Individual and Consolidated Financial Statements

International Meal Company Alimentação S.A. and Subsidiaries

December 31, 2016

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Information From Company / Paid-up Capital

Number of shares (Units)	Current Quarter 12/31/2016
Paid-in Capital	
Common	166,531,600
Preferred	0
Total	**166,531,600**
Treasury shares	
Common	4,500,000
Preferred	0
Total	**4,500,000**

Individual FSs / Statements of Financial Positions - Assets

Financial Statements in Thousands of Reais

Account Code	Description of Account	Current Period 12/31/2016	Previous Period 12/31/2015
1	Total Assets	1,149,581	1,394,754
1.01	Total Current Assets	54,492	526,230
1.01.01	Cash and Cash Equivalents	14,673	233,996
1.01.03	Trade receivables	16,932	22,976
1.01.04	Inventories	4,363	5,626
1.01.06	Taxes recoverable	15,404	10,661
1.01.07	Prepaid Expenses	2,424	975
1.01.08	Other Current Assets	696	251,996
1.01.08.02	Assets classified as held for sale	-	251,387
1.01.08.03	Other current assets	696	609
1.01.08.03.01	Other assets and advances	518	524
1.01.08.03.02	Derivatives – “Swap”	178	85
1.02	Total Noncurrent Assets	1,095,089	868,524
1.02.01	Assets Realizable over the Long Term	24,572	32,921
1.02.01.01	Short-term investments	589	1,000
1.02.01.08	Receivables from Related Parties	12,473	21,592
1.02.01.09	Other Noncurrent Assets	11,510	10,329
1.02.01.09.03	Escrow Deposits	4,335	2,345
1.02.01.09.05	Other Noncurrent Assets	7,175	5,840
1.03.01.09.06	Derivatives – “Swap”	-	2,144
1.02.02	Investments	891,940	625,150
1.02.03	Property, Plant and Equipment	32,501	34,867
1.02.04	Intangible assets	146,076	175,586

Individual FSs / Statements of Financial Positions - Liabilities

Financial Statements in Thousands of Reais

Account Code	Description of Account	Current Period 12/31/2016	Previous Period 12/31/2015
2	Liabilities and equity	1,149,581	1,394,754
2.01	Current liabilities	68,945	48,947
2.01.01	Payroll and related taxes	18,365	18,368
2.01.02	Trade Payables	27,550	13,300
2.01.03	Taxes payable	9,518	1,060
2.01.04	Borrowings	11,495	1,029
2.01.05	Other Obligations	2,017	15,190
2.01.05.02	Others	2,017	15,190
2.01.05.02.04	Deferred revenue	2,017	3,186
2.01.05.02.06	Installment payment of acquisitions of companies	-	892
2.01.05.02.07	Installment payment of rights over points of sales	-	10,188
2.01.05.02.08	Other Current Liabilities	-	924
2.02	Total Noncurrent Liabilities	49,982	153,678
2.02.01	Borrowings	451	13,899
2.02.02	Other Obligations	16,793	109,266
2.02.02.01	Payable to related parties	16,793	66,819
2.02.02.02	Others	-	42,447
2.02.02.02.04	Installment payment of rights over points of sales	-	42,447
2.02.03	Deferred Taxes	23,922	23,726
2.02.03.01	Deferred income tax and social contribution	23,922	23,726
2.02.04	Provisions	7,253	4,446
2.02.04.01	Provisions For Labor, Civil and Tax Risks	7,253	4,446
2.02.06	Deferred revenue	1,563	2,341
2.02.06.02	Deferred revenue	1,563	2,341
2.03	Equity	1,030,654	1,192,129
2.03.01	Issued capital	924,614	908,256
2.03.02	Capital Reserve	228,161	214,406
2.03.05	Accumulated losses	-104,097	-27,667
2.03.08	Other Comprehensive Income	-18,024	97,134

Individual FSs / Statements of profit or loss

Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
3.01	Net Revenue	165,810	200,211
3.02	Cost of sales and Services	-128,444	-156,864
3.03	Gross Profit	37,366	43,347
3.04	Operating Income (Expenses)	-141,839	-147,966
3.04.01	Selling and operating expenses	-34,524	-38,827
3.04.01.01	Selling and operating expenses	-34,524	-38,827
3.04.02	General and Administrative Expenses	-51,792	-60,283
3.04.02.01	General and Administrative Expenses	-35,691	-42,560
3.04.02.02	Depreciation and amortization	-16,101	-17,723
3.04.03	Impairment of Assets	-6,532	-19,363
3.04.04	Other Operating Income	2,343	7,340
3.04.05	Other Operating Expenses	-15,762	-5,441
3.04.06	Share of profit (loss) of investees	-35,572	-31,392
3.05	Operating Profit (Loss) Before Finance Income (Costs) and Income Tax and Social Contribution	-104,473	-104,619
3.06	Financial Income (Costs), Net	22,622	-14,742
3.07	Loss Before Income Tax and Social Contribution	-81,851	-119,361
3.08	Income Tax and Social Contribution	1,449	15,051
3.09	Profit (loss) for the period from continuing operations	-80,402	-104,310
3.10	Profit for the period from discontinued operations	3,972	5,409
3.10.01	Profit for the period from discontinued operations	3,972	5,409
3.11	Profit (Loss) in the Period	-76,430	-98,901
3.99	Earnings (loss) per share – R$		
3.99.01	Basic Earnings per Share		
3.99.01.01	ON	-0,46580	-0,82617
3.99.02	Diluted Earnings per Share		
3.99.02.01	ON	-0,46580	-0,82617

Individual FSs / Statements of Comprehensive Income

Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
4.01	Profit (loss) for the period	-76,430	-98,901
4.02	Translation adjustments in the statement of financial position of foreign subsidiaries	-115,158	95,099
4.02.01	Exchange differences on translating foreign operations	-115,158	22,662
4.02.02	Exchange differences on translating foreign operations (Discontinued Operations)	-	72,437
4.03	Total Comprehensive income (loss) for the period	-191,588	-3,802

Individual FSs / Statements of Cash Flows - Indirect Method
Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
6.01	Net cash provided by (used in) operating activities	-53,970	-19,232
6.01.01	Cash Provided by Operating Activities	-11,279	-43,292
6.01.01.01	Loss for the period from continuing operations	-80,402	-104,310
6.01.01.02	Depreciation and Amortization	22,986	26,013
6.01.01.03	Deferred revenue and discounts	-2,447	-1,881
6.01.01.04	Provision for (reversal of) labor, civil and tax risks	3,662	1,418
6.01.01.05	Income tax and social contribution	-1,449	-15,051
6.01.01.06	Interest on Borrowings	1,704	1,972
6.01.01.07	Interest on Acquisition of Companies and Rights Over Point of Sales	2,301	3,020
6.01.01.08	Write-off of Property, Plant and Equipment and Intangible Assets	17,132	113
6.01.01.09	Share of profit (loss) of investees	35,572	31,392
6.01.01.10	Several Provisions and Others	-3,507	-12,085
6.01.01.11	Impairment of property, plant and equipment and intangible assets (utilization)	-16,495	-
6.01.01.12	Impairment of property, plant and equipment and intangible assets (provision)	6,532	19,363
6.01.01.13	Share-based payment	2,323	3,047
6.01.01.14	Exchange gains (losses)	809	3,697
6.01.02	Changes in Operating Assets and Liabilities	-34,704	30,910
6.01.02.01	Trade receivables	6,818	-1,224
6.01.02.02	Inventories	1,263	3,927
6.01.02.03	Taxes recoverable	-1,513	-2,553
6.01.02.04	Prepaid Expenses	-3,538	1,884
6.01.02.05	Trade Payables	16,572	89
6.01.02.06	Related Parties	-40,848	29,275
6.01.02.07	Fees and sales agreements	499	1,366
6.01.02.08	Other Assets and Liabilities	-13,957	-1,854
6.01.03	Others	-7,987	-6,850
6.01.03.01	Income tax and social contribution paid	-6,135	-
6.01.03.02	Interest paid on borrowings	-1,686	-2,056
6.01.03.03	Interest paid on acquisitions of companies and rights over points of sales	-166	-4,794
6.02	Net Cash Used in Investing Activities	-192,199	-35,937
6.02.01	Acquisition of Companies, net of cash	-1,000	-15,116
6.02.02	Additions to intangible assets, net of balance payable in installments	-33,150	-8,236
6.02.03	Additions to property, plant and equipment, net of balance payable in installments.	-9,091	-12,585
6.02.03	Dividends received	37,555	-
6.02.08	Capital increase in subsidiaries	-186,513	-
6.03	Net Cash Provided By (Used in) Financing Activities	26,846	283,280

Individual FSs / Statements of Cash Flows - Indirect Method
Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
6.03.02	Payment of borrowings	-944	-10,804
6.03.03	New borrowings	-	12,272
6.03.05	Capital increase	46,807	281,812
6.03.09	Purchase of treasury shares	-19,017	-
6.05	Net change in the period	-219,323	228,111
6.05.01	Cash and Cash Equivalents at the beginning of the period	233,996	5,885
6.05.02	Cash and Cash Equivalents at the end of period	14,673	233,996

Individual FSs / Statements of Changes in Equity 01/01/2016 to 12/31/2016

Financial Statements in Thousands of Reais

Account Code	Description of Account	Capital	Capital Reserves. Options Granted and Shares in Treasury	Earnings Reserves	Retained Earnings (Profits or Losses Accumulated)	Other Comprehensive Income	Total Equity
5.01	Initial Balances	908,256	214,406	-	-27,667	97,134	1,192,129
5.03	Initial Adjusted Balances	908,256	214,406	-	-27,667	97,134	1,192,129
5.04	Capital increase	16,783	13,755	-	-	-	30,113
5.04.01	Capital Increase	11,596	34,786	-	-	-	46,382
5.04.04	Treasury shares acquired	-	-19,017	-	-	-	-19,017
5.04.08	Stock option plan	-	2,323	-	-	-	2,323
5.04.09	Transfer of treasury shares from share capital to capital reserve	4,762	-4,762	-	-	-	-
5.04.10	Capital increase through exercise of stock options	-	425	-	-	-	425
5.05	Total Comprehensive Income (loss)	-	-	-	-76,430	-115,158	-191,588
5.05.01	Profit in the Period	-	-	-	-76,430	-	-76,430
5.05.02	Other comprehensive income (loss)	-	-	-	-	-115,158	-115,158
5.05.02.05	Translation adjustments in the statement of financial position of foreign subsidiaries	-	-	-	-	-32,998	-32,998
5.05.02.08	Write-off of translation adjustments in the statement of financial position of discontinued operations	-	-	-	-	-82,160	-82,160
5.07	End Balances	924,614	228,161	-	-104,097	-18,024	1,1030,654

Individual FSs / Statements of Changes in Shareholders' Equity 01/01/2015 to 12/31/2015

Financial Statements in Thousands of Reais

Account Code	Description of Account	Capital	Capital Reserves, Options Granted and Shares in Treasury	Earnings Reserves	Retained Earnings (Accumulated Profits or Losses)	Other Comprehensive Income	Total Equity
5.01	Initial Balances	837,803	-	71,234	-	2,035	911,072
5.03	Initial Adjusted Balances	837,803	-	71,234	-	2,035	911,072
5.04	Capital Transactions with the Partners	70,453	214,406	-	-	-	284,859
5.04.01	Capital Increase	70,453	214,406	-	-	-	281,812
5.04.03	Granted options recognized	-	3,047	-	-	-	3,047
5.05	Total Comprehensive Income (loss)	-	-	-	-98,901	95,099	-3,802
5.05.01	Profit in the Period	-	-	-	-98,901	-	-98,901
5.05.02	Other comprehensive income (loss)	-	-	-	-	95,099	95,099
5.05.02.06	Translation adjustments in the statement of financial position of foreign subsidiaries	-	-	-	-	95,099	95,099
5.06	Internal Changes of Equity	-	-	-71,234	71,234	-	-
5.06.01	Reservation constitution	-	-	-71,234	71,234	-	-
5.07	End Balances	908,256	214,406	-	-27,667	97,134	1,192,129

Individual FSs / Statements of Value Added

Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
7.01	Revenues	187,331	230,973
7.01.01	Sales of Goods, Products and Services	185,059	223,678
7.01.02	Other Revenues	2,343	7,340
7.01.04	Allowance for Doubtful Debts	-71	-45
7.02	Input Acquired from Third Parties	-57,366	-80,893
7.02.01	Cost of Sales and Services	-50,712	-60,525
7.02.02	Materials, Electric power, outside services and others	-27,798	-20,368
7.02.04	Others	21,144	-
7.03	Gross Value Added	129,965	150,080
7.04	Retentions	-29,518	-45,376
7.04.01	Depreciation, Amortization	-22,986	-26,013
7.04.02	Others	-6,532	-19,363
7.04.02.01	Impairment of Intangible Assets	-6,532	-19,363
7.05	Wealth Created by the Company	100,447	104,704
7.06	Wealth Received In Transfer	-6,088	-19,434
7.06.01	Share of profit (loss) of investees	-35,572	-31,392
7.06.02	Finance Income	30,293	15,655
7.06.03	Others	-809	-3,697
7.06.03.01	Exchange rate changes	-809	-3,697
7.07	Total Wealth For Distribution	94,359	85,270
7.08	Wealth Distributed	94,359	85,270
7.08.01	Personnel	130,955	127,816
7.08.01.01	Payroll and Related Taxes	113,666	118,134
7.08.01.04	Others	17,289	9,682
7.08.01.04.01	Management Fees	14,966	6,635
7.08.01.04.02	Share-based payment	2,323	3,047
7.08.02	Taxes, Fees and Contributions	17,104	9,571
7.08.03	Lenders and Lessors	22,730	52,193
7.08.03.01	Interest	4,005	26,700
7.08.03.02	Royalties	18,423	24,810
7.08.03.03	Rentals	302	683
7.08.04	Shareholders	-76,430	-104,310
7.08.04.03	Retained Earnings (Accumulated Losses) for The Period	-76,430	-104,310

Consolidated FSs / Statements of Financial Positions - Assets

Financial Statements in Thousands of Reais

Account Code	Description of Account	Current Period 12/31/2016	Previous Period 12/31/2015
1	Total Assets	1,503,408	2,224,963
1.01	Current Assets	348,983	963,601
1.01.01	Cash and Cash Equivalents	190,108	289,390
1.01.03	Trade Receivable	70,567	70,586
1.01.04	Inventories	34,101	40,857
1.01.06	Taxes Recoverable	33,995	30,297
1.01.07	Prepaid Expenses	5,782	6,128
1.01.08	Other Current Assets	13,430	526,343
1.01.08.02	Assets Classified as Held for Sale	-	511,492
1.01.08.03	Others Current Assets	13,430	14,851
1.01.08.03.01	Other assets and advances	8,261	1,994
1.01.08.03.02	Derivatives – “Swap”	5,169	12,857
1.02	Total Noncurrent Assets	1,154,425	1,261,362
1.02.01	Assets Realizable over the Long Term	36,053	43,233
1.02.01.01	Short-term investments	589	3,320
1.02.01.06	Deferred Income Tax and Social Contribution	626	720
1.02.01.09	Other Noncurrent Assets	34,838	39,193
1.02.01.09.03	Escrow Deposits	13,992	9,854
1.02.01.09.05	Other Noncurrent Assets	19,447	11,083
1.03.01.09.06	Derivatives – “Swap”	1,399	18,256
1.02.02	Investments	29,169	40,009
1.02.03	Property, Plant and Equipment	252,429	281,654
1.02.04	Intangible assets	836,774	896,466

Consolidated FSs / Statements of Financial Positions - Liabilities

Financial Statements in Thousands of Reais

Account Code	Description of Account	Current Period 12/31/2016	Previous Period 12/31/2015
2	Liabilities and equity	1,503,408	2,224,963
2.01	Current liabilities	248,593	573,193
2.01.01	Payroll and related taxes	63,976	49,624
2.01.02	Trade Payables	85,815	75,582
2.01.03	Taxes payable	15,858	10,479
2.01.04	Borrowings	52,987	96,864
2.01.05	Other Obligations	29,957	80,539
2.01.05.02	Others	29,957	80,539
2.01.05.02.04	Deferred revenue	5,007	10,031
2.01.05.02.06	Installment payment of acquisitions of companies	5,786	37,604
2.01.05.02.07	Installment payment of rights over points of sales	3,024	10,188
2.01.05.02.08	Other Current Liabilities	16,140	22,716
2.01.07	Liabilities Directly Related to Assets Held for Sale	-	260,105
2.02	Total Noncurrent Liabilities	214,019	447,642
2.02.01	Borrowings	76,292	263,457
2.02.02	Other Obligations	39,108	114,822
2.02.02.02	Others	39,108	114,822
2.02.02.02.03	Installment Payment of Business Acquisitions	28,021	62,565
2.02.02.02.04	Installment Payment of Rights Over Points of Sales	-	42,447
2.02.02.02.05	Other Noncurrent Liabilities	11,087	9,810
2.02.03	Deferred Taxes	62,569	47,858
2.02.03.01	Deferred Income Tax and Social Contribution	62,569	47,858
2.02.04	Provisions	26,997	13,596
2.02.04.01	Provisions For Labor, Civil and Tax Risks	26,997	13,596
2.02.06	Deferred revenue	9,053	7,909
2.02.06.02	Deferred revenue	9,053	7,909
2.03	Equity	1,040,796	1,204,128
2.03.01	Issued Capital	924,614	908,256
2.03.02	Capital Reserve	228,161	214,406
2.03.05	Accumulated losses	-104,097	-27,667
2.03.08	Other Comprehensive Income	-18,024	97,134
2.03.09	Non-Controlling Interest	10,142	11,999

Consolidated FSs / Statements of Profit or Loss

Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
3.01	Net Revenue	1,1540,638	1,615,058
3.02	Cost of Sales and Services	-1,068,226	-1,137,266
3.03	Gross Profit	472,412	477,792
3.04	Operating Income (Expenses)	-521,486	-546,627
3.04.01	Selling and Operating Expenses	-337,334	-338,430
3.04.01.01	Selling and Operating Expenses	-337,334	-338,340
3.04.02	General and Administrative Expenses	-146,846	-155,606
3.04.02.01	General and Administrative Expenses	-111,238	-109,543
3.04.02.02	Depreciation and amortization	-35,608	-46,063
3.04.03	Impairment of Assets	-27,753	-35,881
3.04.04	Other Operating Income	15,012	23,060
3.04.05	Other Operating Expenses	-30,444	-44,780
3.04.06	Share of Profit (Loss) of Investees	5,879	5,010
3.05	Operating Profit (Loss) Before Finance Income (Cost) and Income Tax and Social Contribution	-49,074	-68,835
3.06	Finance Income (costs), Net	-15,349	-59,781
3.07	Loss Before Income Tax and Social Contribution	-64,423	-128,616
3.08	Income Tax and Social Contribution	-15,979	24,306
3.09	Profit (loss) for the Period from Continuing Operations	-80,402	-104,310
3.10	Profit for the period from Discontinued Operations	3,972	5,409
3.11	Profit (Loss) in the Period	-76,430	-98,901
3.11.01	Owners of the Company	-76,430	-98,901
3.99	Earnings (loss) per Share – R$		
3.99.01	Basic Earnings per Share		
3.99.01.01	ON	-0,46580	-0,82617
3.99.02	Diluted Earnings per Share		
3.99.02.01	ON	-0,46580	-0,82617

Individual FSs / Statements of Comprehensive Income

Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
4.01	Profit (loss) for the period	-76,430	-98,901
4.02	Other comprehensive income (loss) Translation adjustments in the statement of financial position of foreign subsidiaries	-117,193	95,099
4.02.01	Exchange differences on translating foreign operations	-117,193	22,662
4.02.02	Exchange differences on translating foreign operations (Discontinued Operations)	-	72,437
4.03	Total Comprehensive income (loss) for the period	-193,623	-3,802
4.03.01	Owners of the Company	-191,588	3,802
4.03.02	Non – Controlling interests	-2,035	-

Consolidated FSs / Statements of Cash Flow - Indirect Method
Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
6.01	Net cash provided by (used in) operating activities	75,554	41,463
6.01.01	Cash Provided by Operating Activities	98,185	67,833
6.01.01.01	Loss for the period from continuing operations	-80,402	-104,310
6.01.01.02	Depreciation and Amortization	93,272	105,898
6.01.01.03	Deferred revenue and discounts	-5,578	-6,098
6.01.01.04	Provision for (reversal of) labor, civil and tax risks	10,822	7,289
6.01.01.05	Income tax and social contribution	15,979	-24,306
6.01.01.06	Interest on Borrowings	18,885	34,823
6.01.01.07	Interest on Acquisition of Companies and Rights Over Point of Sales	4,514	13,110
6.01.01.08	Write-off of Property, Plant and Equipment and Intangible Assets	35,371	9,806
6.01.01.09	Share of profit (loss) of investees	-8,057	-7,293
6.01.01.10	Several Provisions and Others	-8,964	-6,095
6.01.01.11	Impairment of property, plant and equipment and intangible assets (provision)	27,753	35,881
6.01.01.12	Impairment of property, plant and equipment and intangible assets (utilization)	-33,286	-
6.01.01.13	Share-based payment	2,323	3,047
6.01.01.14	Exchange gains (losses)	23,375	3,798
6.01.01.15	Amortization of Investment in Joint Venture	2,178	2,283
6.01.02	Changes in Operating Assets and Liabilities	12,107	26,442
6.01.02.01	Trade receivables	-2,514	3,827
6.01.02.02	Inventories	4,761	2,917
6.01.02.03	Taxes recoverable	8,068	2,577
6.01.02.04	Prepaid Expenses	-3,467	1,966
6.01.02.05	Trade Payables	-3,385	8,585
6.01.02.07	Fees and sales agreements	1,728	12,923
6.01.02.08	Other Assets and Liabilities	6,916	-6,353
6.01.03	Others	-34,738	-52,812
6.01.03.01	Income tax and social contribution paid	-10,172	-2,453
6.01.03.02	Interest paid on borrowings	-21,755	-34,843
6.01.03.03	Interest paid on acquisitions of companies and rights over points of sales	-2,811	-15,516
6.02	Net Cash Used in Investing Activities	5,536	-88,579
6.02.01	Acquisition of Companies, net of cash	-79,456	-67,633
6.02.02	Additions to intangible assets, net of balance payable in installments	-39,164	-8,551
6.02.03	Additions to property, plant and equipment, net of balance payable in installments.	-61,005	-35,805
6.02.04	Dividends received	10,365	9,178
6.02.07	Spun-off cash and cash equivalents	-	14,232
6.02.09	Proceeds from sale of discontinued operation, net of transferred cash	174,796	-

Consolidated FSs / Statements of Cash Flow - Indirect Method
Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
6.03	Net Cash Provided By (Used in) Financing Activities	-141,978	240,619
6.03.02	Repayment of borrowings	-172,243	-84,862
6.03.03	New borrowings	2,297	31,670
6.03.07	Capital increase	46,807	281,812
6.03.08	Non-controlling interest	178	11,999
6.03.09	Purchase of treasury shares	-19,017	-
6.04	Exchange Rate Variation on Cash and Cash Equivalents	-38,394	11,067
6.05	Net change in the period	-99,282	204,570
6.05.01	Cash and Cash Equivalents at the beginning of the period	289,390	84,820
6.05.02	Cash and Cash Equivalents at the end of period	190,108	289,390

Consolidated FSs / Statements of Changes in Equity 01/01/2016 to 12/31/2016

Financial Statements in Thousands of Reais

Account Code	Description of Account	Capital	Capital Reserves. Options Granted and Shares in Treasury	Earnings Reserves	Retained Earnings (Profits or Losses Accumulated)	Other Comprehensive Income	Equity	Participation of Non-controlling Shareholders	Consolidated Equity
5.01	Initial Balances	908,256	214,406	-	-27,667	97,134	1,192,129	11,999	1,204,128
5.03	Initial Adjusted Balances	908,256	214,406	-	-27,667	97,134	1,192,129	11,999	1,204,128
5.04	Capital increase	16,358	13,755	-	-	-	30,113	178	30,291
5.04.01	Capital Increase	11,596	34,786	-	-	-	46,382	178	46,560
5.04.04	Treasury shares acquired	-	-19,017	-	-	-	-19,017	-	-19,017
5.04.08	Stock option plan	-	2,323	-	-	-	2,323	-	2,323
5.04.09	Transfer of treasury shares from share capital to capital reserve	4,762	-4,762	-	-	-	-	-	-
5.04.10	Capital increase through exercise of stock options	-	425	-	-	-	425	-	425
5.05	Total Comprehensive Income (loss)	-	-	-	-76,430	-115,158	-191,588	-2,035	-193,623
5.05.01	Profit in the Period	-	-	-	-76,430	-	-76,430	-	-76,430
5.05.02	Other comprehensive income (loss)	-	-	-	-	-115,158	-115,158	-2,035	-117,193
5.05.02.04	Translation adjustments in the statement of financial position of foreign subsidiaries	-	-	-	-	-32,189	-32,998	-2,035	-35,033
5.05.02.08	Write-off of translation adjustments in the statement of financial position of discontinued operations	-	-	-	-	-82,160	-82,160	-	-82,160
5.07	End Balances	924,614	228,161	-	-104,097	-18,024	1,030,654	10,142	1,040,796

Consolidated FSs / Statements of Changes in Equity 01/01/2015 to 12/31/2015

Financial Statements in Thousands of Reais

Account Code	Description of Account	Capital	Capital Reserves. Options Granted and Shares in Treasury	Earnings Reserves	Retained Earnings (Profits or Losses Accumulated)	Other Comprehensive Income	Equity	Participation of Non-controlling Shareholders	Consolidated Equity
5.01	Initial Balances	837,803	-	71,234	-	2,035	911,072	-	911,072
5.03	Initial Adjusted Balances	837,803	-	71,234	-	2,035	911,072	-	911,072
5.04	Capital Transactions with the Partners	70,453	214,406	-	-	-	284,859	11,999	296,858
5.04.01	Capital Increase	70,453	214,406				284,812	11,999	296,858
5.04.03	Granted options recognized		3,047				3,047	-	3,047
5.05	Total Comprehensive Income (loss)	-	-	-	-98,901	95,099	-3,802	-	-3,802
5.05.01	Profit in the Period	-	-	-	-98,901	-	-98,901		-98,901
5.05.02	Other comprehensive income (loss)	-	-	-	-	95,099	95,099	-	95,099
5.05.02.06	Translation adjustments in the statement of financial position of foreign subsidiaries	-	-	-	-	95,099	95,099	-	95,099
5.06	Internal Changes in Shareholders' Equity	-	-	-71,234	71,234	-	-	-	-
5.06.01	Reservation constitution	-	-	-71,234	71,234	-	-	-	-
5.07	End Balances	908,256	214,406	-	-27,667	97,134	1,192,129	11,999	1,204,128

Consolidated FSs / Statements of Value Added

Financial Statements in Thousands of Reais

Account Code	Description of Account	Accumulated in the Current Period 01/01/2016 to 12/31/2016	Accumulated in Previous Period 01/01/2015 to 12/31/2015
7.01	Revenues	1,674,899	1,764,935
7.01.01	Sales of Goods, Products and Services	1,658,985	1,742,410
7.01.02	Other Revenues	16,477	23,060
7.01.04	Allowance for Doubtful Debts	-563	-535
7.02	Input Acquired from Third Parties	-824,978	-872,573
7.02.01	Cost of Sales and Services	-532,433	-580,408
7.02.02	Materials, Electric power, outside services and others	-164,075	-169,044
7.02.04	Others	-128,470	-123,121
7.03	Gross Value Added	849,921	892,362
7.04	Retentions	-123,203	-144,062
7.04.01	Depreciation, Amortization	-95,450	-108,181
7.04.02	Others	-27,753	-35,881
7.04.02.01	Impairment of Intangible Assets	-27,753	-35,881
7.05	Wealth Created by the Company	726,718	748,300
7.06	Wealth Received In Transfer	24,131	19,960
7.06.01	Share of profit (loss) of investees	8,057	7,293
7.06.02	Finance Income	39,449	16,465
7.06.03	Others	-23,375	-3,798
7.06.03.01	Exchange rate changes	-23,375	-3,798
7.07	Total Wealth For Distribution	750,849	768,260
7.08	Wealth Distributed	750,849	768,260
7.08.01	Personnel	498,635	522,088
7.08.01.01	Payroll and Related Taxes	481,346	512,406
7.08.01.04	Others	17,289	9,682
7.08.01.04.01	Management Fees	14,966	6,635
7.08.01.04.02	Share-based payment	2,323	3,047
7.08.02	Taxes, Fees and Contributions	113,447	84,101
7.08.03	Lenders and Lessors	215,197	266,381
7.08.03.01	Interest	23,399	72,448
7.08.03.02	Rentals	168,903	171,431
7.08.03.03	Others	22,895	22,502
7.08.04	Shareholders	-76,430	-104,310
7.08.04.03	Retained Earnings (Accumulated Losses) for The Period	-76,430	-104,310

Management Report

MESSAGE FROM MANAGEMENT

In 2016 the Company presented an Operating Cash Flow (after maintenance Capex) of R$84 million (equivalent to 83% of adjusted EBITDA), which represents a 6% improvement compared to 2015. Such result was obtained despite the pressure on revenues (-4.6%) and its impact on Adjusted EBITDA margin, given Company's high operational leverage. Results from international operations remain consistent: i) in the US operating income was up by 0.5% - led by increased sales with new store openings; ii) in the Caribbean operating income was up by 55% as a consequence of improved margins. Holding expenses were down by 39% in 2016.

It is important to highlight that despite the challenging results, important restructuring efforts and accomplishments were done during 2016 that prepare the Company for the future: i) assets sales (Mexico, P Rico, Dominican Rep. ~R$350M), which helped the Company to deleverage reaching a net cash position of R$30.6M in 4Q16 – R$223M net debt reduction in 2016; ii) simplified structure: loss making store closures reached 38 stores that had a negative contribution margin of R$9.5M in 2015; iii) airport contracts renegotiation: -300bps in rent expenses in 4Q16 in the segment or a R$4.8M rent expenses reduction YoY in 4Q16; iv) portfolio rationalization: brands and 7 airport operations discontinued in Brazil during 2016; and v) concepts revamped for existing brands: new concepts established for Viena Delish, Viena Express, Brunella, Olive Garden and Frango Assado.

At the outset of 2017, IMC is focused on Execution and Efficiency, seeking to improve performance in the short term with: i) a leaner structure (headcount adjustments) & zero-based budget (with stricter controls and systemic locks); ii) Live KPI Monitoring - daily reports with important KPI's and benchmarking comparisons sent to operations; iii) Demand Generation Efforts – Capex (store revamps) and non-Capex (marketing focus); iv) PMO – broader scope (190+ projects), closer monitoring and higher productivity and management variable compensation linked to projects' completion; v) staff Alignment, Processes and Training – with a focus on operational excellence and incentives programs; vi) US – recently opened stores ramp-up combined with new stores to be opened during the year; and vii) Caribbean – potential new stores with the new terminal in Panama bidding process & new catering agreements in Colombia.

We are taking strong actions to improve the Company's structure, processes and costs in order to have a leaner and more agile Company, better positioning us for when the market conditions improve.

Consolidated Results

(R$ '000)	2016	2015	Chg. %
NET REVENUES	1,540,638	1,615,058	-4.6%
GROSS PROFIT	472,412	477,792	-1.1%
NET INCOME (LOSS)	-80,402	-104,310	-22.9%

Net Revenues

In 2016 IMC's net revenues totaled R$1,540.64 million, a 4.6% reduction compared to 2015. Such decrease is related to the reduction in the number of stores (-20 stores) and the reduction on same store sales: -9.5%.

Costs of Sales and Services

In 2016 costs totaled R$1,068.23 million, representing 69.3% of net revenues compared to 70.4% in 2015, therefore a 110 bps reduction. Such decrease reflects the higher efficiency on food cost.

Gross Profit

Consequently, IMC's gross profit reached R$472.4 million, a 1.1% reduction compared to 2015 with a 110bps improvement on gross margin that reached 30.7%.

Operating Expenses

Sales and Operating Expenses: sales and operating expenses totaled R$337.3 million in 2016 a 0.3% reduction compared to 2015 or a 90bps increase.

G&A: G&A expenses totaled R$108.1 million compared to R$109.5 million in 2015, what represents an increase of 20bps.

Depreciation and Amortization: D&A expenses reduced from R$46.1 million in 2015 from R$35.6 million in 2016, a 60bps reduction.

Impairment: there was also a reduction on impairment expenses to R$27.8 million in 2016 from R$35.9 million in 2015.

Other income (expenses): in 2016 other expenses totaled R$18.6 million, representing a 14.6% reduction compared to 2015.

Equity Income: in 2016 equity income increased by 17.3% totaling R$5.9 million compared to R$5.0 million in 2015.

Financial Result: in 2016 net financial expenses totaled R$15.3 million, a 74.3% reduction compared to 2015 as a consequence of Company's deleveraging process.

Income Taxes

Income taxes reached R$16.0 million compared to a tax reversion of R$24.3 million in 2015.

Net Income (Loss)

All in all, IMC posted a net loss of R$80.4 million in 2016 compared to a net loss of R$104.3 million in 2015.

1. General information

1.1. Operations

International Meal Company Alimentação S.A. ("Company"), headquartered at Avenida das Nações Unidas, 4.777, 12o andar, in the City of São Paulo, State of São Paulo, established in 1965, is a publicly-held company with shares traded on BM&FBOVESPA S. A. - Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA") under the ticker symbol "MEAL3" and listed in the Novo Mercado (New Market) segment.

The Company and its subsidiaries ("Group") are engaged in the sale of food and beverages to restaurants, snack bars and coffee shops ("stores") and in the sale of food for airline catering services ("catering"). The Group also subleases stores and spaces for promotional and commercial purposes in its store chain, upon the sale of fuel, and provides general services related to these segments.

As of December 31, 2016, the Group conducts business in Brazil, Panama, Colombia, and the United States of America. As detailed in the individual and consolidated financial statements for the year ended December 31, 2015, disclosed on March 22, 2016, the Group completed the sale of the total direct and indirect interests in its subsidiaries located in Mexico, Puerto Rico and the Dominican Republic on January 29 and February 26, 2016, respectively (see note 34).

1.2. Sale of investments

In order to reach a better capital structure and reduce the Company's leverage, in the first quarter of 2016 the sale of interests in the companies located in Mexico, Puerto Rico and the Dominican Republic was completed.

a) Mexico

As detailed in note 34, on January 29, 2016 the Company completed the sale of the total direct and indirect interests in the subsidiaries located in Mexico to Taco Holding, S.A.P.I de C.V. and Distribuidora de Alimentos TH, S.A. de C.V. The sale comprises Inversionistas en Restaurantes de Carnes y Cortes, S. de R.L. de C.V. ("IRCyC"), Grupo Restaurantero del Centro, S.A. de C.V., Servicios de Personal Gastrónomico IMC S. de R.L. de C.V. and Servicios Administrativos IMC S. de R.L. de C.V.

b) Puerto Rico and the Dominican Republic

As detailed in note 34, on February 26, 2016 the Company completed the sale of the total direct and indirect interests in the subsidiaries located in Puerto Rico and the Dominican

Republic to Management Group Investor, LLC. The sale comprises Airport Shoppes Corp., Cargo Service Corporation, Airport Aviation Service Inc., Carolina Catering Corp., Airport Catering Service Corporation and Aeroparque Corporation, located in Puerto Rico, and International Meal Company DR S.R.L. and Inversiones Llers S.A., both located in the Dominican Republic.

2. Preparation of the Financial Statements

a) Statement of compliance

The individual and consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (“IFRSs”), issued by the International Accounting Standards Board - IASB, and are presented in a manner consistent with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of financial statements, identified as “Parent” and “Consolidated”, respectively.

b) Basis of preparation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date;

- Level 2 – inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 – inputs are unobservable inputs for the asset or liability.

The significant accounting policies applied in the preparation of these individual and consolidated financial statements are set out in note 3. These policies have been applied in a manner consistent with the prior years reported, unless otherwise indicated.

All significant information specific to the financial statements is being disclosed and corresponds to the information used by Management in managing the Company's activities.

c) Going concern

Management has assessed the Company's ability to continue as a going concern and believes that it has resources to continue its businesses in the future. In addition to that, Management is not aware of any material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Therefore, the financial statements have been prepared on the assumption that the Company will continue as a going concern.

d) Comparability of the financial information

The Company has made certain reclassifications in the statement of financial position and the statement of value added for the year ended December 31, 2015, presented for comparison purposes, to conform to the current year presentation.

3. Significant accounting policies

The significant accounting policies described below have been consistently applied for all reporting years in the individual and consolidated financial statements.

a) General principles

Revenue and expenses are recognized on an accrual basis Sales revenues and related costs are recognized when the risks and rewards of ownership of the goods sold and services provided are transferred.

Revenue is measured at the fair value of the consideration received or receivable reduced for estimated customer returns and trade discounts (see item 3.p).

b) Foreign currency

b.1) Functional and reporting currency

The financial statements of each subsidiary included in the consolidated financial statements are prepared based on the functional currency of each entity. The functional currency of an entity is the currency of the primary economic environment in which it operates. The Company defines the functional currency of each of its subsidiaries analyzing which currency significantly influences the sales price of its products and services and the currency in which most of its operating and administrative costs is paid or incurred, as follows:,

Country	Functional currency
Brazil	Real - R$
United States of America	US Dollar - US$
Panama	Balboa - PAB$
Colombia	Colombian Peso - COP$

The financial statements are presented in reais (R$), which is the Group's reporting currency, and the translation adjustments are recognized in the statement of profit or loss in line item "Translation adjustments in the statement of financial position of foreign subsidiaries".

b.2) Transactions and balances

The Group recognizes transactions in foreign currency at the rates of exchange prevailing at the dates of the transactions. Assets and liabilities denominated in foreign currencies are translated at the exchange rates prevailing at the end of the reporting period and exchange differences are recognized in the statement of profit or loss, as finance cost or income, as they arise.

b.3) Foreign subsidiaries

The results of operations and the financial position of all subsidiaries included in the financial statements that have a functional currency different from the reporting currency are translated into the reporting currency, as follows:

(i) Assets and liabilities are translated at the exchange rate prevailing at the end of the reporting period.

(ii) Income and expense accounts are translated at the average monthly exchange rate.

(iii) All currency translation differences are recognized in the statement of comprehensive income in line item "Translation adjustments in the statement of financial position of foreign subsidiaries" and accumulated in equity.

c) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries and joint ventures. Control is achieved when the company has the power to govern the financial and operating policies of an entity so as to benefit from its activities.

When necessary, the financial statements of the subsidiaries and joint ventures are adjusted to conform their accounting policies to those set by the Group.

(Amounts in thousands of reais - R$, unless otherwise stated)

All intragroup transactions, balances, income and expenses were fully eliminated in the consolidated financial statements.

In the Company´s individual financial statements, investments in subsidiaries and joint ventures are accounted for under the equity method.

Income and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of profit or loss and of comprehensive income from the acquisition date up to the disposal date, as appropriate.

As mentioned in Note 1.2, in the first quarter of 2016 the Group completed the sale of the interests held in the subsidiaries located in Mexico, Puerto Rico and Dominican Republic and therefore the consolidated entities are as follows:

	12/31/2016		12/31/2015	
	Direct interest - %	Indirect interest - %	Direct interest - %	Indirect interest - %
Inversionistas en Restaurantes de Carnes y Cortes, S. de R.L. de C.V. (Mexico)	-	-	-	99.99
Grupo Restaurantero del Centro, S.A. de C.V. (Mexico)	-	-	-	99.99
Servicios de Personal Gastronomico IMC, S. de R.L. de C.V. (Mexico)	-	-	-	99.99
Servicios Administrativos IMC, S. de R.L. de C.V. (Mexico)	-	-	-	99.99
Airport Shoppes Corporation (Puerto Rico)	-	-	-	100.00
International Meal Company D.R., S.A. (Dominican Republic)	-	-	-	99.40
Inversiones Liers, S.A. (Dominican Republic)	-	-	-	99.40
Airport Catering Services Corporation (Puerto Rico)	-	-	-	100.00
Airport Aviation Services, Inc. (Puerto Rico)	-	-	-	100.00
Carolina Catering Services Corporation (Puerto Rico)	-	-	-	100.00
Cargo Service Corporation (Puerto Rico)	-	-	-	100.00
Aeroparque Corporation (Puerto Rico)	-	-	-	100.00
Mexico Premier Restaurants LLC (Delaware - USA)	100.00	-	100.00	-
Servicios de Personal Gastronómico IMC, S. de R.L. de C.V. (Mexico)	-	-	-	99.99
IMC Puerto Rico Ltd. (the Caribbean)	100.00	-	100.00	-
International Meal Company Panamá, S.A. (Panama)	-	100.00	-	100.00
International Meal Company F&B Panamá, S.A. (Panama)	-	100.00	-	100.00
IMC Colômbia S.A.S. (Colombia)	-	-	-	100.00
IMC Airport Shoppes S.A.S. (Colombia)	-	100.00	-	100.00
Pimenta Verde Alimentos Ltda. (Brazil)	97.59	2.41	97.59	2.41
Niad Restaurantes Ltda. (Brazil)	63.95	36.05	64.70	35.30
Comercial Frango Assado Ltda. (Brazil)	99.99	0.01	99.99	0.01
Centro de Serviços Frango Assado Norte Ltda. (Brazil)	99.99	0.01	99.99	0.01
Carvalho Pinto Automotivos e Conveniências	99.99	0.01	99.99	0.01

(Amounts in thousands of reais - R$, unless otherwise stated)

	12/31/2016		12/31/2015	
	Direct interest - %	Indirect interest - %	Direct interest - %	Indirect interest - %
Ltda. (Brazil)				
Centro de Serviços Frango Assado Sudoeste Ltda. (Brazil)	99.99	0.01	99.99	0.01
Centro de Serviços Frango Assado Suleste Ltda. (Brazil)	99.99	0.01	99.99	0.01
Auto Posto Nova Taubaté Ltda. (Brazil)	-	100.00	-	100.00
Pedro 66 Posto e Serviços Ltda. (Brazil)	0.01	99.99	0.01	99.99
Tob's Lanches Sul Ltda. (Brazil)	99.99	0.01	99.99	0.01
Centro de Serviço Frango Assado da Anhanguera Ltda. (Brazil)	0.01	99.99	0.01	99.99
Comercial de Petróleo ACL Ltda. (Brazil)	0.01	99.99	0.01	99.99
Auto Posto Husch Pereira Ltda. (Posto de Jaguariúna) (Brasil)	0.01	99.99	0.01	99.99
Auto Posto Eco Brasil Ltda. (Brazil)	-	100.00	-	100.00
Auto Posto Mirante Benetton Ltda. (Brazil)	-	100.00	-	100.00
Brivido Comércio de Alimentos Ltda. (Brazil)	99.99	0.01	99.99	0.01
IMC Caribbean Holding Corp. (b)	-	100.00	-	100.00
Region – United States of America:				
IMCMV Holdings Inc.	-	100.00	-	100.00
IMCMV Atlantic City, LLC	-	100.00	-	100.00
IMCMV Cincinnati, LLC	-	100.00	-	100.00
IMCMV Destin, LLC	-	100.00	-	100.00
IMCMV Connecticut, LLC	-	100.00	-	100.00
IMCMV Key West Store, LLC	-	100.00	-	100.00
IMCMV Key West Café, LLC	-	100.00	-	100.00
IMCMV MB Landshark, LLC	-	100.00	-	100.00
IMCMV LV, LLC	-	100.00	-	100.00
IMCMV Chicago, LLC	-	100.00	-	100.00
IMCMV Panama City, LLC	-	100.00	-	100.00
IMCMV Myrtle Beach, LLC	-	100.00	-	100.00
IMCMV Nashville, LLC	-	100.00	-	100.00
IMCMV Pigeon Forge, LLC	-	100.00	-	100.00
IMCMV Orlando, LLC	-	100.00	-	100.00
IMCMV Syracuse, LLC	-	100.00	-	100.00
IMCMV MIA Airport, LLC	-	100.00	-	100.00
IMCMV Management, LLC	-	100.00	-	100.00
IMCMV Hospitality, LLC	-	100.00	-	100.00
IMCMV Baltimore, LLC	-	100.00	-	100.00
IMCMV Cleveland, LLC	-	100.00	-	100.00
IMCMV San Antonio, LLC	-	100.00	-	100.00
IMCMV Atlanta, LLC	-	100.00	-	100.00
IMCMV Texas, LLC	-	100.00	-	100.00
Joint ventures*-				
Universal City Restaurant Venture, LLC (a)	-	50.00	-	50.00
IMCMV New Orleans, LLC (b)	-	50.00	-	50.00
IMCMV MOA, LLC (a)	-	65.00	-	65.00

a) Jointly controlled and classified as "joint venture"
b) Until December 31, 2016, only the articles of association had been entered into, the company had not carried out any transaction nor started its operation.

Business acquisitions are accounted for using the acquisition method. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the requirements for recognition of CPC 15 (R1)/IFRS 3 - Business Combinations are measured at fair value at the acquisition date.

CPC 15 (R1)/IFRS 3 changes the recognition and subsequent accounting for contingent payments. Previously contingent payments were only recognized at the acquisition date to the extent they were probable and could be measured reliably; any subsequent adjustments were charged to acquisition cost. Under the revised standard, contingent payments are measured at their acquisition-date fair value; subsequent adjustments are recognized as a balancing item to acquisition cost only to the extent that they arise from new information obtained during the measurement period (which cannot exceed twelve months from the acquisition date) about the fair value at the acquisition date. All subsequent adjustments to contingent payments that are classified as an asset or a liability are recognized in profit or loss.

In accordance with CPC 15 (R1)/IFRS, acquisition costs shall be recognized separately from the business acquisition, which generally results in the recognition of these costs as an expense in the statement of profit or loss, when incurred.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, which is the excess of the cost of the business acquisition over the Group's interest in the net fair value of the assets, liabilities and contingent liabilities recognized. If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business acquisition, this excess is immediately recognized in profit or loss. Measurement period adjustments (which cannot exceed twelve months from the acquisition date) arise from additional information obtained about facts and circumstances that existed at the acquisition date.

If the initial accounting for a business acquisition is incomplete by the end of the reporting period in which the acquisition occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

d) Cash and cash equivalents

Cash and cash equivalents include cash on hand and in banks and highly-liquid short-term investments intended to meet short-term commitments, readily convertible into cash and without significant change in value.

e) Trade receivables and allowance for doubtful debts

Trade receivables are recognized in the statement of financial position at fair value, less an allowance for doubtful debts, in an amount considered sufficient by the Group's management to cover any losses on the collection of receivables.

Trade receivables arising from commercial agreements result from bonus and discounts granted by suppliers, contractually established and calculated on the purchase volumes, marketing actions and assignment of advertising spaces, among others.

f) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined under the average cost method, including warehousing and handling costs, to the extent that such costs are necessary to bring inventories to their conditions for sales in stores, less bonuses received from suppliers. Net realizable value represents the selling price in the normal course of business, less all estimated costs necessary to make the sale. Inventories are reduced by a provision for losses and breakages, when necessary, which is periodically analyzed and assessed with respect to its adequacy.

g) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or group of assets) and its sale is highly probable.

Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale in the individual and consolidated financial statements. Assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition or construction cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Property, plant and equipment items existing at the date of the business acquisition was recognized at the fair value of each item, in accordance with CPC 15 (R1)/IFRS 3, as mentioned in item d) above.

Depreciation is calculated under the straight-line method over the estimated economic useful lives of the assets, as shown below. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for prospectively. The Company reviewed the estimated useful lives of the items of its property, plant and equipment and intangible assets in 2016 and concluded that there are no changes to be made for this year.

Category	Useful life (years)
Buildings	25
Machinery, equipment and facilities	9 to 20
Furniture and fixtures	9 to 20
Leasehold improvements *	8 to 10
Computers, vehicles and other items	3 to 7

*The amortization is measured for the shorter of the contractual period or the useful life of the asset.

i) Intangible assets

Intangible assets comprise mainly software acquired from and developed by third parties and/or internally, goodwill (rights over points of sales), customer list, catering licenses, rental agreements and trademarks. Intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

Internally-generated intangible assets, excluding capitalized software development costs, are recognized as an expense in the period in which they are incurred.

Intangible assets with finite useful lives are amortized on a straight-line basis. The amortization period and method are reviewed at least at the end of each reporting period. Changes in the estimated useful life or the expected consumption pattern of the future economic benefits incorporated into the asset are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting assumptions.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment at the end of the reporting period or whenever there is an indication that their carrying amount will not be recovered, either individually or at the level of the cash-generating unit. The assessment is reviewed annually to determine whether the indefinite useful life continues valid. Otherwise, the estimated useful life is changed prospectively from indefinite to finite Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Intangible assets acquired in a business acquisition and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business acquisition are reported at cost less any accumulated amortization and accumulated impairment losses.

Intangible assets are amortized over the useful lives of the assets, as follows:

Category	Useful life (years)
Software	5
Licensing rights*	5 to 10
Leasehold rights*	5 to 27
Non-compete agreements*	10 to 12
Rights over points of sales*	20
Others	10

*The amortization is measured for the shorter of the contractual period or the useful life of the asset.

j) Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units that is expected to benefit from the synergies of the combination. Cash-generating units correspond to each business segment or country. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

k) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increase carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

l) Income tax and social contribution

Income tax expenses represents the sum of current and deferred taxes.

<u>Current taxes</u>

Income tax and social contribution are recorded based on annual profit, as prescribed by the tax laws prevailing in the jurisdiction of each consolidated entity. Taxable profit differs from profit as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The provision for income tax and social contribution is calculated individually, for each Group company, based on the rates prevailing at the end of the reporting period.

<u>Deferred taxes</u>

The tax effects on tax losses and temporary differences between the carrying amounts and the tax base of assets and liabilities are deferred and recognized with respect to deferred income tax and social contribution assets, up to the amount considered as reasonable, in accordance with their expected realization, as disclosed in Note 22.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the rates that are expected to apply in the year in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset the current tax asset against the current tax liability, when they are related to the income tax applied by the same tax authority, and the Group intends to settle its current tax assets and liabilities at their net amount.

m) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the year in which they are incurred.

n) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

o) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognized when all the following conditions are satisfied:

- the meal was consumed by the buyer;
- the Group has transferred to the buyer the significant risks and rewards of ownership of meals, in case of catering services;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group.

p) Adjustment to present value

Current monetary assets and liabilities, when material, and noncurrent assets and liabilities must be adjusted to present value. The adjustment to present value, when necessary, is calculated taking into consideration the contractual cash flows and the related explicit and implicit interest rate.

As at December 31, 2016 and 2015, the Group has not identified any material adjustment to present value.

q) Deferred revenue

Recorded by the Group as liability for amounts received from business partners related to preference in the purchase of raw material and exclusive assignment of advertising spaces. Is recognized in the statement of profit or loss as services are provided and/or according to contractual terms.

r) Payment of dividends

The payment of dividends to the Company’s shareholders is recognized as a liability at the end of the reporting period based on the mandatory minimum dividends set out in the bylaws. Any amounts that exceed the minimum amount are recognized only at the date in which such additional dividends are approved by the Company's shareholders.

s) Equity

Common shares are classified as equity.

When a related party acquires Company’s shares (treasury shares), the compensation paid, including any directly attributable incremental costs, is deducted from equity, until the shares are cancelled or reissued. When these shares are subsequently reissued, any compensation received, less any directly attributable transaction costs, is included in equity. No gains or losses arising from the purchase, sale, issue or cancelation of instruments representing the Company's capital are recognized.

Any differences between the carrying amount and the compensation are recognized as "Other capital reserves".

t) Presentation of earnings per share

In accordance with CPC 41/IAS 33 – Earnings per Share, earnings must be presented as basic and diluted, as disclosed in Note 36.

u) Segment information

Segment information is presented consistently with the internal report used by the chief operating decision makers.

v) Treasury shares

Company equity instruments that are bought back (treasury shares) and recognized at cost, and deducted from equity. No gain or loss is recognized in the statement of profit or loss on the purchase, sale, issue or cancelation of Company's equity instruments. Any difference between the carrying amount and the consideration is recognized as "Other capital reserves".

w) Share-based payment

Recognized as an expense in the statement of profit or loss, during the year in which the right is vested, after certain specific conditions are met

x) Financial instruments

Recognized on the trade date and initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Classification

Financial assets and liabilities held by the Company are classified into the following categories, in the applicable cases: (i) financial assets at fair value through profit or loss; (ii) held-to-maturity investments; (iii) available-for-sale financial assets; and (iv) loans and receivables. The classification depends on the purpose for which the financial assets and liabilities were acquired or contracted.

Financial assets

As at December 31, 2016, the Company had financial instruments classified as loans and receivables, which comprise non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. This category includes cash and cash equivalents (Note 9), financial investments, trade receivables (Note 10), receivables from related parties (Note 31) and financial instruments (Note 8). Interest income is recognized by applying the effective interest method, except for short-term receivables, when the recognition of interest would be immaterial.

Financial liabilities

Financial liabilities are classified as:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss when they are either held for trading or designated as at fair value through profit or loss.

(ii) Financial liabilities measured at amortized cost

Measured at amortized cost using the effective interest method. As at December 31, 2016, they are represented as described in Note 8.b), which are stated at their original amounts, plus, when applicable, interest, inflation adjustments and exchange rate changes incurred through end of the reporting period.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts, including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts, through the expected life of the debt instrument or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Gains or losses resulting from changes in the fair value of financial assets at fair value through profit or loss are recognized in the statement of profit and loss in line item “Finance income (costs), net” in the year in which they arise.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off recognized amounts and intention to either settle them on a net basis, or to recognize the asset and settle the liability simultaneously.

Derivative financial instruments

As at December 31, 2016, the Group had swap derivatives to manage its exposure to currency fluctuation risks. Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. Note 8.e) includes detailed information on swap instruments

y) Statement of value added (DVA)

The purpose of this statement is to evidence the wealth created by the Group and its distribution during a certain year and is presented by the Group, as required by the Brazilian corporate law, as part of its individual financial statements and as supplemental information to the consolidated financial statements, since this statement is not established or required by IFRSs.

The statement of value added was prepared using information obtained from the accounting records used as a basis to prepare the financial statements and following the requirements of CPC 09 - Statement of Value Added. The first part of the DVA presents the wealth created by the Company, represented by revenues (gross sales revenue, including taxes levied thereon, other revenues and the effects of the allowance for doubtful debts), inputs purchased from third parties (cost of sales and purchases of materials, electric power and outside services, including taxes levied on purchase, the effects of impairment and recovery of assets, and depreciation and amortization) and the value added received from third parties (share of profit (loss) of investees, finance income and other income). The second part of the statement of value added presents the distribution of wealth among personnel and payroll taxes, taxes and contributions, lenders and lessors, and shareholders.

z) Investments in joint venture

A joint venture is a contractual agreement whereby the Company and other parties exercise an economic activity subject to joint control, where the decisions on strategic financial and operating policies relating to the joint venture's activities require the approval of all parties sharing control. As a joint venture, the Company records its interest under the equity method in the consolidated financial statements, as required by CPC 19 (R2)/IFRS 11.

aa) Investments in joint operations

Joint operations – when the parties have joint control of the assets and liabilities, regardless of whether these assets are in a separate vehicle according to the contractual terms and substance of the operation. Under these arrangements, assets, liabilities, revenues and expenses are recognized in the entity that is party to the "Joint Operator" arrangement to their extent of its rights and obligations.

4. Adoption of new accounting standards, amendments to and interpretations of standards issued by the IASB and CPC and standards issued but not yet effective

4.1 Amendments to IFRSs and to new interpretations that are mandatorily effective in the current year

In the preparation of the individual and consolidated financial statements, the Group considered, when applicable, new revisions and interpretations of IFRSs and accounting standards issued by the IASB and the Accounting Pronouncements Committee (CPC), respectively, which are effective for annual periods beginning on or after January 1, 2016.

The application of these improvements did not have impacts on the Company's disclosures or individual and consolidated financial statements.

Standard	Description
Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations	The amendments to IFRS 11 require that a joint operator that is accounting for the acquisition of an interest in a joint operation in which the activities constitute a business, apply the relevant principles on accounting for business combinations in IFRS 3. The amendments also clarify that an interest previously held in a joint operation is not reassessed on the acquisition of additional interest in the same joint operation while joint control is maintained. Additionally, a scope exclusion was added to IFRS 11 to specify that the amendments do not apply when the parties sharing the control, including the reporting entity, are under the common control of the same ultimate controlling party. The amendments apply to the acquisition of both the initial interest and additional interests in a joint operation, being applied prospectively.
Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization	Clarifies that using a revenue-based depreciation or amortization method is inappropriate. The amendments shall be applied prospectively.

Standard	Description
Annual improvements to IFRSs - 2012-2014 Cycle	Amendments to IFRS 5 – Clarify that the change in methods of disposal (through sale or distribution to owners) would not be considered a new disposal plan, but a continuation of the original plan; IFRS 7 – Clarify whether a servicing contract represents continuing involvement in a transferred asset; IAS 19 – Clarify that the assessment of the depth of a market for high quality corporate bonds should be at the currency level, not at the country level. When there is no deep market for high quality corporate bonds in this currency, the market yields on government bonds should be used; and IAS 34 – Clarify that the interim information required should be disclosed in the interim financial statements or incorporated by way of a cross reference from the interim financial statements to elsewhere in the interim financial report where it is included (for example, in the management comments letter or risk report). The other information in the interim financial report should be available to users on the same terms and at the same time as the interim financial statements. The amendments should be applied retrospectively.
Amendments to IAS 1 Disclosure Initiative	Improvements regarding the application of the concept of materiality in practice.

4.2 New and revised standards and interpretations issued but not yet adopted

The Company has not applied earlier the following new and revised IFRSs that have been issued but are not yet effective:

Standard	Description
IFRS 9 Financial Instruments (effective for annual periods beginning on or after January 1, 2018)	Supersedes IAS 39 – Financial Instruments: Recognition and Measurement and all prior versions of IFRS 9. The standard introduces new requirements on the classification and measurement, impairment and hedge accounting. Retrospective application is applied; however, the presentation of comparative information is not mandatory.

(Amounts in thousands of reais - R$, unless otherwise stated)

Standard	Description
IFRS 15 Revenue from Contracts with Customers (effective for annual periods beginning on or after January 1, 2018)	Introduces a 5-step approach that will be applied to the revenue obtained from a contract with a customer. Under this standard, revenues are recognized in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the transfer of goods or services to a customer. The principles in IFRS 15 contemplate a more structured approach to measure and recognize revenue. This standard is applicable to all entities and will supersede all current revenue recognition requirements, under the terms of IFRS.
IFRS 16 - Leases (effective for annual periods beginning on or after January 1, 2019).	Supersedes IAS 17 Leases and establishes the principles for the recognition, measurement, presentation and disclosure of leases. Requires that lessees account for all leases under a single approach in the statement of financial position similarly to finance lease as provided for in IAS 17.
Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses (effective for annual periods beginning on or after January 1, 2017).	Clarify how to account for a deferred tax asset related to debt instruments measured at fair value and provides requirements for the recognition and measurement of current and deferred tax assets and liabilities.
Amendments to IFRS 2 Classification and Measurement of Share-Based Payment Transactions (effective for annual periods beginning on or after January 1, 2018).	The IASB issued amendments to IFRS 2 Share-based payments, which addresses three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with a net settlement feature for obligations related to withholding taxes; and accounting when a modification in the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled.

Until the date of disclosure of these financial statements, Management had not completed the measurement of the effects of these new standards and thus is prevented from disclosing potential effects on its financial statements.

5. Key estimates and judgments

In applying the accounting policies described above, the Group’s management adopted the following assumptions in the use of estimates that could have an impact on the financial statements.

a) Impairment of assets

At the end of each reporting period, the Group reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated through projection of the future cash flow of this asset discounted to present value in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

b) Income tax and social contribution

At the end of each reporting period, Management calculates estimated income tax and social contribution in accordance with tax laws prevailing in the jurisdiction of each company included in the financial statements.

The Group reviews deferred income tax and social contribution assets at the end of each reporting period and reduces this amount to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the asset to be recovered.

c) Provision for impairment of inventories

The provision for impairment of inventories results basically from slow-moving items and losses and breakages. The Group estimates the amount of the provision based on the age of inventory items, product category, expected decrease in sales price, and estimated losses.

d) Allowance for doubtful debts

The allowance for doubtful debts is recognized based on the history of losses and considered by Management sufficient to cover probable losses.

e) Provision for labor, civil and tax risks

Calculated based on an individual analysis of contingencies and potential contingencies not yet claimed. Based on the opinion of its legal counsel, the Group assesses the likelihood of loss and estimates the probable amounts for payment of these contingencies.

(Amounts in thousands of reais - R$, unless otherwise stated)

6. Business acquisitions

6.1. Acquisitions in 2016

a) United States of America

Continuing the acquisition of restaurants branded Margaritaville in the United States of America started on April 1, 2014, on July, 16, 2016 the Group exercised, through its subsidiary IMCMV Holdings Inc., the option to acquire the Margaritaville restaurant in San Antonio, in the United States of America. The final purchase price will be calculated based on 7.5x the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) accumulated in the 12 months from the acquisition date. At the transaction date, the estimated purchase price was US$ 7,973 thousand (R$26,215 at the transaction date). Of the total amount, US$ 117 thousand (R$380 at the transaction date) were provisionally allocated to inventories, US$ 1,746 thousand (R$ 5,857 at the transaction date) to property, plant and equipment, and the remaining amount of US$ 6,110 thousand (R$ 19,978 at the transaction date) to goodwill. The total amount will be paid in quarterly installments, beginning August 2017, over a six-year period, adjusted by interest of 5.75% p.a.

The objective of this acquisition by the Group is to consolidate in the American market as the main operator of the Margaritaville brand.

The fair values of these rights were provisionally measured since the final studies and reports on the purchase price allocation will be completed within one year from the acquisition date. The provisional fair values are as follows:

	R$
Inventories	380
Property, plant and equipment	5,857
Fair value of assets acquired and liabilities assumed	6,237
Consideration payable	26,215
Goodwill	19,978
(-) Goodwill recognized upon the purchase right acquisition (i)	(1,634)
Preliminary goodwill recognized in 2016	18,344

i) The restaurant located in San Antonio is part of the list of restaurants constructed after the acquisition transaction in 2014, over which the Company had the purchase right, being subject to a fine of US$ 500 thousand (R$1,634 on July 16, 2016) if it decides not to exercise such right. Therefore, the additions to goodwill in 2016, presented in note 14, are net of this amount.

(Amounts in thousands of reais - R$, unless otherwise stated)

Goodwill was allocated to the cash-generating unit in the United States of America, as disclosed in note 14.a.

6.2. Acquisitions in 2015

a) United States of America

Continuing the acquisition of restaurants branded Margaritaville in the United States of America started on April 1, 2014, on February 1, 2015 the Group exercised, through its subsidiary IMCMV Holdings Inc., the option to acquire the Margaritaville restaurant in Syracuse, in the United States of America. The purchase price was 7.5x the Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), resulting in a purchase price of US$4,254 thousand at the transaction date (R$11,325 at the transaction date). Considering the EBITDA generated by this restaurant at the end of the calculation period, the purchase price was adjusted to US$ 239 thousand (R$ 866) due mainly to the performance of the EBITDA, which was well below the target initially estimated. The total amount will be paid in quarterly installments, beginning June 2016, over a six-year period, adjusted by interest of 5.75% p.a. The Group adjusted the temporary allocations of the purchase price, made at the date of acquisition and reflected in the financial statements for the year ended December 31, 2015, disclosed by the Company on March 22, 2016, substantially between asset lines and with not impact on the statements of profit or loss for the year, pursuant to CPC 15 (R1) / IFRS 3 – Business Combinations, as follows:

Allocation acquisition of Margaritaville Syracuse	Balance disclosed at 12/31/2015	Total adjustments	Balance at 12/31/2016
Inventories	288	-	**288**
Property, plant and equipment	1,130	-	**1,130**
Fair value of assets acquired and liabilities assumed	1,418	-	**1,418**
Consideration paid or payable	-	866	**866**
Negative goodwill to be deducted from total goodwill on acquisition of Margaritaville chain	(1,418)	866	**(552)**

Goodwill was allocated to the cash-generating unit in the United States of America, as disclosed in note 14.a.

As defined in the purchase and sale agreement, the Group may deduct from the amount payable to eventual sellers the losses incurred on labor, social security, civil or tax disputes, the taxable events of which occurred before the acquisition date.

(Amounts in thousands of reais - R$, unless otherwise stated)

The objective of this acquisition by the Group is to consolidate in the American market as the main operator of the Margaritaville brand.

6.3 Cash disbursement for acquisitions

	Parent		Consolidated	
	12/31/2016	12/31/2015	**12/31/2016**	12/31/2015
Margaritaville	**-**	-	**79,109**	35,550
Payments of installments of business acquisitions made in prior years	**1,000**	15,116	**1,241**	32,083
Net cash balance	**1,000**	15,116	**80,350**	67,633

7. Segment information

The information reported to the Group's chief decision maker (executive board and the chairman of each subsidiary), for the purpose of fund allocation and segment performance evaluation, is more specifically focused on the categories of customer for each type of product and service. The main categories of customers for these products and services are restaurants in shopping malls, airports and highways. Each of these operating segments is managed separately, considering that each one of these product lines requires different resources, including marketing approaches. The Company's main products consist of meals and related services.

The chief operating decision maker evaluates the performance of the operating segments based on the operating profit before depreciation, interest, income tax and social contribution.
Therefore, the Group's reportable segments pursuant to CPC 22/IFRS 8 – Segment Reporting are as follows:

- Shopping malls: meals in restaurant chains and coffee shops in shopping malls in Brazil and in the Caribbean.
- Airports: supply of meals in restaurants and coffee shops and for airline companies (catering) in Brazil and in the Caribbean.
- Highways: food courts in service stations and restaurant chains located along highways, and sale of vehicle fuel.
- United States of America: meals in restaurants in captive markets in the United States of America and consumables in the retail market.
- Others: comprise corporate costs not allocated directly to each of the business segments.

(Amounts in thousands of reais - R$, unless otherwise stated)

The Group's reportable segments as at December 31, 2016 and 2015 are represented by the Company's operations after the sale of equity interests in subsidiaries in Mexico, Puerto Rico and the Dominican Republic, as mentioned in note 1.2:

	Consolidated					
	Shopping malls	**Airports**	**Highways**	**United States of America**	**Others**	**Total**
December 31, 2016						
Net sales revenue	**315,323**	**393,233**	**440,933**	**391,149**	**-**	**1,540,638**
Operating profit (loss)	**8,878**	**25,623**	**32,020**	**30,272**	**(22,664)**	**74,129**
Depreciation and amortization	**(17,995)**	**(34,543)**	**(16,147)**	**(25,068)**	**(1,697)**	**(95,450)**
Impairment of property, plant and equipment and intangible assets	**(5,002)**	**(9,293)**	**(13,029)**	**(429)**	**-**	**(27,753)**
Finance income (costs), net	**(1,787)**	**16,532**	**(5,533)**	**(986)**	**(23,575)**	**(15,349)**
Income tax benefit (expense)	**(5,922)**	**(12,046)**	**(708)**	**(9,248)**	**11,945**	**(15,979)**
December 31, 2015						
Net sales revenue	373,847	414,334	468,242	358,635	-	1,615,058
Operating profit (loss)	8,177	17,434	40,429	27,229	(20,325)	72,944
Depreciation and amortization	(23,153)	(43,172)	(19,150)	(19,450)	(973)	(105,898)
Impairment of intangible assets	(8,203)	(27,622)	(56)	-	-	(35,881)
Finance income (costs), net	(10,145)	(25,851)	(11,380)	(12,372)	(33)	(59,781)
Income tax benefit (expense)	18,731	12,189	(4,943)	(1,671)	-	24,306

The reconciliation of operating profit (loss), adjusted by profit before taxes and discontinued operations, is as follows:

	Consolidated	
	12/31/2016	**12/31/2015**
Reconciliation of loss for the year:		
Operating profit (loss) from reportable segments	**96,793**	93,269
Operating profit (loss) from other segments	**(22,664)**	(20,325)
	74,129	72,944
Depreciation and amortization	**(95,450)**	(105,898)
Impairment of intangible assets	**(27,753)**	(35,881)
Finance income (costs), net	**(15,349)**	(59,781)
Income tax and social contribution	**(15,979)**	24,306
Loss for the year from continuing operations	**(80,402)**	(104,310)
Profit for the year from discontinued operations	**3,972**	5,409
Loss for the year	**(76,430)**	(98,901)

(Amounts in thousands of reais - R$, unless otherwise stated)

The Company's total assets by business segment are as follows:

	Consolidated	
	12/31/2016	**12/31/2015**
Shopping malls	**419,800**	410,531
Airports	**399,573**	541,168
Highways	**354,636**	409,757
United States of America	**317,952**	352,015
Assets held for sale	**-**	511,492
Subtotal	**1,491,961**	2,224,963
Assets not allocated to the segment	**11,447**	-
	1,503,408	2,224,963

a) Disclosures at the Company's level

Geographical information

The Group operates in the following main areas: Brazil, the Caribbean (Colombia and Panama), and the United States of America. Segment reporting on the Group's sales by geographic market based on the location of its customers, regardless of the origin of assets/services, is as follows:

	Consolidated	
	12/31/2016	**12/31/2015**
Net revenue:		
Brazil	**954,437**	1,067,785
the Caribbean	**195,052**	188,638
United States of America	**391,149**	358,635
	1,540,638	1,615,058

b) Information on major customers

The Group does not have customers or a group of customers under common control accounting for more than 10% of its revenue.

8. Financial instruments

a) Capital management

The Group's management manages the Group's funds to ensure the continuity of the Group as a going concern and to maximize its funds to allow for investments in new stores, refurbishments, and redesign of existing stores, as well as the acquisition of other entities.

(Amounts in thousands of reais - R$, unless otherwise stated)

The Group's capital structure consists of financial liabilities with financial institutions, currency swap derivatives, cash and cash equivalents, and financial investments, including capital and retained earnings.
The Group can change capital type and structure, depending on economic conditions, to optimize its financial leverage. In addition, Management periodically reviews the capital structure and its capacity to settle its liabilities taking the appropriate actions, when necessary, to balance the Group's debt and liquidity ratios.

b) Categories of financial instruments

Management considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the individual and consolidated financial statements approximate their fair values. The Group conducted swap derivative transactions, which are used only to mitigate the exposure to foreign currency fluctuations of certain borrowings, so that the balance of the capital structure is maintained.

The main financial instruments are distributed as follows:

	Carrying amount and fair value			
	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Financial assets				
Trade receivables and receivables at amortized cost:				
Cash and cash equivalents	**14,673**	233,996	**190,108**	289,390
Financial investments (noncurrent)	**589**	1,000	**589**	3,320
Currency swap instrument (item f)	**178**	2,229	**6,568**	31,113
Trade receivables	**17,901**	25,086	**72,272**	74,112
Receivables from related parties	**12,473**	21,592	**-**	-
	45,814	283,903	**269,537**	397,935
Financial liabilities				
Financial liabilities recognized at amortized cost:				
Trade payables	**27,550**	13,300	**85,815**	75,582
Borrowings	**11,946**	14,928	**129,279**	360,321
Payables to related parties	**16,793**	66,819	**-**	-
Installment payment of rights over points of sales	**-**	52,635	**3,024**	52,635
Installment payment of business acquisitions	**-**	892	**33,807**	100,169
	56,289	148,574	**251,925**	588,707

The Group's management believes that these financial instruments, recognized in the individual and consolidated financial statements at their amortized cost, approximate their respective fair values, except for intercompany loans.

(Amounts in thousands of reais - R$, unless otherwise stated)

c) Liquidity

Liquidity management entails maintaining sufficient funds, such as cash, securities, and committed credit facilities, to manage the capacity to settle our obligations.

Management monitors the Group's liquidity level considering the expected cash flows against unused credit facilities.

The table below details the remaining contractual maturity of the Group's financial assets and liabilities, and the agreed repayment terms. The tables below were prepared using the undiscounted cash flows of the financial assets and financial liabilities based on the nearest date on which the Group can be required to make the related payment or collect its receivables. As interest flows are based on floating rates, the undiscounted amount obtained is based on the interest curves in the twelve-month period ended December 31, 2016. Accordingly, the disclosed balances do not match the balances stated in the statements of financial position.

	Weighted average effective interest rate - %	Parent					
		Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 y ears	Over 5 years	Total
December 31, 2016							
Trade payables	-	**(27,201)**	**(349)**	**-**	**-**	**-**	**(27,550)**
Trade receivables	-	**12,493**	**2,523**	**1,916**	**969**	**-**	**17,901**
Swap instrument (item f)	16.75	**-**	**658**	**-**	**-**	**-**	**658**
Borrowings	16.75	**-**	**(11,910)**	**-**	**(788)**	**-**	**(12,698)**
December 31, 2015							
Trade payables	-	**(13,120)**	**(173)**	**(7)**	**-**	**-**	**(13,300)**
Trade receivables	-	**19,901**	**1,472**	**1,603**	**2,110**	**-**	**25,086**
Currency swap derivatives (item e))	14.77	**12**	**49**	**220**	**1,980**	**-**	**2,261**
Borrowings	12.00	**(266)**	**(921)**	**(2,308)**	**(16,451)**	**-**	**(19,946)**
Installment payment of rights over points of sales	14.25	**(4,760)**	**(4,964)**	**(5,684)**	**(56,912)**	**-**	**(72,320)**
Installment payment of business acquisitions	5.42	**(21)**	**(42)**	**(879)**	**-**	**-**	**(942)**

(Amounts in thousands of reais - R$, unless otherwise stated)

	Weighted average effective interest rate - %	Consolidated					
		Less than 1 month	1 to 3 months	3 months to 1 year	1 to 5 y ears	Over 5 years	Total
December 31, 2016							
Trade payables	-	**(75,539)**	**(6,785)**	**(3,491)**	**-**	**-**	**(85,815)**
Trade receivables	-	**53,221**	**13,903**	**3,444**	**1,704**	**-**	**72,272**
Currency swap derivatives (item f))	10.29	**-**	**-**	**5,701**	**2,070**	**-**	**7,771**
Borrowings	10.29	**(231)**	**(17,048)**	**(34,631)**	**(81,363)**	**-**	**(133,273)**
Installment payment of business acquisitions	15.65	**(31)**	**(50)**	**(6,376)**	**(21,234)**	**(11,178)**	**(38,869)**
Installment payment of acquisitions of goodwill	6.00	**-**	**-**	**(3,092)**	**-**	**-**	**(3,092)**
December 31, 2015							
Trade payables	-	(73,954)	(1,430)	(198)	-	-	(75,582)
Trade receivables	-	65,535	2,124	2,927	3,526	-	74,112
Currency swap derivatives (item f))	14.77	1,555	3,111	4,666	17,737	4,044	31,113
Borrowings	12.00	(4,108)	(18,243)	(99,239)	(306,513)	-	(428,103)
Installment payment of business acquisitions	9.49	(4,760)	(4,964)	(5,684)	(56,912)	-	(72,320)
Installment payment of acquisitions of goodwill	5.42	(6,397)	(12,178)	(25,585)	(61,260)	(8,552)	(113,972)

d) Credit risk

Credit risk refers to the risk of a counterparty not complying with its contractual obligations, which would result in financial losses for the Group. Group sales are basically made using means of payment, especially credit and debit cards, which reduce significantly the risk of default. A portion of the catering segment sales is made to airlines, the creditworthiness of which is monitored. As a result of such management, expected losses are recorded in ‘Allowance for doubtful debts’, as described in note 10.

The Group is also exposed to credit risks related to financial instruments contracted for the management of its business, which consist basically of cash and cash equivalents and short-term investments. Management believes that the credit risk of transactions with financial institutions is low, as these are considered by the market as prime banks.

(Amounts in thousands of reais - R$, unless otherwise stated)

e) Exchange rate risk

As referred to in note 17, the Group contracted a US dollar-denominated loan plus a spread from 4.05% to 4.81% per year, with a swap instrument classified in Level 2, contracted on the same date and with the same financial institution, exchanging 100% of this debt for the interbank deposit rate (CDI) plus spread from 1.75% to 3.1% per year.

As at December 31, 2016 and 2015, due to this financial instrument, the following results were obtained:

	12/31/2016	12/31/2015
Notional amount in US dollars - US$ thousand	**32,229**	24,596
Average contracting rate - real - R$	**2,56**	2,54
Notional amount in real - R$	**82,550**	62,570
Long position (purchased)		
US dollar - US$ thousand plus interest from 4.05% to 4.81% per year	**6,568**	35,143
Short position (sold)		
CDI plus interest from 1.75% to 3.0% per year	**(421)**	(366)
Gain for the year	**6,147**	34,777

f) Interest rate risk

The Group has loans and debt agreements denominated in U.S. dollars (US$) and Brazilian reais (R$), indexed to LIBOR (long-term rate), Long-Term Interest Rate - TJLP (agreements with the National Bank for Economic and Social Development - BNDES), Interbank Deposit Rate - CDI and National Consumer Price Index – INPC, calculated by the Brazilian Institute of Geography and Statistics – IBGE. There is an inherent risk in these liabilities due to usual fluctuations in this market.

The Group does not have any derivative contract to mitigate this risk since Management understands that the interest rates pegged to these interest rates do not pose a significant risk.

Sensitivity analysis

In order to conduct the sensitivity analysis of the interest rate charged on existing borrowings and other obligations, the Group uses, for a probable scenario, the market rate obtained on Brazilian stock exchanges, and considers a 25% and 50% increase in such rate for Scenarios I and II, respectively. The sensitivity analysis results for a twelve-month period are as follows:

(Amounts in thousands of reais - R$, unless otherwise stated)

	Consolidated		
	Probable	**Scenario I**	**Scenario II**
Swap (per year) - CDI plus interest from 1.75% to 3.1% per year	16.80%	20.38%	23.96%
Estimated charges	7,238	8,780	10,322
Libor (per year) plus interest of 3.6% per year	4.98%	5.22%	5.47%
Estimated charges	3,543	3,717	3,891
TJLP (per year) plus interest of 3.8% per year	11.31%	13.19%	15.06%
Estimated charges	472	550	628

Installment payment of business acquisitions

	Consolidated		
	Probable	**Scenario I**	**Scenario II**
Installment payment of business acquisitions (per year) - CDI	14.32%	17.90%	21.48%
Estimated charges	520	650	780

Installment payment of rights over points of sales

	Consolidated		
	Probable	**Scenario I**	**Scenario II**
Installment payment of rights over points of sale (per year) – INPC	6.58%	8.23%	9.87%
Estimated charges	199	249	299

g) Debt-to-equity ratio

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Debt (i)	**11,946**	14,928	**129,279**	360,321
Currency swap derivatives	**(178)**	(2,229)	**(6,568)**	(31,113)
Installment payment of business acquisitions	**-**	892	**33,807**	100,169
Installment payment of rights over points of sales	**-**	52,635	**3,024**	52,635
Cash and cash equivalents (financial investments)	**(14,673)**	(233,996)	**(190,108)**	(289,390)
Net debt	**(2,905)**	(167,770)	**(30,566)**	192,622
Equity (ii)	**1,030,654**	1,192,129	**1,040,796**	1,204,128
Net debt-to-equity ratio	**(0.003)**	(0.141)	**(0.029)**	0.160

(i) Debt is defined as short- and long-term loans, as detailed in note 17.

(ii) Equity includes the Group's total share capital and reserves, managed as capital.

(Amounts in thousands of reais - R$, unless otherwise stated)

9. Cash and cash equivalents

	Parent		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Cash	**412**	570	**6,914**	6,851
Banks	**72**	610	**77,122**	43,052
Financial investments	**14,189**	232,816	**106,072**	239,487
	14,673	233,996	**190,108**	289,390

Financial investments classified as cash and cash equivalents are broken down as follows:

				Parent	
Transactions	Average yield	Liquidity	Country	12/31/2016	12/31/2015
Debentures – repurchase agreements	100% to 101.7% of CDI	Immediate	Brazil	**10,905**	231,718
Automatic investment	30% to 60% of CDI	Immediate	Brazil	**2,964**	285
Others	80% to 100% of CDI	Immediate	Brazil	**320**	813
				14,189	232,816

				Consolidated	
Transactions	Average yield	Liquidity	Country	12/31/2016	12/31/2015
Debentures – repurchase agreements	90% to 101.7% of CDI	Immediate	Brazil	**84,412**	232,718
Automatic investment	30% to 60% of CDI	Immediate	Brazil	**11,669**	3,114
Automatic investment	7,33% p.a.	Immediate	Colombia	**9,671**	3,351
Others	80% to 100% of CDI	Immediate	Brazil	**320**	304
				106,072	239,487

10. Trade receivables

	Parent		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Means of payment (credit and debit cards, and meal tickets)	**1,250**	2,002	**35,999**	31,346
Trade receivables	**13,581**	18,171	**26,446**	31,279
Fees and sales agreements	**3,306**	5,075	**10,852**	11,877
Others	**-**	-	**300**	372
	18,137	25,248	**73,597**	74,874
Allowance for doubtful debts	**(236)**	(162)	**(1,325)**	(762)
	17,901	25,086	**72,272**	74,112
Current	**16,932**	22,976	**70,567**	70,586
Noncurrent	**969**	2,110	**1,705**	3,526
	17,901	25,086	**72,272**	74,112

(Amounts in thousands of reais - R$, unless otherwise stated)

The balance of line item 'Trade receivables' before deduction of allowance for doubtful debts is denominated in the following local currencies of the countries where the Group operates:

	Consolidated	
	12/31/2016	**12/31/2015**
In Brazilian reais - R$	**54,916**	58,521
In US dollars - US$ (*)	**9,316**	4,733
In Mexican pesos - MXN$ (*)	**616**	1,691
In Colombian pesos - COP$ (*)	**8,749**	9,929
	73,597	74,874

(*) The foreign currency-denominated balances refer to trade receivables from the corresponding countries of origin; therefore, there are no foreign exchange differences between the recognized revenue and the related receivables disclosed in the statement of profit or loss.

The balance in line item 'Trade receivables' refers mainly to receivables from airlines.

Receivables are comprised of current and past-due receivables, as follows:

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Current	**16,133**	22,344	**59,900**	69,562
Past due:				
Up to 30 days	**1,768**	2,182	**11,079**	2,898
31 to 60 days	**-**	548	**895**	1,067
61 to 90 days	**-**	12	**419**	228
Over 90 days	**236**	162	**1,304**	1,119
Allowance for doubtful debts	**(236)**	(162)	**(1,325)**	(762)
	17,901	25,086	**72,272**	74,112

As described in note 17, the Group pledged receivables from credit and debit card companies as collateral for borrowings. As at December 31, 2016, the balance receivable related to this collateral is R$456 (R$682 at December 31, 2015) in Parent and R$4,908 (R$10,823 at December 31, 2015) in consolidated. The terms and conditions of this transaction include mainly pledging to banks as collateral current and future receivables originating from credit and debit card sales up to the debt limit on the maturity date. This collateral could be enforced by banks in case of default on a borrowing.

Allowance for doubtful debts

The variations in the allowance for doubtful debts are as follows:

(Amounts in thousands of reais - R$, unless otherwise stated)

	Parent		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Balance at the beginning of the year	**(162)**	(125)	**(762)**	(3,702)
Additions	**(288)**	(316)	**(2,674)**	(1,030)
Reversals and write-offs	**214**	279	**2,091**	1,021
Reclassification to assets held for sale	**-**	-	**-**	2,970
Exchange rate changes	**-**	-	**20**	(21)
Balance at the end of the year	**(236)**	(162)	**(1,325)**	(762)

Fees and sales agreements

These amounts are set in contracts or agreements and comprise amounts relating to discounts based on sales volume, joint marketing programs, freight reimbursement and other similar programs.
The Group did not recognize any adjustment to present value since it considers the effect of these adjustments immaterial when compared with the financial statements taken as a whole.

11. Inventories

	Parent		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Food and beverages	**2,587**	3,814	**19,300**	23,853
Fuel and vehicle accessories	**-**	-	**4,475**	4,496
Nonfood products and souvenirs for resale	**-**	-	**6,770**	4,691
Supplies and fixtures	**1,776**	1,812	**6,001**	8,877
Provision for inventory obsolescence	**-**	-	**(1,445)**	(1,060)
	4,363	5,626	**35,101**	40,857

As at December 31, 2016, the total cost of inventories sold disclosed in line item ‘Cost of sales and services’ totals R$46,288 (R$60,525 at December 31, 2015) in Parent and R$532,433 (R$580,408 at December 31, 2015) in Consolidated.

The variations in the Company’s provision for inventory obsolescence are as follows:

	Consolidated	
	12/31/2016	12/31/2015
Opening balance	**(1,060)**	-
Addition of provision	**(847)**	(1,250)
Reversal of provision	**462**	190
Closing balance	**(1,445)**	(1,060)

(Amounts in thousands of reais - R$, unless otherwise stated)

12.Taxes recoverable

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Prepaid Income tax and social contribution	**1,317**	-	**8,089**	4,958
Withholding income tax (IRRF) on financial investments	**5,369**	3,046	**7,704**	5,721
Taxes on revenue (PIS and COFINS)	**8,473**	7,414	**16,668**	17,308
Others	**245**	201	**1,534**	2,310
	15,404	10,661	**33,995**	30,297

13. Investments

Information on subsidiaries

The summarized financial information relating to each of the subsidiaries in which the Company has interests is presented blow, before the eliminations of intragroup transactions:

a) December 31, 2016

Direct subsidiaries	Ownership interest - %	Total assets	Total liabilities	Equity	Profit (loss) for the year	Revenues	Share of profit (loss) of investees
Mexico Premier Restaurants LLC	100	324,773	(170,851)	(153,922)	(24,255)	391,149	(24,255)
IMC Puerto Rico Ltd. (the Caribbean)	100	178,461	(28,368)	(150,093)	23,842	195,053	23,842
RA Network:							
Tob's Lanches Sul Ltda. (Brazil)	99.99	5,377	(62)	(5,315)	(125)	-	(125)
Viena Chain:							
Pimenta Verde Alimentos Ltda. (Brazil)	97.59	357,934	(99,010)	(258,924)	(26,774)	295,539	(26,774)
Niad Restaurantes Ltda. (Brazil)	63.95	98,378	(37,476)	(60,902)	(6,001)	69,337	(3,932)
Frango Assado Chain							
Comercial Frango Assado Ltda. (Brazil)	99.99	309,151	(62,380)	(246,771)	(5,389)	248,215	(5,389)
Centro de Serviços Frango Assado Norte Ltda. (Brazil)	99.99	27,986	(6,203)	(21,783)	(880)	54,230	(880)
Carvalho Pinto Automotivos e Conveniências Ltda. (Brazil)	99.99	12,150	(3,059)	(9,091)	747	22,525	747
Centro de Serviços Frango Assado Sudoeste Ltda. (Brazil)	99.99	15,965	(5,512)	(10,453)	326	35,373	326
Centro de Serviços Frango Assado Suleste Ltda. (Brazil)	99.99	8,786	(2,725)	(6,061)	868	24,846	868
Total		**1,338,961**	**(415,646)**	**(923,315)**	**(37,641)**	**1,336,267**	**(35,572)**

(Amounts in thousands of reais - R$, unless otherwise stated)

b) December 31, 2015

Direct subsidiaries	Ownership interest - %	Total assets	Total liabilities	Equity	Profit (loss) for the year	Revenues	Share of profit (loss) of investees
Mexico Premier Restaurants LLC	100	352,015	(323,022)	(28,993)	(8,425)	358,635	(8,425)
IMC Puerto Rico Ltd. (the Caribbean)	100	159,256	(27,775)	(131,480)	2,681	223,289	2,681
RA Network:							
Tob's Lanches Sul Ltda. (Brazil)	99.99	2,328	(631)	(1,697)	(2,758)	6,332	(2,758)
Viena Chain:							
Pimenta Verde Alimentos Ltda. (Brazil)	97.59	356,151	(203,685)	(152,466)	(18,791)	354,709	(18,791)
Niad Restaurantes Ltda. (Brazil)	64.70	111,643	(72,876)	(38,767)	(4,897)	87,888	(3,251)
Frango Assado Chain							
Comercial Frango Assado Ltda. (Brazil)	99.99	387,408	(161,387)	(226,021)	(2,110)	282,740	(2,110)
Centro de Serviços Frango Assado Norte Ltda. (Brazil)	99.99	30,213	(11,100)	(19,113)	(542)	55,537	(542)
Carvalho Pinto Automotivos e Conveniências Ltda. (Brazil)	99.99	19,770	(6,125)	(13,644)	922	24,904	922
Centro de Serviços Frango Assado Sudoeste Ltda. (Brazil)	99.99	28,283	(6,957)	(21,327)	1,474	47,766	1,474
Centro de Serviços Frango Assado Suleste Ltda. (Brazil)	99.99	15,732	(4,343)	(11,389)	850	26,389	850
Total		1,462,799	(817,901)	(644,897)	(31,596)	1,468,189	(29,950)
Goodwill on business acquisitions:							
Intangible assets	-	-					(2,185)
Deferred income tax	-						743
Total	-						(1,442)
Total share of profit (loss) of investees	-						(31,392)

Information on subsidiaries

The variations in investments in subsidiaries presented in the individual financial statements are as follows:

	Tob's	Viena Chain	Frango Assado Chain	IMC USA/ Mexico	IMC the Caribbean	Total
Balance at December 31, 2014	9,590	186,775	290,906	105,593	188,057	780,921
Investment increase	-	31,907	-	-	-	31,907
Amortization of goodwill	(2,183)	-	-	-	-	(2,183)
Amortization IRD	743	-	-	-	-	743
Share of profit (loss) of investees	(2,758)	(27,525)	669	(807)	471	(29,950)
Translation adjustments	-	-	-	26,254	68,845	95,099
Investment held for sale (note 1.c)	-	-	-	(105,704)	(145,683)	(251,387)
Balance at December 31, 2015	5,392	191,157	291,575	25,336	111,690	625,150
Reclassifications	48	-	-	105,704	145,683	251,435
Investment increase	-	128,000	29,612	28,901	-	186,513
Share of profit (loss) of investees	(125)	(30,706)	(4,328)	(24,255)	23,842	(35,572)
Dividends received	-	-	(22,700)	-	(14,855)	(37,555)
(Profit) loss from indirect discontinued operations	-	-	-	63,137	(46,010)	17,127
Translation adjustments	-	-	-	(44,901)	(70,257)	(115,158)
Balance at December 31, 2016	5,315	288,451	294,159	153,922	150,093	891,940

The variations in investments in joint ventures, presented in the consolidated financial statements, are as follows:

(Amounts in thousands of reais - R$, unless otherwise stated)

	Margaritaville (Orlando)
Balance at December 31, 2014	30,815
Share of profit (loss) of investees (*)	5,010
Dividends received	(9,178)
Translation adjustments of foreign subsidiaries	13,362
Balance at December 31, 2015	40,009
Share of profit (loss) of investees (*)	5,879
Dividends received	(10,365)
Translation adjustments of foreign joint ventures	(6,354)
Balance at December 31, 2016	**29,169**

(*) Share of profit (loss) of investees net of amortization of investment in joint venture incurred in the year ended December 31, 2016 amounting to R$2,178 (R$2,283 at December 31, 2015). The investment is amortized because the joint venture has finite duration.

14. Property, plant and equipment

The variations in property, plant and equipment for the years ended December 31, 2016 and 2015 are as follows:

	Parent			
	Balance at 12/31/2015	**Additions (*)**	**Transfers, write-offs, use of provision and others**	**Balance at 12/31/2016**
Cost				
Machinery, equipment and facilities	25,388	-	(1,443)	**23,945**
Furniture and fixtures	9,170	-	(1,012)	**8,158**
Leasehold improvements	40,931	-	(11,307)	**29,624**
Computers, vehicles and other items	24,075	-	122	**24,197**
Works and construction in progress	71	12,212	(8,642)	**3,641**
Total cost	99,635	12,212	(22,282)	**89,565**
Depreciation				
Machinery, equipment and facilities	(13,267)	(3,232)	1,552	**(14,947)**
Furniture and fixtures	(4,862)	(1,186)	815	**(5,233)**
Leasehold improvements	(19,282)	(2,519)	6,674	**(15,127)**
Computers, vehicles and other items	(17,384)	(2,067)	842	**(18,609)**
Total depreciation	(54,795)	(9,004)	9,883	**(53,916)**
Provision for impairment of assets	-			
Machinery, equipment and facilities	(1,362)	(648)	1,407	**(603)**
Furniture and fixtures	(49)	(45)	94	**-**
Leasehold improvements	(8,562)	(2,050)	8,131	**(2,481)**
Computers, vehicles and other items	-	(80)	16	**(64)**
Total provision	(9,973)	(2,823)	9,648	**(3,148)**
Total, net	34,867	385	(2,751)	**32,501**

International Meal Company Alimentação S.A. and Subsidiaries

Notes to the financial statements
December 31, 2016
(Amounts in thousands of reais - R$, unless otherwise stated)

	Parent			
	Balance at 12/31/2014	Additions (*)	Transfers, write-offs, use of provision and others	Balance at 12/31/2015
Cost				
Machinery, equipment and facilities	21,970	65	3,353	**25,388**
Furniture and fixtures	8,058	-	1,112	**9,170**
Leasehold improvements	40,162	160	609	**40,931**
Computers, vehicles and other items	21,665	2,329	81	**24,075**
Works and construction in progress	4,185	9,639	(13,753)	**71**
Total cost	96,040	12,193	(8,598)	**99,635**
Depreciation				
Machinery, equipment and facilities	(10,267)	(3,295)	295	**(13,267)**
Furniture and fixtures	(3,639)	(1,308)	85	**(4,862)**
Leasehold improvements	(17,252)	(4,274)	2,244	**(19,282)**
Computers, vehicles and other items	(15,676)	(2,313)	605	**(17,384)**
Total depreciation	(46,834)	(11,190)	3,229	**(54,795)**
Provision for impairment of assets				
Machinery, equipment and facilities	-	(1,362)	-	**(1,362)**
Furniture and fixtures	-	(49)	-	**(49)**
Leasehold improvements	-	(8,562)	-	**(8,562)**
Total provision	-	(9,973)	-	**(9,973)**
Total, net	49,206	(8,970)	(5,369)	**34,867**

	Consolidated					
	Balance at 12/31/2015	PPA allocation	Effects of exchange differences	Additions (*)	Transfers, write-offs, use of provision and others	Balance at 12/31/2016
Cost						
Land and buildings	4,222	-	(500)	-	-	**3,722**
Machinery, equipment and facilities	155,936	-	(3,996)	4,980	4,394	**161,314**
Furniture and fixtures	68,188	3,591	(4,885)	2,405	(216)	**69,083**
Leasehold improvements	302,565	1,719	(19,359)	16,211	(16,448)	**284,688**
Computers, vehicles and other items	61,085	547	(2,197)	3,286	1,235	**63,956**
Works and construction in progress	10,421	-	(1,671)	40,811	(33,754)	**15,807**
Total cost	602,417	5,857	(32,608)	67,693	(44,789)	**598,570**
Depreciation						
Buildings	(2,109)	-	318	(237)	-	**(2,028)**
Machinery, equipment and facilities	(94,613)	-	2,449	(17,658)	5,024	**(104,798)**
Furniture and fixtures	(36,317)	-	2,474	(10,197)	1,793	**(42,247)**
Leasehold improvements	(120,326)	-	8,395	(35,923)	14,371	**(133,483)**
Computers, vehicles and other items	(46,343)	-	1,865	(6,169)	1,638	**(49,009)**
Total depreciation	(299,708)	-	15,501	(70,184)	22,826	**(331,565)**
Provision for impairment of assets						
Machinery, equipment and facilities	(3,216)	-	-	(2,235)	3,325	**(2,126)**
Furniture and fixtures	(49)	-	-	(376)	222	**(203)**
Leasehold improvements	(17,790)	-	-	(10,026)	15,950	**(11,866)**
Computers, vehicles and other items	-	-	-	(173)	(208)	**(381)**
Total provision	(21,055)	-	-	(12,810)	19,289	**(14,576)**
Total, net	281,654	5,857	(17,107)	(15,301)	(2,674)	**252,429**

(Amounts in thousands of reais - R$, unless otherwise stated)

	Consolidated					
	Balance at 12/31/2014	Effects of exchange differences	Assets held for sale (**)	Additions (*)	Transfers, write-offs, use of provision and others	Balance at 12/31/2015
Cost						
Land and buildings	3,865	452	(95)	-	-	4,222
Machinery, equipment and facilities	182,138	5,761	(35,440)	3,311	166	155,936
Furniture and fixtures	63,844	8,569	(5,794)	1,502	67	68,188
Leasehold improvements	375,795	34,023	(115,306)	8,422	(369)	302,565
Computers, vehicles and other items	67,566	2,935	(13,269)	3,320	533	61,085
Works and construction in progress	14,909	1,945	(1,606)	20,356	(25,183)	10,421
Total cost	708,117	53,685	(171,510)	36,911	(24,786)	602,417
Depreciation						
Buildings	(1,796)	(208)	88	(193)	-	(2,109)
Machinery, equipment and facilities	(97,390)	(3,574)	20,820	(20,809)	6,340	(94,613)
Furniture and fixtures	(28,830)	(2,649)	4,141	(10,278)	1,299	(36,317)
Leasehold improvements	(129,852)	(9,233)	49,090	(39,762)	9,431	(120,326)
Computers, vehicles and other items	(47,912)	(1,979)	8,726	(6,479)	1,301	(46,343)
Total depreciation	(305,780)	(17,643)	82,865	(77,521)	18,371	(299,708)
Provision for impairment of assets						
Machinery, equipment and facilities	-	-	-	(3,216)	-	(3,216)
Furniture and fixtures	-	-	-	(49)	-	(49)
Leasehold improvements	-	-	-	(17,790)	-	(17,790)
Total provision	-	-	-	(21,055)	-	(21,055)
Total, net	402,337	36,042	(88,645)	(61,665)	(6,415)	281,654

	Parent		Consolidated	
Net balances in	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Land and buildings	**-**	-	**1,694**	2,113
Machinery, equipment and facilities	**8,395**	10,759	**54,390**	58,107
Furniture and fixtures	**2,925**	4,259	**26,633**	31,822
Leasehold improvements	**12,016**	13,087	**139,339**	164,449
Computers, vehicles and other items	**5,524**	6,691	**14,566**	14,742
Works and construction in progress	**3,641**	71	**15,807**	10,421
	32,501	34,867	**252,429**	281,654

(*) The additions to property, plant and equipment presented in the statements of cash flows are net of the installments to be paid in subsequent months. Thus, in the statements of cash flows, from the additions of property, plant and equipment items in the year ended December 31, 2016, the amount of R$3,121 (R$392 added at December 31, 2015) was deducted in Parent, and R$6,688 in Consolidated (R$1,106 added at December 31, 2016).

(**) In December 2015, Management disposed of the assets of certain direct and indirect subsidiaries, as described in note 1°c.

Depreciation charges are allocated as follows:

(Amounts in thousands of reais - R$, unless otherwise stated)

	Parent		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Allocated to cost of sales and services	**7,837**	8,706	**60,678**	62,072
Allocated to general and administrative expenses	**1,167**	2,484	**9,506**	15,449
Total depreciation expenses	**9,004**	11,190	**70,184**	77,521
PIS and COFINS credits on depreciation (*)	**(952)**	(466)	**(3,013)**	(2,192)
Total depreciation expenses, net of tax credits	**8,052**	10,724	**67,171**	75,329

(*) PIS and COFINS credits on items on property, plant and equipment allocated to operations.

Assets pledged as collateral

The obligations assumed under finance lease agreements are collateralized by the ownership of the leased assets by the lessor, whose carrying amount as at December 31, 2016 is R$1,787 (R$2,410 as at December 31, 2015) in Parent and in Consolidated.

15. Intangible assets

The variations in intangible assets in the years ended December 31, 2016 and 2015 are as follows:

		Parent		
	Balance at 12/31/2015	Additions (*)	Transfers, write-offs, and others	Balance at 12/31/2016
Cost:				
Goodwill	91,790	-	-	**91,790**
Software	14,203	777	214	**15,194**
Rights over trademarks	4,100	-	-	**4,100**
Rights over points of sales	58,586	323	(23,351)	**35,558**
Licensing rights	72,133	-	(1,508)	**70,625**
Leasehold rights	25,532	-	-	**25,532**
Intangibles in progress	1,148	829	(112)	**1,865**
Total cost	267,492	1,929	(24,757)	**244,664**
Amortization:				
Software	(12,102)	(1,837)	73	**(13,866)**
Rights over points of sales	(9,494)	(6,280)	4,403	**(11,371)**
Licensing rights	(45,224)	(4,840)	638	**(49,426)**
Leasehold rights	(17,296)	(1,977)	-	**(19,273)**
Total amortization	(84,116)	(14,934)	5,114	**(93,936)**
Provision for impairment of assets				
Software	-	(40)	32	**(8)**
Rights over trademarks	-	(1,427)	-	**(1,427)**
Rights over points of sales	(7,790)	(1,372)	6,088	**(3,074)**
Licensing rights	-	(870)	727	**(143)**
Total provision	(7,790)	(3,709)	6,847	**(4,652)**
	175,586	(16,714)	(12,796)	**146,076**

(Amounts in thousands of reais - R$, unless otherwise stated)

	Parent			
	Balance at 12/31/2014	**Additions (*)**	**Transfers, write-offs, and others**	**Balance at 12/31/2015**
Cost:				
Goodwill	91,790	-	-	**91,790**
Software	12,906	-	1,297	**14,203**
Rights over trademarks	4,100	-	-	**4,100**
Rights over points of sales	61,803	-	(3,217)	**58,586**
Licensing rights	73,631	214	(1,712)	**72,133**
Leasehold rights	25,532	-	-	**25,532**
Intangibles in progress	12	1,767	(631)	**1,148**
Total cost	269,774	1,981	(4,263)	**267,492**
Amortization:				
Software	(11,221)	(1,197)	316	**(12,102)**
Rights over points of sales	(4,378)	(6,758)	1,642	**(9,494)**
Licensing rights	(40,108)	(7,543)	2,427	**(45,224)**
Leasehold rights	(15,319)	(1,977)	-	**(17,296)**
Total amortization	(71,026)	(17,475)	4,385	**(84,116)**
Provision for impairment of assets				
Rights over points of sales	-	(7,790)	-	**(7,790)**
Total provision	-	(7,790)	-	**(7,790)**
Total, net	198,748	(23,284)	122	**175,586**

		Consolidated				
	Balance at 12/31/2015	**PPA allocation**	**Additions (*)**	**Transfers, write-offs, and others (**)**	**Effects of exchange differences**	**Balance at 12/31/2016**
Cost						
Goodwill	666,850	19,209	-	-	(29,045)	**657,014**
Software	25,732	-	1,092	74	(170)	**26,728**
Rights over trademarks	63,947	-	-	-	(1,329)	**62,618**
Rights over points of sales	150,976	-	9,025	(37,031)	(396)	**122,574**
Licensing rights	107,040	-	-	(457)	(3,080)	**103,503**
Leasehold rights	31,264	-	-	(496)	(2,069)	**28,699**
Non-compete agreements	3,296	-	-	-	(391)	**2,905**
Intangibles in progress and other assets	1,926	-	829	(112)	(104)	**2,539**
Total cost	1,051,031	19,209	10,946	(38,022)	(36,584)	**1,006,580**
Amortization						
Software	(22,028)	-	(2,470)	221	121	**(24,156)**
Rights over points of sales	(35,477)	-	(13,580)	8,950	206	**(39,901)**
Licensing rights	(63,505)	-	(7,697)	660	1,450	**(69,092)**
Leasehold rights	(17,297)	-	(1,976)	-	-	**(19,273)**
Non-compete agreements	(1,111)	-	(306)	-	148	**(1,269)**
Intangibles in progress and other assets	(321)	-	(72)	-	50	**(343)**
Total amortization	(139,739)	-	(26,101)	9,831	1,975	**(154,034)**
Provision for impairment of assets				-	-	-
Software	-	-	(166)	90		**(76)**
Rights over trademarks	-	-	(4,261)	-	-	**(4,261)**
Rights over points of sales	(14,784)	-	(7,860)	13,028	-	**(9,616)**
Licensing rights	(42)	-	(2,656)	879	-	**(1,819)**
Total provision	(14,826)	-	(14,943)	13,997	-	**(15,772)**
Total cost	896,466	19,209	(30,098)	(14,194)	(34,609)	**836,774**

(Amounts in thousands of reais - R$, unless otherwise stated)

	Consolidated					
	Balance at 12/31/2014	Assets held for sale	Additions (*)	Transfers, write-offs, and others (**)	Effects of exchange differences	Balance at 12/31/2015
Cost:						
Goodwill	698,322	(71,409)	-	(17,549)	57,486	**666,850**
Software	24,557	(259)	176	1,172	86	**25,732**
Rights over trademarks	97,567	(34,717)	50	(231)	1,278	**63,947**
Rights over points of sales	168,511	(13,122)	-	(5,631)	1,218	**150,976**
Licensing rights	107,874	(3,696)	331	(1,676)	4,207	**107,040**
Leasehold rights	226,295	(200,763)	-	5,732	-	**31,264**
Non-compete agreements	15,763	(12,820)	-	-	353	**3,296**
Intangibles in progress and other assets	707	-	1,767	(631)	83	**1,926**
Total cost	1,339,596	(336,786)	2,324	(18,814)	64,711	**1,051,031**
Amortization:						
Software	(19,310)	80	(3,220)	500	(78)	**(22,028)**
Rights over points of sales	(28,290)	4,592	(15,158)	3,705	(326)	**(35,477)**
Licensing rights	(53,934)	1,291	(9,858)	242	(1,246)	**(63,505)**
Leasehold rights	(92,105)	76,785	(1,977)	-	-	**(17,297)**
Non-compete agreements	(13,517)	12,820	(325)	-	(89)	**(1,111)**
Intangibles in progress and other assets	(219)	-	(76)	-	(26)	**(321)**
Total amortization	(207,375)	95,568	(30,614)	4,447	(1,765)	**(139,739)**
Provision for impairment of assets						
Rights over points of sales	-	-	(14,784)	-	-	**(14,784)**
Licensing rights	-	-	(42)	-	-	**(42)**
Total provision	-	-	(14,826)	-	-	**(14,826)**
Total	1,132,221	(241,218)	(43,116)	(14,367)	62,946	**896,466**

(*) In the statements of cash flows for the year ended December 31, 2016 includes the addition of the installments paid of R$3,221 in Parent (R$6,255 added at December 31, 2015) and R$28,219 in Consolidated (R$6,227 added at December 31, 2015) related to acquisitions made in prior periods with installment payment terms.

(**) In 2016 the Company wrote off R$ 16,946 relating to rights over points of sale due to amendments to the airport space assignment agreement entered into with Inframerica Concessionária do Aeroporto de Brasília. In addition to the write-off, among the amendments to the contractual conditions the following stand out: (i) extension of the agreement maturity to December 31, 2026; (ii) return of 6 sales points; (iii) assignment of 8 new spaces by the concessionaire; (iv) payment of R$25,000 on June 30, 2016 relating to the residual balance of the right over point of sale payable.

	Parent		Consolidated	
Net balances in	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Goodwill (a)	**91,790**	91,790	**657,014**	666,850
Software	**1,320**	2,101	**2,496**	3,704
Rights over trademarks (b)	**2,673**	4,100	**58,357**	63,947
Rights over points of sales (c)	**21,113**	41,302	**73,057**	100,715
Licensing rights (d)	**21,056**	26,909	**32,592**	43,493
Leasehold rights (e)	**6,259**	8,236	**9,426**	13,967
Non-compete agreements	**-**	-	**1,636**	2,185
Intangibles in progress and other assets	**1,865**	1,148	**2,196**	1,605
	146,076	175,586	**836,774**	896,466

Amortization charges on other intangible assets are recognized in line item ‘General and administrative expenses’, in the statement of profit or loss.

(Amounts in thousands of reais - R$, unless otherwise stated)

<u>Main intangible assets</u>

a) *Goodwill*

<u>Allocation of goodwill to cash-generating units</u>

Goodwill is allocated to each cash-generating unit, defined as follows:

- Shopping malls - Brazil: fast food in restaurant chains and coffee shops located in shopping malls in Brazil.
- Shopping malls - the Caribbean: fast food in restaurant chains and coffee shops located in shopping malls in the Caribbean.
- Airports - Brazil: meals served in restaurants and coffee shops, and airline catering and other related services in Brazil.
- Airports – the Caribbean: meals served in restaurants and coffee shops, and airline catering and other related services in the Caribbean.
- Highways - Brazil: food courts in service stations and restaurant chains located along highways, and sale of vehicle fuel.
- United States of America: meals in restaurants in captive markets in the United States of America and consumables in the retail market.

The carrying amount of goodwill was allocated to the following cash-generating units:

	Consolidated	
	12/31/2016	**12/31/2015**
Brazil:		
Shopping malls	**187,905**	187,905
Airports	**91,790**	91,790
Highways	**206,187**	206,187
	485,882	485,882
The Caribbean:		
Shopping malls	**944**	1,071
Airports	**18,093**	20,526
	19,037	21,597
United States of America	**152,095**	159,371
	657,014	666,850

a) *Rights over trademarks*

Refers to those trademarks identified in the acquisitions made. including Viena, Frango Assado, Batata Inglesa, Wraps, Go Fresh, Brunella, Rede J&C Delicias (the Caribbean).

b) *Rights over points of sales*

Refer to amounts paid to acquire rights over points of sales (commercial rights) and/or for the allocation of part of the prices paid for the business acquisitions.

c) *Licensing rights*

A portion of the price attributable to the acquisition of catering operations was allocated to the licenses to operate airline-catering services on board of aircraft, and licenses and permits to operate restaurants in certain commercial regions.

d) *Leasehold rights*

Refers to the portion of the company purchase price allocated to lease agreements entered into with airport authorities (leasehold rights) and/or airport managers for the lease of space in the airports to operate restaurants, snack bars, coffee shops, and other similar retail outlets.

<u>Impairment testing for assets with indefinite useful lives</u>

Assets with indefinite useful lives (goodwill and trademarks) are tested for impairment annually or whenever there are indications that some of the cash-generating units might be impaired.

The recoverable amount of the cash-generating units was determined based on the value in use, using the cash flow based on financial budgets approved by the Board of Directors and a discount rate after the income tax and social contribution benefit. The cash flows after the five-year period were extrapolated using a fixed annual growth rate. The main assumptions adopted were:

Projected market share	Average market share in the period immediately prior to the projection period, plus an annual growth rate for the next five years. The amounts attributed to the assumption reflect the past experience, except for the growth factor, which is consistent with Management's plans to concentrate operations in these markets. Management believes that the annual market share growth for the next five years is feasible.
Projected gross margin	Average gross margins in the period immediately prior to the projection period, which were increased as a result of expected efficiency improvements. Reflect past experience, except for efficiency improvements.

(Amounts in thousands of reais - R$, unless otherwise stated)

Inflation adjustment of raw material prices	Projected consumer price indexes for the projection period of the countries from which raw materials are purchased. The amounts allocated to the main assumptions are consistent with external sources of information.

- Brazilian cash-generating units

  The discount rate applied to projected cash flows was 12.5% per year (16.0% per year in 2015), and the cash flows beyond the five-year period were extrapolated using a fixed annual growth rate of 7.0% (4.5% per year in 2015).

- Caribbean cash-generating units

  The discount rate applied to projected cash flows was 11.3% per year (13.2% per year in 2015), and the cash flows beyond the five-year period were extrapolated using a fixed annual growth rate of 4.3% per year (0.1% per year in 2015).

- US cash-generating units

  The discount rate applied to projected cash flows was 18.0% per year (8.5% per year in 2015), and the cash flows beyond the five-year period were extrapolated using a fixed annual growth rate of 2.0% (0.5% per year in 2015).

As a result of the analyses performed as at December 31, 2016, Management concluded that there are no indications of impairment of any of its cash-generating units.

16. Trade payables

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Product suppliers	**8,395**	4,036	**51,910**	42,579
Service providers	**15,897**	9,127	**33,514**	32,146
Suppliers - others	**3,258**	137	**391**	857
Total	**27,550**	13,300	**85,815**	75,582

(Amounts in thousands of reais - R$, unless otherwise stated)

17. Borrowings

	Financial charges	Maturity	Parent 12/31/2016	Parent 12/31/2015	Consolidated 12/31/2016	Consolidated 12/31/2015
Bank Credit Note (CCB) - Brazil	CDI + spread from 1.4% to 2.05% p.a.	-	**-**	-	**-**	62,178
CCB international swap - Brazil (a)	CDI + spread from 1.75% to 3.1% p.a.	Quarterly up to 9/14/20	**10,391**	12,602	**49,641**	90,673
Bank Credit Note - CCB – United States of America (b)	90-day LIBOR + spread of 4.0% per year	Quarterly up to 4/01/21	**-**	-	**71,186**	196,242
BNDES	TJLP or exchange fluctuation + spread from 3.81% to 5.8% per year	Monthly up to 11/15/19	**-**	-	**4,173**	6,836
Others			**1,555**	2,326	**4,279**	4,392
			11,946	14,928	**129,279**	360,321

Classified as:

	Parent 12/31/2016	Parent 12/31/2015	Consolidated 12/31/2016	Consolidated 12/31/2015
Current:				
Foreign currency-denominated borrowings	**10,391**	85	**49,418**	74,807
Local currency-denominated borrowings (R$)	**1,104**	944	**3,569**	22,057
	11,495	1,029	**52,987**	96,864
Noncurrent:				
Foreign currency-denominated borrowings	**-**	12,517	**71,412**	212,107
Local currency-denominated borrowings (R$)	**451**	1,382	**4,880**	51,350
	451	13,899	**76,292**	263,457

Guarantees and commitments

a) Borrowing in US dollars (US$) subject to interest from 4.05% to 4.81% per year plus exchange fluctuation. This borrowing is secured by the co-obligated guarantors represented by certain subsidiaries of the Company, swap collateral assignment, and pledge of credit rights from sales made by the Company's subsidiaries using credit and debit cards. The agreement contains certain covenants that require the compliance with the net debt-to-EBITDA ratio and the debt service coverage ratio, annually calculated based on the financial statements. As at December 31, 2016, the Group is compliant with such covenants. The Group conducts swap transactions to exchange US dollar-denominated payables at fixed interest rates for the Brazilian real (R$) pegged to 100% of the CDI plus spread from 1.75% to 3.1% per year. The Group conducts swap transactions with the same counterparty. These transactions are classified as derivatives, as described in note 8.f).

b) Borrowing repayable with 17 quarterly installments remaining in December 2016 and collateralized by the subsidiaries of IMSMV Holdings Inc. Under this borrowing agreement, the Group is required to comply with certain positive and negative covenants on a consolidated basis. The financial ratios established in the agreement are evaluated by the financial institution semiannually beginning December 31, 2016 and consist basically in the net debt-to-EBITDA ratios. As at December 31, 2016, the Group is compliant with such covenants.

(Amounts in thousands of reais - R$, unless otherwise stated)

The maturities of the portion recorded in noncurrent liabilities are as follows:

	Parent	Consolidated
2018	451	27,925
2019	-	24,685
2020	-	19,386
2021 and thereafter	-	4,296
	451	76,292

18. Payroll and related taxes

	Parent		Consolidated	
	12/31/16	12/31/15	12/31/16	12/31/15
Payroll and related taxes	10,741	11,623	35,135	23,500
Accrued vacation and related taxes	6,553	6,215	24,884	23,148
Others	1,071	530	3,957	2,976
Total	18,365	18,368	63,976	49,624

19. Installment payment of business acquisitions

	Parent		Consolidated	
	12/31/2016	12/31/2015	12/31/2016	12/31/2015
Business acquisitions in Brazil	**-**	892	**3,630**	4,287
Business acquisitions in other countries	**-**	-	**30,177**	95,882
Total	**-**	892	**33,807**	100,169
Current	**-**	892	**5,786**	37,604
Noncurrent	**-**	-	**28,021**	62,565

In March 2016, the Company renegotiated the debt with the former owners of businesses acquired in the past and for the advance payment it received a financial discount of R6,922, which was recorded as finance income.

The maturities of the portion recorded in noncurrent liabilities are as follows:

	Consolidated
2018	3,969
2019	4,202
2020	4,449
2021 and thereafter	15,401
Total	28,021

(Amounts in thousands of reais - R$, unless otherwise stated)

20. Provision for labor, civil and tax risks

The Group is a party to certain judicial and administrative discussions that involve labor, and social security, civil and tax risks. In the case of claims filed with courts, appeals were filed and are pending decision. Escrow deposits were made when required by the authorities.

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Labor and social security (a)	**6,950**	2,540	**20,347**	6,775
Tax (b)	**-**	1,628	**309**	6,488
Civil (c)	**303**	278	**6,341**	333
	7,253	4,446	**26,997**	13,596

(a) Provision recognized to cover labor and social security risks arising from labor relationships established in the normal course of its businesses. Based on the legal counsel's opinion, the Group recorded a provision to cover probable losses if such risks materialize.

(b) The Group is exposed to risks related to challenges by tax authorities (federal, state and municipal) and, based on the opinion of its legal counsel, recognized a provision to cover probable losses if such risks materialize.

(c) The Group is a party to civil and various other lawsuits, such as, claim of economic imbalance or claims filed by suppliers / manufacturers, related to quality discounts. Management recognized a provision for these lawsuits based on the Company's legal counsel's opinion, who assessed the risk of an unfavorable outcome as probable.

The Group is party to other lawsuits that, according to the opinion of its legal counsel, involve possible risk of losses: tax - R$16,986, labor and social security - R$25,674, and civil - R$5,311. The Parent is also a party to lawsuits that involve possible risk of losses: tax - R$1,327, labor and social security - R$5,551, and civil - R$268. No provision for these lawsuits was recognized since the likelihood of loss is not probable.

Among the main lawsuits classified as possible loss we highlight the infringement notices issued against the subsidiary Comercial Frango Assado in November 2012, relating to the requirement of PIS and COFINS tax credit for the period from January to December 2009. The amount involved is R$ 5,669. The lawsuit is under discussion at the administrative level.

The variations in the provision for risks in the years are as follows:

	Parent			
	Labor and social security	**Tax**	**Civil**	**Total**
Balance at December 31, 2014	2,331	1,749	12	4,092
Additions	1,937	343	266	2,546
Reversals	(664)	(464)	-	(1,128)
Uses	(1,064)	-	-	(1,064)
Balance at December 31, 2015	2,540	1,628	278	4,446
Additions	7,202	289	25	7,516
Reversals	(1,937)	(1,917)	-	(3,854)

(Amounts in thousands of reais - R$, unless otherwise stated)

Uses	(855)	-	-	(855)
Balance at December 31, 2016	**6,950**	**-**	**303**	**7,253**

	Consolidated			
	Labor and social security	**Tax**	**Civil**	**Total**
Balance at December 31, 2014	6,218	6,024	56	12,298
Additions	8,559	2,163	384	11,106
Reversals	(2,018)	(1,423)	(107)	(3548)
Uses	(5,423)	(276)	-	(5,699)
Liabilities directly associated to assets held for sale	(592)	-	-	(592)
Exchange rate changes	31	-	-	31
Balance at December 31, 2015	6,775	6,488	333	13,596
Additions	20,440	2,441	381	23,262
Reversals	(3,801)	(8,615)	(24)	(12,440)
Uses	(3,067)	(5)	(34)	(3,106)
Additions related to discontinued operations	-	-	5,685	5,685
Balance at December 31, 2016	**20,347**	**309**	**6,341**	**26,997**

21. Deferred revenue

Refers to bonuses and discounts received from suppliers for preference and exclusivity in the use of their services and/or resale of their products. These bonuses and discounts are recognized basically in line item "Cost of sales and services" in the statement of profit or loss when the service is provided and based on the expiration of the agreements entered into between the Group and its suppliers.

22. Income tax and social contribution

a) Deferred income tax and social contribution

Deferred income tax and social contribution arise from recognized tax loss carryforwards and temporary differences. These tax credits are recorded in noncurrent assets and noncurrent liabilities, in accordance with prevailing tax laws.

a) Deferred income tax and social contribution--Continued

As at December 31, 2016 and 2015, deferred income tax is as follows:

	Parent	
	12/31/2016	**12/31/2015**
Tax loss carryforwards	**615**	6.570
Temporary differences:		
Provision for labor, civil and tax risks	**2,466**	1,512

(Amounts in thousands of reais - R$, unless otherwise stated)

Provision for disposal of assets	**5,766**	6,583
Deferred income tax liability on amortization of goodwill of companies acquired and merged	**(40,646)**	(40,554)
Deferred tax liability arising from fair value allocations of business combinations	**(3,522)**	(4,194)
Accrued liabilities and others	**11,399**	6,357
Total	**(23,922)**	(23,726)
Assets	**-**	-
Liabilities	**(23,922)**	(23,726)

	Consolidated	
	12/31/2016	**12/31/2015**
Tax loss carryforwards	**61,902**	64,396
Temporary differences:		
Provision for labor, civil and tax risks	**7,246**	4,821
Provision for disposal of assets	**14,342**	12,200
Accrued liabilities	**12,088**	11,071
Asset appreciation and difference between accounting and tax law depreciation rates	**19,709**	14,090
Deferred income tax liability on amortization of goodwill of companies acquired and merged and/or derived from fair value allocations of business combinations	**(177,174)**	(158,539)
Others	**(56)**	4,823
	(61,943)	(47,138)
Assets	**626**	720
Liabilities	**(62,569)**	(47,858)

b) Realization of deferred income tax and social contribution

Based on the history of realization of assets and liabilities that gave rise to the balance of deferred income tax and social contribution assets, as well as the projections of taxable profits for the next years, the following schedule was estimated for realization of deferred income tax and social contribution assets:

	Parent	**Consolidated**
Year		
2017	15,712	40,258
2018	1,233	18,353
2019	-	18,889
2020	1,650	14,626
2021 and thereafter	1,651	23,161
	20,246	115,287

As at December 31, 2016, the Group has tax loss carryforwards amounting to R$290,092 (R$309,565 as at December 31, 2015) for which it recognized a deferred tax asset up to the amount that can be offset against future taxable profits. The balances of tax loss carryforwards are concentrated in Brazil.

(Amounts in thousands of reais - R$, unless otherwise stated)

c) Reconciliation of income tax and social contribution at statutory and effective rates

	Parent	
	12/31/2016	**12/31/2015**
Loss before income tax and social contribution from continuing operations	**(81,851)**	(119,361)
Statutory tax rate	**34%**	34%
Income tax and social contribution at statutory rate	**27,829**	40,583
Adjustments made:		
Permanent differences (*)	**(812)**	(13,089)
Share of profit (loss) of discontinued operations	**(24,876)**	-
Deferred income tax credits on tax loss carryforwards not recognized or recognized in losses of prior years	**-**	(11,701)
Others	**(692)**	(742)
Income tax and social contribution	**1,449**	15,051
Current (i)	**1,597**	-
Deferred	**(148)**	15,051

	Consolidated	
	12/31/2016	**12/31/2015**
Loss before income tax and social contribution from continuing operations	**(64,423)**	(128,616)
Statutory tax rate	**34%**	34%
Income tax and social contribution at statutory rate	**21,904**	43,729
Adjustments made:		
Permanent differences (*)	**(15,491)**	(11,159)
Effect on differences of statutory tax rates of foreign subsidiaries	**(441)**	(181)
Deferred income tax credits on tax loss carryforwards for the period not recognized	**(21,190)**	(14,840)
Others	**(761)**	6,757
Income tax and social contribution	**(15,979)**	24,306
Current (i)	**213**	(1,899)
Deferred	**(16,192)**	26,205

(*) Include: (a) expenses on foreign subsidiaries' nondeductible depreciation or amortization expenses; (b) share of profit (loss) of investees expenses; and (ii) other nondeductible expenses.

(i) The Company recognized a provision for income tax and social contribution related to the portion of the taxable profit from sale of discontinued operations of R$11,945, as disclosed in note 34 e.).

The income tax return of each subsidiary is subject to tax audit by tax authorities in the respective country over a period from three to six years from the end of the year in which it is filed. Additional taxes and fines can be imposed as a result of such tax audits, which would be subject to interest. However, Management believes that all taxes have been paid or properly accrued.

(Amounts in thousands of reais - R$, unless otherwise stated)

23. Equity

Advent International Corporation ("Advent") has the Company's control through its investments in FIP – Fundo de Investimento em Participações – Brasil Empreendimentos, which holds 20.17% of the Company and in which Advent has 69.76% of the shares and through Semolina Fundo de Investimento em Participações with 23.19%, totaling 43.36% of the Company's interest.

a) Issued capital

The Company is authorized to increase capital by up to 40,584,077 common shares without par value.

Reconciliation of shares at the beginning and end of the year is as follows:

	Parent
Shareholding position as of December 31, 2014	84,482,793
Capital increase	70,453,785
Shareholding position as of December 31, 2015	154,936,578
Capital increase	11,595,022
Shareholding position as of December 31, 2016	**166,531,600**

On December 29, 2015, the period for exercising the preemptive right to subscribe shares relating to the Company's capital increase, approved at the Extraordinary General Meeting held on November 27, 2015, ended. The right was exercised upon subscription of 70,453,785 common shares out of the 100,000,000 new common shares proposed.

Accordingly, as of December 31, 2015, as a result of the capital contribution made until then, the amounts of R$70,453 and R$211,359 were recognized as capital and capital reserve, respectively, subject to analysis by investors within the period established by regulation.

The exercise of the preemptive right resulted in uncalled capital corresponding to 29,546,215 common shares. Accordingly, those shareholders that, in the Subscription Bulletin, were eligible to subscribe uncalled capital may, from January 5 to January 11, 2016, subscribe such shares in the overallotment for the total subscription amount, corresponding to 0.4197956460 share per each subscribed share.

Out of the total uncalled capital, 11,595,022 shares were subscribed. In the first quarter of 2016, as a result of the capital contribution made, the amounts of R$11,596 and R$34,786 were recognized as capital increase and capital reserve, respectively.

At the Extraordinary General Meeting held on July 22, 2016, the Company's Board of Directors approved the adjustment of R$ 4,762 to the Company's capital, corresponding to 337,257 treasury shares of International Meal Company Holdings S.A, the Group's parent until December 1, 2014, when it was merged into International Meal Company Alimentação S.A. As a result, the Company's capital is currently R$ 924,614 divided into 166,531,600.

(Amounts in thousands of reais - R$, unless otherwise stated)

As at December 31, 2016, capital totaled R$ 924,614.

b) Allocation of profit

A portion of 5% of the profit shall be deducted to recognize the legal reserve, which cannot exceed 20% of the capital.

Shareholders are entitled to a noncumulative annual dividend of at least 25% of the profit, in conformity with Article 202 of Law 6404/76.

The remaining balance, after deducting legal costs, shall be allocated as decided by the Annual Shareholders' Meeting, in conformity with applicable legislation.

In conformity with applicable legal provisions and as decided by the Annual Shareholders Meeting, the Company may pay to its shareholders interest on capital which may be deducted from the mandatory minimum dividend.

c) Treasury shares

On March 28, 2016, the Company's Board of Directors approved the "Program to Buy Back" shares effective for up to one year and for a volume of up to 9,049,066 common shares in order to generate value for the shareholders through an appropriate management of the Company's capital structure, and for any exercise of options under the Company's Stock Option Plan.

Accordingly, the Company acquired during the period 4,262,743 common shares, at the average purchase price of 4.46. The net disbursement for such buyback of shares in the period was R$ 19,017.

On September 22, 2016, capital was increased by R$ 425 due to the exercise of 100,000 stock options by one of the plan's beneficiaries.

As at December 31, 2016, the line item "Treasury shares" was broken down as follows:

	Number of shares	Amount	Average price per share - R$
Balance at the beginning of the period (transferred from capital to capital reserve, as described in item a.)	337,257	4,762	14.12
(+) Acquired	4,262,743	19,017	4.46
(-) Stock options exercised	(100,000)	(425)	(4.25)

(Amounts in thousands of reais - R$, unless otherwise stated)

Balance at the end of the year	**4,500,000**	**23,354**	**5.19**

d) <u>Other comprehensive income</u>
Refer to differences arising on translating foreign currency-denominated profit or loss calculated on the equity of foreign subsidiaries whose functional currency is not the Real.

24. Share-based payment plan

Under the Stock Option Plan ("Plan"), approved at the Extraordinary General Meeting held on April 30, 2015, the Company's and its subsidiaries' management and employees ("Beneficiaries") are eligible to receive share options for common shares issued by the Company ("Option").

The granting of Options must meet the maximum limit of 8,326,580 common shares, corresponding to 5% of the Company's capital.

The Plan will be managed by the Company's Board of Directors or, at its discretion, by the Compensation Committee ("Committee"), and, where applicable, they will have full powers to, subject to the terms and conditions of the Plan and, in the case of the Committee, the guidelines of the Company's Board of Directors, organize and manage the Plan and the stock option agreements within its scope.

The Board of Directors or the Committee, where appropriate, will define: (a) the Beneficiaries; (b) the total number of Company's shares subject to grant; (c) the division of grant in lots, if applicable; (d) the exercise price; (e) possible restrictions on the shares received through the exercise of the option; and (f) possible provisions on penalties, in conformity with the general guidelines set forth in the Plan, and will determine the terms and conditions of each option in a Stock Option Agreement ("Agreement"), to be entered into among the Company and each Beneficiary. The Agreement will define the number and class of shares which the Beneficiary will be entitled to acquire or subscribe upon exercise of the option and any other terms and conditions, in conformity with the general guidelines set forth in the Plan.

The strike price is updated monthly by the fluctuation of the Extended Consumer Price Index (IPCA) or the variation of the General Market Price Index from Fundão Getúlio Varagas (IGP-M/FGV) from the grant date.
Subject to the condition of remaining in the Company, at every 12 months the Beneficiaries will acquire the right to exercise the percentage of vested options set out in each Agreement, within a maximum period of up to two years after the vesting period.
The options will be exercised through the issuance of new shares and/or disposal of treasury shares held by the Company, based on the option to be adopted by the Board of Directors or Committee.

The position of the granted options outstanding as at December 31, 2016 is as follows:

(Amounts in thousands of reais - R$, unless otherwise stated)

Exercise of grant	Number of shares				Fair value of the option[1]	Strike price[1]	
	Granted	Not exercised due to withdrawal[3]	Exercised[3]	Outstanding		On grant	Updated
2015	2,700,000	(1,308,000)	(67,000)	1,325,000	4.33 [4]	4.00 [5]	4.29
2016 [2]	3,900,000	(867,000)	(33,000)	3,000,000	1.52	4.00	4.09
	6,600,000	**(2,175,000)**	**(100,000)**	**4,325,000**			

(1) Amounts expressed in R$.
(2) On March 24, 2016, the programs that had the grant carried out in 2015 were amended as follows: (i) the number of shares granted in each plan was increased by approximately 50%; (ii) the strike price was set at R$4.00 per share, subject to the variation of the Extended National Price Index - IPCA of the National Institute of Geography and Statistics - IBGE, from January 1, 2016 to the actual payment date; The amendment to the original stock option plan generated an incremental cost of R$1,528.
(3) Movements occurred in the year ended December 31, 2016. As set out in the grant agreement, the beneficiaries who resign and/or are terminated from the Company lose the right to exercise the non-vested options.
(4) Corresponds to the fair value of the stock option plan at the grant date, without the impact of the clauses amended in 2016.
(5) Strike price set in amendment of March 24, 2016.

The Plan fair value was calculated on the grant date of each plan and based on the “Black & Scholes” pricing model. The effects were reflected in line item ‘General and administrative expenses’ in the statement of profit or loss, and in line item ‘Reserve for stock option plan’ in equity, as follows:

Exercise of grant	YTD – at 12/31/2016	Amounts to be recorded in future periods[1]
2015	**4,723**	1,298
2016[2]	**647**	3,970
Total	**5,370**	5,268

(1) The weighted average of the remaining contractual period is of 22 months.
(2) On March 24, 2016, the programs that had the grant carried out in 2015 were amended as follows: (i) the number of shares granted in each plan was increased by approximately 50%; (ii) the strike price was set at R$4.00 per share, subject to the variation of the Extended National Price Index - IPCA of the National Institute of Geography and Statistics - IBGE, from January 1, 2016 to the actual payment date; The amendment to the original stock option plan generated an incremental cost of R$1,528.

In determining the fair value of stock options, the following economic assumptions were used:

	Weighted average
Expected life of the option [1]	**3.9 years**
Volatility[2]	**45.6%**

(Amounts in thousands of reais - R$, unless otherwise stated)

Risk rate[3]	**6.8%**

(1) Represents the period in which it is believed that the options will be exercised and was determined based on the assumption that the beneficiaries will exercise their options within the limit of maturity;
(2) The estimated volatility took into consideration the weighing of the history of trading of Company shares.
(3) The Company uses as risk-free interest rate the reference rate of BM&F available at the calculation date and with maturity equivalent to the option term.

The Plan substitutes IMCHSA Stock Plan approved at the Extraordinary General Meeting held on February 15, 2011 and adopted by the Company as a result of the merger of IMCHSA into the Company, as approved at the Company's Extraordinary General Meeting held on December 1, 2014 ("Stock Plan "), subject, however, to the effectiveness of and compliance by the Company with all terms and conditions in the Stock Option Agreements entered into within the scope of the Stock Plan, as approved at such Extraordinary General Meeting.

The options to be created as a result of liquidity event, as defined in the Stock Plan, and the shares already delivered within the scope of the Stock Plan will be considered for purposes of the limit of 5% of the Company's capital.

25. Net revenue

The reconciliation of gross revenue and net revenue presented in the statement of profit or loss is as follows:

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Gross revenue	**185,060**	223,678	**1,658,985**	1,742,410
Taxes on sales	**(18,553)**	(22,565)	**(97,468)**	(108,407)
Returns and rebates	**(697)**	(902)	**(20,879)**	(18,945)
	165,810	200,211	**1,540,638**	1,615,058

26. Selling and operating expenses

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Payroll (a)	**(9,439)**	(4,372)	**(22,408)**	(11,938)
Publicity and advertising	**(784)**	(1,481)	**(23,736)**	(24,606)
Rental expenses	**(16,399)**	(23,560)	**(160,178)**	(169,008)
Third- party services	**(2,747)**	(2,891)	**(35,264)**	(33,902)
Credit and debit card commissions	**(734)**	(1,012)	**(20,410)**	(21,149)
Royalties	**(302)**	(683)	**(22,895)**	(22,502)
Maintenance	**(37)**	(82)	**(15,017)**	(16,234)
Logistics	**(1,078)**	(1,586)	**(4,698)**	(5,353)
Communication infrastructure	**(813)**	(1,059)	**(3,308)**	(3,510)

(Amounts in thousands of reais - R$, unless otherwise stated)

Fees and charges	**(742)**	(895)	**(11,289)**	(10,026)
Other expenses	**(1,449)**	(1,206)	**(18,131)**	(20,202)
	(34,524)	(38,827)	**(337,334)**	(338,430)

(a) The Company reviewed its chart of accounts and made reclassifications between the personnel expenses classified as cost and as selling and operating expenses. In view of the immateriality of the balances, the reclassification was not reflected in the comparative balances. For a better analysis of the personnel expenses, see note 30 Expenses by nature.

27. General and administrative expenses

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Payroll	**(40,447)**	(36,388)	**(65,829)**	(63,268)
Office rental	**(1,103)**	(1,250)	**(2,164)**	(2,423)
Third party services	**(13,374)**	(7,556)	**(20,539)**	(15,407)
Travel expenses	**(965)**	(2,018)	**(2,641)**	(5,131)
Maintenance and utilities	**(1,796)**	(1,923)	**(2,989)**	(3,488)
Share-based payments	**(2,323)**	(3,047)	**(2,323)**	(3,047)
Store launchings	**(411)**	(2,122)	**(7,345)**	(4,630)
Expense recovery – apportionment among related parties	**28,490**	24,248	**-**	-
Transportation and meals	**(997)**	(827)	**(1,374)**	(1,468)
Infrastructure and communication	**(283)**	(726)	**(958)**	(1,041)
Other general and administrative expenses	**(2,482)**	(10,951)	**(5,076)**	(9,640)
	(35,691)	(42,560)	**(111,238)**	(109,543)

28. Other operating income (expenses), net

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Other expenses:				
Write-off of fixed assets	**(50)**	(1,037)	**(694)**	(8,256)
Write-off of other assets	**-**	-	**-**	(3,656)
Negotiation with airport concessionaires (Panama)	**-**	-	**-**	(5,191)
Provision for labor, civil and tax risks, net of reversals	**(3,662)**	(1,417)	**(10,822)**	(7,289)
Organizational restructuring	**(10,533)**	-	**(16,846)**	-
Write-off of escrow deposits	**-**	(657)	**(291)**	(7,316)
Provision for store close-down costs	**-**	-	**-**	(8,268)
Expenditures on cost reduction and improvement development project	**-**	-	**-**	(486)
Other expenses	**(1,517)**	(2,330)	**(1,791)**	(4,318)
	(15,762)	(5,441)	**(30,444)**	(44,780)
Other income:				
Fees and sales agreements	**2,054**	925	**2,955**	2,189
Sales of fixed assets and sales points	**289**	-	**2,462**	1,194
Recovery of tax credits	**-**	6,287	**8,931**	19,541

(Amounts in thousands of reais - R$, unless otherwise stated)

Other revenues	**-**	128	**664**	136
	2,343	7,340	**15,012**	23,060
Total, net	**(13,419)**	1,899	**(15,432)**	(21,720)

29. Finance income (costs), net

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Finance income:				
Income from financial investments	**21,256**	579	**21,928**	1,669
Inflation adjustment gains	**8,383**	1,088	**-**	1,088
Exchange rate gains	**-**	4,883	**-**	5,331
Financial discount granted on payment of installments of business acquisitions	**-**	-	**15,305**	-
Other finance income	**654**	5,408	**2,216**	4,579
	30,293	11,958	**39,449**	12,667
Finance costs:				
Interest on borrowings	**(1,704)**	(1,972)	**(19,053)**	(34,823)
Interest on business acquisitions and acquisitions of rights over points of sales	**(2,301)**	(3,020)	**(4,517)**	(13,110)
Exchange rate changes on translating assets of foreign subsidiaries whose functional currency is the R$	**(809)**	(14,184)	**(23,375)**	(9,128)
Inflation adjustment, interest and banking fees	**(2,628)**	(7,524)	**(7,163)**	(14,494)
Others	**(229)**	-	**(690)**	(893)
	(7,671)	(26,700)	**(54,798)**	(72,448)
Total, net	**22,622**	(14,742)	**(15,349)**	(59,781)

30. Expenses by nature

	Parent		Consolidated	
	12/31/2016	**12/31/2015**	**12/31/2016**	**12/31/2015**
Inventory costs	**(50,712)**	(60,525)	**(532,433)**	(580,408)
Personnel expenses	**(110,195)**	(127,816)	**(498,635)**	(522,088)
Selling expenses	**(784)**	(1,481)	**(23,736)**	(24,606)
Third party services	**(16,232)**	(10,683)	**(57,108)**	(52,003)
Operating expenses	**(36,260)**	(47,270)	**(315,404)**	(333,029)
Depreciation and amortization	**(22,986)**	(26,013)	**(93,272)**	(105,898)
Impairment of assets	**(6,532)**	(19,363)	**(27,753)**	(35,881)
Expense recovery – related parties	**28,490**	24,248	**-**	-
Amortization of investment in joint venture	**-**	-	**(2,178)**	(2,283)
Share of profit (loss) of investees	**(35,572)**	(31,392)	**8,056**	7,293
Other expenses	**(6,081)**	(6,434)	**(31,817)**	(13,270)
	(256,864)	(306,729)	**(1,574,280)**	(1,662,173)

(Amounts in thousands of reais - R$, unless otherwise stated)

Classified as:				
Cost of sales and services	**(128,444)**	(156,864)	**(1,068,226)**	(1,137,266)
Selling and operating expenses	**(34,524)**	(38,827)	**(337,334)**	(338,430)
General and administrative expenses	**(35,691)**	(42,560)	**(111,238)**	(109,543)
Depreciation and amortization	**(16,101)**	(17,723)	**(35,608)**	(46,063)
Impairment of assets	**(6,532)**	(19,363)	**(27,753)**	(35,881)
Share of profit (loss) of investees	**(35,572)**	(31,392)	**5,879**	5,010
	(256,864)	(306,729)	**(1,574,280)**	(1,662,173)

31. Related parties

The subsidiaries conduct intragroup purchases and apportion intragroup expenses, relating to services contracted, employee salaries and others, which have been fully eliminated in the preparation of the consolidated financial statements. Intragroup purchase transactions are carried out under conditions established between the parties:

The transactions between the Company and its related parties are as follows:

a) Transactions recognized in the statement of profit or loss

	Parent	
	12/31/2016	**12/31/2015**
Sales transactions		
Viena Chain	**3,957**	5,001
Frango Assado Chain	**467**	439
Tob’s	**-**	178
	4,424	5,618

	Parent	
	12/31/2016	**12/31/2015**
Reimbursement of Expenses		
Viena Chain	**17,183**	14,706
Frango Assado Chain	**11,307**	9,542
	28,490	24,248

b) Assets

	Parent	
	12/31/2016	**12/31/2015**
Viena Chain	**11,081**	21,592
Frango Assado	**584**	-
USA	**808**	-
	12,473	21,592

(Amounts in thousands of reais - R$, unless otherwise stated)

c) Liabilities

	Parent	
	12/31/2016	**12/31/2015**
Tob's	**1,272**	1,503
Frango Assado	**-**	39,990
Panama	**15,521**	25,263
United States	**-**	63
	16,793	66,819

The guarantees provided by Group companies for own or related-party financing are disclosed in Note 17.

Compensation of key management personnel

For the year ended December 31, 2016, key management compensation totaled R$14,996 (R$9,682 at December 31, 2015) in Parent and Consolidated, out of which R$2,323 (R$3,047 at December 31, 2015) related to the share-based payment plan, as disclosed in note 24, This amount was recorded in line item "General and administrative expenses". Management does not have post-retirement benefits or other long-germ benefits.

32. Operating lease - stores

The Group entered into store lease agreements with third and related parties (see Note 31). After analyzing these agreements, Management concluded that they may be classified as operating leases.

Such lease agreements are effective from 1 to 17 years and may be renewed according to contract clauses. The Company's rental agreements may vary between fixed amount, variable amount or both.

As at December 31, 2016, operating rent expenses totaled R$17,502 (R$24,810 at December 31, 2015) in Parent and R$162,342 (R$171,431 at December 31, 2015) in Consolidated.

Future operating lease payments are as follows:

	Amount
2017	117,651
2018	100,638
2019	92,719
2020	92,959

(Amounts in thousands of reais - R$, unless otherwise stated)

	Amount
2021 and thereafter	435,335
Total	839,302

33. Commitments, contractual obligations and rights

The commitments, contractual obligations and rights, either granted or received, are as follows:

	Consolidated	
Type	12/31/16	12/31/15
Guarantees	-	-
Available credit facilities	-	32,524
Commitments related to sales agreements	3,244	8,195

The Company's subsidiaries comprising the former Frango Assado chain assumed specific commitments to purchase a minimum volume from fuel suppliers, under which the Group is required to pay 10% of the total cost of the volume purchased in the period as a fine in case of default. A portion of the minimum volume set in the related agreements has not been reached, and suppliers have been historically waiving such requirement by extending the original term of agreements

34. Discontinued operations

Mexico

On January 29, 2016, the Company completed the sale of its direct and indirect interests in the subsidiaries located in Mexico to Taco Holding, S.A.P.I de C.V. and Distribuidora de Alimentos TH, S.A. de C.V.

The sale comprised the companies Inversionistas en Restaurantes de Carnes y Cortes, S. de R.L. de C.V. ("IRCyC"), Grupo Restaurantero del Centro, S.A. de C.V., Servicios de Personal Gastrónomico IMC S. de R.L. de C.V. and Servicios Administrativos IMC S. de R.L. de C.V.

Puerto Rico and the Dominican Republic

On February 26, 2016, the Company completed the sale of the total direct and indirect interests in the subsidiaries located in Puerto Rico and the Dominican Republic to Management Group Investor, LLC. The sale comprised Airport Shoppes Corp., Cargo Service Corporation, Airport Aviation Service Inc., Carolina Catering Corp., Airport Catering Service Corporation and

(Amounts in thousands of reais - R$, unless otherwise stated)

Aeroparque Corporation, located in Puerto Rico, and International Meal Company DR S.R.L. and Inversiones Llers S.A., both located in the Dominican Republic

The results of the discontinued operations, included in the statement of profit or loss, are presented below. The comparative profit or loss and cash flows from discontinued operations have been restated in order to include these discontinued operations.

a) *Loss for the year from discontinued operations*

	12/31/2016		
Statements of profit or loss of discontinued operations	**Puerto Rico**	**Dominican Republic**	**Total**
Net revenue	**19,984**	**4,240**	**24,224**
Cost of sales and services	**(11,823)**	**(1,619)**	**(13,442)**
Gross profit	**8,161**	**2,621**	**10,782**
Operating income (expenses)			
Selling and operating expenses	**(3,446)**	**(1,319)**	**(4,765)**
General and administrative expenses	**(1,668)**	**(288)**	**(1,956)**
Depreciation and amortization	**(1,664)**	**(151)**	**(1,815)**
Other operating income, net	**128**	**116**	**244**
Finance income (costs), net	**(587)**	**(21)**	**(608)**
Profit before income tax and social contribution	**924**	**958**	**1,882**
Income tax and social contribution	**(20)**	**-**	**(20)**
Profit for the year from discontinued operations	**904**	**958**	**1,862**

	12/31/2015			
Statements of profit or loss of discontinued operations	**Mexico**	**Puerto Rico**	**Dominican Republic**	**Total**
Net revenue	164,339	180,098	34,652	379,089
Cost of sales and services	(89,568)	(113,837)	(15,200)	(218,605)
Gross profit	74,771	66,261	19,452	160,484
Operating income (expenses)				
Selling and operating expenses	(52,415)	(35,953)	(12,133)	(100,501)
General and administrative expenses	(9,684)	(15,384)	(2,663)	(27,731)
Depreciation and amortization	(5,755)	(16,818)	(1,615)	(24,188)
Other operating income, net	3,876	4,906	1,035	9,817
Finance income (costs), net	(2,155)	(5,480)	(105)	(7,740)
Profit (loss) before income tax and social contribution	8,638	(2,468)	3,971	10,141
Income tax and social contribution	(1,155)	(1,639)	-	(2,794)

(Amounts in thousands of reais - R$, unless otherwise stated)

Expenses on sale of discontinued operations	(535)	(1,403)	-	(1,938)
Profit (loss) for the year from discontinued operations	6,948	(5,510)	3,971	5,409

b) *Statement of financial position*

These businesses were classified and recognized as at December 31, 2015 as a group of assets held for sale, as follows:

	12/31/2015			
	Mexico	Dominican Republic	Puerto Rico	Total
Business-related assets				
Cash and cash equivalents	7,191	12,289	4,510	23,990
Trade receivables	5,216	214	11,584	17,014
Inventories	3,484	972	4,151	8,607
Taxes recoverable	10,066	93	2,661	12,820
Deferred income tax and social contribution	11,282	-	825	12,107
Property, plant and equipment	21,883	12,970	75,141	109,994
Intangible assets	126,847	621	187,602	315,070
Prepaid expenses	813	170	6,396	7,379
Others	2,382	706	1,423	4,511
Total	189,164	28,035	294,293	511,492
Liabilities directly associated to assets held for sale:				
Trade payables	10,130	1,246	8,246	19,622
Borrowings	48,574	-	134,325	182,899
Payroll and related taxes	3,217	459	7,987	11,663
Taxes payable	5,746	-	455	6,201
Deferred income tax and social contribution	6,477	-	190	6,667
Installment payment of business acquisitions	-	-	12,691	12,691
Other liabilities	2,344	383	17,635	20,362
Total	76,488	2,088	181,529	260,105

c) *Cash flow from discontinued operations*

	12/31/2016		
Statement of cash flows of discontinued operations	**Puerto Rico**	**Dominican Republic**	**Total**
Profit for the year	**904**	**958**	**1,862**
Depreciation and amortization	**1,884**	**210**	**2,094**
Income tax and social contribution	**20**	**-**	**20**
Interest on borrowings	**499**	**-**	**499**
Interest on business acquisitions and rights over points of sales	**78**	**-**	**78**
Several provisions and others	**(417)**	**96**	**(321)**
	2,968	**1,264**	**4,232**
Changes in operating assets and liabilities:			

Trade receivables	**(976)**	**(167)**	**(1,143)**
Inventories	**861**	**206**	**1,067**
Trade payables	**1,447**	**673**	**2,120**
Other assets and liabilities	**2,463**	**(3,338)**	**(875)**
Cash provided by (used in) operating activities	**6,763**	**(1,362)**	**5,401**
Interest paid on borrowings	**(499)**	**-**	**(499)**
Interest paid on business acquisitions and rights over points of sale	**(78)**	**-**	**(78)**
Net cash provided by (used in) operating activities	**6,186**	**(1,362)**	**4,824**
Cash flows from investing activities			
Additions to property, plant and equipment, net of balance payable in installments	**(463)**	**-**	**(463)**
Net cash used in investing activities	**(463)**	**-**	**(463)**
Cash flow from financing activities			
Repayment of borrowings	**(3,206)**	**-**	**(3,206)**
Net cash used in financing activities	**(3,206)**	**-**	**(3,206)**
Effect of exchange rate changes on cash and cash equivalents	**181**	**(73)**	**108**
Net change in the year	**2,698**	**(1,435)**	**1,263**
Cash and cash equivalents at the beginning of the year	**4,510**	**12,289**	**16,799**
Cash and cash equivalents at the end of the year	**7,208**	**10,854**	**18,062**

	12/31/2015			
Statement of cash flows of discontinued operations	**Mexico**	**Puerto Rico**	**Dominican Republic**	**Total**
Profit for the year	6,948	(5,510)	3,971	5,409
Depreciation and amortization	12,545	19,326	2,612	34,483
Income tax and social contribution	1,155	1,639	-	2,794
Interest on borrowings	3,661	4,803	-	8,464
Interest on business acquisitions and rights over points of sales	-	668	-	668
Several provisions and others	5,270	1,298	128	6,696
	29,579	22,224	6,711	58,514
Changes in operating assets and liabilities:				
Trade receivables	1,324	3,132	1,443	5,899
Inventories	34	(710)	778	102
Trade payables	(4,046)	(2,818)	166	(6,698)
Other assets and liabilities	11,857	2,404	(756)	13,505
Cash provided by operating activities	38,748	24,232	8,342	71,322
Income tax and social contribution paid	(1,013)	(516)	-	(1,529)
Interest paid on borrowings	(4,747)	(4,629)	-	(9,376)
Interest paid on business acquisitions and rights over points of sales	-	(773)	-	(773)
Net cash provided by operating activities	32,988	18,314	8,342	59,644
Cash flows from investing activities				
Business acquisitions, net of cash	-	(720)	-	(720)

(Amounts in thousands of reais - R$, unless otherwise stated)

Additions to property, plant and equipment, net of balance payable in installments	(2,654)	(5,954)	-	(8,608)
Net cash used in investing activities	(2,654)	(6,674)	-	(9,328)
Cash flow from financing activities				
Capital increase	(31,498)	6,416	-	(25,082)
New borrowings	-	112	-	112
Repayment of borrowings	(9,303)	(10,269)	-	(19,572)
Net cash provided by (used in) financing activities	(40,801)	(3,741)	-	(44,542)
Effect of exchange rate changes on cash and cash equivalents	3,720	3,222	1,516	8,458
Net change in the year	(6,747)	11,121	9,858	14,232
Cash and cash equivalents at the beginning of the year	13,712	5,718	2,491	21,921
Cash and cash equivalents at the end of the year	6,965	16,839	12,349	36,153

d) *Gain (loss) on sale of discontinued operations*

	Mexico	Puerto Rico and the Dominican Republic	Transaction costs recognized in Parent	Total
Sales value	167,102	190,907	-	358,009
Cost of net assets of discontinued operations	(114,046)	(287,348)	-	(401,394)
Other transaction costs	(17,905)	(5,605)	(1,210)	(24,720)
Write-off of translation adjustments in other comprehensive income	27,986	54,174	-	82,160
Gain (loss) on sale of discontinued operations	63,137	(47,872)	(1,210)	14,055
Income tax and social contribution (*)	-	-	(11,945)	(11,945)
Net gain (loss) on sale of discontinued operations	63,137	(47,872)	(13,155)	2,110

(*) Income tax and social contribution in Brazil on gain on sale of investment in Mexico.

e) *Reconciliation of profit (loss), net of transactions*

	Mexico	Puerto Rico and the Dominican Republic	Transaction costs recognized in Parent	Total
Operating gain				
Profit (loss) from discontinued operations	-	1,882	-	1,882
Income tax and social contribution	-	(20)	-	(20)
Profit (loss) for the year from discontinued operation	-	1,862	-	1,862

(Amounts in thousands of reais - R$, unless otherwise stated)

Gain (loss) on sale of discontinued operations	63,137	(47,872)	(1,210)	14,055
Income tax and social contribution (*)	-	-	(11,945)	(11,945)
Net gain (loss) on sale of discontinued operations	63,137	(47,872)	(13,155)	2,110
Total profit (loss) for the year from discontinued operations	63,137	(46,010)	(13,155)	3,972

(*) Income tax and social contribution in Brazil on gain on sale of investment in Mexico.

35. Insurance

The Group has an insurance policy that considers principally risk of concentration and its materiality, providing insurance coverage considered sufficient in light of the type of business and according to advice from insurance brokers.

As at December 31, 2016, insurance coverage is as follows:

	Consolidated
Civil liability	48,549
Sundry risks - inventories and property, plant and equipment	736,945
Vehicles	69,155
Others	75,642
	930,291

36. Earnings (loss) per share

Basic

Basic loss per share is calculated by dividing the loss for the year by the weighted average number of common shares issued in the year.

Diluted

Diluted earnings (loss) per share is calculated by adjusting the weighted average number of outstanding common shares, considering the conversion of all potential common shares that would result in dilution.

The table below shows the calculation of earnings (loss) per share pursuant to CPC 41/IAS 33- Earnings per Share:

(Amounts in thousands of reais - R$, unless otherwise stated)

	Parent and Consolidated	
	12/31/2016	**12/31/2015**
Basic and diluted numerator		
Loss used to calculate basic and diluted earnings per share from continuing operations	**(80,402)**	(104,310)
Loss for the year from discontinued operations	**3,972**	5,409
Loss for the year attributable to Company's shareholders used to calculate total basic and diluted loss per share	**(76,430)**	(98,901)
Available shares:		
Basic and diluted denominator (thousands of shares)	**164,269**	119,710
Weighted average number of stock options granted	**211**	-
Weighted average number of available shares	**164,294**	119,710
Basic loss per share from continuing operations – R$.	**(0.49001)**	(0.87136)
Basic loss per share from continuing operations – R$.	**(0.49001)**	(0.87136)
Basic earnings per share from discontinued operations – R$	**0.02421**	0.04518
Diluted earnings per share from discontinued operations – R$	**0.02418**	0.04518
Basic loss per share - R$	**(0.46580)**	(0.82617)
Diluted loss per share - R$	**(0.46580)**	(0.82617)

37. Authorization of the individual and consolidated financial statements

At the meeting held on March 27, 2017, the Board of Directors approved and authorized for issue these individual and consolidated financial statements.

Comments on the business projections

There are no comments to be reported

Other relevant information

There is no relevant information to be disclosure.

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A free translation from Portuguese into English of Independent Auditor's Report on Individual and Consolidated Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)

Independent auditor's report on individual and consolidated financial statements

To the
Board of Directors, Shareholders and Officers
International Meal Company Alimentação S.A.
São Paulo – SP

Opinion

We have audited the accompanying individual and consolidated financial statements of International Meal Company Alimentação S.A. ("Company"), identified as Company and Consolidated, respectively, which comprise the balance sheet as of December 31, 2016 and the related statements of income, of comprehensive income, of changes in equity, and cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of International Meal Company Alimentação S.A. as of December 31, 2016, its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended, in accordance with the accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis for opinion

We conducted our audit in accordance with Brazilian and international standards on auditing. Our responsibilities under those standards, are further described in the "Auditor's responsibilities for the audit of the individual and consolidated financial statements" section of our report. We are independent of the Company and its subsidiaries in accordance with the ethical requirements provided for in the Code of Ethics for Professional Accountants, and in the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to support our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of goodwill

As disclosed in Note 15, the Company reported a goodwill of R$657,014 thousand, which represents 44% of the Company's total assets at December 31, 2016. The Company must test goodwill for impairment on an annual basis to determine if an impairment exist. This impairment test was deemed one of the key audit matters due to relevance of the amount involved and to the fact that it was performed based on various assumptions and market projections, such as growth and discount rates and projections to determine the value in use, which are complex and subjective and require use of judgment by the Company management.

Our audit procedures included, among others, the involvement of valuation specialists to assist us in the impairment test of goodwill and in assessing the adequacy of the discounted cash flow model and of assumptions and methodologies used by the Company. The assumptions relating to margins and growth rates used by the Company were compared with those reported or estimated by similar companies, in addition to other procedures performed to assess the reasonableness of these assumptions and the completeness of the information used by the Company. We also focused on the adequacy of the Company disclosures of more sensitive assumptions used in the impairment test, i.e. those more significantly affecting the determination of the goodwill recoverable amount.

Recoverability of deferred income and social contribution taxes

As disclosed in Note 22a, the Company reported deferred income and social contribution taxes on temporary differences and tax losses of R$115,287 thousand at December 31, 2016. The Company assessed the recoverability of deferred income and social contribution taxes based on taxable profit projections. We consider this matter one of the key audit matters, since such assessment involves a high degree of professional judgment by management and subjective assumptions that are affected by future market expectations and economic conditions.

Our procedures included, among others, the involvement of professionals specialized in valuation and taxes to assist us in assessing the assumptions and methodology used by the Company, particularly those related to future taxable profit projections and discount rates at present value of such projections. The future taxable profit projections were based on the Company's business plan, which was approved by management on December 5, 2016. We further assessed the adequacy of disclosures relating to this matter in Note 22.

Disposal of assets and discontinued operations

As detailed in Note 34, the Company concluded the process of disposing of its assets in Mexico, Puerto Rico and Dominican Republic, and consequently discontinued its operations in these countries. This transaction was considered one of the key audit matters due to the amounts involved and the aspects of computation of gains on disposal of assets, including the foreign exchange differences of these transactions abroad, which were accumulated in other comprehensive income, as well as taxes on income abroad and the presentation and disclosure of discontinued operations.

Our audit procedures included, among others, the assessment of the accurate recording of these transactions through examination of the supporting documentation, of the presentation and disclosure of discontinued operations in the individual and consolidated financial statements, as well as analyses of gains or losses computed on disposal of assets, in addition to the involvement of professionals specialized in international taxes to assist us in assessing taxation on profit earned abroad.

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for the year ended December 31, 2016, prepared under the responsibility of Company's management, which are presented as supplementary information for IFRS purposes, were submitted to audit procedures performed in conjunction with the audit of the Company's financial statements. In order to form our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their form and content meet the criteria set forth in Accounting Pronouncement CPC 09 - Statements of Value Added. In our opinion, these statements of value added were fairly prepared, in all material respects, in accordance with the criteria set forth in this Accounting Pronouncement and are consistent with the overall individual and consolidated financial statements.

Audit of individual and consolidated financial statements for the year ended December 31, 2015

The individual and consolidated financial statements of the Company for the year ended December 31, 2015, presented for comparison purposes, were audited by other independent auditors, who issued an unqualified report, dated March 21, 2016.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Company's management is responsible for other information included in the Management Report.

Our opinion on the individual and consolidated financial statements does not encompass the Management Report and, accordingly, we do not express any form of audit conclusion thereon.

In connection with the audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether the report is significantly inconsistent with the financial statements or with our knowledge obtained in the audit, or otherwise seems to contain material misstatements. If, based on our work, we conclude that there are material misstatements in the Management Report, we are required to communicate this matter. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of these individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual and consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no other realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

Auditor's responsibilities for the audit of individual and consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and international standards on auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

São Paulo, March 27, 2017.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP015199/O-6

Antonio Humberto Barros dos Santos
Accountant CRC-1SP161745/O-3

Opinion of the supervisory board or equivalent institute

Not applicable

Opinion of Executive Board on the Financial Statements

In accordance with section VI of article 25 of CVM Instruction 480, of December 7, 2009, the Board states that in the reviewed, discussed and agreed with the Company's Annual Financial Statements Form , for the year end December 31, 2016.

São Paulo, March 27, 2017.

Newtom Maia Salomão Alves
Chief Executive Officer

José Agote
Chief Financial Officer

Opinion of Executive Board on Independent Auditor's Report

In accordance with section V of article 25 of CVM Instruction 480, of December 7, 2009, the Board states that in the reviewed, discussed and agreed with the Independent Auditors' Report on the Company's Annual Financial Statements Form , for the year end December 31, 2016.

São Paulo, March 27, 2017.

Newtom Maia Salomão Alves
Chief Executive Officer

José Agote
Chief Financial Officer