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

Springs Global Participações S.A.

Individual and Consolidated Interim Financial Information for the Three-month Period Ended March 31, 2018 and Report on Review of Interim Financial Information

Deloitte Touche Tohmatsu Auditores Independentes

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REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To the Shareholders, Board of Directors and Management of
Springs Global Participações S.A.
Montes Claros - MG

Introduction

We have reviewed the accompanying individual and consolidated interim financial information of Springs Global Participações S.A. (the "Company"), identified as Parent and Consolidated, respectively, included in the Interim Financial Information Form (ITR), for the three-month period ended March 31, 2018, which comprises the balance sheet as of March 31, 2018 and the related statements of operations, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including the explanatory notes.

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

Scope of review

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

Conclusion on interim financial information

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

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Other matters

Statements of value added

We have also reviewed the individual and consolidated statements of value added ("DVA") for the three-month period ended March 31, 2018, prepared under the responsibility of the Company's Management, the presentation of which is required by the standards issued by CVM applicable to the preparation of ITR and considered supplemental information for International Financial Reporting Standards - IFRS, which do not require the presentation of the DVA. These statements were subject to the same review procedures described above, and, based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the interim financial information taken as a whole.

São Paulo, May 14, 2018

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Guilherme Jorge Dagli Júnior
Engagement Partner

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

BALANCE SHEETS AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

(In thousands of Brazilian Reais)

ASSETS

		Company		Consolidated	
	Note	03.31.2018	12.31.2017	03.31.2018	12.31.2017
CURRENT:					
Cash and cash equivalents	3	29	103	134,186	155,442
Marketable securities	4	-	-	56,366	35,163
Financial instruments	23.d.4	-	-	7,774	-
Accounts receivable	5	-	-	513,788	497,647
Inventories	6	-	-	554,924	538,175
Advances to suppliers		-	-	38,267	37,159
Recoverable taxes	18.c	148	148	26,488	28,662
Other receivables		1,046	1,044	61,015	52,307
Total current assets		1,223	1,295	1,392,808	1,344,555
NONCURRENT:					
Long-term assets:					
Marketable securities	4	-	-	64,330	63,819
Receivable – clients	7	-	-	34,465	37,388
Receivable – sale of property	8	-	-	55,742	54,587
Related parties	22	-	-	41,838	39,711
Recoverable taxes	18.c	-	-	15,618	14,895
Deferred taxes	18.b	1,905	1,905	89,471	89,357
Property, plant and equipment held for sale	11.b	-	-	34,140	33,731
Escrow deposits	19	-	-	13,211	13,678
Others		-	-	32,971	34,568
		1,905	1,905	381,786	381,734
Investments in subsidiaries	9.a	1,186,354	1,193,335	-	-
Investment properties	10	-	-	210,811	211,176
Property, plant and equipment	11.a	-	-	663,749	669,165
Intangible assets	12	27,303	27,303	115,305	114,788
Total noncurrent assets		1,215,562	1,222,543	1,371,651	1,376,863
Total assets		1,216,785	1,223,838	2,764,459	2,721,418

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

BALANCE SHEETS AS OF MARCH 31, 2018 AND DECEMBER 31, 2017

(In thousands of Brazilian Reais)

LIABILITIES AND EQUITY

		Company		Consolidated	
	Note	03.31.2018	12.31.2017	03.31.2018	12.31.2017
LIABILITIES					
CURRENT:					
Loans and financing	13	21,890	21,866	358,457	444,861
Debentures	14	-	-	63,429	11,952
Suppliers	15	49	4	165,540	163,265
Taxes		123	120	8,876	13,553
Payroll and related charges		110	109	61,721	59,691
Government concessions	16	-	-	19,809	19,473
Noneconomic leases	17	-	-	7,236	7,202
Other payables		-	-	40,938	42,884
Total current liabilities		22,172	22,099	726,006	762,881
NONCURRENT:					
Loans and financing	13	-	-	572,695	582,180
Debentures	14	-	-	134,984	36,643
Noneconomic leases	17	-	-	13,468	13,816
Related parties	22	53,162	50,176	1,460	-
Government concessions	16	-	-	42,797	42,784
Miscellaneous accruals	19	-	-	18,448	18,610
Employee benefit plans	20	-	-	94,175	95,536
Deferred taxes	18.b	-	-	4,287	4,287
Other obligations		2,056	2,056	16,744	15,174
Total noncurrent liabilities		55,218	52,232	899,058	809,030
EQUITY:	21				
Capital		1,860,265	1,860,265	1,860,265	1,860,265
Capital reserves		79,381	79,381	79,381	79,381
Assets and liabilities valuation adjustments		82,450	82,435	82,450	82,435
Cumulative translation adjustments		(277,353)	(274,173)	(277,353)	(274,173)
Earnings reserves		25,170	25,170	25,170	25,170
Accumulated deficit		(630,518)	(623,571)	(630,518)	(623,571)
Total equity		1,139,395	1,149,507	1,139,395	1,149,507
Total liabilities and equity		1,216,785	1,223,838	2,764,459	2,721,418

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF OPERATIONS

FOR THE THREE-MONTH PERIODS MARCH 31, 2018 AND 2017

(In thousands of Brazilian Reais)

		Company		Consolidated	
	Note	03.31.2018	03.31.2017	03.31.2018	03.31.2017
NET REVENUES	26	-	-	528,860	516,201
COST OF GOODS SOLD	25	-	-	(388,825)	(381,091)
GROSS PROFIT		-	-	140,035	135,110
OPERATING INCOME (EXPENSES):					
Selling expenses	25	-	-	(68,161)	(66,254)
General and administrative expenses	25	(827)	(826)	(34,237)	(31,262)
Management fees	25	(315)	(99)	(2,940)	(1,961)
Equity in subsidiaries	9.a	(3,816)	(8,834)	-	-
Others, net		-	-	772	947
INCOME FROM OPERATIONS		(4,958)	(9,759)	35,469	36,580
Financial expenses – interests		(1,751)	(2,252)	(31,285)	(41,392)
Financial expenses – bank charges and others		(239)	(207)	(13,087)	(15,562)
Financial income		1	12	4,923	7,728
Exchange rate variations, net		-	-	(2,327)	972
LOSS FROM OPERATIONS BEFORE TAXES		(6,947)	(12,206)	(6,307)	(11,674)
Income and social contribution taxes:					
Current	18.a	-	-	(640)	(348)
Deferred	18.a	-	-	-	-
NET LOSS FOR THE PERIOD		(6,947)	(12,206)	(6,947)	(12,022)
ATTRIBUTED TO:					
Owners of the Company				(6,947)	(12,206)
Non-controlling interests				-	184
				(6,947)	(12,022)
BASIC AND DILUTED LOSS PER SHARE — R$	27	(0.1389)	(0.2441)		

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

FOR THE THREE-MONTH PERIODS MARCH 31, 2018 AND 2017

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
LOSS FOR THE PERIOD	(6,947)	(12,206)	(6,947)	(12,022)
Other comprehensive income (loss):				
- Items that will impact the statements of operations:				
Exchange rate variations on foreign investments	(3,180)	(1,156)	(3,180)	(1,281)
- Items that will not impact the statements of operations:				
Actuarial gain on pension plans	15	9	15	9
COMPREHENSIVE LOSS FOR THE PERIOD	(10,112)	(13,353)	(10,112)	(13,294)
ATTRIBUTABLED TO:				
Owners of the Company			(10,112)	(13,353)
Non-controlling interests			-	59
			(10,112)	(13,294)

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2017

(In thousands of Brazilian Reais)

	Note	Capital	Capital reserve	Assets and liabilities valuation adjustments	Cumulative translation adjustments	Earnings reserves: Legal	Earnings reserves: Retained earnings	Accumulated deficit	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
BALANCES AS OF DECEMBER 31, 2016		1,860,265	79,381	(36,664)	(271,090)	1,842	23,328	(633,926)	1,023,136	4,668	1,027,804
Comprehensive income (loss):											
Net loss for the period		-	-	-	-	-	-	(12,206)	(12,206)	184	(12,022)
Exchange rate variations on foreign investments	2.1.b	-	-	-	(1,418)	-	-	-	(1,418)	(125)	(1,543)
Actuarial gain on pension plans		-	-	9	-	-	-	-	9	-	9
Impact of subsidiaries-											
Exchange rate variations on foreign investments	2.1.b	-	-	-	262	-	-	-	262	-	262
Total comprehensive loss		-	-	9	(1,156)	-	-	(12,206)	(13,353)	59	(13,294)
Transactions with shares of indirect subsidiary		-	-	-	-	-	-	(2,161)	(2,161)	(1,263)	(3,424)
BALANCES AS OF MARCH 31, 2017		1,860,265	79,381	(36,655)	(272,246)	1,842	23,328	(648,293)	1,007,622	3,464	1,011,086

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2018

(In thousands of Brazilian Reais)

						Earnings reserves			
	Note	Capital	Capital reserve	Assets and liabilities valuation adjustments	Cumulative translation adjustments	Legal	Retained earnings	Accumulated deficit	Total equity
BALANCES AS OF DECEMBER 31, 2017		1,860,265	79,381	82,435	(274,173)	1,842	23,328	(623,571)	1,149,507
Comprehensive income (loss):									
Net loss for the period		-	-	-	-	-	-	(6,947)	(6,947)
Exchange rate variations on foreign investments	2.1.b	-	-	-	(372)	-	-	-	(372)
Actuarial gain on pension plans		-	-	15	-	-	-	-	15
Impact of subsidiaries-									
Exchange rate variations on foreign investments	2.1.b	-	-	-	(2,808)	-	-	-	(2,808)
Total comprehensive income (loss)		-	-	15	(3,180)	-	-	(6,947)	(10,112)
BALANCES AS OF MARCH 31, 2018		1,860,265	79,381	82,450	(277,353)	1,842	23,328	(630,518)	1,139,395

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS MARCH 31, 2018 AND 2017

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Cash flows from operating activities				
Net loss for the period	(6,947)	(12,206)	(6,947)	(12,022)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:				
Depreciation and amortization	-	-	18,161	18,442
Equity in subsidiaries	3,816	8,834	-	-
Income and social contribution taxes	-	-	640	348
Gain on disposal of property, plant and equipment	-	-	(1,891)	(5,131)
Gain on financial instrument, net	-	-	(7,774)	-
Monetary variations	-	(7)	1,473	(3,060)
Exchange rate variations	-	-	2,361	(972)
Bank charges and interests	1,990	2,454	34,827	47,184
Other accruals	-	-	(127)	-
	(1,141)	(925)	40,723	44,789
Changes in assets and liabilities				
Marketable securities	-	-	(3,417)	1,747
Accounts receivable	-	-	(16,628)	(5,951)
Inventories	-	-	(20,155)	11,994
Advances to suppliers	-	-	(1,176)	(1,691)
Suppliers	45	(75)	2,186	(18,884)
Taxes and fees	-	-	(5,145)	1,477
Others	(213)	19	(11,489)	1,728
Net cash provided by (used in) operating activities	(1,309)	(981)	(15,101)	35,209
Interest paid on loans	-	-	(22,061)	(26,575)
Income and social contribution taxes paid	-	-	(703)	(2,173)
Net cash provided by (used in) operating activities after interest and income taxes	(1,309)	(981)	(37,865)	6,461
Cash flows from investing activities				
Acquisition of investments	-	-	(107)	(3,909)
Acquisition of property, plant and equipment	-	-	(13,790)	(8,591)
Acquisition of intangibles	-	-	(2,076)	(2)
Proceeds from disposal of property, plant and equipment	-	-	2,451	10,159
Loans between related parties	1,235	18,821	(24,024)	(4,400)
Net cash provided by (used in) investing activities	1,235	18,821	(37,546)	(6,743)

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

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SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIODS MARCH 31, 2018 AND 2017

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Cash flows from financing activities				
Proceeds from new loans	-	-	267,263	262,297
Repayment of loans	-	(18,053)	(212,168)	(295,738)
Net cash provided by (used in) financing activities	-	(18,053)	55,095	(33,441)
Effect of exchange rate variations on cash and cash equivalents of foreign subsidiaries	-	-	(940)	(2,289)
Decrease in cash and cash equivalents	(74)	(213)	(21,256)	(36,012)
Cash and cash equivalents:				
At the beginning of the period	103	268	155,442	160,360
At the end of the period	29	55	134,186	124,348
Decrease in cash and cash equivalents	(74)	(213)	(21,256)	(36,012)

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

STATEMENTS OF VALUE ADDED

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2018 AND 2017

(In thousands of Brazilian Reais)

	Company		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
REVENUES				
Sales of products, goods and services	-	-	595,050	587,863
Gain on disposal of property, plant and equipment	-	-	1,769	5,131
	-	-	596,819	592,994
MATERIALS ACQUIRED FROM THIRD PARTIES				
Cost of goods and services sold	-	-	(269,237)	(271,950)
Materials, energy, third party services, and others	(1,058)	(956)	(98,755)	(89,508)
	(1,058)	(956)	(367,992)	(361,458)
GROSS VALUE ADDED	(1,058)	(956)	228,827	231,536
RETENTIONS				
Depreciation and amortization	-	-	(18,161)	(18,442)
	-	-	(18,161)	(18,442)
NET VALUE ADDED PRODUCED BY THE COMPANY	(1,058)	(956)	210,666	213,094
VALUE ADDED RECEIVED BY TRANSFER				
Equity in subsidiaries	(3,816)	(8,834)	-	-
Financial income	1	12	4,923	7,728
Exchange rate variation	-	-	4,729	(2,651)
Royalties	-	-	4,697	3,827
	(3,815)	(8,822)	14,349	8,904
TOTAL VALUE ADDED FOR DISTRIBUTION (TO RETAIN)	(4,873)	(9,778)	225,015	221,998
DISTRIBUTION OF VALUE ADDED				
Salary, wages and compensation	-	-	112,126	108,473
Taxes, duties and contributions	323	176	51,566	57,111
Payments to third parties	1,751	2,252	68,270	68,436
Net loss for the period	(6,947)	(12,206)	(6,947)	(12,022)
VALUE ADDED DISTRIBUTED (RETAINED)	(4,873)	(9,778)	225,015	221,998

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

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

SPRINGS GLOBAL PARTICIPAÇÕES S.A.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

AS OF MARCH 31, 2018

(Amounts in thousands of Brazilian Reais)

1. OPERATIONS

Springs Global Participações S.A. (the "Company"), domiciled in Montes Claros – MG, Brazil, was incorporated on November 24, 2005 and, on January 24, 2006 received as capital contribution 100% of the shares of Coteminas S.A. ("CSA") and Springs Global US, Inc. ("SGUS"), privately-held companies headquartered in Brazil and in the United States, respectively, whose shareholders were Companhia de Tecidos Norte de Minas - Coteminas ("CTNM") and the former shareholders of Springs Industries, Inc. ("SI"), respectively. On April 30, 2009, the Company acquired a controlling interest in Springs e Rossini Participações S.A. ("SRPSA"), the parent of MMartan Têxtil Ltda. ("MMartan").

On July 27, 2007, the Company's stock began trading in the "Novo Mercado" segment of B3 S.A. – Brasil, Bolsa, Balcão ("B3"), under the code "SGPS3".

The Company functions as the holding company of CSA and SGUS, companies that focus their manufacturing and distribution operations on bed and bath linens, previously carried out by CTNM and SI. This joint venture created a textile industrial complex of bed linens and bath products, with production units in Brazil, Argentina and the United States.

The Company also has leading brands in their markets, such as MMartan, Casas Moysés, Artex, Santista, Paládio, Calfat, Garcia, Arco Íris, Magicolor, among others. The Company's products have a privileged market standing on the shelves of the largest and most demanding retail channels of the world.

The Company's products are sold in the United States and Canada by SGUS through its vast distribution chain that is close to the largest retailers in those markets. In Brazil and Argentina, its products are sold by CSA and its subsidiary Coteminas Argentina S.A.

In April 2009, the Company started its bed, tabletop and bath retail operations, under the brand MMartan and later, in October 2011, with the brand Artex. The retail operation of these two brands is run by subsidiary AMMO Varejo Ltda. ("AMMO").

2. PRESENTATION OF INTERIM FINANCIAL STATEMENTS

The interim financial statements were approved by the Company's Board of Directors on May 14, 2018.

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

The Company adopted all standards, review of standards and interpretations issued by the IASB and the CPC which were effective on March 31, 2018. All relevant information relating to the interim financial statements is included herein and corresponds to those used by Company's management in its administration.

2.1 – Translation of balances in foreign currency

a) Functional and presentation currency

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

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

b) Conversion of balances

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

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

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

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

2.2 – Accounting policies

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

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

(b) Financial instruments - The Company classifies financial assets and liabilities in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") and at amortized cost.

i) Non-derivative financial assets and liabilities - recognition and derecognition

The Company recognizes financial assets and liabilities when and only when it becomes part of the contractual provisions of the instruments. The Company derecognizes a financial asset when the contractual rights to the asset's cash flows benefits expire, or when the Company transfers the rights to the receipt of contractual cash flows on a financial asset in a transaction in which substantially all the risks and benefits of ownership of the financial asset are transferred. Any participation that is created or retained by the Company in such transferred financial assets is recognized as a separate asset or liability. The Company derecognizes a financial liability when its contractual obligation is withdrawn, canceled or expired.

The financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and intends to liquidate them on a net basis or to realize the asset and settle the liability simultaneously.

ii) Non-derivative financial assets - measurement

A financial asset is measured at amortized cost if it meets both of the following conditions:

- the asset is kept within a business model with the purpose of collecting contractual cash flows; and

- the contractual terms of the financial asset give rise, on specific dates, to the cash flows that are only payments of principal and interest on the outstanding principal amount.

A debt instrument is measured at fair value through other comprehensive income only if it satisfies both of the following conditions:

- the asset is kept within a business model with the purpose of collecting contractual cash flows; and

- the contractual terms of the financial asset give rise, on specific dates, to the cash flows that are only payments of principal and interest on the outstanding principal amount.

All other financial assets are classified as measured at fair value through profit or loss.

In addition, at initial recognition, the Company may irrevocably designate a financial asset or liability as measured at fair value through profit or loss in order to eliminate or significantly reduce a possible accounting mismatch resulting from the result of the respective asset or liability.

iii) Non-derivative financial liabilities - measurement

Financial instruments classified as liabilities, after their initial recognition at fair value, are measured based on the amortized cost method based on the effective interest rate. Interest, monetary restatement and exchange variation, are recognized in income, as financial income or expenses, when incurred.

iv) Derivatives measured at fair value through profit or loss

Contracted derivative instruments are not designated for hedge accounting. Changes in the fair value of any of these derivative instruments are recognized immediately in the statement of operations.

(c) Impairment of financial instruments - Financial assets not classified as financial assets at fair value through profit or loss, including investments accounted for under the equity method, are valued at each balance sheet date to determine whether there is objective evidence of impairment loss. Objective evidence that financial assets had a loss of value includes:

- default or delays by the debtor;
- restructuring of a value due to the Company under conditions that would not be accepted under

normal conditions;
- indications that the debtor or issuer will go into bankruptcy or judicial recovery;
- negative changes in the payment situation of debtors or issuers;
- the disappearance of an active market for the instrument due to financial difficulties; or
- observable data indicating that there was a decline in the measurement of the expected cash flows of a group of financial assets.

The Company considers evidence of impairment of assets measured at amortized cost both individually and collectively. All individually significant assets are evaluated for impairment. Those that have not individually suffered a loss of value are then evaluated collectively for any loss of value that may have occurred, but has not yet been identified, which includes the expected credit losses. Assets that are not individually significant are evaluated collectively as to the loss of value based on the grouping of assets with similar risk characteristics.

In evaluating the impairment loss on a collective basis, the Company uses historical trends of the recovery period and the amounts of loss incurred, adjusted to reflect management's judgment as to whether current economic and credit conditions are such that losses are likely to be higher or lower than those suggested by historical trends.

An impairment loss is calculated as the difference between the book value and the present value of the estimated future cash flows discounted at the original effective interest rate of the asset. Losses are recognized in the statement of operations and reflected in the impairment provision account. When the Company considers that there are no reasonable expectations of recovery, the amounts are written off. When a subsequent event indicates a reduction of the impairment loss, the reduction of the impairment provision is reversed through the statement of operations.

An impairment loss relating to an investment accounted for under the equity method is measured by comparing the recoverable value of the investment with its carrying amount. An impairment loss is recognized in profit or loss and reversed if there was a favorable change in the estimates used to determine recoverable value.

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

(e) Marketable securities--Represented by amounts of immediate liquidity with maturities of more than 90 days and are subject to an insignificant risk of change in their value. The marketable securities relating to investment funds in equity instruments are classified as non-derivative financial assets, and are measured fair value through the statement of operations. All other marketable securities are classified as non-derivative financial assets measured at amortized cost and interest earned is recognized in the statements of operations of the period.

(f) Accounts receivable and allowance for expected losses on doubtful debts acconts--Accounts receivable from customers are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method less the estimated loss with doubtful accounts. The Company adopted the measurement of the estimated loss with doubtful accounts based on the entire life of the instruments, using the simplified approach, taking into account the history of movements and historical losses. As a general rule, accounts overdue at 180 days represent a relevant indicator of expected loss, and are evaluated individually.

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

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

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

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

(k) Research and development expenses--Are recognized as expenses when incurred, except when they meet the criteria for capitalization.

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

(m) Investment properties--Are held for income or capital appreciation. Investment properties are initially recorded at cost and include transaction costs. After initial recognition, investment properties are measured at fair value against comprehensive income (loss) and, thereafter, are measured annually, or whenever circumstances indicate that their carrying amount is not recoverable and the variations arising from this valuation, when identified, are recognized in the statements of operations.

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

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

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

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

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

(q) Income and social contribution taxes--The provision for income and social contribution taxes is calculated at the rate of approximately 34% on taxable income and is recognized net of the portion related to the income tax exemption. The accrual balance is net of prepayments made during the period, if applicable. For foreign subsidiaries, the tax rate ranges from 24% to 35%, according to the tax legislation of each country.

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

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

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

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

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

(w) Revenue recognition--Revenue is measured at the value of the consideration received or receivable, less any estimates of returns, cash discounts and/or trade discounts given to the buyer and other similar deductions. Revenue from operations is recognized when the performance obligation is satisfied, taking into consideration the following control transfer indicators: (i) the Company has a present right to receive payment for the asset; (ii) the customer has legal ownership of the asset; (iii) the Company transferred the physical ownership of the asset; (iv) the customer has the significant risks and benefits of ownership of the asset; and (v) the customer accepted the asset.

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

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

2.3 – Accounting estimates

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

2.4 – Consolidation criteria

The consolidated interim financial statements include the accounts of the Company and its subsidiaries CSA, AMMO and SGUS, of which it owns directly and indirectly 100% of the capital.

The subsidiary CSA, parent company of Coteminas Argentina S.A., LAT Capital Ltd., and C7S Tecnologia Ltda. with ownership interest of 100%, was included in consolidation based on its consolidated interim financial statements.

The subsidiary SGUS, parent company of (i) Warbird Corporation (Delaware, US); (ii) Springs Home Textiles Reynosa, S.A. de C.V. (Mexico); (iii) Casa Springs S.A. de C. V. (Mexico); (iv) Springmaid International, Inc. (India); (v) Springs Canada Holdings, LLC (Delaware, US); (vi) Springs Canada, Inc. (Ontario, Canada); (vii) Springs Brands, LLC (Delaware, US); (viii) Springs Cayman Holding Ltd. (Cayman Islands); and (ix) Springs Shanghai Trading Co., Ltd. (China), all wholly-owned, was included in consolidation based on its consolidated interim financial statements.

The consolidation of the balance sheets and statement of operations accounts corresponds to the sum of assets, liabilities, revenues and expenses, according to their nature, after eliminating investments in subsidiaries, unrealized profits or losses and intercompany balances.

The effect of the exchange rate variations on foreign investments is disclosed in a separate caption in the statement of changes in equity, “Cumulative translation adjustment”. The accounting practices of the foreign subsidiaries were adjusted to comply with the Company’s accounting practices. Non-controlling interests were presented separately in the statements of operations and equity.

The interim financial statements of foreign subsidiaries have been translated into Brazilian Reais based on the US Dollar exchange rate as of March 31, 2018 and December 31, 2017 for balance sheet accounts and the average monthly exchange rate for statement of operations accounts, as follows:

	2018	2017	Variance
Exchange rate as of:			
December 31	-	3.3080	-
March 31	3.3238	3.1684	4.9%
Average exchange rate:			
March 31 (3 months)	3.2437	3.1316	3.6%

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

a) The IASB accounting pronouncements listed below were published and/or revised and are applicable for the annual periods beginning on or after January 1, 2018.

CPC 47 (IFRS 15) - Revenue from contracts with customer

The Company did not identify significant impacts on the interim financial statements in accordance with CPC 47 – Revenue from Contracts with Customers, since the revenue was already recognized when the performance obligation was met.

CPC 48 (IFRS 9) - "Financial Instruments"

The Company adopted the standard as of January 1, 2018 and, considering its current transactions, did not identify changes that had a material impact on the Company's interim financial statements, since the financial instruments maintained by the Company are not complex and do not present a risk of impact on remeasurement, as well as no risk of impairment or significant reduction in value due to the expectation of future losses, and only the classification of financial assets in the expected categories is applied.

b) Certain new IASB accounting pronouncements and IFRIC interpretations were published and/or revised and have their mandatory adoption for the periods beginning after December 31, 2018. However, the early adoption of these new and revised standards and interpretations was not allowed:

CPC 06 R2 (IFRS 16) - Leasing operations

In January 2016, the IASB issued IFRS 16 - Leasing, with the main objective of redefining the recognition of operating leases. The corresponding Technical Pronouncement CPC 06 (R2) - Leasing Operations was issued on December 21, 2017. The revision of this accounting pronouncement will be effective for fiscal years beginning on or after January 1, 2019.

The new pronouncement introduces a single model for accounting for leasing contracts, eliminating the distinction between operating and financial leases, resulting in the accounting of most lease agreements in the lessees' balance sheets. The accounting of lessors remains substantially unchanged and the distinction between operating and financial lease contracts is maintained. IFRS 16 replaces IAS 17 and its interpretations.

CPC 32 (IFRIC 23) - Uncertainty over the treatment of taxes on profit

In June 2017, the IASB issued IFRIC 23 - Uncertainty Over Income Tax Treatments, with the purpose of clarifying the accounting when there are uncertainties of the taxes on profit regulated by IAS 12 - Income Taxes, being the corresponding technical pronouncement or CPC 32. This shall be effective for fiscal years beginning on or after January 1, 2019.

3. CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Repurchase transactions (*)	-	-	86,393	84,726
Foreign exchange funds (US$)	-	-	-	3,437
Foreign deposits	-	-	45,722	65,897
Checking accounts deposits	29	103	2,071	1,382
	29	103	134,186	155,442

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

4. MARKETABLE SECURITIES

	Consolidated	
	03.31.2018	12.31.2017
Fixed income – Foreign	16,975	16,969
Investment fund – Foreign	38,778	17,585
Restricted deposits (US$) (2)	64,330	63,819
Restricted cash (1)	613	609
	120,696	98,982
Current	(56,366)	(35,163)
Noncurrent	64,330	63,819

(1) On March 31, 2018, the subsidiary SGUS had restricted cash in financial institutions in the amount of US$184 thousand (US$184 thousand as of December 31, 2017) related to a compensating balance arrangement.

(2) Refers to foreign deposits, linked to the loan obtained from Santander S.A. The yield is 1.3% per annum and the deadline for redemption coincides with the terms of the loan. (See note 13.)

5. ACCOUNTS RECEIVABLE

	Consolidated	
	03.31.2018	12.31.2017
Domestic customers	378,228	392,626
Foreign customers	129,551	118,944
Credit card companies	6,279	4,771
Related parties – domestic market	24,094	5,622
Related parties – foreign market	1,425	1,476
	-----------	-----------
	539,577	523,439
Allowance for expected losses on doubtful debts acconts	(25,789)	(25,792)
	-----------	-----------
	513,788	497,647
	======	======

Accounts receivable from customers consist of receivables with an average collection period of approximately 78 days (71 days as of December 31, 2017). Past due amounts are not significant and the allowance for expected losses on doubtful debts acconts is considered by Management sufficient to cover expected losses from these receivables.

The Company's Management believes that the risk related to accounts receivable is minimized because the composition of the Company's customer portfolio is diluted. The Company has over 10,000 active clients as of March 31, 2018 and only one customer accounts for approximately 10% of sales.

The aging list of the consolidated accounts receivable was presented in the annual financial statements for the year ended December 31, 2017. There was no significant change in the composition of the aging list during the three-month period ended March 31, 2018.

Changes in the consolidated allowance expected losses on doubtful debts acconts are as follows:

	03.31.2018	12.31.2017
Balance at the beginning of the period	(25,792)	(21,118)
Additions	(47)	(5,485)
Write-offs	-	868
Exchange rate variation	50	(57)
	-------------	-------------
Balance at the end of the period	(25,789)	(25,792)
	=======	=======

6. INVENTORIES

	Consolidated	
	03.31.2018	12.31.2017
Raw materials and supplies	100,170	98,863
Work in process	144,090	144,227
Finished products	272,836	256,116
Repair parts	37,828	38,969
	------------	------------
	554,924	538,175
	=======	=======

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

	12.31.2017	(Additions) disposals	Exchange rate variations	03.31.2018
Raw materials and supplies	(544)	-	-	(544)
Finished products	(3,837)	(2,013)	(68)	(5,918)
Repair parts	(2,614)	-	61	(2,553)
	-------------	-------------	-------------	-------------
	(6,995)	(2,013)	(7)	(9,015)
	======	======	======	======

	12.31.2016	(Additions) disposals	Exchange rate variations	03.31.2017
Raw materials and supplies	(1,246)	-	-	(1,246)
Finished products	(9,194)	2,556	256	(6,382)
Repair parts	(2,994)	-	-	(2,994)
	-------------	-------------	-------------	-------------
	(13,434)	2,556	256	(10,622)
	======	======	======	======

7. RECEIVABLE – CLIENTS

	Consolidated	
	03.31.2018	12.31.2017
Clients in out-of-court recovery plan (a)	16,808	17,500
Clients in court recovery plan (b)	2,093	2,091
Installment plan agreed with clients (c)	159	211
Clients in court recovery plan (d)	1,529	1,549
Sale of real estate (e)	16,295	17,480
Financing on stores transfer (f)	8,604	9,671
Rent receivable	127	143
	45,615	48,645
Current (*)	(11,150)	(11,257)
Noncurrent	34,465	37,388

(*) Included in "Other Receivables" in current assets.

(a) Payments in 69 equal monthly installments with interest equivalent to 80% of the Interbank Deposit Certificates – CDI rate.

(b) Payment in 20 semiannual installments including a grace period of 42 months before the first payment in March 2020, with interest of 0.5% per year plus Reference Rate (TR).

(c) Payment in 16 equal monthly installments.

(d) Payment in 11 increasing annual installments, with interest between 2% to 3% per year.
(e) Payments in 55 equal monthly installments with interest of 0.5% per month.

(f) Financing on store transfers to franchisees, with payment in equal monthly installments, and adjusted based on the IGP-M (general market price index).

8. RECEIVABLE – SALE OF PROPERTY

In May 2015, the subsidiary CSA sold real estate located in the city of Montes Claros - MG, to the municipality, for R$48,000, to be received in 12 monthly installments of R$1,000 each, plus 24 monthly installments of R$1,500 each, adjusted for inflation using the "IGP-M" from the date the agreement was signed and including a grace period of 12 months before the first payment. This agreement, in which the property transfer registration contained a pro-solvency clause, was signed with the Municipal Executive Branch after express consent of the Legislative Branch of that municipality. The Executive Branch came into possession of the property and began its retrofit projects. The subsidiary CSA has a guarantee for the installments, through revenue and quotas of the Municipality Participation Fund – "FPM".

In January 2017, the newly appointed Executive Branch of Montes Claros municipality created a working group to reassess the economic and qualitative benefits of the project, so that together a new condition for payment of the contract is established, in light of the current financial situation of the municipality.

On October 27, 2017, the Montes Claros municipality and the subsidiary CSA signed a letter of intent with the objective of enabling the implementation of the new Municipality complex which will house the government and the main departments in a single architectural complex located in the

CSA's first plant in Montes Claros. The main points of the proposal are: (i) delivery of pre-selected municipal properties, which will be subject to independent evaluation, as payment of CSA receivables, (estimated at 77% of the total amount to be received), plus compensation for municipal taxes (estimated at 23% of total amount to be received), and (ii) implementation of the first phase of adapting the complex within 7 months after the start of the project, with investments made by CSA in the amount of approximately R$10,477, which will be added to the total amount to be paid by the Montes Claros municipality to CSA. The ratification of the letter of intent shall be subject to a municipal bill to be submitted by the Executive Branch to the House.

The management of CSA, based on the opinion of its lawyers, in the letter of intent and in a recent update of the market value of the property, concluded that currently there are no expectations of losses with this receivable.

9. INVESTMENTS IN SUBSIDIARIES

a) Direct investments:

Subsidiaries	Equity	Ownership interest %	Net income (loss) for the period	Total investment 03.31.2018	Total investment 12.31.2017	Equity in subsidiaries (Company) 03.31.2018	Equity in subsidiaries (Company) 03.31.2017
SGUS	159,307	100.0	9,619	159,307	150,045	9,619	15,839
CSA	996,793	100.0	(8,262)	996,793	1,007,863	(8,262)	(19,882)
AMMO	30,254	100.0	(5,173)	30,254	35,427	(5,173)	(4,791)
				1,186,354	1,193,335	(3,816)	(8,834)

b) Indirect investments:

SGUS' investments

	Equity (deficit)	Ownership interest %	Total investment 03.31.2018	Total investment 12.31.2017	Equity in subsidiaries 03.31.2018	Equity in subsidiaries 03.31.2017
Warbird Corporation (Delaware, US)	(32)	100.0	(32)	(31)	(1)	(16)
Springs Home Textiles Reynosa, S.A. de C.V. (Mexico) (1)	1,776	100.0	1,776	1,760	(3)	(4)
Casa Springs S.A. de C.V. (Mexico) (1)	1,586	100.0	1,586	1,820	-	(2)
Springmaid International, Inc. (India)	130	100.0	130	135	-	-
Springs Canada, Inc. (Ontario, Canada) (2)	51,225	100.0	51,225	51,669	1,278	691
Springs Brands, LLC (Delaware, US) (2), (3)	-	100.0	-	-	-	476
Springs Cayman Holding Ltd. (Cayman Islands) (2)	3,676	100.0	3,676	3,663	-	(6)
Springs Shanghai Trading Co., Ltd. (China) (4)	(1,152)	100.0	(1,152)	(661)	(479)	(325)

(1) Warbird Corporation's (Delaware, US) wholly-owned subsidiaries.
(2) Wholly-owned subsidiaries of SGUS. Previously, these companies were wholly-owned subsidiaries of Springs Canada Holdings, LLC (Delaware, EUA), which was incorporated on December 30, 2017.
(3) On December 31, 2017 Springs Brands, LLC was incorporated by SGUS.
(4) Springs Cayman Holding Ltd.'s (Cayman Islands) wholly-owned subsidiary.

CSA's investment

	Equity	Ownership interest %	Net income (loss) for the period	Total investment 03.31.2018	Total investment 12.31.2017	Equity in subsidiaries 03.31.2018	Equity in subsidiaries 03.31.2017
Subsidiaries -							
Coteminas Argentina S.A. (2)	48,766	100.00	(6,485)	48,766	45,162	(6,485)	475
LAT Capital Ltd.	2,905	100.00	(373)	2,905	3,235	(373)	1,333
C7S Tecnologia Ltda. (1)	3,080	100.00	(60)	3,080	3,140	(60)	-
				----------	----------	----------	----------
				54,751	51,537	(6,918)	1,808
				======	======	======	======

(1) C7S Tecnologia Ltda. is a subsidiary of the Company and is headquartered in Blumenau – Santa Catarina (Brazil). The company focuses on developing and promoting internet sales directly to consumers. In 2017, the subsidiary was in its pre-operating stage and began its operations in February 2018.

(2) On March 7, 2018, CSA subscribed and paid capital in the subsidiary in the amount of R$12,939 (US$4,000 thousand).

10. INVESTMENT PROPERTIES

In the year ended December 31, 2017, the subsidiary CSA consolidated and started the phased implementation of a lease project of its facility located in São Gonçalo do Amarante - RN, which had previously ceased operations. As a way of implementing the project, throughout the year of 2017, the subsidiary CSA prepared and vacated the area designated for leasing and has already entered into lease agreements with large retailers. The complex is 247.3 thousand m² where 50.0 thousand m² have already been leased, and additional lease negotiations are in progress.

With the designation of the property for leasing purposes, with a defined income, separate from the textile operations of the subsidiary CSA, the residual value of the property and its improvements, previously recorded as property, plant and equipment at cost, were transferred to investment properties. The changes in the investment properties are as follows:

	12.31.2017	Additions	Others	03.31.2018
Residual cost of the property:				
Total residual cost	43,722	98	(463)	43,357
Surplus/added value (*)	167,454	-	-	167,454
	----------	-----------	----------	----------
	211,176	98	(463)	210,811
	=======	=======	=======	=======

(*) Recorded in assets and liabilities valuation adjustments, net of deferred tax liabilities of R$56,934. See note 18.c.

The rental income in the first quarter of 2018 was R$430 and is classified in the statement of operations under "Other, net".

11. PROPERTY, PLANT AND EQUIPMENT AND PROPERTY, PLANT AND EQUIPMENT HELD FOR SALE

a. Property, plant and equipment

		Consolidated			
		03.31.2018			12.31.2017
	Rate (*) %	Cost	Accumulated depreciation	Net book value	Net book value
Land and improvements	3.4	30,150	(10,549)	19,601	20,182
Buildings	2.7	361,539	(149,529)	212,010	213,222
Installations	6.5	198,174	(141,169)	57,005	58,447
Machinery and equipment	6.2	1,147,283	(852,720)	294,563	305,318
Hydroelectric Plant - Porto Estrela (**)	3.8	37,587	(16,949)	20,638	20,997
Furniture and fixtures	8.3	44,715	(32,899)	11,816	12,129
Vehicles	20.0	12,366	(11,000)	1,366	1,542
Computers and peripherals	15.4	54,976	(51,130)	3,846	3,816
Construction in progress	-	37,342	-	37,342	27,644
Others	10.0	145,214	(139,652)	5,562	5,868
		2,069,346	(1,405,597)	663,749	669,165

(*) Weighted average annual depreciation rate.
(**) See note 16.

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

The changes in consolidated property, plant and equipment are as follows:

Cost:

	12.31.2017	Additions	Disposals	Transfer between accounts and to/from PP&E held for sale	Exchange rate variations	03.31.2018
Land and improvements	30,380	-	(4)	-	(226)	30,150
Buildings	360,643	1,047	-	-	(151)	361,539
Installations	198,633	204	(920)	623	(366)	198,174
Machinery and equipment	1,148,007	1,339	(466)	(600)	(997)	1,147,283
Hydroelectric Plant - Porto Estrela	37,587	-	-	-	-	37,587
Furniture and fixtures	44,525	133	(6)	60	3	44,715
Vehicles	13,333	9	(1,055)	78	1	12,366
Computers and peripherals	54,740	413	(222)	11	34	54,976
Construction in progress	27,644	10,645	(501)	(178)	(268)	37,342
Others	144,610	-	-	-	604	145,214
	2,060,102	13,790	(3,174)	(6)	(1,366)	2,069,346

Accumulated depreciation:

	12.31.2017	Additions	Disposals	Transfer between accounts and to/from PP&E held for sale	Exchange rate variations	03.31.2018
Land and improvements	(10,198)	(351)	-	-	-	(10,549)
Buildings	(147,421)	(2,128)	-	-	20	(149,529)
Installations	(140,186)	(1,988)	881	(57)	181	(141,169)
Machinery and equipment	(842,689)	(11,081)	357	58	635	(852,720)
Hydroelectric Plant - Porto Estrela	(16,590)	(359)	-	-	-	(16,949)
Furniture and fixtures	(32,396)	(495)	6	-	(14)	(32,899)
Vehicles	(11,791)	(173)	968	-	(4)	(11,000)
Computers and peripherals	(50,924)	(380)	216	(1)	(41)	(51,130)
Others	(138,742)	(307)	-	-	(603)	(139,652)
	(1,390,937)	(17,262)	2,428	-	174	(1,405,597)

Cost:

	12.31.2016	Additions	Disposals	Transfer	Exchange rate variations	03.31.2017
Land and improvements	36,333	72	(1,751)	-	(31)	34,623
Buildings	424,331	2	(32,183)	368	(1,096)	391,422
Installations	228,648	16	(31)	2,023	22	230,678
Machinery and equipment	1,118,476	1,572	(2,043)	13,812	(1,944)	1,129,873
Hydroelectric Plant - Porto Estrela	37,584	1	-	-	-	37,585
Furniture and fixtures	44,315	138	(416)	948	(273)	44,712
Vehicles	16,690	172	-	-	(140)	16,722
Computers and peripherals	56,409	368	(499)	34	(1,023)	55,289
Construction in progress	56,392	6,232	(945)	(17,185)	(4)	44,490
Others	142,605	18	-	-	(3,602)	139,021
	2,161,783	8,591	(37,868)	-	(8,091)	2,124,415

Accumulated depreciation:

	12.31.2016	Additions	Disposals	Transfer	Exchange rate variations	03.31.2017
Land and improvements	(9,130)	(471)	516	-	6	(9,079)
Buildings	(183,804)	(2,288)	27,694	-	775	(157,623)
Installations	(153,103)	(2,150)	10	8	(13)	(155,248)
Machinery and equipment	(816,934)	(11,519)	128	7	1,905	(826,413)
Hydroelectric Plant - Porto Estrela	(15,156)	(358)	-	-	-	(15,514)
Furniture and fixtures	(31,355)	(530)	114	(15)	246	(31,540)
Vehicles	(14,899)	(193)	-	-	137	(14,955)
Computers and peripherals	(52,543)	(365)	98	-	1,004	(51,806)
Others	(135,593)	(320)	-	-	3,601	(132,312)
	(1,412,517)	(18,194)	28,560	-	7,661	(1,394,490)

b. Property, plant and equipment held for sale

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

As a result of this analysis, the recoverable value of R$34,140 (R$33,731 as of December 31, 2017) was presented in noncurrent assets under "Property, plant and equipment held for sale.

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

	12.31.2017	Additions	Disposals	Exchange rate variations	03.31.2018
Cost	385,546	-	(362)	1,750	386,934
Depreciation	(324,971)	(279)	294	(1,489)	(326,445)
Provision for losses	(26,844)	-	614	(119)	(26,349)
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	33,731	(279)	546	142	34,140
	======	======	======	======	======

	12.31.2016	Additions	Disposals	Exchange rate variations	03.31.2017
Cost	448,763	440	(6)	(11,214)	437,983
Depreciation	(357,329)	(248)	6	8,903	(348,668)
Provision for losses	(42,199)	-	-	1,031	(41,168)
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	49,235	192	-	(1,280)	48,147
	======	======	======	======	======

12. INTANGIBLE ASSETS

	Consolidated	
	03.31.2018	12.31.2017
Goodwill from the acquisition of North American companies	37,773	37,748
Goodwill from the acquisition of AMMO (parent company)	27,303	27,303
Trademarks – owned	16,344	16,339
Trademarks – use license (*)	8,358	9,157
Intellectual property	2,982	3,139
Store locations (real estate intangible)	22,545	21,102
	-----------	-----------
Total	115,305	114,788
	======	======

(*) Trademarks – use license: Represents the licensing of the use of the trademark "Santista" in Argentina and it is amortized over the term of the contract in 15 years.

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

The projection period for the December 2017 cash flows was five years. The assumptions used to determine the fair value through the discounted cash flow method include: cost of capital, growth rate and adjustments used for perpetual cash flows, methodology for determining working capital, investment plans, and long-term economic-financial forecasts. Additionally, the perpetuity has been calculated considering the stabilization of the operating margins, working capital and investments.

The annual discount rate used was 13.3% and the perpetuity growth rate considered was 3% per year, for both SGUS goodwill, the acquisition of North American companies and the Company's goodwill in the acquisition of AMMO. The discount rate used was determined taking into consideration market information available on the test date.

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

	12.31.2017	Additions (disposals)	Amortization	Exchange rate variations	03.31.2018
Goodwill from the acquisition of North American companies	37,748	-	-	25	37,773
Goodwill from the acquisition of AMMO	27,303	-	-	-	27,303
Trademarks – owned	16,339	5	-	-	16,344
Trademarks – use license	9,157	-	(734)	(65)	8,358
Intellectual property	3,139	-	(157)	-	2,982
Store locations (real estate intangible)	21,102	1,443	-	-	22,545
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Total	114,788	1,448	(891)	(40)	115,305
	======	=====	=====	=====	======

	12.31.2016	Additions (disposals)	Amortization	Exchange rate variations	03.31.2017
Goodwill from the acquisition of North American companies	36,821	-	-	(978)	35,843
Goodwill from the acquisition of AMMO	27,303	-	-	-	27,303
Trademarks – owned	16,334	-	-	-	16,334
Trademarks – use license	11,373	(155)	-	-	11,218
Store locations (real estate intangible)	24,136	(614)	-	-	23,522
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Total	115,967	(769)	-	(978)	114,220
	======	=====	=====	=====	======

The intangible assets presented above (except "Trademarks – use license" and "intellectual property") have indefinite useful lives, and therefore are not amortized, but their recoverable values are tested for impairment annually. Trademarks are recorded at their acquisition cost. The amounts related to the store locations (real estate intangible) are recorded at the acquisition cost of the respective store, net of the allowance for loss in recoverable value, based on its market value determined by an independent broker with valuation expertise.

13. LOANS AND FINANCING

	Currency	Annual interest rate - %	Maturity	Consolidated 03.31.2018	Consolidated 12.31.2017
Local currency (*):					
Banco do Brasil S.A. (b)	R$	128.7 a 135.0 do CDI e 11.2 + IRP	2021	404,623	410,348
Banco do Brasil S.A. (CDC)	R$	9.6 a 10.1	2018	34,141	34,229
Banco do Brasil S.A. (*)	R$	167.2 do CDI	2018	36,957	36,945
Banco Itaú BBA S.A.	R$	132.0 do CDI	2018	-	101,012
Banco BBM S.A.	R$	149.0 do CDI	2021	56,145	49,311
Banco ABC do Brasil S.A.	R$	4.59 + CDI	2020	19,430	20,073
Banco Bradesco S.A. (*)	R$	4.42 e 4.54 + CDI	2018	19,086	20,228
Banco Santander S.A.	R$	167.2 do CDI	2018	5,918	-
BNDES (Finame)	R$	3.0 a 9.5	2023	2,116	2,435
Others	R$	-	2018	50	64
				-----------	-----------
				578,466	674,645
Foreign currency:					
Banco Patagonia	$ARG	24.3 e 30.3	2019	27,870	30,047
Banco Frances	$ARG	28.0	2018	3,005	2,797
Banco Rio – Cerrito	$ARG	31.5	2018	2,918	2,898
Wells Fargo Bank, N.A. (c)	US$ e CAD$	3.5 a 5.5	2021	108,580	105,869
Banco do Brasil S.A.	US$	6.9	2018	27,127	26,561
Banco Santander S.A. PPE (a)	US$	89.0 a 118.8 do CDI	2020	156,503	170,956
JP Morgan	US$	Libor + 0.85	2018	26,683	13,268
				-----------	-----------
				352,686	352,396
				-----------	-----------
Total				931,152	1,027,041
Current				(358,457)	(444,861)
				-----------	-----------
Noncurrent				572,695	582,180
				=======	=======

(*) Loans held in part by the Company.

(a) Loan guaranteed by linked marketable securities in the amount of US$18,900 thousand (see note 4). The loan contains covenants where the Company, as guarantor, agreed to comply with the following financial ratios in its consolidated financial statements: (i) Net Debt to EBITDA ratio, no greater than 3.5 during the year 2017; 3.25 during the year 2018; 3.0 during the year 2019; (ii) Net Debt to Shareholders' Equity ratio, no greater than 0.7; and (iii) EBITDA to net financial expenses ratio, no less than 2.0.

(b) Loan with early maturity covenants, in which the Company, as guarantor, agreed to comply with the following financial ratios: Net Debt to EBITDA ratio, no greater than 4.0 during the year 2017; 3.5 during the year 2018; 3.0 during the year 2019, in its consolidated financial statements.

(c) Revolving credit facility with Wells Fargo Bank, N.A. in the amount of US$60,000 with a five-year term. The revolving credit facility limits certain activities of SGUS such as sales of assets, distributions to shareholders and incurrence of additional indebtedness. Substantially all of SGUS' assets have been pledged as collateral pursuant to the loan agreement.

Loans are collateralized by: (i) registered security interest in real estate, machinery and equipment located in the city of Montes Claros, as well as a guarantee from the controlling shareholder for various loans; and (ii) by sureties and bank guarantees for the remaining financing.

Maturities are as follows:

	2018	2019 Short-term	2019 Long-term	2020	2021 to 2023	Total
Local currency:						
Banco do Brasil S.A.	76,372	-	109,480	109,329	109,442	404,623
Banco do Brasil S.A. (CDC)	34,141	-	-	-	-	34,141
Banco do Brasil S.A.	36,957	-	-	-	-	36,957
Banco BBM S.A.	14,083	4,673	14,021	18,694	4,674	56,145
Banco ABC do Brasil S.A.	5,882	1,936	5,806	5,806	-	19,430
Banco Bradesco S.A.	19,086	-	-	-	-	19,086
	5,918	-	-	-	-	5,918
BNDES (Finame)	846	281	824	130	35	2,116
Others	37	2	6	5	-	50
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	193,322	6,892	130,137	133,964	114,151	578,466
Foreign currency:						
Banco Patagonia	15,993	-	11,877	-	-	27,870
Banco Frances	3,005	-	-	-	-	3,005
Banco Rio - Cerrito	2,918	-	-	-	-	2,918
Wells Fargo Bank, N.A.	-	-	-	-	108,580	108,580
Banco do Brasil S.A.	27,127	-	-	-	-	27,127
Banco Santander S.A. PPE	67,281	15,236	45,034	28,952	-	156,503
JP Morgan	26,683	-	-	-	-	26,683
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	143,007	15,236	56,911	28,952	108,580	352,686
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	336,329	22,128	187,048	162,916	222,731	931,152
	======	======	======	======	======	======

Changes in consolidated loans and debentures were as follows:

	Loans	Debentures	Total
Balance as of December 31, 2017	1,027,041	48,595	1,075,636
Debt proceeds or renewal	117,263	150,000	267,263
Accrued interests	22,122	2,468	24,590
Paid principal	(212,168)	-	(212,168)
Paid interests	(22,061)	-	(22,061)
Exchange rate variations	(1,870)	-	(1,870)
Prepaid charges, net	825	(2,650)	(1,825)
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Balance as of March 31, 2018	931,152	198,413	1,129,565
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14. DEBENTURES

a) On June 12, 2017, subsidiary CSA issued the 3rd series of non-convertible debentures with the following terms, which, on the same date, were fully subscribed by Gaia Agro Assessoria Financeira Ltda. (“Subscriber”). Subsequently, the Subscriber sold the debentures to Gaia Securitizadora Agro SA ("Securitization"), with the objective of relating the resources of the debentures to the issuance of Agribusiness Receivables Certificates ("CRA").

Debentures’ Terms	
Quantity of issued debentures	50,000
Debentures unit price (amount in Brazilian Reais)	R$1,000
Amortization:	
Maturity of 1st installment – 25.00%	12/18/2018
Maturity of 2nd installment – 8.33%	06/18/2019
Maturity of 3rd installment – 16.67%	12/18/2019
Maturity of 4th installment – 50.00%	06/18/2020
Return	110% of CDI
Interest amortization	Semiannual
Guarantees	(1)
Covenants	(2)

The funds were available to the subsidiary on the subscription date of the debentures. The issuance costs of the debentures and the subsequent issuance costs of the CRA, in the amount of approximately R$1,977, equivalent to 3.95% of the total issuance amount, will be amortized as transaction cost, along with the debentures charges, prorated to the outstanding debt balance.

(1) Guarantees:

Secured guarantee: Real estate of subsidiary CSA which market valuation is greater than 200% of the CRA issuance value. At any time, one or more real estate may be disposed at the discretion of subsidiary CSA and without consent of the CRA holders, provided that: (i) such sale shall not decrease the rate of 200% guarantee of the secured obligations to the CRA holders; and (ii) subsidiary CSA uses the net proceeds of the disposed assets for repayment of bank loans.

Fidejussory guarantee: Surety given by the Company.

(2) Covenants:

In addition to the usual covenants, the Company has agreed to comply with the following financial ratios: (i) Net Debt to Adjusted EBITDA ratio, equal to or less than 4.0 (four); (ii) Net Debt to Shareholders' Equity ratio, equal to or less than 0.7 (seven tenths); and (iii) EBITDA to Interest ratio, equal to or greater than 2.0 (two). The above ratios are required for the entire contract period and are measured semiannually starting in December 2017. The terms used to describe the ratios have their particular definition set forth in the contract and may differ from the financial statement lines.

b) On February 19, 2018, subsidiary CSA issued the 4th series of non-convertible debentures with the following terms, which, on February 19, 2018, was fully subscribed.

4th Series Debentures Terms

Quantity of issued Debentures	150,000
Debentures unit price (amount in Brazilian Reais)	R$1,000
Amortization	12 equal quarterly installments
Maturity of 1st installment	05/19/2018
Maturity of 12th installment	02/19/2021
Return	100% of CDI + 2.75% per annum
Interest amortization	12 equal quarterly installments
Guarantees	(1)
Covenants	(2)

(1) Guarantees:

Secured Guarantee: Property of the Company, see note 10, whose fair value must remain higher than 1.43 times the issue value of the Debentures in the first year and in the following years 1.67 times. In addition, the lease contracts of the property are part of the guarantee, and the fiduciary agent may, in case of default, retain the rent receivables until the default is resolved.

Fidejussory guarantee: Surety given by the Company and by Josué Christiano Gomes da Silva.

(2) Covenants:

The Company has no commitment to maintain financial ratios.

Balances of the debentures on March 31, 2018 were as follows:

	Original amount updated	Prepaid interest	Accrued interest	Balances on 03.31.2018	Balances on 12.31.2017
Debentures of:					
3rd series	12,500	(635)	978	12,843	11,952
4th series	50,000	(992)	1,578	50,586	-
Current liability	62,500	(1,627)	2,556	63,429	11,952
Debentures of:					
3rd series	37,500	(708)	-	36,792	36,643
4th series	100,000	(1,808)	-	98,192	-
Noncurrent liability	137,500	(2,516)	-	134,984	36,643
Debentures total	200,000	(4,143)	2,556	198,413	48,595

15. SUPPLIERS

	Consolidated	
	03.31.2018	12.31.2017
Domestic market	66,339	60,719
Foreign market	99,201	102,546
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	165,540	163,265
	======	======

Accounts payable to suppliers consist of amounts with an average maturity term of approximately 39 days (37 days as of December 31, 2017).

16. GOVERNMENT CONCESSIONS

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

In compensation for the concession granted, CSA, together with the other consortium members, will pay installments over the concession period to the Federal Government, as presented below:

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

Total annual installments of the concession:

	Years 5 to 15 2002 to 2012	Years 16 to 25 2013 to 2022	Years 26 to 35 2023 to 2032
Historical amounts:			
Minimum installment	120	120	120
Additional installment	-	12,510	20,449
Annual installment	120	12,630	20,569
Total installments	1,320	126,300	205,690
Monetarily adjusted installments	6,211	594,279	967,820

For accounting purposes, subsidiary CSA recognizes expenses incurred on an accrual basis, as a contra entry to noncurrent liabilities, on a straight-line basis, based on its share in the total concession amount, 33.33%, at present value, considering a basic interest rate, monetarily adjusted based on the IGP-M. As of March 31, 2018, this amount represents R$62,606, of which, R$19,809 is classified in current liabilities and R$42,797 is classified as noncurrent liabilities (R$62,257 as of December 31, 2017, of which, R$19,473 is classified in current liabilities and R$42,784 is classified as noncurrent liabilities).

As of March 31, 2018, the net book value of the property, plant and equipment related to the current concession is R$20,638 (R$20,997 as of December 31, 2017) (see note 11), considering CSA's equity interest in the investments for the construction of the Porto Estrela Hydroelectric Plant, located on the Santo Antônio River, 270 km from Belo Horizonte, with installed capacity of 112 MW. The plant began generation activities at the end of 2001.

17. LEASES

Subsidiary SGUS leases properties and equipment under operating leases. Total leasing expense in the three-month period ended March 31, 2018 was R$9,861 (R$9,525 in the three-month period ended March 31, 2017). Subsidiary SGUS contractually agreed with third-parties to sublease certain vacant facilities that no longer provide economic benefit. Total sublease income in the three-month period ended March 31, 2018 was R$3,786 (R$3,434 in the three-month period ended March 31, 2017).

Lease payments scheduled for the future years are estimated as follows:

Year	2018
2018 (*)	26,996
2019	31,357
2020	28,984
2021	29,193
2022	25,600

(*) 9 months

After 2022, lease payments continue to decrease until the contracts terminate on several dates through 2030, totaling R$182,403.

For the periods between 2018 and 2025, subsidiary SGUS is scheduled to receive sublease payments of R$66,941.

The subsidiary SGUS has short and long-term accruals totaling R$20,704 (R$21,018 as of December 31, 2017) which consists of the present value of estimated future lease obligations (for the agreements that remained effective after the closing of certain leased facilities in the U.S.), net of existing sublease income and estimated sublease income of closed facilities, which were not yet subleased. This potential sublease income would result in a reduction of the above obligations by R$119,596.

18. INCOME TAX AND OTHER TAXES

a. Income taxes reconciliation (income and social contribution taxes)

	Company		Consolidated	
	03.31.2018	03.31.2017	03.31.2018	03.31.2017
Loss from operations before taxes	(6,947)	(12,206)	(6,307)	(11,674)
Permanent differences:				
Equity in subsidiaries	3,816	8,834	-	-
Nontaxable income	-	-	(10,267)	(8,194)
Permanent differences from foreign subsidiaries	-	-	(743)	(75)
Other	-	-	(52)	441
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Income tax basis	(3,131)	(3,372)	(17,369)	(19,502)
34% income tax rate	1,065	1,147	5,905	6,631
Unrecognized tax credits	(1,065)	(1,147)	(6,437)	(6,817)
Other	-	-	(108)	(162)
	------------	------------	------------	------------
Total income taxes	-	-	(640)	(348)
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Income taxes – current	-	-	(640)	(348)
Income taxes – deferred	-	-	-	-
	=======	=======	=======	=======

b. Deferred income and social contribution taxes

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

Deferred income and social contribution taxes recorded in the consolidated interim financial statements arise from subsidiaries’ temporarily nondeductible provisions, transferred tax credit, and subsidiaries’ net operating losses.

Deferred income and social contribution taxes are composed as follows:

	12.31.2017	Recognized in: Statement of operations	Recognized in: Equity	Exchange rate variations	Other	03.31.2018
Assets:						
Temporary differences (CSA – Argentina) (1) (a)	1,301	-	-	-	(91)	1,210
Temporary differences (CSA – Brasil) (1) (p)	17,703	(3,722)	-	-	-	13,981
Net operating losses (CSA – Brasil) (1) (p)	27,777	3,722	-	-	-	31,499
Tax credits from foreign subsidiary (CSA – Brasil) (1) (p)	7,167	-	-	-	-	7,167
Net operating losses (SGUS – EUA) (2)	83,577	-	-	399	-	83,976
Temporary differences (AMMO – Brasil) (a)	531	-	-	-	(194)	337
Net operating losses (AMMO – Brasil) (a)	2,042	-	-	-	-	2,042
Net operating losses (SGPSA – Brasil) (a)	1,906	-	-	-	-	1,906
	142,004	-	-	399	(285)	142,118
Deferred tax liabilities:						
Investment properties (CSA – Brasil) (1) (p)	(56,934)	-	-	-	-	(56,934)
Total deferred taxes, net	85,070	-	-	399	(285)	85,184
Noncurrent assets (sum of a)	89,357	-	-	399	(285)	89,471
Noncurrent liabilities (sum of p)	(4,287)	-	-	-	-	(4,287)

(1) Deferred taxes of subsidiary CSA:

Deferred taxes (assets):

The subsidiary CSA, based on its business plan and future projections, maintained deferred tax assets derived from accumulated tax losses. Future projections consider the Company's operating results for the next 10 years adjusted to present value and a reduction of interest rates during that period and the resulting cost of debt, among other actions. Based on these actions and the assumptions used in the preparation of the business plan, the management of that subsidiary has expectations to generate future taxable income that will allow the realization of the deferred tax credits shown as follows:

Year	CSA Temporary differences	CSA Operating losses (*)	CSA Argentina	CSA
2018	3,243	(3,243)	1,210	1,210
2019	-	94	-	94
2020	-	3,237	-	3,237
2021	-	5,986	-	5,986
2022	-	7,244	-	7,244
2023	1,267	9,120	-	10,387
2024 and thereafter	9,471	16,228	-	25,699
	13,981	38,666	1,210	53,857

(*) Includes compensation of taxes paid in Argentina in amount of R$7,167.

Temporary differences are fully deductible from taxable income, while tax losses are limited to 30% of taxable income. Both have no deadline for expiration.

Additionally, as of March 31, 2018, subsidiary CSA had net operating losses of R$651,393 (R$639,730 as of December 31, 2017) and social contribution tax losses of R$657,694 (R$645,986 as of December 31, 2017), whose tax assets were not recognized in the interim financial statements.

Deferred taxes (liabilities):

Income and social contribution taxes resulting from the initial fair value adjustment on investment properties, see note 10.

Fair value	211,176
Total residual cost	(43,722)

Surplus/ added value	167,454
Income and social contribution tax payable (34%)	56,934
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(2) Deferred taxes of subsidiary SGUS:

The subsidiary SGUS, based on its business plan and future projections, maintained deferred tax assets derived, primarily, from accumulated tax losses. Based on its historical profitability in recent years and the projections of its operating results, the subsidiary SGUS recorded deferred tax assets as of March 31, 2018 totaling R$83,976 (R$83,577 as of December 31, 2017), based on management's assessment of the amount of deferred tax assets that are considered realizable. The change during the first quarter of 2018 is due to the effect of the exchange rate variation.

The projections considered the operating results of SGUS for the next 6 years. Based on the assumptions utilized in the preparation of business plan, SGUS management expects to generate future taxable income that will allow the realization of the deferred tax assets.

The estimated realization for the deferred tax assets of subsidiary SGUS, as of March 31, 2018, is shown below:

Year	Subsidiary SGUS
2018	14,169
2019	13,229
2020	14,729
2021	14,410
2022	13,652
2023 and thereafter	13,787

	83,976
	======

Temporary differences are fully deductible from taxable income and have no deadline for utilization. The net operating tax losses are also fully deductible, but the federal losses will expire between 2022 and 2034 and the state losses will expire between 2018 and 2034.

Additionally, on March 31, 2018, subsidiary SGUS had R$601,225 in tax losses (R$598,367 at December 31, 2017) whose tax assets were not recognized in the financial statements.

d. Recoverable taxes

	Company		Consolidated	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
ICMS (state VAT)	-	-	6,539	5,489
Income and social contribution taxes prepayments	148	148	22,010	22,082
Recoverable PIS and COFINS	-	-	9,014	9,019
IVA – Gross proceeds (Argentina)	-	-	1,506	2,115
VAT – China and Mexico	-	-	1,290	1,103
Recoverable IPI	-	-	83	1,301
Other recoverable taxes	-	-	1,664	2,448
	-----------	-----------	-----------	-----------
	148	148	42,106	43,557
Current	(148)	(148)	(26,488)	(28,662)
	-----------	-----------	-----------	-----------
Noncurrent	-	-	15,618	14,895
	=======	=======	=======	=======

19. MISCELLANEOUS ACCRUALS

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

The Company and its subsidiaries have tax, labor and civil claims, whose loss was estimated as possible in the amount of R$85,940, R$4,627 and R$17,395, respectively. The claims for which losses are considered probable are summarized as follows:

	Consolidated	
	03.31.2018	12.31.2017
Tax litigation claims:		
-INSS	1,998	1,998
-Others	151	149
Labor	13,545	13,589
Civil and others	2,754	2,874
	-----------	-----------
Total	18,448	18,610
	=====	=====
Escrow deposits	13,211	13,678
	=====	=====

INSS – The subsidiary CSA is a plaintiff in a lawsuit against the Brazilian Treasury Department, disputing the INSS tax assessment on amounts considered to be employee termination costs and FAP (Accident Prevention Factor).

Labor – The subsidiary CSA is the defendant in lawsuits from former employees and third parties.

Civil – The subsidiary CSA is a plaintiff in a lawsuit against the Federal Government disputing the legality of the collection of “COFURH – Compensação Financeira pela Utilização de Recursos Hídricos”.

Changes in the consolidated accrual are as follows:

	12.31.2017	Additions	Reductions	03.31.2018
Tax litigation claims:				
-INSS	1,998	-	-	1,998
-Others	149	2	-	151
Labor	13,589	282	(326)	13,545
Civil and others	2,874	12	(132)	2,754
	18,610	296	(458)	18,448

20. EMPLOYEE BENEFIT PLANS

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

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

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

The table below includes summarized information on the pension and postretirement plans as of March 31, 2018 and 2017:

	03.31.2018	03.31.2017
Components of net periodic benefit cost:		
Service cost	271	268
Interest cost, net	777	926
Net periodic benefit cost	1,048	1,194

SGUS' investment strategy is to invest in a diversified portfolio that will maximize returns, considering an acceptable risk level. Pension plan assets are invested in mutual funds which have a target allocation of 45% to 63% in domestic equity securities and 37% to 55% in fixed income funds. The expected returns on plan assets were developed in conjunction with external advisors and take into account long-term expectations for future returns based on SGUS' current investment strategy.

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

	03.31.2018	12.31.2017
Pension plan obligations	98,842	99,363
Other employee benefit obligations	4,192	4,990
	------------	------------
Total employee benefit plans	103,034	104,353
Current (a)	(8,859)	(8,817)
	------------	------------
Noncurrent	94,175	95,536
	=======	=======

(a) Presented on caption “Payroll and related charges”.

21. EQUITY

a. Capital

The subscribed and paid-in capital is represented by 50,000,000 common shares with voting rights. There was no change in the number of shares subscribed and paid for the period between January 1, 2017 and March 31, 2018.

b. Dividends and realizable earnings reserve

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

c. Retained earnings reserve

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

22. RELATED-PARTY BALANCES AND TRANSACTIONS

	Receivable		Payable	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Company:				
Coteminas S.A.	-	-	53,145	50,176
Companhia de Tecidos Norte de Minas – Coteminas	-	-	17	-
	----------	----------	----------	----------
	-	-	53,162	50,176
	======	======	======	======
Consolidated:				
Companhia de Tecidos Norte de Minas – Coteminas	41,014	38,900	17	-
Coteminas International Ltd.	713	701	-	-
Companhia Tecidos Santanense	-	-	1,443	-
Santanense Argentina	90	90	-	-
Argentina branch	21	20	-	-
	----------	----------	----------	----------
	41,838	39,711	1,460	-
	======	======	======	======

	Finance charges	
	03.31.2018	03.31.2017
Company:		
Coteminas S.A.	(1,087)	(1,459)
AMMO Varejo Ltda.	-	7
	----------	----------
	(1,087)	(1,452)
	======	======
Consolidated:		
Companhia de Tecidos Norte de Minas – Coteminas	2,185	2,766
Companhia Tecidos Santanense	(12)	-
Encorpar – Empresa Nacional de Comércio, Redito e Participações S.A.	-	43
	----------	----------
	2,173	2,809
	======	======

The balances refer to loans contracted with the Company under fair conditions in accordance with market practices. The charges are calculated according to the cost of the Company's loans.
The Board of Directors meeting held on December 29, 2015 also approved payment of 2% commission (two percent annually), limited to the cumulative amount of R$47,750, on sureties/ guarantees provided by the controlling shareholder on loans and financing contracted by the Company and its subsidiaries. As of March 31, 2018, the amount of R$24,290 was recorded with R$6,863 (R$7,418 as of December 31, 2017) in the caption “Other receivables” in current assets and R$17,427 in the caption “Others” in noncurrent assets (R$18,957 as of December 31, 2017), related to guarantees on existing contracts and credit facilities. In the first quarter of 2018, the amount of R$2,086 was recorded as interest expenses under the caption “Financial expenses – bank charges and others” (R$2,711 in the first quarter of 2017).

In the first quarter of 2018, CSA supplied intermediate products to a related party, Companhia Tecidos Santanense, in the amount of R$10,516 (R$10,594 in the first quarter of 2017).

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

23. FINANCIAL INSTRUMENTS

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

	Company		Consolidated	
	03.31.2018	12.31.2017	03.31.2018	12.31.2017
		(restated)		(restated)
FINANCIAL ASSETS --				
Amortized cost:				
Cash and cash equivalents	29	103	134,186	155,442
Marketable securities (current)	-	-	37,734	35,163
Accounts receivable	-	-	513,788	497,647
Other receivables	1,046	1,044	61,015	52,307
Marketable securities (current)	-	-	64,330	63,819
Receivable – clients	-	-	34,465	37,388
Receivable – sale of property	-	-	55,742	54,587
Related parties	-	-	41,838	39,711
Others	-	-	32,971	34,568
Fair value through profit or loss:				
Financial instruments	-	-	7,774	-
Marketable securities (current)	-	-	18,632	-
FINANCIAL LIABILITIES --				
Amortized cost:				
Loans and financing	21,890	21,866	358,457	444,861
Debentures	-	-	63,429	11,952
Suppliers	49	4	165,540	163,265
Noneconomic lease	-	-	7,236	7,202
Government concessions	-	-	19,809	19,473
Other accounts payable	-	-	40,938	42,884
Loans and financing	-	-	572,695	582,180
Debentures	-	-	134,984	36,643
Noneconomic lease	-	-	13,468	13,816
Related parties	53,162	50,176	1,460	-
Government concessions	-	-	42,797	42,784
Other obligations	2,056	2,056	16,744	15,174

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

b) Fair value--The fair values of loans and financing and debentures are similar to their amortized cost recorded in the interim financial statements because they are indexed to floating interest rates (TJLP, CDI and LIBOR), which accompany market rates. Considering the maturities of other financial instruments, the Company estimates that their fair values approximate book values.

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

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

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

The purpose of derivative transactions is always related to the elimination of market risks, identified in our policies and guidelines and, also, to the management of the volatility of financial flows. All derivative financial instruments are recorded at fair value in the Company's interim financial statements. As of March 31, 2018, except for the transaction described in item d.4 below, there were no outstanding derivative financial instruments.

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

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

d.3.1) Exchange rate risk on foreign investments:

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

Total of foreign investments	03.31.2018	12.31.2017
Investments	210,978	198,442
	======	======
In equivalent thousands of US Dollars	63,475	59,989
	======	======

d.3.2) Exchange rate risks on the Company and on subsidiary CSA's non-derivative financial instruments:

The non-derivative financial instruments exposure to exchange rate fluctuation of the Company and its Brazilian subsidiaries is as follows:

Financial instruments	03.31.2018	12.31.2017
Cash and cash equivalents	-	3,437
Accounts receivable	38,463	39,324
Marketable securities	64,330	63,819
Suppliers, net	(1,076)	(1,455)
Loan and financing	(183,630)	(197,517)
Related parties	(83,302)	(65,518)
	-----------	-----------
Total exposure in Brazilian Reais	(165,215)	(157,910)
	======	======
Total exposure in equivalent thousands of US Dollars	(49,707)	(47,736)
	======	======

The sensitivity analysis of non-derivative financial instruments, considering the US Dollar denominated cash flows, as of March 31, 2018, is shown below:

			Scenarios		
Maturity	Risk	Exposure value in thousands of US$	Probable	II	III
2018	Dollar appreciation	(29,472)	(708)	(25,375)	(50,042)
2019	Dollar appreciation	(30,805)	(3,388)	(29,833)	(56,277)
2020	Dollar appreciation	10,570	2,316	11,677	21,039
		----------	----------	----------	-----------
		(49,707)	(1,780)	(43,531)	(85,280)
		======	======	======	======

Amounts in parenthesis (negative numbers) stated in the scenarios above refer to exchange rate variance losses. The positive amounts relate to exchange rate variations gains. The "Probable" scenario represents the result of the probable exchange rate variation, considering the cash flow of the assets and liabilities presented above, applying future dollar exchange rates and comparing to the dollar exchange rate at the end of the current period. Scenarios II and III reflect 25% and 50% deterioration of future dollar exchange rates, respectively. The future dollar exchange rates were obtained from B3.

d.4 – Commodities price risk (cotton)--This risk arises from the possibility of the Company and its subsidiaries may incur losses due to fluctuations in the price of cotton, its main raw material. A significant increase in the price of cotton may cause an increase in the cost of its products in an amount that the Company may be unable to pass such increases to its customers, reducing its margins. Below is the summary of the derivative instruments with commodities risk:

	Reference Value (Notional) US$ thous.		Fair value – current asset	
Description	03.31.2018	12.31.2017	03.31.2018	12.31.2017
Contract of cotton purchase -- Position: Buy Currency: current US dollars Counterpart: Louis Dreyfus	15,049	-	7,774	-
	======	======	======	======

The prices of the derivative instruments were obtained based on the market information disclosed by ICE - International Cotton Exchange.

In the first three months of 2018, CSA recognized a gain of R$7,774 (R$2,922 in the first three months of 2017).

The sensitivity analysis of derivative financial instruments shown above, considering the receipt date of cotton, as of March 31, 2018, is shown below:

			R$		
Maturity	Risk	Average balance (US$)	Probable	II	III
2018	Decrease in price	15,049	7,774	(6,675)	(21,123)

The "Probable" scenario represents the result of maintaining the price as of March 31, 2018. For scenarios II and III, a decrease of the price per pound was considered at 25% and 50%, respectively.

d.5 – Interest rates risk--Cash and cash equivalents and marketable securities yield, approximately, the equivalent to CDI (Certificate of Interbank Deposit) rates. Interest-bearing liabilities (except as described in d.5.1 and d.5.2 below), which reflect rates equivalent to LIBOR, or fixed interest rates, are disclosed in notes 13 and 22. Considering the cash flows of these liabilities and the contracted interest rates, Management determined that the exposure to market changes on the contracted interest rates is not significant. Therefore, the sensitivity analysis is deemed unnecessary.

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

Interest rates swap contracts--Are presented and measured at fair value and are based on the cash flow of the loans denominated in foreign currency. Gains or losses are recorded under the "Financial expenses – interests" caption in the statements of operations. There were no interest rate derivatives in the three-month period ended March 31, 2018 and 2017.

d.5.2 – Variable interest rate risk on non-derivatives financial instruments:

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

	03.31.2018				12.31.2017
Description	Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	Payable
Loan Agreement -- Interest: 128.7% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: November/2021	165,000	2,010	(1,498)	165,512	165,646
Loan Agreement -- Interest: 128.7% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: November/2021	165,000	2,010	(1,599)	165,411	165,477
Loan Agreement -- Interest: IRP + 11.20% Counterpart: Banco Brasil S.A. – CCB Maturity: June/2018	60,000	473	(151)	60,322	60,114
Loan Agreement -- Interest: 135.0% of CDI Counterpart: Banco Brasil S.A. – NCE Maturity: October/2018	13,462	41	(125)	13,378	19,111
(Refer to Note 13)				404,623	410,348
Loan Agreement -- Interest: 132.0% of CDI Counterpart: Banco Itaú BBA S.A. Maturity: February/2018	-	-	-	-	101,012
(referência à nota explicativa nº 13)				-	101,012
Loan Agreement -- Interest: 149.0% of CDI Counterpart: Banco BBM S.A. – CCB Maturity: March/2021	56,083	62	-	56,145	49,311
(Refer to Note 13)				56,145	49,311
Loan Agreement -- Interest: CDI + 4.59% Counterpart: Banco ABC Brasil S.A. – CCB Maturity: September/2020	19,354	76	-	19,430	20,073
(Refer to Note 13)				19,430	20,073
Loan Agreement -- Interest: 89.0% of CDI Counterpart: Banco Santander S.A. – PPE Maturity: May/2019	62,441	1,232	(203)	63,470	62,209
Loan Agreement -- Interest: 103.0% of CDI Counterpart: Banco Santander S.A. – PPE Maturity: February/2020	42,910	168	(393)	42,685	54,107
Loan Agreement -- Interest: 118.8% of CDI Counterpart: Banco Santander S.A. – PPE Maturity: November/2020	50,793	207	(652)	50,348	54,640
(Refer to Note 13)				156,503	170,956
Debentures 3rd series-- Interest: 110.0% of CDI Counterpart: Gaia Agro Sec. S.A. Maturity: June/2020	50,000	978	(1,343)	49,635	48,595

Description	03.31.2018 Principal amount R$ thousands	Accrued interest	Prepaid interest	Payable	12.31.2017 Payable
Debentures 4th series--					
Interest: CDI + 2.75%					
Counterpart: Several debenture holders					
Maturity: February/2021	150,000	1,578	(2,800)	148,778	-
				------------	------------
(Refer to Note 14)				198,413	48,595
	------------	-----------	------------	------------	------------
	835,043	8,835	(8,764)	835,114	800,295
	=======	=======	=======	=======	=======

The sensitivity analysis of the non-derivative financial instruments above, considering the scheduled payments of principal and interest as of March 31, 2018, is as follows:

Maturity	Risk	Principal average balance	Scenarios Probable	II	III
2018	CDI increase	791,770	41,005	52,054	61,668
2019	CDI increase	541,366	39,589	58,917	70,284
2020	CDI increase	295,467	21,570	38,610	46,232
2021	CDI increase	93,094	5,455	11,178	13,455
			======	======	======

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

The “Probable” scenario represents the result of the probable CDI variations, considering the principal and interest maturity dates. Scenarios II and III reflect 25% and 50% increase in the future CDI index, respectively. The future CDI rates were obtained at B3.

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

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

d.7 – Liquidity risk management--The Company presented its consolidated financial assets and liabilities, according to their cash flows, based on their approximate maturity date, and using nominal contractual interest rates in its annual financial statements for the year ended December 31, 2017. As of March 31, 2018, there was no significant change when compared to the published annual financial statements.

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

The Company’s net debt is as follows:

	Consolidated	
	03.31.2018	12.31.2017
Loans and financing	931,152	1,027,041
Debentures	198,413	48,595
Cash and cash equivalents	(134,186)	(155,442)
Marketable securities	(120,696)	(98,982)
Financial instruments	(7,774)	-
Total net debt	866,909	821,212
Total equity	1,139,395	1,149,507
Total net debt and equity	2,006,304	1,970,719

24. SEGMENT INFORMATION

Operating segments are defined as components of an enterprise for which separate interim financial statements are available and evaluated regularly by the decision maker, with the purpose of determining the allocation of resources to an individual segment and evaluate its performance. Decisions on strategic planning, finance, purchasing, investment and application of resources, as well as evaluation of investment and key executives performance of the Company are made on a consolidated basis, the Company and its subsidiaries have concluded that they have two operating segments: “Wholesale" and "Retail". The Wholesale segment is subdivided into two sub-segments: South America, which includes operations in Brazil and Argentina; and North America, which includes operations in the United States of America and Canada.

The Company owns several factories that supply each other so that, together, they form an integrated industry in spinning, weaving, finishing and manufacturing of home textile products. The Company does not have separate operating segments in its sales categories and the reports used for strategic and operational decision making are always consolidated. There are no specific operational units for each category of goods sold. Therefore, these operations are denominated “Wholesale” because its products are not sold to the final consumer.

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

The interim financial statements, segregated by the segments previously explained, are presented below (in millions of Reais):

	03.31.2018					
	South America			North America	Others	
	Wholesale	Retail	Total	Wholesale	unallocated	Total
Net revenues	291.4	62.4	353.8	192.7	(17.7)	528.8
Cost of goods sold	(212.3)	(30.4)	(242.7)	(163.6)	17.5	(388.8)
Gross profit	79.1	32.0	111.1	29.1	(0.2)	140.0
Selling, general and administrative expenses	(52.0)	(33.7)	(85.7)	(18.6)	(1.0)	(105.3)
Other	0.8	(0.6)	0.2	0.6	-	0.8
Operating results	27.9	(2.3)	25.6	11.1	(1.2)	35.5
Financial results	-	-	-	-	(41.8)	(41.8)
Income (loss) before taxes	27.9	(2.3)	25.6	11.1	(43.0)	(6.3)
Depreciation and amortization	16.6	0.8	17.4	0.8	-	18.2

	03.31.2017					
	South America			North America	Others	
	Wholesale	Retail	Total	Wholesale	unallocated	Total
Net revenues	280.8	59.9	340.7	190.9	(15.4)	516.2
Cost of goods sold	(210.6)	(29.4)	(240.0)	(156.5)	15.4	(381.1)
Gross profit	70.2	30.5	100.7	34.4	-	135.1
Selling, general and administrative expenses	(49.6)	(32.0)	(81.6)	(16.9)	(1.0)	(99.5)
Other	(0.1)	0.9	0.8	0.2	-	1.0
Operating results	20.5	(0.6)	19.9	17.7	(1.0)	36.6
Financial results	-	-	-	-	(48.3)	(48.3)
Income (loss) before taxes	20.5	(0.6)	19.9	17.7	(49.3)	(11.7)
Depreciation and amortization	16.8	1.0	17.8	0.6	-	18.4

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

Revenue information by category or product lines is as follows:

	Consolidated	
	03.31.2018	03.31.2017
Net revenues (in millions of Reais):		
Bedding, tabletop and bath	229.6	224.3
Utility bedding	167.8	160.6
Intermediate products	69.0	71.4
Retail	62.4	59.9
	------------	------------
	528.8	516.2
	=======	=======
Volume (in thousands of tons):		
Bedding, tabletop and bath	7.4	7.4
Utility bedding	11.0	10.8
Intermediate products	6.6	6.6
	------------	------------
	25.0	24.8
	=======	========

The Company has over 10,000 active clients as of March 31, 2018 and only one customer accounts for approximately 10% of sales.

25. EXPENSES BY NATURE

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

By nature:

	Consolidated	
	03.31.2018	03.31.2017
Cost of raw materials, goods and services acquired from third parties	(343,183)	(298,297)
Employee benefits	(112,125)	(108,473)
INSS	(10,536)	(10,340)
Depreciation and amortization	(18,161)	(18,442)
Finished goods and work in process inventory variations	15,046	(18,164)
Exchange rate variations in inventories from foreign subsidiaries	(1,412)	(3,085)
Others	(23,792)	(23,767)
	--------------	--------------
Total by nature	(494,163)	(480,568)
	========	========

By function:

	Consolidated	
	03.31.2018	03.31.2017
Cost of goods sold	(388,825)	(381,091)
Selling expenses	(68,161)	(66,254)
General and administrative expenses	(34,237)	(31,262)
Management fees	(2,940)	(1,961)
	--------------	--------------
Total by function	(494,163)	(480,568)
	========	========

26. NET REVENUES

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

	Consolidated	
	03.31.2018	03.31.2017
OPERATING REVENUES:		
Gross revenues	631,819	632,198
Sales deductions	(102,959)	(115,997)
NET REVENUES	528,860	516,201

27. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share was calculated as follows:

	03.31.2018	03.31.2017
NET LOSS FOR THE PERIOD	(6,947)	(12,206)
Weighted-average outstanding common shares	50,000,000	50,000,000
BASIC AND DILUTED LOSS PER SHARE (R$)	(0.1389)	(0.2441)

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

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