

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

***Mills Estruturas e Serviços  
de Engenharia S.A.***

*Presentation of Interim Financial Information  
for the Quarter Ended March 31, 2015 and  
Report on Review of Interim Financial  
Information*

Deloitte Touche Tohmatsu Auditores Independentes

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

## **REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION**

To the Board of Directors and Shareholders of  
Mills Estruturas e Serviços de Engenharia S.A.  
Rio de Janeiro - RJ

### **Introduction**

We have reviewed the accompanying interim financial information, of Mills Estruturas e Serviços de Engenharia S.A. (“Company”) included in the Interim Financial Information Form (ITR), for the three-month period ended March 31, 2015, which comprises the balance sheet as of March 31, 2015 and the related statements of income, comprehensive income, changes in equity and cash flows for the three-month period then ended, including the explanatory notes.

The company’s management is responsible for the preparation of interim financial information in accordance with technical pronouncement CPC 21 (R1) - Interim Financial Reporting and 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 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 (NBCTR 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 the standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 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 Interim Financial Information (ITR), and presented in accordance with the standards issued by the CVM.

## **Other matters**

### *Statements of value added*

We have also reviewed the interim statement of value added (“DVA”), for the three-month period ended March 31, 2015, prepared under the responsibility of the Company's management, the presentation of which is required by the standards issued by the CVM applicable to the preparation of Interim Financial Information (ITR), and considered as supplemental information for IFRS, which do not require the presentation of DVA. This statement was 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 it was not prepared, in all material respects, consistently with the interim financial information taken as a whole.

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

Rio de Janeiro, May 6, 2015

DELOITTE TOUCHE TOHMATSU  
Auditores Independentes

Fernando de Souza Leite  
Engagement Partner

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF FINANCIAL POSITION

AT MARCH 31, 2015 AND DECEMBER 31, 2014

(In thousands of Brazilian reais - R\$) - Unaudited

	<u>Notes</u>	<u>3/31/2015</u>	<u>12/31/2014</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash and cash equivalents	3	214,024	193,659
Trade receivables	4	126,391	156,793
Inventories	5	19,917	21,793
Taxes recoverable	6	28,613	28,677
Advances to suppliers		127	172
Derivative financial instruments	25	-	1,192
Other receivables – sale of investee	7	17,957	17,467
Other assets		<u>6,629</u>	<u>5,580</u>
		<u>413,658</u>	<u>425,333</u>
NONCURRENT ASSETS			
Trade receivables	4	1,216	1,398
Taxes recoverable	6	26,770	32,013
Deferred taxes	16	27,129	24,945
Judicial deposits	17	10,896	10,422
Other receivables – sale of investee	7	<u>35,914</u>	<u>34,934</u>
		<u>101,925</u>	<u>103,712</u>
Investments	8	87,392	87,392
Property, plant and equipment	9	1,154,447	1,200,148
Intangible assets	10	<u>76,527</u>	<u>76,138</u>
		<u>1,318,366</u>	<u>1,363,678</u>
TOTAL ASSETS		<u>1,833,949</u>	<u>1,892,723</u>

(continues)

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF FINANCIAL POSITION

AT MARCH 31, 2015 AND DECEMBER 31, 2014

(In thousands of Brazilian reais - R\$) - Unaudited

	<u>Notes</u>	<u>3/31/2015</u>	<u>12/31/2014</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade payables	11	14.852	16.510
Borrowings	12	3.189	49.637
Debentures	13	114.315	105.315
Payroll and related taxes		20.026	19.425
Income tax and social contribution	16	-	2.543
Tax debt refinancing program (REFIS)		1.049	1.030
Taxes payable	18	2.912	3.973
Dividends and interest on capital payable		21.810	21.810
Other liabilities		<u>1.234</u>	<u>971</u>
		<u>179.387</u>	<u>221.214</u>
NONCURRENT LIABILITIES			
Borrowings	12	14.284	14.890
Debentures	13	580.261	575.542
Tax debt refinancing program (REFIS)		9.005	9.100
Provision for tax, civil and labor risks	17	<u>12.401</u>	<u>12.580</u>
		<u>615.951</u>	<u>612.112</u>
TOTAL LIABILITIES		<u>795.338</u>	<u>833.326</u>
EQUITY			
Issued capital	19	563.319	563.319
Capital reserves	19	2.496	8.785
Earnings reserves	19	487.049	487.049
Valuation adjustments to equity	19	228	244
Loss for the period		<u>(14.481)</u>	<u>-</u>
Total equity		<u>1.038.611</u>	<u>1.059.397</u>
TOTAL LIABILITIES AND EQUITY		<u>1.833.949</u>	<u>1.892.723</u>

The accompanying notes are an integral part of this interim financial information.

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF PROFIT OR LOSS

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

(In thousands of Brazilian reais - R\$) - Unaudited

	<u>Notes</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
CONTINUING OPERATIONS			
Net revenue from sales and services	21	163,894	207,821
Cost of sales and services	22	(86,058)	(79,047)
GROSS PROFIT		77,836	128,774
General and administrative expenses	22	(73,845)	(61,887)
PROFIT BEFORE FINANCE INCOME (COSTS)		<u>3,991</u>	<u>66,887</u>
Finance income	23a	7,706	4,017
Finance costs	23b	(26,084)	(20,565)
PROFIT (LOSS) BEFORE TAXES		<u>(14,387)</u>	<u>50,339</u>
Current income tax and social contribution	16	(2,271)	(21,189)
Deferred income tax and social contribution	16	<u>2,177</u>	<u>4,722</u>
Income tax and social contribution		(94)	(16,467)
PROFIT (LOSS) FROM CONTINUING OPERATIONS		<u>(14,481)</u>	<u>33,872</u>
PROFIT (LOSS) FOR THE PERIOD		<u>(14,481)</u>	<u>33,872</u>
Basic earnings (loss) per share - R\$	20a	<u>(0.11)</u>	<u>0.27</u>
Diluted earnings (loss) per share - R\$	20b	<u>(0.11)</u>	<u>0.26</u>

The accompanying notes are an integral part of this interim financial information.

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2015 AND 2014  
(In thousands of Brazilian reais - R\$) - Unaudited

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	<u>Notes</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
PROFIT (LOSS) FOR THE PERIOD		(14,481)	33,872
OTHER COMPREHENSIVE INCOME			
ITEMS THAT WILL NOT BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Cash flow hedge net of deferred taxes	25	<u>(16)</u>	<u>(5,415)</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(14,497)</u>	<u>28,457</u>

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The accompanying notes are an integral part of this interim financial information.

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2014  
(In thousands of Brazilian reais – R\$)

	Subscribed capital	Capital reserve	Earnings reserves		Earnings retention	Valuation adjustments to equity	Retained earnings	Total
			Legal	Expansion				
AT JANUARY 1, 2014	<u>553,232</u>	<u>10,231</u>	<u>29,398</u>	<u>61,243</u>	<u>357,221</u>	<u>5,188</u>	<u>-</u>	<u>1,016,513</u>
Capital contribution – share issue	1,618	-	-	-	-	-	-	1,618
Stock option premium	-	2,187	-	-	-	-	-	2,187
Comprehensive income for the year – Cash flow hedge	-	-	-	-	-	(5,415)	-	(5,415)
Profit for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,872</u>	<u>33,872</u>
AT MARCH 31, 2014	<u>554,850</u>	<u>12,418</u>	<u>29,398</u>	<u>61,243</u>	<u>357,221</u>	<u>(227)</u>	<u>33,872</u>	<u>1,048,775</u>

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2015  
(In thousands of Brazilian reais - R\$)

	Subscribed <u>capital</u>	Capital <u>reserve</u>	<u>Earnings reserves</u>			Valuation adjustments <u>to equity</u>	Accumulated <u>losses</u>	<u>Total</u>
			<u>Legal</u>	<u>Expansion</u>	<u>Earnings retention</u>			
AT JANUARY 1, 2015	<u>563,319</u>	<u>8,785</u>	<u>32,611</u>	<u>63,649</u>	<u>390,789</u>	<u>244</u>	<u>-</u>	<u>1,059,397</u>
Purchase of treasury shares	-	(8,793)	-	-	-	-	-	(8,793)
Stock option premium	-	2,504	-	-	-	-	-	2,504
Comprehensive income for the year – cash flow hedge	-	-	-	-	-	(16)	-	(16)
Loss for the period	-	-	-	-	-	-	(14,481)	(14,481)
AT MARCH 31, 2015	<u>563,319</u>	<u>2,496</u>	<u>32,611</u>	<u>63,649</u>	<u>390,789</u>	<u>228</u>	<u>(14,481)</u>	<u>1,038,611</u>

The accompanying notes are an integral part of this interim financial information.

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF CASH FLOWS

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

(In thousands of Brazilian reais - R\$) - Unaudited

	<u>Notes</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
PROFIT (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAX AND SOCIAL CONTRIBUTION		(14,387)	50,339
Adjustments:			
Depreciation and amortization	9 and 10	43,353	39,565
Provision for tax, civil and labor risks	17	(468)	814
Accrued expenses on stock options	15	2,504	2,187
Profit sharing payable	15	-	482
Gain on sale of property, plant and equipment		(14,443)	(10,085)
Interest, indexation and exchange differences on borrowings, contingencies and judicial deposits	23	22,941	17,186
Allowance for doubtful debts	4	21,027	6,526
Others		1,868	-
Changes in assets and liabilities:			
Trade receivables	4	4,273	(21,385)
Inventories	5	8	(297)
Taxes recoverable	6	7,240	5,864
Judicial deposits	17	(414)	131
Other assets		(1,004)	(2,935)
Trade payables	11	(1,656)	(1,816)
Payroll and related taxes		601	4,402
Taxes payable	18	(1,061)	(28)
Other liabilities		<u>187</u>	<u>(1,275)</u>
		8,174	(17,339)
Lawsuits settled		(9)	-
Interest paid		(15,045)	(9,731)
Income tax and social contribution paid		(6,257)	(7,133)
Profit sharing paid		<u>-</u>	<u>(18,607)</u>
NET CASH GENERATED BY OPERATING ACTIVITIES		49,258	54,204
Cash flows from investing activities:			
Purchases of PP&E and intangible assets		(6,395)	(82,949)
Proceeds from sale of PP&E and intangible assets		<u>27,483</u>	<u>15,296</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>21,088</u>	<u>(67,653)</u>
			(continues)

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF CASH FLOWS

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

(In thousands of Brazilian reais - R\$) - Unaudited

	<u>Notes</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contributions	19	-	1,618
Purchase of treasury shares	19	(8,793)	-
Dividends and interest on capital paid		-	(2,480)
Repayment of borrowings		<u>(41,188)</u>	<u>(3,026)</u>
NET CASH USED IN INVESTING ACTIVITIES		<u>(49,981)</u>	<u>(3,888)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>20,365</u>	<u>(17,337)</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		<u>193,659</u>	<u>25,798</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		<u>214,024</u>	<u>8,461</u>

The accompanying notes are an integral part of this interim financial information.

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MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

STATEMENT OF VALUE ADDED

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

(In thousands of Brazilian reais - R\$) - Unaudited

	<u>3/31/2015</u>	<u>3/31/2014</u>
Revenues:		
Sales of merchandise, products and services	211.307	274.974
Cancelations and discounts	(31.703)	(46.971)
Other revenues	977	2.225
Allowance for doubtful debts	<u>(21.027)</u>	<u>(6.526)</u>
	159.554	223.702
Inputs purchased from third parties		
Cost of sales and services	(7.856)	(3.794)
Materials, energy, outside services and other	(31.367)	(39.686)
Write-off of assets	<u>(7.833)</u>	<u>(6.775)</u>
	<u>(47.056)</u>	<u>(50.255)</u>
Gross value added	112.498	173.447
Depreciation, amortization and depletion	(43.353)	(39.569)
Wealth created by the Company	<u>69.145</u>	<u>133.878</u>
Wealth received in transfer		
Finance income	7.706	4.017
Wealth for distribution	<u>76.851</u>	<u>137.895</u>
Distribution of wealth		
Personnel and payroll taxes	36.570	32.943
Salaries and wages	27.986	25.438
Benefits	6.622	5.553
Severance Pay Fund (FGTS)	1.962	1.952
Taxes and contributions	23.029	44.264
Federal	21.984	43.027
State	824	913
Municipal	221	324
Lenders and lessors	31.733	26.816
Interest and exchange differences	26.080	20.559
Leases	5.653	6.257
Shareholders	(14.481)	33.872
Retained earnings (accumulated losses)	(14.481)	33.872
Wealth distributed	<u>76.851</u>	<u>137.895</u>

The accompanying notes are an integral part of this interim financial information.

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

MILLS ESTRUTURAS E SERVIÇOS DE ENGENHARIA S.A.

NOTES TO THE INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED  
MARCH 31, 2015

(In thousands of Brazilian reais - R\$, unless otherwise stated) - Unaudited

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1. GENERAL INFORMATION

Mills Estruturas e Serviços de Engenharia S.A. ("Mills" or "Company") is a publicly-traded corporation with registered offices at Avenida das Américas, nº 500, Bloco 14, Loja 108, salas 207 e 208 – Barra da Tijuca, in the City of Rio de Janeiro, Brazil. The Company operates basically in the construction, engaging in the following principal activities:

- (a) Rental and sale, including import and export, of steel and aluminum tubular structures, and steel and aluminum props and access equipment for construction works, as well as reusable concrete formworks, along with the supply of related engineering projects, supervisory and optional assembly services.
- (b) Sale, rental and distribution of scissor lifts and telescopic handlers, as well as parts and components, and technical assistance and maintenance services for such equipment.
- (c) Holding of ownership interests in other companies, as partner or shareholder.

The Company's bylaws also provide:

- (a) Rental, assembly, and disassembling of access tubular scaffolding in industrial areas.
- (b) Performance of industrial painting, sand-blasting, heat insulation, boilermaker and refractory services, as well as other services inherent in such activities.

The Company's operations are segmented according to the new organization and management model approved by Management, divided into the following business units: Heavy Construction, Real Estate and Rental. Each business unit is described in Note 24.

The accounting information contained in this interim financial information was approved by the Company's Board of Directors and authorized for issue on May 5, 2015.

2. PRESENTATION OF INTERIM FINANCIAL INFORMATION

2.1. Basis of presentation

The Company's interim financial information comprises the interim financial statements and has been prepared in accordance with Accounting Pronouncement CPC 21 (R1), which addresses interim financial reporting, and in accordance with International Accounting Standard (IAS) 34.

This interim financial information does not include all the information and disclosures required in annual financial statements and should, therefore, be read in conjunction with the financial statements of Mills for the year ended December 31, 2014, which have been prepared in accordance with accounting practices adopted in Brazil and International

Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Boards (IASB).

In compliance with Brazilian Securities and Exchange Commission (CVM) Circular 003/2011, of April 28, 2011, we present below the notes to the most recent annual financial statements (for the year ended December 31, 2014), which, in view of the lack of significant changes this quarter, are not being reproduced in full in this interim financial information:

The notes not included in the period ended March 31, 2015 are the “Summary of significant accounting policies”, “Critical accounting judgments and key estimates and assumptions”, “Financial risk management”, “Capital management” and “Tax debt refinancing program (REFIS)”, represented, in the financial statements for 2014, by notes 2, 3, 4, 5 and 21, respectively.

## 2.2. Basis of preparation

The accounting policies, calculation methods, significant accounting judgments, estimates and assumptions used in this interim financial information are the same used in the financial statements for the year ended December 31, 2014, disclosed in Notes 2 and 3. These financial statements were published on March 19, 2015 on the newspaper Valor Econômico and the Official Gazette of the State of Rio de Janeiro.

Adoption of the new and revised International Financial Reporting Standards (IFRSs) without material impacts on the interim financial information.

The information related to the Accounting Pronouncements and Interpretations Recently Issued did not change significantly in relation to that disclosed in Note 2.4 to the Financial Statements for the Year Ended December 31, 2014. Below is the list of new and revised standards and interpretations already issued but not yet adopted:

### 2.2.1 News accounting pronouncements

- a) Standards, news interpretations and amendments to existing standards and interpretations that are in effect since January 1, 2015:

#### Effective for annual periods beginning on or after 1 July 2014:

- IAS 19 / CPC 33 - Employee Benefits - Amendments to clarify the requirements relating to contributions from employees or third parties that are connected to the service and how it should be attributed to the time of service.
- Annual improvements cycles from 2010 to 2012 and from 2011 to 2013 - Small changes to existing pronouncements.

Management did not identify impacts of these revised standards.

- b) New standards, interpretations and amendments to existing standards and interpretations that are not yet in effect on March 31, 2015:

#### Effective for annual periods beginning on or after January 1, 2016:

- IAS 16 and IAS 38 - Changes in these pronouncements to clarify the methods of depreciation and amortization accepted.
- IAS 1 - Change in standard to address potential impediments identified in the exercise of judgment in preparing financial statements. This amendment clarifies that the concept of materiality should be considered for the purpose of information to be disclosed, whether required or not, as in the ordering of notes and the use of aggregation criteria.

Effective for annual periods beginning on or after July 1, 2016:

- Annual Improvements cycles 2012 - 2014 - Small changes to existing pronouncements.

Effective for periods beginning on or after January 1, 2017:

- IFRS 15 - Revenue from Contracts with Customers - define 5 simple steps to be applied to contracts signed with customers for revenue recognition purposes and disclosure. Replace the statements currently in force on the matter (IAS 18 and IAS 11) and interpretations on the subject (IFRIC 13, IFRIC 15 and IFRIC 18).

Effective for annual periods beginning on or after January 1, 2018:

- IFRS 9 - Financial Instruments - standard (with later changes to it) which introduces new requirements for the classification, measurement, impairment, hedge accounting and derecognition of financial assets and liabilities.

The Company intends to adopt those standards when they become effective. The Company is evaluating the impact of these standards and to date has not identified any material impact on its interim financial statements.

### 3. CASH AND CASH EQUIVALENTS

	<u>3/31/2015</u>	<u>12/31/2014</u>
Cash and banks	995	182
Short-term investments	<u>213,029</u>	<u>193,477</u>
	<u>214,024</u>	<u>193,659</u>

Cash and cash equivalents refer to deposits and highly liquid short-term investments, which are readily convertible into a known amount of cash and subject to an insignificant risk of change in value. As at March 31, 2015, short-term investments refer to repurchase agreements bearing average interest of 101.1% of the interbank deposit certificate (CDI) (interbank deposit certificate bearing average interest of 100.7% of the CDI as at December 31, 2014).

## 4. TRADE RECEIVABLES

Business unit	3/31/2015			12/31/2014		
	Gross receivables	Allowance	Net receivables	Gross receivables	Allowance	Net receivables
Heavy Construction	85,465	(34,522)	50,943	88,113	(25,689)	62,424
Real Estate	56,202	(29,389)	26,813	62,407	(25,428)	36,979
Rental	92,529	(44,642)	47,887	93,079	(36,313)	56,766
Industrial Services (**)	3,738	(3,738)	-	3,992	(3,992)	-
Events (***)	<u>2,030</u>	<u>(66)</u>	<u>1,964</u>	<u>2,022</u>	<u>-</u>	<u>2,022</u>
Total	239,964	(112,357)	127,607	249,613	(91,422)	158,191
Current	238,748	(112,357)	126,391	248,215	(91,422)	156,793
Noncurrent	1,216	-	1,216	1,398	-	1,398

(\*\*) Remaining amount receivable from customers of the Industrial Services business unit, which was discontinued on November 30, 2013.

(\*\*\*) Amount receivable from sale of property, plant and equipment of the events division, which was discontinued in 2008.

The allowance for doubtful debts is calculated based on the amount considered sufficient to cover potential losses on the realization of receivables, considering an individual analysis of the major customers.

Movement in the allowance for doubtful debts:

	<u>3/31/2015</u>	<u>3/31/2014</u>
Balance at January 1	91,422	53,861
Recognition of allowance for doubtful debts	27,294	12,294
Reversal of allowance for doubtful debts	(6,267)	(5,768)
Amounts written off during the period as uncollectible	<u>(92)</u>	<u>(4,083)</u>
Balance at the end of the period	<u>112,357</u>	<u>56,304</u>

Included in the allowance for doubtful debts are impaired trade receivables amounting to R\$112,357 as at March 31, 2015 (R\$91,422 as at December 31, 2014). The increase in this allowance is basically due to specific customers that had difficulties to fulfill their obligations in the first quarter of 2015.

The Company holds receivables relating to assets of the Events business unit, whose activities were discontinued. Part of these assets was sold in 2008 and 2009 under conditional sale agreements entered into on May 20, 2008 and February 18, 2009. The sales proceed will be received over a period not exceeding eight years, and the installments are adjusted for inflation based on the percentage fluctuation of the Extended Consumer Price Index (IPCA). As at March 31, 2015, the asset is adjusted at present value and management, based on the collaterals set out in the agreement, believes that the amount will be, as expected, realized by the due date of the last installment.

In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the



customer base is large and unrelated. The Company does not have any customer concentration in its revenue or trade receivables as no single customer or corporate group accounts for 10% or more of its trade receivables in any of its segments.

Age of trade receivables:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Current	80,860	83,513
Current (bills with original due dates extended)	7,101	18,101
1-60 days past due (*)	36,678	40,840
61-120 days past due (*)	19,497	19,899
121-180 days past due (*)	10,749	15,797
Over 180 days past due (*)	<u>85,079</u>	<u>71,463</u>
Total	<u>239,964</u>	<u>249,613</u>

(\*) The analysis above was performed considering the extended due dates of the bills.

## 5. INVENTORIES

	<u>3/31/2015</u>	<u>12/31/2014</u>
Raw materials	2,091	2,030
Goods for resale	10,143	11,660
Spare parts and supplies	12,537	11,438
Advances for inventories	437	88
Provision for slow-moving inventories (*)	<u>(5,291)</u>	<u>(3,423)</u>
Total	<u>19,917</u>	<u>21,793</u>

(\*) Inventory items without movement for more than one year.

Inventories of raw materials and advances for inventories refer to toll manufacturing processes to meet the demands of the Company and its customers. Inventories of spare parts refer mainly to access equipment. All inventories are stated at average cost.

## 6. TAXES RECOVERABLE

	<u>3/31/2015</u>	<u>12/31/2014</u>
PIS and COFINS (taxes on revenue) (*)	52,366	59,259
IRPJ (Corporate Income tax) and CSLL (Social Contribution on Profit) (**)	1,781	412
ICMS (State VAT) (***)	835	933
Others	<u>401</u>	<u>86</u>
	<u>55,383</u>	<u>60,690</u>
Current	<u>28,613</u>	<u>28,677</u>
Noncurrent	<u>26,770</u>	<u>32,013</u>

- (\*) PIS and COFINS credits refer basically to amounts recoverable on purchases of property, plant and equipment offset at the rate of 1/48 per month against non-cumulative PIS and COFINS federal tax obligations which are expected to be realized by 2018.
- (\*\*) Refers to IRPJ and CSLL tax losses as at March 31, 2015, which will be adjusted for inflation monthly based on the SELIC rate and offset against taxes of the same nature during 2015.
- (\*\*\*) Refers to ICMS (State VAT) levied on the Company's operations, arising from purchase of parts and equipment for sale.

## 7. OTHER RECEIVABLES – SALE OF INVESTEE

	<u>3/31/2015</u>	<u>12/31/2014</u>
2015	17,957	17,467
2016	17,957	17,467
2017	<u>17,957</u>	<u>17,467</u>
Total	<u>53,871</u>	<u>52,401</u>
Current	17,957	17,467
Noncurrent	<u>35,914</u>	<u>34,934</u>
	<u>53,871</u>	<u>52,401</u>

On November 30, 2013 the Company completed the sale of its Industrial Services business unit to Fundo de Investimento em Participação (FIP) Leblon Equities Partners V, managed by Leblon Equities Gestão de Recursos Ltda.

The agreement stipulates the payment for the acquisition in six (6) installments, all adjusted using the CDI from May 31, 2013 to the payment date, as follows:

1. The first installment of R\$25,000 (R\$25,207, including the CDI-based adjustment through the payment date) was paid on the agreement signing date;
2. The second installment of R\$17,000 (R\$18,093, considering the CDI-based adjustment through March 31, 2014) was paid in April 2014, in the amount of R\$11,304. The second installment was adjusted for inflation based on the partial performance of the business, which entailed the business profit plus the depreciation of the assets acquired, less investments, plus the increase in trade payables (or less the decrease in trade payables, as applicable), and less the increase in trade receivables (or plus the decrease in trade receivables, as applicable), from May 31, 2013 to the closing date, i.e., November 30, 2013. To arrive at this amount, the same accounting criteria of apportionment of expenses and recognition of allowance for doubtful debts and derecognition of equipment currently used by the Company were adopted. For purposes of calculation of profit for the year, income tax and social contribution rates identical to the average tax rate applied to the Company's activities in the last twelve months immediately prior to the closing date were considered, and the following were disregarded: (i) allocated costs relating to the Company's stock options and profit sharing, and (ii) finance income and costs. The accumulated amount relating to the partial performance of the business from June 1 to November 30, 2013, date in which the Company completed the operation, was R\$6,789.

3. Four installments of R\$15,000 (R\$17,957, considering the last three installments adjusted for inflation based on 100% of the CDI through March 31, 2015), with annual maturity counted from the agreement signing date. The first of these installments was received on the maturity date, July 10, 2014, in the amount adjusted for inflation of R\$16,601.

## 8. INVESTMENT

On February 8, 2011, the Company acquired 25% of the capital of Rohr S.A. Estruturas Tubulares (“Rohr”) for R\$ 90,000. Rohr is a privately-held company specialized in access engineering and civil construction solutions, which operates mainly in the heavy construction and industrial maintenance sectors.

In 2011, the Company received R\$2,608 (net of taxes) relating to interest on capital and dividends of prior years, which was recognized reducing the investment amount since it referred to dividends derived from profits or reserves already existing at the share acquisition date.

In the fourth quarter of 2011, the ownership interest in Rohr S.A. Estrutura Tubulares (Rohr) was increased from 25% to 27.47%, resulting from the buyback by Rohr of 9% of its shares, which are currently in its treasury and will be cancelled or distributed proportionally to its shareholders.

The Company assessed its influence over the management of Rohr and concluded that even though it holds 27.47% of the investee’s capital, such investment should be carried at cost due to the following facts: Mills does not have power to participate in the preparation of and in the decisions on Rohr’s financial, operational and strategic policies, does not control such policies either individually or jointly, and does not have representatives in the investee’s management. Furthermore, there is no shareholders agreement that may confer Mills the right to have influence over the investee’s management or that may confer it the right to increase its ownership interest in the future. Based on these factors, the Company concluded that it does not have significant influence over the investee and will maintain the investment carried at cost.

In December 2014 the Company recognized finance income of R\$1,818 (R\$1,648 in December 2013) relating to Rohr interest on capital for 2014.

### Impairment loss

In 2014 the Company reviewed the recoverable amount of the investment in Rohr S.A. based on an internal report. The recoverable amount of this asset was determined based on economic projections to determine Rohr market value, using the income approach, through a discounted cash flow projection as a basis for the amount paid. The main assumptions were: moderate sales growth; (ii) continuous cost reduction program that will cause its evolution to be lower than the sales growth percentage, (iii) capital expenditures only for recovering the depreciation, and (iv) a strict control policy over the working capital evolution, in the projection years. The discount rate used to measure the recoverable amount was 13.51% per year. Management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the investment's carrying amount to exceed its recoverable amount. Management believes that no events during the period ended March 31, 2015, that could affect the evaluation made on 31 December 2014.

## 9. PROPERTY, PLANT AND EQUIPMENT

	Equipment for rental and operational use	Rental equipment in progress	Total rental equipment	Leased improvements	Buildings and land	Computers and peripherals	Vehicles	Facilities	Furniture and fixtures	Construction in progress	Total assets in use	Total PP&E
<u>Cost of PP&amp;E, gross</u>												
Balance at December 31, 2013	1,491,854	38,506	1,530,360	19,040	24,274	13,886	3,640	5,470	8,945	580	75,835	1,606,195
Purchases	167,210	5,535	172,745	8,069	-	2,126	180	1,645	1,479	462	13,961	186,706
Write-offs/disposals	(57,298)	(195)	(57,493)	-	-	(9)	(426)	-	(23)	-	(458)	(57,951)
Adjustment for PIS and COFINS credits	(18,154)	-	(18,154)	-	-	-	-	-	-	-	-	(18,154)
Reclassification	(286)	286	-	-	-	-	-	-	-	-	-	-
Transfers	39,942	(39,942)	-	31	-	-	-	(57)	26	-	-	-
Balance at December 31, 2014	1,623,268	4,190	1,627,458	27,140	24,274	16,003	3,394	7,058	10,427	1,042	89,338	1,716,796
Purchases	1,967	-	1,967	2,069	-	222	121	190	161	-	2,763	4,730
Write-offs/disposals	(21,814)	-	(21,814)	-	-	-	(170)	-	-	-	(170)	(21,984)
Adjustment for PIS and COFINS credits	(362)	-	(362)	-	-	-	-	-	-	-	-	(362)
Transfers	2,051	(2,051)	-	(73)	-	-	-	721	-	(665)	(17)	(17)
Balances at March 31, 2015	1,605,110	2,139	1,607,249	29,136	24,274	16,225	3,345	7,969	10,588	377	91,914	1,699,163
<u>Accumulated depreciation</u>												
Balance at December 31, 2013	(362,749)	-	(362,749)	(4,169)	(1,526)	(6,594)	(2,232)	(1,051)	(3,398)	-	(18,970)	(381,719)
Depreciation	(155,497)	-	(155,497)	(3,342)	(670)	(2,344)	(448)	(534)	(745)	-	(8,083)	(163,580)
Write-offs/disposals	28,411	-	28,411	-	-	1	274	-	4	-	279	28,690
Adjustment for PIS and COFINS credits	-	-	-	(34)	-	-	-	(5)	-	-	(39)	(39)
Balance at December 31, 2014	(489,835)	-	(489,835)	(7,545)	(2,196)	(8,937)	(2,406)	(1,590)	(4,139)	-	(26,813)	(516,648)
Depreciation	(39,733)	-	(39,733)	(1,094)	(167)	(612)	(96)	(154)	(204)	-	(2,327)	(42,060)
Write-offs/disposals	14,028	-	14,028	-	-	-	92	-	-	-	92	14,120
Adjustment for PIS and COFINS credits	-	-	-	(112)	-	-	-	(16)	-	-	(128)	(128)
Transfers	-	-	-	1	-	-	-	(1)	-	-	-	-
Balances at March 31, 2015	(515,540)	-	(515,540)	(8,750)	(2,363)	(9,549)	(2,410)	(1,761)	(4,343)	-	(29,176)	(544,716)
Annual depreciation rates - %	10	-	-	10	4	20	20	10	10	-	-	-
<u>Property, plant and equipment, net</u>												
Balance at December 31, 2014	1,133,433	4,190	1,137,623	19,595	22,078	7,066	988	5,468	6,288	1,042	62,525	1,200,148
Balance at March 31, 2015	1,089,570	2,139	1,091,709	20,386	21,911	6,676	935	6,208	6,245	377	62,738	1,154,447

Rental equipment can be summarized as follows: access scaffolding, formworks, props, scissor lifts and telescopic handlers.

We highlight below the main purchases during the first quarter of 2015 by group of assets:

Props	761
Lifts and handlers	-
Reusable concrete formworks	221
Suspended scaffolding and access structures	39
Machinery and equipment for operating use	946
Leasehold improvements	2,069
Others	<u>694</u>
Total purchases	<u>4,730</u>

The depreciation for the period, allocated to cost of services and general and administrative expenses, amounts to R\$38,989 and R\$3,073 as at March 31, 2015 (R\$36,214 and R\$2,332 as at March 31, 2014), respectively.

Certain items of property, plant and equipment are pledged as collateral for borrowings (Note 12).

#### Review of estimated useful life

Based on a valuation conducted by technical experts, the Company issued an internal report on the estimated useful life, dated December 31, 2014, which was approved at a meeting of the Board of Executive Officers. In order to prepare the report, the technical experts considered the Company's operational planning for the coming fiscal years, past experience, such as the level of maintenance and utilization of the items, external elements for benchmarking, such as available technologies, manufacturers' manuals and recommendations, and the service lives of the assets.

There was no change in the remaining estimated useful lives of property, plant and equipment items for 2014 and there were no events during the period ended March 31, 2015 that would affect the valuation carried out in 2014.

The Company concluded that there were no events or changes in circumstances indicating that such assets may be impaired.

## 10. INTANGIBLE ASSETS

	<u>Software</u>	<u>Trademarks and patents</u>	<u>Intangible assets in progress</u>	<u>Goodwill on investments</u>	<u>Total intangible assets</u>
<u>Cost of intangible assets, gross</u>					
Balance at December 31, 2013	<u>20,943</u>	<u>895</u>	<u>12,626</u>	<u>44,294</u>	<u>78,758</u>
Purchases	3,927	-	8,498	-	12,425
Transfers	<u>20,045</u>	-	(20,045)	-	-
Balance at December 31, 2014	<u>44,915</u>	<u>895</u>	<u>1,079</u>	<u>44,294</u>	<u>91,183</u>
Purchases	1,392	-	273	-	1,665
Transfers	<u>265</u>	-	(248)	-	17
Balances at March 31, 2015	<u>46,572</u>	<u>895</u>	<u>1,104</u>	<u>44,294</u>	<u>92,865</u>
<u>Accumulated amortization</u>					
Balance at December 31, 2013	<u>(5,839)</u>	<u>(295)</u>	-	<u>(4,232)</u>	<u>(10,366)</u>
Amortization	<u>(4,505)</u>	<u>(174)</u>	-	-	<u>(4,679)</u>
Balance at December 31, 2014	<u>(10,344)</u>	<u>(469)</u>	-	<u>(4,232)</u>	<u>(15,045)</u>
Amortization	<u>(1,249)</u>	<u>(44)</u>	-	-	<u>(1,293)</u>
Balances at March 31, 2015	<u>(11,593)</u>	<u>(513)</u>	-	<u>(4,232)</u>	<u>(16,338)</u>
Annual amortization rates - %	10	20	-	-	-
<u>Intangible assets, net</u>					
Balance at December 31, 2014	34,571	426	1,079	40,062	76,138
Balance at March 31, 2015	34,979	382	1,104	40,062	76,527

Provision for impairment of goodwill

Goodwill arose on the acquisition of Jahu in 2008 and the acquisition of GP Sul in 2011, which are being considered as contribution of the Real Estate business unit, which represents a Cash-Generating Unit (CGU) to which the goodwill is allocated.

The goodwill of the CGU Real Estate was subject to an impairment test at December 31, 2014 based on the budgeted cash flow for this segment in 2015, before income tax and social contribution, approved by Management. No need to recognize a provision for impairment of this goodwill was identified.

Management believes that any reasonably possible change in the key assumptions on which the recoverable amount is based would not lead the total carrying amount to exceed the total recoverable amount of the cash-generating unit.

## 11. TRADE PAYABLES

	<u>3/31/2015</u>	<u>12/31/2014</u>
Domestic suppliers	13,993	16,240
Foreign suppliers	<u>859</u>	<u>270</u>
	<u>14,852</u>	<u>16,510</u>

As at March 31, 2015, the balances of suppliers accounts refer to the provision of services and hire purchase of materials and fixed equipment.

## 12. BORROWINGS AND FINANCE LEASES

Borrowings were used for financing the expansion of the Company's investments and for its general expenses and uses, being indexed to the CDI, TJLP and US dollars.

For borrowings in foreign currency present at December 31, 2014 and settled in the first quarter 2015, financial instruments were contracted to hedge the Company against fluctuations in foreign exchange rates.

Rental equipment financing were contracted with charges based on the Long-Term Interest Rate (TJLP) plus interest of 0.2% to 0.90% per year, with monthly amortization through June 2021.

The Company settled in advance all the existing finance lease agreements during 2014.

On April 11, 2014 issued by the Company, in a single series, 20 promissory notes with a face value of R \$ 10,000, for a total amount of R \$ 200,000, maturing on August 08, 2014. About the unit value of the promissory notes focused paid interest equivalent to 106% of the accumulated variation of the average daily rates of CD's. The Company, on June 18, 2014, paid in full, these promissory notes with the resources of its third issuance of debentures (Note 13).

Borrowings are as follows:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Borrowings (*)	<u>17,473</u>	<u>64,527</u>
Current	3,189	49,637
Noncurrent	<u>14,284</u>	<u>14,890</u>
	<u>17,473</u>	<u>64,527</u>

(\*) The balances of borrowings from financial institutions as at March 31, 2015 are indexed to TJLP plus interest of 0.20% to 0.90% per year.

On December 6, 2013 the Company entered into a borrowing agreement with Banco Itaú BBA S.A., Nassau Branch, in the amount of US\$16.9 million (equivalent to R\$40.0 million). Principal and interest were settled in a bullet payment on January 30, 2015. In order to eliminate the foreign exchange risk on this borrowing, on the same date of the borrowing the Company entered into a swap transaction with Banco Itaú BBA S.A. in the amount of R\$40.0 million in order to convert the obligations (principal and interest) into local currency and on the same maturity dates.

The financial institutions with which the Company has borrowings as at March 31, 2015 are as follows:

- Banco do Brasil
- Itaú BBA



The table below shows the contracted guarantees outstanding at the dates:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Guarantees provided:		
Collateral sale (*)	<u>27,103</u>	<u>33,103</u>
Total guarantees	<u>27,103</u>	<u>33,103</u>

\* Refer to equipment purchased under the Federal Equipment Financing Program (FINAME).

The maturities of the non-current portions as at March 31, 2015 are as follows:

2016	2,354
2017	3,138
2018 to 2021	<u>8,792</u>
	<u>14,284</u>

The Company's borrowings do not have covenants.

### 13. DEBENTURES

Description	Series	Issued amount	Beginning	Maturity	Financial charges	3/31/2015	12/31/2014
1 <sup>st</sup> issue	Single	270,000	Apr/2011	Apr/2016	112.5% of CDI	190,243	184,412
Issue cost						<u>(511)</u>	<u>(629)</u>
						<u>189,732</u>	<u>183,783</u>
2 <sup>nd</sup> issue	1 <sup>st</sup> series	160,940	Aug/2012	Aug/2017	100% CDI + 0.88% p.a.	163,286	168,121
2 <sup>nd</sup> issue	2 <sup>nd</sup> series	109,060	Aug/2012	Aug/2020	IPCA + 5.50 p.a.	135,075	128,747
Issue cost						<u>(1,016)</u>	<u>(1,093)</u>
						<u>297,345</u>	<u>295,775</u>
3 <sup>rd</sup> issue	Single	200,000	May/2014	May/2019	108.75% of CDI	208,155	201,984
Issue cost						<u>(656)</u>	<u>(685)</u>
						<u>207,499</u>	<u>201,299</u>
Total debentures						<u>694,576</u>	<u>680,857</u>
Current						114,315	105,315
Noncurrent						580,261	575,542

#### 1<sup>st</sup> issue of debentures

The first issue of Company debentures, of a total of 27,000 simple, nonconvertible, registered, unsecured debentures, in a single series, was approved on April 8, 2011, totaling R\$270,000 and unit face value of R\$10.00. These debentures mature on April 18, 2016 and pay interest equivalent to 112.5% of the CDI, payable semiannually, and are amortized in three annual, consecutive installments, commencing on April 18, 2014, settled at that date. The transaction costs associated with this issue, in the amount of R\$2,358, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

#### 2<sup>nd</sup> issue of debentures

The second issue of Company debentures, of a total of 27,000 simple, nonconvertible, registered, unsecured debentures, in two series, was approved on August 3, 2012, totaling R\$270,000 and unit face value of R\$10.00. The transaction costs associated with this issue, in the amount of R\$1,810, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

The debentures have their maturities according to the issue of each series, as follows:

- 1st series - 16,094 first series debentures, totaling R\$160,940, with maturity on August 15, 2017, not subject to adjustment for inflation. The face value of the first series debentures will be amortized in two annual installments as from the fourth year of their issue and interest paid semiannually will correspond to a surcharge of 0.88% p.a. levied on 100% of the accumulated variation of the DI rate;
- 2nd series - 10,906 second series debentures series, totaling R\$109,060, with maturity on August 15, 2020, subject to adjustment for inflation based on the accumulated variation of the IPCA index. The face value of the second series debentures will be amortized in three annual installments as from the sixth year of their issue and interest paid semiannually will correspond to 5.50% p.a. of the amount adjusted for inflation as indicated above.

### 3<sup>rd</sup> issue of debentures

The third issue of Company debentures, of a total of 20,000 simple, nonconvertible, registered, unsecured debentures, in a single series, was approved on May 30, 2014, totaling R\$200,000 and unit face value of R\$10.00. These debentures mature on May 30, 2019 and pay interest equivalent to 108.75% of the CDI, payable semiannually, and amortized in three annual, consecutive installments, commencing on May 30, 2017. The transaction costs associated with this issue, in the amount of R\$745, are being recognized as borrowing costs, in accordance with the contractual terms of the issue.

The proceeds obtained by the Company with the third issue of debentures were fully used to settle the commercial promissory notes of the Company's fourth issue, issued on April 11, 2014 (see note 12).

As at March 31, 2015 the balances of debentures including transaction costs are R\$115,203 in current liabilities and R\$581,556 in non-current liabilities, and R\$114,315 and R\$580,261, net of transaction costs, respectively. (As at December 31, 2014, the balances of debentures are R\$106,203 in current liabilities and R\$577,061 in noncurrent liabilities, and R\$103,315 and R\$575,542, net of transaction costs, respectively.)

### Covenants

The debenture indentures require the compliance with debt and interest coverage ratios under preset parameters, as follows:

- (1) Net debt-to-EBITDA ratio equal to or lower than three (3); and
- (2) EBITDA-to-net financial expenses equal to or higher than two (2).
  - (i) "Net Debt" means, based on the Company's immediately preceding Financial Statements, (a) the sum of the Company's onerous debts, on a consolidated basis, to companies, including borrowings with third parties and/or related parties and issue of fixed-income securities, convertible or not, in the local and/or international capital market, as well as guarantees provided by the Company, but excluding debts arising from tax installment payments; (b) less the sum of the Company's cash and cash equivalents (cash and short-term investments), on a consolidated basis;

- (ii) "EBITDA" means, based on the Company's four immediately preceding Financial Statements, profit or loss before income tax and social contribution, less income and plus expenses generated by finance income and costs and no operating income and expenses, depreciation and amortization, and nonrecurring income and expenses; and
- (iii) "Net Finance Cost" means, based on the Company's four immediately preceding Financial Statements, the balance of the difference between the consolidated gross finance income and the consolidated gross finance cost

As at March 31, 2015 the Company was compliant with all ratios.

#### 14. RELATED PARTIES

##### a) Transactions and balances

There were no loans between the Company and its officers during the year.

As at March 31, 2015 the Company had no service agreements with members of its Board of Directors.

##### Management compensation

The amounts relating to compensation paid to members of the Company's management are as follows:

	<u>3/31/2015</u>	<u>3/31/2014</u>
Salaries and payroll charges - officers	1,953	1,557
Fees of the Board of Directors	371	352
Profit sharing	-	219
Share-based payments	<u>544</u>	<u>518</u>
Total	<u>2,868</u>	<u>2,646</u>

#### 15. EMPLOYEE BENEFITS

##### a) Employee profit sharing

The provision for profit sharing of employees and executive officers is recognized on an accrual basis and is accounted for as an expense. The determination of the amount, which is paid in the year subsequent to the recognition of the provision, considers the targets program established together with the labor union through a collective labor agreement, in accordance with Law 10,101/00 and the Company's bylaws.

As decided by the Company's Board of Directors on March 27, 2012, the amount of profit sharing will no longer be set at 25% of profit and may vary between 20% and 30% of the economic value added (EVA), which is calculated based on the operating profit less or plus

nonrecurring profits, less taxes, and the weighted average cost of capital. The metrics for this calculation is approved by the Company's management.

The profit sharing, if any, is recognized over the year and paid in the following year. The Company did not achieve positive EVA in the first quarter of 2015, therefore, on that basis, not recorded a provision for profit sharing. In the first quarter 2014, the Company had provisioned the amount of R\$482, see Note 22, however, this provision was reversed at the end of year 2014, according to the results presented.

b) Stock option plan

The Company has stock option plans approved by the General Meeting aimed at integrating its executives in the Company development process in the medium and long terms. These plans are managed by the Company and the grants are approved by the Board of Directors.

<u>Plans</u>	<u>Grant date</u>	<u>Final exercise date</u>	<u>Shares in thousands</u>		
			<u>Shares granted</u>	<u>Shares exercised</u>	<u>Outstanding shares</u>
Top Mills Special Plan	1/01/2008	7/10/2014	782	(782)	-
2010 Plan					
2010 Program	5/31/2010	5/31/2016	1,475	(1,369)	106
2011 Program	4/16/2011	4/16/2017	1,184	(592)	592
2012 Program	6/30/2012	5/31/2018	1,258	(399)	859
2013 Program	4/30/2013	4/30/2019	768	(92)	676
2014 Program	4/30/2014	4/30/2020	234	-	234

In order to price the cost of the Top Mills Special Plan relating to its equity component, the applicable volatilities were determined at the risk-free rates and stock prices based on valuations of 6.6 times the EBITDA, less net debt, and the Company used the Black-Sholes model to calculate the fair value.

On March 31, 2014, the Company approved at the Board of Directors meeting: (i) the creation of the 1/2014 Stock Option program; (ii) the definition of the criteria to set the exercise price of options and their payment terms; (iii) the definition of the terms and conditions of exercise of options; and (iv) the authorization for the Executive Officers to grant the stock options to the beneficiaries eligible under the 2014 Program.

The plans granted as from 2010 were classified as equity instruments and the weighted average fair value of the options granted was determined based on the Black-Schools valuation model, considering the following assumptions:

<u>Program</u>	<u>Grant</u>	<u>Weighted average fair value by option R\$</u>	<u>Weighted average price of the share at the grant date R\$</u>	<u>Exercise price at the grant date R\$</u>	<u>Volatility at the grant date</u>	<u>Dividend yield at the grant date</u>	<u>Annual risk-free interest rate at the grant date</u>	<u>Maximum exercise period at the grant date</u>
2010	First	3.86	11.95	11.50	31.00%	1.52%	6.60%	6 years
2010	Second	5.49	14.10	11.50	31.00%	1.28%	6.37%	6 years
2011	Single	6.57	19.15	19.28	35.79%	1.08%	6.53%	6 years
2012	Basic	21.75	27.60	5.86	37.41%	0.81%	3.92%	6 years
2012	Discretionary	12.57	27.60	19.22	37.41%	0.81%	3.92%	6 years
2013	Basic	24.78	31.72	6.81	35.34%	0.82%	3.37%	6 years
2013	Discretionary	11.92	31.72	26.16	35.34%	0.82%	3.37%	6 years

2014	Basic	22.58	28.12	7.98	33.45%	0.75%	12.47%	6 years
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The exercise price of the options granted under the Plan will be set by the Board of Directors or by the Committee (as appropriate), taking into consideration: (i) in the case of options whose grant has as consideration the acquisition of Company issued shares by the respective Beneficiary, the equity value of the shares at December 31 of the fiscal year immediately prior to the grant date; or (ii) in the other cases, the value equivalent to the average quotation of the Company shares of the same type as those in which the option is referenced on the BM&FBOVESPA S.A. - Stock, Commodities and Futures Exchange, weighted by the trading volume during the fiscal year immediately prior to the grant date. Irrespective of the criterion to be adopted to define the exercise price, this will be adjusted for inflation based on the IPCA (Extended Consumer Price Index) or any other index determined by the Board of Directors or by the Committee (as appropriate), less the amount of dividends and interest on capital per share proposed by the Company as from the grant date.

The table below presents the accumulated balances of the plans in the statement of financial position and the effects on the statement of profit or loss.

	<u>3/31/2015</u>	<u>12/31/2014</u>
2002 Plan		
Capital reserve	1,446	1,446
Number of shares exercised (thousands)	3,920	3,920
Top Mills, Special CEO and EX-CEO Plans		
Capital reserve	1,148	1,148
Number of shares exercised (thousands)	1,055	1,055
Mills Rental Executives Plan		
Capital reserve	4,007	4,007
Number of shares exercised (thousands)	391	391
2010 Plan		
Capital reserve	5,727	5,727
Number of exercisable options (thousands)	106	106
Number of shares exercised (thousands)	1,369	1,369
2011 Program (2010 Plan)		
Capital reserve	7,201	6,750
Number of exercisable options (thousands)	592	592
Number of shares exercised (thousands)	592	592
2012 Program (2010 Plan)		
Capital reserve	10,570	9,659
Number of exercisable options (thousands)	859	859
Number of shares exercised (thousands)	399	399
2013 Program (2010 Plan)		
Capital reserve	6,427	5,633
Number of exercisable options (thousands)	676	676
Number of shares exercised (thousands)	92	92
2014 Program (2010 Plan)		
Capital reserve	1,373	1,026

	<u>3/31/2015</u>	<u>12/31/2014</u>
Number of exercisable options (thousands)	234	234
Total recognized as equity (accumulated)	37,899	35,396
Effect on the statement of profit or loss (*)	(2,504)	(9,539)

(\*) As at March 31, 2014, the effect on the statement of profit or loss was an expense of R\$2,998.

## 16. INCOME TAX AND SOCIAL CONTRIBUTION

### a) Reconciliation of the income tax and social contribution benefit (expense)

The reconciliation between the income tax and social contribution expense at the statutory and effective rates is as follows:

	<u>3/31/2015</u>	<u>3/31/2014</u>
Profit for the year before income tax and social contribution	(14,387)	50,339
Statutory income tax and social contribution rate	<u>34%</u>	<u>34%</u>
Income tax and social contribution at statutory rate	4,892	(17,115)
Nondeductible provisions (*) and permanent differences	(5,033)	(270)
Others	<u>47</u>	<u>918</u>
Total current and deferred income tax and social contribution	(94)	(16,467)
Effective rate	-1%	33%
Current income tax	(2,271)	(21,189)
Deferred income tax	2,177	4,722
	(94)	(16,467)

\* The non-deductible expenses are composed mainly by the non-recognition of deferred tax assets related to cancellations which required tax documentation was not obtained. Still make up this balance to low stocks, sponsorship, gifts, debt forgiveness and not compensatory fines.

### b) Income tax and social contribution recognized in other comprehensive income

The deferred tax recognized in other comprehensive income arises from the provision for gains/losses on cash flow hedge instruments transferred to the opening carrying amounts of the hedged items. The total income tax and social contribution recognized in comprehensive income in the first quarter of 2015 is R\$8.

### c) Movement in the deferred income tax and social contribution during the year, not considering the offset of balances:

<u>Description</u>	<u>December 31, 2014</u>	<u>Additions</u>	<u>Write-offs</u>	<u>March 31, 2015</u>
Stock options	3,243	769	-	4,012
Discount to present value	54	-	(2)	52
Property, plant and equipment hedge	(946)	(20)		(966)
Provision for costs and expenses	2,141	-	(141)	2,000

<u>Description</u>	<u>December 31, 2014</u>	<u>Additions</u>	<u>Write-offs</u>	<u>March 31, 2015</u>
Allowance for doubtful debts	17,993	5,012	-	23,005
Finance leases	4,329	1,058	-	5,387
Provision for tax, civil and labor risks	4,320	-	(61)	4,259
NDF derivatives	(126)	-	9	(117)
Provision for discounts and cancelations	9,355	-	(3,128)	6,227
Swap transactions	(396)	-	396	-
Taxes with required payment suspended	255	58	-	313
Accelerated depreciation	(1,506)	(188)	-	(1,694)
GP Andaimés Sul Locadora goodwill	(459)	(34)	-	(493)
Jahu goodwill	(12,949)	-	-	(12,949)
Adjustment for inflation of judicial deposits	(1,197)	-	21	(1,176)
Exchange differences	1,643	-	(1,643)	-
Debentures	(809)	-	78	(731)
	<u>24,945</u>	<u>6,655</u>	<u>(4,471)</u>	<u>27,129</u>

- d) The bases and expectations for realization of the deferred income tax and social contribution are presented below:

<u>Nature</u>	<u>Bases for realization</u>
Stock option	Exercise of options
Discount to present value	Tax realization of the loss/gain
Property, plant and equipment hedge	Depreciation of the asset
Provision for costs and expenses	Payment
Allowance for doubtful debts	Filing of lawsuits and past-due receivables
Finance leases	Realization of the asset over the straight-line depreciation period
Provision for tax, civil and labor risks	Tax realization of the loss or closing of the lawsuit
NDF derivatives	Realization of the provision
Provision for discounts and cancelations	Reversal/realization of the provision
Swap transactions	Settlement of the borrowing
Taxes with required payment suspended	Payment or reversal of the provision
Accelerated depreciation	Tax depreciation over 5 years
GP Andaimés Sul Locadora goodwill	Disposal/impairment of the asset
Jahu goodwill	Disposal/impairment of the asset
Adjustment for inflation of judicial deposits	Withdrawal of the deposit
Exchange differences	Repayment of the borrowing
Debentures	Amortization of the borrowing cost

As at March 31, 2015, deferred income tax and social contribution are expected to be realized as follows:

	<u>Deferred IR and CSLL assets</u>	<u>Deferred IR and CSLL liabilities</u>
2015	8,238	(354)
2016	7,342	(534)

2017	7,342	(496)
2018	7,342	(448)
2019	7,344	(1,201)
Beginning 2020	<u>7,648</u>	<u>(15,094)</u>
Total	<u>45,256</u>	<u>(18,127)</u>

### Transition Tax Regime

The Transition Tax Regime (RTT) was in effect until the enactment of the law that regulated the tax effects of the new accounting methods to ensure tax neutrality. On May 13, 2014, Law 12,973 was enacted, introducing, among other issues, the repeal of the Transitional Tax Regime (RTT) and the Corporate Income Tax Return (DIPJ) and creating instead the Tax Accounting Bookkeeping (ECF).

The Tax Accounting Bookkeeping (ECF) will consolidate the tax neutrality adjustments that were previously filed using the Transition Tax Accounting Control (FCONT). Pursuant to the aforementioned Law, the adoption of the ECF is optional for taxable events recorded beginning January 2014 and mandatory beginning 2015 for all corporate entities that elect taxation based on the actual profit. In 2014 the Company complied with the legal requirement, which was formalized through the option in the DCTF (Declaration of Federal Tax Debits and Credits) of August 2014 filed with the Brazilian Federal Revenue on October 28, 2014, as regards the prospective calculation of interest on capital, dividends and the tax treatment of stock option plans. The other measures contained in such Law did not have material impacts on the Company, according to an analysis made by the Company with its tax advisors.

## 17. PROVISION FOR TAX, CIVIL AND LABOR RISKS AND JUDICIAL DEPOSITS

The Company is a party to tax, civil and labor lawsuits that have arisen in the normal course of business and is discussing the related matters both at the administrative and legal levels. These lawsuits are backed by judicial deposits, when applicable.

Based on the opinion of its outside legal counsel, management understands that the appropriate legal measures already taken in each situation are sufficient to cover potential losses and preserve the Company's equity, being reassessed periodically.

The Company does not have any contingent assets recognized.

### a) Breakdown of the provision for tax, civil and labor risks:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Tax (i)	4,107	4,301
Civil (ii)	946	787
Labor (iii)	3,723	3,978
Success fees (iv)	<u>3,625</u>	<u>3,514</u>
Total	<u>12,401</u>	<u>12,580</u>



## Movement in the provision for tax, civil and labor risks:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Balance at January 1	<u>12,580</u>	<u>10,573</u>
Provision and monetary adjustment	530	5,000
Reversals	(700)	(2,380)
Write-offs	<u>(9)</u>	<u>(613)</u>
Balance for the period	<u>12,401</u>	<u>12,580</u>

- (i) Refers basically to a writ of mandamus filed by the Company challenging the increase in the PIS and COFINS rates (established by the noncumulative regime of these contributions, with the enactment of Laws 10,637/2002 and 10,833/2003). The Company maintains a judicial deposit for this provision, relating to the differences in rates.
- (ii) The Company has lawsuits filed against it relating to civil liability and compensation claims.
- (iii) The Company is a defendant in various labor lawsuits. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and salary equalization.
- (iv) Success fees are generally set at up to 10% of the amount of the claim, payable to outside legal counsel according to the success achieved in each claim. Payment is contingent upon a favorable outcome of the lawsuits.

## b) Breakdown of judicial deposits:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Tax (i)	7,054	7,161
Labor (ii)	<u>3,842</u>	<u>3,261</u>
	<u>10,896</u>	<u>10,422</u>

- (i) As at December 31, 2014, judicial deposits for tax lawsuits totaled R\$7,161. The reconciliation of this amount refers basically to the challenge of the increase in the PIS and COFINS rates, in the total amount of R\$3,714, and, also, judicial deposits made on behalf of certain municipalities due to the understanding of our legal counsel as regards the levy of the ISS (service tax) on asset rental income. The balance recognized in this line items is R\$ 2,705. Since 2003, with the enactment of the Supplementary Law 116 and based on the opinion of its legal counsel, the Company has not made judicial deposits of this nature.
- (ii) The judicial deposits are linked to various labor lawsuits in which the Company is the defendant. Most of the lawsuits involve claims for compensation due to occupational diseases, overtime, hazardous duty premium and salary equalization.

The Company is a party to tax, civil and labor lawsuits involving risks of loss classified by management as possible based on the assessment of its legal counsel, for which no provision was recognized as estimated below:

	<u>3/31/2015</u>	<u>12/31/2014</u>
Tax (i)	30,971	31,559
Civil (ii)	5,272	5,191
Labor (ii)	<u>17,693</u>	<u>15,232</u>
Total	<u>53,936</u>	<u>51,982</u>

(i) Tax (main items):

- a) Disallowance of allegedly nondeductible expenses by the Brazilian Federal Revenue, involving former Mills Formas, due to agreements entered into with various customers, under which Mills Formas was responsible for carrying out the services that were previously carried out by the employees of the former Mills do Brasil;
- b) Requirement of the Finance Department of the State of Rio de Janeiro relating to ICMS and fine allegedly due arising from transfers of goods without the payment of the related tax.
- c) Non-recognition by the INSS (National Institute of Social Security) of the possibility of offsetting payments improperly made as social security contribution, based on the method established by Law 9,711/98;
- d) Requirement by the Brazilian Federal Revenue of fine allegedly due on installment payment of credits derived from voluntary reporting;
- e) Requirement by the Brazilian Federal Revenue of alleged debts of ILL (tax on profit), judged unconstitutional by the STF (Federal Supreme Court).
- f) Requirement of the Municipal Finance Department of Rio de Janeiro for alleged error by the Company in not observing the accrual basis in the monthly payments of ISS due in the period from February 1995 to October 1997.

(ii) Civil

Lawsuits filed against the Company relating to compensation for pain and suffering and property damages.

(iii) Labor

The Company is a defendant in various labor lawsuits. Most of the lawsuits involve collection of termination amounts, compensation for pain and suffering, inclusion of premium in the compensation, reinstatement and salary adjustments, and related effects.

## 18. TAXES PAYABLE

	<u>3/31/2015</u>	<u>12/31/2014</u>
PIS and COFINS (taxes on revenue)	2,323	2,978
INSS (Social Security Contribution)	89	86
ISS (Service Tax)	181	500
Others	<u>319</u>	<u>409</u>
	<u>2,912</u>	<u>3,973</u>

## 19. EQUITY

### a) Subscribed capital

The Company's fully subscribed and paid-in capital as at March 31, 2015 is R\$563,319 (R\$563,319 as at December 31, 2014), comprising 128,058 registered common shares without par value (128,058 as at December 31, 2014). Each common share entitles to one vote in the shareholders resolutions.

Under the bylaws, the Board of Directors can increase the capital up to a ceiling of 200,000,000 shares.

#### (a.1) Treasury shares

On November 10, 2014, the Board of Directors approved the introduction of a buyback program for the Company-issued shares and authorized management to define the opportunity and the number of shares to be acquired under the Buyback Program.

The Company's objective with the buyback program was to acquire up to 4,000,000 shares of its issue, within 365 days from the date of approval by the Board of Directors, to be held in treasury and subsequently canceled or sold, including under the Company's share buyback program, in the event of exercise of such options. Until March 31, 2015, 2,285,300 shares had been acquired, totaling R\$19,777, recognized in the capital reserve. The minimum cost, weighted average and maximum of these shares acquired until the first quarter of 2015 were, respectively, R\$5.32, R\$8.65 and R\$11.30.

#### (a.2) Share issue

The Company's share issue has been made as approved by the Company's Board of Directors due to the exercise of stock options by beneficiaries.

The table below shows the shareholding structure at the reporting dates:

<u>Shareholders</u>	<u>3/31/2015</u>		<u>12/31/2014</u>	
	<u>Number of shares (in thousands)</u>	<u>Percentage</u>	<u>Number of shares (in thousands)</u>	<u>Percentage</u>
Andres Cristian Nacht	15,685	12.25%	15,685	12.25%
Snow Petrel S.L.	17,728	13.84%	17,728	13.84%
HSBC Bank Brasil S.A. <sup>1</sup>	6,323	5.07%	6,323	5.07%
Capital Research Global Investors <sup>2</sup>	-	-	6,507	5.10%
Other signatories of the Company Shareholders Agreement <sup>3</sup>	11,914	9.24%	11,827	9.24%
Others	<u>76,407</u>	<u>54.50%</u>	<u>69,987</u>	<u>54.50%</u>
	<u>128,057</u>	<u>100.00 %</u>	<u>128,057</u>	<u>100.00 %</u>

- 1 On October 2, 2012, it became the holder of a material ownership interest according to information officially received by the Company and disclosed to CVM.
- 2 On December 2, 2014 now holds significant share according to information received officially by the Company and communicated to the CVM. On January 27, 2015 no longer holds significant share according to information received officially by the Company and communicated to the CVM.
- 3 The other signatories of the Company's Shareholders Agreement, all holders of individual interests of less than 5% of the Company's capital, are represented in the capacity as shareholders, including for purposes of exercise of voting right, by Andres Cristian Nacht.

b) Earnings reserves

(b.1) Legal reserve

The legal reserve is set up annually by allocating 5% of the profit for the year until it reaches a ceiling of 20% of the capital. The purpose of the legal reserve is to ensure the integrity of the capital and it can be used only to offset losses and increase capital.

(b.2) Expansion reserve

The purpose of the expansion reserve is to provide funds to finance additional investments in fixed and working capital and expand corporate activities. Under the Company's bylaws, the ceiling of the expansion reserve is 80% of the Company's subscribed capital.

(b.3) Earnings retention reserve

This reserve refers to the retention of the remaining balance of retained earnings in order to fund the business growth project set out in the Company's investment plan, according to the capital budget proposed by management, to be submitted for approval at the General Meeting, pursuant to Article 196 of the Brazilian Corporation Law.

c) Capital reserve

The capital reserve includes the transaction costs incurred in capital funding amounting to R\$15,068, net of taxes, relating to the primary public offering of shares, the stock option premium reserve amounting to R\$37,899, the cost of the canceled shares amounting to R\$558, and the buyback of shares until March 31, 2015 amounting to R\$19,777, totaling a capital reserve of R\$2,496 as at March 31, 2015 (R\$8,785 as at December 31, 2014).

d) Valuation adjustment to equity – cash flow hedge

The cash flow hedge reserve incorporates the effective portion of the cash flow hedges through the end of the reporting period amounting to R\$228, net of taxes (December 31, 2014 - R\$244).

e) Mandatory minimum dividends

The Company's bylaws provide for the payment of mandatory minimum dividends equivalent to 25% of the profit for the year, after the respective allocations, pursuant to article 202 of the Brazilian Corporation Law (Law 6,404).

## 20. EARNINGS (LOSS) PER SHARE

a) Basic

Basic earnings per share are calculated by dividing the profit attributable to owners of the Company by the weighted average number of common shares issued during the year.

	<u>3/31/2015</u>	<u>3/31/2014</u>
Profit (loss) attributable to owners of the Company	<u>(14,481)</u>	<u>33,872</u>
Weighted average number of common shares issued (thousands)	<u>127,818</u>	<u>127,441</u>
Basic earnings (loss) per share from continuing and discontinued operations	<u>(0.11)</u>	<u>0.27</u>
Basic earnings (loss) per share from continuing operations	<u>(0.11)</u>	<u>0.27</u>

b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The Company has one category of dilutive potential common shares: stock options. For stock options, a calculation is made to determine the number of shares that would be acquired at fair value (determined as the average annual market price of the Company's share), based on the monetary value of the subscription rights linked to the outstanding stock options. The number of shares calculated as described above is compared with the number of shares issued, assuming the exercise of the stock options.

	<u>3/31/2015</u>	<u>3/31/2014</u>
Profit (loss) used to determine diluted earnings (loss) per share	<u>(14,481)</u>	<u>33,872</u>
Weighted average number of common shares issued (thousands)	127,818	127,441
Adjustments for:		
Stock options (thousands)	<u>-</u>	<u>817</u>
Weighted average number of common shares for diluted earnings per share (thousands)	<u>127,818</u>	<u>128,258</u>
Diluted earnings (loss) per share from continuing and discontinued operations	<u>(0.11)</u>	<u>0.26</u>
Diluted earnings (loss) per share from continuing operations	<u>(0.11)</u>	<u>0.26</u>

## 21. NET REVENUE FROM SALES AND SERVICES

The information on net revenue from sales and services below refers only to the nature of the revenue per type of service:

	<u>3/31/2015</u>	<u>3/31/2014</u>
Rentals	170,238	234,383
Sales	18,950	7,170
Technical assistance	2,527	4,090
Indemnities and recoveries	19,592	29,331
Taxes on sales and services	(15,710)	(20,182)
Cancelations and discounts	<u>(31,703)</u>	<u>(46,971)</u>
	<u>163,894</u>	<u>207,821</u>

## 22. COST OF SALES AND SERVICES AND GENERAL AND ADMINISTRATIVE EXPENSES (BY NATURE)

Costs refer mainly to personnel expenses, payroll taxes and social security contributions, equipment sublet from third parties when the Company's inventory is insufficient to meet the demand, freight for equipment transportation between branches and occasionally to customers, and expenses on materials consumed in the projects, from personal protective equipment (PPE) to wood, paint and thermal insulation.

General and administrative expenses refer to the management of each Company contract, encompassing project teams and sales function engineers, which correspond basically to salaries, payroll taxes and benefits, and other expenses on travels, representations and communications, as well as expenses of the administrative function.

Nature	3/31/2015			3/31/2014		
	Direct project and rental costs	General and administrative expenses	Total	Direct project and rental costs	General and administrative expenses	Total
Personnel	(17,135)	(26,449)	(43,584)	(14,285)	(28,081)	(42,366)
Third parties	(879)	(5,455)	(6,334)	(1,344)	(7,471)	(8,815)
Freight	(2,321)	(377)	(2,698)	(3,833)	(196)	(4,029)
Construction/maintenance and repair materials	(9,286)	(1,740)	(11,026)	(9,803)	(2,438)	(12,241)
Equipment rental and others	(1,009)	(4,644)	(5,653)	(1,369)	(4,888)	(6,257)
Travel	(458)	(1,904)	(2,362)	(1,136)	(2,954)	(4,090)
Cost of sales	(10,873)	-	(10,873)	(8,855)	-	(8,855)
Depreciation and amortization	(38,989)	(4,364)	(43,353)	(36,214)	(3,351)	(39,565)
Write-off of assets	(4,738)	-	(4,738)	(1,651)	-	(1,651)
Allowance for doubtful debts	-	(21,027)	(21,027)	-	(6,526)	(6,526)
Stock option plan	-	(2,503)	(2,503)	-	(2,187)	(2,187)
Provisions	-	339	339	-	(614)	(614)
Profit sharing	-	-	-	-	(482)	(482)
Others	(370)	(5,721)	(6,091)	(557)	(2,699)	(3,256)
	<u>(86,058)</u>	<u>(73,845)</u>	<u>(159,903)</u>	<u>(79,047)</u>	<u>(61,887)</u>	<u>(140,934)</u>

## 23. FINANCE INCOME (COSTS)

## a) Finance income

	<u>3/31/2015</u>	<u>3/31/2014</u>
Interest income	2,261	2,464
Investment income	5,433	842
Discounts obtained	5	57
Foreign exchange and inflation gains	1	592
Others	<u>6</u>	<u>62</u>
	<u>7,706</u>	<u>4,017</u>

## b) Finance costs

	<u>3/31/2015</u>	<u>3/31/2014</u>
Interest on borrowings	(721)	(2,060)
Foreign exchange and inflation losses	(606)	(706)
Interest on finance leases	-	(236)
Interest on debentures	(23,272)	(15,983)
Commissions and bank fees	(72)	(28)
Others	<u>(1,413)</u>	<u>(1,552)</u>
	<u>(26,084)</u>	<u>(20,565)</u>

## 24. SEGMENT INFORMATION

Information by operating segment is being presented in accordance with CPC 22 *Operating Segments* (IFRS 8).

The Company's reportable segments are business units that offer different products and services and are managed separately since each business requires different technologies and market strategies. The main information used by management to assess the performance of each segment is as follows: total property, plant and equipment since these are the assets that generate the Company's revenue and the profit of each segment to evaluate the return on these investments. The information on liabilities by segment is not being reported since it is not used by the Company's chief decision makers to manage the segments. Management does not use analyses by geographic area to manage its businesses.

The Company's segments have completely different activities, as described below, and therefore their assets are specific for each segment. The assets were allocated to each reportable segment according to the nature of each item.

### Heavy Construction business unit

The Heavy Construction business unit operates in the heavy construction market, using cutting edge technology in formworks, props, and special equipment systems to perform construction works. This business unit is present in several states and draws on a team of engineers and specialized technicians who play advisory and support role to meet deadline and optimize costs and safety.

### Real Estate business unit

The Real Estate business unit provides formworks, props, nonmechanized access equipment, mast climbing platforms, and scaffolds for the residential and office building construction sector. It has the largest product and service portfolio, with customized solutions that meet the specific needs of each project and generate efficiency and cut costs. With presence in several states, the Real Estate business unit has teams qualified to provide technical assistance and help planning works, detail projects, and oversee the assembly.

### Rental business unit

The Rental business unit operates in the scissor lifts and telescopic handlers lease and sale market, for height works in all sectors of the construction, trade, and manufacturing markets. The BU ensures productivity, profitability and safety, has the most advanced product line for lifting people and cargo, and offers its customers operation training certified by the IPAF (world areal access authority). Its presence in several Brazilian cities not only reinforces only the agility of its commercial service but it also broadens the technical assistance with certified professionals.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. The Company assesses the performance by segment based on pretax profit or loss as well as on other operating and financial indicators.

No individual customer accounted for 10% or more of the Company's revenues as at March 31, 2015.



## Statement of profit or loss by business segment

	Heavy Construction		Real Estate		Rental		Others		Total	
	<u>3/31/2015</u>	<u>3/31/2014</u>	<u>3/31/2015</u>	<u>3/31/2014</u>	<u>3/31/2015</u>	<u>3/31/2014</u>	<u>3/31/2015</u>	<u>3/31/2014</u>	<u>3/31/2015</u>	<u>3/31/2014</u>
Net revenue	51,080	51,035	33,234	59,517	79,580	97,269	-	-	163,894	207,821
(-) Costs	(14,982)	(9,498)	(11,531)	(14,074)	(20,557)	(19,262)	-	-	(47,070)	(42,834)
(-) Expenses	(14,331)	(15,085)	(17,643)	(18,710)	(16,236)	(17,105)	(243)	(1,108)	(48,453)	(52,008)
(-) Allowance for doubtful debts	(8,846)	(836)	(3,992)	(3,269)	(8,337)	(2,474)	148	52	(21,027)	(6,527)
(-) Depreciation and amortization	(10,551)	(9,363)	(11,938)	(11,475)	(20,864)	(18,727)	-	-	(43,353)	(39,565)
Profit before finance income (costs)	<u>2,370</u>	<u>16,253</u>	<u>(11,870)</u>	<u>11,989</u>	<u>13,586</u>	<u>39,701</u>	<u>(95)</u>	<u>(1,056)</u>	<u>3,991</u>	<u>66,887</u>
Finance income	1,472	485	1,731	860	3,032	920	1,471	1,752	7,706	4,017
Finance costs	(6,097)	(4,465)	(7,314)	(7,454)	(12,420)	(8,562)	(253)	(84)	(26,084)	(20,565)
Profit before IRPJ/CSL	(2,255)	12,273	(17,453)	5,395	4,198	32,059	1,123	612	(14,387)	50,339
(-) IRPJ/CSL	<u>(15)</u>	<u>(4,015)</u>	<u>(114)</u>	<u>(1,765)</u>	<u>28</u>	<u>(10,487)</u>	<u>7</u>	<u>(200)</u>	<u>(94)</u>	<u>(16,467)</u>
Profit for the period	<u>(2,270)</u>	<u>8,258</u>	<u>(17,567)</u>	<u>3,630</u>	<u>4,226</u>	<u>21,572</u>	<u>1,130</u>	<u>412</u>	<u>(14,481)</u>	<u>33,872</u>

## Assets by business segment

	Heavy Construction		Real Estate		Rental		Others		Total	
	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>3/31/2015</u>	<u>12/31/2014</u>
Property, plant and equipment										
Acquisition cost	416,204	421,913	468,434	476,092	814,522	818,791	-	-	1,699,160	1,716,796
(-) Accumulated depreciation	(160,660)	(153,179)	(155,691)	(152,108)	(228,362)	(211,361)	-	-	(544,713)	(516,648)
	255,544	268,734	312,743	323,984	586,160	607,430	-	-	1,154,447	1,200,148
Other assets	<u>170,750</u>	<u>183,023</u>	<u>165,078</u>	<u>175,763</u>	<u>200,002</u>	<u>191,328</u>	<u>143,672</u>	<u>142,461</u>	<u>679,502</u>	<u>692,575</u>
Total assets	<u>426,294</u>	<u>451,757</u>	<u>477,821</u>	<u>499,747</u>	<u>786,162</u>	<u>798,758</u>	<u>143,672</u>	<u>142,461</u>	<u>1,833,949</u>	<u>1,892,723</u>

## 25. FINANCIAL INSTRUMENTS

### 25.1. Category of financial instruments

The classification of financial instruments, by category, can be summarized as follows:

	Carrying amount	
	<u>3/31/2015</u>	<u>12/31/2014</u>
Cash and cash equivalents	214,024	193,659
Loans and receivables:		
Trade receivables	127,607	158,626
Judicial deposits	10,896	10,422
Financial liabilities measured at amortized cost		
Borrowings	17,473	64,527
Debentures	694,576	680,857
Trade payables	14,852	16,510
Financial assets at fair value		
Derivatives - NDF	-	26
Derivatives - Swap	-	1,166
Equity instruments		
Stock option plans	37,899	35,396

### 25.2. Fair value of financial instruments

Several Company accounting policies and disclosures require the determination of the fair value both for financial assets and liabilities and for nonfinancial assets and liabilities. Fair value for measurement and/or disclosure purposes is determined based on the methods below. When applicable, additional information on the assumptions used to calculate the fair values are disclosed in specific notes applicable to such asset or liability.

The Company applies CPC 40/IFRS 7 for financial instruments measured in the statement of financial position at fair value, which requires disclosure of fair value measurements at the level of the following fair value measurement hierarchy:

- Quoted (unadjusted) prices in active markets for identical assets and liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (e.g. as prices) or indirectly (e.g. derived from prices) (Level 2).

The Company does not have financial instruments measured at fair value that are classified as Level 3, i.e., obtained based on valuation techniques that include variables for the asset or liability, but which are not based on observable market inputs.

The table below shows the Company's assets and liabilities measured at fair values as at March 31, 2015.

	Level 2 balances	
	<u>3/31/2015</u>	<u>3/31/2014</u>
<u>Assets</u>		
Derivatives used for hedging	-	26
Derivatives used for borrowings	-	<u>1,166</u>
Total Assets	<u>-</u>	<u>1,192</u>

(a) Fair value

Cash and cash equivalents refer to short-term investments with first-tier financial institutions and are indexed to the variation of the Interbank Deposit Certificates (CDI). Considering that the CDI rate already reflects the interbank market position, it is assumed that the carrying amounts of the investments approximate their fair values.

(b) Fair value of trade receivables and payables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market interest rate determined at the end of the reporting period.

The fair values of trade receivables and trade payables, considering for calculation the discounted cash flow method, are substantially similar to their carrying amounts.

(c) Fair value of borrowings

The fair value, which is determined for disclosure purposes, is calculated based on the present value of the principal and future cash flows, discounted at the market interest rate determined at the end of the reporting period. For finance leases, the interest rate is determined by reference to similar lease agreements.

The fair value of borrowings from BNDES was not calculated since this type of borrowing does not have observable fair value calculation since BNDES adopts different rates for borrowers.

Borrowings

<u>Debt</u>	<u>Indicator</u>	<u>Fair value</u>		<u>Carrying amount</u>	
		<u>3/31/2015</u>	<u>12/31/2014</u>	<u>3/31/2015</u>	<u>12/31/2014</u>
Working capital	CDI	17,473	43,030	17,473	45,860
1st issue of debentures	CDI	190,690	185,839	190,243	184,412
2nd issue of debentures					
1st series	CDI	158,642	167,397	163,285	168,121
2nd series	IPCA	134,787	122,726	135,075	128,747
3rd issue of debentures	CDI	212,707	208,291	208,155	201,984

## (d) Fair value of stock options

The fair values of employee stock options and rights to share appreciation are measured using the Black-Scholes model. Changes in measurement include share prices at measurement date, the strike price of the related instrument, the expected volatility (based on the historical weighted average volatility adjusted for expected changes based on publicly available information), the average weighted life of the instruments (based on historical experience and the overall behavior of option holders), expected dividends and risk-free interest rate (based on government bonds). Nonmarket service conditions and performance conditions inherent to the transactions are not taken into account in determining the fair value.

## (e) Derivatives

The fair value of currency forward contracts is calculated at present value, using market rates that are accrued at each measurement date.

The fair value of interest rate swap contracts is based on quotations obtained from brokers. These quotations are tested as to their reasonableness by discounting the estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument calculated at the measurement date. The fair values reflect the credit risk of the instrument and include adjustments to consider the credit risk of the entity and counterparty, where appropriate.

## 25.3. Derivative financial instruments

## (a) Derivative policy

In order to protect its equity against the exposure to commitments assumed denominated in foreign currency, the Company developed a strategy to mitigate such market risk. The strategy, when applied, is carried out to reduce the volatility of the cash flow to the desirable level, i.e., to maintain the planned disbursements.

Mills believes that the management of such risks is key to supporting its growth strategy without potential financial losses that can reduce its operating profits since the Company does not aim at obtaining financial gains through the use of derivatives. Foreign currency risks are managed by the Finance Manager and the CFO, who evaluate possible exposures to risks and set guidelines to measure,

monitor and manage the risk related to the Company's activities.

Based on this objective, the Company enters into derivative transactions, usually NDFs (Nondeliverable Forwards) with first-tier financial institutions (with credit ratings brAAA - national scale, Standard & Poor's or similar), in order to guarantee the trading value agreed when ordering the goods to be imported. Similarly, swap or NDF contracts are entered into to guarantee the flow of payments (amortization of principal and interest) for foreign currency borrowings. Pursuant to the Company's bylaws, any contract or obligation assumed which exceed R\$10,000 (ten million reais) must be approved by the Board of Directors, unless provided for otherwise in the Business Plan. For amounts below R\$100 (one hundred thousand reais) for periods of less than 90 days, it is not necessary to enter into hedge transactions. Other commitments should be hedged against foreign exchange exposure.

Swap and NDF transactions are carried out to convert into reais future financial commitments in foreign currency. When these transactions are entered into, the Company mitigates the foreign exchange risk by matching the commitment amount and the exposure period. The derivative cost is pegged to the interest rate, usually a percentage of the CDI rate. The swap and NDF transactions with maturities shorter or longer than the final maturity of the commitments can, over time, be renegotiated so that their final maturities match or approximate the final maturity of the commitment. Therefore, at the settlement date, the gain or loss on the swap or NDF can offset part of the impact of the foreign currency fluctuation in relation to the real, contributing to stabilize the cash flow.

As these transactions involve derivatives, the calculation of the monthly position is made using the fair value methodology and they are valued by calculating their present value using market rates that are impacted at the dates of each calculation. This methodology, widely used, can present monthly distortions in relation to the contracted derivative curve; however, the Company believes that this is the best methodology to be applied since it measures the financial risk should an early settlement of the derivative be required.

The monitoring the commitments assumed and the monthly fair value measurement of the derivatives permits to follow up on the financial results and the impact on the cash flow, as well as to ensure that the planned objectives are achieved. The calculation of the fair value of positions is made available on a monthly basis for management monitoring purposes.

The derivative transactions entered into by the Company for certain equipment imports are intended to hedge against the risk of exchange rate fluctuations during the period between the time an order is placed and the time the equipment is delivered in Brazil and are not used for speculative purposes.

(b) Swap transactions

The currency swap transaction entered into by the Company is intended to hedge against the exposure of the borrowing of US\$16.9 million (see note 15) to exchange rate fluctuations. The swap for this transaction consisted in the swap of the exchange rate fluctuation plus interest of 2.31% p.a. for CDI plus 0.29% p.a. In January 2015, the Company paid the fair value on this transaction of R\$43 (until December 31, 2014 - R\$1,166 receivable).

(c) Derivative fair value calculation methodology

Derivatives are measured at present value at the market rate, at the base date of the future flow calculated using the contractual rates through maturity.

(d) Hedge effectiveness calculation methodology

The Company's hedge transactions are entered into to hedge against foreign currency fluctuations on its machinery and equipment imports. These transactions are classified as hedge accounting.

The Company evidences the effectiveness of these instruments using the Dollar offset methodology, which is commonly used by derivatives market participants. This methodology consists of comparing the present value, net of future exposures in foreign currency, of commitments assumed by the Company with the derivatives contracted for such foreign exchange hedge.

As at March 31, 2015, no ineffectiveness was recognized in profit for the period as a result of the Company's hedging transactions.

(e) Gains and losses for the period

Since the Company evidences the effectiveness of the hedge accounting transactions, the losses and gains on these derivative transactions are recognized as a balancing item to the hedged items (property, plant and equipment) as part of the initial cost of the asset at the same time the asset is accounted for. As at December 31, 2014, the amount of R\$1,175 was transferred from equity and deducted from the initial cost of the equipment.

The provision for unrealized losses is recognized in other liabilities in the statement of financial position, as a balancing item to valuation adjustments to equity, in equity.

As at March 31, 2015, total unrealized gains on currency futures contracts, recognized in "Other comprehensive income", accumulated in equity, in line item "Valuation adjustments to equity" and relating to these estimated future purchases, amounted to R\$228 (R\$244 as at December 31, 2014). The Company estimates that such purchases will occur in the next year, when the amount then deferred in equity will be included in the carrying amount of the imported equipment.

## (f) Embedded derivatives

All contracts with potential derivative instrument clauses or securities are assessed by the Company's Finance Manager together with the legal team before their execution, for guidance regarding any effectiveness testing, the definition of the accounting policy to be adopted, and the fair value calculation methodology.

Currently the Company is not a party to any contracts with embedded derivatives.

## 25.4. Sensitivity analysis

The following table shows a sensitivity analysis of the financial instruments, including derivatives, describing the risks that could generate material losses to the Company, with the most probable scenario (scenario I) according to management's assessment, considering a one-year time horizon. In addition, two other scenarios are provided, as established by the Brazilian Securities and Exchange Commission (CVM), by means of Instruction 475/2008, in order to present a 25% and 50% stress of the risk variable considered, respectively (scenarios II and III):

<u>Debt</u>	<u>Indicator</u>	<u>Current</u>	<u>Effect on profit (loss)</u>		
			<u>Probable</u>	<u>25%</u>	<u>50%</u>
BNDES	TJLP	(17,473)	(1,118)	(1,131)	(1,145)
1st issue of debentures	CDI	(190,243)	(13,610)	(16,852)	(20,056)
2nd issue of debentures					
1st series	CDI	(163,285)	(21,959)	(26,846)	(31,665)
2nd series	IPCA	(135,075)	(19,425)	(22,452)	(25,535)
3rd issue of debentures	CDI	(208,155)	(27,742)	(34,350)	(40,871)
	Total	(714,231)	(83,854)	(101,632)	(119,271)
			Change	21.20%	42.24%

<u>Scenarios</u>	<u>3/31/2015</u>		
	<u>Probable</u>	<u>Scenario II</u>	<u>Scenario III</u>
Rates		25%	50%
CDI (%)	13.25%	16.56%	19.88%
TJLP (%)	5.50%	6.88%	8.25%
IPCA (%)	8.55%	10.69%	12.83%
US\$			

The sensitivity analysis presented above takes into account changes in a certain risk, keeping steady the other variables, associated with other risks.

## 25.5. Liquidity risk

The table below analyzes the main financial liabilities by maturity bracket, corresponding to the remaining period in the statement of financial position through the contractual maturity date, when the Company expects to make the payment.

The interest rates (CDI and TJLP) estimated for future commitments reflect the market rates in each period.

	Up to one month	More than one month and less than three months	More than three months and less than one year	Between one and two years	Between two and five years	Over five years	Total
<u>At March 31, 2015</u>							
Borrowings	364	722	2,131	4,100	11,002	2,652	20,971
Debentures	101,510	12,557	36,504	230,781	459,676	64,544	905,572
Trade payables	14,852	-	-	-	-	-	14,852
<u>At December 31, 2014</u>							
Borrowings	46,378	998	3,215	4,100	11,002	2,652	68,345
Debentures	-	9,227	150,140	230,266	458,685	64,069	912,387
Derivative financial instruments	(1,166)	-	-	-	-	-	(1,166)
Trade payables	16,510	-	-	-	-	-	16,510

## 24.6. Capital management

The purpose of managing the Company's desirable capital structure is to protect its equity, allow for business continuity, offer good conditions for its employees and stakeholders and a satisfactory return for shareholders. The Company's general strategy has remained unchanged since 2010.

In order to maintain or adjust the capital structure, the Company may, for example, in accordance with its bylaws, increase its capital, issue new shares, and approve the issue of debentures and the buyback of its shares.

The Company uses as the main performance indicator to evaluate its financial leverage the ratio between accumulated EBITDA for the previous 12 months and total net debt (total bank debt less total cash and cash equivalents).

	<u>3/31/2015</u>	<u>12/31/2014</u>
Total bank debt	<u>714,232</u>	<u>747,791</u>
Financing	17,473	64,527
Debentures (see note 13)	696,759	683,264
Cash and cash equivalents	<u>214,024</u>	<u>193,659</u>
Net debt	<u>500,208</u>	<u>554,132</u>
Equity	<u>1,038,611</u>	<u>1,059,397</u>
Net debt to equity	<u>0.48</u>	<u>0.52</u>

The Company is not subject to any external capital requirement.



Credit lines available

	<u>3/31/2015</u>	<u>12/31/2014</u>
Unsecured bank credit lines, reviewed annually and with payment upon request:		
Not used	546,527	505,639
Secured bank credit lines with varying maturity dates that can be extended by common agreement:		
Used	17,473	64,527

26. INSURANCE

It is the Company's policy to constantly monitor the risks inherent in its operations. Accordingly, the Company takes out insurance, whose nature and coverage as at March 31, 2015 are stated below.

<u>Type of insurance</u>	<u>Insured amounts (In thousands of Brazilian reais – R\$)</u>
Rental equipment	1,168,728
Property	263,913
Civil liability	40,000
Civil liability of officers	50,000
Vehicles	702

27. NONCASH TRANSACTIONS

Until March 31, 2015, the Company made write-offs of overdue up to 5 years, totaling R \$ 91, which are not reflected in the statement of cash flows.

28. SUBSEQUENT EVENTS

On April 20, 2015, the Company amortized the second portion of the first issue of debentures amounting to R\$90,000.