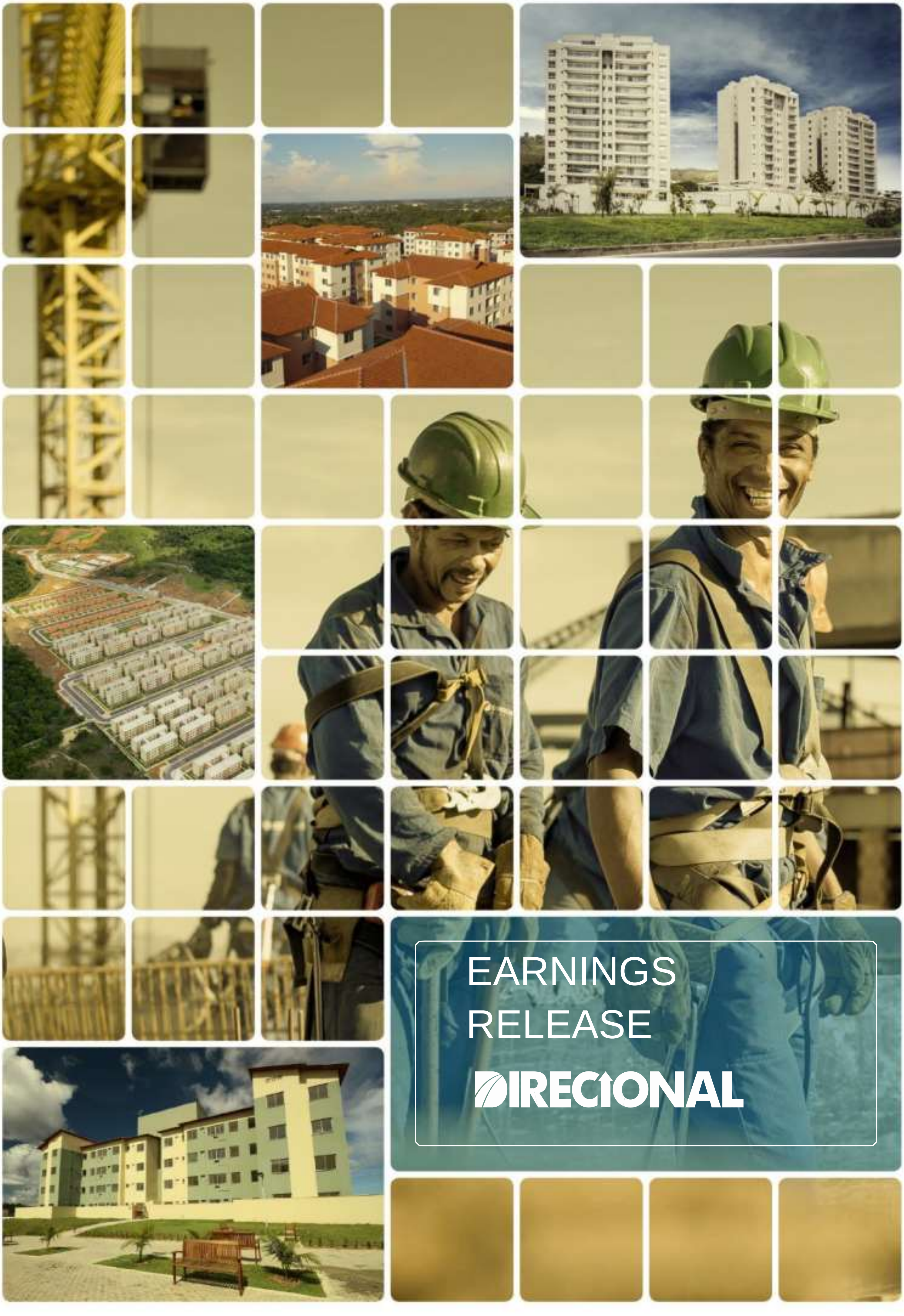

EARNINGS RELEASE

DIRECIONAL

Belo Horizonte, August 8, 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 second quarter of 2016 (2Q16). 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 2Q16, DIRECIONAL PRESENTED CASH GENERATION OF R$ 61 MILLION. LAUNCHES WITHIN MCMV 2 AND 3 SEGMENT REACHED R$200 MILLION IN THE QUARTER.

1H16 - FINANCIAL AND OPERATING HIGHLIGHTS

- **Launches:** In 1H16, 6 projects have been launched, totaling a PSV of R$ 301 million (+55% in relation to 1H15). Projects included in the ***MCMV 2 and 3***[1] segment totaled a PSV of R$ 246 million, an increase of 173%;
- **Sales** Contracted net sales reached R$ 185 million in 1H16, being 50% in the ***MCMV 2 and 3*** segment;
- **Sales Velocity (VSO):** In 1H16, VSO reached 14%. Highlights to the **MCMV 2 and 3** segment that reached a VSO of 21%.
- **Purchase of land plots - *MCMV 2 and 3*:** In the half-year, twelve land plots were acquired for the ***MCMV 2 and 3*** segment. The construction potential of these plots is 8,193 units and PSV of R$ 1.2 billion.
- **Delivery** of 9 projects/phases, totaling a PSV of R$ 527 million and 6,813 units.
- **Mortgage transfers:** In 1H16, mortgage transfers reached R$ 237 million, an increase of 13% compared to 1H15. Highlight to the **MCMV 2 and 3** segment, which reached R$ 69 million, a growth of 442%.
- **Net debt over equity** of 14.8%, representing one of the lowest gearing ratios of the industry.
- **Cash Generation**[2] of R$ 65 million, in 1H16.
- **Net revenue** of R$ 789 million.
- **Gross Margin** (adjusted)[3] of 23.4%.

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): calculated by the net debt variation, adjusted by payment of dividends and share buyback;
3 - Gross Margin: Adjustment excluding interest on financing for construction.

TICKER: DIRR3

Quotation on 8/5/2016: R$ 6.30

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

Market value:
R$ 966 million / US$ 305 million

***FreeFloat*: 49%**

Average daily volume 2Q16:
577 thousand shares
R$ 3,258.2 billion
1.837 negotiations

TELECONFERENCE
(In Portuguese with simultaneous translation into English)

Date: 8/9/2016 – Tuesday

Portuguese
10:00 a.m. – Brasilia time

English
09:00 a.m.– New York Time

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CONTENTS

MESSAGE FROM MANAGEMENT

We are pleased to disclose the operating and financial results of Direcional Engenharia for the second quarter of 2016 (2Q16).

The second quarter of 2016 was marked by the continuity of the degradation of some significant economic indicators, following the trend that has already been observed for various months. Despite the drop in the inflation rates, we have observed throughout this period a strong increase in the unemployment and default rates, reflecting the economic decline we have been facing in Brazil. On the other hand, market indicators related to confidence level presented significant improvement, indicating that we should be able to start seeing economic activity evolving over the following 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 1H16, presented accumulated net redemptions of approximately R$ 35 billion. In practice, this means that withdraws from savings accounts have maintained the strong pace of 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.

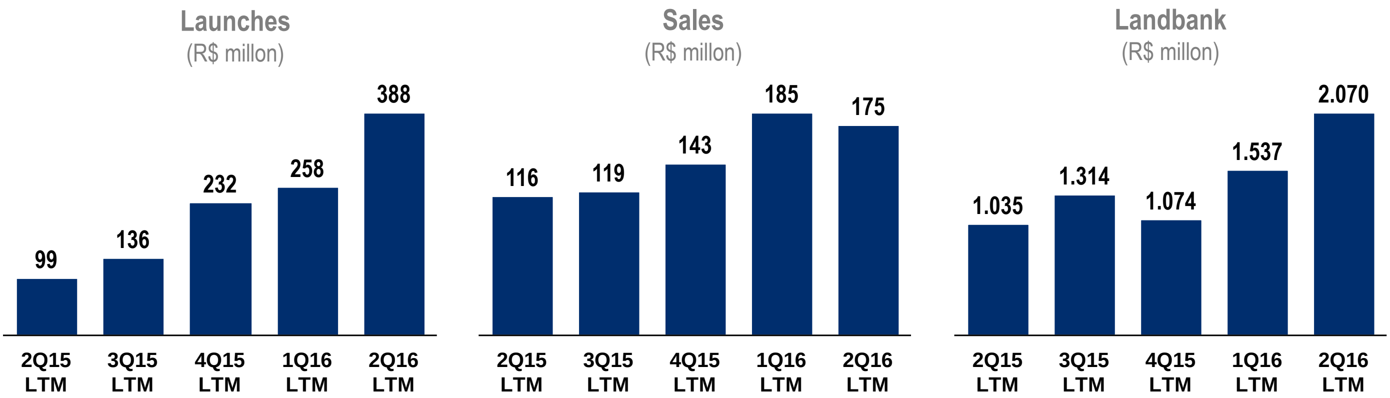
In this challenging context, we made some important decisions to reduce our exposure to the risks observed in this segment:

- Decrease in the number of launches: Direcional adopted a more conservative approach as regards launches, and approved only those projects that had sufficient demand. Therefore, in 2Q16 we did not launch any project directed to this MUC segment. In 1H16, we launched only one project for that public (Supremo Residence in Belo Horizonte - State of Minas Gerais, with 128 units and PSV of R$ 56 million); that project comprises the second phase of a development that has presented a strong sales velocity since its initial offering, which occurred in April/15.
- Focus on the sale of inventory: in 2Q16, we managed to present net sales of approximately R$ 37 million in the MUC segment. In 1H16, net sales reached R$ 92 million, representing an increase of 5% in relation to the prior year. 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 69% of the units arising from contracts that were canceled during 1H16.

In 2Q16, we launched 4 projects included in the **MCMV 2 and 3 real estate development** segment, totaling 1,395 units and PSV of R$ 200 million. That volume represents the quarterly record of launches directed to that public in the history of Direcional. That result is in line with the Company's strategy over the last quarters to increase its market share in that segment.

In addition to the strong increase in the volume of launches, such initiative has brought important results in other operating indicators:

Operating information MCMV 2 and 3



The strategy of increasing the representativeness of products directed to the low-income population in our business is supported by three important pillars: (i) we 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.

Even in an adverse macroeconomic scenario, the sales velocity in this segment remained at sound levels: in 1H16, VSO reached 21%. It should be mentioned that the calculation of that index was negatively impacted by launches that happened by the end of 2Q16; excluding such launches, the VSO for MCMV 2 and 3 would have reached 34%. 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 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 2Q16 we concluded the process of acquisition of six plots of land eligible for the MCMV 2 and 3 in the Southeast, Northeast and Midwest regions. The construction potential of these plots is 3,664 units and PSV of R$ 609 million. It should be pointed out that we concluded in the 2Q16 the process of acquisition of our first plot of land in the metropolitan region of Fortaleza - State of Ceará, which will be the sixth geographic region of Direcional´s operation in the MCMV 2 and 3 segment. We continue to prioritize the use of swaps 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$ 183 million in 2Q16 and R$ 374 million in 1H16, which represents a strong increase in comparison to the first half-year in the prior year (+ 42%). 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 regard to the **MCMV Level 1 segment**, our engineering team remained focused on controlling work costs and advancing constructions. Gross revenue from services totaled R$ 228 million in 2Q16, a decrease of 5% over 1Q16.

When considering the **Consolidated Finance Result**, net operating revenue totaled R$ 383 million in 2Q16 and R$ 789 million in 1H16, an increase of 1% in relation to 1H15. The adjusted gross margin[1] was 22.9% in 2Q16, which is a little lower than the amount recorded in the previous quarter (24.0% in 1Q16). Direcional closed the second quarter of 2016 with net profit of R$ 22 million, resulting in a net margin of 5.8%.

In 2Q16, Direcional had a cash generation[2] of R$ 61 million due to (i) the reduction in accounts receivable from services; and (ii) the strong increase in the volume of mortgage transfers when compared to 1Q16, both from MCMV 2 and 3 developments and MUC segment. The strong generation of cash resulted in a more comfortable capital structure, ending the quarter with a leverage ratio of 14.8% (net debt on equity), that is, 3.5 percentage points below the ratio presented in 1Q16. By the end of the 1H16, cash and financial investments amounted to R$ 660 million and gross debt amounted to R$ 932 million, which results in a net indebtedness of R$ 272 million. Due to the adverse political scenario and its potential impacts on the levels of interest rates and capital markets liquidity, Management opted for withdrawing a liquidity facility line provided by Banco do Brasil, amounting to R$ 75 million and a two-year term. It is important to highlight that 68% of our gross debt is composed by construction financing agreements or machinery financing (FINAME), which are not significantly affected by the current levels in the Brazilian interest rate (SELIC).

That performance allowed the Board of Directors to approve in the beginning of July a **dividend distribution** amounting to R$ 40 million, continuing with our capital structure adjustment process. This amount represents a dividend yield of 4.9%, considering for the calculation the closing price on the date in which shares became ex-dividends (R$ 5.63 per share on July 7, 2016). This amount will be considered as an advancement as per our current dividends proposal policy.

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. 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.

2 – Net debt variation, excluding dividends and expenditures with share repurchase programs

KEY INDICATORS

	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (d)	1H15 (e)	Δ % (d/e)
Financial indicators								
Net revenue (R$'000)	383,099	405,840	379,400	-5.6%	1.0%	788,939	779,220	1.2%
Gross profit (R$'000)	73,429	83,227	85,084	-11.8%	-13.7%	156,656	169,623	-7.6%
Gross margin	*19.2%*	*20.5%*	*22.4%*	-1.3 p.p.	-3.3 p.p.	*19.9%*	*21.8%*	-1.9 p.p.
Gross profit (adjusted)[1] (R$'000)	87,664	97,251	93,927	-9.9%	-6.7%	184,915	191,350	-3.4%
Gross margin (adjusted)[1]	*22.9%*	*24.0%*	*24.8%*	-1.1 p.p.	-1.9 p.p.	*23.4%*	*24.6%*	-1.1 p.p.
Adjusted EBITDA (R$'000)	51,416	58,394	58,287	-11.9%	-11.8%	109,810	133,247	-17.6%
Adjusted EBITDA margin	*13.4%*	*14.4%*	*15.4%*	-1.0 p.p.	-1.9 p.p.	*13.9%*	*17.1%*	-3.2 p.p.
Net income (R$'000)	22,195	29,638	27,784	-25.1%	-20.1%	51,833	64,019	-19.0%
Net margin	*5.8%*	*7.3%*	*7.3%*	-1.5 p.p.	-1.5 p.p.	*6.6%*	*8.2%*	-1.6 p.p.
Launches								
PSV launched - 100% (R$'000)	**209,545**	**100,980**	**174,332**	**107.5%**	**20.2%**	**310,525**	**202,236**	**53.5%**
MCMV 2 and 3[2] (R$'000)	209,545	45,346	70,331	362.1%	197.9%	254,891	98,235	159.5%
MUC (R$'000)[3]	0	55,634	104,001	-100.0%	-100.0%	55,634	104,001	-46.5%
PSV launched - % Direcional (R$'000)	**200,297**	**100,980**	**174,332**	**98.4%**	**14.9%**	**301,277**	**193,865**	**55.4%**
MCMV 2 and 3 (R$'000)	200,297	45,346	70,331	341.7%	184.8%	245,643	89,864	173.4%
MUC (R$'000)	0	55,634	104,001	-100.0%	-100.0%	55,634	104,001	-46.5%
Units launched	**1,395**	**488**	**640**	**185.9%**	**118.0%**	**1,883**	**896**	**110.2%**
MCMV 2 and 3	1,395	360	416	287.5%	235.3%	1,755	672	161.2%
MUC	0	128	224	-100.0%	-100.0%	128	224	-42.9%
% Direcional – Average	*95.6%*	*100.0%*	*100.0%*	-4.4 p.p.	-4.4 p.p.	*97.0%*	*95.9%*	1.2 p.p.
Average price (R$/unit)	150,211	206,927	272,393	-27.4%	-44.9%	164,910	225,710	-26.9%
Sales								
PSV contracted - 100% (R$'000)	**76,311**	**124,726**	**121,767**	**-38.8%**	**-37.3%**	**201,037**	**164,352**	**22.3%**
MCMV 2 and 3 (R$'000)	33,740	66,914	42,776	-49.6%	-21.1%	101,055	67,314	50.1%
MUC (R$'000)	42,570	57,812	78,991	-26.4%	-46.1%	99,982	97,038	3.0%
PSV contracted - % Direcional (R$'000)	**66,159**	**118,408**	**111,508**	**-44.1%**	**-40.7%**	**184,567**	**147,964**	**24.7%**
MCMV 2 and 3 (R$'000)	29,252	63,525	39,172	-54.0%	-25.3%	92,777	60,602	53.1%
MUC (R$'000)	36,907	54,883	72,336	-32.8%	-49.0%	91,790	87,362	5.1%
Units contracted	**360**	**579**	**460**	**-37.8%**	**-21.7%**	**939**	**648**	**44.9%**
MCMV 2 and 3	218	403	276	-45.9%	-21.0%	621	454	36.8%
MUC	142	176	184	-19.3%	-22.8%	318	194	63.9%
Average price (R$/unit)	211,974	215,417	264,711	-1.6%	-19.9%	214,097	253,629	-15.6%
Consolidated VSO (% PSV)	*5.6%*	*10.9%*	*10.8%*	-5.3 p.p.	-5.3 p.p.	*14.3%*	*14.2%*	0.1 p.p.
Other indicators	**2Q16**	**1Q16**	**4Q15**	**3Q15**	**2Q15**	**1Q15**	**4Q14**	**3Q14**
Annualized ROE [4]	5.3%	7.1%	7.6%	7.1%	6.8%	8.9%	15.1%	13.2%
ROE LTM [5]	6.7%	7.1%	7.6%	9.4%	10.9%	12.2%	13.1%	12.7%
Cash and cash equivalents (R$'000)	660,047	560,802	499,165	504,281	563,428	685,361	665,209	718,028
Gross debt (R$'000)	931,907	893,308	836,451	873,064	855,476	914,950	948,397	918,881
Net debt (R$'000)	271,860	332,506	337,286	368,783	292,048	229,589	283,188	200,853
Total equity (R$'000)	1,834,904	1,810,880	1,777,485	1,753,454	1,763,919	1,765,626	1,735,531	1,754,924
Net debt/Equity	14.8%	18.4%	19.0%	21.0%	16.6%	13.0%	16.3%	11.4%
Net debt/EBITDA (12 months)	1.2X	1.4X	1.3X	1.4X	1.0X	0.7X	0.9X	0.7X
Deferred revenue (R$'000)	1,695,580	2,094,656	2,381,437	2,657,754	2,852,276	3,052,231	3,395,875	3,744,720
Deferred results (R$'000)	460,026	544,362	617,049	674,286	738,803	790,577	891,567	987,051
Deferred margin	27.1%	26.0%	25.9%	25.4%	25.9%	25.9%	26.3%	26.4%
Inventories - 100% (R$'000)	1,229,980	1,120,150	1,124,206	1,033,399	1,032,819	972,190	958,649	938,090
Inventories - % Direcional (R$'000)	1,103,330	989,638	988,694	897,113	924,577	854,933	846,151	812,691
Land Bank - 100% (R$'000)	12,799,649	12,343,696	11,759,865	11,421,123	10,918,758	11,165,126	11,101,527	10,340,010
Land Bank - % Direcional (R$'000)	10,656,927	10,219,501	9,770,212	9,415,408	9,050,773	9,332,323	9,261,045	8,524,411
Land Bank – Units	69,457	67,184	63,163	60,487	57,657	59,034	58,670	52,680

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. 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).

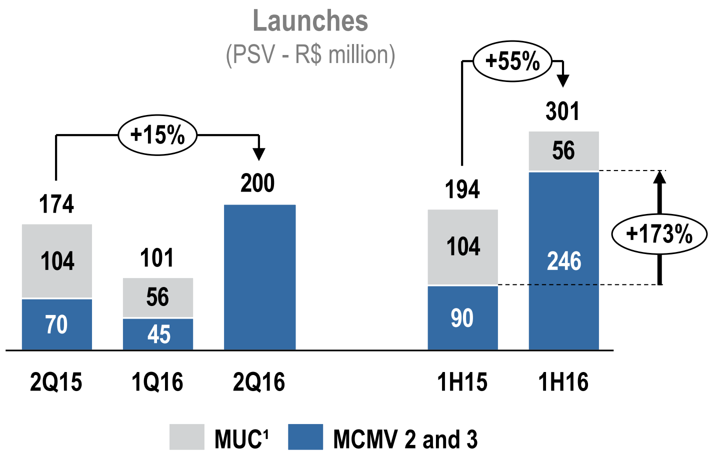
LAUNCHES

In 2Q16, Direcional launched four projects totaling 1,395 units and a PSV of R$ 200 million. We highlight that all the developments launched are targeted on families eligible to **MCMV 2 and 3**, in line with the Company's strategy to increase its share in this segment.

It is worth mentioning that, during 2Q16, there was the pre-launching of a project with a total of 640 units and PSV of R$ 100 million, also in the **MCMV 2 and 3** segment, which launch should take place on 3Q16, since there was no sufficient time to complete the process of obtaining the construction financing.

In the accumulated for 1H16, launches totaled PSV of R$ 301 million, an increase of 55% compared to 1H15. The launches of **MCMV 2 and 3** segment totaled PSV of R$ 246 million, which represents 82% of the total and a growth of 173% in relation to the same prior-year period.

The chart below presents the evolution of the launches.



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

The table below shows information about the developments launched in 1H16:

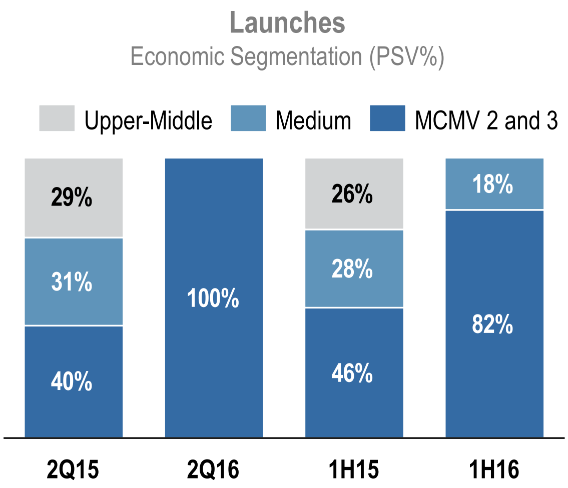
Developments launched	Month	Location	Total PSV (R$ 000)	PSV % Direcional (R$ 000)	Unit	Average Unit Price (R$ 000)	Segment
Supremo Residence	January	Belo Horizonte - MG	55,634	55,634	128	435	Medium
Conquista Itaboraí	March	Itaboraí - RJ	45,346	45,346	360	126	MCMV 2 and 3
Total 1Q16			**100,980**	**100,980**	**488**	**207**	
Conquista Alegria	May	Betim - MG	46,400	41,760	320	145	MCMV 2 and 3
Conquista Residencial Ville - 3rd Phase	June	Luziânia - GO	15,360	10,752	128	120	MCMV 2 and 3
Conquista Campo Grande	June	Rio de Janeiro - RJ	74,850	74,850	499	150	MCMV 2 and 3
Setor Total Ville	June	Santa Maria - DF	72,935	72,935	448	163	MCMV 2 and 3
Total 2Q16			**209,545**	**200,297**	**1,395**	**150**	
Total – 1H16			**310,525**	**301,277**	**1,883**	**165**	

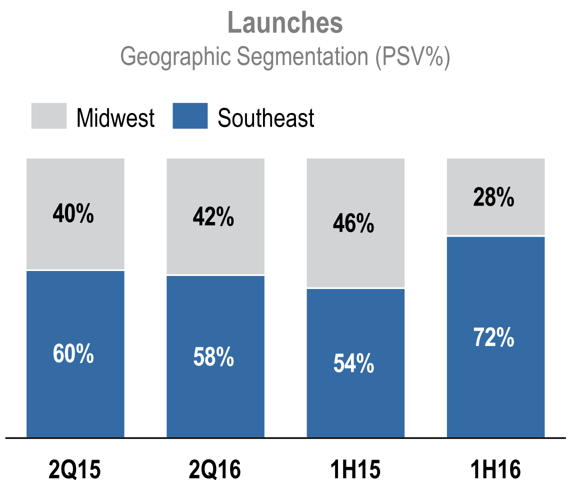
Launches breakdown

Consolidating the Company's strategy of focusing on the **MCMV 2 and 3** segment, all launches of 2Q16 were directed to such segment. In the accumulated for 1H16, this segment was responsible for 82% of the total.

In addition, the Southeast region was responsible for 58% of the PSV launched in the quarter. In 1H16, that region was responsible for 72% of the total.

The chart below presents the breakdown of the launches.





CONTRACTED SALES

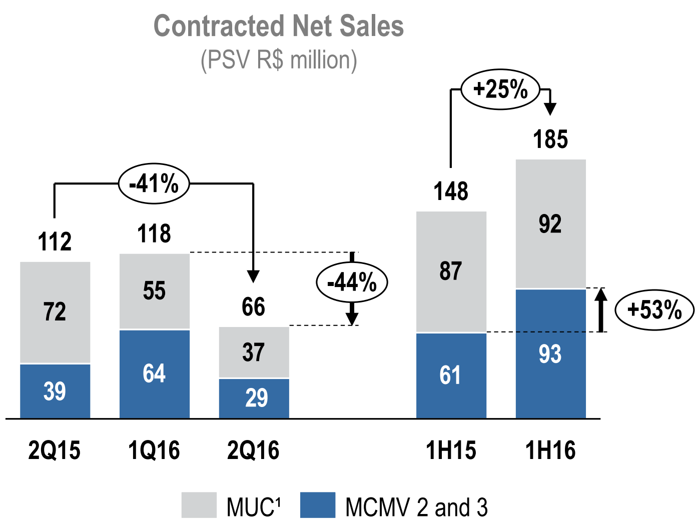
Contracted gross sales amounted to R$ 133 million in 2Q16, a decrease of 17% in relation to the same period of previous year and 36% when compared to 1Q16. In 1H16, gross sales reached PSV of R$ 339 million, a growth of 32% in relation to 1H15. Sales cancellations totaled R$ 67 million in 2Q16 and R$ 155 million in the accumulated for 1H16.

Accordingly, contracted net sales totaled PSV of R$ 66 million in 2Q16, representing a decrease of 41% when compared to the same period of previous year and 44% when compared to 1Q16.

It should be mentioned that the sales were negatively impacted by the concentration of launches in the second fortnight of June, limiting the sales term of these developments in the quarter. At this point, it should be reminded that all projects launched in 2Q16 are directed to the **MCMV 2 and 3** segment, in which sales are only recorded after the approval of the client's credit by the financing bank.

In the accumulated for 1H16, net sales totaled R$ 185 million, with an increase of 25% compared to 1H15. Such performance was mainly benefited by the sales of the ***MCMV 2 and 3*** segment***,*** which presented a growth of 53%.

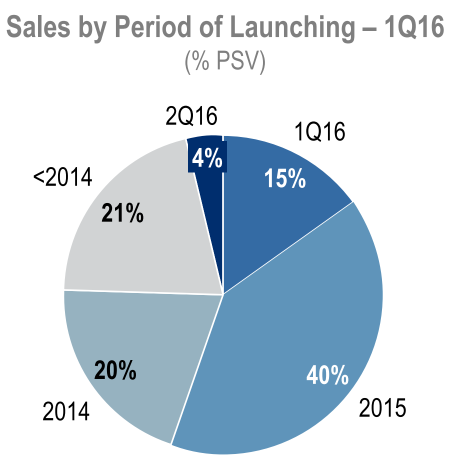
The chart below shows the evolution of the contracted net sales.



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

The adjacent chart presents net sales by launching period. As aforementioned, the sales of launches were negatively affected by the late launch of those projects and, therefore, represented only 4% of the total.

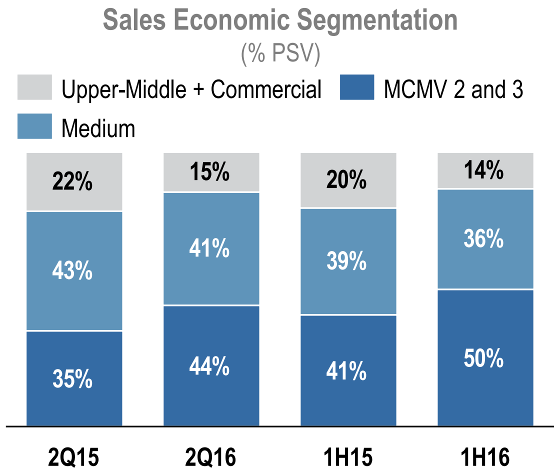
It should be noted that 41% of the sales volume refer to products launched in years prior to 2015, which confirms that Direcional has been able to sell units from older projects.

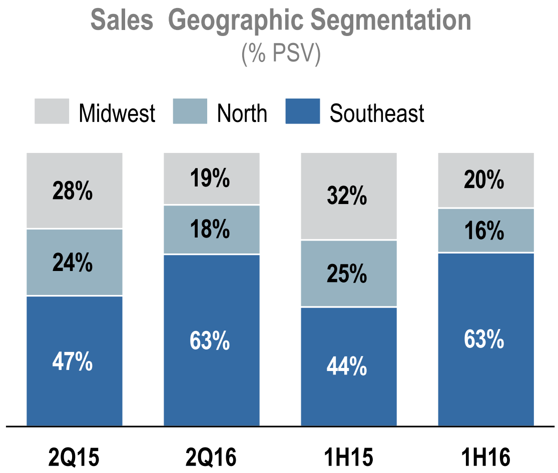


Net sales breakdown

Regarding economic segmentation, it is worth highlighting the increasing share of sales from ***MCMV 2 and 3*** segment, which reached 50% of the PSV sold in 1H16, an increase of 9.0 p.p. in relation to the result reached in the same period of 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 net sales in the half year.





The table below consolidates the sales information in 2Q16:

Contracted net sales	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (d)	1H15 (e)	Δ % (d/e)
Gross PSV Contracted - % Direcional (R$'000)	**133,098**	**206,121**	**160,208**	**-35.4%**	**-16.9%**	**339,219**	**257,804**	**31.6%**
Canceled sales (R$'000)	-66,939	-87,713	-48,699	-23.7%	37.5%	-154,652	-109,840	40.8%
Net PSV Contracted - % Direcional (R$'000)	**66,159**	**118,408**	**111,508**	**-44.1%**	**-40.7%**	**184,567**	**147,964**	**24.7%**
MCMV 2 and 3 (R$'000)	29,252	63,524	39,172	-54.0%	-25.3%	92,776	60,602	53.1%
MUC[1] (R$'000)	36,907	54,884	72,336	-32.8%	-49.0%	91,791	87,362	5.1%
Units contracted	**360**	**579**	**460**	**-37.8%**	**-21.7%**	**939**	**648**	**44.9%**
MCMV 2 and 3	218	403	276	-45.9%	-21.0%	621	453	37.1%
MUC[1]	142	176	184	-19.3%	-22.8%	318	195	63.1%
Average price (R$/unit)	211,974	215,417	242,409	-1.6%	-12.6%	214,097	253,629	-15.6%
VSO (Sales over Supply) in PSV	*5.6%*	*10.9%*	*10.8%*	-5.3 p.p.	-5.3 p.p.	*14.3%*	*14.2%*	0.1 p.p.

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

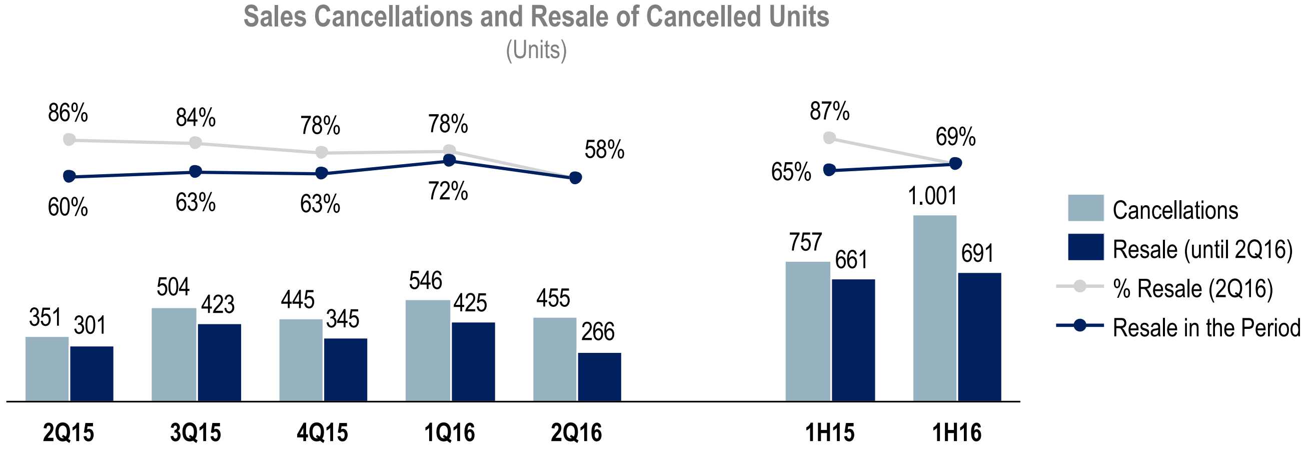
Sales cancellations

In 2Q16, sales cancellations amounted to R$ 67 million, a decrease of 24% in relation to 1Q16 and an increase of 37% when compared to the same period in the prior year. In 1H16, sales cancellations totaled R$ 155 million, an increase of 41% compared to 1H15. The growth trend is 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.

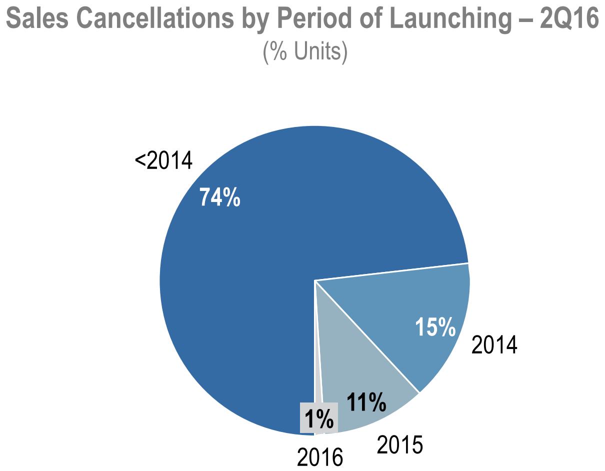
The reduction in relation to 1Q16 can be explained by the reduction in the volume of deliveries.

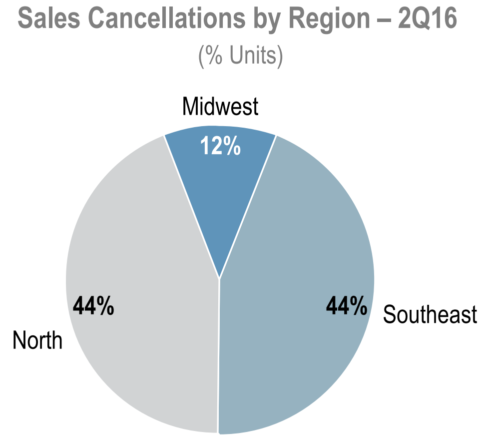
Sales cancelations (% Direcional R$ 000)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (d)	1H15 (e)	Δ % (d/e)
Sales cancellations	**-66,939**	**-87,713**	**-48,699**	**-23.7%**	**37.5%**	**-154,652**	**-109,840**	**40.8%**
Gross PSV Contracted	**133,098**	**206,121**	**160,208**	**-35.4%**	**-16.9%**	**339,219**	**257,804**	**31.6%**
% Sales Cancellations /Gross PSV Contracted	50.3%	42.6%	30.4%	7.7 p.p.	19.9 p.p.	45.6%	42.6%	3.0 p.p.

The following chart shows the evolution in units from canceled sales and respective resales. In 2Q16, 58% 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 2014 (74% of the total amount).





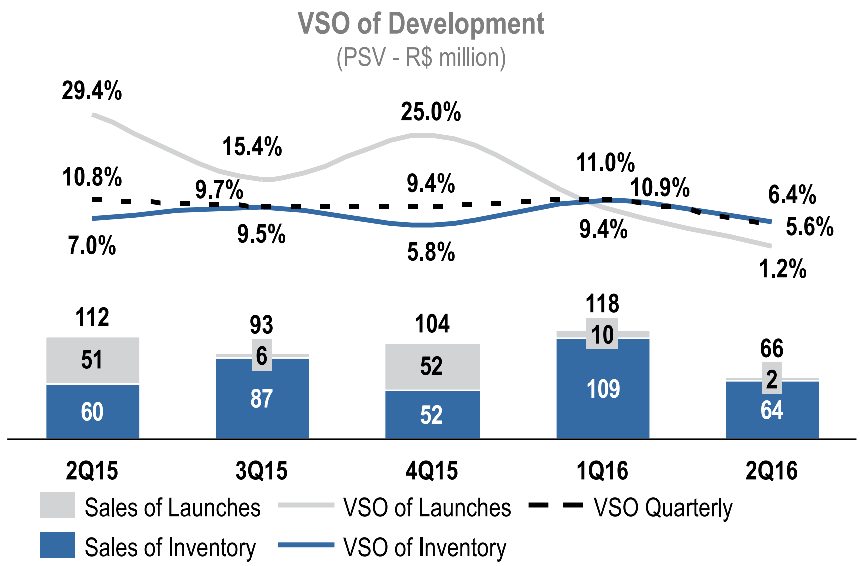
1- In PSV canceled, the transfers of customer credit from the unit originally acquired to another unit of our inventory are not considered.

SALES VELOCITY (VSO)

Sales velocity in 2Q16, measured by the VSO (Sales over Supply) ratio, reached 5.6%, 5.3 p.p. lower than in 1Q16. This indicator was mainly affected by the reduction in the velocity of sales of launches, which presented a VSO of 1.2%, as an effect of the accumulation of launches over the last fortnight of the quarter.

It should be pointed out that the sales of the developments launched in 2Q16, eligible to the **MCMV 2 and 3** segment, are only recorded after the approval of the client's credit by the financing bank. Accordingly, despite the strong demand for this type of product, it is common that the sales velocity be slower initially due to the term required by the financial institutions to perform the credit approval process.

The charts below detail the evolution of the VSO ratio in the last quarters:



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

Own sales force ("Direcional Vendas")

Currently with 458 brokers, Direcional Vendas, the Company's own sales force, was responsible for 55% of the units sales made in 1H16. 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 4,272 units in inventory, totaling R$ 1,103 million at market value.

The table below presents the breakdown of inventories at market value by construction stage and type of product. The **MCMV 2 and 3** segment, which has only R$ 6.4 million in PSV of units completed is a highlight, representing less than 1% of the total inventory.

Inventory at market value (% Direcional - R$ 000)	MCMV 2 and 3	MUC[1]	Total (% Direcional)	Total (100%)
Under construction	337,968	506,192	844,160	903,621
% Total	*31%*	*46%*	*77%*	*73%*
Completed	6,403	252,767	259,170	326,359
% Total	*1%*	*23%*	*23%*	*27%*
Total	**344,371**	**758,959**	**1,103,330**	**1,229,980**
% Total	*31%*	*69%*	*n/a*	*100%*
Total Units	**2,529**	**1,743**	**4,272**	**4,272**
% Total Units	*59%*	*41%*	*100%*	*100%*

The table below shows the evolution of Direcional's inventory during 1H16. It should be highlighted the performance of the ***MCMV 2 and 3*** segment, which presented VSO of approximately 21% in the period, even considering the concentration of the launches at the end of the half year.

Inventory Evolution (% Direcional - R$ 000)	Inventory in 2015	Launches 1H16	Sales 1H16	Adjustment[2]	Inventory 1H16	VSO %
MCMV 2 and 3	187,628	245,643	92,777	3,877	344,371	21%
MUC[1]	801,066	55,634	91,790	-5,951	758,959	11%
Total	**988,694**	**301,277**	**184,567**	**-2,074**	**1,103,330**	**14%**

The table below shows the evolution of Direcional's inventory by region during 1H16.

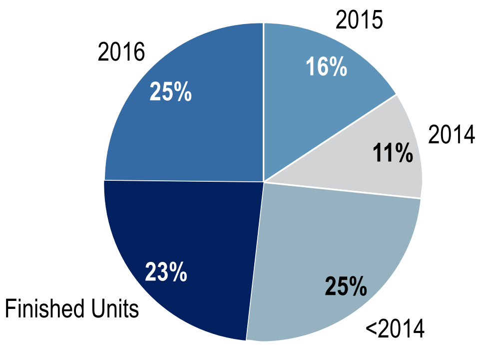
Inventory Evolution (% Direcional - R$ 000)	Inventory in 2015	Launches 1H16	Sales 1H16	Adjustment[2]	Inventory 1H16	VSO %
Southeast	630,622	217,590	116,632	-2,001	729,580	14%
Midwest	102,449	83,687	37,560	-2,705	145,871	20%
North	255,623	0	30,375	2,631	227,879	12%
Total	**988,694**	**301,277**	**184,567**	**-2,074**	**1,103,330**	**14%**

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

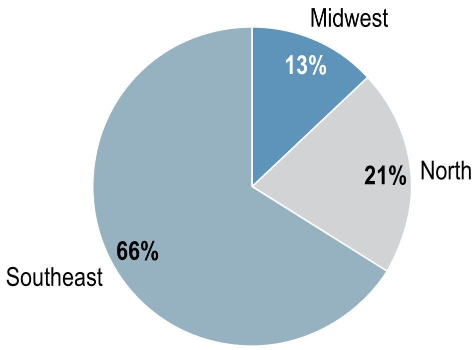
2 - Adjustments for sales prices update and swap.

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

Inventory by Launch Period
(% PSV)



Inventory by Region
(% PSV)



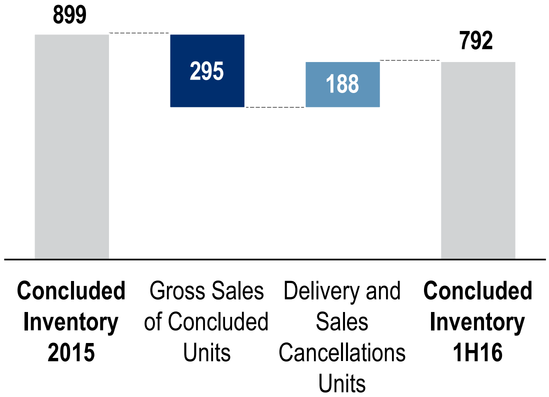
Inventory - finished units

By the end of 2Q16, Direcional had 792 finished units, which are equivalent to 19% of the total inventory and have a market value of R$ 259 million.

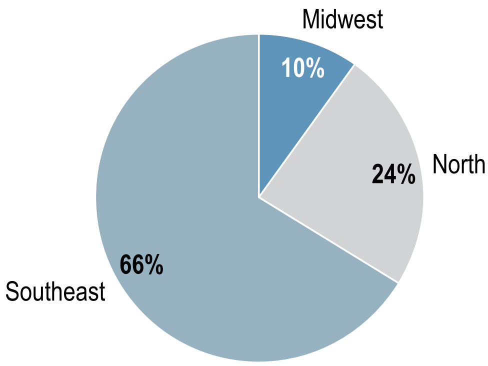
During 1H16, Direcional sold 33% (295 units) of the units finished at the end of 2015, which reinforce its ability to sell such units. This performance was partially offset by the new deliveries and canceled sales from finished projects that were sold before the beginning of the year, totaling 188 units. Accordingly, the inventory of finished units totaled 792 units at the end of 1H16, representing a decrease of 12% in relation to the end of 2015. The adjacent chart presents the evolution of the inventory of finished units during 1H16.

Lastly, the inventory of finished units is concentrated in the Southeast region (66% of the total). Approximately 28% 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.

Inventory Evolution
(Units)



Geographic Segmentation of Finished Inventory
(% PSV)



PROJECTS DELIVERED

In 1H16, Direcional delivered nine projects/stages, totaling 6,813 units and a PSV of R$ 527 million.

The table below provides consolidated information on the projects delivered in 1H16:

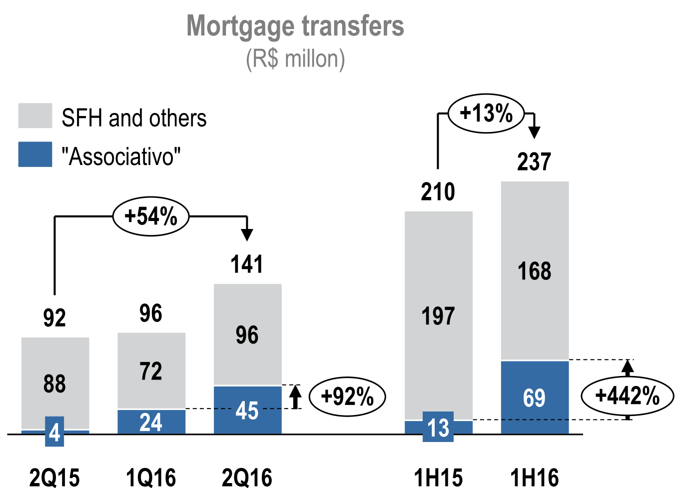
Developments Delivered	Month	Location	Total PSV (R$ 000)	PSV % Direcional (R$ 000)	Unit	Segment
Emotion Residence Caiçara	February	Belo Horizonte - MG	46,040	45,994	76	Upper Middle
Terraço Vistas do Horizonte	February	Belo Horizonte - MG	12,182	6,091	32	Upper Middle
Residencial Bella Toscana	March	Belo Horizonte - MG	42,481	21,241	78	Upper Middle
Bosque Azul	March	Macaé - RJ	119,340	119,340	1,728	MCMV Level 1
Total 1Q16			**220,043**	**192,666**	**1,914**	
Up Life São Paulo	April	São Paulo - SP	8,816	6,832	27	Commercial
Colônia Carioca	May	Rio de Janeiro - RJ	8,820	8,820	120	MCMV Level 1
Parque Paranoá	June	Paranoá - DF	165,685	165,685	2,304	MCMV Level 1
Viver Melhor Sorocaba	June	Sorocaba - SP	33,355	23,348	416	MCMV Level 1
Alameda dos Palmeiras	June	Fortaleza - CE	129,563	129,563	2,032	MCMV Level 1
Total 2Q16			**346,239**	**334,249**	**4,899**	
Total			**566,282**	**526,915**	**6,813**	

MORTGAGE TRANSFERS

In 2Q16, the volume of mortgage transfers totaled R$ 141 million, an increase of 48% when compared to the prior quarter and of 54% when compared to the same period of the previous year.

Such increase was mainly in the "Associativo" transfer model, with a significant growth of 1,117% in relation to the same period of the previous year. As from 2014, Direcional resumed the launching of projects eligible to this model, which 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)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (d)	1H15 (e)	Δ % (d/e)
Total mortgage transfers	**141,379**	**95,683**	**91,904**	**47.8%**	**53.8%**	**237,061**	**209,743**	**13.0%**
"Associativo" transfer	45,390	23,668	3,729	91.8%	1117.3%	69,058	12,733	442.4%
SFH and others	95,989	72,014	88,175	33.3%	8.9%	168,003	197,010	-14.7%

LAND BANK

By the end of 2Q16, Direcional's land bank had a development potential of 69,457 units and a PSV of R$ 10.7 billion. The average cost of acquisition of the land bank corresponded to 11.6% 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 1H16	Launches 1H16	Adjustments[1]	Land Bank 1H16	% PSV	Units	% Units
MCMV 2 and 3	3,752	1,162	246	-4	4,665	44%	47,975	69%
MUC[2]	6,019	0	56	9	5,973	56%	21,482	31%
Total	**9,771**	**1,162**	**301**	**5**	**10,637**	**100%**	**69,457**	**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

Geographic Breakdown (% Direcional - R$ million)	MCMV 2 and 3	Medium	Upper Middle	Commercial	Land Bank 1H16	% PSV	Units	% Units
Southeast	2,027	3,151	441	780	6,400	60%	32,144	46%
Midwest	1,807	302	463	95	2,667	25%	27,295	39%
North	803	633	107	0	1,543	15%	9,570	14%
Northeast	27	0	0	0	27	0%	448	1%
Total	**4,665**	**4,087**	**1,011**	**874**	**10,637**	**100%**	**69,457**	**100%**

Purchase of new land plots

In 2Q16, six land plots were acquired for the **MCMV 2 and 3** segment, with a construction potential of 3,664 units and PSV of R$ 609 million. Four of these plots are located in the Southeastern region, one in the Northeast region and another in the Midwest region. The average cost of acquisition corresponded to 14.7% of the potential PSV, 78% of the payments will be carried out through swaps, which do not affect the Company's cash position in the short term.

In 1H16, twelve land plots were acquired for the ***MCMV 2 and 3*** segment. The construction potential of these plots is 8,193 units and PSV of R$ 1.2 billion. The average cost of acquisition corresponded to 13.9% of the potential PSV, and the payment will be carried out through swaps for 86% of the amount due.

In the accumulated for the past 18 months, Direcional acquired a potential PSV of R$ 2.2 billion in land plots for the ***MCMV 2 and 3*** segment. That movement is in line with the strategy of Direcional of increasing its stake in such segment. Therefore, the land bank for this segment reached a potential PSV of R$ 4.7 billion, represented by 47,975 units.

ECONOMIC AND FINANCIAL PERFORMANCE

Gross operating revenue

The Company's gross revenue amounted to R$ 411 million in 2Q16, a decrease of 5% in relation to the R$ 431 million of 1Q16, and 3% higher than the R$ 399 million in 2Q15.

In 1H16, gross revenue amounted to R$ 842 million, 3% higher than in the same prior year period. As presented below, this performance was the result of a higher volume of appropriation of gross revenue from the real estate development segment, partially offset by the reduction in the revenues recognition in the service segment.

Gross revenue (R$'000)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (d)	1H15 (e)	Δ % (d/e)
Gross operating revenue	**411,047**	**430,992**	**399,087**	**-4.6%**	**3.0%**	**842,039**	**817,687**	**3.0%**
Services revenue	228,466	239,642	238,265	-4.7%	-4.1%	468,108	555,086	-15.7%
Real estate development	182,581	191,350	160,822	-4.6%	13.5%	373,931	262,601	42.4%

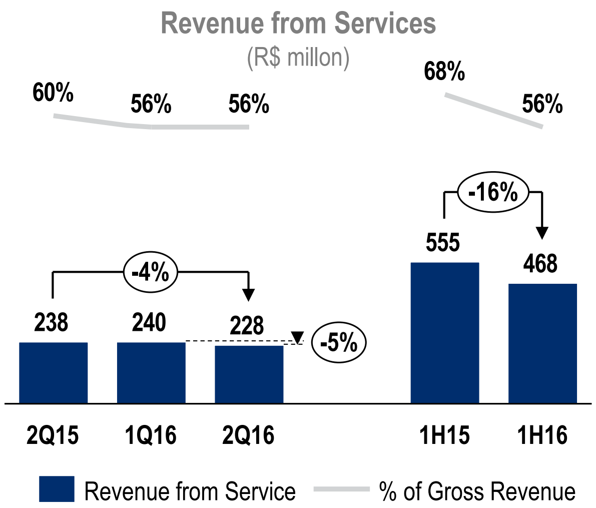
- **Revenue from services:**

Gross revenue from services, which accounted for 56% of total revenue recognized in 2Q16 and 1H16, is mainly comprised of MCMV Level 1 projects (99% of total).

In 2Q16, this segment presented an accumulated revenue of R$ 228 million, a decrease of 4% and 5% in relation to 2Q15 and 1Q16, respectively.

In 1H16, this segment presented an accumulated revenue of R$ 468 million, a decrease of 16% in relation to 1H15. This decrease results from the lower volume of construction works during the quarter, which is attributed by the significant increase in the volume of deliveries and the fact that some projects are in the final stage, in which the velocity of revenue recognition is lower.

The chart below presents the evolution of revenue from services.



- **Revenue from real estate development:**

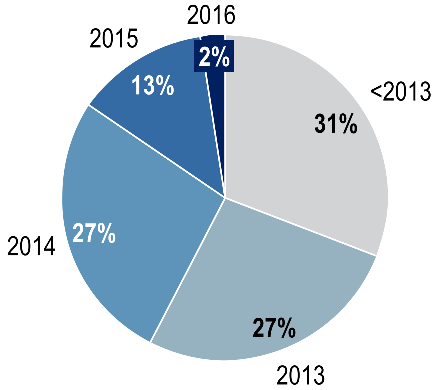
Gross revenue from the development segment totaled R$ 183 million in 2Q16, 5% lower than the 1Q16 and 14% higher than the same period of the previous period. This segment represented 44% of the total gross revenue recognized throughout the quarter.

In 1H16, gross revenue recognized in this segment was R$ 374 million, 42% higher than the same period of the previous year, starting to represent 44% of the total revenue recognized, as compared to 32% in 1H15. This performance is in line with the strategy of the Company of increasing the participation in the real estate development segment focused on the ***MCMV 2 and 3*** segment in its business.

The increase in the volume of revenue recognized compared to 1H15 is mainly due to higher net sales, especially units in inventory with an advanced stage of completion, as well as units of the ***MCMV 2 and 3*** segment, still in the initial phase of the construction cycle. 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 1H16, according to the year when the developments were launched. 58% refers to projects that had been launched up to 2013, as a result of the sales of units in old inventories. Lastly, it is worth mentioning that the projects launched up to 2013 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
(1H16)



Revenue deductions

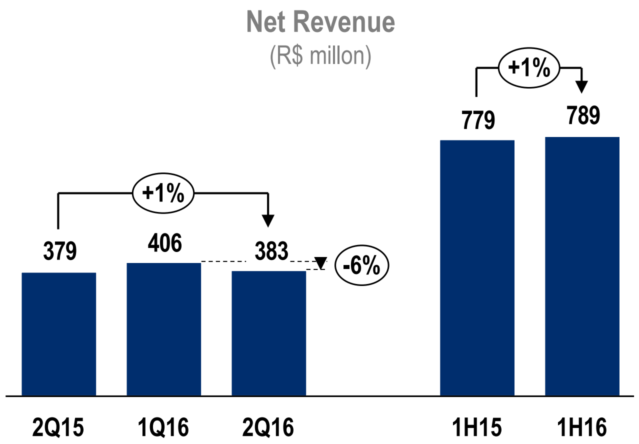
In 2Q16, revenue deductions totaled R$ 28 million, a volume 11% higher than that presented in 1Q16 and 42% higher than that presented in the same period of the previous year. In the accumulated for 1H16, net sales totaled R$ 53 million, with an increase of 38% compared to the same period of the previous year.

The increase in revenue deductions 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 quarter when the cancellation was settled, as a consequence, the amounts related to canceled sales may not be immediately reflected in this account.

Revenue deductions (R$'000)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (d)	1H15 (e)	Δ % (d/e)
Revenue deductions	**-27,948**	**-25,152**	**-19,687**	**11.1%**	**42.0%**	**-53,100**	**-38,467**	**38.0%**
Adjustment to present value	665	951	-1,989	-30.1%	-133.4%	1,616	-792	n/a
Taxes on sales	-3,824	-5,552	-5,299	-31.1%	-27.8%	-9,376	-9,710	-3.4%
Canceled sales	-24,789	-20,551	-12,399	20.6%	99.9%	-45,340	-27,965	62.1%

Net operating revenue

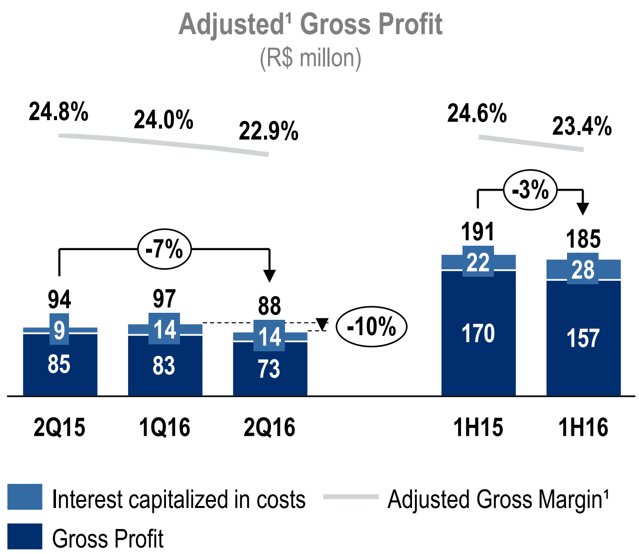
As a result of the recognition of gross revenue mentioned above, in 2Q16 net revenue totaled R$ 383 million, an increase of 1% in comparison with 2Q15 and a decrease of 6% in comparison with 1Q16. In 1H16, net revenue totaled R$ 789 million, 1% higher than in the same period of the prior year.



Gross profit

In 2Q16, adjusted gross profit[1] totaled R$ 88 million, a decrease of 7% in comparison with the same prior-year quarter, and 10% in comparison with 1Q16, resulting in an adjusted[1] gross margin of 22.9% in the quarter.

The adjusted gross profit in the 1H16 was R$ 185 million, with adjusted gross margin of 23.4%, 1.2 p.p. below the same period in the previous year. Such decrease was mostly caused by the reduction in the gross margin from the development segment, as a result of the financial impacts of the high volume of cancellation during the period.

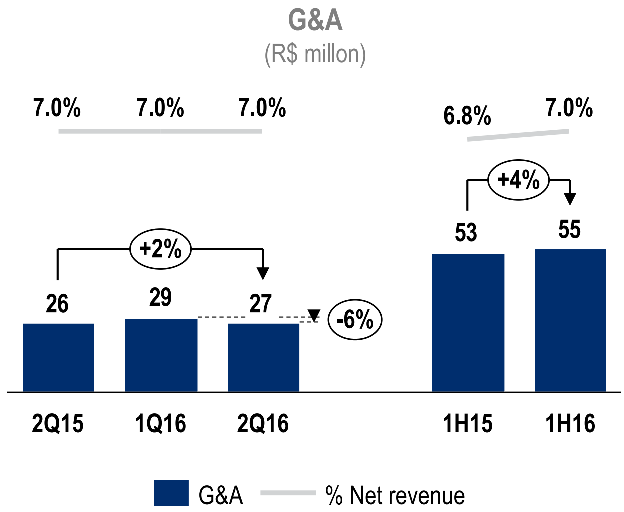


1 - Adjustment excluding capitalized interest on financing for construction.

General and administrative expenses (G&A)

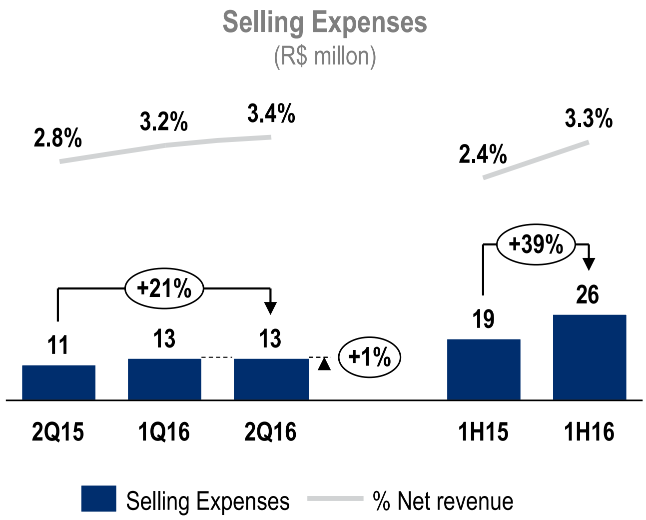
General and administrative expenses totaled R$ 27 million in 2Q16, a decrease of 6% in relation to 1Q16 and 2% higher than in the same period of the previous year. G&A indicator on the revenue remained 7.0%, which demonstrates the Company's effort to keep an adequate structure in relation to the revenue.

In 1H16, general and administrative expenses totaled R$ 55 million, 4% higher than in the same period of the previous year.



Selling expenses

In 2Q16, selling expenses totaled R$ 13 million, in line with the previous quarter. In the comparison with the same period of the previous year, the nominal increase was 21%. 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. These factors also affected the amount accumulated in the half year, in which the selling expenses totaled R$ 26 million, a nominal increase of 39% in relation to the same period in the previous year.



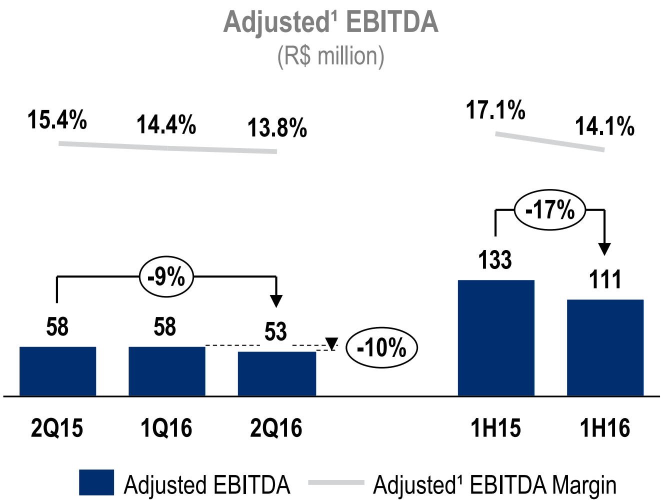
Equity income

In 2Q16, the equity income line presented a negative amount of R$ 713 thousand. That result can be explained mainly by sales cancellations in projects managed by partners, currently in the process of delivery.

EBITDA

In 2Q16, adjusted EBITDA[1] reached R$ 53 million, a decrease of 9% in relation to 2Q15. The EBITDA margin was 13.8%, a decrease of 1.6 p.p. in relation to 2Q15.

In the accumulated for the first half of 2016, adjusted EBITDA was R$ 111 million, a decrease of 17% when compared to the same period in the previous year.



Breakdown of EBITDA (R$'000)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (d)	1H15 (e)	Δ % (d/e)
Profit for the period	**22,195**	**29,638**	**27,784**	**-25.1%**	**-20.1%**	**51,833**	**64,019**	**-19.0%**
(+) Depreciation and amortization	7,424	6,942	8,097	6.9%	-8.3%	14,366	27,592	-47.9%
(+) Income tax and social contribution	5,585	6,449	6,652	-13.4%	-16.0%	12,034	12,117	-0.7%
(+) Non-controlling interest	6,918	4,815	10,758	43.7%	-35.7%	11,733	16,739	-29.9%
(+/-) Finance result	-3,529	-3,474	-3,847	1.6%	-8.3%	-7,003	-8,947	-21.7%
(+) Cost of financing agreements for construction	14,235	14,024	8,843	1.5%	61.0%	28,259	21,727	30.1%
Adjusted EBITDA	**52,828**	**58,394**	**58,287**	**-9.5%**	**-9.4%**	**111,222**	**133,247**	**-16.5%**
Adjusted EBITDA margin[1]	**13.8%**	**14.4%**	**15.4%**			**14.1%**	**17.1%**	

1 - Adjustment excluding capitalized interest on financing for construction.

Net income

In 2Q16, the Company's net income was R$ 22 million, representing a net margin of 5.8%.

Considering the revenue consolidation rule applicable to projects developed with partners, the Company believes that 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 2Q16, adjusted net income amounted to R$ 30 million. The adjusted net margin for 2Q16 was 7.8%. In 1H16, adjusted net income amounted to R$ 65 million, with an adjusted net margin of 8.2%.

The table below presents the Company's adjusted profit:

Net result	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)	1H16 (a)	1H15 (b)	Δ % (a/b)
Profit	**22,195**	**29,638**	**27,784**	**-25.1%**	**-20.1%**	**51,833**	**64,019**	**-19.0%**
(-) Result from interest in SCPs and SPEs (a)	-6,918	-4,815	-10,758	43.7%	-35.7%	-11,733	-16,739	-29.9%
(-) Equity in the results of investees (b)	-713	-588	1,439	21.3%	-149.5%	-1,301	-693	87.7%
Profit adjusted for (a) and (b)	**29,826**	**35,041**	**37,103**	**-14.9%**	**-19.6%**	**64,867**	**81,451**	**-20.4%**
Adjusted net margin	**7.8%**	**8.6%**	**9.8%**	**-0.8 p.p.**	**-2.0 p.p.**	**8.2%**	**10.5%**	**-2.2 p.p.**

Deferred results

At the end of 2Q16, deferred revenue totaled R$ 1.7 billion; most of which (83%) refers to MCMV Level 1 projects.

From the balance of R$ 1.4 billion of deferred revenue of the services segment, approximately R$ 0.9 billion corresponds to projects that have not started yet. At this time, the Company is working to regularize and reassess the feasibility analysis of these projects.

Finally, it should be mentioned that during 2Q16 the Company canceled the contract of the MCMV Level 1 project *Residencial Jardim Icaivera*. This project had been contracted in 2014 and construction works had not started. The cancelation was motivated by the fact that the project no longer met the Company's feasibility criteria.It is important to highlight that such cancellation did not generate any termination penalty.

The following table presents the evolution of deferred results:

Deferred results	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)
Deferred income	**1,695,580**	**2,094,656**	**2,852,276**	**-19.1%**	**-40.6%**
Real estate properties sold	295,977	372,934	498,043	-20.6%	-40.6%
Services revenue	1,399,603	1,721,722	2,354,233	-18.7%	-40.5%
Consolidated deferred results	**460,026**	**544,362**	**738,803**	**-15.5%**	**-37.7%**
Deferred income margin	**27.1%**	**26.0%**	**25.9%**	**1.1 p.p.**	**1.2 p.p.**

BALANCE SHEET HIGHLIGHTS

Cash and cash equivalents and financial investments

By the end of 2Q16, Direcional had a balance of cash and cash equivalents and financial investments of R$ 660 million, an increase of 18% in relation to the R$ 561 million in 1Q16 and 17% in relation to the same period of the previous year.

Cash, cash equivalents and financial investments (R$ 000)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)
Cash and banks	62,775	88,830	157,082	-29.3%	-60.0%
Financial investments	597,272	471,972	406,346	26.5%	47.0%
Total	**660,047**	**560,802**	**563,428**	**17.7%**	**17.1%**

Trade receivables

Direcional closed 2Q16 with a balance of accounts receivable totaling R$ 1.2 billion, that is, 6% below the balance by the end of 1Q16.

The balance of accounts receivable from services decreased by 15% in relation to 1Q16, even if considering 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)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)
Sale of real estate	933,641	964,985	951,200	-3.2%	-1.8%
Services revenue	296,733	346,971	344,354	-14.5%	-13.8%
Total	**1,230,374**	**1,311,956**	**1,295,554**	**-6.2%**	**-5.0%**
Current portion	1,087,512	1,150,001	1,095,325	-5.4%	-0.7%
Non-current portion	142,862	161,955	200,229	-11.8%	-28.7%

Accounts receivable (R$ 000)	
Up to Jun/17	1,087,512
Up to Dec/17	38,258
Up to Dec/18	37,985
After Dec/18	66,619
Total	**1,230,374**

According to current accounting standards, the recognition of accounts receivable is proportional to the percentage of completion (PoC) of the respective works. 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 2Q16 was R$ 1.5 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

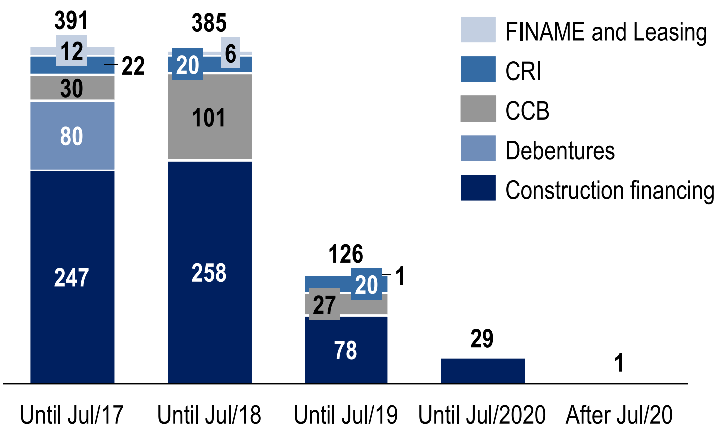
The strong cash generation attained in 2Q16, as mentioned below, allowed Direcional to close the quarter with a net debt over equity of 14.8%, representing one of the lowest gearing ratios of the industry. In comparison with the previous quarter, there was a decrease of 3.5 percentage points.

In 2Q16, gross debt increased 4.3% in relation to the previous quarter and 8.9% when compared to the same period of the previous year. Such variation can be explained mainly because of the withdrawal made in April /16 from the liquidity facility contracted with Banco do Brasil, formalized in June/15, in the amount of R$ 75 million, classified under the “Bank Credit Note – Real Estate (CCB)” type, with a two-year term.

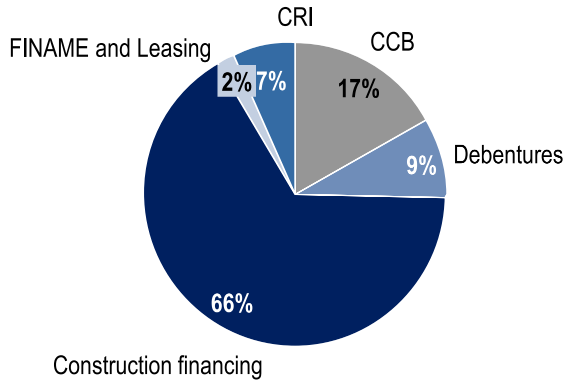
The tables and charts below show the breakdown of indebtedness, as well as its repayment schedule.

Indebtedness (R$ 000)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (a/b)	Δ % (a/c)
Borrowings	**931,907**	**893,308**	**855,476**	**4.3%**	**8.9%**
Construction financing	614,098	597,239	556,733	2.8%	10.3%
Certificate of Real Estate Receivables (CRI)	61,106	89,935	80,879	-32.1%	-24.4%
FINAME and Leasing	18,713	21,932	38,862	-14.7%	-51.8%
Bank Credit Note – Real Estate (CCB)	158,127	80,384	3,339	96.7%	4635.8%
Debentures	79,863	103,818	175,663	-23.1%	-54.5%
Cash and cash equivalents	**660,047**	**560,802**	**563,428**	**17.7%**	**17.1%**
Net debt	271,860	332,506	292,048	-18.2%	-6.9%
Net debt/Equity	**14.8%**	**18.4%**	**16.6%**	**-3.5 p.p.**	**-1.7 p.p.**
Borrowings by index	**931,907**	**893,308**	**855,476**	**4.3%**	**8.9%**
Referential Interest Rate (TR)	614,098	597,239	556,733	2.8%	10.3%
Interbank Deposit Certificate (CDI)	314,311	290,787	282,520	8.1%	11.3%
Other	3,498	5,282	16,223	-33,8%	-78,4%

Amortization Schedule[1]
(R$ millon)



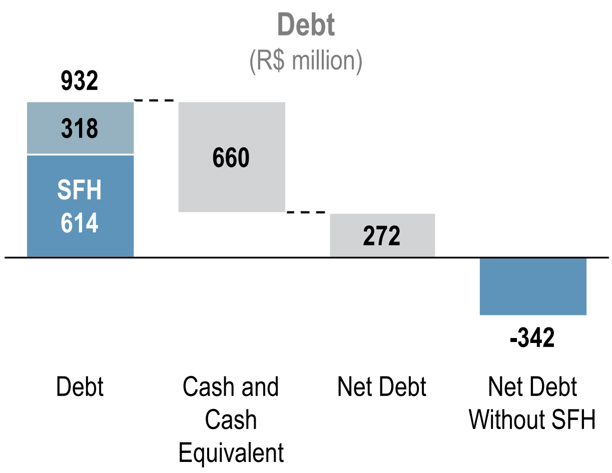
Loans and Financing
(% of Debt)



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 financing banks.

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.

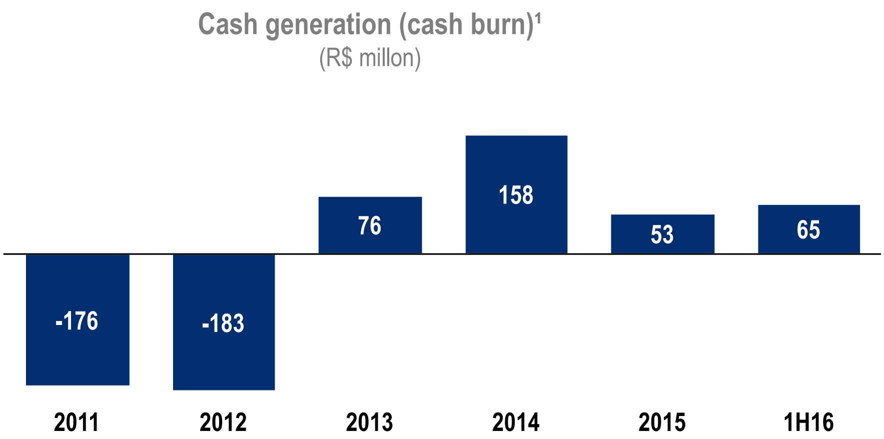
At the end of 2Q16, Direcional's gross debt and cash amounted to R$ 932 million and R$ 660 million, respectively, which resulted in a net debt of R$ 272 million and consequent gearing ratio (net debt over equity) of 14.8%. If the financing for construction (Financial Housing System - SFH), which totaled a debt balance of R$ 614 million in 2Q16, were excluded, Direcional would have closed the quarter with a net cash of R$ 342 million. The adjacent chart shows the breakdown of Direcional's gross and net debt at the end of 2Q16.



Cash generation (*cash burn*)[1]

In 2Q16, Direcional presented a cash generation[1], measured by the change in net debt, of R$ 61 million. Cash generation in 2Q16 was mainly affected by the (i) reduction in accounts receivable from services; and (ii) increase in the customers' receipt through transfer, with a highlight to the "Associativo" transfer model, referring to projects for the ***MCMV 2 and 3*** segment.

As aforementioned, the receipts in the "Associativo" transfer model have presented a strong evolution over the last periods (+92% when we compare 2Q16 with 1Q16 and +442% when we compare 1H16 with 1H15), reflecting the growth presented by the Company in the sales volume and launches of development for the **MCMV 2 and 3** segment, as well as by the evolution in the construction process of these works.



1- Cash generation (Cash Burn) adjusted by payment of dividends and buyback of shares.

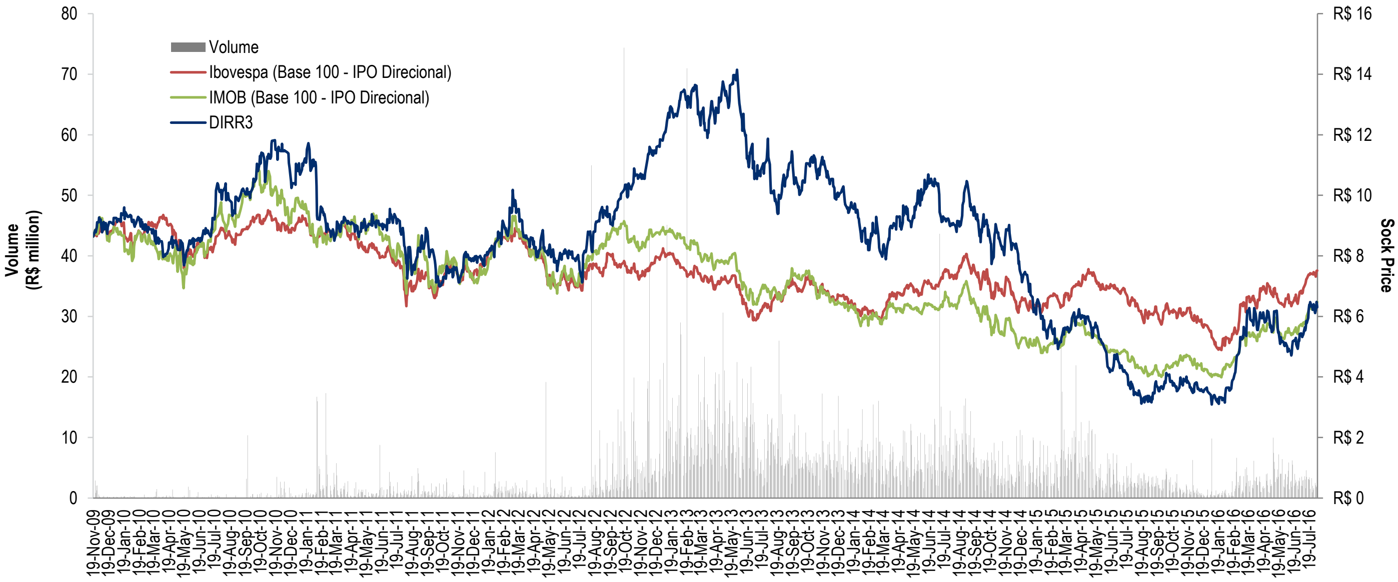
SUBSEQUENT EVENT: DIVIDENDS

In the meeting held on July 4, 2016, the Board of Directors approved the distribution of dividends in the amount of R$ 40,000,000.00 (forty million reais), corresponding to R$ 0.27340523 per share (disregarding the treasury shares held by the Company).

The Company's shareholders who were entitled to receive dividends were those who held shares on the base date July 7, 2016, and common shares issued by the Company started to be traded with no right to receive dividends (ex-dividends) as from July 8, 2016.

Funds from dividends were made available to the shareholders on July 19, 2015, within the payment term of 60 days approved by the Board of Directors.

SHARE PRICE



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	06/30/2016	12/31/2015
CURRENT ASSET		
Cash and cash equivalents	509,542	436,624
Financial investments	150,505	62,541
Trade receivables - real estate development	790,779	788,169
Trade receivables - services rendered	296,733	334,219
Land to be developed	184,790	169,224
Completed real estate units	114,346	119,951
Real estate units under construction	427,374	367,115
Related parties	58,746	50,104
Taxes recoverable	24,467	26,814
Other receivables	68,408	80,102
Total Current Assets	**2,625,690**	**2,434,863**
NONCURRENT ASSET		
Trade receivables - real estate development	142,862	152,137
Land to be developed	1,209,736	1,134,083
Related parties	9,291	13,249
Other receivables	25,860	25,529
	1,387,749	**1,324,998**
Investments	49,871	37,783
Property and equipment	74,694	87,086
Intangible assets	2,901	2,722
	127,466	**127,591**
Total non-current assets	**1,515,215**	**1,452,589**
Total assets	**4,140,905**	**3,887,452**

LIABILITIES AND SHAREHOLDER'S EQUITY	06/30/2016	12/31/2015
CURRENT LIABILITIES		
Loans and Financing	390,603	371,584
Trade payables	110,337	107,802
Labor obligations	61,366	43,956
Tax liabilities	43,521	45,756
Property commitments payable	41,612	36,266
Advances from customers	13,206	28,742
Proposed Dividends	-	46
Other payables	29,239	25,682
Related parties	5,169	8,549
Total Current Liabilities	**695,053**	**668,383**
NONCURRENT LIABILITIE		
Loans and Financing	541,304	464,867
Trade payables	7,867	7,866
Provision for warranty	35,055	29,190
Tax liabilities	5,775	7,126
Property commitments payable	441,845	324,130
Advances from Customers	519,669	546,792
Provision for tax, labor and civil contingencies	33,433	35,595
Other payables	26,000	26,000
Related parties	-	18
Total non-current liabilities	**1,610,948**	**1,441,584**
Capital	752,982	752,982
Treasury shares	-41,582	-41,791
Capital reserves	207,666	207,832
Stock options granted	2,474	2,151
Equity valuation adjustment	-20,868	-20,868
Income reserves	745,235	745,235
Retained earnings	51,833	-
Equity	**1,697,740**	**1,645,541**
Non-controlling interests	**137,164**	**131,944**
Total Equity	**1,834,904**	**1,777,485**
Total liabilities and equity	**4,140,905**	**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)	2015 (d)	2014 (e)	Δ % (d/e)
Real Estate Sales Revenues	182,581	191,350	160,822	-4.6%	13.5%	373,931	262,601	42.4%
Services Revenues	228,466	239,642	238,265	-4.7%	-4.1%	468,108	555,086	-15.7%
Gross Revenues	**411,047**	**430,992**	**399,087**	**-4.6%**	**3.0%**	**842,039**	**817,687**	**3.0%**
Deductions from Gross Revenues	-27,948	-25,152	-19,687	11.1%	42.0%	-53,100	-38,467	38.0%
Operating net revenue	**383,099**	**405,840**	**379,400**	**-5.6%**	**1.0%**	**788,939**	**779,220**	**1.2%**
Cost of real property sale and services rendered	-309,670	-322,613	-294,316	-4.0%	5.2%	-632,283	-609,597	3.7%
Gross Profit	**73,429**	**83,227**	**85,084**	**-11.8%**	**-13.7%**	**156,656**	**169,623**	**-7.6%**
General and Administrative Expenses	-26,819	-28,521	-26,394	-6.0%	1.6%	-55,340	-53,350	3.7%
Selling expenses	-13,056	-13,047	-10,764	0.1%	21.3%	-26,103	-18,844	38.5%
Equity in the results of investees	-713	-588	1,439	21.3%	-149.5%	-1,301	-693	87.7%
Other operating income and expenses	-1,672	-3,643	-8,018	-54.1%	-79.1%	-5,315	-12,808	-58.5%
Operating income (expenses)	**-42,260**	**-45,799**	**-43,737**	**-7.7%**	**-3.4%**	**-88,059**	**-85,695**	**2.8%**
Financial expenses	-14,451	-10,131	-12,196	42.6%	18.5%	-24,582	-24,263	1.3%
Financial income	17,980	13,605	16,043	32.2%	12.1%	31,585	33,210	-4.9%
Financial results	**3,529**	**3,474**	**3,847**	**1.6%**	**-8.3%**	**7,003**	**8,947**	**-21.7%**
Income before Income and social contribution taxes	**34,698**	**40,902**	**45,194**	**-15.2%**	**-23.2%**	**75,600**	**92,875**	**-18.6%**
Income and social contribution taxes	-5,585	-6,449	-6,652	-13.4%	-16.0%	-12,034	-12,117	-0.7%
Net income for the period before Minority Interest	**29,113**	**34,453**	**38,542**	**-15.5%**	**-24.5%**	**63,566**	**80,758**	**-21.3%**
Non-controlling interest in SPEs and SCPs	-6,918	-4,815	-10,758	43.7%	-35.7%	-11,733	-16,739	-29.9%
Net Income for the period	**22,195**	**29,638**	**27,784**	**-25.1%**	**-20.1%**	**51,833**	**64,019**	**-19.0%**
Gross Margin	**19.2%**	**20.5%**	**22.4%**	**-1.3 p.p.**	**-3.3 p.p.**	**19.9%**	**21.8%**	**-1.9 p.p.**
Adjusted Gross Margin[1]	**22.9%**	**24.0%**	**24.8%**	**-1.1 p.p.**	**-1.9 p.p.**	**23.4%**	**24.6%**	**-1.1 p.p.**
Net Margin	**5.8%**	**7.3%**	**7.3%**	**-1.5 p.p.**	**-1.5 p.p.**	**6.6%**	**8.2%**	**-1.6 p.p.**

1. Adjustment excluding capitalized interest on financing for construction

RECOMPOSITION OF EBITDA

IFRS

EBITDA BREAKDOWN (R$'000)	2Q16 (a)	1Q16 (b)	2Q15 (c)	Δ % (c/a)	Δ % (c/a)	1H16 (d)	1H15 (e)	Δ % (c/d)
Net Income	**22,195**	**29,638**	**27,784**	**-25.1%**	**-20.1%**	**51,833**	**64,019**	**-19.0%**
(+) Depreciation and Amortization	7,424	6,942	8,097	6.9%	-8.3%	14,366	27,592	-47.9%
(+) Income Tax and Social Contribution	5,585	6,449	6,652	-13.4%	-16.0%	12,034	12,117	-0.7%
(+) Minority Interest	6,918	4,815	10,758	43.7%	-35.7%	11,733	16,739	-29.9%
(+/-) Financial Results	-3,529	-3,474	-3,847	1.6%	-8.3%	-7,003	-8,947	-21.7%
(+) Cost of production financing	14,235	14,024	8,843	1.5%	61.0%	28,259	21,727	30.1%
Adjusted[1] EBITDA	**52,828**	**58,394**	**58,287**	**-9.5%**	**-9.4%**	**111,222**	**133,247**	**-16.5%**
Adjusted EBITDA Margin	**13.8%**	**14.4%**	**15.4%**			**14.1%**	**17.1%**	

1 - Adjustment excluding capitalized interest on financing for construction.

STATEMENT OF CONSOLIDATED CASH FLOWS

IFRS

CONSOLIDATED CASH FLOW STATEMENTS (R$'000)	06/30/2016	6/30/2015
From operating activities		
Income before income and social contribution taxes	**75,600**	**92,875**
Adjustments to reconcile the profit with cash from operations:		
Depreciation and amortization	14,366	27,592
Equity in the results of investees	1,301	693
Provision for warranties	5,865	545
Interest on fees and funding	49,252	43,441
Provision for tax, labor and civil risks	-2,162	6,833
Results with Physical Swap	-6,040	-11,156
Taxes	-1,540	-2,333
Adjustment to present value on accounts receivable	-665	792
Provision for stock options plan	323	-
Decrease (increase) in assets		
Accounts receivable	44,816	116,884
Inventories	5,689	-73,973
Sundry receivables	11,363	-11,927
Related Parties	-4,684	-8,755
Taxes recoverable	2,347	-3,432
(Decrease)/increase in liabilities		
Trade payables	2,535	-30,473
Labor obligations	17,410	7,339
Tax obligations	-1,277	-2,650
Property commitments payable	-63,328	-14,377
Advances from customers	-974	-6,454
Accounts payable	3,557	-9,793
Related parties	-3,355	12,360
Net cash (used in) provided by operations	**150,399**	**134,031**
Income and social contribution taxes paid	-12,802	-13,936
Net cash (used in) provided by operating activities	**137,597**	**120,095**
Cash flow from investing activities		
Increase in investments (SPCs and SPEs)	-17,577	-2,442
Dividends received	4,188	2,252
Additions to property and equipment	-87	-12,732
Increase in intangible assets	-654	-318
Financial investments	-87,964	-16,448
Net cash (used in) provided by investing activities	**-102,094**	**-29,688**
Cash flow from financing activities		
Treasury shares	-	-34,957
Transactions with non-controlling	-	1,031
Dividends paid	-46	-26,871
Inflows of Loans	301,488	79,171
Amortizations of loans	-209,969	-169,674
Interest paid	-47,545	-50,536
Capital increase - non-controlling stockholders	-6,513	-6,800
Net cash from (used in) financing activities	**37,415**	**-208,636**
Increase (decrease) in cash and cash equivalents	**72,918**	**-118,229**
At the beginning of the period	436,624	636,110
At the end of the period	509,542	517,881

STATEMENT OF VALUE ADDED

IFRS

STATEMENT OF VALUE ADDED	6/30/2016	6/30/2015
Revenue	**838,340**	**804,087**
Sales of properties and services	843,655	816,895
Other revenues	(5,315)	(12,808)
Bought-in materials and services	**(480,519)**	**(420,551)**
Raw materials used	(443,180)	(390,036)
Materials, electricity, outsourced services and other operating expenses	(7,884)	(11,481)
Other	(29,455)	(19,034)
Gross wealth	**357,821**	**383,536**
Depreciation and amortization, net	(14,366)	(27,592)
Net value added generated by the Company	**343,455**	**355,944**
Value added received through transfer	**30,284**	**32,517**
Equity in the results of investees	(1,301)	(693)
Financial income	31,585	33,210
Total value added to distribute	**373,739**	**388,461**
Distribution of value added		
Personnel	190,582	211,921
Taxes and duties	66,750	49,792
Remuneration of third-party capital	52,841	45,990
Retained earnings	51,833	64,019
Profit attributed to non-controlling interests	11,733	16,739
To distribute to	**373,739**	**388,461**

GLOSSARY

Land Bank (*Landbank*) – 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 included in the cost of properties sold, Income tax and Social contribution, 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.

Swap – 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.

PSV – Potential Sales Value - 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.