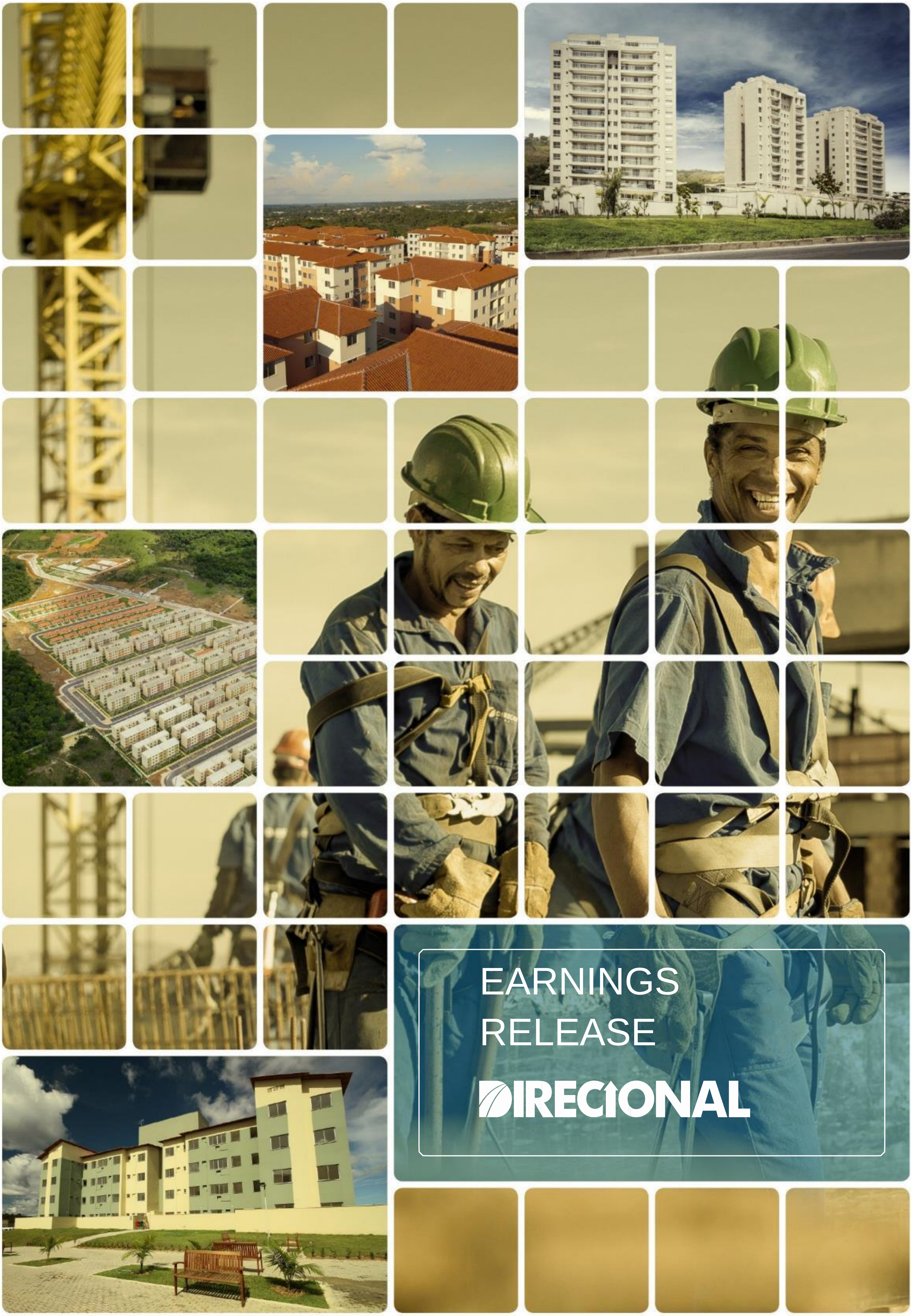
EARNINGS
RELEASE
DIRECIONAL

Belo Horizonte, May 9, 2016 - **Direcional Engenharia S.A.**, one of the largest homebuilders and real estate development companies in Brazil, focused on developing large scale low-income projects and operating in all regions of the Brazilian territory, discloses herein its operating and financial results for the first quarter of 2016 (1Q16). Unless otherwise stated, all the amounts presented in this document are expressed in local currency (Brazilian reais - R$), and the Potential Sales Value (PSV) shows the Company's share (% Direcional). The Company's consolidated financial statements are prepared in accordance with accounting practices adopted in Brazil, which are based on Brazilian Corporate Law and on the regulations issued by the Brazilian Securities Commission (CVM).

IN 1Q16, DIRECIONAL ANNOUNCES GROWTH OF 225% IN SALES YoY. SALES SPEED (VSO) FOR MCMV 2 and 3[1] SEGMENT REACHED 27%.

1Q16 - FINANCIAL AND OPERATING HIGHLIGHTS

- **Launches:** Two projects totaling a PSV of R$ 101 million, a growth of 417% in relation to 1Q15. The highlight is a project included in the ***MCMV 2 and 3*** segment, with a PSV of R$ 45 million;
- **Sales:** Contracted net PSV reached R$ 118 million, being 54% in the ***MCMV 2 and 3*** segment.
- **Sales Velocity (VSO):** Sales speed (VSO) reached 10.9%. Highlights to (i) the ***MCMV 2 and 3*** segment that reached a VSO of 27% and (ii) inventory sales, which achieved a VSO of 11.0%.
- **Purchase of land plots - *MCMV 2 and 3*:** Six plots of land were acquired for the ***MCMV 2 and 3*** segment. The construction potential of these plots is 4,529 units corresponding to a PSV of R$ 553 million.
- **Delivery** of 4 projects/phases, attaining a PSV of R$ 193 million and 1,914 units.
- **Net debt over equity** of 18.4%, representing one of the lowest leverage ratios of the industry.
- **Cash Generation[2]** of R$ 5 million in 1Q16.
- **Net revenue** of R$ 406 million.
- **Gross margin** (adjusted)[3] of 24.0%.

1 - MCMV 2 and 3: developments carried out under the Minha Casa Minha Vida Housing Program (MCMV) - Level 2 and 3;
2 - Cash generation (Cash Burn) adjusted by payment of dividends and share buyback;
3 - Adjustment excluding interest on financing for construction.

TICKER: DIRR3

Quotation on 05/06/2016: R$ 5.76

Number of shares (ex-treasury shares): 146,302,978

Market value: R$ 884 million / US$ 252 million

***FreeFloat*: 49%**

Average daily volume 1Q16:
400 thousand shares
R$ 1,784.6 thousand
867 negotiations

TELECONFERÊNCIA
(In Portuguese with simultaneous translation into English)

Data: 05/10/2016 – terça-feira

Portuguese
10:00 am – Brasília time

English
09:00 am – New York time
(Simultaneous interpretation)

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MESSAGE FROM MANAGEMENT

We are pleased to disclose the operating and financial results of Direcional Engenharia for the first quarter of 2016 (1Q16).

The first quarter of 2016 was marked by the continuity of the degradation of some significant economic indicators, following the trend already observed during the previous year. Despite the drop in market expectations regarding the inflation rates, we have observed in this period a strong increase in the unemployment and default rates, reflecting the economic decline we have been facing in Brazil for some quarters.

The effects of this adverse macroeconomic scenario gave rise to impacts on our sector.

In the **MUC segment (Middle-income, Upper-middle income and Commercial)**, the increase in unemployment and interest rates continued to promote withdrawals from real estate savings accounts (Brazilian System of Savings and Loans - SBPE), which, by the end of 1Q16, presented accumulated net redemptions of approximately R$ 21 billion. In practice, this means that withdraws from savings accounts have increased in relation to 2015, when the volume totaled R$ 50 billion. Due to a reduced funding basis, banks maintained a more conservative policy for new credit concessions, and repeatedly increased interest rates adopted in real estate mortgages. This change in the banks' approach and the drop in the confidence level caused negative impacts not only on the level of demand of this segment, but also on the number of canceled sales.

In this challenging context, we made some important decisions to reduce our exposure to the risks observed in this segment:

- Decrease in the number of launches: Direcional adopted a more conservative approach as regards to launches, and approved only those projects that had sufficient demand. Accordingly, in 1Q16 we launched R$ 56 million in developments of the MUC segment, which represents a decrease of 45% when compared to 4Q15. In January, we launched the development Supremo Residence in Belo Horizonte, State of Minas Gerais, with 128 units and a PSV of R$ 56 million. It is important to highlight that this is the second phase of a development which has presented a strong sales velocity since its initial offering, which occurred in April/15;
- Focus on the sale of inventory: historically, the first quarter of the year is usually weak due to seasonality. However, in 1Q16 we managed to present net sales of approximately R$ 55 million in the MUC segment, pretty close to the 4Q15 level and a significant increase in relation to 1Q15 (+267%). These figures endorse Direcional's ability to sell such units, even in a challenging macroeconomic scenario;
- Proactive approach in relation to sales cancellations: Direcional maintained an active approach with regard to the treatment of customers who facing difficulties to secure financing, in order to accelerate the cancellation process of these units and, thus, anticipate the process of resale and transfer. This strategy has generated positive results, which is evidenced by the fact that we have resold 72% of the units arising from contracts that were canceled during 1Q16.

In the **MCMV 2 and 3 real estate development segment**, the total volume of launches reached R$ 45 million in 1Q16, an increase of 132% in comparison with 1Q15. This growth is in line with the Company´s strategy to increase the share of low-income developments in our business, since (i) we can adopt the same industrialized, low-cost construction model used in MCMV Level 1; (ii) customers can contract the "Associativo" financing model, which significantly reduces the likelihood of sales cancellations as well as the amount of own capital invested in these projects; and (iii) the funding originates from the Government Severance Indemnity Fund for Employees (FGTS), which, currently, has funds to keep financing popular households. In 1Q16, we launched the development Conquista Itaboraí, in the city of Itaboraí, State of Rio de Janeiro, which has 360 units and a PSV of R$ 45 million.

Even in an adverse macroeconomic scenario, the sales velocity in this segment remained at sound levels: in 1Q16, VSO reached 27%. We point out that the Conquista Itaboraí project was launched by the end of March, which affects the calculation of this index. Excluding such launch, the VSO for MCMV 2 and 3 would have reached 33%. In our opinion, the level of demand remains solid, mainly due to (i) the favorable purchasing and financing conditions provided under the Minha Casa Minha Vida Housing Program (MCMV); (ii) the availability of funding, which, as regards this product, arises from the FGTS, and (iii) the significant decrease in the supply of products in this segment when compared to prior years.

Also in line with the aforementioned strategy, in 1Q16 we concluded the process of acquisition of six plots of land eligible for the MCMV 2 and 3 in the Southeast and Midwest regions. The construction potential of these plots is 4,529 units and a PSV of R$ 553 million. We continue to prioritize the use of swap in land acquisition, since they (i) generate less impact on the cash balance in the short term; and (ii) optimize the return on capital in this type of development.

Gross revenue from real estate sales reached R$ 191 million in 1Q16, which represents a strong increase in comparison to prior periods (+88% in relation to 1Q15 and +19% against 4Q15). This indicator was positively affected by the good sales performance in the period, especially for concluded units. Accordingly, the real estate development segment was responsible for 44% of the total gross revenue appropriated in the quarter.

With regards to the **MCMV Level 1 segment**, our engineering team remained focused on controlling work costs and advancing constructions. Gross revenue from services totaled R$ 240 million in 1Q16, a decrease of 10% over 4Q15.

When considering the **Consolidated Finance Result**, net operating revenue totaled R$ 406 million in 1Q16, an increase of 2% in relation to 4Q15. The adjusted gross margin[1] was 24% in the year, which is a little lower than the amount recorded in the previous year (24.4% in 2014). This result is mainly due to the financial impact of the high volume of canceled sales in the period.

By the end of 1Q16, net profit totaled R$ 30 million, quite similar to 4Q15 figures. Net margin for the quarter was 7.3%.

In 1Q16, Direcional had a cash generation of R$ 5 million due to (i) the evolution of the construction services; and (ii) the maintenance of the volume of mortgage transfers when compared to the prior quarter. Cash generation could have been higher, however, many MCMV Level 1 projects achieved the final phase of construction, in which the receipt closing balance, equivalent to 5% of the total contract amount, is retained until the completion of the project and approval by the applicable bodies, municipal governments and financing bank, etc.

We maintained an extremely comfortable capital structure, ending 1Q16 with leverage ratio of 18.4% (net debt over equity). By the end of the year, cash and financial investments amounted to R$ 561 million and gross debt amounted to R$ 893 million, which results in a net indebtedness of R$ 333 million. 69% of our gross debt is composed of construction financing agreements (SFH) or machinery financing (FINAME), which are not significantly affected by the recently observed variation in the Brazilian interest rate (SELIC).

We remain confident about **Direcional's perspectives** for the upcoming years, in spite of the adverse macroeconomic scenario expected by several market analysts. In the MCMV Level 1 segment, our focus is to maintain the cost control of projects in progress, in which we have achieved a Deferred Revenue backlog of R$ 1.7 billion. As for the real estate development segment, our focus will be to intensify commercial efforts and speed up the launching of low-income projects, especially those eligible to MCMV Levels 2 and 3, which continues to present a solid demand and in which we can leverage on our industrialized, low-cost construction model.

Lastly, we reaffirm full confidence in our business model and our commitment to maintain Direcional among the most efficient and profitable companies in the market, focused on cash flow generation and value creation for our customers and shareholders.

Thank you.

The Management of Direcional Engenharia S.A.

1 - Adjustment excluding capitalized interest on financing for construction.

KEY INDICATORS

	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Financial indicators					
Net revenue (R$'000)	405,840	398,013	399,820	2.0%	1.5%
Gross profit (R$'000)	83,227	80,127	84,539	3.9%	-1.6%
Gross margin	*20.5%*	*20.1%*	*21.1%*	0.4 p.p.	-0.6 p.p.
Gross profit (adjusted)[1] (R$'000)	97,251	94,771	97,423	2.6%	-0.2%
Gross margin (adjusted)[1]	*24.0%*	*23.8%*	*24.4%*	0.2 p.p.	-0.4 p.p.
Adjusted EBITDA (R$'000)	58,394	62,294	74,960	-6.3%	-22.1%
Adjusted EBITDA margin	*14.4%*	*15.7%*	*18.7%*	-1.3 p.p.	-4.4 p.p.
Net income (R$'000)	29,638	30,824	36,235	-3.8%	-18.2%
Net margin	*7.3%*	*7.7%*	*9.1%*	-0.4 p.p.	-1.8 p.p.
Launches					
PSV launched - 100% (R$'000)	**100,980**	**227,170**	**27,904**	**-55.5%**	**261.9%**
MCMV 2 and 3[2] (R$'000)	45,346	125,205	27,904	-63.8%	62.5%
MUC (R$'000)[3]	55,634	101,965	0	-45.4%	n/a
PSV launched - % Direcional (R$'000)	**100,980**	**207,965**	**19,533**	**-51.4%**	**417.0%**
MCMV 2 and 3 (R$'000)	45,346	106,000	19,533	-57.2%	132.2%
MUC (R$'000)	55,634	101,965	0	-45.4%	n/a
Units launched	**488**	**1,000**	**256**	**-51.2%**	**90.6%**
MCMV 2 and 3	360	730	256	-50.7%	40.6%
MUC	128	270	0	-52.6%	n/a
% Direcional – Average	*100.0%*	*91.5%*	*70.0%*	8.5 p.p.	30.0 p.p.
Average price (R$/unit)	206,927	227,170	109,000	-8.9%	89.8%
Sales					
PSV contracted - 100% (R$'000)	**124,726**	**121,568**	**42,585**	**2.6%**	**192.9%**
MCMV 2 and 3 (R$'000)	68,622	63,285	24,660	8.4%	178.3%
MUC (R$'000)	56,104	58,283	17,925	-3.7%	213.0%
PSV contracted - % Direcional (R$'000)	**118,410**	**104,119**	**36,456**	**13.7%**	**224.8%**
MCMV 2 and 3 (R$'000)	63,525	46,499	21,439	36.6%	196.4%
MUC (R$'000)	54,885	57,620	15,017	-4.7%	265.5%
Units contracted	**579**	**547**	**188**	**5.9%**	**208.0%**
MCMV 2 and 3	403	394	177	2.3%	127.7%
MUC	176	153	11	15.0%	1500.0%
Average price (R$/unit)	215,417	222,245	226,515	-3.1%	-4.9%
Consolidated VSO (% PSV)	*10.9%*	*9.4%*	*4.2%*	1.4 p.p.	6.7 p.p.
Other indicators	**1Q16**	**4Q15**	**3Q15**	**2Q15**	**1Q15**
Annualized ROE [4]	7.1%	7.6%	7.1%	6.8%	8.9%
ROE LTM [5]	7.1%	7.6%	9.4%	10.9%	12.2%
Cash and cash equivalents (R$'000)	560,802	499,165	504,281	563,428	685,361
Gross debt (R$'000)	893,308	836,451	873,064	855,476	914,950
Net debt (R$'000)	332,506	337,286	368,783	292,048	229,589
Total equity (R$'000)	1,810,880	1,777,485	1,753,454	1,763,919	1,765,626
Net debt/Equity	18.4%	19.0%	21.0%	16.6%	13.0%
Net debt/EBITDA (12 months)	1.4X	1.3X	1.4X	1.0X	0.7X
Deferred revenue (R$'000)	2,094,656	2,381,437	2,657,754	2,852,276	3,052,231
Deferred results (R$'000)	544,362	617,049	674,286	738,803	790,577
Deferred margin	26.0%	25.9%	25.4%	25.9%	25.9%
Inventories - 100% (R$'000)	1,120,150	1,124,206	1,033,399	1,032,819	972,190
Inventories - % Direcional (R$'000)	989,638	988,694	897,113	924,577	854,933
Land Bank - 100% (R$'000)	12,343,696	11,759,865	11,421,123	10,918,758	11,165,126
Land Bank - % Direcional (R$'000)	10,219,501	9,770,212	9,415,408	9,050,773	9,332,323
Land Bank – Units	67,184	63,163	60,487	57,657	59,034

1. Adjustment excluding capitalized interest on financing for construction.;
2. MCMV 2 and 3: developments carried out under the Minha Casa Minha Vida Housing Program (MCMV) - Level 2 and 3;
3. MUC: Comprises projects of the middle-income, upper-middle income and commercial segments;
4. Annualized Return on Equity (ROE): Annualized profit for the quarter/average equity for the period (excluding non-controlling interest in SCPs and SPEs);
5. ROE LTM: Profit for the last 12 months (LTM)/average equity for the last 12 months (excluding non-controlling interests in SCPs and SPEs).

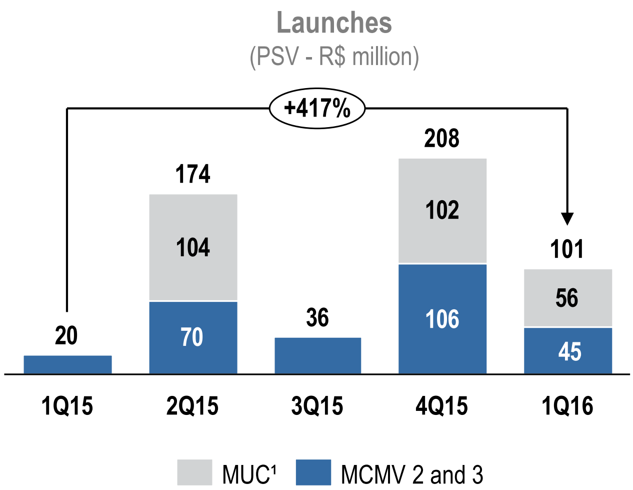
LAUNCHES

In 1Q16, Direcional launched two projects in the Southeast region, totaling 488 units and a PSV of R$ 101 million, a growth of 417% when compared to 1Q15.

We highlight the launch of development Conquista Itaboraí, located in the State of Rio de Janeiro, with 360 units and a PSV of R$ 45 million. This project is targeted on families eligible to ***MCMV 2 and 3***, in line with the Company's strategy to increase its share in this segment.

Direcional also launched the Supremo Residence project, located in Belo Horizonte, State of Minas Gerais, focused on middle income customers. It is important to highlight that this is the second phase of a development which has presented strong sales velocity since the launch of its first phase, on April 2015.

The chart below shows the evolution of launches of the real estate development segment.



1 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

The table below provides information on the projects launched in 1Q16:

Projects launched	Month	Location	Total PSV (R$ 000)	PSV % Direcional (R$ 000)	Units	Average unit price (R$'000)	Segment
Supremo Residence	January	Belo Horizonte - MG	55,634	55,634	128	435	Medium
Conquista Itaboraí	March	Itaboraí - RJ	45,346	45,346	360	126	MCMV 2 and 3
Total			**100,980**	**100,980**	**488**	**207**	

Launches breakdown

In 1Q16, Direcional's launches were focused on the Southeast region.

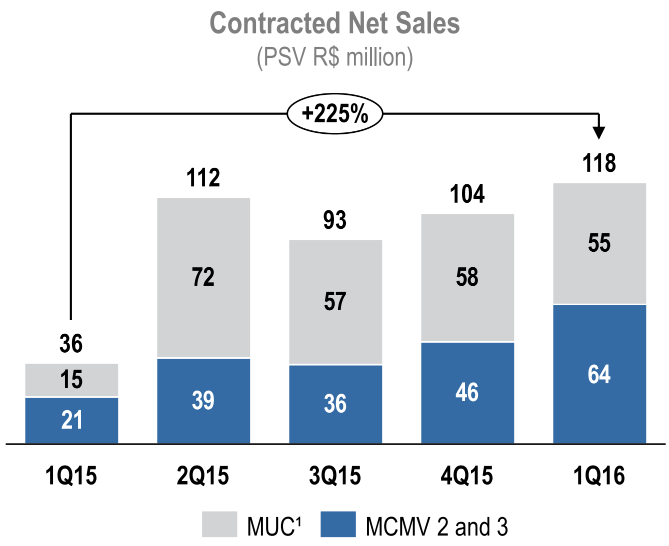
In addition, the ***MCMV 2 and 3*** segment was responsible for 45% of the total PSV launched during the quarter; whereas the remaining percentage was targeted on middle income customers.

CONTRACTED NET SALES

Contracted gross sales amounted to R$ 207 million in 1Q16, a growth of 112% in relation to the same period of previous year and 20% when compared to 4Q15. Sales cancellations totaled R$ 88 million in 1Q16.

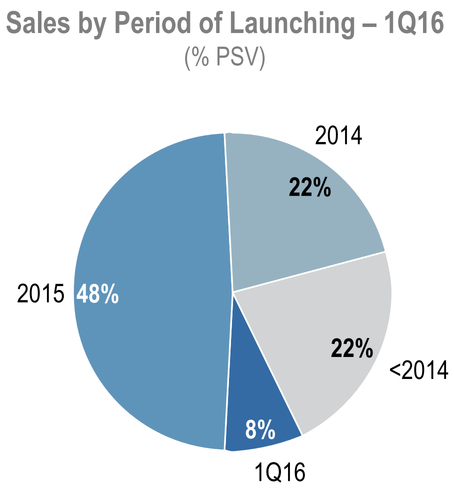
Accordingly, contracted net sales totaled a PSV of R$ 118 million in 1Q16, representing an increase of 225% when compared to the same period of the previous year and 14% in relation to 4Q15. This was our best quarter with regard to net sales since 4Q14. We also highlight the increase of 196% in net sales of the ***MCMV 2 and 3*** segment, which, in 1Q16, reached R$ 64 million, against R$ 21 million in the first quarter of the previous year.

The chart below shows that net sales have presented consistent growth rates since 1Q15, positively affected by the performance of the ***MCMV 2 and 3*** segment.



1 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

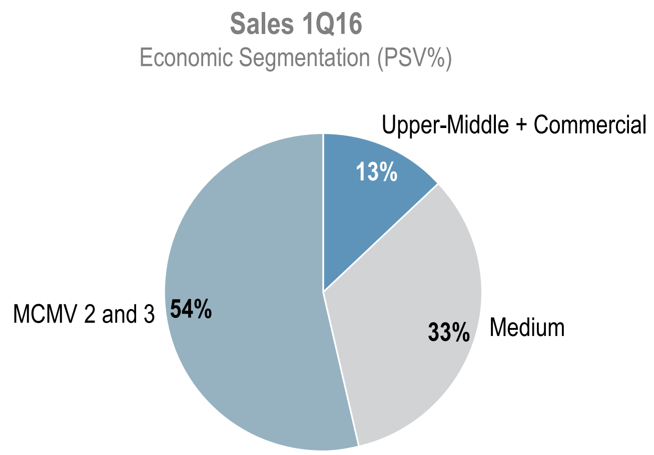
The chart below shows net sales by launching period. It is important to highlight that 92% of the sales made in 1Q16 refer to units in inventory, that is, products launched up to 4Q15. 44% of the sales volume refer to products launched in years prior to 2015, which confirms that Direcional has been able to sell units from older projects.

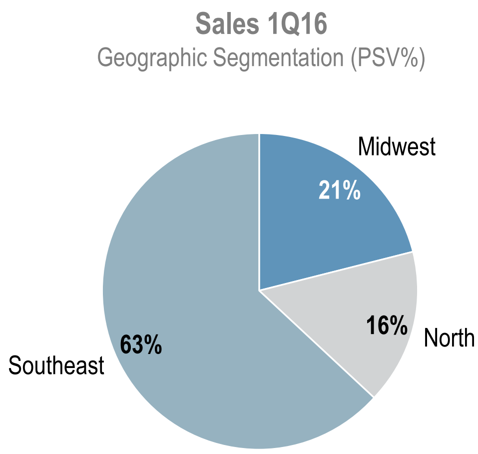


Net sales breakdown

Regarding economic segmentation, it is worth highlighting the increasing share of sales from ***MCMV 2 and 3*** segment, which reached 54% of the PSV sold in 1Q16 (against 41% in 2015), in line with the Company's strategy to increase the share of low-income developments in its business.

Considering the geographical segmentation, the Southeast region was responsible for 63% of total sales in 1Q16.





The table below consolidates the sales information of 1Q16:

Contracted net sales	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Gross PSV contracted - % Direcional (R$ 000)	**206,819**	**172,622**	**97,597**	**19.8%**	**111.9%**
Canceled sales	-88,409	-68,504	-61,141	29.1%	44.6%
Net PSV contracted - % Direcional (R$ 000)	**118,410**	**104,119**	**36,456**	**13.7%**	**224.8%**
MCMV 2 and 3	63,525	46,499	21,432	36.6%	196.4%
MUC[1]	54,885	57,620	15,023	-4.7%	265.3%
Units contracted	**579**	**547**	**188**	**5.9%**	**208.0%**
MCMV 2 and 3	403	394	0	2.3%	n/a
MUC[1]	176	153	188	15.0%	-6.4%
Average price (R$/unit)	215,417	222,245	193,913	-3.1%	11.1%
VSO (Sales over Supply) in PSV	*10.9%*	*9.4%*	*4.2%*	1.4 p.p.	6.7 p.p.

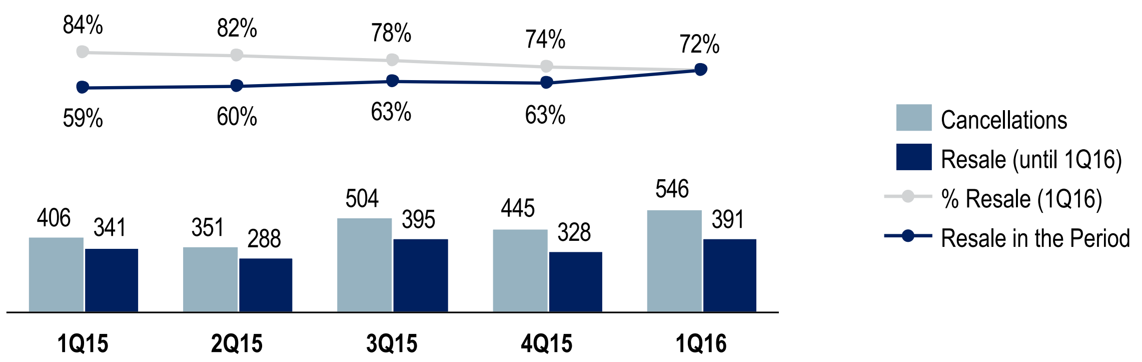
1 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

Sales cancellations

In 1Q16, sales cancellations amounted to R$ 88 million, an increase of 29% and 45% in relation to 4Q15 and 1Q15, respectively. The growth trend on sales cancellations observed in the past few quarters results, mostly, from the deteriorating credit outlook as well as the decrease in savings account balances (SBPE). These factors have negative effects on banks' appetite to supply mortgages for property buyers, as well as on interest rates adopted for this type of financing. As a result of this dynamic, the financing ability of customers is affected upon the delivery of the units. the effects associated to this scenario become more evident when associated to the Company's delivery cycle, in which the volume of deliveries is superior to the volume of launches. Accordingly, the sales cancellations/sales ratio may present distortions in the analysis.

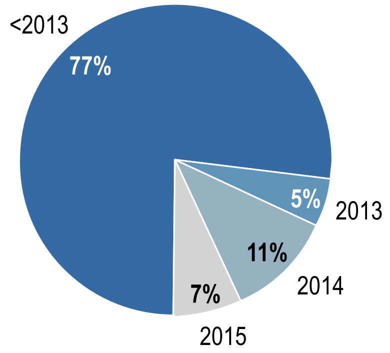
Canceled sales (% Direcional - R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Canceled sales	**-88,409**	**-68,504**	**-61,141**	**29.1%**	**44.6%**
Gross PSV sold	**206,819**	**172,622**	**97,597**	**19.8%**	**111.9%**
% Canceled sales/Gross PSV contracted	42.7%	39.7%	62.6%	3.1 p.p.	-19.9 p.p.

The following chart shows the evolution in units from canceled sales and respective resales. In 1Q16, 72% of the units arising from canceled sales were resold during that same quarter.

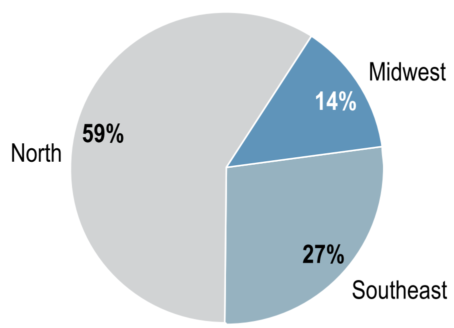


The charts below show canceled sales broken down by launch date and region. It is possible to observe the concentration of canceled sales in projects launched prior to 2013 (77% of the total amount), as well as in the Northern region (59% of the total amount).

Sales Cancellations by Period of Launching – 1Q16
(% Units)



Sales Cancellations by Region – 1Q16
(% Units)



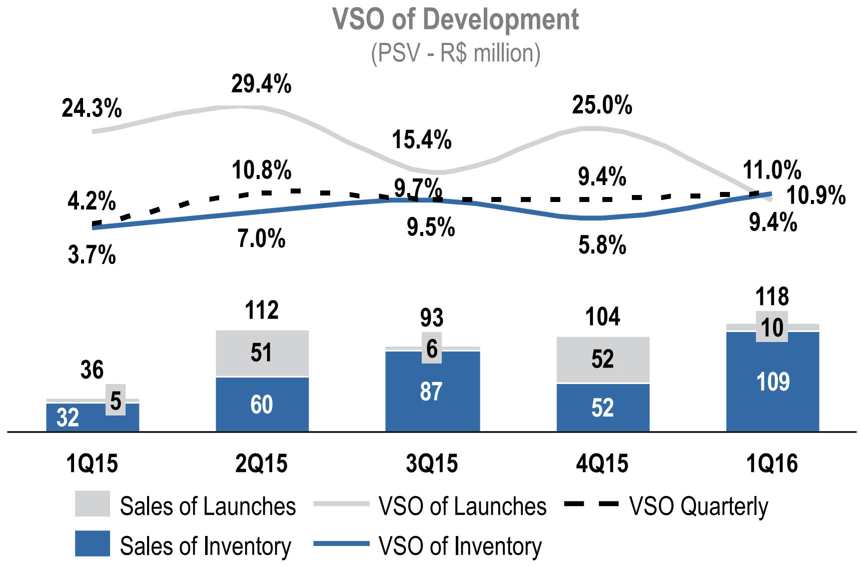
1- The PSV of canceled sales does not include customer credit transfers from the originally acquired unit to another unit in our inventory.

SALES VELOCITY (VSO)

Sales velocity in 1Q16, measured by the VSO (Sales over Supply) ratio, reached 10.9%, 6.7 p.p. higher than in 1Q15, a growth of 1.5 p.p. in relation to 4Q15. This result was mainly affected by the significant increase in sales of inventory units, which presented a VSO of 11.0% in the quarter, representing the best VSO performance since 4Q13.

Launches VSO reached 9.4% in 1Q16. This indicator was affected by the launch of project Conquista Itaboraí, which occurred in the last week of quarter. The "Associativo" financing model reduces the sales velocity of launches, since they are only recorded after the approval of the client's credit by the financing bank.

The charts below details the VSO ratio in the previous quarters:



VSO = Net Sales/(Initial Inventory + Launches).
VSO regarding units in inventory: Net Sales of Inventory Units/Initial Inventory.
VSO regarding launches: Net Sales of Launches/Launches.

Own sales force ("Direcional Vendas")

Currently with 257 brokers, Direcional Vendas, the Company's own sales force, was responsible for 62% of the sales made in 1Q16. The Company's own sales force has an extremely significant role in the sale of units in inventory or arising from canceled sales, since the concentration of commercial efforts complies with the strategy defined by management.

INVENTORIES

By the end of the quarter, Direcional had 3,255 units in inventory. The market value of inventory units totaled R$ 990 million, in line with the previous quarter.

The table below presents the breakdown of inventories at market value by construction stage and type of product. The ***MCMV 2 and 3*** segment, despite the high volume of launches during the last quarters, represents only 17% of the total inventory value.

Inventory at market value (% Direcional - R$ million)	MCMV 2 and 3	MUC[1]	Total (% Direcional)	Total (100%)
Under construction	165,080	560,115	725,196	782,036
% Total	*17%*	*57%*	*73%*	*70%*
Completed	6,658	257,785	264,443	338,113
% Total	*1%*	*26%*	*27%*	*30%*
Total	**171,738**	**817,900**	**989,638**	**1,120,150**
% Total	*17%*	*83%*	*100%*	*100%*
Total units	**1,354**	**1,901**	**3,255**	**3,255**
% Total units	*42%*	*58%*	*100%*	*100%*

1 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

The table below presents the evolution of Direcional's inventory during 1Q16. The ***MCMV 2 and 3*** segment presented a high sales performance (VSO of 27% in the period), even considering that launches were concentrated in the end of the quarter.

Inventory evolution (% Direcional - R$ million)	Inventory in 4Q15	Launches in 1Q16	Sales 1Q16	Adjustment[1]	Inventory 1Q16
MCMV 2 and 3	187,628	45,346	63,525	2,289	171,738
MUC[2]	801,066	55,634	54,885	16,085	817,900
Total	**988,694**	**100,980**	**118,410**	**18,374**	**989,638**

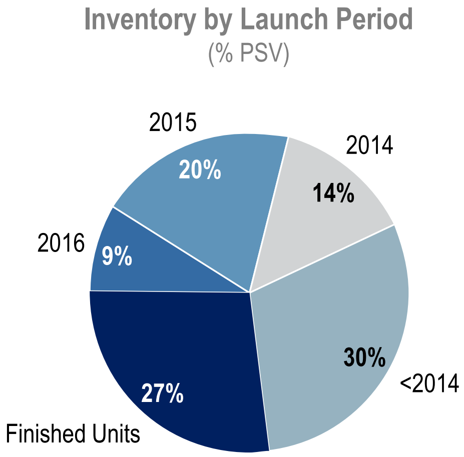
The table below shows the evolution of Direcional's inventory by region during 1Q16. The sales performance of the Midwest region reached a VSO of 24% even without launches during the quarter, resulting in inventory reduction.

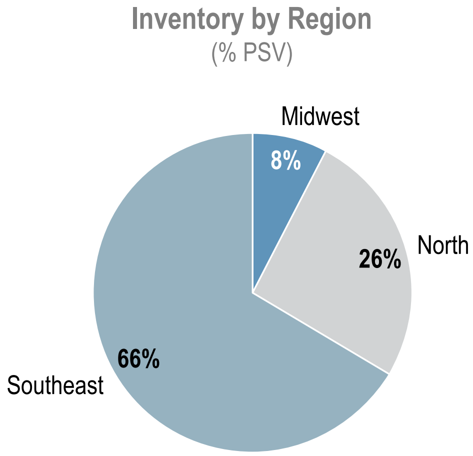
Inventory evolution (% Direcional - R$ million)	Inventory in 4Q15	Launches 1Q16	Sales 1Q16	Adjustment[1]	Inventory 1Q16
Southeast	630,622	100,980	74,974	1,092	657,720
Midwest	102,449	0	24,922	-1,213	76,313
North	255,623	0	18,513	18,495	255,605
Total	**988,694**	**100,980**	**118,410**	**18,374**	**989,638**

1 – Adjustments for sales prices update and swaps.

2 – MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

The charts below show the inventories broken down by launch period and region.



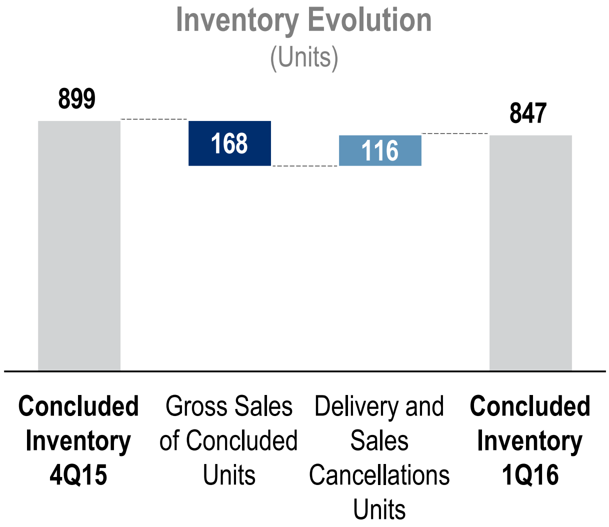


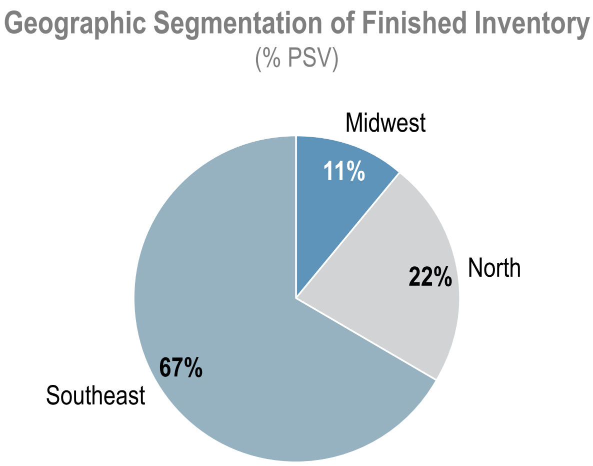
Inventory - finished units

By the end of 1Q16, Direcional had 847 finished units, which are equivalent to 26% of the total inventory and have a market value of R$ 264 million.

During 1Q16, Direcional sold 19% (168 units) of the units finished at the end of 2015, which reinforce its ability to sell such units. This performance was partially offset by the new deliveries and canceled sales from finished projects, totaling 116 units. Accordingly, the inventory of finished units at the end of the year totaled 847 units, representing a decrease of 6%. The adjacent chart presents the evolution of the inventory of finished units during 1Q16 (in units).

Lastly, the inventory of finished units is concentrated in the Southeast region (67% of total PSV). Approximately 26% of the inventory of finished units comprise hotel units, located in the City of Belo Horizonte, State of Minas Gerais. Such units have a low carrying cost, since the hotel units are in operation and generate revenue.

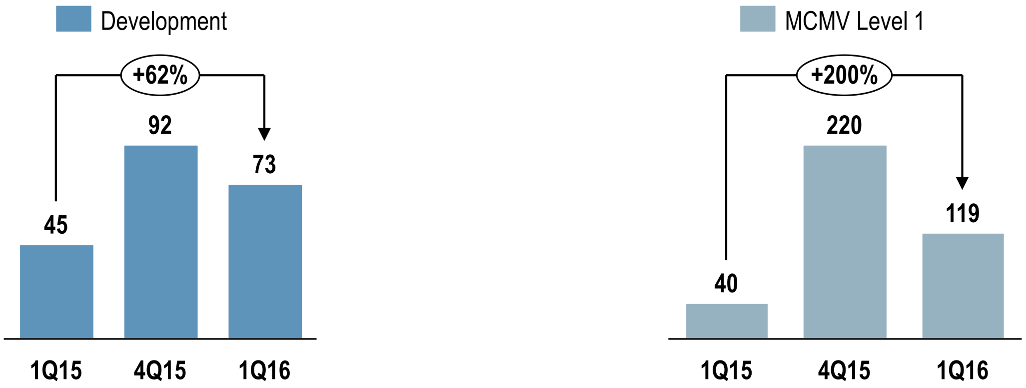




PROJECTS DELIVERED

In 1Q16, Direcional delivered four projects/stages, totaling 1,914 units and a PSV of R$ 193 million.

Deliveries - Track Record
(PSV - R$ million)



The table below provides consolidated information on the projects delivered in 1Q16:

Projects delivered	Month	Location	Total PSV (R$ 000)	PSV % Direcional (R$ 000)	Units	Segment
Emotion Residence	February	Belo Horizonte - MG	46,040	45,994	76	Upper-middle
Terraço Vistas do Horizonte	February	Belo Horizonte - MG	12,182	6,091	32	Upper-middle
Residencial Bella Toscana	March	Belo Horizonte - MG	42,481	21,241	78	Upper-middle
Bosque Azul	March	Macaé - RJ	152,490	119,340	1,728	MCMV Level 1
Total			**253,193**	**192,666**	**1,914**	

MORTGAGE TRANSFERS

In 1Q16, the volume of mortgage transfers totaled R$ 96 million, in line with the previous quarter, and a decrease of 19% when compared to the same period of the previous year.

The decrease in the volume of mortgage transfers in the Financial Housing System (SFH) segment arose mainly due to (i) the lower volume of deliveries during the last quarters and (ii) the challenging credit scenario for the segment, with a reduction in the volume of savings accounts and subsequent decrease in some banks' appetite to expand the product in their credit portfolios.

As regards the "Associativo" transfer model, which had a growth of 163% in relation to the same period of the previous year, and 72% in relation to 4Q15, as from 2014 Direcional resumed the launching of projects eligible to this model. This should lead to the continuous growth in the volume of "Associativo" mortgage transfers over the next periods, followed by the evolution of sales and the construction of these projects.

The table below consolidates information on the mortgage transfers:

Mortgage transfers (R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Total mortgage transfers	**95,683**	**95,105**	**117,839**	**0.6%**	**-18.8%**
"Associativo" transfer	23,668	13,758	9,004	72.0%	162.9%
SFH and others	72,014	81,348	108,835	-11.5%	-33.8%

LAND BANK

By the end of 1Q16, Direcional's land bank had a development potential of 67,184 units and a PSV of R$ 10.2 billion. The average cost of acquisition of the land bank corresponded to 11% of the potential PSV, whereas 83% of the payment will be settled through swaps, which do not affect the Company's cash position in the short term.

Land Bank Evolution (% Direcional - R$ million)	Land Bank 2015	Acquisition of Land 1Q16	Lunches 1Q16	Adjustment[1]	Land Bank 1Q16	% PSV	Units	% Units
MCMV 2 and 3	3,752	553	45	-12	4,247	42%	45,702	68%
MUC[2]	6,019	0	56	9	5,973	58%	21,482	32%
Total	**9,771**	**553**	**101**	**-3**	**10,220**	**100%**	**67,184**	**100%**

1- Adjustment: review of the assumptions regarding prices and projects, land plots sold/canceled.
2- MUC: Comprises projects of the middle-income, upper-middle income and commercial segments.

Segmentation of Land Bank (% Direcional - R$ million)	MCMV 2 and 3	Medium	Upper-Middle	Commercial	Land Bank 2015	% PSV	Units	% Units
Southeast	1,611	3,151	441	780	5,984	59%	30,111	45%
Midwest	1,833	302	463	95	2,692	26%	27,503	41%
North	803	633	107	0	1,543	15%	9,570	14%
Total	**4,247**	**4,087**	**1,011**	**874**	**10,220**	**100%**	**67,184**	**100%**

Purchase of new land plots

In 1Q16, six land plots were acquired for the **MCMV 2 and 3** segment, with a construction potential of 4,529 units and a PSV of R$ 553 million. One of these plots is located in the Midwest region and the others in the Southeast region. The average cost of acquisition corresponded to 13% of the potential PSV, 96% of the payments will be carried out through swaps, which do not affect the Company's cash position in the short term.

ECONOMIC AND FINANCIAL PERFORMANCE

Gross operating revenue

The Company's gross revenue amounted to R$ 431 million in 1Q16, an increase of 1% in relation to the R$ 426 million of 4Q15, and 3% higher than the R$ 419 million obtained in 1Q15. As presented below, this performance was affected by the slower pace of construction work in the service segment in relation to 4Q15, offset by the commercial performance of the real estate sales segment.

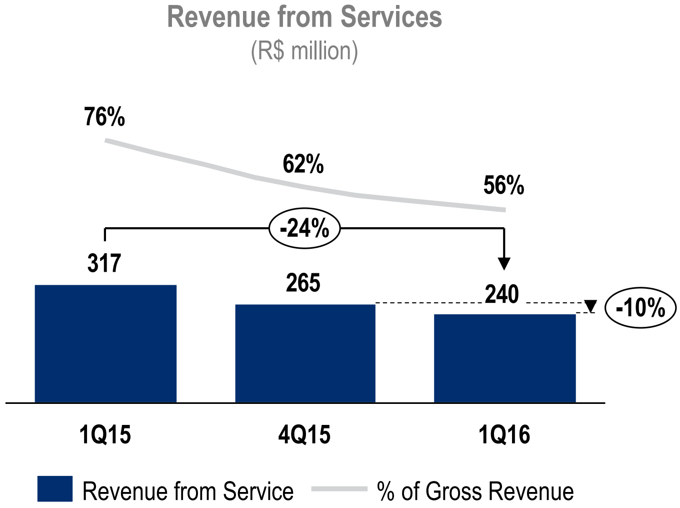
Gross revenue (R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Gross operating revenue	**430,992**	**425,561**	**418,600**	**1.3%**	**3.0%**
Services revenue	239,642	264,946	316,821	-9.6%	-24.4%
Real estate properties sold	191,350	160,615	101,779	19.1%	88.0%

- **Revenue from services:**

Gross revenue from services, which accounted for 56% of total revenue recognized in 1Q16, is mainly comprised of MCMV Level 1 projects (99% of total).

In 1Q16, this segment presented an accumulated revenue of R$ 240 million, a decrease of 24% and 10% in relation to 1Q15 and 4Q15, respectively. This decrease result from slower velocity of the construction works in progress, which is attributed by the fact that some projects are in the final stage, in which the velocity of revenues recognition is lower, and slower pace of the construction works due the raining season.

The chart below presents the evolution of revenue from services:



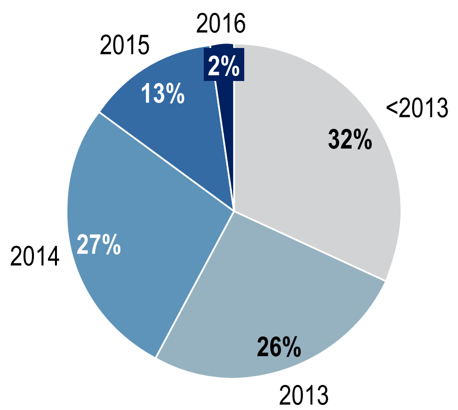
- **Revenue from sale of real estate properties:**

Gross revenue from the development segment totaled R$ 191 million in 1Q16, 19% higher than in 4Q15 and 88% higher than the same period of the previous year. This segment represented 44% of the total gross revenue recognized throughout the quarter.

The increase in the volume of revenue appropriated compared to 4Q15 is mainly due to higher net sales, especially units in inventory with an advanced stage of completion (inventory of old launches). Accordingly, it is worth mentioning that, according to current accounting standards, the recognition of revenue is proportional to the percentage of completion (PoC) of the respective project.

The adjacent chart shows the breakdown of the revenue from the sale of real estate, recognized during 1Q16, according to the year when the developments were launched. 58% refers to projects that had been launched up to 2013. Lastly, it is worth mentioning that the projects launched up to 2012 have shown lower margins than the other ones, due to the volume of sales cancellations recorded at the end of the development cycle, which negatively affects the Company's consolidated gross margin.

Breakdown of Gross Revenue by Period of Launching
(1Q16)



Revenue deductions

In 1Q16, revenue deductions totaled R$ 25 million, a volume 34% higher than that presented in the same quarter of the previous year, and 8.7% lower than in 4Q15.

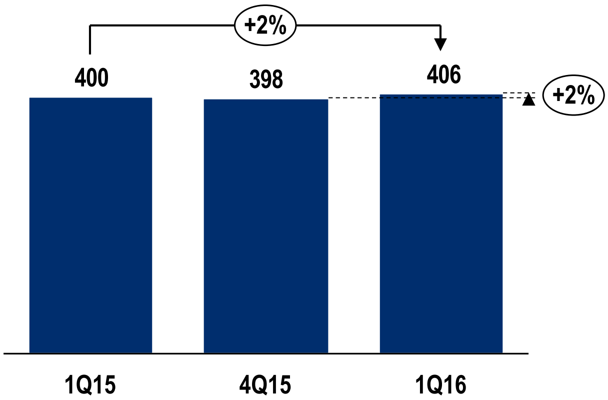
The increase in revenue deduction in relation to the same period of the previous year is mainly due to the increase in the amount returned to customers due to canceled sales. In this case, it is important to point out that the amount returned to customers is recorded considering the negotiation carried out in each case. Such return may occur in a quarter different than the in when the cancellation was settled and, as a consequence, the amounts related to canceled sales may not be immediately reflected in this account.

Revenue deductions (R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Revenue deductions	**-25,152**	**-27,548**	**-18,780**	**-8.7%**	**33.9%**
Adjustment to present value	951	-2,259	1,197	-142.1%	-20.6%
Taxes on sales	-5,552	-4,431	-4,411	25.3%	25.9%
Canceled sales	-20,551	-20,858	-15,566	-1.5%	32.0%

Net operating revenue

As a result of the recognition of gross revenue mentioned above, in 1Q16 net revenue totaled R$ 406 million, an increase of 2%, in comparison with 1Q15, and of 2% against 4Q15.

Net Revenue
(R$ million)

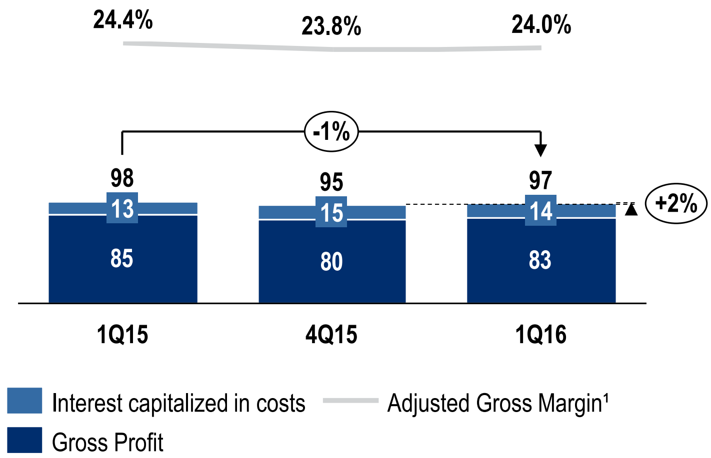


Gross profit

In 1Q16, adjusted gross profit[1] totaled R$ 97 million, which is similar to the same period of the previous year and 3% superior to the amount of 4Q15.

The adjusted gross margin was 24%, 0.4 p.p. below the prior quarter, this decrease was mainly due to the reduced of the margin of sale of real estate properties, as a result of the financial impacts of the high volume of cancelation during the quarter.

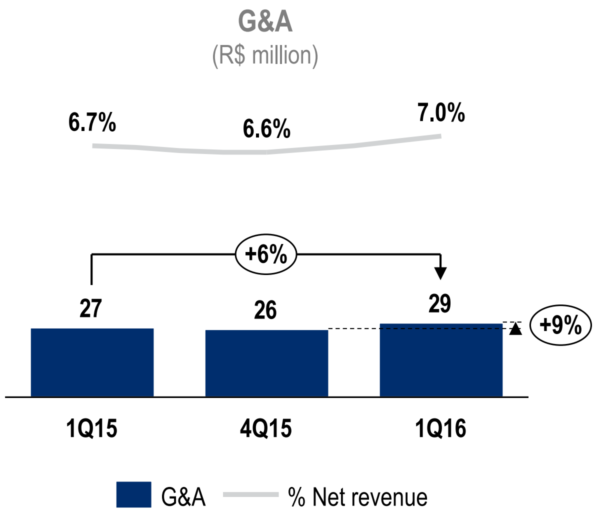
Adjusted[1] Gross Profit
(R$ million)



1 - Adjustment excluding capitalized interest on financing for construction.

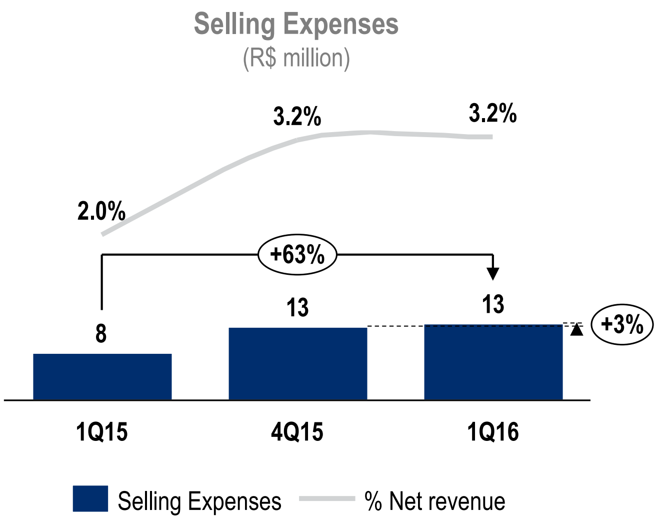
General and administrative expenses

General and administrative expenses totaled R$ 28.5 million in 1Q16, an increase of 6% in relation to the same period of the previous year and 9% higher than in 4Q15. The increase in administrative expenses is mainly related to the growth of payroll expenses due to the collective bargaining agreement established in the City of Belo Horizonte. In the quarter, we had to recognize at once non-recurring items related to (i) the payment of the differences in salaries for the months of November and December 2015 and (ii) updating of labor provisions based on new wage levels, as e.g. vacation and 13th salary among others.



Selling expenses

In 1Q16, selling expenses totaled R$ 13 million, in line with the previous quarter, a 61% increase when compared to the same period of the previous year. This performance may be explained by the increase in the volume of launches and sales, which generates an increase in marketing expenses and sales commissions.

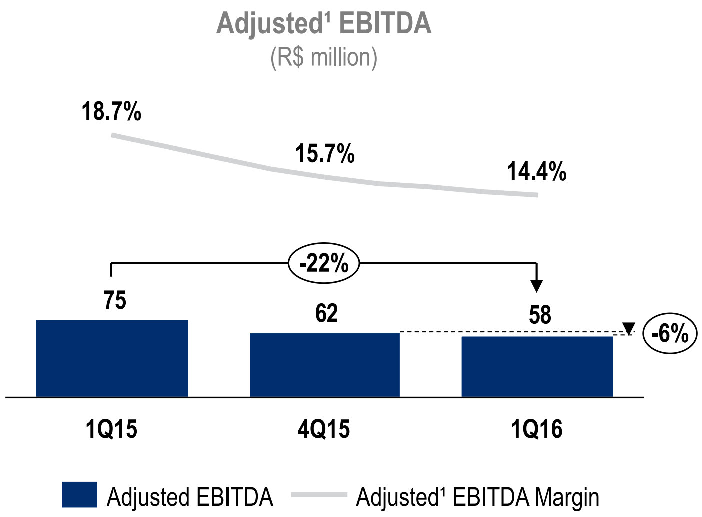


Equity income

In 1Q16, the equity income line presented a negative amount of R$ 588 thousand. This quarter´s result was impacted by increasing sales cancellations in projects already in the delivery stage.

Ebitda

In 1Q16, adjusted EBITDA[1] reached R$ 58 million, a decrease of 22% in relation to 1Q15, and a decrease of 6% when compared to the previous quarter. The Ebitda margin was 14.4 %, a decrease of 1.3 percentage points in relation to 4Q15.



Breakdown of EBITDA (R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (b/c)
Net income for the period	**29,638**	**30,824**	**36,235**	**-3.8%**	**-18.2%**
(+) Depreciation and amortization	6,942	7,233	19,495	-4.0%	-64.4%
(+) Income tax and social contribution	6,449	5,271	5,465	22.3%	18.0%
(+) Non-controlling interests	4,815	7,549	5,981	-36.2%	-19.5%
(+/-) Finance result	-3,474	-3,227	-5,100	7.7%	-31.9%
(+) Cost of financing agreements for construction	14,024	14,644	12,884	-4.2%	8.8%
Adjusted EBITDA	**58,394**	**62,294**	**74,960**	**-6.3%**	**-22.1%**
Adjusted EBITDA margin	**14.4%**	**15.7%**	**18.7%**		

1 - Adjustment excluding capitalized interest on financing for construction.

Net income

In 1Q16, the Company's net income was R$ 30 million, representing a net margin of 7.3%;

Considering the revenue consolidation rule applicable to projects developed with partners, the Company believes the net margin should be analyzed based on the net income adjusted by the non-controlling interests in SCPs and SPEs and the equity income, according to the table below.

Accordingly, in 1Q16, adjusted net income amounted to R$ 35 million (a decrease of 10.6% in relation to 4Q15 and a decrease of 21% against 1Q15). The adjusted net margin for 1Q16 was 8.6%.

The table below presents the Company's adjusted net income:

Net result	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Net income	**29,638**	**30,824**	**36,235**	**-3.8%**	**-18.2%**
(-) Result from interest in SCPs and SPEs (a)	-4,815	-7,549	-5,981	-36.2%	-19.5%
(-) Equity income (b)	-588	-833	-2,132	-29.4%	-72.4%
Net income adjusted for (a) and (b)	**35,041**	**39,206**	**44,348**	**-10.6%**	**-21.0%**
Adjusted net margin	**8.6%**	**9.9%**	**11.1%**	**-1.2 p.p.**	**-2.5 p.p.**

Deferred results

At the end of 1Q16, deferred revenue totaled R$ 2.1 billion; most of which (82%) refers to MCMV Level 1 projects.

The following table presents the evolution of deferred results:

Deferred results	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Deferred income	**2,094,656**	**2,381,437**	**3,052,231**	**-12.0%**	**-31.4%**
Services revenue	1,721,722	1,956,103	2,543,961	-12.0%	-32.3%
Real estate properties sold	372,934	425,334	508,270	-12.3%	-26.6%
Consolidated deferred results	**544,362**	**617,049**	**790,577**	**-11.8%**	**-31.1%**
Deferred income margin	**26.0%**	**25.9%**	**25.9%**	**0.1 p.p.**	**0.1 p.p.**

BALANCE SHEET HIGHLIGHTS

Cash and cash equivalents and financial investments

By the end of 1Q16, Direcional had a balance of cash and cash equivalents and financial investments of R$ 561 million, an increase of 12% in relation to the R$ 499 million in 4Q15 and a decrease of 18% in relation to the same period of the previous year.

This cash increase is mainly due to the withdrawal of a liquidity facility with HSBC, totaling R$ 80 million, contracted by the Company in June/2015.

Cash and cash equivalents and financial investments (R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Cash and banks	88,830	83,296	133,184	3,4%	-33.3%
Financial investments	471,972	415,869	552,177	14,1%	-14.5%
Total	**560,802**	**499,165**	**685,361**	**12.3%**	**-18.2%**

Trade receivables

Direcional closed 1Q16 with a balance of accounts receivable totaling R$ 1.3 billion, that is, 3% above the balance by the end of 4Q15.

The balance of accounts receivable from services has been affected by the higher volume of works in the final stage, in which the receipt closing balance, equivalent to 5% of the total contract amount, is retained until the completion of the project and approval by the applicable bodies, municipal governments and financing bank, etc.

Accounts receivable (R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Sale of real estate	964,985	940,306	955,816	2.6%	1.0%
Services rendered	346,971	334,219	359,535	3.8%	-3.5%
Total	**1,311,956**	**1,274,525**	**1,315,351**	**2.9%**	**-0.3%**
Current	1,150,001	1,122,388	1,111,147	2.5%	3.5%
Non-current portion	161,955	152,137	204,204	6.5%	-20.7%

Accounts receivable (R$ 000)	
Up to Março/17	1,150,001
Up to December/17	64,089
Up to December/18	37,562
After December/18	60,304
Total	**1,311,956**

According to current accounting standards, accounts receivable are recognized based on the percentage of completion (PoC) method. Accordingly, the balance of accounts receivable from development units sold and not yet completed is not fully reflected in the financial statements. Within this context, the total balance of the Company's accounts receivable at the closing of 1Q16 was R$ 1.7 billion.

1. Short-term accounts receivable comprise the customers' debt balances adjusted and recognized in the result, proportionately to the Percentage of Completion (PoC), considering the date when the certificate of occupancy was issued as the date of payment by customers of the financing to Direcional, plus the recognized revenue from construction contracts.

Indebtedness

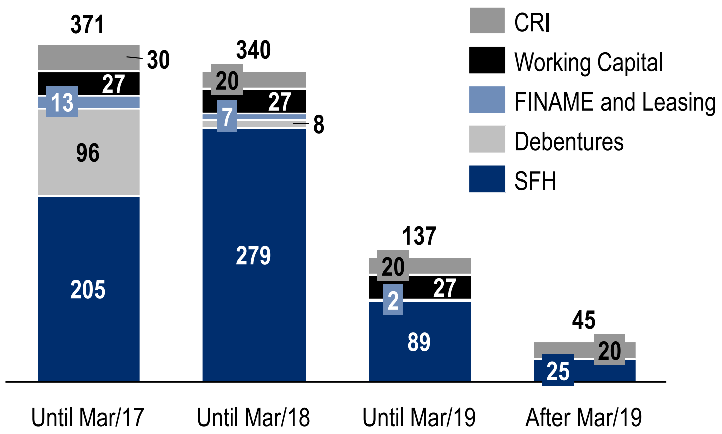
At the end of 1Q16, Direcional's net debt over equity was 18.4%, representing one of the lowest gearing ratios of the industry. In comparison with the previous quarter, there was a decrease of 0.6 percentage points.

In 1Q16, gross debt increased 7% in relation to the previous quarter and dropped 2% in relation to the same period of the previous year. In 1Q16, the Company has withdrawn a liquidity facility with HSBC, formalized in June/15, in the amount of R$ 80 million, classified under the working capital type, with 3 years' tenor.

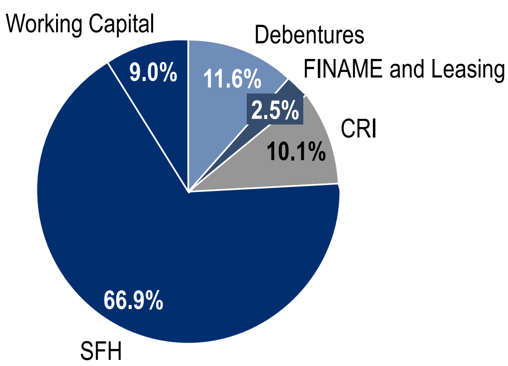
The table and charts below show the breakdown of indebtedness, as well as its repayment schedule.

Indebtedness (R$ 000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Borrowings	**893,308**	**836,450**	**914,950**	**6.8%**	**-2.4%**
Construction financing	597,239	595,435	554,107	0.3%	7.8%
Debentures	103,818	127,771	199,690	-18.7%	-48.0%
Certificate of Real Estate Receivables (CRI)	89,935	86,899	109,542	3.5%	-17.9%
Working capital	80,384	0	6,879	0.0%	1068.5%
FINAME and leasing	21,932	26,345	44,732	-16.8%	-51.0%
Cash and cash equivalents	**560.802**	**499.165**	**685.361**	**12,3%**	**-18,2%**
Net debt	332.506	337.285	229.589	-1,4%	44,8%
Net debt/Equity	**18,4%**	**19,0%**	**13,0%**	**-0,6 p.p.**	**5,4 p.p.**
Borrowings by index	**893,308**	**836,450**	**914,950**	**6.8%**	**-2.4%**
Referential Interest Rate (TR)	597,239	595,435	554,107	0.3%	7.8%
Interbank Deposit Certificate (CDI)	290,787	232,688	337,633	27.7%	-13.3%
Other	5,282	8,327	23,210	-16.8%	-51.0%

Amortization Schedule[1]
(R$ million)

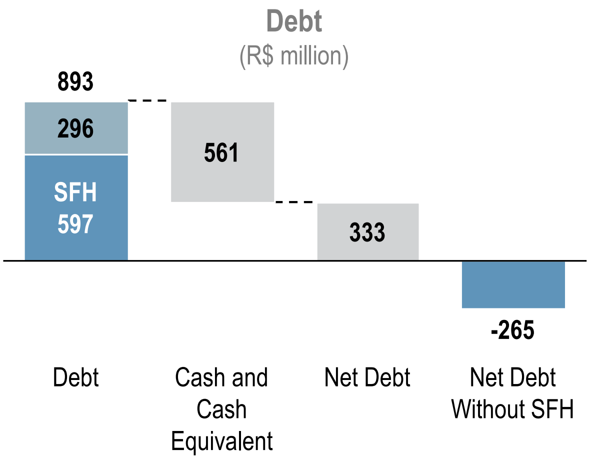


Loans and Financing
(% of Debt)



1. The debt repayment schedule is exclusively based on the terms established in the financing agreements signed with the banks. In practice, the settlement of the financing agreements may be anticipated, as the customers financing installment is transferred to the financial institutions.

Lastly, considering the dynamic of the construction financing, in which the debt is contracted according to the evolution of the work and repaid with the customers' transfer to the financing bank, the Company's indebtedness adjusted by this debt should be analyzed. At the end of 1Q16, Direcional's gross debt and cash amounted to R$ 893 million and R$ 561 million, respectively, which resulted in a net debt of R$ 333 million and consequent gearing ratio (net debt over equity) of 18.4%. If the financing for construction (Financial Housing System - SFH), which totaled a debt balance of R$ 597 million in 1Q16, were excluded, Direcional would have closed the quarter with a net cash of R$ 265 million. The adjacent chart shows the breakdown of Direcional's gross and net debt at the end of 1Q16.



Cash generation (cash burn)[1]

In 1Q16, Direcional presented a cash generation[1], measured by the change in net debt, of R$ 5 million. Cash generation in 1Q16 was mainly affected by the stability of the volume of mortgage transfers and the increase in accounts receivable from services, as a consequence of the higher volume of works in the final stage, in which the receipt closing balance, equivalent to 5% of the total contract amount, is retained until the completion of the project and approval by the applicable bodies, municipal governments and financing bank, etc.

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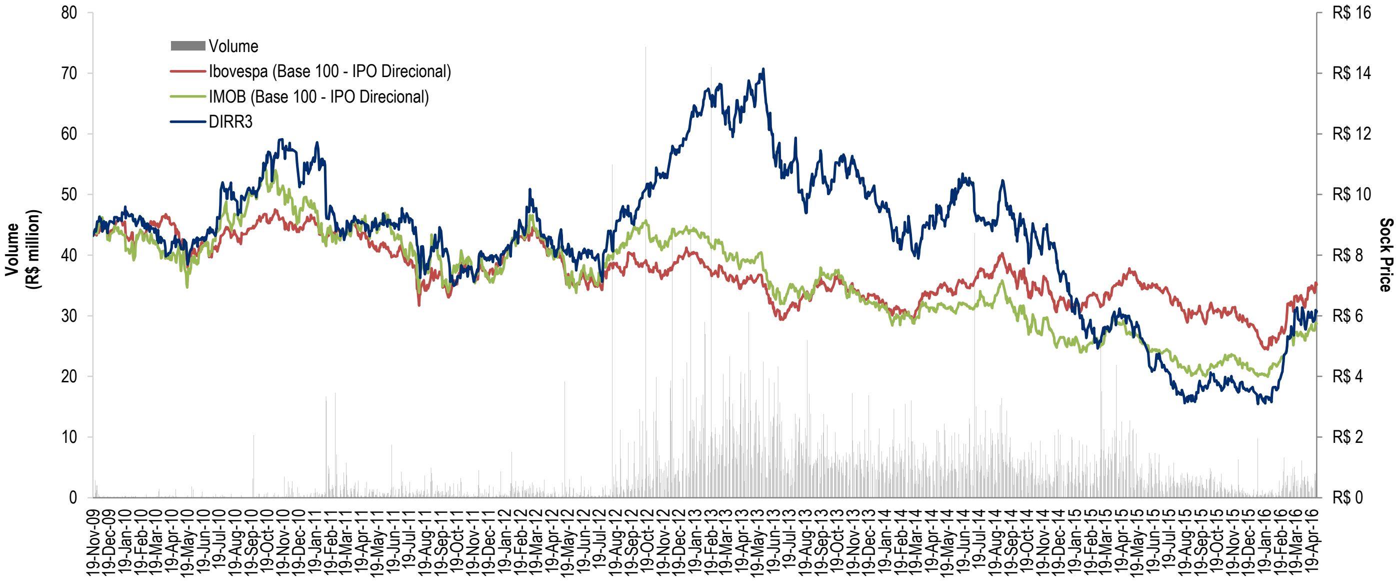

This presentation contains certain forward-looking statements concerning the business prospects, projections of operating and financial results and growth potential of the Company, which are based on management's current expectations and estimates of the Company's future performance. Although the Company believes that such expectations are based on reasonable assumptions, it can give no assurance that they will be achieved. Expectations and estimates that are based on the future prospects of the Company are highly dependent upon market behavior, Brazil's political and economic situation, existing and future regulations of the industry and international markets and, therefore, are subject to changes that are beyond the Company's and management's control. The Company undertakes no obligation to update or revise any expectations, estimates or projections contained herein as a result of new information or future events.

CONSOLIDATED BALANCE SHEET

IFRS

ASSETS	03/31/2016	12/31/2015
CURRENT ASSET		
Cash and cash equivalents	474,652	436,624
Financial investments	86,150	62,541
Trade receivables - real estate development	803,030	788,169
Trade receivables - services rendered	346,971	334,219
Land to be developed	185,970	169,224
Completed real estate units	117,337	119,951
Real estate units under construction	374,318	367,115
Related parties	51,457	50,104
Taxes recoverable	24,287	26,814
Other receivables	74,610	80,102
Total Current Assets	**2,538,782**	**2,434,863**
NONCURRENT ASSET		
Trade receivables - real estate development	161,955	152,137
Land to be developed	1,163,493	1,134,083
Related parties	12,717	13,249
Other receivables	25,916	25,529
	1,364,081	**1,324,998**
Investments	37,615	37,783
Property and equipment	81,703	87,086
Intangible assets	2,617	2,722
	121,935	**127,591**
Total non-current assets	**1,486,016**	**1,452,589**
Total assets	**4,024,798**	**3,887,452**

LIABILITIES AND SHAREHOLDER'S EQUITY	03/31/2016	12/31/2015
CURRENT LIABILITIES		
Loans and Financing	370,560	371,584
Trade payables	116,649	107,802
Labor obligations	56,099	43,956
Tax liabilities	44,318	45,756
Property commitments payable	40,045	36,266
Advances from customers	11,307	28,742
Proposed Dividends	-	46
Other payables	27,168	25,682
Related parties	5,226	8,549
Total Current Liabilities	**671,372**	**668,383**
NONCURRENT LIABILITIE		
Loans and Financing	522,748	464,867
Trade payables	7,866	7,866
Provision for warranty	31,484	29,190
Tax liabilities	7,236	7,126
Property commitments payable	353,762	324,130
Advances from Customers	557,747	546,792
Provision for tax, labor and civil contingencies	35,703	35,595
Other payables	26,000	26,000
Related parties	-	18
Total non-current liabilities	**1,542,546**	**1,441,584**
Capital	752,982	752,982
Treasury shares	-41,582	-41,791
Capital reserves	207,666	207,832
Stock options granted	2,313	2,151
Equity valuation adjustment	-20,868	-20,868
Income reserves	745,235	745,235
Retained earnings	29,638	-
Equity	**1,675,384**	**1,645,541**
Non-controlling interests	**135,496**	**131,944**
Total Equity	**1,810,880**	**1,777,485**
Total liabilities and equity	**4,024,798**	**3,887,452**

CONSOLIDATED INCOME STATEMENT

IFRS

CONSOLIDATED STATEMENT OF INCOME (R$'000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (a/b)	Δ % (a/c)
Real Estate Sales Revenues	191,350	160,615	101,779	19.1%	88.0%
Services Revenues	239,642	264,946	316,821	-9.6%	-24.4%
Gross Revenues	**430,992**	**425,561**	**418,600**	**1.3%**	**3.0%**
Deductions from Gross Revenues	-25,152	-27,548	-18,780	-8.7%	33.9%
Operating net revenue	**405,840**	**398,013**	**399,820**	**2.0%**	**1.5%**
Cost of real property sale and services rendered	-322,613	-317,886	-315,281	1.5%	2.3%
Gross Profit	**83,227**	**80,127**	**84,539**	**3.9%**	**-1.6%**
General and Administrative Expenses	-28,521	-26,218	-26,956	8.8%	5.8%
Selling expenses	-13,047	-12,611	-8,080	3.5%	61.5%
Equity in the results of investees	-588	-833	-2,132	-29.4%	-72.4%
Other operating income and expenses	-3,643	-48	-4,790	7489.6%	-23.9%
Operating income (expenses)	**-45,799**	**-39,710**	**-41,958**	**15.3%**	**9.2%**
Financial expenses	-10,131	-12,210	-12,067	-17.0%	-16.0%
Financial income	13,605	15,437	17,167	-11.9%	-20.7%
Financial results	**3,474**	**3,227**	**5,100**	**7.7%**	**-31.9%**
Income before Income and social contribution taxes	**40,902**	**43,644**	**47,681**	**-6.3%**	**-14.2%**
Income and social contribution taxes	-6,449	-5,271	-5,465	22.3%	18.0%
Net income for the period before Minority Interest	**34,453**	**38,373**	**42,216**	**-10.2%**	**-18.4%**
Non-controlling interest in SPEs and SCPs	-4,815	-7,549	-5,981	-36.2%	-19.5%
Net Income for the period	**29,638**	**30,824**	**36,235**	**-3.8%**	**-18.2%**
Gross Margin	**20.5%**	**20.1%**	**21.1%**	**0.4 p.p.**	**-0.6 p.p.**
Adjusted Gross Margin[1]	**24.0%**	**23.8%**	**24.4%**	**0.2 p.p.**	**-0.4 p.p.**
Net Margin	**7.3%**	**7.7%**	**9.1%**	**-0.4 p.p.**	**-1.8 p.p.**

EBITDA BREAKDOWN

IFRS

EBITDA BREAKDOWN (R$'000)	1Q16 (a)	4Q15 (b)	1Q15 (c)	Δ % (c/a)	Δ % (c/a)
Net Income	**29,638**	**30,824**	**36,235**	**-3.8%**	**-18.2%**
(+) Depreciation and Amortization	6,942	7,233	19,495	-4.0%	-64.4%
(+) Income Tax and Social Contribution	6,449	5,271	5,465	22.3%	18.0%
(+) Minority Interest	4,815	7,549	5,981	-36.2%	-19.5%
(+/-) Financial Results	-3,474	-3,227	-5,100	7.7%	-31.9%
(+) Cost of production financing	14,024	14,644	12,884	-4.2%	8.8%
Adjusted[1] EBITDA	**58,394**	**62,294**	**74,960**	**-6.3%**	**-22.1%**
Adjusted EBITDA Margin	**14.4%**	**15.7%**	**18.7%**		

CONSOLIDATED CASH FLOW STATEMENT

IFRS

CONSOLIDATED CASH FLOW STATEMENTS (R$'000)	03/31/2016	03/31/2015
From operating activities		
Income before income and social contribution taxes	**40,902**	**47,681**
Adjustments to reconcile the profit with cash from operations:		
Depreciation and amortization	6,942	19,495
Equity in the results of investees	588	2,132
Provision for warranties	2,294	-1,177
Interest on fees and funding	22,050	23,536
Provision for tax, labor and civil risks	108	2,087
Results with Physical Swap	-2,730	-5,915
Taxes	662	-3,293
Adjustment to present value on accounts receivable	-951	-1,197
Provision for stock options plan	162	-
Decrease (increase) in assets		
Accounts receivable	-36,480	99,077
Inventories	-8,993	-60,306
Sundry receivables	5,105	-5,744
Related Parties	-821	-6,377
Taxes recoverable	2,527	-583
(Decrease)/increase in liabilities		
Trade payables	8,847	-23,881
Labor obligations	12,143	5,145
Tax obligations	-2,648	638
Property commitments payable	-6,671	-8,105
Advances from customers	-4,107	11,846
Accounts payable	1,486	-1,476
Related parties	-3,298	9,428
Net cash (used in) provided by operations	**37,117**	**103,011**
Income and social contribution taxes paid	-5,791	-7,630
Net cash (used in) provided by operating activities	**31,326**	**95,381**
Cash flow from investing activities		
Increase in investments (SPCs and SPEs)	-2,323	-820
Dividends received	1,903	1,403
Additions to property and equipment	-1,335	-5,374
Increase in intangible assets	-119	-130
Financial investments	-23,609	-18,484
Net cash (used in) provided by investing activities	**-25,483**	**-23,405**
Cash flow from financing activities		
Treasury shares	-	-13,582
Transactions with non-controlling	-	1,031
Dividends paid	-46	-
Inflows of Loans	143,003	41,629
Amortizations of loans	-92,735	-80,152
Interest paid	-16,774	-19,653
Capital increase - non-controlling stockholders	-1,263	419
Net cash from (used in) financing activities	**32,185**	**-70,308**
Increase (decrease) in cash and cash equivalents	38,028	1,668
At the beginning of the period	436,624	636,110
At the end of the period	474,652	637,778

STATEMENT OF VALUE ADDED

IFRS

STATEMENT OF VALUE ADDED	03/31/2016	3/31/2015
Revenue	**428,300**	**415,007**
Sales of properties and services	431,943	419,797
Other revenues	(3,643)	(4,790)
Bought-in materials and services	**-244,996**	**-201,943**
Raw materials used	(225,932)	(193,024)
Materials, electricity, outsourced services and other operating expenses	(3,976)	(1,881)
Other	(15,088)	(7,038)
Gross wealth	**183,304**	**213,064**
Depreciation and amortization, net	(6,942)	(19,495)
Net value added generated by the Company	**176,362**	**193,569**
Value added received through transfer	**13,017**	**15,035**
Equity in the results of investees	(588)	(2,132)
Financial income	13,605	17,167
Total value added to distribute	**189,379**	**208,604**
Distribution of value added		
Personnel	98,219	115,995
Taxes and duties	32,552	25,442
Remuneration of third-party capital	24,155	24,951
Retained earnings	29,638	36,235
Profit attributed to non-controlling interests	4,815	5,981
To distribute to	**189,379**	**208,604**

GLOSSARY

Land Bank – land held in inventory with the estimate of its future PSV.

Classification of projects by Direcional, according to the economic segment to which they are intended:

MCMV Level 1	Low-income projects under construction contracts regarding the Minha Casa Minha Vida Housing Program, contracted directly with the Financing Agent, for families with monthly income of up to R$ 1,600.00. The properties of this segment have the final price determined by the Financing Agent, under Ordinance 435/2012 of the Ministry of Cities, and their purchase may be conditionally subsidized by the government.
MCMV 2 and 3	Residential developments with average price of up to R$ 225.0 thousand per unit, included in "Levels 2 and 3 of the MCMV Program*. Until 3Q15, projects of this profile had been called "Popular".
Middle income	Residential developments with average price per unit above R$ 500.0 thousand, which is the limit for the MCMV program.
Upper-middle income	Residential developments with average price per unit above R$ 500.0 thousand.
MUC	Comprises projects of the middle-income, upper-middle income and commercial segments.

Adjusted EBITDA - Adjusted EBITDA is equal to EBITDA (earnings before interest, taxes, depreciation and amortization) less non-controlling interests and the expenditures with stock option program. We believe that adjusting the present value of accounts receivable of units sold and not delivered recorded as gross operating income (expense) is part of our operational activities and, therefore, we do not exclude this income (expense) from the calculation of Adjusted EBITDA. Adjusted EBITDA is not a financial performance measure according to the Accounting Practices Adopted in Brazil, and should not be considered separately, or as an alternative to profit, as an operating performance index, or as an alternative to operating cash flows or liquidity. Adjusted EBITDA is an indicator of our general economic performance, which is not affected by fluctuations in interest rates, changes in the tax burden of income tax and social contribution or depreciation and amortization levels.

Adjusted profit– The profit calculated after the reversal, in the line item "General and administrative expenses", of the administrative expenses related to the Stock Option Plan

PoC method – under the International Financial Reporting Standards (IFRS), revenue, costs and expenses related to real estate developments are appropriated based on the incurred costs, by measuring the progress of the works through the actual costs incurred versus the total budgeted expenditures for each phase of the project.

New Market – a special listing segment of BOVESPA, where companies adopt differentiated practices of corporate governance, which exceed the traditional segment requirements. Direcional joined the New Market segment on November 19, 2009.

Barter – a method for acquiring land in which the owner of the land receives a certain number of units of the project to be developed on the property.

SFH Funds — funds under the Housing Financing System (SFH) originated from the Government Severance Indemnity Fund for Employees (FGTS) and from savings account deposits.

Special Taxation Regime - 1% (RET1): taxation regime applicable to projects with housing units with sales value up to R$ 100.0 thousand, in which case the tax rate is 1% of gross revenue.

Deferred results – result of the balance of property sales transactions already contracted (for buildings under construction) and their respective budgeted costs to be incurred.

Contracted net sales – PSV arising from all real estate sales contracts entered into in a given period, including the sale of units launched in the period and the sale of units in inventory, net of cancellations.

Potential Sales Value (PSV) – the total value potentially obtained for the sale of all units of a given real estate development at the launch price. There is a possibility that the PSV launched is not realized or differs significantly from the Contracted Sales value, since the amount of units effectively sold may be different from the amount of units launched and/or the actual selling price of each unit may differ from the launch price.

PSV launched: Potential Sales Value (PSV) of units launched over a given period.