

13. TAXES WITH DEFERRED PAYMENTS

a) Breakdown of balances recorded in current and noncurrent liabilities

	Company	Consolidated	
	12/31/2015	12/31/2015	12/31/2014
Measurement basis for tax with deferred payment liabilities	17,622	961,857	1,386,791
Deferred IRPJ	4,406	16,746	17,268
Deferred CSLL	1,586	8,054	9,048
Deferred PIS and COFINS	-	20,435	28,533
	5,992	45,235	54,849
Current	-	22,104	42,305
Noncurrent	5,992	23,131	12,544

The amounts classified into noncurrent will be realized from January 2017, and are consistent with the segregation of accounts receivable.

b) Reconciliation of IRPJ and CSLL – current and deferred

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Income before IRPJ and CSLL	450,002	474,324	473,278	497,078
Rate - 34%	(153,001)	(161,270)	(160,915)	(169,007)
Effects on exclusions (equity pickup and other)	157,093	180,404	39,183	35,241
Effects on other exclusions	8,560	-	8,560	-
Effects on additions	(1,628)	(3,164)	(461)	(2,003)
Effect on P&L of subsidiaries whose income tax is computed as a percentage of gross sales (*lucro presumido*)/special taxation regime	-	-	84,824	112,646
Tax credit is not set up on tax losses and temporary differences	5,032	15,970	-	-
Total taxes	(5,992)	-	(28,809)	(23,123)
Current income and social contribution taxes	-	-	(31,837)	(21,562)
Deferred income and social contribution taxes	(5,992)	-	3,028	(1,561)
Effective rate	(1.3%)	-	(6.0%)	(4.7%)

i. The Company opted for the taxable profit determination system and does not record tax credits, recording them only upon realization of future income, due to lack of future taxable income in the Company.

14. TRANSACTIONS WITH RELATED PARTIES

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Noncurrent assets (*):				
Analisys Consultoria, Planejamento e Participações S/S.	137	135	-	-
Ares da Praça Empreend. Imob. Ltda	385	-	-	-
Camila Empreendimentos Imobiliários Ltda.	-	602	-	638
Alefico Administração e Participações S.A	-	-	1,403	-
Other	1,145	367	440	-
	1,667	1,104	1,843	638
Current liabilities (*):				
Alfenas Incorporadora Ltda	24,432	7,040	-	-
Aurilac Incorporadora Ltda	6,339	5,929	-	-
Bonneville Incorporadora Ltda.	1,506	8,869	1,506	8,869
Ez Tec Tecnica de engenharia Ltda.	8,045	-	-	-
Florença Incorporadora Ltda.	22,801	18,918	-	-
Giópris Empreendimentos Imobiliários Ltda.	25,542	24,540	-	-
Giovanna Incorporadora Ltda	7,292	-	-	-
J.J Rodrigues Empreendimento Imobiliario Ltda	6,625	6,625	6,625	6,625
Jauaperi Incorporadora Ltda.	11,650	11,313	-	-
Lausanne Incorporadora Ltda.	9,820	8,655	-	-
Limoges Incorporadora Ltda.	29,261	27,102	-	-
Marcella Empreendimentos Imobiliários Ltda.	24,627	13,082	-	-
Monza Incorporadora Ltda.	17,154	16,757	-	-
Otawa Incorporada Ltda	14,647	8,035	-	-
Paraiso Empreend. Imob. Ltda	8,357	-	-	-
Park Empreendimentos Imobiliários Ltda.	18,413	17,705	-	-
Priscila Empreendimentos Imobiliários Ltda.	11,007	13,957	-	-
San Diego Incorporadora Ltda	10,802	3,679	-	-
Solidaire Empreendimentos Imobiliários ltda.	-	-	2,380	-
Tatuapé Empreendimentos Imobiliários Ltda.	9,580	7,885	-	-
Tec Vendas Consultoria de Imóveis Ltda.	3,307	6,637	-	-
Treviso Incorporadora Ltda	12,623	4,950	-	-
Torino Incorporadora Ltda.	8,036	6,796	-	-
Verona Incorporadora Ltda	17,702	15,463	-	-
Wanessa Incorporadora Ltda	9,285	8,155	-	-
Other	29,521	16,366	527	1
	348,374	258,458	11,038	15,495

(*)This represents loan agreements without financial charges

For the years ended December 31, 2015 and 2014, in addition to the transactions mentioned, the Company performed or maintains the following transactions:

- Lease agreement with the controlling shareholder, for the property in which part of its facilities is located, with monthly cost of R$185 in 2015 (R$145 in 2014), annually restated by the positive variation of IGP-DI-FGV. The lease expires in five years and there is a penalty in the event of termination corresponding to three months of lease. The market conditions and amounts are the same as those that would be applied to third parties:

- Provision of design and architecture services company belonging to the manager of the Company in the amount of R$ 6,896, with no balance payable at December 31, 2015.

- Sale of 11,696 Certificates of Additional Construction Potential (CEPAC) to subsidiary AK14 Empreendimentos Imobiliários Ltda., amounting to R$14,618 at December 31, 2015 and 2014, whose amount receivable is recorded under "Trade accounts receivable". This transaction does not provide for monetary restatement or interest; and

- Dividends receivable from jointly-controlled subsidiaries Phaser Incorporação S.A., Monaco Incorporação S.A. and Genova Incorporadora S.A. which totaled R$ 32.826 (R$29,405 at December 31, 2014).

15. PROVISION FOR RISKS AND CONTINGENCIES

At December 31, 2015, the Company and its subsidiaries do not have any contingent assets with probable gains and subject to disclosure:

Based on individual analysis of risks, if any, of a tax, civil and labor nature, Management set up provision at an amount deemed sufficient to cover probable losses, and no changes are required in the provision for contingencies already set up in the amount of R$3,774 and R$6,542 in the Company and Consolidated financial statements, respectively at December 31,2014.

The Company and its subsidiaries are parties to legal proceedings, whose likelihood of loss is assessed as possible at December 31, 2015, amounting to R$ 63,199, R$ 38,598 of which refer to civil proceedings and R$ 24,601 to labor claims (at Decembro 31, 2014 R$14,030, R$6,514 of which refer to civil proceedings and R$7,516 to labor claims).

16. EQUITY

a) Capital

At December 31, 2015 Company's capital amounts to R$1,220,000 (R$1,050,000 at December 31, 2014) represented by 157,058,466 common shares with no par value (146,724,120 common shares at December 31, 2014).

The Company is authorized to increase its capital irrespective of a corporate restructuring, upon decision of the Board of Directors, up to the limit of 200,000,000 (two hundred million) common shares, including the shares already issued.

On April 30, 2015, the Extraordinary General Meeting approved the Company's capital increase by R$170,000, through the capitalization of part of the expansion reserve, upon the issuance of 10,334,346 new common shares, within the authorized limit.

The Company's Management will submit to the General Meeting of Shareholders scheduled for April 30, 2016, the capital increase through the capitalization of part of the profit reserve in the amount of R$ 136,704, with the issuance of new common shares, with no par value.

b) Capital reserve

Capital reserve derives from gain on disposal of treasury shares in 2011 and may be used in compliance with article 200 of Law No. 6404/76 and its amendments.

At December 31, 2015 and 2014, the Company's capital reserve balance amounts to R$38,297.

c) Special goodwill reserve

As mentioned in Note 3, goodwill relating to the acquisition of noncontrolling interests amounting to R$49,414 was classified in this account.

d) Legal reserve

This reserve is compulsorily set up by the Company at a ratio of 5% of net income for the year, limited to 20% of paid-in capital. Legal reserve will only be used to increase capital and offset accumulated losses. At December 31, 2015, the legal reserve balance amounts to R$134,931 (R$112,730 at December 31, 2014).

e) Expansion reserve

As provided for by article 25, item "f" of the Company's Articles of Incorporation, the statutory income reserve, denominated "Expansion reserve" is intended for financing the expansion activities of the Company's and/or its subsidiaries and affiliates, including by means of subscription of capital increases or creation of new real estate projects, and will be made up with 100% (one hundred per cent) of net income remaining after legal and statutory deductions, and whose balance, in addition to the balances of other income reserves, except for unrealized income reserve and reserve for contingencies, may not exceed 100% (one hundred per cent) of the Company's subscribed capital, and its destination is incumbent upon the Annual Shareholders' Meeting.

At December 31, 2015, the expansion reserve balance amounts to R$1,085,069 (R$937,270 at December 31, 2014).

f) Dividends

Shareholders are entitled to a mandatory minimum dividend corresponding to 25% of net income for the year, calculated under the Brazilian Corporation Law.

The allocation of P&L for the year ended December 31, 2015 and 2014 is as follows:

	Company	
	12/31/2015	12/31/2014
Net income for the year	444,011	474,324
Legal reserve - 5%	(22,201)	(23,716)
	421,810	450,608
Proposed dividends - 25%	(105,453)	(112,652)
Expansion reserve	(42,948)	(13,105)
Portion at the discretion of the Annual Shareholders' Meeting	(273,409)	(324,851)
	-	-

17. BASIC AND DILUTED EARNINGS PER SHARE

With the increased number of shares mentioned in Note 16.a, the table below shows the calculation of diluted earnings per share and basic:

	Company	
	12/31/2015	12/31/2014
Income attributable to controlling interests	444,011	474,324
Weighted average number of outstanding common shares (in thousands)	153,680	146,724
Basic earnings per share in R$	2.89	3.23

The Company does not have any instruments convertible into shares; therefore, there are no differences between basic and diluted earnings per share.

18. NET REVENUE

The net revenue for the years is as follows:

	Consolidated	
	12/31/2015	12/31/2014
Gross operating revenue:		
Revenue from sale of real estate	1,024,585	1,093,533
Revenue from leases and services provided	33,164	26,245
Total gross operating revenue	1,057,749	1,119,778
Deductions from gross revenue:		
Canceled sales	(221,635)	(145,927)
Sales taxes including deferred taxes	(21,751)	(22,379)
Total deductions from gross revenue	(243,386)	(168,306)
Net revenue	814,363	951,472

19. COSTS AND EXPENSES BY NATURE

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Cost of sales and services				
Cost of construction work/land	-	-	(377,355)	(417,946)
Financial charges, capitalized	-	-	(16,753)	(29,744)
Maintenance/guarantee	-	-	(3,296)	(3,635)
	-	-	(397,404)	(451,325)
Selling expenses:				
Advertising and other expenses	-	-	(39,258)	(46,686)
Sales booth expenses	-	-	(6,671)	(11,432)
	-	-	(45,929)	(58,118)
General and administrative expenses:				
Salaries and charges	(23,365)	(26,830)	(28,041)	(31,193)
Employee benefits	(3,621)	(7,632)	(10,104)	(15,054)
Depreciation and amortization	(3,547)	(3,818)	(3,631)	(3,900)
Services rendered	(18,447)	(15,302)	(28,685)	(25,265)
Rental expenses and condominium fees	(2,649)	(2,376)	(2,649)	(2,389)
Properties maintenance	(343)	(578)	(457)	(895)
Fees and charges	(85)	(167)	(1,164)	(1,198)
Other expenses	(3,608)	(3,842)	(8,131)	(8,389)
	(55,665)	(60,545)	(82,862)	(88,283)

20. MANAGEMENT COMPENSATION

The Annual General Meeting held on April 30, 2015 approved the Company's total annual management compensation limit of R$19,000.

In 2015, the consolidated management compensation amounts to R$13,588, of which R$9,465 refer to fixed compensation and R$4,123 refer to variable compensation (R$15,628, of which R$9,084 refer to fixed compensation and R$6,544 refer to variable compensation, in 2014).

21. FINANCIAL INCOME (EXPENSES)

These are comprised of:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Revenues:				
Financial income	32,908	22,948	41,871	25,337
Interest income on accounts receivable	-	-	44,650	35,180

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Other revenues	1,849	1,496	4,160	4,011
	34,757	24,444	90,681	64,528
Expenses:				
Interest expense and monetary losses	(265)	(253)	(1,524)	(762)
Discounts granted on accounts receivable	-	-	(4,905)	(2,147)
Other expenses	(1,012)	(333)	(2,284)	(918)
	(1,277)	(586)	(8,713)	(3,827)

22. FINANCIAL INSTRUMENTS

22.1 Capital risk management

The Company and its subsidiaries manage their capital in order to ensure the ability to continue as a going concern, while maximizing the return to all interested parties or parties involved in their operations, by optimizing the balance of debts and equity.

The capital structure of the Company and its subsidiaries is comprised by net indebtedness (loans and financing detailed in Note 11, less balance of cash and cash equivalents and short-term investments in Notes 4 and 5, respectively) and Company's equity (which includes capital, income reserves, capital reserve and noncontrolling interest).

The Company is not subject to any external requirement on the capital.

22.2 Net cash

Net cash at end of years is as follows:

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Loans and financing	-	-	(227,721)	(506,968)
Cash and cash equivalents and short-term investments	302,319	105,559	393,329	234,482
Net cash	302,319	105,559	165,608	(272,486)
Equity	2.702,292	2,413,734	2,705,554	2,416,809
Net cash to Equity	0.11	0.04	0.06	(0.11)

22.3 Financial instruments by catogry

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014

	Company		Consolidated	
	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Financial assets				
Loans and receivables:				
Cash and cash equivalents	3,151	18,627	78,840	128,411
Trade accounts receivable		-	971,840	1,392,501
Notes receivable	14,618	14,618	14,618	14,618
Transactions with related parties	1,667	1,104	1,843	638
Available for sale:				
Short-term investments	299,168	86,932	314,489	106,071
Financial liabilities -				
Amortized cost:				
Trade accounts payable	1,332	1,662	21,944	45,452
Loans and financing	-	-	227,721	506,968
Accounts payable	190	380	26,580	35,049
Land payable	-	-	61,658	153,982
Transactions with related parties	348,374	258,458	11,038	15,495

22.4 Financial risk management objectives

The Company monitors and manages financial risks associated with operations. Among these risks there are market risk (interest rate variation), credit risk and liquidity risk. The main purpose is to maintain Company's exposure to these risks at minimum levels by using non-derivative financial instruments and evaluating and controlling credit and liquidity risks.

22.5 Market risk management

The Company is engaged in the development, construction and sale of real estate projects. In addition to the risks that affect the real estate market in general, such as stoppage of supplies and price volatility of construction materials and equipment, changes in supply and demand of real estate projects in certain areas, strikes and zoning environmental regulations, Company's activities are specifically affected by the following risks:

- The Brazilian economic situation, which could have a negative impact on the growth of the real estate sector as a whole, by means of economic slowdown, increased interest, currency fluctuation and political instability, among others;

- Prohibition in the future, as a result of new regulations or market conditions, against the adjustment for inflation of receivables, according to certain inflation rates, as currently allowed, which could make a project financially or economically infeasible;

- Buyers' level of interest in a new project launched or selling price per unit required to sell all units can be below the expected, causing the project to become less profitable than expected;

- In the event of bankruptcy or significant financial issues of a major real estate company, the whole sector can be negatively impacted, which could entail a reduction in customer confidence in other companies that operate in the sector;

- Local and regional real estate market conditions, such as excess supply, shortage of land in certain areas, or significant increase in acquisition cost of land.

- Risk that the buyers will have a negative perception of the safety and security, convenience and attractiveness of the Company's properties, as well as their location;

- Company's profit margins may be affected as a result of increased operating costs, including investments, insurance premium, real estate taxes and public charges;

- Development opportunities can decrease;

- The construction and sale of real estate units may not be completed on schedule, leading to increased construction costs or termination of sales agreements;

- Non-payment after delivery of units acquired in installments. The Company is entitled to file a collection lawsuit, aiming at due amounts and/or taking back the unit from the delinquent buyer, which cannot ensure that it will be able to recover the total amount of the debt balance or, after taking back the property, its sale under satisfactory conditions;

- Any change in the policies of the Brazilian Monetary Council (CMN) on the application of funds intended for the Housing Finance System (SFH) can reduce the financing offer to customers;

- The decrease in the market value of land kept in inventory, before the development of the real estate project for which it is intended, and the inability to preserve the margins previously projected for the respective developments.

22.6 Exposure to currency risks

The Company and its subsidiaries are not directly exposed to currency risks as they do not have foreign currency transactions.

22.7 Exposure to interest rate risks

The Company and its subsidiaries have loans with third parties, subject to fluctuations of the rates provided for in such agreements, by means of Referential Rate (TR) variation and interest. They are exposed to fluctuations of interest rates receivable from customers and balances of short-term investments, in this case, by the CDI variation.

At December 31, 2015, Company and its subsidiary management conducted a sensitivity analysis for a 12-month scenario, as required by CVM Rule No. 475 of December 17, 2008, not necessarily representing Company's expectations. A decrease (assets) and an increase (liabilities) of 25% and 50%, respectively, in interest rates, using 14.25% (CDI), 2.0% (TR), 8.5% (IGPM), 8.5% (IPCA) and 6.50% (INCC) expected on balances of short-term investments, loans and financing, and land payable, were taken into account:

	Company			Consolidated		
Indicators	Scenario I Probable	Scenario II (25%)	Scenario III (50%)	Scenario I Probable	Scenario II (25%)	Scenario III (50%)
Assets						
Short-term investments (decrease in CDI)	42,631	31,974	21,316	46,687	35,015	23,343
Liabilities						
Loans and financing (increase in TR)	-	-	-	4,554	5,693	6,832
Land payable (IGPM, IPCA/INCC)	-	-	-	4,947	6,184	7,420

22.8 Liquidity risk management

The Company and its subsidiaries manage liquidity risk by maintaining reserves and bank credit facilities considered as appropriate, by means of continuous monitoring of forecasts and actual cash flow and combination of maturities of financial assets and liabilities.

At December 31, 2015, the Company projected its contractual cash flow of liabilities by adding to amortization charges, contractual interest and maturities of these obligations:

	Consolidated			
	Contractual cash flow			
	Within 1 year	From 1 to 3 years	Total	Book balance
Loans and financing	73,715	179,682	253,397	227,721
Trade accounts payable	21,944	-	21,944	21,944
Land payable	3,459	69,146	72,605	61,658

22.9 Risk concentration

The Company and its subsidiaries maintain bank checking accounts and short-term investments with financial institutions approved by management in accordance with objective criteria for risk diversification. The balance of accounts receivable is distributed among various customers. None of these customers concentrates 10% or more of the total net operating income or the balance receivable.

22.10 Fair value of financial instruments

Book values of financial instruments of the Company and its subsidiaries at December 31, 2015 and 2014, which are recorded at amortized cost, according to Note 23.3, approximate fair value, as the nature and characteristic of contracted conditions resemble those available in the market at the financial statement dates. The balance of cash and cash equivalents as well as short-term investments is indexed to the CDI; therefore, the amounts recorded approximate fair value of these financial instruments.

Hierarquia de valor justo

The Company uses the following hierarchy to determine and disclose the fair value of financial instruments through valuation technique:

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

Level 2: inputs different from prices traded in active markets, included in Level 1, which are used by the market for assets or liabilities directly (as prices) or indirectly (derived from prices); and

Level 3: inputs for assets or liabilities that are not based on observable market data (non-observable inputs).

At December 31, 2015 and 2014, the main financial assets and liabilities at fair value are classified under Level 2.

In 2015 and 2014, the Company and its subsidiaries had no derivative financial instruments and/or transactions involving embedded derivatives.

23. INSURANCE COVERAGE

At December 31, 2015, the Company and its subsidiaries maintain the following insurance contracts:

a) Engineering risk - civil work under construction - “All Risks” policy, which provides insurance against all risks involved in the construction of a real estate project, such as fire, theft and execution damages, among others. This type of policy allows additional coverage in accordance with the risks inherent in the work, including, but not limited to, general and cross civil liability, extraordinary expenses, riots, civil liability of the employer and pain and suffering.

b) Corporate insurance - coverage for sales booths and model apartments, providing insurance against damages caused by fire, theft, lightening and explosion, among others.

c) Insurance against miscellaneous risks - electronic devices - insurance against any theft or electrical damage.

d) General Civil Liability (D&O).

24. COMMITMENTS

The Company has lease agreements for two properties where its facilities are located, with monthly cost of R$46, restated by reference to IGP-M/FGV variation. The lease expires in five years and there is a penalty in the event of termination corresponding to three months of lease.

At December 31, 2015, the Company, by means of its subsidiaries, has long-term agreements amounting to R$211,891 (R$117,711 in 2014), related to services provided and supply of raw material used in the development of real estate projects.

25. SEGMENT REPORTING

Company management focuses its business on real estate developments. Financial information is analyzed based on internal management reports per real estate project and the decision referring to fund allocation and corresponding assessment is made by Company Executive Board, which also defines its segments between commercial and residential projects:

a) Breakdown of the main P&L accounts, by segment:

	Consolidated					
	Commercial		Residential		Total	Total
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Gross revenue	227,452	415,661	830,297	704,118	1,057,749	1,119,779
Deductions from gross revenue	(44,625)	(46,679)	(198,761)	(121,628)	(243,386)	(168,307)
Net revenue	182,827	368,982	631,536	582,490	814,363	951,472
Cost of sales and services	(70,239)	(145,382)	(327,165)	(305,943)	(397,404)	(451,325)
Gross Profit	112,588	223,600	304,371	276,547	416,959	500,147
Selling expenses	(5,677)	(9,623)	(40,252)	(48,495)	(45,929)	(58,118)

b) Breakdown of main assets and liabilities, by segment:

	Consolidated					
	Commercial		Residential		Total	Total
	12/31/2015	12/31/2014	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Assets:						
Trade accounts receivable	187,235	665,387	784,605	727,114	971,840	1,392,501
Properties for sale	414,609	363,558	1,029,959	906,523	1,444,568	1,270,081
Liabilities:						
Loans and financing	7,094	369,390	220,627	137,578	227,721	506,968
Advance from customers	22,301	5,944	22,473	22,305	44,774	28,249

MANAGEMENT'S COMMENTS

The management of EZTEC announces its results for the fourth quarter of 2015 and consolidated for the year. With an increasingly challenging environment for the housing market, delivering a 18% return on equity, not only means the assertiveness of previously adopted strategies, but a real commitment to the efficiency of the operation. Since 2014, the Company has carried out the necessary adjustments that allow maintaining differentiated profitability without jeopardizing the business model.

FOCUS ON INVENTORY: the option to launch R$225.8 million and reduce by almost 80% the volume launched, in comparison with 2014, means directing the efforts of the sales department for the inventory of the Company, especially the units already delivered. The intensification of sales campaigns, especially in the fourth quarter of 2015 shows that it is possible to obtain liquidity without compromising the receivables portfolio. However, act wisely and getting much higher margins than the industry average means, at this moment, that sales speed can be lower than those obtained in previous periods, as can be seen with the R$412.4 million sold in the year, net of cancellations. It is important to highlight that, gradually, the oldest inventory (launches of 2010 and 2011) is being successfully sold, corresponding to 36% of the total of net sales for the year.

SALES AND GROSS MARGIN: to observe the difference between the gross margins of 47.1% in the 4Q15 and 51.2% in 2015, it should be considered not only the weight of the last quarter sales campaigns, but also the participation increasingly smaller of commercial projects in the results. Having achieved, throughout its history, the development of efficient products, pricing them correctly, and building in line with the budget or with economy, the Company has full comfort to offer more aggressive discounts if deemed necessary. However, by concentrating all its operations in the São Paulo Metropolitan Area and knowing the supply dynamics in each neighborhood and region it serves, the best option still shows choosing the best time to sell each product and seek to obtain the best possible margin on its sale. It can be expected for 2016, that the premise of the operation will be maintained, with full confidence that EZTEC will remain competitive.

CLIENT MANAGEMENT: in 2015, it was possible to observe an increase in the "Sales Cancellation" on the income statement. About it, should be considered not only the deterioration in macroeconomic conditions, in the real estate market and the credit supply for individuals, but especially the cycle of the Company's current deliveries, corresponding to products launched between 2011 and 2013, record highs in terms of launches. At this time, management is strongly focused on maintaining the performance of these products launched in previous years, sales of which were taken within the best levels of profitability. Thus, being close to the client, understand their needs and seek tailor made solutions without giving up the quality of receivables, it is crucial to keep the sales working in line with historical levels and with healthy margins, characteristics of the business model of EZTEC.

LANDBANK AND LAUNCHES: as remembering that EZTEC holds landbank of R$5.9 billion in own PSV, it is important to note that these projects are either approved or follow normally in development and approval process, constantly being re-evaluated regarding possible profitability and liquidity to be obtained, so that when the Company chooses to carry out launches, they will have full conditions to achieve performance above the required minimum levels. In March 2016, it was launched the product *Le Premier Moema*, with own PSV of R$51.8 million.

FINANCIAL RESULTS: even with lower sales volume, EZTEC achieved Net Revenues of R$224.4 million in 4Q15, to a Net Income of R$104.1 million, with net margin of 46.4%. This result highlights the importance of having opted for a consistent business model that seeks to extract results in all stages of the process of real estate development, sale and construction. It also highlights the reflection in the adjustments that the Company has done to not lose efficiency and the rational use of its operating expenses. It is a result obtained from well-developed projects that were launched and well sold, built with strict cost control and quality, which today can add revenue with margin, maintained through efficient operational management and unleveraged. Even after the effect of the provision for cancellations, of

R$25.1 million, it was possible to obtain the net income of R $ 444.0 million in 2015, only 6% below 2014, further highlighting the performance of the projects operated with partners, whose recognition via equity income, added more than R$115.2 million profit for the year, showing a net margin of 41.3%.

CASH POSITION: the Company ended the fourth quarter of 2015 with R$165.6 million of net cash. Throughout the year, with the delivery of projects and the closure of the sale of the Tower A of *EZ Towers*, the generation of cash exceeded R$438 million. This financial position, characteristic of the business model, allows EZTEC supporting more difficult market periods, and may take the most rational decision to the sustainability and profitability of the company. It also offers resources application opportunities that generate value to shareholders as a stock buyback program. About EZ Towers, Tower B remains in the stock of the Company, which evaluates the best conditions for sale or lease.

DIVIDENDS AND CAPITALIZATION: Considering a pay out of 25% after the legal deductions on net income, we obtain a volume of R$105.5 million to be distributed in dividends, representing a dividend yield of 4.2% with the closing price of March 24th, 2016. Regarding the profit reserve, the Company's Board of Directors will submit for approval at an Extraordinary Shareholders Meeting, the capitalization of R$136,704,485.57 of its profit reserve, with the issuance of 7,943,317 new common shares, with no par value.

The key message of the management of EZTEC, analyzing the exercise of 2015 and projecting the coming years is commitment. Characteristic that has always been present in the best moments of the market, but it is now absolutely necessary to take appropriate decisions and guarantee the sustainability of the Company, regardless of the the scenario to be presented. EZTEC is solid to go through more difficult times, but is also ready to again expand its operation if conditions permit, always seeking to deliver the best return for its shareholders.

EZTEC Management.