Portobello

Contents

Company information / Capital composition

Quantity of shares (Thousand)	Current quarter 06/30/2015
Paid-in capital	
Common	158,489
Preferred	0
Total	158,489
Treasury	
Common	0
Preferred	0
Total	0

Individual financial statements / Balance sheet – Assets

(In thousands of reais)

Code of account	Account description	Current quarter 06/30/2015	Prior year 12/31/2014
1	Total assets	1,215,749	1,179,847
1.01	Current assets	417,414	493,268
1.01.01	Cash and cash equivalents	23,791	87,803
1.01.03	Accounts receivable	192,137	179,292
1.01.03.01	Trade accounts receivable	192,137	179,292
1.01.04	Inventories	168,758	191,600
1.01.06	Recoverable taxes	16,009	15,017
1.01.06.01	Current taxes recoverable	16,009	15,017
1.01.08	Other current assets	16,719	19,556
1.01.08.03	Other	16,719	19,556
1.01.08.03.01	Dividends receivable	4,182	9,472
1.01.08.03.02	Advances to suppliers	4,335	3,157
1.01.08.03.03	Other	8,202	6,927
1.02	Non-current assets	798,335	686,579
1.02.01	Long term assets	303,464	281,813
1.02.01.08	Related party credits	161,111	150,318
1.02.01.08.02	Receivables from subsidiaries	68,779	61,425
1.02.01.08.04	Other related party credits	92,332	88,893
1.02.01.09	Other non-current assets	142,353	131,495
1.02.01.09.03	Judicial deposits	53,783	46,564
1.02.01.09.04	Receivables - Eletrobrás	48,621	48,621
1.02.01.09.05	Recoverable taxes	13,089	15,330
1.02.01.09.06	Tax assets	21,266	15,386
1.02.01.09.07	Actuarial assets	5,075	5,075
1.02.01.09.08	Others	519	519
1.02.02	Investments	40,817	678
1.02.02.01	Equity interest	40,817	678
1.02.02.01.02	Interest in subsidiaries	40,619	480
1.02.02.01.04	Other equity interest	198	198
1.02.03	Property, plant and equipment	435,653	387,451
1.02.04	Intangible assets	18,401	16,637

Individual financial statements/ Balance sheet – Liabilities

(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2015	Prior year 12/31/2014
2	Total liabilities	1,215,749	1,179,847
2.01	Current liabilities	470,792	451,419
2.01.01	Social and labor obligations	28,849	22,266
2.01.02	Suppliers	123,931	149,582
2.01.03	Tax liabilities	18,833	24,209
2.01.03.01	Federal tax liabilities	18,833	24,209
2.01.03.01.01	Income and social contribution tax payable	1,887	7,451
2.01.03.01.02	Installment payment of tax liabilities	8,632	8,300
2.01.03.01.03	Taxes, rates and contributions	8,314	8,458
2.01.04	Loans and financing	247,075	172,722
2.01.04.01	Loans and financing	247,075	172,722
2.01.05	Other liabilities	25,553	58,739
2.01.05.02	Other	25,553	58,739
2.01.05.02.04	Advances from clients	13,208	12,275
2.01.05.02.05	Dividends payable	501	16,876
2.01.05.02.06	Accounts payable - Investments	3,607	21,466
2.01.05.02.07	Other	8,237	8,122
2.01.06	Provisions	26,551	23,901
2.01.06.02	Other provisions	26,551	23,901
2.01.06.02.04	Provisions for contingencies	19,970	17,925
2.01.06.02.05	Provision for profit sharing	6,581	5,976
2.02	Non-current liabilities	513,971	491,158
2.02.01	Loans and financing	268,427	273,645
2.02.01.01	Loans and financing	268,427	273,645
2.02.02	Other liabilities	115,829	109,467
2.02.02.02	Other	115,829	109,467
2.02.02.02.03	Suppliers	40,311	33,287
2.02.02.02.04	Installment payment of tax liabilities	74,355	75,887
2.02.02.02.05	Other	1,163	293
2.02.03	Deferred taxes	28,550	30,184
2.02.03.01	Deferred income and social contribution taxes	28,550	30,184
2.02.04	Provisions	101,165	77.862
2.02.04.02	Other provisions	101,165	77.862
2.02.04.02.04	Provision for loss in investments	75,452	58,559
2.02.04.02.05	Provision for contingencies	14,403	9,738
2.02.04.02.06	Provision for long-term incentive	11,310	9,565
2.03	Shareholders' equity	230,986	237,270
2.03.01	Realized capital	99,565	76,565
2.03.04	Profit reserves	98,551	143,749
2.03.04.01	Legal reserve	0	12.481
2.03.04.05	Profit retention reserve	0	66,201
2.03.04.08	Additional dividend proposed	0	22,198
2.03.04.10	Profit reserves to be allocated	0	42,869
2.03.05	Retained Earnings/Losses	25,613	0
2.03.08	Other comprehensive income	7,257	16.956

Individual financial statements / Statement of income

(In thousand of reais)

Code of account	Account description	Current quarter - 04/01/2015–06/30/2015	Accumulated of the current year - 01/01/2015–06/30/2015	Same quarter of the prior year - 04/01/2014–06/30/2014	Accumulated of the prior year - 01/01/2014–06/30/2014
3.01	Income from sales of goods and/or services	234,654	458,049	217,290	409,195
3.02	Cost of goods and/or services sold	-155,124	-305,838	-147,321	-277,588
3.03	Gross income	79,530	152,211	69,969	131,607
3.04	Operating expenses/income	-50,518	-87,414	-45,786	-83,564
3.04.01	Sales expenses	-37,228	-72,839	-35,993	-65,490
3.04.02	General and administrative expenses	-7,978	-15,230	-6,930	-12,990
3.04.04	Other operating income	5,048	5,213	994	1,677
3.04.04.01	Other operating income	5,048	5,213	994	1,677
3.04.05	Other operating expenses	-9,108	-6,350	-8,415	-16,128
3.04.05.01	Other operating expenses	-4,744	-10,297	-5,506	-10,932
3.04.05.02	Other gains (losses), net	-4,364	3,947	-2,909	-5,196
3.04.06	Equity income (loss)	-1,252	1,792	4,558	9,367
3.05	Income (loss) before financial income and taxes	29,012	64,797	24,183	48,043
3.06	Financial income (loss)	-7,909	-30,125	-8,161	-12,644
3.06.01	Financial income	10,958	3,813	6,712	12,500
3.06.01.01	Financial income	7,241	20,622	5,622	10,977
3.06.01.02	Net foreign exchange variation	3,717	-16,809	1,090	1,523
3.06.02	Financial expenses	-18,867	-33,938	-14,873	-25,144
3.06.02.01	Financial expenses	-18,867	-33,938	-14,873	-25,144
3.07	Income (loss) before income tax	21,103	34,672	16,022	35,399
3.08	Income and social contribution taxes	-6,873	-9,658	-3,429	-8,256
3.08.01	Current	-5,013	-11,292	-4,330	-7,867
3.08.02	Deferred assets	-1,860	1,634	901	-389
3.09	Net income (loss) of continued operations	14.230	25,014	12,593	27,143
3.11	Income/loss for the period	14.230	25,014	12,593	27,143
3.99	Earnings per share - (Reais / Shares)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.08979	0.15783	0.07946	0.17126

Individual financial statements / Statement of income

(In thousand of reais)

Code of account	Account description	Current quarter - 04/01/2015–06/30/2015	Accumulated of the current year - 01/01/2015–06/30/2015	Same quarter of the prior year - 04/01/2014–06/30/2014	Accumulated of the prior year - 01/01/2014–06/30/2014
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.08979	0.15783	0.07946	0.17126

Individual financial statements / Statement of comprehensive income

(In thousand of reais)

Code of account	Account description	Current quarter - 04/01/2015–06/30/2015	Accumulated of the current year - 01/01/2015–06/30/2015	Same quarter of the prior year - 04/01/2014–06/30/2014	Accumulated of the prior year - 01/01/2014–06/30/2014
4.01	Net income for the period	14.230	25,014	12,593	27,143
4.02	Other comprehensive income	2,149	-9,100	1,231	2,851
4.02.02	Exchange variation of foreign subsidiary	2,149	-9,100	1,231	2,851
4.03	Comprehensive income for the period	16,379	15,914	13,824	29,994

Individual financial statements / Statement of cash flows - Indirect method

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–06/30/2015	Accumulated of the prior year - 01/01/2014–06/30/2014
6.01	Net cash from operational activities	21,754	-22,083
6.01.01	Cash generated in operations	75,783	56,052
6.01.01.01	Profit or loss for the year before taxes	34,672	35,399
6.01.01.02	Depreciation and amortization	13,910	12,527
6.01.01.03	Equity in net income of subsidiaries	-1,792	-9,367
6.01.01.04	Unrealized exchange variation	13,256	-4,391
6.01.01.05	Provision for inventory at market value	673	1,688
6.01.01.06	Allowance for doubtful accounts	340	151
6.01.01.07	Provision for contingencies	4,537	1,131
6.01.01.08	Provision for labor obligations	-6,276	-4,353
6.01.01.09	Reserve for long-term incentive and profit-sharing	2,350	1,154
6.01.01.10	Other provisions	-72	-671
6.01.01.12	Restatement of Eletrobrás compulsory loans	0	-4,500
6.01.01.13	Adjustments to tax assets	-5,880	-693
6.01.01.14	Restatements of credits with other related parties	-3,439	8,869
6.01.01.15	Finance charges on tax installments	3,190	3,966
6.01.01.16	Decomposition of discount of provisions for contingencies	2,173	1,530
6.01.01.18	Accrued interest on loans	20,065	12,684
6.01.01.19	Negative goodwill on receivables received from related parties	0	2,032
6.01.01.20	Other	-1,924	-1,104
6.01.02	Changes in assets and liabilities	-26,428	-61,038
6.01.02.01	(Increase)/Decrease in accounts receivable	-13,206	-12,131
6.01.02.02	Increase /(Decrease) in Advances from clients	933	-3,609
6.01.02.04	(Increase)/Decrease in inventories	9,465	-13,983
6.01.02.05	(Increase)/Decrease in other assets	-1,275	-101
6.01.02.06	(Increase)/Decrease in legal deposits	-7,219	-10,119
6.01.02.07	(Increase) Decrease in receivables from related parties	0	-2,032
6.01.02.08	(Increase)/Decrease in recoverable taxes	1,249	-2,026
6.01.02.10	Increase/(Decrease) in accounts payable	-18,741	-38,890
6.01.02.11	(Increase) Decrease advance to suppliers	-1,178	8,548
6.01.02.12	Increase/(Decrease) in installment payments	-4,390	-10,361
6.01.02.13	Increase /(Decrease) in Tax and labor liabilities	6,877	21,955
6.01.02.15	Increase/(Decrease) in other accounts payable	1,057	1,711
6.01.03	Other	-27,601	-17,097
6.01.03.01	Interest paid	-16,583	-13,391
6.01.03.02	Income and social contribution taxes paid	-11,018	-3,706
6.02	Net cash used in investment activities	-92,509	-24,985
6.02.01	Acquisition of property, plant and equipment	-77,811	-38,754
6.02.02	Acquisition of intangible assets	-3,924	-556
6.02.04	Dividends received	5,290	8,095
6.02.05	Loans (granted to) repaid by related parties	1,786	6,278
6.02.06	Paid-up capital in subsidiaries	-440	-48
6.02.07	Advances for future capital increase	-17,410	0

Individual financial statements / Statement of cash flows - Indirect method

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–06/30/2015	Accumulated of the prior year - 01/01/2014–06/30/2014
6.03	Net cash from financing activities	6,743	46,326
6.03.01	Funding loans and financing	143,023	110,524
6.03.02	Payment of loans and financing	-97,707	-40,732
6.03.03	Dividends paid	-38,573	-23,466
6.05	Increase (decrease) in cash and cash equivalents	-64,012	-742
6.05.01	Opening balance of cash and cash equivalents	87,803	55,389
6.05.02	Closing balance of cash and cash equivalents	23,791	54,647

Individual financial statements / Statement of changes in shareholders’ equity / DMPL – 01/01/2013–09/30/2013

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	76,565	0	143,749	0	16.956	237,270
5.03	Adjusted opening balances	76,565	0	143,749	0	16.956	237,270
5.05	Total comprehensive income	0	0	0	25,613	-9,699	15,914
5.05.01	Net income for the period	0	0	0	25,014	0	25,014
5.05.02	Other comprehensive income	0	0	0	599	-9,699	-9,100
5.05.02.06	Realization of revaluation reserve	0	0	0	599	-599	0
5.05.02.07	Exchange variation of foreign subsidiary	0	0	0	0	-9,100	-9,100
5.06	Internal changes in shareholders' equity	23,000	0	-45,198	0	0	-22,198
5.06.04	Capital increase	23,000	0	-23,000	0	0	0
5.06.05	Approval of additional dividends	0	0	-22,198	0	0	-22,198
5.07	Closing balances	99,565	0	98,551	25,613	7,257	230,986

Individual financial statements / Statement of changes in shareholders' equity / DMPL – 01/01/2014–06/30/2014

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity
5.01	Opening balances	46,065	-2,545	115,651	0	32,678	191,849
5.03	Adjusted opening balances	46,065	-2,545	115,651	0	32,678	191,849
5.05	Total comprehensive income	0	0	0	27,929	2,065	29,994
5.05.01	Net income for the period	0	0	0	27,143	0	27,143
5.05.02	Other comprehensive income	0	0	0	786	2,065	2,851
5.05.02.06	Realization of revaluation reserve	0	0	0	786	-786	0
5.05.02.07	Exchange variation of foreign subsidiary	0	0	0	0	2,851	2,851
5.06	Internal changes in shareholders' equity	30,500	0	-39,097	0	0	-8,597
5.06.04	Capital increase	30,500	0	-30,500	0	0	0
5.06.05	Approval of additional dividends	0	0	-8,597	0	0	-8,597
5.07	Closing balances	76,565	-2,545	76,554	27,929	34,743	213,246

Individual financial statements or Statement of added value

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–06/30/2015	Accumulated of the prior year - 01/01/2014–06/30/2014
7.01	Income	613,244	532,361
7.01.01	Sale of merchandise, products and services	567,639	511,470
7.01.02	Other income	6,779	4,570
7.01.03	Income from construction of own assets	38,486	16,472
7.01.04	Allowance for /reversal of allowance for doubtful accounts	340	-151
7.02	Inputs acquired from third parties	-327,958	-278,714
7.02.01	Cost of products, merchandise and services sold	-224,824	-203,619
7.02.02	Materials, Energy, Third-party services and other	-102,905	-74,995
7.02.03	Loss/recovery of asset values	-229	-100
7.03	Gross added value	285,286	253,647
7.04	Retentions	-13,910	-12,527
7.04.01	Depreciation, amortization and depletion	-13,910	-12,527
7.05	Net added value produced	271,376	241,120
7.06	Added value received as transfer	72,468	29,626
7.06.01	Equity income (loss)	1,792	9,367
7.06.02	Financial income	70,676	20,259
7.07	Total added value payable	343,844	270,746
7.08	Distribution of added value	343,844	270,746
7.08.01	Personnel	89,502	80,888
7.08.01.01	Direct remuneration	76,921	69,893
7.08.01.02	Benefits	7,826	6,590
7.08.01.03	Severance Pay Fund (FGTS)	4,755	4,405
7.08.02	Taxes, rates and contributions	128,590	119,626
7.08.02.01	Federal	67,845	62,842
7.08.02.02	State	60,437	56,540
7.08.02.03	Municipal	308	244
7.08.03	Third-party capital remuneration	100,738	43,089
7.08.03.01	Interest	96,853	38,099
7.08.03.02	Rents	3,885	4,990
7.08.04	Remuneration of own capital	25,014	27,143
7.08.04.03	Retained earnings / Loss for the period	25,014	27,143

Consolidated financial statements or Balance sheet – Assets

(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2015	Prior year 12/31/2014
1	Total assets	1,177,139	1,132,348
1.01	Current assets	473,782	497,839
1.01.01	Cash and cash equivalents	27,133	92,383
1.01.03	Accounts receivable	210,198	187,918
1.01.03.01	Trade accounts receivable	210,198	187,918
1.01.04	Inventories	199,494	192,292
1.01.06	Recoverable taxes	21,913	15,648
1.01.06.01	Current taxes recoverable	21,913	15,648
1.01.06.01.01	Income and social contribution tax recoverable	452	452
1.01.06.01.02	Other current taxes recoverable	21,461	15,196
1.01.08	Other current assets	15,044	9,598
1.01.08.03	Other	15,044	9,598
1.01.08.03.01	Advances to suppliers	2,577	1,788
1.01.08.03.02	Other	12,467	7,810
1.02	Non-current assets	703,357	634,509
1.02.01	Long term assets	234,716	220,405
1.02.01.08	Related party credits	92,332	88,893
1.02.01.08.04	Other related party credits	92,332	88,893
1.02.01.09	Other non-current assets	142,384	131,512
1.02.01.09.03	Judicial deposits	53,802	46,581
1.02.01.09.04	Receivables - Eletrobrás	48,621	48,621
1.02.01.09.05	Recoverable taxes	13,089	15,330
1.02.01.09.06	Tax assets	21,266	15,386
1.02.01.09.07	Actuarial assets	5,075	5,075
1.02.01.09.08	Other	531	519
1.02.02	Investments	198	198
1.02.02.01	Equity interest	198	198
1.02.02.01.04	Other equity interest	198	198
1.02.03	Property, plant and equipment	442,585	392,585
1.02.04	Intangible assets	25,858	21,321

Consolidated financial statements or Balance sheet – Liabilities

(In thousand of reais)

Code of account	Account description	Current quarter 06/30/2015	Prior year 12/31/2014
2	Total liabilities	1,177,139	1,132,348
2.01	Current liabilities	505,067	460,243
2.01.01	Social and labor obligations	33,932	24,501
2.01.02	Suppliers	142,483	150,373
2.01.03	Tax liabilities	21,974	26,067
2.01.03.01	Federal tax liabilities	21,974	26,067
2.01.03.01.01	Income and social contribution tax payable	2,742	8,272
2.01.03.01.02	Installment payment of tax liabilities	8,693	8,358
2.01.03.01.03	Taxes, rates and contributions	10,539	9,437
2.01.04	Loans and financing	247,075	172,722
2.01.04.01	Loans and financing	247,075	172,722
2.01.05	Other liabilities	32,352	62,302
2.01.05.02	Other	32,352	62,302
2.01.05.02.04	Advances from clients	18,487	15,608
2.01.05.02.05	Dividends payable	519	16,895
2.01.05.02.06	Accounts payable - Investments	3,607	21,466
2.01.05.02.07	Other	9,739	8,333
2.01.06	Provisions	27,251	24,278
2.01.06.02	Other provisions	27,251	24,278
2.01.06.02.04	Provision for contingencies	20,014	17,966
2.01.06.02.05	Provision for profit sharing	7,237	6,312
2.02	Non-current liabilities	441,066	434,825
2.02.01	Loans and financing	269,490	274,646
2.02.01.01	Loans and financing	269,490	274,646
2.02.02	Other liabilities	116,466	109,982
2.02.02.02	Other	116,466	109,982
2.02.02.02.03	Suppliers	40,311	33,287
2.02.02.02.04	Installment payment of tax liabilities	74,859	76,402
2.02.02.02.05	Other	1,296	293
2.02.03	Deferred taxes	28,550	30,184
2.02.03.01	Deferred income and social contribution taxes	28,550	30,184
2.02.04	Provisions	26,560	20,013
2.02.04.02	Other provisions	26,560	20,013
2.02.04.02.04	Provisions for contingencies	14,443	9,764
2.02.04.02.05	Provision for long-term incentive	12,117	10,249
2.03	Consolidated shareholders' equity	231,006	237,280
2.03.01	Realized capital	99,565	76,565
2.03.04	Profit reserves	98,551	143,749
2.03.04.01	Legal reserve	0	12.481
2.03.04.05	Profit retention reserve	0	66,201
2.03.04.08	Additional dividend proposed	0	22,198
2.03.04.10	Profit reserves to be allocated	0	42,869
2.03.05	Retained Earnings/Losses	25,613	0
2.03.08	Other comprehensive income	7,257	16.956
2.03.09	Interest of non-controlling shareholders	20	10

Consolidated financial statements / Statement of income

(In thousand of reais)

Code of account	Account description	Current quarter - 04/01/2015–06/30/2015	Accumulated of the current year - 01/01/2015–06/30/2015	Same quarter of the prior year - 04/01/2014–06/30/2014	Accumulated of the prior year - 01/01/2014–06/30/2014
3.01	Income from sales of goods and/or services	259,308	500,664	233,044	439,584
3.02	Cost of goods and/or services sold	-160,875	-311,040	-146,806	-276,513
3.03	Gross income	98,433	189,624	86,238	163,071
3.04	Operating expenses/income	-66,624	-118,810	-59,627	-110,106
3.04.01	Sales expenses	-49,573	-94,424	-43,388	-78,720
3.04.02	General and administrative expenses	-9,269	-16,803	-8,432	-15,781
3.04.04	Other operating income	5,052	5,218	893	1,204
3.04.04.01	Other operating income	5,052	5,218	893	1,204
3.04.05	Other operating expenses	-12,834	-12,801	-8,700	-16,809
3.04.05.01	Other operating expenses	-8,470	-16,748	-5,791	-11,613
3.04.05.02	Other gains (losses), net	-4,364	3,947	-2,909	-5,196
3.05	Income (loss) before financial income and taxes	31,809	70,814	26,611	52,965
3.06	Financial income (loss)	-7,905	-30,120	-8,218	-12,769
3.06.01	Financial income	11,209	4,253	6,840	12,714
3.06.01.01	Financial income	7,492	21,062	5,750	11,191
3.06.01.02	Net foreign exchange variation	3,717	-16,809	1,090	1,523
3.06.02	Financial expenses	-19,114	-34,373	-15,058	-25,483
3.06.02.01	Financial expenses	-19,114	-34,373	-15,058	-25,483
3.07	Income (loss) before income tax	23,904	40,694	18,393	40,196
3.08	Income and social contribution taxes	-9,650	-15,629	-5,774	-13,002
3.08.01	Current	-7,790	-17,263	-6,675	-12,613
3.08.02	Deferred assets	-1,860	1,634	901	-389
3.09	Net income (loss) of continued operations	14,254	25,065	12,619	27,194
3.10	Net income (loss) of discontinued operations	-19	-41	-21	-41
3.10.01	Net income (loss) of discontinued operations	-19	-41	-21	-41
3.11	Income/loss for the period	14,235	25,024	12,598	27,153
3.11.01	Attributed to the Parent company's partners	14.230	25,014	12,593	27,143
3.11.02	Attributed to non-controlling partners	5	10	5	10

Consolidated financial statements / Statement of income

(In thousand of reais)

Code of account	Account description	Current quarter - 04/01/2015–06/30/2015	Accumulated of the current year - 01/01/2015–06/30/2015	Same quarter of the prior year - 04/01/2014–06/30/2014	Accumulated of the prior year - 01/01/2014–06/30/2014
3.99	Earnings per share - (Reais / Shares)				
3.99.01	Basic earnings per share				
3.99.01.01	ON	0.08979	0.15783	0.07946	0.17126
3.99.02	Diluted earnings per share				
3.99.02.01	ON	0.08979	0.15783	0.07946	0.17126

Consolidated financial statements or Statement of comprehensive income

(In thousand of reais)

Code of account	Account description	Current quarter - 04/01/2015–06/30/2015	Accumulated of the current year - 01/01/2015–06/30/2015	Same quarter of the prior year - 04/01/2014–06/30/2014	Accumulated of the prior year - 01/01/2014–06/30/2014
4.01	Consolidated net income for the period	14,235	25,024	12,598	27,153
4.02	Other comprehensive income	2,149	-9,100	1,231	2,851
4.02.02	Exchange variation of foreign subsidiary	2,149	-9,100	1,231	2,851
4.03	Consolidated comprehensive income for the period	16,384	15,924	13,829	30,004
4.03.01	Attributed to the Parent company's partners	16,379	15,914	13,824	29,994
4.03.02	Attributed to non-controlling partners	5	10	5	10

Consolidated financial statements / Statement of cash flows - Indirect method

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–06/30/2015	Accumulated of the prior year - 01/01/2014–06/30/2014
6.01	Net cash from operational activities	14,672	-7,582
6.01.01	Cash generated in operations	81,943	76,002
6.01.01.01	Profit or loss for the year before taxes	40,653	40,155
6.01.01.02	Depreciation and amortization	14,268	12,656
6.01.01.04	Unrealized exchange variation	13,296	1,328
6.01.01.05	Provision for inventory at market value	673	1,688
6.01.01.06	Allowance for doubtful accounts	340	151
6.01.01.07	Provision for contingencies	4,549	1,132
6.01.01.08	Provision for labor obligations	-8,123	-4,622
6.01.01.09	Provision for profit sharing	2,793	1,371
6.01.01.10	Other provisions	-780	-671
6.01.01.12	Restatement of Eletrobrás compulsory loans	0	-4,500
6.01.01.13	Adjustments to tax assets	-5,880	-693
6.01.01.14	Restatements of credits with other related parties	-3,439	8,869
6.01.01.15	Finance charges on tax installments	3,212	3,994
6.01.01.16	Decomposition of discount of provisions for contingencies	2,178	1,533
6.01.01.18	Accrued interest on loans	20,127	12,684
6.01.01.19	Negative goodwill on receivables received from related parties	0	2,032
6.01.01.20	Other	-1,924	-1,105
6.01.02	Changes in assets and liabilities	-34,037	-64,085
6.01.02.01	(Increase)/Decrease in accounts receivable	-22,641	-13,962
6.01.02.02	Increase /(Decrease) in Advances from clients	2,879	-3,392
6.01.02.04	(Increase)/Decrease in inventories	-7,875	-13,871
6.01.02.05	(Increase)/Decrease in other assets	-4,669	-283
6.01.02.06	(Increase)/Decrease in legal deposits	-7,221	-10,138
6.01.02.07	(Increase) Decrease in receivables from related parties	0	-2,032
6.01.02.08	(Increase)/Decrease in recoverable taxes	-4,024	-2,026
6.01.02.09	Increase/(Decrease) in accounts payable	-980	-38,891
6.01.02.10	(Increase) Decrease advance to suppliers	-789	8,431
6.01.02.11	Increase/(Decrease) in installment payments	-4,420	-10,647
6.01.02.12	Increase /(Decrease) in Tax and labor liabilities	12,514	21,014
6.01.02.14	Increase/(Decrease) in other accounts payable	3,189	1,712
6.01.03	Other	-33,234	-19,499
6.01.03.01	Interest paid	-16,583	-13,391
6.01.03.02	Income and social contribution taxes paid	-16,651	-6,108
6.02	Net cash used in investment activities	-86,664	-40,172
6.02.01	Acquisition of property, plant and equipment	-79,940	-39,696
6.02.02	Acquisition of intangible assets	-6,724	-476
6.03	Net cash from financing activities	6,742	46,311
6.03.01	Funding loans and financing	143,023	110,524
6.03.02	Payment of loans and financing	-97,707	-40,732
6.03.03	Dividends paid	-38,574	-23,481
6.05	Increase (decrease) in cash and cash equivalents	-65,250	-1,443
6.05.01	Opening balance of cash and cash equivalents	92,383	57,677

Consolidated financial statements / Statement of cash flows - Indirect method

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–06/30/2015	Accumulated of the prior year - 01/01/2014–06/30/2014
6.05.02	Closing balance of cash and cash equivalents	27,133	56,234

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL - 01/01/2015–06/30/2015

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	76,565	0	143,749	0	16.956	237,270	10	237,280
5.03	Adjusted opening balances	76,565	0	143,749	0	16.956	237,270	10	237,280
5.05	Total comprehensive income	0	0	0	25,613	-9,699	15,914	10	15,924
5.05.01	Net income for the period	0	0	0	25,014	0	25,014	10	25,024
5.05.02	Other comprehensive income	0	0	0	599	-9,699	-9,100	0	-9,100
5.05.02.06	Realization of revaluation reserve	0	0	0	599	-599	0	0	0
5.05.02.07	Exchange variation of foreign subsidiary	0	0	0	0	-9,100	-9,100	0	-9,100
5.06	Internal changes in shareholders' equity	23,000	0	^5,198	0	0	-22,198	0	-22,198
5.06.04	Capital increase	23,000	0	-23,000	0	0	0	0	0
5.06.05	Approval of additional dividends	0	0	-22,198	0	0	-22,198	0	-22,198
5.07	Closing balances	99,565	0	98,551	25,613	7,257	230,986	20	231,006

Consolidated financial statements / Statement of changes in shareholders' equity / DMPL – 01/01/2014–06/30/2014

(In thousand of reais)

Code of account	Account description	Paid-up capital	Capital reserves, Options granted and Treasury shares	Profit reserves	Retained earnings (loss)	Other comprehensive income	Shareholders' equity	Interest of non-controlling shareholders	Consolidated shareholders' equity
5.01	Opening balances	46,065	-2,545	115,651	0	32,678	191,849	8	191,857
5.03	Adjusted opening balances	46,065	-2,545	115,651	0	32,678	191,849	8	191,857
5.05	Total comprehensive income	0	0	0	27,929	2,065	29,994	10	30,004
5.05.01	Net income for the period	0	0	0	27,143	0	27,143	10	27,153
5.05.02	Other comprehensive income	0	0	0	786	2,065	2,851	0	2,851
5.05.02.06	Realization of revaluation reserve	0	0	0	786	-786	0	0	0
5.05.02.07	Exchange variation of foreign subsidiary	0	0	0	0	2,851	2,851	0	2,851
5.06	Internal changes in shareholders' equity	30,500	0	-39,097	0	0	-8,597	0	-8,597
5.06.04	Capital increase	30,500	0	-30,500	0	0	0	0	0
5.06.05	Approval of additional dividends	0	0	-8,597	0	0	-8,597	0	-8,597
5.07	Closing balances	76,565	-2,545	76,554	27,929	34,743	213,246	18	213,264

Consolidated financial statements or Statement of added value

(In thousand of reais)

Code of account	Account description	Accumulated of the current year - 01/01/2015–06/30/2015	Accumulated of the prior year - 01/01/2014–06/30/2014
7.01	Income	662,149	563,116
7.01.01	Sale of merchandise, products and services	619,267	547,121
7.01.02	Other income	4,056	-326
7.01.03	Income from construction of own assets	38,486	16,472
7.01.04	Allowance for /reversal of allowance for doubtful accounts	340	-151
7.02	Inputs acquired from third parties	-344,078	-285,443
7.02.01	Cost of products, merchandise and services sold	-225,044	-202,477
7.02.02	Materials, Energy, Third-party services and other	-118,763	-82,825
7.02.03	Loss/recovery of asset values	-230	-100
7.02.04	Other	-41	-41
7.02.04.01	Income from discontinued operations	-41	-41
7.03	Gross added value	318,071	277,673
7.04	Retentions	-14,268	-12,657
7.04.01	Depreciation, amortization and depletion	-14,268	-12,657
7.05	Net added value produced	303,803	265,016
7.06	Added value received as transfer	71,115	20,474
7.06.02	Financial income	71,115	20,474
7.07	Total added value payable	374,918	285,490
7.08	Distribution of added value	374,918	285,490
7.08.01	Personnel	103,218	85,967
7.08.01.01	Direct remuneration	88,898	74,321
7.08.01.02	Benefits	8,532	6,833
7.08.01.03	Severance Pay Fund (FGTS)	5,788	4,813
7.08.02	Taxes, rates and contributions	142,829	128,641
7.08.02.01	Federal	80,920	71,779
7.08.02.02	State	61,555	56,587
7.08.02.03	Municipal	354	275
7.08.03	Third-party capital remuneration	103,847	43,729
7.08.03.01	Interest	97,289	38,440
7.08.03.02	Rents	6,558	5,289
7.08.04	Remuneration of own capital	25,024	27,153
7.08.04.03	Retained earnings / Loss for the period	25,014	27,143
7.08.04.04	Interest of non-controlling shareholders in retained earnings	10	10

Performance comment

In thousands of reais, unless otherwise indicated

COMMENTS ON THE CONSOLIDATED PERFORMANCE OF 2Q15

Portobello S.A. (BM&FBovespa: PTBL3 NM) shows its results for the quarter ended on June 30, 2015. Financial information presented in this document derives from consolidated quarterly financial information of Portobello S.A., prepared in accordance with standards of the Accounting Pronouncements Committee (CPC) and International Financial Reporting Standards (IFRS).

About Portobello

Today, Portobello is the largest ceramic coating company of Brazil and, in the first half of this year reached net revenues of 560 million. Its semi-annual sales, which is close to 18 million square meters, caters for the domestic market, through Portobello Shop channels and the sales channel for engineers, besides countries on the five continents.

HIGHLIGHTS

- Net income of R$ 259 million in the quarter, 11% higher than the same period of 2014, including a growth of 14% in the semester;
- Net income reaches R$ 98 million in the 2Q15, higher than the 14% for the same period in 2014, with a 38% margin;
- EBITDA of R$44 million, 22% higher than that of the same quarter of 2014, and margin of 17%;
- Rede Portobello Shop with 136 stores, being 129 franchises and 7 own stores;
- Northeast plant started operations at the end of the first half of 2015.

MANAGEMENT COMMENTS

Portobello's performance in the first half results mainly from the Company being able to quickly read change in domestic economic scenario of the period, which suffered a downturn in several economic sectors, and its capacity to adjust to the new scenario.

Portobello, even with economic downturn and fall in confidence level in this six-month period, maintained a consistent performance. With change in scenario, additional actions were taken in relation to initial planning. The Company redirected its focus to internal production, seeking new products that are adequate to market profile, growth in specialized retail sales and export, and continued actions for better control on expenses.

Its strategy and business model - which in this adverse context showed to be robust –, as well as additional actions, allowed Portobello to maintain its growth. This result was obtained through increase in sales volume and careful management of expenses and costs. Regarding costs, we were able to neutralize inflation, mainly through energy gains and increase in productivity.

When it comes to investment, Plant in Alagoas started production in April. This new plant is intended to serve the North and Northeast regions of Brazil, which corresponds to 25% of domestic ceramic market. With specific public and portfolio, the plant will be the engine of the new brand called Pointer, bringing market share gains to the Company.

Portobello Shop, in turn, maintains its plans to expand the number of stores. Until now, this network totals 136 franchises, with 7 own stores.

Management is still confident about its strategy and business model and management. However, it considers that the second half of 2015 will be even more challenging due to continued fall in economic context.

Performance comment

In thousands of reais, unless otherwise indicated

ECONOMIC AND FINANCIAL PERFORMANCE

Consolidated income (loss)	2Q13	2Q14	2Q15	▲ %	1H13	1H14	1H15	▲ %
Gross income	265,597	298,173	328,744	10%	486,043	560,253	633,975	13%
Net income	207,601	233,044	259,308	11%	383,356	439,584	500,664	14%
Gross income	72,460	86,238	98,433	14%	132,504	163,071	189,624	16%
Gross margin	34.9%	37.0%	38.0%	1 p.p.	34.6%	37.1%	37.9%	0.8 p.p.
Operating expenses	(42,023)	(56,718)	(62,260)	10%	(76,876)	(104,910)	(122,757)	17%
Sales	(31,983)	(43,388)	(49,573)	14%	(58,104)	(78,720)	(94,424)	20%
General and administrative expenses	(7,668)	(8,432)	(9,269)	10%	(13,919)	(15,781)	(16,803)	6%
Other income (expenses)	(2,372)	(4,898)	(3,418)	-30%	(4,853)	(10,409)	(11,530)	11%
EBIT	30,437	29,520	36,173	23%	55,628	58,161	66,867	15%
EBIT margin	14.7%	12.7%	13.9%	1.3 p.p.	14.5%	13.2%	13.4%	0.1 p.p.
Financial income (loss)	(6,900)	(11,127)	(12,269)	10%	(12,117)	(17,965)	(26,173)	46%
Taxes on income	(7,274)	(5,774)	(9,650)	67%	(14,160)	(13,002)	(15,629)	20%
Net income	16,259	12,598	14,235	13%	29,324	27,153	25,024	-8%
Net Margin	7.8%	5.4%	5.5%	0.1 p.p.	7.6%	6.2%	5.0%	-1.2 p.p.
EBITDA	34,102	35,753	43,957	23%	62,825	70,818	81,135	15%
EBITDA margin	*16.4%*	*15.3%*	*17.0%*	1.6 p.p.	*16.4%*	*16.1%*	*16.2%*	0.1 p.p.

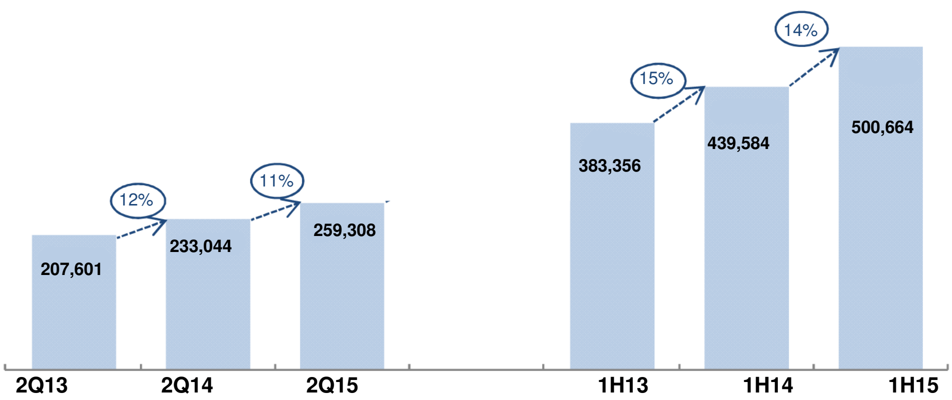
Net income

Portobello's consolidated net income totaled R$ 259 million in 2Q15, 11% above the R$ 233 million assessed for the same period in 2014, and accumulated income reached R$ 501 million, 14% higher than that of the 1H13. Main factors that contributed to better performance were higher physical sales volume, with highlight to external market, and a distinguished commercial strategy with specific sales campaigns.

Domestic market net revenues, which represented 87% of total, grew 8% in relation to the 2Q14 and 11% in the 1S15 with highlight to retail sales.
The net income from foreign market had a 46% growth when compared to 2Q14, influenced by the increase in sales volume and depreciation of the Real.

Net income	2Q13	2Q14	2Q15	▲ %	1H13	1H14	1H15	▲ %
Domestic market	190,869	210,556	226,385	8%	351,788	395,503	438,115	11%
Foreign market	16,732	22,488	32,923	46%	31,568	44,081	62,549	42%
Total	207,601	233,044	259,308	11%	383,356	439,584	500,664	14%

Net income

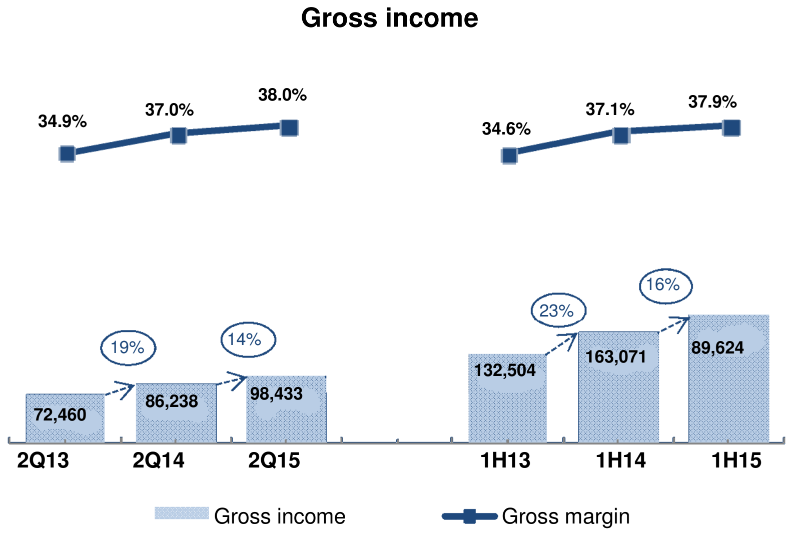


Performance comment

In thousands of reais, unless otherwise indicated

Gross income

Gross income totaled R$98 million in the quarter ended June 30, 2015, accumulating R$190 million in the 1S15, presenting growth of 14% and 16%, respectively, on the same period of prior year. Gross margin presented gains of 1 p.p. This result is also the reflex of actions related to optimization of costs for productivity and production gains to adjust mix of products.



Operating income

Selling expenses totaled R$50 million in the 2Q15 and R$94 million in the 1S15, being 14% and 19% higher than same periods of prior year, mainly reflecting distribution and logistics projects, with establishment of distribution centers and expansion of its franchise chain - Portobello Shop. CIF sales (Cost, Insurance, and Freight), which account for 1.7% of the consolidated net revenue, incurred freight business expenses of about R$ 8.8 million, 9% of the total sales expenses in the semester. Administrative expenses totaled R$9 million in the 2Q15 and R$16 mi in the 1S15, and remained as 3% in relation to net revenues.

Operating expenses	2Q13	2Q14	2Q15	▲ %	%NR	1H13	1H14	1H15	▲ %	%NR
Sales	(31,983)	(43,388)	(49,573)	14%	19%	(58,104)	(78,720)	(94,424)	20%	19%
General and administrative expenses	(7,668)	(8,432)	(9,269)	10%	4%	(13,919)	(15,781)	(16,803)	6%	3%
Other income (expenses)	(2,372)	(4,898)	(3,418)	-30%	1%	(4,853)	(10,409)	(11,530)	11%	2%
Total	(42,023)	(56,718)	(62,260)	10%	24%	(76,876)	(104,910)	(122,757)	17%	25%

Other net operating expenses of R$3 million in the quarter and R$11 million in the six-month period refer mainly to employees' profit sharing and to pre-operating expenses of the Northeast plant and, exceptionally in the 2Q15, to recognition of tax asset referring to IPI Stage I premium credit tax benefit calculated on sale of manufactured and exported products in the amount of R$5.4 million.

EBITDA

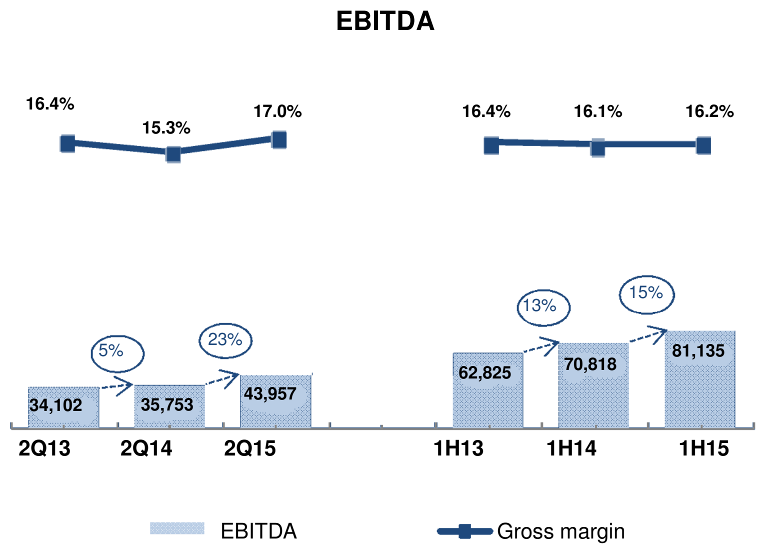
The Company ends the first quarter with cash generation, as measured by the EBITDA, amounting to R$ 44 million, having increased by 23% in relation to the same period in 2014, and a 17% margin. In the six-month period, it reached 81 million, the highest in the Company's history for the first half of the year.

If expenditures with the new Northeast plant were not considered, EBITDA would be R$47 million in the 1Q15, which represents a growth of 25% in relation to the same period of 2014, and margin would be 18%, an increase of 2 percentage points in relation to the first quarter of 2014.

Performance comment

In thousands of reais, unless otherwise indicated

EBITDA	2Q13	2Q14	2Q15	▲ %	%NR	1H13	1H14	1H15	▲ %	%NR
Net income	16,255	12,593	14.230	13%	5%	29,317	27,143	25,014	-8%	5%
(+) Financial income	6,900	11,127	12,269	10%	5%	12,117	17,965	26,173	46%	5%
(+) Depreciation and amortization	3,665	6,233	7,784	25%	3%	7,197	12,657	14,268	13%	3%
(+) Income and social contribution taxes	7,274	5,774	9,650	67%	4%	14,160	13,002	15,629	20%	3%
(+) Other	8	26	24	-8%	0%	34	51	51	0%	0%
EBITDA	34,102	35,753	43,957	23%	17%	62,825	70,818	81,135	15%	16%
(+) Pre-Operational phase of Alagoas Plant	-	1,532	2.708	77%	1%	-	2,266	6,310	178%	1%
Adjusted EBITDA	34,102	37,285	46,665	25%	18%	62,825	73,084	87,445	20%	17%



Net income

Net income for the year was R$14 mi , 13% higher than the second quarter of 2014, accumulating R$ 25 million in the six-month period.

INDEBTEDNESS/CAPITAL STRUCTURE

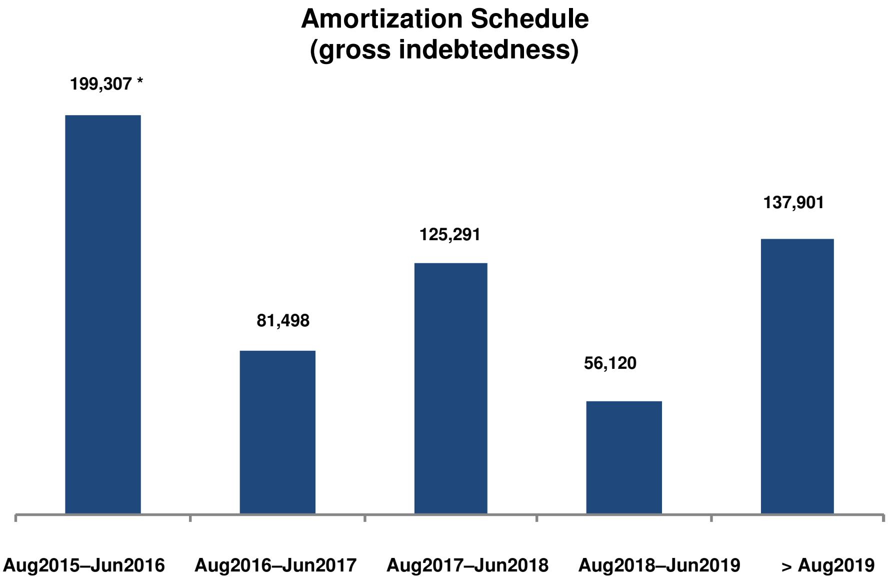
In nominal terms, the Company's net indebtedness was R$ 481 million at the end of June 2015, which is equivalent to 2.58 times EBITDA for the last 12 months and 2.08 of shareholders' equity. This R$ 153 million increase in the indebtedness when compared with 2014 is mainly connected with the expansion investments, particularly in the Northeast plant. Gross indebtedness totaled R$ 600 million; about 33% matures in the short term and 67% in the long term period. Considering that minimum covenants of contract mentioned in subsequent Balance Sheet were not complied with, short-term will represent 44% of indebtedness.

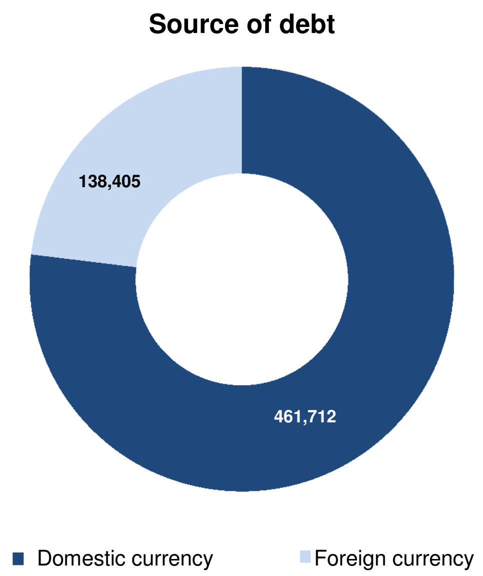
Performance comment

In thousands of reais, unless otherwise indicated

Indebtedness	Jun 2013	Jun 2014	Jun 2015	▲ R$
Bank	284,637	359,601	516,565	156,964
Tax	124,982	110,043	83,552	(26,491)
(=) Total indebtedness	409,619	469,644	600,117	130,473
(+) Cash and cash equivalents	(73,347)	(56,234)	(27,133)	29,101
(+) Related party credits	(91,588)	(85,671)	(92,332)	(6,661)
(=) Total net indebtedness	244,684	327,739	480,652	152,913
EBITDA (last 12 months)	139,383	164,118	186,398	22,280
(=) Current Liquidity	1.23	1.08	0.94	-
(=) ROE (Shareholders' equity / PL)	0.07	0.11	0.11	-
(=) Net debt/ EBITDA	1.76	2.00	2.58	-
(=) Net debt / Income (loss)	1.60	1.54	2.08	-

The balance of the gross bank debts as of June 30, 2015 totals R$ 517 million, compared with the R$ 360 million as of June 30, 2014.

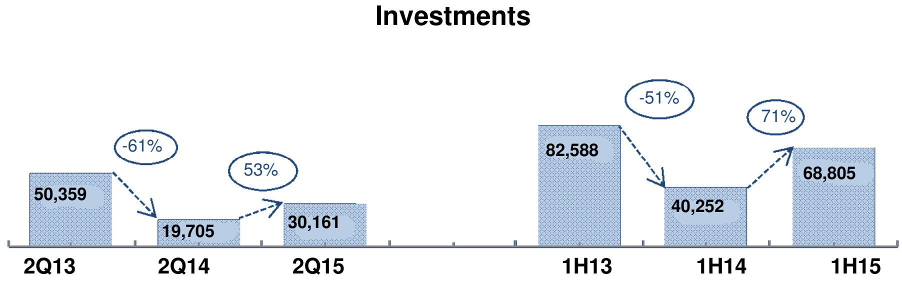




** Based on the adjusted liabilities shown on the Balance Sheet below.*

INVESTMENTS

In the 2Q15, investments in fixed assets totaled R$30 million, accumulating R$69 million in the six-month period. Of this 1S15 amount, R$58 million correspond to the expansion program, according to which a Manufacturing Plant is being built in the Northeast region.
The plant in Northeast has one million square meter of available area and in the first phase of operations will generate 1,000 jobs (direct and indirect). The estimated investment is R$ 201 million.



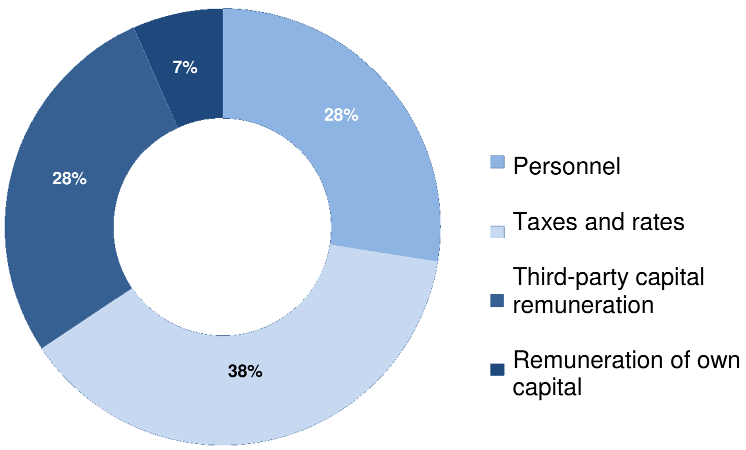
Besides, with aims to support the growth projects, the Company has been investing in a new logistic model, by establishing distribution centers in strategic locations, and it already has one in the state of Pernambuco and three in the state of São Paulo (Rio Claro, Itapecerica, and Jundiaí) and in the state of Rio de Janeiro, which began operations in July 2015. New distribution centers do not imply disbursement of capital, only increase in commercial expenses, as they are established through partnerships with logistics operations.

REMUNERATION TO SHAREHOLDERS

In June 2015, R$38,686 thousand was paid, approximately R$0.244 per share, according to decision made in the Annual Shareholders' Meeting held on April 30, 2014.

Added value

Value added in the 2Q15 totaled R$182, accumulating R$375 in the six-month period. Of this amount, 38% of total added value was allocated to payment of taxes, fees and contributions, 28% to personnel remuneration, and 34% to remuneration of shareholders and third parties.



Performance comment

In thousands of reais, unless otherwise indicated

PERFORMANCE OF PTBL3 SHARES

The common shares issued by Portobello, traded on BM&FBovespa under the ticker symbol PTBL3, ended the last trading day of June 2015 quoted at R$ 2.97, depreciation of 41% in the last twelve months, whereas the Ibovespa index decreased by 0.16%.

Average financial volume traded in the last 12 months was R$ 7.4 million, a decrease of 43% in face of the R$ 12.9 million for the same period of 2014.

In the end of 2Q15, Portobello presented a market value equivalent to R$ 471 million (R$ 761 million as of December 31, 2014).

On May 28, 2015, the Company filed a waiver request with CVM to (i) maintain in treasury a number of shares that is higher than 10% of outstanding shares, and (ii) repurchase shares it issued at a price higher than market value for the purpose of conducting a voluntary public offering for acquisition of shares ("OPA for repurchase"). The purpose of this OPA for Repurchase is to efficiently invest funds available so as to maximize value generation to shareholder by assigning the Company’s capital, as the Company understands that shares it issued are under-valuated and their effective value is not reflected.

PTBL3 x Ibovespa
From (Base 100) 06/30/2014 to 06/30/2015

PROSPECTS

- The Company believes that economic recession will persist in 2015 and, accordingly, Management has been implementing expense cutting and cost optimization plans, seeking to rearrange its structure to achieve results planned;
- The Company still expects challenges when keeping its costs in 2015 due to high foreign exchange rate, as well as pressure to increase prices of energy inputs;
- Real Estate industry expects a slowdown, as shown by several industry indicators, and this will impact mainly sales of our engineer channel. Management has been implementing actions by means of commercial policies and product mix management in order to mitigate such effects.

- Portobello Shop maintains its expansion plan and believes that it achieve 150 stores at the end of 2015;
- In the first half of the year, the Company's income was adversely affected by pre-operating stage of Alagoas plant. Up to the end of this year, the unit will reach full production capacity and operation will positively contribute to consolidated performance.

INDEPENDENT AUDIT

Portobello's policy towards its auditors with respect to service provision not related to external audits of financial statements, which is covered by the principles that preserve the professional independence. These principles are based on the assumption that the auditor should not audit their own work, perform managerial functions, or act as a lawyer for their client. In the 2Q15, the Company did not hire independent auditors for services other than those related to external auditing.

COMPOSITION OF MANAGEMENT

Board of Directors

Name	Position
Cesar Bastos Gomes	President
Cesar Gomes Júnior	Vice-President (CEO)
Cláudio Ávla da Silva	Board Member (CEO)
Nilton Torres de Bastos Filho	Board Member
Maurício Lev	Board Member (Independent)
Plínio Villares Musetti	Board Member (Independent)
Glauco José Côrte	Board Member (Independent)
Mário José Gonzaga Petrelli	Board Member (Independent)
Geraldo Luciano Mattos Júnior	Board Member (Independent)

Executive Board

Name	Position
Cesar Gomes Júnior	CEO
Cláudio Ávila da Silva	CEO
John Shojiro Suzuki	Financial and Investor Relations Director
Mauro do Valle Pereira	Corporate Director

Please visit the Investor Relations website: *www.portobello.com.br/ri*

Performance comment

In thousands of reais, unless otherwise indicated

Balance sheet - Assets

In thousand of reais	Jun 30, 2015	Dec 31, 2014
Current	**473,782**	**497,839**
Cash and cash equivalents	27,133	92,383
Accounts receivable	210,198	187,918
Inventories	199,494	192,292
Recoverable taxes	21,913	15,648
Other accounts receivable	15,044	9,598
Non-current	**703,357**	**634,509**
Long-term assets	**234,716**	**220,405**
Judicial deposits	53,802	46,581
Recoverable taxes	13,089	15,330
Tax assets	21,266	15,386
Related party credits	92,332	88,893
Receivables - Eletrobrás	48,621	48,621
Other non-current assets	5,606	5,594
Investments	**198**	**198**
Property, plant and equipment	**442,585**	**392,585**
Intangible assets	**25,858**	**21,321**
Total assets	**1,177,139**	**1,132,348**

Performance comment

In thousands of reais, unless otherwise indicated

Balance sheet - Liabilities

In thousand of reais	Jun 30, 2015	Jun 30, 2015	Dec 31, 2014
	*"Adjusted"**		
Current	**448,606**	**505,067**	**460,243**
Loans and financing	190,614	247,075	172,722
Suppliers	142,483	142,483	150,373
Taxes and social contributions	21,974	21,974	26,067
Social and labor obligations	33,932	33,932	24,501
Advances from clients	18,487	18,487	15,608
Dividends payable	519	519	16,895
Provisions	27,251	27,251	24,278
Other	13,346	13,346	29,799
Non-current	**497,527**	**441,066**	**434,825**
Suppliers	40,311	40,311	33,287
Loans and financing	325,951	269,490	274,646
Income and social contribution Contribution taxes	28,550	28,550	30,184
Installment payment of tax liabilities	74,859	74,859	76,402
Provisions	26,560	26,560	20,013
Other	1,296	1,296	293
Shareholders' equity	**231,006**	**231,006**	**237,280**
Capital	99,565	99,565	76,565
Profit reserves	98,551	98,551	143,749
Other comprehensive income	7,257	7,257	16.956
Retained earnings	25,613	25,613	-
Non-controlling shareholders	20	20	10
Total liabilities	**1,177,139**	**1,177,139**	**1,132,348**

** As of June 30, 2015, minimum covenant clauses were not complied with in one of the loan contracts, and the Company has already sent the request for waiver to the lender, which granted it on a preliminary basis, and is awaiting this waiver to be made official. Therefore, in adjusted liabilities, this liability is classified as non-current, taking the grant of a waiver into consideration.*

Performance comment

In thousands of reais, unless otherwise indicated

Cash flow

In thousand of reais	2Q15	2Q14	Var.%
Net cash from operating activities	**14,672**	**(7,582)**	**(294)**
Cash generated in operations	47,906	11,917	302
Other	(33,234)	(19,499)	70
Interest paid	(16,583)	(13,391)	24
Income and social contribution taxes paid	(16,651)	(6,108)	173
Net cash from investment activities	**(86,664)**	**(40,172)**	**116**
Acquisition of property, plant and equipment	(79,940)	(39,696)	101
Acquisition of intangible assets	(6,724)	(476)	1,313
Net cash from financing activities	**6,742**	**46,311**	**(85)**
Funding loans and financing	143,023	110,524	29
Payment of loans and financing	(97,707)	(40,732)	140
Dividends paid	(38,574)	(23,481)	64
Increase/(Decrease) in cash and cash equivalents	**(65,250)**	**(1,443)**	**4,422**
Opening balance of cash and cash equivalents	**92,383**	**57,677**	**60**
Closing balance of cash and cash equivalents	**27,133**	**56,234**	**(52)**

1 Operations

Portobello S.A., herein also referred to as “Company” or “Parent Company”, is a publicly-traded corporation whose shares are traded on the segment Novo Mercado of Bolsa de Valores, Mercadorias e Futuros (BM&FBOVESPA S.A.), under code PTBL3. The Company is controlled by a group of shareholders, formalized by agreement entered into on April 15, 2011 and amended on December 09, 2014, and holds on June 30, 2015 53.99% of the company’s shares. Remaining 46.01% of shares are held by several shareholders.

The Company, with head office in Tijucas, Santa Catarina, was incorporated in 1977 engaged in the manufacture and sale of ceramic and porcelain products in general, such as floor tiles, technical porcelain and enameled tiles, decorated and special pieces, mosaic tiles, products for indoor walls, outdoor façades, as well as the rendering of supplementary services in the sector of civil construction materials in Brazil and abroad.

In addition, the Company holds shareholding interest in subsidiaries: (i) Portobello América, which was established for the purpose of selling Portobello products in the North-American market and is classified as a discontinued operation, as explained in note 35; (ii) Mineração Portobello, which is responsible for providing part of raw material used for ceramic coating production; (iii) PBTech, which is responsible for managing own Portobello Shop stores and, currently, manages seven stores; (iv) Portobello Shop, administrator of Portobello Shop and Empório Portobello store franchise chain, chain of 136 franchised stores specialized in porcelain floor tiles (porcellanato) and ceramic coatings; and (v) Companhia Brasileira de Cerâmica responsible for the operations in northeast region.

2 Presentation of interim financial statements

Individual quarterly information has been prepared in conformity with accounting practices adopted in Brazil (BRGAAP), and consolidated quarterly information has been prepared in conformity with international accounting standards International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with accounting practices adopted in Brazil (BRGAAP).

Said quarterly information was prepared according to the rules of the Brazilian Securities and Exchange Commission (CVM) applicable to the elaboration of the Quarterly Information (ITR), using the historic cost as a base value, except for the evaluation at fair value of certain financial instruments, when required by applicable rules.

To create quarterly information is necessary the Management of the Company and its subsidiaries make estimates for the recording of certain transactions affecting their assets and liabilities, income and expenses.
The content and values of certain explanatory notes presented in the financial statements for the year ending December 31, 2014, which did not require significant updates, have not been repeated on the notes selected for the quarterly information as of June 30, 2015. Therefore, these two financial statements should be read together.

Accounting practices and calculation methods adopted in the preparation of quarterly information as of June 30, 2015, as well as the main judgments and uncertainties in the estimates used in applying accounting practices are the same as those used in the preparation of the financial statements for the year ended December 31, 2014.

a) New standards, and changes or interpretation of IFRS issued by IASB

Pronouncements applicable to the Company from January 1, 2016

- Review of IAS 16 and IAS 41 – Property, plant and equipment, Biological assets and Agricultural product: The purpose of this change is to define and include the concept of fruit tree in the scope of IAS 16. The Company has no transactions of this nature.

- Review of IAS 16 and IAS 38 – Clarification on accepted depreciation and amortization methods: The purpose of this change is to include information on the concept of expected future reduction in sales price and clarify depreciation method based on income generated by an activity. The Company understands that said review will not impact its financial statements as it only includes clarifications.

- IFRS 11 Review – Accounting recognition of interest in joint operation acquisitions: This change requires the acquirer of an interest in joint operation that forms a business, as defined in IFRS 3, to apply IFRS 3 principles as well as of other pronouncements, except those that conflict with IFRS 11. The Company will evaluate effects deriving from application of said review in case of possible acquisition of joint operations.

Pronouncements applicable to the Company from January 01, 2017

- IFRS 15 – Income from contracts with clients: This pronouncement establishes principles for an entity to recognize income from transfer of products or services in the amount that reflects what the entity expects to receive in exchange for delivered product or rendered service. This rule also establishes five steps for income recognition. In addition, it provides instructions on disclosure of information to users about the nature, quantity, timeliness and uncertainty of income and cash flow deriving from contracts of the entity with clients. The Company is evaluating the possible effects from the implementation of the aforementioned pronouncement.

b) EmpresasNet (ENET) system

It is worth noting that the table “Statement of Changes in Shareholders’ Equity” of the CVM’s “EmpresasNet - ENET” System, the adjustment of equity assessments mentioned in “Other Comprehensive Income,” is presented in the column as such as there is no more appropriate option in the standard CVM statement for the presentation of said transaction.

c) Approval of quarterly information

The quarterly information previously mentioned was approved by the Board of Directors in a meeting held on August 05, 2015.

3 Financial risk management

3.1 Financial risk factors

The activities of the Company and its subsidiaries expose it to various financial risks: market, risk and liquidity risk. The global risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the consolidated financial performance.

The management of risk is conducted by the Treasury and Financial Executive Board, under the policies approved by the Board of Directors. The Treasury and the Finance Division identify, evaluate and protect the Company and its subsidiaries against possible financial risks, in cooperation with the operating units. The Board of Directors establishes principles, for global risk management and for specific areas such as exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments and cash surplus investment.

In thousands of reais, unless otherwise indicated

a) Market risk

i) Foreign exchange risk

The Company operates globally and is exposed to foreign exchange risk resulting from exposures to some currencies, mainly US dollar and Euro. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities and net investments in transactions abroad.

Shown below are the asset and liability balances exposed to exchange rate variations:

	In reais			
	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Accounts receivable	42,829	34,118	42,829	34,118
Checking account	1,684	19,475	1,684	19,475
Receivables from subsidiaries	63,523	54,383	-	-
Exposed assets	108,036	107,976	44,513	53,593
Provision for loss in investments	(63,270)	(54,128)	-	-
Accounts payable, net of advances	(17,405)	(46,721)	(17,405)	(46,721)
Loans and financing	(138,405)	(136,441)	(138,405)	(136,441)
(-) Swap transaction 109% CDI	46,609	39,160	46,609	39,160
Exposed liabilities	(172,471)	(198,130)	(109,201)	(144,002)
Net exposure	(64,435)	(90,154)	(64,688)	(90,409)

	In Euros				In Dollars			
	Parent company		Consolidated		Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Accounts receivable	466	293	466	293	9,468	9,387	9,468	9,387
Checking account	-	-	-	-	550	7,332	550	7,332
Receivables from subsidiaries	-	-	-	-	20,474	20,474	-	-
Provision for loss in investments	-	-	-	-	(20,392)	(20,378)	-	-
Accounts payable, net of advances	(1,515)	(6,193)	(1,515)	(6,193)	(3,947)	(1,010)	(3,947)	(1,010)
Loans and financing	-	-	-	-	(44,609)	(51,659)	(44,609)	(51,659)
(-) Swap transaction 109% CDI	-	-	-	-	15,022	15,026	15,022	15,026
	(1,049)	(5,900)	(1,049)	(5,900)	(23,434)	(20,828)	(23,516)	(20,924)

The strategy adopted to mitigate exchange rate exposure in the Company's assets and liabilities has been to maintain a liability exchange rate exposure at an approximate amount to that of one year of exports.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

ii) Cash flow or fair value risk associated to the interest rate

The interest rate risk arises from long-term loans and financing and is associated to floating-rate loans that exposed the Company and its subsidiaries to interest rate and cash flow risks. While loans issued at fixed rates expose the entities to fair value risk associated to interest rate.

With basis on several different scenarios, the Company manages the cash flow risk associated with the interest rate by using an interest rate swap transaction which receives variable interest rates and pays fixed interest rates and has the economic effect of converting the floating rate of loans into fixed rates. The fixed rates, which are the result of that swap transaction, are lower than those that would be available if the Company had taken the loans directly at fixed rates. By means of interest rate swap transactions, the Company agrees with other parties to exchange, at specified intervals, the difference between the fixed contractual rates and the amounts of interest at floating rates, calculated by using reference (notional) values agreed upon by the parties.

The Company and its subsidiaries continuously monitor market interest rates in order to assess the possible need to contract new operations to protect against the risk of volatility in these rates.

Regarding interest earning bank deposits, they are mostly made in investment funds as described in note 4.

b) Credit risk

The Company and its subsidiaries maintain strict controls over credit granting to their clients and adjust the limits whenever a material change in risk is detected.

c) Liquidity risk

It is the risk of the Company and its subsidiaries not having sufficient net funds to honor its financial commitments due to a time or volume mismatch between foreseen receipts and payments.

To manage cash liquidity in domestic and foreign currency, future disbursements and cash inflows assumptions are established and daily monitored by the Treasury and Financial Executive Board.

The chart below analyzes the non-derivative financial liabilities of the Company and its subsidiaries, by ranges of maturity, corresponding to the remaining period in the balance sheet up to the contractual date of maturity. Amounts disclosed in the table are contracted undiscounted cash flows.

	Parent company							
	June 30, 2015				December 31, 2014			
	* Loans and financing	Financial leases	Supplier and accounts payable - investment	Installment payment of tax liabilities	* Loans and financing	Financial leases	Supplier	Installment payment of tax liabilities
Less than 1 year	246,799	684	124,202	8,632	172,586	476	157,715	8,300
Between one and two years	174,902	1,482	40,311	17,846	199,094	-	33,287	17,182
Between two and five years	65,018		-	26,769	58,704	-	-	25,773
Over 5 years	37,100		-	29,740	23,931	-	-	32,932
	523,819	2,166	164,513	82,987	454,315	476	191,002	84,187

*The variation of the total loans shown on this table relates to Prodec's AVP (current amount adjustment), as seen in note 20 i.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

	Consolidated							
	June 30, 2015				December 31, 2014			
	* Loans and financing	Financial leases	Supplier and accounts payable - investment	Installment payment of tax liabilities	* Loans and financing	Financial leases	Supplier	Installment payment of tax liabilities
Less than 1 year	246,799	684	142,754	8,693	172,586	476	158,506	8,358
Between one and two years	174,902	1,482	40,311	17,966	199,094	-	33,287	17,298
Between two and five years	66,081	-	-	26,949	59,705	-	-	25,947
Over 5 years	37,100	-	-	29,944	23,931	-	-	33,157
	524,882	2,166	183,065	83,552	455,316	476	191,793	84,760

*The variation of the total loans shown on this table relates to Prodec's AVP (current amount adjustment), as seen in note 20 i.

d) Sensitivity analysis

i) Sensitivity analysis of variations in the interest rates

In the quarter Income from short-term investments and financial expenses arising from the Company's loans and financing are impacted by changes in interest rates, such as TJLP and CDI.

On June 30, 2015, the Management considered CDI rate at 13.64% and TJLP of 6% as the probable scenario. The probable rate was then adjusted at 25% and 50%, as parameter for possible and remote scenarios, respectively.

The scenarios below were estimated for the period of 1 year:

	Consolidated in reais							
	June 30, 2015	Risk	Probable		Possible (25%)		Remote (50%)	
Operation			%	R$	%	R$	%	R$
Investments (remunerated at 99.37% CDI)	22,505	Low CDI	13.64%	3,050	10.23%	2,288	6.82%	1,525
	22,505			3,050		2,288		1,525
Operation								
Loans – Working capital	(31,100)	High CDI	13.64%	(4,242)	17.05%	(5,303)	20.46%	(6,363)
Loans – Export credit note	(186,208)	High CDI	13.64%	(25,399)	17.05%	(31,748)	20.46%	(38,098)
Loans - Trade 4131 Swap	(35,954)	High CDI	13.64%	(4,904)	17.05%	(6,130)	20.46%	(7,356)
Loans - BNDES	(10.400)	High TJLP	6.00%	(624)	7.50%	(780)	9.00%	(936)
Installment payment	(83,552)	High SELIC	13.75%	(11,488)	17.19%	(14,361)	20.63%	(17,233)
	(347,214)			(46,657)		(58,322)		(69,986)

ii) Sensitivity analysis of variations in the exchange rates

The Company has assets and liabilities linked to foreign currency in the balance sheet as of June 30, 2015 and adopted, for sensitivity analysis purposes, the future market rate in effect during the preparation of these interim financial statements as the probable scenario. The probable rate was then adjusted at 25% and 50%, as parameter for possible and remote scenarios, respectively.
Accordingly, the schedule below simulates the effects of currency fluctuations on income (loss):

Notes to the financial statements

In thousands of reais, unless otherwise indicated

	Consolidated in reais						
	June 30, 2015	Probable		Possible (25%)		Remote (50%)	
		Rate - US$	Gain (loss)	Rate - US$	Gain (loss)	Rate - US$	Gain (loss)
Accounts receivable	42,829	3,300	2,725	4,125	10,707	4,950	21,415
Checking account	1,684	3,300	107	4,125	421	4,950	842
Accounts payable, net of advances	(17,405)	3,300	(1,107)	4,125	(4,351)	4,950	(8,703)
Loans and financing	(138,405)	3,300	(8,806)	4,125	(34,601)	4,950	(69,202)
(-) Swap transaction 109% CDI	46,609	3,300	2,965	4,125	11,652	4,950	23,305
Net exposure	(64,688)	3,300	(4,116)	4,125	(16,172)	4,950	(32,343)

3.2 Capital management

The Management’s objectives in managing its capital are to safeguard its business continuity capacity to offer return to shareholders, besides offering the best cash management maintaining an optimal capital structure to reduce this cost.

The capital is monitored based on the ratio of consolidated financial leverage. That index corresponds to the ratio divided between net debt and total capital. Net debt, in turn, corresponds to total loans and installment payment of tax liabilities less the amount of cash and cash equivalents, receivables with other related credits with related parties and securities. The total capital is calculated through the sum of shareholders' equity, as shown in the consolidated balance sheet, with net debt.

The financial leverage ratios on June 30, 2015 can be summarized as follows:

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Loans and financing	515,502	446,367	516,565	447,368
Installment payment of tax liabilities	82,987	84,187	83,552	84,760
Less: Cash and cash equivalents	(23,791)	(87,803)	(27,133)	(92,383)
Credits with other related parties	(92,332)	(88,893)	(92,332)	(88,893)
Net debt	482,366	353,858	480,652	350,852
Total shareholders' equity	230,986	237,270	231,006	237,280
Total capital	713,352	591,128	711,658	588,132
Financial leverage index (%)	68	60	68	60

Additionally, the Company had a credit facility approved by the Banco do Nordeste do Brasil S/A in the amount of R$ 147,784, the purpose of which is to invest in the new manufacturing unit in the city of Marechal Deodoro, state of Alagoas. In August 2014, the first release occurred, where the Company raised the amount of R$ 29,221, and in January 2015 the second installment was released, as R$ 45,765, with a balance available of R$ 72,798.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

3.3 Financial instruments by category

Shown below is the classification of financial instruments by category on the stated dates:

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Assets, loans and receivables				
Cash and cash equivalents	23,791	87,803	27,133	92,383
Trade accounts receivable	192,137	179,292	210,198	187,918
	215,928	267,095	237,331	280,301
Liabilities, other financial liabilities				
Suppliers	123,931	149,582	142,483	150,373
Accounts payable - Investments	3,607	21,466	3,607	21,466
Loans and financing	515,502	446,367	516,565	447,368
Installment payment of tax liabilities	82,987	84,187	83,552	84,760
	726,027	701,602	746,207	703,967

4 Cash and cash equivalents

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Checking account	2,819	22,329	3,959	24,097
Interest earning bank deposits	20,972	65,474	23,174	68,286
	23,791	87,803	27,133	92,383

Financial investments designated as cash equivalents are shares of investment funds. These funds' average yield in June 2015 was equivalent to 99.37% of the interbank deposit certificate (CDI) rate. The investment can be redeemed at any time without penalties.

On June 30, 2015, from the amount of R$ 2,819 available in a checking account, R$ 1,684 (R$ 19,475 as of December 31, 2014) correspond to the checking account in foreign currency, held in Citibank in New York, which funds were used to pay investments in equipment imported for the Northeast plant.

5 Financial instruments

The tradable derivatives are classified as current assets or liabilities. The total fair value of a hedge derivative is classified as a noncurrent asset or long-term liability if the remaining time for maturity of the hedged item exceeds 12 months, or as a current asset or current liability if the remaining time for maturity of the hedged item is less than 12 months.

The Company has Swap operations, which aim to protect the future payments of loans and financing in the modalities below from U.S. dollar fluctuations and interest rates. These operations are classified as non-current liabilities, as shown below:

In thousands of reais, unless otherwise indicated

- In December 2012, the Company entered into a transaction under the rules of Law no. 4,131 (exporting trading companies) in the amount of R$ 50,000 at the cost of 9.8% per year as a fixed rate, but using the swap for CDI+1.60 per annum and 60 months for payment and a 24-month grace period. Amortizations are on a half-annually basis and start in December 2014.

The restated of such swap transaction value of R$501 was recorded net under "Other" in current liabilities and the amount recognized in income for the quarter ended June 30, 2015 totals losses of R$ 475 (loss of R$ 366 as of December 31,
2014).

- In November 2014, the Company entered into an Exportation Credit operation (NCE) for the amount of US$ 15,000, equal to R$ 37,650 at the cost of 1.65% per annum + LIBOR-03 + foreign exchange fluctuation, per annum, but with a CDI Swap at the rate of 109% a year and payment deadline of 36 months with a 12-month grace period. Amortizations are quarterly, beginning in November 2015.

Adjusted value of this Swap of interest rate transaction was recorded net in caption "Others" OF current liabilities, in the amount of R$1,053, and portion recognized in income for the quarter ended June 30, 2015 totals losses of R$2,756 (gains of R$1,110 as of December 31, 2014).
The Company does not carry out speculative financial transactions with derivatives or any other risk instrument.

6 Trade accounts receivable

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Accounts receivable from third parties:				
Domestic market	149,161	144,640	167,222	153,266
Foreign market	42,829	34,118	42,829	34,118
	191,990	178,758	210,051	187,384
Accounts receivable from related parties				
Entities related to the Management	928	1,634	928	1,634
	928	1,634	928	1,634
Impairment of trade accounts receivable:				
Allowance for doubtful accounts	(686)	(1,026)	(686)	(1,026)
Recomposition of the nominal value to present value	(95)	(74)	(95)	(74)
	(781)	(1,100)	(781)	(1,100)
	192,137	179,292	210,198	187,918

Changes in the provision for allowance for doubtful accounts from accounts receivable are as follow:

	Parent company	Consolidated
December 31, 2014	1,026	1,026
Provision (reversal) of impairment of accounts receivable	(340)	(340)
June 30, 2015	686	686

Management understands that allowance for doubtful accounts is sufficient to cover probable losses in the settlement of accounts receivable considering the situation of each client and respective guarantees offered. Its amount represents the estimate of risk of non-realization of overdue receivables under the analysis of the manager in charge.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

The formation and write-off of the allowance to accounts receivable are recorded in income (loss) as business expenses.

a) breakdown of accounts receivable by maturity age with provisioned and not provisioned classification

	Parent company							
	June 30, 2015	Trade notes falling due not provisioned	Trade notes overdue not provisioned	Allowance for doubtful accounts	December 31, 2014	Trade notes falling due not provisioned	Trade notes overdue not provisioned	Allowance for doubtful accounts
Falling due	182,106	182,106	-	-	169,411	169,411	-	-
Overdue up to 30 days	7,309	-	7,295	14	7,796	-	7,785	11
Overdue, 31–90 days	1,875	-	1,770	105	1,899	-	1,777	122
Overdue, 91–360 days	1,403	-	1,044	359	761	-	348	413
Overdue, > 360 days	225	-	17	208	525	-	45	480
	192,918	182,106	10,126	686	180,392	169,411	9,955	1,026

	Consolidated							
	June 30, 2015	Trade notes falling due not provisioned	Trade notes overdue not provisioned	Allowance for doubtful accounts	December 31, 2014	Trade notes falling due not provisioned	Trade notes overdue not provisioned	Allowance for doubtful accounts
Falling due	199,571	199,571	-	-	177,675	177,675	-	-
Overdue up to 30 days	7,692	-	7,678	14	7,979	-	7,968	11
Overdue, 31–90 days	2,032	-	1,927	105	2,145	-	2,023	122
Overdue, 91–360 days	1,456	-	1,097	359	692	-	279	413
Overdue, > 360 days	228	-	20	208	527	-	47	480
	210,979	199,571	10,722	686	189,018	177,675	10,317	1,026

The Company's receivables constitute a guarantee of some of the loans and financings obtained, as described in note 20. Its sum is calculated based on a percentage of the residual balance of the debt. On June 30, 2015, the total amount of accounts receivable pledged as collateral was R$ 71,254 (R$ 79,126 on December 31, 2014).

7 Inventories

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Finished goods	148,783	158,259	170,451	158,951
Work in process	5,989	5,407	6,473	5,407
Raw materials and consumption materials	15,405	16,150	23,989	16,150
Provision for inventory appraisal at realizable value	(6,002)	(6,675)	(6,002)	(6,675)
Imports in transit	4,583	18,459	4,583	18,459
	168,758	191,600	199,494	192,292

Notes to the financial statements

In thousands of reais, unless otherwise indicated

8 Advances to suppliers

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Domestic market	4,234	3,136	2,476	1,767
Foreign market	101	21	101	21
	4,335	3,157	2,577	1,788

9 Recoverable taxes

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Current				
ICMS (a)	12,877	13,828	16,218	13,828
IPI	1,096	1,023	1,346	1,023
IRPJ/CSLL	-	-	452	452
PIS/COFINS	1,869	-	3,521	-
Other	167	166	376	345
	16,009	15,017	21,913	15,648
Non-current *				
ICMS	4,107	4,070	4,107	4,070
PIS/COFINS	8,982	11,260	8,982	11,260
	13,089	15,330	13,089	15,330

* Taxes recoverable from acquisition of fixed assets.

a) Presumed credit from imported products

Since 2012, the Company uses the Pro-employment benefit (TTD - Different Tax Treatment), which reduces the ICMS - Tax on Goods and Services (expected credit) charged for goods imported through the ports of Santa Catarina State.

Conservatively, Portobello understood that the ICMS expected credit would not apply for resale of imported products when they were sent to companies not paying the ICMS tax, particularly to construction companies and real estate developers.

In 2014, the Company hired a consulting company to perform a review on the ICMS tax, and some possibility was identified to use this credit, including for emergency purposes. Therefore, on June 30, 2015, of the amount of R$12,877 recorded in current assets, R$9,870 refers to recognition of ICMS tax credits mentioned above, net of amounts already used.

10 Credits with other related parties

Between 2001 and 2003, the Company acquired tax credits against the National Treasury from the related party Refinadora Catarinense S.A. ("Refinadora"). These credits result from a Writ of Mandamus claiming the right to reimbursement of IPI premium credit. The Company used such credited for the settlement of federal taxes. As provided for in the contract between the parties, in the event these credits are not validated by the National Treasury, “Refinadora” should refund the Company.

In thousands of reais, unless otherwise indicated

The Federal Supreme Court made a pronouncement in mid-2009 defining the nullifying milestone of this incentive on October 4, 1990, abolishing the pretensions of use of this credit. Given this fact the Company adhered to the payment scheduling provided for in Law no. 11,941/09, then including the debt resulting from the use of the credit acquired from “Refinadora”.

It is emphasized that “Refinadora” had already entered into a contract with the Company guaranteeing the reimbursement of the amounts used. The aforesaid guarantee was provided with credits also originated on the ‘IPI premium credit’ tax benefit, of calculation period prior to October 4, 1990, running in the Federal Courts of the Federal District, with award calculation decision handed down and favorable to Refinadora.

At the time of adhesion to the payment scheduling of Law no. 11,941/09, the Company and “Refinadora” signed an instrument confirming such credits as a guarantee, and as suitable to cover all the tax debts payable in installments. On June 30, 2015, these credits that also originate in proceeding 87.00.00967-9, represent R$ 92,332 (R$ 88,893 on December 31, 2014) and are restated by the SELIC rate, according to the contract.

It should be mentioned that the pledged credits have already become court-ordered debt payment. In fact, the Company received three installments out of a total of 10 annual installments, as provided for in the contract. Receipts occurred in August 2011, March 2013, and April 2014, in the amounts of R$ 8,505, R$ 9,824 and R$ 9,995, respectively.

Refinadora Catarinense S/A was a parent company in the past and currently has shareholders in common, and remains financially liable for the performance of the obligation.

11 Judicial deposits

The Company and its subsidiaries are parties involved in labor, civil and labor lawsuits (see note 24) and are discussing these issues in both the administrative and judicial scopes and, when applicable, said lawsuits are backed by judicial deposits. These are recorded at the original value restated by the indices relating to the basic remuneration of the savings account, TR (reference rate) + 0.5%.

The judicial deposits are presented according to the nature of the corresponding actions:

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Civil (a)	40,313	33,289	40,332	33,307
Labor	9,424	9,347	9,424	9,347
Tax	4,046	3,928	4,046	3,927
	53,783	46,564	53,802	46,581

a) The Company, as a result of an untimely and unilateral decision by supplier SC Gás of canceling discount on contracted gas monthly value, benefit called loyalty program, filed a lawsuit postulating maintenance of said benefit, and an injunction was authorized determining that amounts referring to the discount should be deposited in court. For this reason, balance of civil judicial deposit is approximately R$ 40 million.

In thousands of reais, unless otherwise indicated

12 Receivables - Eletrobrás

The Company filed a lawsuit against Centrais Elétricas Brasileira S/A - Eletrobrás aiming at the reimbursement of the compulsory loan paid through the electricity bills between the years 1977 and 1993, based on Law 4156/62.

On December 16, 2005 this lawsuit was considered to have grounds and in February 2006 the Company organized the execution action. On this occasion, Eletrobrás and the Federal Government challenged the proceeding, recognizing as an uncontroversial part the amount of R$ 6,286 (amounts on March 1, 2008), represented (i) by means of a bank deposit in the amount of R$ 4,964, on April 1, 2008 and (ii) by the transfer of 61,209 class “B” nominative preference shares of Eletrobrás that were sold on August 13, 2008 for R$ 1,597.

The Federal Courts determined that the accounting unit should determine the remaining amount due to the Company. The accounting unit then determined the amount of R$ 12,064 on February 1, 2006. The Company recognized the amount calculated by the court expert investigation and keeps these amounts updated by the INPC (National Consumer Price Index) plus 12% p.a. As of September 30, 2010, the remaining balance was R$ 15,613 before the restatement.

Having submitted the calculation to review, the accounting unit of the Federal Courts presented new amounts, determining as ‘net court award’ the amount of R$ 24,749. In September 2010 the Company recognized the difference between the amounts calculated previously and the current calculation of the accounting unit of the federal courts in the amount of R$ 9,136, recorded under the heading “Other operating income”.

As of August 1, 2014, the office of the accountant of the Federal Court sentenced Eletrobrás to pay an amount assessed by the experts of R$35,395, but with a base date of August 2013. Once it was settled through arbitration, Portobello filed a bill of review against the decision rendered in those case records, requesting that the calculations should be corrected and that criteria to be adopted should be adopted to quantify the amount of the sentence, in view of differences between the parties. Based on this situation, the Company conservatively decided to temporarily interrupt the restatement of the asset, until a new decision is made regarding the value and criteria used in such process.

Amount presented up to June 30, 2015 corresponds to R$48,621. It is worth mentioning that the amount assessed by the experts is based on a base date in August 2013, while the value restated by the Company as mentioned before is restated as of July 2014.

13 Income and social contribution taxes

a) Income and social contribution taxes on net income

Recoverable and payable deferred income and social contribution is broken down as follows:

	Current assets				Current liabilities			
	Parent company		Consolidated		Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Income tax	-	-	406	406	(1,332)	(5,490)	(1,947)	(6,103)
Social contribution	-	-	46	46	(555)	(1,961)	(795)	(2,169)
	-	-	452	452	(1,887)	(7,451)	(2,742)	(8,272)

Taxes are presented net, in assets or liabilities, in case there is a legal right to offset current tax assets and liabilities.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

b) Deferred income and social contribution taxes

The deferred income and social contribution taxes are calculated on the corresponding temporary differences between the calculation basis of tax on assets and liabilities, and book values of Interim financial statements. Such tax rates, currently defined to find the deferred taxes, are of 25% for income tax and 9% for social contribution.
Deferred tax liabilities are recognized inasmuch as it is likely that the future taxable income is available for use to offset temporary differences, based on projections of future income prepared and based on internal assumptions and on future economic scenarios that may, however, be subject to change.

The amounts of deferred income tax and social contribution for the parent company and consolidated are as follow:

	June 30, 2015	December 31, 2014
Assets	17,354	17,133
Timing differences	17,354	17,133
Portobello Private Pension	(1,725)	(1,725)
Provision for adjustment to market value	1,873	2,209
Provision for contingencies	9,246	8,470
Provision for PIS and COFINS with a reduced bases for ICMS	1,999	494
Provision for profit sharing and long-term incentives	6,196	5,284
Other temporary difference - assets	(235)	2,401
Liabilities	(45,904)	(47,317)
Timing differences	(45,904)	(47,317)
Realization of revaluation reserve	(20,018)	(20,326)
Receivables - Eletrobrás	(16,531)	(16,531)
Contingent assets - IPI premium credit - Phase II	(7,230)	(5,231)
Adjustment to present value	(3,518)	(2,803)
Adjustment of depreciation (for the useful life of assets)	(4,931)	(4,742)
Foreign exchange variation at cash basis	6,324	2,316
Deferred income and social contribution taxes, net	(28,550)	(30,184)

The net changes in income tax and social contribution at June 30, 2015 were as follows:

	Parent company and Consolidated
December 31, 2014	(30,184)
Temporary credit differences	221
Temporary liability differences	1,105
Revaluation reserve	308
June 30, 2015	(28,550)

The changes in deferred income tax and social contribution assets and liability balances in the period, not considering the offsetting of balances for the parent company and consolidated is as follow:

Notes to the financial statements

In thousands of reais, unless otherwise indicated

	2nd quarter		Accumulated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Deferred tax asset charged to (recognized in) income				
Provision for adjustment to market value	(314)	71	(336)	324
Provision for contingencies	(305)	478	776	728
Provision for PIS and COFINS with a reduced bases for ICMS	786	-	1,505	-
Provision for profit sharing and long-term incentives	(354)	902	912	392
Other temporary difference - assets	(57)	565	(2,636)	589
	(244)	2,016	221	2,033
Realization of revaluation reserve	155	134	308	267
Receivables - Eletrobrás	-	(794)	-	(1,530)
Contingent assets - IPI premium credit - Phase II	(1,855)	(120)	(1,999)	(235)
Adjustment to present value	(356)	(289)	(715)	(361)
Adjustment of depreciation (for the useful life of assets)	(95)	(91)	(189)	(91)
Foreign exchange variation at cash basis	(187)	45	4,008	(472)
	(2,338)	(1,115)	1,413	(2,422)
	(2,582)	901	1,634	(389)

c) Income and social contribution taxes, income (loss)

Income and social contribution tax expenses are as follow:

Changes in the 2Q15 and 2Q14:

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Income (loss) before tax	21,103	16,022	23,904	18,393
Tax calculated based on rates of local taxes	(7,175)	(5,447)	(8,128)	(6,253)
Income (loss) of subsidiaries by the equity method	(426)	1,550	-	-
Nondeductible expenses for tax purposes	364	170	364	170
Depreciation of revalued assets	(96)	(134)	(96)	(134)
Tax credits on tax losses and temporary differences	2,320	(469)	70	(458)
Current tax on income for the year	(5,013)	(4,330)	(7,790)	(6,675)
Formation of deferred income and social contribution taxes	(1,860)	901	(1,860)	901
Income and social contribution tax expense	(6,873)	(3,429)	(9,650)	(5,774)
Effective rate	32.6%	21.4%	40.4%	31.4%

In thousands of reais, unless otherwise indicated

Changes in the 1Q15 and 1Q14:

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Income (loss) before tax	34,672	35,399	40,694	40,196
Tax calculated based on rates of local taxes	(11,788)	(12,035)	(13,836)	(13,666)
Income (loss) of subsidiaries by the equity method	609	3,185	-	-
Nondeductible expenses for tax purposes	876	363	876	331
Depreciation of revalued assets	(185)	(268)	(185)	(268)
Tax credits on tax losses and temporary differences	(804)	888	(4,118)	990
Current tax on income for the year	(11,292)	(7,867)	(17,263)	(12,613)
Formation of deferred income and social contribution taxes	1,634	(389)	1,634	(389)
Income and social contribution tax expense	(9,658)	(8,256)	(15,629)	(13,002)
Effective rate	27.9%	23.3%	38.4%	32.3%

14 Tax assets

The Company has a lawsuit claiming the recognition of tax benefits entitled 'IPI premium credit', in different calculation periods. Proceeding no. 1987.0000.645-9 referring to the period from April 01, 1981 to April 30, 1985, already having a decision in favor of the Company, is in the award calculation stage with the amounts already determined by the accounting unit of the federal courts. The Company expects to realize this asset in the medium term. Accordingly, in November 2009 the Company recognized the uncontroversial amount that restated up to June 30, 2015 is R$ 16,283 (R$ 15,386 on December 31, 2014).

Lawsuit no. 1984.00.020114-0, filed by Portobello S.A. against the National Treasury, addresses the Company's right to receive tax benefit named IPI premium credit established by Article 1 of Decree-Law no. 491/69 for the period from December 7, 1979 to March 31, 1981, in the form it was previously receiving, thus preventing interference of Administrative Rules no. 960/79, 78/81 and 89/81. Said tax benefit was calculated on sale of manufactured and exported products.
In the last months, procedural situation of this lawsuit was significantly changed. After final decision, which occurred more than 10 years ago, the stage of settlement and verdict execution started, and an appraiser's report conducted by a judicial expert was issued. Parties were cited in relation to 'quantum' determined to express whether report was accepted or rejected. The Company agreed with presented calculation. The Federal Government, represented by the National Treasury Attorney General did not issue an opinion, which was understood as tacit agreement, leading to estoppel. Therefore, lawsuit is concluded and appeals may not be filed. On June 30, 2015, the Company recognized the amount of R$4,983, determined by court expert and, as the Company understands that success in said lawsuit is practically certain, it recorded this tax asset on June 30, 2015.

15 Contingent assets

Contingent assets refer to lawsuit no. 1998.34.00.029022-4 and also address recognition of tax benefits named 'IPI premium credit'. Consequently, proceeding no. 1998.34.00.029022-4 was settled by a judgment made final and unappealable in March 2015. Souza Cescon Barrieu & Flesch law firm, which was asked to assess the value of the lawsuit credits stated, estimated the Company's right against the Brazilian Federal Government as R$ 112,736, based on February 2012. These amounts are not accounted for as they do not meet recognition criteria according to CPC 25 Provisions for contingent liabilities and contingent assets.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

16 Investments

a) Equity in income of subsidiaries and associated companies

The Company is the parent of five businesses and investments are recorded in non-current assets under the heading “Equity in the income of subsidiaries and associated companies” and in liabilities as “Provision for loss on investments”.

	Shareholders' equity	Income (loss) for the year	Ownership interest	December 31, 2014	Exchange variation	Paid-up capital	Equity income (loss)	FACA	June 30, 2015
Provision for loss in investments									
Portobello América Inc. (a)	(63,270)	(41)	100%	(54,130)	(9,099)	-	(41)	-	(63,270)
PBTech Ltda.	(3,004)	1,074	99.94%	(4,076)	-	-	1,073	-	(3,003)
Mineração Portobello Ltda.	(38)	248	99.76%	(287)	-	-	247	-	(40)
Companhia Brasileira de Cerâmica S/A	20,372	(9,709)	98.00%	(66)	-	440	(9,512)	-	(9 . 138)
				(58,559)	(9,099)	440	(8,233)	-	(75,451)
Investments - Interest in subsidiaries									
Portobello Shop S.A.	10,505	10,035	99.90%	480	-	-	10,025	-	10,505
Companhia Brasileira de Cerâmica S/A	-	-	-	-	-	-	-	30,114	30,114
				480	-	-	10,025	30,114	40,619
Total investments in subsidiaries				(58,079)	(9,099)	440	1,792	30,114	(34,832)

(a) As of June 30, 2015, the Company presents provision for loss on investments of the subsidiary Portobello América Inc. in non-current liabilities. Management’s intention is to capitalize the subsidiary’s debt.

The subsidiaries are closely-held companies, where the parent company’s stake in the assets, liabilities and income for the year is as follows:

	Organization Country	Ownership interest	Assets	Liabilities	Income	Income (loss)
December 31, 2014						
Portobello América Inc.	United States	100.00%	281	54,409	-	(90)
PBTech Ltda.	Brazil	99.94%	6,147	10,224	12,381	2,661
Portobello Shop S/A	Brazil	99.90%	17,300	16,820	65,004	18,382
Mineração Portobello Ltda.	Brazil	99.76%	1,408	1,694	3,856	560
Companhia Brasileira de Cerâmica S/A	Brazil	98.00%	162	230	-	(117)
June 30, 2015						
Portobello América Inc.	United States	100.00%	282	63,552	-	(41)
PBTech Ltda.	Brazil	99.94%	9,241	12,245	18,207	1,073
Portobello Shop S/A	Brazil	99.90%	24,347	13,842	31,877	10,025
Mineração Portobello Ltda.	Brazil	99.76%	2,245	2,283	2,722	247
Companhia Brasileira de Cerâmica S/A	Brazil	98.00%	40,546	20,174	7,103	(9,512)

In thousands of reais, unless otherwise indicated

17 Property, plant and equipment

a) Breakdown

		Parent company				Consolidated	
		June 30, 2015			December 31, 2014	June 30, 2015	December 31, 2014
	Annual average depreciation rate	Cost	Accumulated depreciation	Net amount	Net amount	Net amount	Net amount
Land		12,141	-	12,141	12,141	13,062	13,062
Buildings, civil works and improvements	3%	163,819	(25,203)	138,616	100,944	138,192	100,844
Machinery and equipment	15%	429,262	(246,758)	182,504	135,008	182,504	135,008
Furniture and fixtures	10%	8,831	(7,912)	919	1,018	940	1,041
Computers	20%	15,976	(13,367)	2,609	1,861	2,638	1,891
Other fixed assets	20%	208	(173)	35	41	5,417	1,973
Construction in process (a)		98,829	-	98,829	136,438	99,832	138,766
		729,066	(293,413)	435,653	387,451	442,585	392,585

(a) The balance of construction in progress comprises mainly projects for the construction of manufacturing plant in Alagoas and it represents 81% of the total of construction in progress.

In 2010, upon the initial adoption of international CPC standards 37 and IFRS 1, as well as the adoption of CPC 43 and ICPC 10, the Company adopted the option to use the fixed asset revaluation made in 2006 as deemed cost, understanding that the same represented substantially the fair value at the date of transition (see note 29e).

As provided for in Technical Interpretation ICPC 10 of the Committee of Accounting Pronouncements, approved by Deliberation CVM no. 619/09 and effective as of 01/01/09, the Company reviewed and altered the economic useful life of its fixed assets in 2008, based on the Technical Report issued by the Company's engineers, and since then, periodically conducts reviews of rates, and the last change was in 2013.

b) Changes in property, plant and equipment

	Consolidated										
	December 31, 2013	Additions	Transfers	Depre-ciation	Write-offs	December 31, 2014	Additions	Transfers	Depre-ciation	Write-offs	June 30, 2015
Land	12,518	544	-	-	-	13,062	-	-	-	-	13,062
Buildings and improvements	100,075	-	4,815	(4,046)	-	100,844	-	39,913	(2,565)	-	138,192
Machinery and equipment	139,409	971	10,656	(16,028)	-	135,008	201	56,304	(9,009)	-	182,504
Furniture and fixtures	1,045	364	-	(262)	(106)	1,041	8	-	(109)	-	940
Computers	1,747	782	-	(633)	(5)	1,891	1,139	-	(392)	-	2,638
Other fixed assets	540	270	1,173	(10)		1,973	200	3,250	(6)	-	5,417
Construction in process	10,238	145,172	(16,644)	-	-	138,766	60,533	(99,467)	-	-	99,832
	265,572	148,103	-	(20,979)	(111)	392,585	62,081	-	(12,081)	-	442,585

The sums of depreciation were recorded as cost of products sold, business expenses and administrative expenses as follows:

Notes to the financial statements

In thousands of reais, unless otherwise indicated

	Parent company		Consolidated	
	Accumulated			
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cost of goods sold	9,274	9,272	9,274	9,272
Commercial expenses	856	826	1,181	918
Administrative expenses	414	316	420	328
Other	1,206	-	1,206	-
	11,750	10,414	12,081	10,518

18 Intangible assets

a) Breakdown

		Parent company				Consolidated	
		June 30, 2015			December 31, 2014	June 30, 2015	December 31, 2014
	Annual average rate of amortization	Cost	Accumulated amortization	Net amount	Net amount	Net amount	Net amount
Software	20%	14,159	(12,278)	1,881	139	1,881	139
Right to exploration of outcrops	20%	2,015	(1,073)	942	50	1,359	494
Trademarks and patents	-	150	-	150	150	150	150
Goodwill	-	-	-	-	-	7,040	4,240
Software under development	-	3,910	-	3,910	2,803	3,910	2,803
Management system (a)	21%	18,887	(7,369)	11.518	13,495	11.518	13,495
		39,121	(20,720)	18,401	16,637	25,858	21,321

(a) Expenditures with acquisition and implementation of business management systems, represented by the Oracle, WMS and Demantra systems and Inventory Optimization and by the developments carried out in the value chain management process.

b) Changes in intangible assets

	Parent company						
	December 31, 2013	Additions	Amortizations	December 31, 2014	Additions	Amortizations	June 30, 2015
Software	208	-	(69)	139	1,802	(60)	1,881
Right to exploration of outcrops	250	-	(200)	50	1,015	(123)	942
Trademarks and patents	150	-	-	150	-	-	150
Software under development	-	2,803	-	2,803	1,107	-	3,910
Management system	17,450	-	(3,955)	13,495	-	(1,977)	11.518
	18,058	2,803	(4,224)	16,637	3,924	(2,160)	18,401

Notes to the financial statements

In thousands of reais, unless otherwise indicated

	Consolidated							
	December 31, 2013	Additions	Amorti-zations	Write-offs	December 31, 2014	Additions	Amorti-zations	June 30, 2015
Software	208	-	(69)	-	139	1,802	(60)	1,881
Right to exploration of outcrops	746	-	(252)	-	494	1,015	(150)	1,359
Trademarks and patents	150	-	-	-	150	-	-	150
Goodwill	190	4,130	-	(80)	4,240	2,800	-	7,040
Software under development	-	2,803	-	-	2,803	1,107	-	3,910
Management system	17,450	-	(3,955)	-	13,495	-	(1,977)	11.518
	18,744	6,933	(4,276)	(80)	21,321	6,724	(2,187)	25,858

The amounts of amortization were recorded as cost of products sold, business expenses and administrative expenses as follows:

	Parent company		Consolidated	
	Accumulated			
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Cost of goods sold	68	277	95	304
Commercial expenses	1,408	1,408	1,408	1,408
Administrative expenses	684	428	684	427
	2,160	2,113	2,187	2,139

c) Projection for the amortization of intangible assets - Consolidated:

	2015	2016	2017	2018	2019	Total
Software	21	400	400	370	690	1,881
Right to exploration of outcrops	280	449	449	181	-	1,359
Management system	2,016	3,949	3,673	1,880	-	11.518
	2,317	4,798	4,522	2,431	690	14,758

The brands and patents, goodwill and software items under development in the total amount of R$ 11,100 did not undergo amortization due to their undefined useful life. However, they are subject to impairment, as described in main accounting policies disclosed in financial statements for the end of the year.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

19 Suppliers

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Domestic market	108,356	104,210	126,908	105,001
Foreign market	15,846	45,529	15,846	45,529
Breakdown of the nominal value to present value	(271)	(157)	(271)	(157)
Current	123,931	149,582	142,483	150,373
Domestic market (a)	40,311	33,287	40,311	33,287
Non-current	40,311	33,287	40,311	33,287
	164,242	182,869	182,794	183,660

(a) Provision for payment to gas supplier resulting from matter mentioned in note 11

Notes to the financial statements

In thousands of reais, unless otherwise indicated

20 Loans and financing

	Currency	Maturities	Charges		Parent company June 30, 2015	Parent company Dec 31, 2014	Consolidated June 30, 2015	Consolidated Dec 31, 2014
Current								
Working capital (a)	R$	Feb 2016	11.97%	p.a.[1]	31,100	3,447	31,100	3,447
Financial lease (b)	R$	May 2018	11.45%	p.a.[1]	684	476	684	476
Banco do Nordeste S.A (c)	R$	Jun 2025	3.00%	p.a.	7,513	1,468	7,513	1,468
Exim Pre-shipment TJ 462 (d)	R$	Aug 2015	8.00%	p.a.[1]	5,016	30,103	5,016	30,103
BNDES (e)	R$	Mar 2016	9.94%	p.a.[1]	10,400	15,582	10,400	15,582
Law no. 4,131 (f) - (note 5)	R$	Dec 2017	1.60%	p.a + CDI	14,525	14,589	14,525	14,589
NCE (g)	R$	Jan 2018	14.59%	p.a.[1]	62,734	47,237	62,734	47,237
Prepayment (h)	US$	May 2018	4.25%	p.a.[1]+EV+Libor	3,895	3,338	3,895	3,338
PRODEC (i)	R$	Jan 2019	4.00%	p.a.[1]	9,438	7,486	9,438	7,486
FINEP (j)	R$	May 2021	5.74%	p.a.[1]	5,625	5,215	5,625	5,215
DEG (k)	US$	Oct 2021	4.80%	p.a.+EV+Libor	56,461	524	56,461	524
FINAME (l)	R$	Aug 2023	3.00%	p.a.[1]	418	174	418	174
ACC (m)	US$	Dec 2015	1.51%	p.a.+EV	20,490	37,306	20,490	37,306
NCE (n) - (note 5)	US$	Nov 2017	14.87%	p.a.[1]	15,583	5,777	15,583	5,777
FINIMP(o)	US$	Dec 2015	2.16%	p.a.+EV	3,193	_	3,193	_
Total current			10.71%	p.a.[1]	247,075	172,722	247,075	172,722
Total domestic currency					147,453	125,777	147,453	125,777
Total foreign currency					96,429	46,945	96,429	46,945
Non-current								
Working capital (a)	R$	Feb 2016	11.97%	p.a.[1]	_	_	1,063	1,001
Financial lease (b)	R$	May 2018	11.45%	p.a.[1]	1,482	_	1,482	_
Banco do Nordeste S.A (c)	R$	Jun 2025	3.00%	p.a.	67,488	27,760	67,488	27,760
BNDES (e)	R$	Mar 2016	9.94%	p.a.[1]	_	2,083	_	2,083
Law no. 4,131 (f) - (note 5)	R$	Dec 2017	1.60 %	p.a + CDI	21,429	28,571	21,429	28,571
NCE (g)	R$	Jan 2018	14.59%	p.a.[1]	76,865	61,017	76,865	61,017
Prepayment (h)	US$	May 2018	4.25%	p.a.[1]+EV+Libor	7,757	8,301	7,757	8,301
PRODEC (i)	R$	Jan 2019	4.00%	p.a.	35,715	34,738	35,715	34,738
FINEP (j)	R$	May 2021	5.74%	p.a.[1]	23,804	26,794	23,804	26,794
DEG (k)	US$	Oct 2021	4.80%	p.a.+EV+Libor	_	47,812	_	47,812
FINAME (l)	R$	Aug 2023	3.00%	p.a.[1]	2,861	3,186	2,861	3,186
NCE (n) - (note 5)	US$	Nov 2017	14.87%	p.a.[1]	31,026	33,383	31,026	33,383
Total non-current			8.26%	p.a.[1]	268,427	273,645	269,490	274,646
Total domestic currency					229,644	184,149	230,707	185,150
Total foreign currency					38,783	89,496	38,783	89,496
Overall total			9.17%	p.a.[1]	515,502	446,367	516,565	447,368
Total domestic currency					377,097	309,926	378,160	310,927
Total foreign currency					135,212	136,441	135,212	136,441

[1] Weighted average rate
EV - Exchange variation
CDI - Interbank Deposit Certificate
Libor – London Interbank Offer Rate

a) Working Capital – working capital contracts entered into on:
(i) February 2015, in the amount of R$20 million with principal maturing in February 2016, bullet and clean operation as regards guarantees.
(ii) March 2015, in the amount of R$ 10 million, with a due date in September 2015, bullet and clean operation as regards guarantees.

b) Financial Lease – contracts executed in:
(i) July 2012, with HP Hewlett Packard, in the amount of R$450 thousand to be paid in 36 months, and
(ii) May 2015 with SG Equipment Finance S.A., in the amount of R$2.1 million, to be paid in 36 months; The financed assets were pledged as collateral for both contracts.

c) Banco Nordeste S.A. – contract entered into in June 2013, for the amount of R$ 147.7 million. The first part of the financing was released by the Bank in August 2014, an amount of R$ 29.2 million, and the second installment was released in January 2015, in the amount of R$ 45.7 million. The contract matures after 8 years, with a 2-year grace period, where the first principal installment is to be paid in July 2015. For this contract, real estate mortgages and machinery and equipment were given as guarantees.

d) Exim Pre-shipment – contracts entered into on:
(i) August 2013 in the amount of R$30 million to be paid in 12 monthly installments, with first installment maturing in September 2014 and guaranteed by Portobello S.A. receivables in the amount equivalent to 20% of the contract's debt balance; and

e) BNDES (Progeren) – contract entered into:
(i) January 2013, in the amount of R$20 million, with one year grace period and to be paid in 24 monthly successive installments (with no covenants or guarantees); and
(ii) March 2013, R$10 million, also with a grace period of one year and 24 monthly and consecutive installments (with no covenants, but receivables of Portobello S.A., corresponding to 40% of the contract's debt balance, were given in guarantee).

f) Law no. 4,131 (Trade Exporter with Swap for CDI) – contract signed in December 2012, in the amount of R$50 million, to be paid in 60 months with grace period of 24 months. Amortizations are semi-annual and receivables of Portobello S.A in the amount of 50% of the debit balance of the contract were pledged as collateral.

g) NCE (Export Credit Note) - contracts entered into on:
(i) January 2013, in the amount of R$20 million, to be paid in 7 half-annual installments, with first installment maturing in January 2015 (Portobello S.A. receivables were given in guarantee, at an amount equivalent to 50% of the contract's debt balance);
(ii) April 2013 - R$30 million, maturing in five half-annual installments (April, October 2014 and 2015 and April 2016) (guarantees: receivables of Portobello S.A, in the amount of 20% of the debit balance of the contract);
(iii) March 2014, in the amount of R$ 28.3 million, to be paid in 36 monthly installments, with first installment maturing in April 2014 (guarantees: receivables of Portobello S.A, in the amount of 50% of the debit balance of the contract);
(iv) April 2014, in the amount of R$ 15 million, to be paid in 35 monthly installments, with first installment maturing in May 2014 (guarantees: receivables of Portobello S.A, in the amount of 50% of the debit balance of the contract); and
(v) May 2014, in the amount of R$ 15 million, to be paid in 35 monthly installments, with first installment maturing in June 2014 (guarantees: receivables of Portobello S.A, in the amount of 25% of the debit balance of the contract.
(vi) September 2014, R$10 million, with principal maturing in September 2017 (with no covenants, a clean operation regarding guarantees).
(vii) February 2015, in the amount of R$ 50 million, with the principal amount due in February 2016 (guarantees: Portobello S.A.'s receivables, corresponding to 15% on debt balance of the contract.

h) Prepayment – contracts entered into on:
(i) June 2013 in the amount of U$5,000; principal will be paid in 16 installments and interest in 20 quarterly installments, with first installment maturing in September 2013, 100% guaranteed by pledged assets.

i) PRODEC (Programa de Desenvolvimento da Empresa Catarinense) - Santa Catarina State special regime obtained in July 2009. Balance is subject to adjustment to present value and rate used is current working capital average (12.58% p.a.). The deferred amount is 60% of the balance of the tax generated in the month that exceeds R$ 761 (average tax paid in the year 2007 and 2008); with a grace period of 48 months, a term of 120 months and monetary restatement of 4% per annum and changes in the UFIR rate.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

j) FINEP - Financing Agency for Studies and Projects - contract entered into on:
(i) May 2010 in the amount of up to R$30 million, bearing interest of 5% p.a. and to be paid in 80 months, being 20 months of grace period. The first installment, in the amount of R$13 million, was fully released in September 2010, and the second portion, in the amount of R$5,572, was released in December 2012.
(ii) July 2014 in the amount of up to R$57.3 million, bearing interest of 4% p.a. and to be paid in 82 months, being 21 months of grace period. The first installment of R$ 12.6 million was fully released in July 2014.
Both contracts required the presentation of a bank guarantee letter at the cost of 0.95% p.a.

k) DEG - Deutsche Investitions – contract executed in May 2014, in the amount of R$40.3 million and maturing in 12 half-annual installments, with first maturity of principal installment in April 2016. Machinery, equipment and promissory notes were given in guarantee of this contract. This contract has minimum covenant clauses that were not complied with, thus, the full amount is recognized as current liabilities.

l) FINAME (industrial credit note) - contracts executed on:
(i) May 2013 to September 2013, in the amount of R$5.5 million, to be paid in 96 monthly installments and with grace period of 24 months;
(ii January 2014, in the amount of R$ 577 thousand, to be paid in 96 monthly installments and with grace period of 17 months. Financed equipment was given in guarantee.

m) ACC (Advance on exchange contract) – contracts entered into on:
(i) December 2014, in the amount of R$17.5 million and matures in 360 days, bullet e clean operation regarding guarantees.

n) NCE (Export Credit Note in USD with a CDI Swap) – contract entered into in November 2014, in the amount of R$ 39.8 million, maturing after 36 monthly installments, where the first principal installment is due in November 2015. Receivables from Portobello S.A, in the amount of 15% of the debit balance of the contract were pledged as collateral for this contract.

o) Finimp - In June 2015, the Company entered into a Finimp contract, in the amount of R$3.2 million, with average term of 180 days, bullet e clean operation regarding guarantees.

For the other loans granted, real estate mortgages, equipment, receivables of the Parent company (note 6) and of subsidiary (note 41), and additionally, inventories of finished goods were pledged, in the amount of R$ 11,016.

The long-term loans have the following payment schedule:

Notes to the financial statements

In thousands of reais, unless otherwise indicated

	Parent company		Consolidated	
Maturities - July 1	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
2016	63,105	108,351	64,168	109,352
2017	106,898	85,030	106,898	85,030
2018	36,664	29,432	36,664	29,432
2019 to 2025	61,760	50,832	61,760	50,832
	268,427	273,645	269,490	274,646

The carrying amounts and the fair values of loans presented in the following currencies:

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Reais	377,097	309,926	378,160	310,927
US Dollars	138,405	136,441	138,405	136,441
	515,502	446,367	516,565	447,368

Current loans' fair values do not present significant differences in relation to their book values, as book values are recorded at amortized cost and adjusted on a pro rata basis.

Financial lease obligations with the parent company and consolidated are as follows:

Financial leases	June 30, 2015	December 31, 2014
Gross obligations (minimum payments)		
< 1 year	856	856
Total	856	856
Charges from future financing	1,310	(380)
Present value of the obligations	2,166	476
Present value of the obligations		
< 1 year	684	476
More than one year and less than 5 years	1,482	-
Total	2,166	476

21 Installment payment of tax liabilities

	Application for installment payments		Parent company		Consolidated	
Tax liabilities	Date	Installments falling due	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
LAW no. 11,941/09 (a)	Nov 2009	115	82,987	84,187	83,552	84,760

In thousands of reais, unless otherwise indicated

The payment schedule is as follows:

	Parent company		Consolidated	
Maturity	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
2015	4,170	8,300	4,201	8,358
2016–2023 (*)	71,384	68,728	71,864	69,192
2024	7,433	7,159	7,487	7,210
	82,987	84,187	83,552	84,760
Current	8,632	8,300	8,693	8,358
Non-current	74,355	75,887	74,859	76,402

(*) From 2016 to 2023, the annual installments will be R$ 8,923 and R$ 8,591 for the Parent Company and R$ 8,983 and R$ 8,649 for Consolidated.

a) Law no. 11,941/09 (REFIS - Fiscal Recovery Program)

In May 2011 and June 2011, the Company concluded the process of consolidation of installments established by Law no. 11,941/09, which began with the participation in the Tax Recovery Program in November 2009.

Between such participation and the Consolidation, the Company made the payment of minimum installment of R$ 395 as allowed by law. During this period, more precisely in the consolidation, decisions were made that reflected a positive economic adjustment of R$ 3,013, including R$ 3,613 with impact on other operating income and R$ 600 in financial expense. The main reflection occurred in virtue of the non-confirmation of migration of non-deferred debts in the installments of PM 470 to the installments of Law no. 11,941/09 (see note 22).

After consolidation, the Company undertakes to pay the monthly installments of R$ 734 with no delays exceeding three months, as well as withdrew from lawsuits and waive any claim of rights upon which such suits are based, under penalty of immediate termination of the installment, and consequent loss of the benefits introduced by Law no. 11,941/09. These waivers of lawsuits against assessments do not affect the continuation of the ongoing processes in Court, referred to in note 14 and 15.

22 Tax debts - Law no. 12,249/10 (PM 470 and PM 472)

In November 2009, the Company enrolled in the installment program established by Provisional Measure 470 (regarding the improper use of IPI premium credits) with the Federal Revenue Service (SRF) and the General Attorney's Office of the National Treasury (PGFN) In this participation, aside from the installments, there is a reduction of burdens and the Company can utilize tax credits arising from tax losses until 2008, for payment of debts.

Upon conversion of this Provisional Measure into Law (Law no. 12,249/10), in June 2010 the use of tax credits arising from tax losses existing as of December 31, 2009 was authorized. The Company used this benefit and recorded R$ 3,252 in 2Q10 considering the paid installments.

The National Treasury Attorney General's Office (PGFN) partially rejected the request in June 2010, claiming the need to withdraw from lawsuits challenging the credit, and exposed that the “undue use” had not been addressed. The Company has expressed its position in order to request the withdrawal/waiver only of lawsuits that challenged the tax assessments received from the SRF. However, the PGFN in Santa Catarina understood that such withdrawal/waiver should be extended to the declaratory actions aimed at recognizing the IPI Premium Credit, referred to in notes 14 and 15. The Company's Legal Department is taking appropriate measures against the decision of the PGFN for the purpose of removing the demand of withdrawal/waiver of the aforementioned declaratory actions as the proof of "undue use", manifestly recognized by the Federal Revenue Service of Brazil in the reporting unit. This procedure deliberated by Company Management is supported by an opinion issued by the office of Demarest Almeida, which argues that, for the debts included in the installments of Law 12.249/10, withdrawal from the aforementioned declaratory actions is not enforceable, unlike the provisions of Law no. 11,941/09. Thus, it argues that it's practically certain to reverse this situation by pursuing the various judicial instances to remove the grounds for rejection based on merit. As clarification, injunction filed to claim court homologation for payment in installments was rejected in the lower court. TRF of the 4th region partially approved the appeal. The Company maintains the proceeding of reversing remaining court dispute in the Higher Court of Justice.

In thousands of reais, unless otherwise indicated

In the remote event that PGFN's decision is maintained through the last legal level, the impact on the Company's results would be a loss of R$ 19,158 at June 30, 2015, considering the non-acknowledgment of the debt, the loss of the benefits and the maintenance of the debits as contingent liabilities. This possible tax liability will be offset by the credits arising from lawsuit 1998.34.00.029022-4, as mentioned in note 15.

23 Taxes, rates and contributions

As of June 30, 2015, taxes, rates, and contributions recorded in current liabilities were classified as follows:

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
IRRF	1,268	1,747	1,614	1,997
ICMS	6,763	6,176	7,680	6,166
PIS/COFINS	-	169	798	739
Other	283	366	447	535
	8,314	8,458	10,539	9,437

24 Provision for contingencies

The Company and its subsidiaries are parties in lawsuits involving tax, civil and labor claims, and tax administrative proceedings. Supported by the opinion of its legal advisors, Company Management believes that the balance of reserves is sufficient to cover the spending required to settle the obligations.

The opening balance of the reserves can be presented as follows:

In thousands of reais, unless otherwise indicated

Sum provisioned	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Civil	6,856	6,321	6,940	6,388
Labor	18,976	17,322	18,976	17,322
Tax	8,541	4,020	8,541	4,020
	34,373	27,663	34,457	27,730
Current	19,970	17,925	20,014	17,966
Non-current	14,403	9,738	14,443	9,764

Contingencies classified in current assets derive from court analysis and their realization is expected in less than 12 months.

The provisions are measured at the estimate of the expenditures that shall be necessary to settle the obligation. And the civil and labor-related lawsuits are assessed individually by the Company's legal advisors, who classify them according to the expectations of success of the suits. Statement of changes in provisions:

	Parent company			Total
	Civil	Labor	Tax	
December 31, 2014	6,321	17,322	4,020	27,663
Debited (credited) to the statement of income:	631	2,082	4,521	7,234
Additional provisions	193	694	4,331	5,218
Reversals for non-use	(30)	(127)	_	(157)
Monetary restatement (Note 34)	468	1,515	190	2,173
Reversals by realization	(96)	(428)	_	(524)
June 30, 2015	6,856	18,976	8,541	34,373

	Consolidated			
	Civil	Labor	Tax	Total
December 31, 2014	6,388	17,322	4,020	27,730
Debited (credited) to the statement of income:	666	2,082	4,521	7,269
Additional provisions	223	694	4,331	5,248
Reversals for non-use	(30)	(127)	_	(157)
Monetary restatement (Note 34)	473	1,515	190	2,178
Reversals by realization	(114)	(428)	_	(542)
June 30, 2015	6,940	18,976	8,541	34,457

Comments on civil, labor and tax lawsuits:

Civil

The Company and its subsidiaries are defendants in 191 lawsuits (185 lawsuits on December 31, 2014), in the scope of the Common Courts and Special Civil Courts. Most of the lawsuits are filed by clients and are aimed at compensation for alleged moral and material damages. Judicial deposits were made when applicable (Note 11).

Labor

The Company and its subsidiary Portobello Shop S.A. are defendants in 390 labor complaints (378 complaints on December 31, 2014), filed by former employees and third parties. Claims refer mainly to health hazard premium, matter that has already been decided in the TRT (regional labor court) of the 12th Region in favor of the Company. Other claims refer to the payment of severance pay, additional pay, overtime, salary equalization and compensation for moral and material damages arising from occupational accidents/diseases. Provisions are reviewed by company Management in accordance with the Company's legal consultants. Some lawsuits are supported by judicial deposits (note 11).

Also part of the provisions for labor-related suits are tax notification on social security contributions payable by the Company on the remunerations paid to the insured persons, contribution to the financing of benefits on the grounds of working incapacity, and contributions earmarked for third parties (INCRA and SEBRAE), plus late-payment interest and penalty.

Tax

a) INSS on Cooperatives

These are lawsuits filed by the Company (injunction) against the National Institute of Social Security, which demanded the payment of social security contributions set forth in Article 22, item IV of Law no. 8,212/91 as amended by Law no. 9,879/99.

The Company asserts that in the exercise of its activities, it engages cooperatives in various work areas, which provide specialized services, thus subjecting it to the payment of the contribution, but it is understood that there is no constitutional provision for such collection, since this goes against the principles of legality, equality and protection for cooperatives, based on this it seeks preliminary injunction in order that its right not to be subject to the payment of social security contributions be declared, as well as making compensation of amounts unduly paid for such purposes. On June 30, 2015, the balance of provision totals R$ 2,661 (R$ 2,567 on December 31, 2014).

Federal Supreme Court stated, in papers of Extraordinary Appeal no. 595,838 and through General Repercussion, that Article 22, item IV of Law no. 8.212/91 , is unconstitutional. Therefore, decision was reviewed and Federal Regional Court of the 3rd Region, in papers of Civil Appeal no. 2002.61.00.009723-6 and Federal Regional Court of the 4th Region, in papers of Civil Appeal no. 2002.72.00004159-5 followed position stated by the Federal Supreme Court (STF) so as to accept Appeal Resources confirming that Article 22, item IV of Law no. 8,212/91 is unconstitutional.

On March 27, 2015, in Civil Appeal no. 2002.72.00004159-5, ruling was decided and lawsuit was sent to origin to wait for acceptance that will lead to issuance of permit to survey amounts in escrow deposits. Regarding Civil Appeal no. 2002.61.00.009723-6, lawsuit is waiting for certification of final decision.

b) Exclusion of ICMS rate excluded from calculation basis of PIS and COFINS

The Company filed a petition for a writ of mandamus with aims to change the calculation base for the PIS (Social Integration Program) and the COFINS (Social Security Financing Contribution) taxes upon the exclusion of the ICMS tax. The Federal Court of Santa Catarina rendered a merit judgment in favor of removal of the said ICMS calculation base, and the amount as of June 30, 2015 is R$ 5.879.

The balance of provisions for tax contingencies are adjusted by the variation in the SELIC rate in the period.

Notes to the financial statements

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25 Lawsuits with possible loss

It is understood that, in addition to provisions recognized in financial statements and classified as probable losses, there are other civil and labor lawsuits that were classified as possible losses. In accordance with evaluation of risks deriving from said lawsuits, the Company, based on its legal advisors' opinion, estimates contingent liability amounts as follows:

	Parent company		Consolidated	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Civil	2,197	2,109	2,441	2,353
Labor	12,538	11,840	12,538	11,840
	14,735	13,949	14,979	14,193

a) Administrative Proceeding no. 10983.721445/2014-78

On December 08, 2014, Portobello S/A was notified about Tax Assessment Notices that formed tax credits for the IRPJ (Corporate Income Tax) and CSLL (Social Contribution on Net Income) taxes (as well as monetary penalties and interest), for the calendar years from 2009 to 2013. As claimed by the Tax Authorities, Portobello would have allegedly committed the following infractions: (a) in 2009, it would have allegedly: (a.1) improperly excluded taxable income from tax benefits; (a.2) deducted unnecessary expenses related to principal amounts of tax debits (IPI, PIS, and COFINS taxes) involved in the income (loss) for the prior years; (a.3) excluded non-deductible amounts concerning principal amounts of IRPJ and CSLL taxes; (a.4) improperly excluded amounts related to principal amounts contained in temporary additions and that had been involved in the income (loss) for the prior years; and (a.5) less non-deductible expenses related to ex-officio fine; (b) in the years of 2010, 2011, and 2012, it would have allegedly: (b.1) tax losses and negative CSLL bases offset with amounts higher than those assessed; and (b.2) failed to pay IRPJ and CSLL amounts assessed through a monthly estimate, resulting in a fine being assessed in an isolated manner; and (c) in 2013, would have allegedly offset negative CSLL bases with amounts higher than those determined. On January 06, 2015, Portobello submitted an Objection against said entries, challenging all the infractions assigned to it, so ever since then (January 06, 2015) it is waiting for a decision on said Opposition, which, according to the Company's legal advisors, is most likely to be granted, causing the Notice of Infraction to be canceled; in view of that, the Company deems that the possibility of loss is remote and has chosen not to enter the amount of R$ 73 million as potential liabilities.

26 Accounts payable - Investments

The Company has a balance of R$ 3,607 (R$21,466 as of December 31, 2014) under current liabilities, which is connected with the investments being made for the construction of a manufacturing plant in Alagoas. This balance was classified under suppliers, but due to its nature was reassigned to a specific account.

27 Employee benefits

27.1 Private pension plan

The Company and its subsidiaries, since 1997, have sponsored a benefit plan called Portobello Prev, administered by BB Previdência - Banco do Brasil Pension Fund, and has 35 participants. The plan has a defined contribution characteristic, but offers minimal retirement benefit for length of service or age.

The defined benefit liability is annually calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation was determined by discounting estimated future cash outlays, using interest rate yields prevailing in the market for the currency in which benefits will be paid, and having maturity periods similar to those in the related pension plan obligation. The calculation is made by a qualified actuary and when it results in a benefit for the Company, the asset to be recognized is limited to the total of any unrecognized prior service costs and the present value of the economic benefits available as future plan refunds or reduction in the future payments. Actuarial asset value is R$5,075, and main actuarial assumptions used were as follows:

In thousands of reais, unless otherwise indicated

	Parent company
	June 30, 2015 and 2014
Economic assumptions	
Discount rate	6% p.a. (real)
Estimated rate of return for assets	6% p.a. (real)
Future salary increases	2% p.a. (real) up to 47 years
Growth of private pension	
Benefits and limits	2% p.a. (real) as of 48 years
Inflation	Disregarded
Capacity factor	
Salaries	100%
Benefits	100%
Demographic assumptions	
Mortality Table	AT 83
Mortality table of individuals with permanent disability	Exp. IAPC
Table of new disability benefit vested	Hunter and Álvaro Vindas

27.2 Employee benefit expenses

a) Expenses incurred in the 2Q15 and 2Q14:

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Remuneration	30,341	27,912	36,771	29,903
Benefits				
Pension plan	269	240	201	255
FGTS	2,476	2,402	3,226	2,600
Other	3,736	3,254	4,260	3,368
Total	36,822	33,808	44,458	36,126

In thousands of reais, unless otherwise indicated

b) Expenses incurred in the 1H15 and 1H14:

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Remuneration	57,845	51,421	67,151	55,095
Benefits				
Pension plan	538	469	487	502
FGTS	4,756	4,323	5,787	4,731
Other	7,287	5,997	8,045	6,207
Total	70,426	62,210	81,470	66,535

28 Long-term incentive

Faced with the prospect of creating business value, the long-term incentive (LTI) was established and approved by the Company's Board of Directors on May 10, 2012. This consists of a meritocracy program that aims to attract, retain and recognize the performance of professionals working at the Company, to align the interests of Company executives to those of its shareholders, and to stimulate the professionals to remain at their jobs.

Directors and managers with above-average performance ratings are eligible for the LTI, pursuant to the Company's internal policies on performance assessment, and by signing a contract of adhesion become participants in the program.

The adhesion contract defines the number of securities that each participant will receive. The securities are figuratively called "reference shares" and are not traded in the OTC market. The "appreciation" of the securities is calculated annually by the performance of EBITDA[1] and the ratio between EBITDA and net debt[2].

Payment will be made in three annual installments (2015, 2016, 2017 for the 2012 plan) with two-year deferment at the beginning of the period (2013 and 2014). Settlement will be completed after five years of initial recognition (2017) and the Company will make the payment at an amount proportional to amounts calculated using the plan's metrics.

The first group of participants adhered in 2012; three of these participants have already requested payment of 2015 installment, the others postponed receipt to 2016.

On June 30, 2015, present value of this obligation is R$11,310 in parent company and R$12,117 in consolidated (R$9,565 in parent company and R$10,249 in consolidated as of December 31, 2014).

[1] income before interest and net financial expenses, taxes, depreciation and amortization
[2] loans and financing plus installment payment of tax liabilities with discount of cash and cash equivalents, as well as securities.

29 Shareholders' equity

a) Capital

As of June 30, 2014, the Company has a capital subscribed and paid in the amount of R$ 99,565 (R$ 76,565 on December 31, 2014) comprising 158,488,517 common shares, nominative and with no par value.

Each common share carries one vote at the General Meetings, according to the rights and privileges established by law and the statutes for the respective kind.

The Company is authorized to increase the share capital up to 1,000,000,000 (one billion) new common shares, nominative and without par value, totaling a capital stock represented by 1,158,488,517 shares, and the issuance of preferred shares or certificates of participation.

As of June 30, 2015 there were 72,769,371 outstanding shares, equivalent to 45.91% of total shares issued (72,819,371 on December 31, 2014, equivalent to 45.95% of the total). The balance of outstanding shares is comprised of all securities available for trading on the market, excluding those held by controlling shareholders, members of the Board of Directors and Company Officers.

On May 28, 2015, the Company filed a waiver request with CVM to (i) maintain in treasury a number of shares that is higher than 10% of outstanding shares, and (ii) repurchase shares it issued at a price higher than market value for the purpose of conducting a voluntary public offering for acquisition of shares ("OPA for repurchase"). The purpose of this OPA for Repurchase is to efficiently invest funds available so as to maximize value generation to shareholder by assigning the Company's capital, as the Company understands that shares it issued are under-valuated and their effective value is not reflected. Further information is available in Relevant Fact sent to the market on May 27, 2015.

b) Legal reserve

The legal reserve is set up annually by the allocation of 5% of net income for the year, and may not exceed 20% of the Company's capital. The purpose of the legal reserve is to guarantee that the capital stock is paid up and it is used solely to offset accumulated losses and increase capital. As of June 30, 2015, the balance of legal reserve amounts to R$ 12,481 (the same as of December 31, 2014), as provided for by article 193 of the Corporation Law.

c) Profit retention reserve

The amount of R$ 86,070 refers to the business growth project established in the Company's investment plan, approved in the Annual Shareholders' Meeting on April 30, 2014, and in accordance with according to capital budget proposal, in conformity with Article 196 of the Brazilian Corporate Law.

d) Profit reserves to be allocated

In General Shareholders' Meeting held on April 30, 2015, the Company's management proposed and approved the allotment of reserve in accordance with Article 199 of Law no. 6,404/76 (Brazilian Corporate Law).

e) Equity evaluation adjustment - Deemed cost

In 2010, upon the initial adoption of international CPC standards 37 and IFRS 1, as well as the adoption of CPC 43 and ICPC 10, the Company adopted the option to use the fixed asset revaluation made in 2006 as deemed cost, understanding that the same represented substantially the fair value at the date of transition.

It was formed as a result of the revaluation of land, buildings and improvements, supported by an appraisal report prepared by an independent appraisal company, which determined the values of re-appraised assets, as well as established the new period of remaining useful life, which became the new base for depreciation to the net book value of such assets.

In thousands of reais, unless otherwise indicated

It is being realized according to the depreciation of re-appraised buildings and improvements recorded against retained earnings. The same effect of realization of the asset appraisal adjustment is reflected in P/L for the period, by the depreciation of the re-appraised assets.

The balance of the adjustment to company assets, net of deferred taxes, amounted to R$ 38,858 on June 30, 2015 (R$ 39,457 on December 31, 2014), the expense of depreciation of the re-appraisal, in the quarter ended June 30, 2015, was R$ 299 (R$ 393 on June 30, 2014), and the balance of deferred income tax and social contributions adjustments to equity evaluation recorded in non-current liabilities is R$ 20,018 (R$ 20,326 on December 31, 2014), see note 13(b).

30 Income

The reconciliation of gross revenue to net revenue, presented in the income statement for the quarter ending June 30, 2015, is as follows.

b) Income incurred in the 2H15 and 2H14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Gross income from sales	299,076	280,499	328,744	298,173
Deductions from gross income	(64,422)	(63,209)	(69,436)	(65,129)
Sales tax	(55,046)	(55,241)	(59,310)	(57,143)
Returns	(9,376)	(7,968)	(10,126)	(7,986)
Net sales	234,654	217,290	259,308	233,044
Domestic market	201,864	197,252	226,385	210,556
Foreign market	32,790	20,038	32,923	22,488

b) Income incurred in the 1H15 and 1H14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Gross income from sales	583,465	526,120	633,975	560,253
Deductions from gross income	(125,416)	(116,925)	(133,311)	(120,669)
Sales tax	(109,590)	(102,275)	(116,402)	(105,962)
Returns	(15,826)	(14,650)	(16,909)	(14,707)
Net sales	458,049	409,195	500,664	439,584
Domestic market	397,269	369,155	438,115	395,503
Foreign market	60,780	40,040	62,549	44,081

31 Expenses per type

The cost of goods sold, selling expenses and administrative expenses for the quarter ended June 30, 2015 are as follow:

Notes to the financial statements

In thousands of reais, unless otherwise indicated

a) Expenses incurred in the 2Q15 and 2Q14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Changes in inventories of finished products and work in process (a)	(1,911)	(13,672)	(14,124)	(13,672)
Direct production costs (raw materials and inputs)	78,561	77,818	87,342	76,893
General production expenses (including maintenance)	11,868	10,370	12.483	10,370
Cost of goods resold	34,415	42,864	38,672	43,248
Transportation of goods sold	1,601	999	1,601	999
Salaries, charges and benefits to employees	41,378	38,231	50,207	41,009
Third-party labor and services	7,143	8,805	8,578	10,892
Amortization and depreciation	6,360	6,019	6,579	6,097
Rentals and operating leases	1,903	2,550	3,785	2,701
Sales commissions	5,890	5,361	6,282	5,413
Marketing and advertising expenses	2,748	2,544	5,409	5,047
Other commercial expenses	8,713	7,006	11,156	8,267
Other administrative expenses	1,661	1,349	1,747	1,362
Total	200,330	190,244	219,717	198,626

(a) The changes in inventories of finished products and work in process is the difference between the cost of goods produced and the cost of goods sold (COGS), and could result in a negative balance due to the write-off of COGS related to products that were produced in prior periods which were included in the inventories account.

b) Expenses incurred in the 1H15 and 1H14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Changes in inventories of finished products and work in process (a)	(8,774)	(36,597)	(20,985)	(36,597)
Direct production costs (raw materials and inputs)	152,949	152,128	160,335	150,225
General production expenses (including maintenance)	22,847	19,565	23,462	19,565
Cost of goods resold	77,612	86,344	82,700	87,146
Transportation of goods sold	2,795	1,742	2,795	1,742
Salaries, charges and benefits to employees	79,301	70,487	92,283	75,694
Third-party labor and services	14,769	13,674	17,037	17,624
Amortization and depreciation	12,704	12,256	13,063	12,386
Rentals and operating leases	3,885	4,983	6,558	5,282
Sales commissions	11,501	10,534	12,187	10,638
Marketing and advertising expenses	3,999	4,342	8,096	8,617
Other commercial expenses	17,362	14,311	21,641	16,329
Other administrative expenses	2,957	2,299	3,095	2,363
Total	393,907	356,068	422,267	371,014

(a) The changes in inventories of finished products and work in process is the difference between the cost of goods produced and the cost of goods sold (COGS), and could result in a negative balance due to the write-off of COGS related to products that were produced in prior periods which were included in the inventories account.

In thousands of reais, unless otherwise indicated

32 Other operating income and (expenses), net

a) Expenses incurred in the 2Q15 and 2Q14

Other individual and consolidated operating income and expenses for the quarter ended June 31, 2015 are as follow:

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Other operating income				
Income from services	14	263	14	157
Loan - accounts receivable	-	498	-	498
IPI premium credit tax asset (note 14)	4,983	-	4,983	-
Other income	51	233	55	238
Total	5,048	994	5,052	893
Other operating expenses				
Provision for contingencies (Note 24)	(413)	(1,072)	(413)	(1,080)
Provision for long-term incentive (note 28)	(944)	(1,106)	(1,053)	(1,200)
Provision for profit sharing (a)	(3,241)	(1,721)	(4,087)	(1,822)
Pre-operating expenses – Alagoas Plant	(70)	(1,532)	(2,708)	(1,532)
Other expenses	(76)	(75)	(209)	(157)
Total	(4,744)	(5,506)	(8,470)	(5,791)
Net total	304	(4,512)	(3,418)	(4,898)

(a) Recognition of provision for profit sharing, to be paid to the employees after the end of the year.

b) Expenses incurred in the 1H15 and 1H14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Other operating income				
Income from services	50	795	47	314
Loan - accounts receivable	-	498	-	498
IPI premium credit tax asset (note 14)	4,983	-	4,983	-
Other income	180	384	188	392
Total	5,213	1,677	5,218	1,204
Other operating expenses				
Provision for contingencies (Note 24)	(905)	(1,414)	(947)	(1,432)
Provision for long-term incentive (note 28)	(1,746)	(2,212)	(1,984)	(2,400)
Provision for profit sharing (a)	(5,828)	(4,747)	(7,115)	(5,136)
Pre-operating expenses – Alagoas Plant	(1,523)	(2,266)	(6,310)	(2,266)
Other expenses	(295)	(293)	(392)	(379)
Total	(10,297)	(10,932)	(16,748)	(11,613)
Net total	(5,084)	(9,255)	(11,530)	(10,409)

(a) Recognition of provision for profit sharing, to be paid to the employees after the end of the year.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

33 Other gains (losses), net

Operating net foreign exchange variation recorded under caption "other net gains (losses) - parent company and consolidated for the quarter ended June 30, 2015 and 2014 corresponds, respectively, to loss of R$ 4,364 and loss of R$ 2,909, in this order. In the six-month period ended June 30, 2015, it presented gains of R$3,947 and in the six-month period of 2014, presented losses amounting to R$5,196.

34 Financial income (loss)

The individual and consolidated financial income for the quarter ended June 30, 2015 is as follows:

a) Expenses incurred in the 2Q15 and 2Q14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Financial income				
Interest	2,431	1,140	2,622	1,210
Restatement of assets	2,277	4,205	2,277	4,205
Result of Swap transaction (a)	2,443	-	2,443	-
Other	90	277	150	335
Total	7,241	5,622	7,492	5,750
Financial expenses				
Interest	(9,563)	(7,308)	(9,642)	(7,426)
Finance charges on taxes	(1,657)	(2,075)	(1,670)	(2,086)
Decomposition of discount of provisions for contingencies (note 24)	(1,164)	(795)	(1,168)	(798)
Commissions and service fees	(576)	(1,770)	(716)	(1,796)
Negative goodwill/bank expenses	(226)	(2,109)	(226)	(2,109)
Result of Swap transaction (a)	(5,673)	-	(5,673)	-
Other	(8)	(816)	(19)	(843)
Total	(18,867)	(14,873)	(19,114)	(15,058)
Net exchange variation				
Loans and financing	3,717	1,090	3,717	1,090
Total	3,717	1,090	3,717	1,090
Net total	(7,909)	(8,161)	(7,905)	(8,218)

(a) Provision for the result from Swap operations, as detailed in note 5.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

b) Expenses incurred in the 1H15 and 1H14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Financial income				
Interest	5,318	2,149	5,673	2,298
Restatement of assets	4,750	8,406	4,750	8,406
Result of Swap transaction (a)	10,283	-	10,283	-
Other	271	422	356	487
Total	20,622	10,977	21,062	11,191
Financial expenses				
Interest	(17,548)	(13,561)	(17,683)	(13,781)
Finance charges on taxes	(3,251)	(4,203)	(3,276)	(4,232)
Decomposition of discount of provisions for contingencies (note 24)	(2,172)	(1,529)	(2,179)	(1,534)
Commissions and service fees	(1,304)	(1,770)	(1,556)	(1,796)
Negative goodwill/bank expenses	(348)	(2,109)	(348)	(2,109)
Result of Swap transaction (a)	(6,593)	-	(6,593)	-
Other	(2,722)	(1,972)	(2,738)	(2,031)
Total	(33,938)	(25,144)	(34,373)	(25,483)
Net exchange variation				
Loans and financing	(16,809)	1,523	(16,809)	1,523
Total	(16,809)	1,523	(16,809)	1,523
Net total	(30,125)	(12,644)	(30,120)	(12,769)

(a) Provision for the result from Swap operations, as detailed in note 5.

35 Income from discontinued operations

In August 2010, the Board of Directors approved discontinuance of subsidiary Portobello América operating activities. The asset demobilization and main assets and liabilities of this unit, for the quarter ended June 30, 2015, are cash and cash equivalents of R$ 282 (R$281 as of December 31, 2014), debts with related parties of R$ 63,552 (R$54,490 as of December 31, 2014), and negative shareholders' equity of R$ 63,270 (R$54,128 as of December 31, 2014).

The results of discontinued operations are presented on a consolidated basis, therefore, aside from the results of the subsidiary Portobello América, Inc., (note 16), considers the portion of the Parent Company's operations in the discontinued operations.

36 Earnings per share

a) Basic

In accordance with the CPC 41 (Earnings per share), the basic profit per share is calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of common shares issued in the period, excluding common shares purchased by the Company and maintained as treasury shares.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

Income (loss) for the 2Q15 and 2Q14:

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Profit attributable to shareholders of the Company	14.230	12,593	14.230	12,593
Weighted average number of common shares	158,489	158,489	158,489	158,489
Basic earnings per share	0.09	0.08	0.09	0.08
Income from continued operations	14.230	12,593	14,248	12,614
Income from discontinued operation	-	-	(18)	(21)
Weighted average number of common shares	158,489	158,489	158,489	158,489
Result from discontinued operations per share	0.08979	0.07946	0.08990	0.07959
Result from discontinued operations per share	-	-	(0.00011)	(0.00013)

Income (loss) for 1H15 and 1H14:

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Profit attributable to shareholders of the Company	25,014	27,143	25,014	27,143
Weighted average number of common shares	158,489	159,009	158,489	159,009
Basic earnings per share	0.16	0.17	0.16	0.17
Income from continued operations	25,014	27,143	25,054	27,184
Income from discontinued operation	-	-	(40)	(41)
Weighted average number of common shares	158,489	158,489	158,489	158,489
Result from discontinued operations per share	0.15783	0.17126	0.15808	0.17152
Result from discontinued operations per share	-	-	(0.00025)	(0.00026)

The consolidated profit attributable to shareholders does not include the non-controlling interest. The same criteria was used for net income (loss) of continued and discontinued operations.

b) Diluted

Diluted earnings per share is equal to basic, as the Company's common shares have no diluting factors.

37 Dividends

On April 30, 2015, the Annual Shareholders' Meeting approved the payment of additional dividends in the amount of R$22,198. Therefore, total amount distributed in 2014 was R$44,396, which corresponds to 50% of adjusted net income for 2014, being R$38,686 thousand the balance of payment made in June 15, 2015 to shareholders.

38 Information per business segment

Management defined the operating areas based on reports employed to make strategic decisions, reviewed by Executive Board.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

The Executive Board carries out its business analysis, segmenting it from the perspective of the markets in which it operates: Domestic (Domestic market - Brazil) and Exports (Foreign market- Other countries).

The income generated by the operating segments is derived exclusively from the manufacture and sale of ceramic tiles used in the construction industry.

The Executive Board assesses the performance of the operational segments based on the measurement of operating income (income before net interest and income taxes - EBIT) and does not take into account the assets for analysis of the performance of the segments, since the Company's assets are not segregated.

Information per business segment, reviewed by the Executive Board:

a) Income (loss) for the 2Q15 and 2Q14:

	June 30, 2015			As of June 30, 2014		
Continued operations	Brazil	Other countries	Total	Brazil	Other countries	Total
Income	226,385	32,923	259,308	210,556	22,488	233,044
Cost of goods sold	(140,450)	(20,425)	(160,875)	(132,560)	(14,246)	(146,806)
Gross operating income	85,935	12,498	98,433	77,996	8,242	86,238
Operating income (expenses), net	(58,165)	(8,459)	(66,624)	(53,873)	(5,754)	(59,627)
Sales, general and administrative	(51,371)	(7,471)	(58,842)	(46,819)	(5,001)	(51,820)
Other operating income (expenses), net	(2,984)	(434)	(3,418)	(4,425)	(473)	(4,898)
Other gains (losses), net	(3,810)	(554)	(4,364)	(2,629)	(280)	(2,909)
Operating income (loss) before financial income (loss)	27,770	4,039	31,809	24,123	2,488	26,611
% on ROL	12%	12%	12%	11%	11%	11%

b) Income (loss) for the 1H15 and 1H14:

	June 30, 2015			June 30, 2014		
Continued operations	Brazil	Other countries	Total	Brazil	Other countries	Total
Income	438,115	62,549	500,664	395,503	44,081	439,584
Cost of goods sold	(272,782)	(38,258)	(311,040)	(247,617)	(28,896)	(276,513)
Gross operating income	165,333	24,291	189,624	147,886	15,185	163,071
Operating income (expenses), net	(104,196)	(14,614)	(118,810)	(98,600)	(11,506)	(110,106)
Sales, general and administrative	(97,546)	(13,681)	(111,227)	(84,626)	(9,875)	(94,501)
Other operating income (expenses), net	(10,112)	(1,418)	(11,530)	(9,321)	(1,088)	(10,409)
Other gains (losses), net	3,462	485	3,947	(4,653)	(543)	(5,196)
Operating income (loss) before financial income (loss)	61,137	9,677	70,814	49,286	3,679	52,965
% on ROL	14%	15%	14%	12%	8%	12%

The Company has no clients that individually represent more than 10% of net sales.

39 Commitments

a) Commitments for the acquisition of assets

Expenditures contracted on the balance sheet date but not yet incurred referring to Property, plant and equipment on June 30, 2015 totaled R$ 681.

Notes to the financial statements

In thousands of reais, unless otherwise indicated

b) Commitment with operational lease

Operational leases refer to acquisition of vehicles. Non-cancellable future minimum payments, on June 30, 2015 and December 31, 2014, amount to R$ 725 and R$ 1.168, respectively, for less than one year. For more than one year and less than five years, R$ 608 and R$367, respectively.

40 Insurance coverage

Current insurance coverage is considered sufficient by Management to cover possible claims. As of June 30, 2015, coverage for fire, ray and explosion of any nature was R$84,000, for windstorm and smoke with impact of vehicles, R$25,000, for loss of profit, R$51,115, and for electric damage, riots and civil liabilities, R$5,600. Policy is valid from April 14, 2015 to April 13, 2016.

The Company also has Civil Liability Insurance for Management (D&O), contracted from Itaú Seguros Soluções Corporativas S/A to cover losses and damages to third parties resulting from actions related to the exercise of their functions and attributions, up to the amount of R$ 10 million, with validity from August 26, 2014 to August 26, 2015.

In addition, the Company contracted a policy from Fairfax Brasil to guarantee labor claim no. 0234100-60.1998.5.05.0015 totaling R$33,548, effective from June 24, 2014 to June 24, 2017.

41 Related companies and parties

Products and raw materials purchase and sale and service contracting transactions, as well as loans and fund raising financial transactions between the Parent company and subsidiaries were realized as detailed below.

Nature	Transactions with subsidiaries and associated companies	June 30, 2015	December 31, 2014
Assets			
Dividends receivable	Portobello Shop S.A.	4,182	9,472
Accounts receivable	Portobello América, Inc.	63,523	54,383
Accounts receivable	PBTech Com. Serv. Cer. Ltda.	5,256	5,947
Loans	PBTech Com. Serv. Cer. Ltda.	-	1,092
Amounts receivable	Portobello Shop S.A.	-	3
Receivables from subsidiaries - Non-current		68,779	61,425
Credits with other related parties	Refinadora Catarinense S.A.	92,332	88,893
Liabilities			
Dividends paid in advance	Portobello Shop S.A.	-	6,461
Other transactions			
Advances to suppliers	Mineração Portobello Ltda.	1,782	1,451
Accounts receivable - net of advances	Solução Cerâmica Com. Ltda.	259	44
Accounts receivable - net of advances	Flooring Revest. Cer. Ltda.	669	293
Rent	Gomes Part. Societárias Ltda.	(30)	-
		2,680	1,788

Notes to the financial statements

In thousands of reais, unless otherwise indicated

		2nd quarter		Accumulated	
Nature	Transactions with subsidiaries and associated companies	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Income					
Rendering of services	Portobello Shop S.A.	-	1,497	-	2,994
Sale of products	Solução Cerâmica Com. Ltda.	5,326	5,073	10,111	9,427
Sale of products	Flooring Revest. Cer. Ltda.	2,589	2,104	4,514	4,285
Sale of products	PBTech Com. Serv. Cer. Ltda.	4,538	907	8,264	1,593
Expenses					
Cost of services rendered	Portobello Shop S.A.	-	(1,395)	-	(2,519)
Purchase of products	Mineração Portobello Ltda.	1,334	(926)	(2,728)	(1,904)
Rent	Gomes Participações Societárias Ltda.	(146)	(101)	(260)	(206)
		10,973	7,159	19,901	13,670

The subsidiary Portobello Shop is guarantor of the Company in certain financing operations (see Note 20).

<u>Related party transactions</u>

Portobello Shop presents accounts receivable and income from services related to royalties of four franchises that are related parties. One subsidiary of the Company and two of its related companies comprise the network of franchises. Transactions:

					2nd quarter		Accumulated	
Transactions with subsidiaries and associated companies	Nature	June 30, 2015	December 31, 2014	Nature	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	Assets			Income				
Solução Cerâmica Com. Ltda.	Accounts receivable	462	353	Royalties	1,337	896	2,534	2,035
Flooring Revest. Cer. Ltda.	Accounts receivable	260	149	Royalties	687	546	1,203	1,121
		722	502		2,024	1,442	3,737	3,156

<u>Remuneration of key management personnel</u>

The remuneration of the key management personnel, comprising members of the Executive Board, Board of Directors, Fiscal Council and Management for the quarter ended June 30, 2015 and 2014 are:

Notes to the financial statements

In thousands of reais, unless otherwise indicated

a) Expenses incurred in the 2Q15 and 2Q14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Fixed Compensation				
Salaries	2,374	2,441	2,920	2,919
Fees	1,098	953	1,098	953
Variable compensation	3,133	359	3,694	446
Direct and indirect short-term benefits				
Pension plan	205	189	210	201
Other	338	346	409	413
Termination benefits	-	226	332	336
	7,148	4,514	8,663	5,268

b) Expenses incurred in the 1H15 and 1H14

	Parent company		Consolidated	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
Fixed Compensation				
Salaries	4,960	4,785	5,979	5,732
Fees	2,176	1,879	2,176	1,879
Variable compensation	3,488	4,509	4,115	4,851
Direct and indirect short-term benefits				
Pension plan	422	372	439	398
Other	692	658	827	787
Termination benefits	51	226	383	336
	11,789	12,429	13,919	13,983

42 Supplementary information to the cash flow

Main transactions that did not involve cash and cash equivalents in the quarter ended June 30, 2015 were as follows:

	Parent company	Consolidated
Capital increase	23,000	23,000
Suppliers of fixed assets	(17,859)	(17,859)
AFAC (advance for future capital increase) subsidiary Companhia Brasileira de Cerâmica	12,704	-

Opinions and Statements / Special Review Report - Unqualified

Report on the review of quarterly information - ITR

To the Board Members, Directors and Shareholders of

Portobello S.A.

Tijucas – SC
Introduction

We have reviewed the interim, individual and consolidated interim financial information of Portobello S.A. ("Company"), contained in the Quarterly Information - ITR Form for the quarter ended June 30, 2015, which comprises the balance sheet as of June 30, 2015 and related statements of income, of comprehensive income for the 3 and 6-months period then ended, of changes in shareholders' equity and of cash flows for the quarter then ended, including the explanatory notes.

Management is responsible for the preparation of the individual interim accounting information in accordance with Technical Pronouncement CPC 21(R1) - Interim Statement and of the consolidated interim accounting information in accordance with CPC 21 (R1) and with IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board - IASB, as well as for the presentation of this information in a manner consistent with the standards issued by the Securities Commission, applicable to the preparation of the Quarterly Information - ITR. Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of the review

Our review was carried out in accordance with the Brazilian and international review standards for interim information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim information consists in asking questions, chiefly to the persons in charge of financial and accounting affairs, and in applying analytical procedures and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual interim information

Based on our review, we are not aware of any facts that would lead us to believe that the individual interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21(R1) applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Conclusion on the consolidated interim information

Based on our review, we are not aware of any facts that would lead us to believe that the consolidated interim accounting information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34, issued by IASB, applicable to the preparation of Quarterly Information - ITR, and presented in a manner consistent with the standards issued by the Securities Commission.

Other issues

Statements of added value

We also reviewed the individual and Consolidated value-added statements for the six-month period ended on June 30, 2015, prepared by the Company's management, whose presentation in the interim information is required according to the standards issued by the CVM - Securities and Exchange Commission, applicable to the preparation of Quarterly Information - ITR and considered supplementary information by the IFRS, which do not require the presentation of the SVA. These statements were subjected to the review procedures previously described and, based on our review, we are not aware of any other event that make us believe that those were not prepared, in all material respects, in accordance with the individual and consolidated interim financial information taken as a whole.

Florianópolis, August 5, 2015

KPMG Auditores Independentes

CRC SC-000071/F-8

Claudio Henrique Damasceno Reis

Accountant CRC SC-024494/O-1

Opinions and Statements / Statement of the Executive Officers on the Financial Statements

Statement of the Executive Officers on the Financial Statements and Review Report

Special on Independent Auditors

Pursuant to CVM Instruction No. 480/09, item I of Article 28, in compliance with items V and VI of Article 25 of this Instruction, the management of Portobello S.A. declares that:

(i) reviewed, discussed and agreed with the Company's quarterly information for the quarter ended June 30, 2015, and

(ii) reviewed, discussed and agreed with the opinions expressed in the KPMG Independent Auditors' Report relating to the Company's Quarterly Information for the quarter ended June 30, 2015.

Composition of the Executive Board

Cesar Gomes Júnior – CEO

Cláudio Ávila da Silva – Director Vice-presidente

John Shojiro Suzuki – CEO and Investor Relations Officer

Mauro do Valle Pereira – Director

Tijucas, August 07, 2015.

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Cesar Gomes Júnior

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Cláudio Ávila da Silva

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John Shojiro Suzuki

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Mauro do Valle Pereira

Opinions and Statements / Statement of the Executive Officers on the Independent auditors' report

Statement of the Executive Officers on the Financial Statements and Review Report

Special on Independent Auditors

Pursuant to CVM Instruction No. 480/09, item I of Article 28, in compliance with items V and VI of Article 25 of this Instruction, the management of Portobello S.A. declares that:

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(ii) reviewed, discussed and agreed with the opinions expressed in the KPMG Independent Auditors' Report relating to the Company's Quarterly Information for the quarter ended June 30, 2015.

Composition of the Executive Board

Cesar Gomes Júnior – CEO

Cláudio Ávila da Silva – Director Vice-presidente

John Shojiro Suzuki – CEO and Investor Relations Officer

Mauro do Valle Pereira – Director

Tijucas, August 07, 2015.

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Cesar Gomes Júnior

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Cláudio Ávila da Silva

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John Shojiro Suzuki

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Mauro do Valle Pereira